

# ANNUAL REPORT 2015



## COVER IMAGES

### **Top Row**

*Left* - Plumbing teacher Chris Lawlor with apprentices Matthew Rhode & Ryan Sigley at the Warrnambool Campus.

*Centre* - Childcare employee at Florence Collins Warrnambool, Elizabeth Bagust with Sonny Moloney.

*Right* - Aged Care student Tori McCann at Lyndoch Living Warrnambool with resident.

### **Bottom Row**

*Left* - Ngatanwarr (Welcome) Mural on Warrnambool Campus F Building, Corner of Merri and Kepler Streets, Warrnambool by artist Adnate.

*Right* - South West TAFE CEO Mark Fidge and The Hon. Steve Herbert MP (centre) with 2015 Trainees (L-R) Tegan Keane, Sophie Krause, Helene Whelan and Jessica Prowd.

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# WELCOME

## BOARD CHAIR'S REPORT

### Consolidation, creativity and collaboration.

2015 has been an exciting year of change, one in which we have learnt to better balance the commercial needs of the market in which we operate and the community service obligations our region expects from their TAFE. At the end of 2015 South West Institute of TAFE is well positioned; we are Stronger, Better and Smarter.

On our journey we addressed competition from other providers, which saw us implement cultural changes that improved our customer focus, agility, efficiency and commercial skills, enabling us to compete more effectively. That work has paid significant dividends and allowed us to clearly see an achievable goal and the strategy to reach it.

Our goal is to provide the communities and industries of South-West Victoria and beyond with a future focused education offering that creates a lifetime of opportunity and employability. We will deliver this education with a modern, fresh approach to helping generations develop the skills they need for the futures they aspire to. This new approach will see South West TAFE working collaboratively, cleverly, creatively and courageously.

The culture change during the past year has enabled us to begin the process of changing our business model, which has training at its core. The model includes product innovation, a greater emphasis on our customers, the students and their employers and rewarding our great staff for thinking differently.

The result is that we've moved to an even fitter model of delivery than we had previously and it's a rewarding progression because as we become better at what we do, we have become more efficient and more productive.

Managing resources and aligning organisational structures with goals are essential parts of any process of change, and during the year we've seen a significant restructure of our leadership team.

At a board level, Bill Hewett retired after 8 years as a Director. Bill is an ex President of the Institute, he has been my deputy for 3 years and his service to the Institute has been invaluable. On behalf of all our staff and students, I would like to thank Bill for his contribution that spans leadership, technical knowledge, effective debating and grace when I became Chair.

I would like to welcome Kate Fraser to the Board. Kate's business acumen and experience will contribute to further developing our commercial edge and our engagement strategies with local and regional industry.

At the executive level, we farewelled our CEO, Peter Heilbuth just as the last report was being drafted and he has moved interstate to take up another educational management position. We wish Peter all the best and thank him for his work during the last two years. After an extensive recruitment process, the Board appointed an internal candidate, Mark Fidge as our new CEO. Mark's leadership and business skills, knowledge of our organisation and commitment to our vision and values has made the transition smooth and seamless. The fact that we were able to appoint an internal candidate is a positive and pleasing reflection on the quality and diversity of our management team.



While the Board manages the recruitment of the CEO, it also oversees other senior positions and we have been cognisant of the value of bringing in fresh thinking from outside the tertiary education sector. To this end, Madelyn Lettieri our new Executive Manager of Education and Teaching Support is from another regional area with different experience, while Ken Howell, our new Director of Business Development, brings the benefits of a marketing and local government background.

Our people are the most important contributors to the experience of our students and fostering a positive and morale-building attitude for all staff is essential. After some years of uncertainty in the sector we recognise that there is room for improvement and we have a range of strategies in place to address this issue.

An operational highlight of the year was the renewal of our Australian Skills Quality Authority (ASQA) licence for the next seven years. This is a complex and demanding process and we are very pleased with the result and the work of all staff members who contributed to it.

Other highlights of the year include several successful funding applications, the continuation and strengthening of our Industry Connect program, the success of our students in various competitions and the further development and implementation of our blended learning offering.

On behalf of the Board and Executive team, I would like to express our gratitude for the contribution that staff, students and other stakeholders have made to our organisation's future. We are proudly the sum of our parts; students, staff, community and partner organisations.

Looking back, 2015 has been a successful year, one of which we can be proud. Looking ahead, we see the opportunity to build an education precinct for South-West Victoria that provides a bright and exciting future focused education to create a lifetime of employability for our students and an inspiring and rewarding working environment for our staff.

In the words of our 2016-2018 Strategic Plan, 'we are looking forward to becoming stronger, better and smarter as we create our awesome together!'

A handwritten signature in dark ink, appearing to read 'Mike Weise'. The signature is fluid and cursive, with a large 'M' and 'W'.

**Mike Weise**  
Board Chair  
15 March 2016

## CEO'S REPORT

### A year of progress, planning and potential.

On behalf of the South West Institute of TAFE community, I have great pleasure in presenting our 2015 Annual Report. Reflecting on the past year, I am extremely pleased with the progress that we have made and our ability to respond to the predictable challenges we faced. As a result of the continued support and commitment from our Institute Board, Executive Management team, Managers, Teaching and Specialist staff our Institute is positioned well for the future.

During 2015 we completed the 2016-18 South West TAFE Strategy, enabling us to formalise our goals and the processes with which we will achieve them. The strategy is an important document as it not only sets our path for the future, but reflects the combined input of all our stakeholders; staff, students, employers, government and the broader community. It is designed to be an evolving document that changes with time to continually provide us with a framework for the future.

During the year we reinvented ourselves with a new structure in-line with our strategy. This new structure comprises three executive portfolios; education and teaching support, corporate and a new student and industry engagement portfolio. It's this new portfolio that is not only charged with attracting and converting students to enrolment but assists with connecting our Institute with schools, industry and the community as we position ourselves to remain the region's educational provider of choice.

On an operational level, 2015 has been an exciting year of change in which we have seen planning, progress and potential develop in every area.

We've become stronger, better and smarter:

- Stronger in the sense that we're structurally stable and financially viable.
- Better because we're constantly reviewing and improving our product offerings.
- Smarter because we are listening to all our stakeholders and ensuring that we have systems and processes in place to support our staff and students that meet the needs of employers, government and our broader community.

Internally, we've developed and strengthened the culture of our organisation. This has involved creating a Workplace Development Committee and appointing a Workplace Development Officer resulting in targeted professional development and the writing of a workforce capability plan. It is also pleasing to note, that during 2015 staff satisfaction increased by 23% from 2014.



Of course, our students are always a priority, as are the services and support we offer them throughout, and even beyond, their time with us. Our philosophy is that attracting a student to our facilities is just the first step. Then we work on enrolling them into the most appropriate course, keeping them engaged until they complete it, then often helping them find employment or going on to further education. Retention and positive outcomes remain the key to us establishing and maintaining a competitive advantage over other training providers. In order to engage better with our students we also conducted student consultations throughout the year. These sessions enabled us to understand what they valued as part of their experience at South West TAFE and gave us the opportunity to respond accordingly.

Externally we've concentrated on building relationships with three key groups; employers in our region, other training and educational providers and the communities in which we operate.

With employers, we've built bridges to companies and industry groups, with the aim of aligning the needs of industry and their job vacancies with the qualifications of our students so that they can readily find employment and, in many cases, create a base for further education. The introduction of industry engagement sessions enabled us to listen to industry to discover their current, future and emerging training needs and then tailor training accordingly. In the case of the automotive sessions, Holden through the Victorian Automobile Chamber of Commerce donated two new vehicles.

The mapping of pathways from schools to TAFE to university has created opportunities to strengthen our relationships within the education sector. Where once we might have thought we were competing, today we regard it more as collaboration. An example is our relationship with the Hamilton and District Skills Centre with whom we've signed an MOU regarding helping them with their programs and an overall educational plan for the Hamilton region.



Achievements of note during 2015 included:

**Winner Victorian Industry Collaboration Award, Victorian Training Awards – and finalist at the Australian Training Awards**

The Lyndoch Living Aged Care Training Initiative, a collaboration between South West TAFE and Lyndoch Living was particularly satisfying as it relates to the Institute's strategy of improved engagement and understanding of Industry needs.

**Ngatanwarr (Welcome) Mural**

The Ngatanwarr Mural was painted on our South West TAFE building, by world renowned artist 'Adnate'. The mural is located on the corner of Merri and Kepler Streets. The project was led by a steering group consisting of; Leadership Great South Coast, Warrnambool Art Gallery, the F Project, Gunditjmara Aboriginal Cooperative and South West TAFE and aligned with the Great South Coast Group goal of building rural communities a sense of place through investment in community arts projects.

**\$1.6 Million funding from the Back to Work Submission**

A successful submission to the State Government resulted in South West TAFE receiving \$1.6 million from the TAFE Back to Work Fund. This will enable us to help tackle youth unemployment in the region by enrolling 270 young people in traineeships in the growing sectors of administrative and personal services.

**\$1 million State Government funding for a new Skills and Jobs Centre**

Located at the Old Courthouse Building, the new Skills and Jobs Centre will assist workers needing to reskill, provide unemployed workers with support for retraining and offer work placement with suitable employers.

**Glenelg Shire Inclusive Business Awards**

In these keenly sought after local awards, South West TAFE Portland won the Employer of the Year. The category was open to all businesses that offer full-time, part-time, casual or voluntary employment opportunities to people with a physical, intellectual or psychiatric disability.

The Business of the Year Award is awarded to the business which best meets the above criteria, in addition to offering work or training opportunities to people with a disability, and was also won by our Institute.

**Students win in the Master Builder Awards**

Two of our students won awards at the Master Builder Awards. Elton Brinkman won the Regional Apprentice of the Year Awards - South-West Section. A mature age carpentry apprentice, Elton's success shows that it's never too late to start vocational education. Joining Elton in the winners' list was Ethan Frankcombe who received the Chairman's Award. Ethan is an apprentice in On-Site Construction (Joinery).

Overall, 2015 has been a year of progress, planning and potential and we look forward to continuing to provide future focussed education that creates a lifetime of opportunity and employability for the communities and industries of South-West Victoria.



**Mark Fidge**

Chief Executive Officer  
15 March 2016

# PERFORMANCE

## PERFORMANCE STATEMENT CERTIFICATE



PO Box 674  
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Victoria 3280  
Australia  
ABN: 76 750 969 979

### STATEMENT OF PERFORMANCE MANAGEMENT CERTIFICATE FOR 2015

In our opinion, the accompanying Statement of Performance of South West Institute of TAFE, in respect of the 2015 financial year, is presented fairly.

The Statement outlines the performance indicators as determined by the responsible Minister, predetermined targets and the actual results for the year against those indicators, and an explanation of any significant variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the Statement to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read "M. Weise".

Mike Weise  
Board Chair  
15 March 2016

A handwritten signature in black ink, appearing to read "Mark Fidge".

Mark Fidge  
Chief Executive Officer  
15 March 2016

A handwritten signature in black ink, appearing to read "R. Van Duynhoven".

Robert Van Duynhoven  
Chief Finance and Accounting Officer  
15 March 2016

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## AUDITOR-GENERAL'S REPORT

**VAGO**

Victorian Auditor-General's Office

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### INDEPENDENT AUDITOR'S REPORT

To the Board members, South West Institute of TAFE

#### *The Statement of Performance*

The accompanying statement of performance for the year ended 31 December 2015 of South West Institute of TAFE comprises the statement, the related notes and the statement of performance management certificate for 2015 has been audited.

#### *The Board members' Responsibility for the Statement of Performance*

The Board members of South West Institute of TAFE are responsible for the preparation and fair presentation of the statement of performance and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the statement of performance based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the statement of performance is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of performance. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the statement of performance, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the statement of performance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the statement of performance.

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

*Auditing in the Public Interest*

### Independent Auditor's Report (continued)

#### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

#### *Opinion*

In my opinion, the statement of performance of the South West Institute of TAFE in respect of the 31 December 2015 financial year presents fairly, in all material respects.

MELBOURNE  
22 March 2016

  
for Dr Peter Frost  
Acting Auditor-General

*Auditing in the Public Interest*



## STATEMENT OF PERFORMANCE

The Statement of Performance below shows the Institute's performance levels against Performance Agreement targets. The Statement of Performance complements the financial audit and provides an opportunity for stakeholders to assess the Board and the Executive Management Group's performance in achieving their defined targets in 2015.

### 2015 KEY PERFORMANCE INDICATORS

STUDENT ENGAGEMENT AND PARTICIPATION	2014 ACTUAL	2015 TARGET	2015 ACTUAL	VARIANCE	COMMENT
MODULE LOAD COMPLETION RATE (Student Retention)	86.30%	92.00%	86.03%	(5.98%)	The result was consistent with the level achieved in 2014. The Institute has set ambitious targets and is expected to achieve this in 2016 due to a redesign of the Teacher Quality Centre and Student Support areas.
STUDENT SATISFACTION (Learner Engagement Survey)	71.40%	85.00%	70.80%	(14.20%)	The result was consistent with the level achieved in 2014. The Institute has set ambitious targets and is expected to achieve this in 2016 due to a redesign of the Teacher Quality Centre and Student Support areas.
NUMBER OF 'IN-INDUSTRY' PROGRAMS	5	10	14	4	Target Exceeded
FINANCIAL AND BUSINESS TRANSFORMATION					
WORKING CAPITAL RATIO	1.21	1.63	2.75	1.12	Target exceeded, predominately due to the approved deferral to 2018 of the repayment of the HESG Advance for the Trade Training Centre site.
NET OPERATING RESULT (Net result from Transactions excluding capital contributions and other economic flows)	(\$3,910,000)	(\$2,235,000)	(\$1,862,000)	\$373,000	Net operating result was favourable to target, key contributing factors were additional government grants received as part of Government Initiatives.
FEE FOR SERVICE REVENUE	\$2,861,000	\$3,027,000	\$2,046,000	(\$981,000)	Fee for Service revenue was \$981k down on original target, this reflected a decline in commercial training activities. Ambitious targets were set expecting growth in the market however a loss of Interstate training opportunities directly impacted the result.
RETURN ON INVESTMENT (Comprehensive Result divided by Non Current Assets)	(13.5%)	(4.00%)	1.97%	5.97%	Return on Investment was favourable to target, key contributing factors were additional government grants received as part of Government Initiatives and the profit on sale of assets.
STAFF ENGAGEMENT, SATISFACTION AND PARTICIPATION					
STAFF PARTICIPATING IN PROFESSIONAL DEVELOPMENT ACTIVITIES (Effective Full Time Employees)	87.00%	90.00%	92.78%	2.78%	Target Exceeded
STAFF SATISFACTION (Greater Than)	53.00%	70.00%	65.00%	(5.00%)	The result achieved is a substantial improvement on 2014 (12% increase). It is anticipated that this measure will increase in 2016 due to current projects being undertaken and a greater emphasis on workforce development.
PERFORMANCE MONITORING FRAMEWORK KPI'S					
TRAINING REVENUE DIVERSITY VICTORIAN TRAINING GUARANTEE FEE FOR SERVICE	66.41% 33.59%	N/A	62.29% 37.71%	N/A	
EMPLOYMENT COST AS A PROPORTION OF TRAINING REVENUE (Employment and Third Party training delivery costs as a proportion of training revenue)	87.08%	N/A	109.56%	N/A	
TRAINING REVENUE PER TEACHING FTE (Training Revenue (exc. Revenue delivered by 3rd parties) per Teaching FTE's)	\$166,840	N/A	\$147,373	N/A	
OPERATING MARGIN PERCENTAGE (EBIT excluding Capital Contributions & Other economic flows) divided by Total Revenue (exc. Capital Contributions)	(15.64%)	N/A	(6.66%)	N/A	

## TRAINING OUTCOMES

The Institute delivered a total of 1,323,738 Student Contact Hours (SCH) in 2015. The table below provides a detailed breakdown of SCH delivery in 2015.

### STUDENT CONTACT HOURS DELIVERED

OUTCOMES	SCH
VTG NON APPRENTICESHIP/TRAINEESHIP	718,496
VTG APPRENTICESHIP/TRAINEESHIPS	364,595
FULL FEE PAYING	58,969
FEE FOR SERVICE (includes TAFE in Schools, Overseas Students, Interstate Apprenticeships and Short Courses)	181,678
TOTAL DELIVERY	1,323,738

### MOVEMENT IN STUDENT CONTACT HOURS OVER THE PAST FIVE YEARS

2011	2012	2013	2014	2015
2,610,650	2,700,757	2,983,939	1,792,491	1,323,738

## CAPITAL WORKS

### BUILDING CODE OF AUSTRALIA (BCA) WORKS

The Institute continued to focus on its obligation to develop an annual Essential Safety Measures report for each occupied building. This process was supported by the Essential Safety Measures Committee. These works were part of the Institute's legal and community obligations under the following regulations:

- Building Act 1993
- Building Regulations 2006
- Building Code of Australia 2010
- Essential Safety Measures i.e. fire protection and evacuation systems
- Occupational Health and Safety Act 2004
- Disability Discrimination Act 1992
- Heritage Act 2004.

## ENVIRONMENTAL SUSTAINABILITY

South West TAFE remains committed to reducing its impact on the environment.

We ensure that staff and students work together to reduce the Institute's environmental impacts, develop pro-active responses to environmental best practices and achieve innovative solutions in line with our strategic objective to be a leader in our approach to environmental sustainability.

The following energy performance initiatives and savings were achieved in 2015.

### Transportation

South West TAFE has reduced its motor vehicle fleet from 43 to 35 vehicles including 2 Hybrids.

Total kilometres travelled have been reduced by 55,433 kms down to 877,999 kms per annum. The vehicle fleet now holds a greenhouse rating of 6.63 (6.13 in 2014) score out of ten due to the continued incorporation of energy efficient vehicles.

Via the Institute's travel management policy, staff are encouraged to participate in alternative methods of transport, including car pooling and train travel, and to consider greater utilisation of video conferencing technologies.

### Paper Use

Our Institute endeavours to purchase 100% carbon neutral paper.

### Energy Use

In 2015 our Institute purchased 15% green power with the aim of reducing greenhouse gas emissions. The Institute is in line to achieve a reduction of 911tpa of CO2 as per Greener Government Building Program.

In 2015 the project delivered 5.8% in additional savings over the guaranteed amount.

### Waste Management

South West TAFE continues to take all opportunities to explore alternative recycling options regarding waste material and waste contracts, with a full review carried out by mid-2017.

### Water Reduction

The Institute continues to investigate the use of water harvesting initiatives and sustainable practices in upgrade and new building works and a reduction of 13,163kl was achieved in 2015 (part due to the sale of the Raglan Parade site).

### Procurement

South West TAFE aims to ensure that any opportunity to maintain all procurement activities are environmentally friendly and support the objectives of the Governments Environmental Procurement Policy.

South West TAFE aims to integrate environmental considerations into procurement decision making and negotiate where possible, sustainability clauses.

## BUSINESS AND FINANCIAL PERFORMANCE

In 2015 the Institute returned a surplus of \$1.036 million, this included other economic flows of \$0.95 million. Total government grants increased by \$5.36 million to \$21.87 million in 2015, these grants incorporated additional funds received as part of Government initiatives. Overall Institute expenditure increased by \$0.9 million, with salary expenditure increasing by \$1.27 million. This was predominately due to the implementation of government projects. The Institute was able to achieve savings in non salary expenditure of \$0.37 million.

COMPARATIVE RESULTS 2011– 2015					
	2011	2012	2013	2014	2015
ITEM	\$'000	\$'000	\$'000	\$'000	\$'000
TOTAL INCOME FROM TRANSACTIONS	40,052	37,819	34,649	25,356	29,893
TOTAL EXPENDITURE FROM TRANSACTIONS	38,232	38,106	38,072	28,908	29,808
NET RESULTS FROM TRANSACTIONS	1,820	(287)	(3,423)	(3,552)	85
TOTAL OTHER ECONOMIC FLOWS	(155)	(366)	(941)	(4,460)	951
COMPREHENSIVE RESULT	1,665	(653)	(4,364)	(8,012)	1,036
CURRENT ASSETS	11,452	12,437	9,601	11,565	12,533
NON CURRENT ASSETS	66,920	62,428	66,088	55,710	52,576
CURRENT LIABILITIES	6,958	6,688	6,622	9,599	4,558
NON CURRENT LIABILITIES	730	2,435	5,276	1,937	4,947
NET ASSETS	70,684	65,562	63,791	55,779	55,604
WORKING CAPITAL RATIO	1.65	1.86	1.45	1.21	2.75

### STATEMENT OF FINANCIAL POSITION

The Institute had a slight decrease in its net asset base from \$55.8 million to \$55.6 million over the past year. Current assets increased by \$0.96 million, with deposits increasing by \$4.65 million and assets held for sale decreasing by \$3.38 million. A reduction in land valuations of \$1.21 million and accumulated depreciation and amortisation movements led to a decline in non current assets of \$3.13 million. Total Institute liabilities decreased by \$1.99 million, with a reduction in current liabilities of \$5 million, this was due to a decrease in payables of \$1.98 million and the approved deferral to 2018 of the repayment of the advance for the trade training centre site. The deferral also attributed to an increase in non current liabilities of \$3.01 million. The increase in current assets and decrease in current liabilities has led to an improvement in the Institute's working capital ratio from 1.21:1 in 2014 to 2.75:1 in 2015.

### CONSULTANCIES

In 2015, six consultancies were used with fees payable to each of \$10,000 or more. The combined amount for these services in 2015 was \$578,619 (ex. GST). Consultancy details are made available on the Institute's website: <http://www.swtafe.vic.edu.au/about-us/corporate/consultancies>. Eight other consultancy services were utilised during the year with respective fees payable of under \$10,000, with the combined total of \$45,810 (ex. GST).

CONSULTANCIES OVER \$10,000	
Number of Consultants	Total 2015 expenditure (ex GST)
6 Consultants engaged	\$578,619
CONSULTANCIES UNDER \$10,000	
Number of Consultants	Total 2015 expenditure (ex GST)
8 Consultants engaged	\$45,810

### SIGNIFICANT EVENTS SINCE BALANCE DATE

No matters or circumstances have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of the Institute, the results of those operations, or the state of affairs of the Institute in future financial years.

# OVERVIEW

## PROGRAMS AND SERVICES

South West TAFE continues to remain the largest provider of vocational education and training services in South-West Victoria, and is underpinned by the Education and Training Reform Act 2006. In 2015, the Institute delivered courses to over 6,247 students, using a blend of delivery options including workplace, on-campus, off-campus, online, VET in Schools, Traineeships, Apprenticeship courses and modules delivered via regional adult learning centres.

South West TAFE provides quality vocational education and training, adult, community, and further education programs and services, and strives to enhance the educational opportunities of individuals, whilst serving the diverse needs of the region's community, and promoting the competitiveness of industry.

The Institute has engaged with the region's industry, and has strategically aligned its training products to their needs, and the future demands of the workforce. A diverse and extensive range of nationally accredited qualifications, industry-specific short courses, workshops and training programs are on offer.

In 2015, South West TAFE delivered training to the Great South Coast region of Victoria, state-wide, interstate and international programs.

## FORMAL STATUS

The Institute is governed by a Board of Management (Board). The Board comprises of 11 members (including the Board Chair) with diverse skills, knowledge and experience. The objectives, powers and functions of the Board are set out in the revised Constitution of the Board (2013). The Institute and its Board was established under the Education and Training Reform Act 2006.

The relevant Minister is Hon. Steve Herbert, MP, Minister for Training and Skills.

## HISTORY

The Institute has a long and proud history of providing technical and specialist education, with links back to the formation of the Mechanic's Institute in 1853.

In 1913, the Warrnambool Technical School was established on the site and operated within the state education system. It became the Warrnambool Technical College in 1958, with the commencement of full diploma courses.

In 1969, the tertiary section of the Warrnambool Technical College became affiliated with the Victorian Institute of Colleges and became the Warrnambool Institute of Advanced Education (WIAE).

The TAFE section separated from the WIAE in 1984 and became the Warrnambool College of Technical and Further Education (TAFE). The establishment of campuses at Hamilton and Portland prompted a name change in 1992, when it became known as the South West College of TAFE. Three years later (in 1995) the name by which the Institute is now known was adopted—South West Institute of TAFE. Since then, training facilities at Sherwood Park (2007) have been established.

## CAMPUSES

South West TAFE has four main campuses spread across the South-West Victoria region - at Hamilton, Portland and two in Warrnambool – one in the CBD and another based to the east of the city at Sherwood Park.

In addition to its campus-based courses, South West TAFE offers VET in Schools studies through regional secondary schools as well as courses and modules through regional adult learning centres. Programs are also offered by off-campus studies.

## PUBLIC RELATIONS AND MARKETING

The Institute continued to build a strong community presence with a range of activities to foster engagement and promote recruitment. A range of campaigns, communications, public relations and events were deployed. Some of the key activities for the year were:

- A refreshed approach to Open Day's across each campus with the combination of Pop-up sites in the CBD of Hamilton, Portland and Warrnambool; complemented with on-campus information sessions.
- The initiation of earlier enrolments, hosting information and enrolment sessions in November 2015 as the first phase of our recruitment drive for 2016 enrolments. This resulted in a 100% increase in enquiries at these sessions compared to 2014.
- South West TAFE was the winner of the Industry Collaboration Victorian Training Award via our partnership with Lyndoch Living which it immerses students in a workplace setting throughout their entire course. This was the first training model of its kind in Victoria. This led to us being a finalist in Industry Collaboration category at Australian Training Awards.
- 77 South West TAFE students volunteered as staff at the 2015 Fun4Kids Festival. The Festival provides a unique and valued opportunity for student participation and event experience, something that is highly valued upon graduation into the workforce.
- A range of events were attended, including the Wimmera Careers Expo, Warrnambool Agricultural Show, Noorat Agricultural Show, Sungold Field Days, Hamilton Sheepvention, Warrnambool & District Biannual Careers Expo and Deakin University Open Day.
- The Institute's innovative solution of assisting job seekers to skill up for employment was supported via the Victorian Government's Back to Work Fund. South West TAFE's WORKREADY initiative was supported via an above-the-line and below-the-line marketing campaign that was developed to support this ground-breaking program that was launched in late 2015.
- Public Relations continued to be a great opportunity for the Institute to promote a range of initiatives, good news stories and outcomes with 90 stories in a range of publications across the region.

## STRATEGIC DIRECTION

In 2015, the Institute Board in consultation with consultants Ernst & Young created the road map for South West TAFE by establishing a strategic direction vision—to be a leader for our region. The 2015 Strategic Plan was developed to be the driving force behind our decisions and actions during the year.

**Our vision is to be a leader for our region.**

**Our mission is to contribute to our region by:**

- Delivering the right skills and flexible pathways that support students, employers and industry.
- Supporting the economic, cultural and social development of our region.
- Providing opportunities for all.

## Our values were:

**Customer Focus:** Delivering the right experience and skills.

**Equality:** Treating all with fairness and respect.

**Integrity:** Honesty and transparency in everything we do.

**Excellence:** Everyday continuous improvement, maintaining the highest possible standards.

**Achievement and Enjoyment:** Creating a great place to work and learn.

## Our difference is:

South West TAFE is committed to delivering quality programs and services. This will be achieved by delivering a student journey which exceeds stakeholder expectations.

## STRATEGIC GOALS

STUDENTS	STUDENTS
<b>Delivering programs and services that exceed expectations</b> We aim to create and maintain an environment that delivers innovative, flexible, student-centred learning. This environment will encourage individual learning styles and support lifelong learning. It will also foster excellence in customer service to all who engage with the Institute.	<ul style="list-style-type: none"> <li>• Improve regional pathways with schools, VET providers and universities</li> <li>• Improve the competency and work-readiness of our students</li> <li>• Deliver a learning environment that acknowledges and supports individual learning needs</li> <li>• Deliver support services that ensure access for all</li> </ul>
STAFF	STAFF
<b>Attracting, developing and retaining a great workforce</b> We aim to create and maintain a positive, safe and healthy workplace environment. This environment will support the Institute's values and foster staff who are committed to achieving excellence in service delivery. It will also encourage strong engagement with industry.	<ul style="list-style-type: none"> <li>• Become an employer of choice</li> <li>• Ensure our workforce has the right capabilities, skills and qualifications</li> <li>• Maintain a safe, supportive work environment for all</li> </ul>
BUSINESS	BUSINESS
<b>Providing high quality systems, processes and facilities</b> We aim to provide state-of-the-art facilities and processes. In all projects, we will focus on the 'triple bottom line': economic, social and environmental sustainability. The Institute will also implement effective risk management procedures, while maintaining a high level of accountability and transparency in financial operations.	<ul style="list-style-type: none"> <li>• Improve our key business systems and processes</li> <li>• Generate annual operational surpluses that will enable investment for future growth</li> <li>• Develop facilities to meet future needs</li> <li>• Ensure sound governance and accountability</li> </ul>
REGION	REGION
<b>Supporting current and future needs</b> The services we deliver will continue to respond to the challenges faced by industries and employers within our region. This will help achieve long-term, sustainable growth. We acknowledge the region's diverse population, and aim to provide equal opportunities for all south-west Victorians.	<ul style="list-style-type: none"> <li>• Ensure our programs and services reflect the required skills and workforce</li> <li>• Improve awareness of and engagement with the Victorian Training Guarantee</li> <li>• Support community activities and events</li> <li>• Reduce our environmental footprint and support our region's sustainability initiatives</li> </ul>



# GOVERNANCE

## INSTITUTE BOARD

South West TAFE is governed by a Board of Directors. The Board is responsible for overseeing and governing South West TAFE's strategic direction and associated corporate plans.

The Board is established in accordance with an Order in Council made under section 3.1.11(2)(c) of the Education and Training Reform Act 2006, to oversee and govern South West TAFE.

The Board is guided by a Code of Conduct and consists of a number of committees and sub-committees, which provide specialised guidance for different areas of organisational activity. The Chief Executive Officer (CEO) and the Executive Team operate under a reporting and accountability framework. This framework monitors progress against targets established in the Board's strategic plans.

In line with our contract with the Higher Education Skills Group, the Board also ensures that:

- appropriate compliance frameworks and controls are in place
- risks are identified and managed
- reporting systems are in place
- key policies are in place and reviewed regularly
- an appropriate corporate culture is developed and maintained
- the Board's performance is monitored and evaluated
- the CEO's performance is evaluated against predetermined criteria.

## MAJOR ACHIEVEMENTS OF THE BOARD

During 2014, the Board reviewed and streamlined its sub-committee structure to better meet the needs of the board and the Institute. This structure remained the same during 2015 retaining the Board, an Audit, Risk and Finance Committee and a TAFE Structural Adjustment Fund (TSAF) Project Control Group.

In January 2015, the Institute, with the assistance of a Recruitment Agency managed the process of recruiting, interviewing and appointing our new CEO, Mr Mark Fidge

The Board also managed the process of selecting a Consultant to provide strategic advice and facilitation in reviewing our current strategic plan and developing a new 'fresh' 2016-18 Strategic Plan. The Board endorsed it on the 8th December 2015.

The Board continued to provide sound governance and oversight of the TAFE Structural Adjustment Fund (TSAF) through the TSAF Project Control Group. Significant progress was made during the period resulting in efficiencies and opportunities gained to deliver improved technology, business transformation and a revised organisational structure in line with the strategy of the Institute.

Key actions of the Board and its committees during 2015 included:

- overseeing and guiding South West TAFE's successful TAFE Structural Adjustment Fund projects
- approving our contract with the Higher Education and Skills Group
- reviewing and endorsing key internal policies
- endorsing the 2016-18 Institute Strategic Plan.

## BOARD DEVELOPMENT ACTIVITIES

The Board committee met six times during 2015, excluding the Annual Meeting, for briefing sessions on various topics including major regional planning initiatives, corporate governance, committee agenda and performance monitoring, business transition planning and the 2015 Strategic Plan.

The Board also held a Strategic Planning Workshop in October 2015 to consider and develop a revised strategic plan from 2016-18. The Board was instrumental in aligning our direction with Higher Education and Skills Group (Department of Education and Training) and south-west Victoria's regional planning strategies.

During 2015 the Board Chair Mike Weise along with several other Directors attended the Victorian TAFE Association's state conference and the national TAFE Development Association conference. In addition to this the Board attended several strategic dialogue meetings with the Minister for Higher Education and Skills along with several professional development programs through the Australian Institute of Company Directors.

## BOARD COMMITTEE STRUCTURE

The Board comprises a number of committees, which draw together the skills, knowledge and experience of Board members. These committees assist the Board to meet its legal responsibilities to manage South West TAFE via sound corporate governance practices.

## AUDIT RISK & FINANCE COMMITTEE

The main responsibilities of the Audit, Risk & Finance Committee are to:

- Review and report independently to the CEO on the Annual Report and all other published financial information.
- Assist the CEO and the Board to monitor the effectiveness of various internal controls such as general operations, financial reporting and legal compliance.
- Determine the scope of the internal audit function, and ensure its resources are adequately resourced and effectively used, including coordination with external auditors.
- Oversee the effective operation of South West TAFE's risk management framework.
- Review management processes associated with identifying business risks and exposures, and review and assess the adequacy of management information and internal control structures.
- Review the integrity of South West TAFE's financial and external reporting mechanisms.
- Assist the Board to comply with South West TAFE's statutory and fiduciary duties in relation to financial and other requirements.
- Ensure that South West TAFE's financial systems are appropriately managed and that our financial position is accurately reported to the Board.



- Monitor South West TAFE's investments, corporate image, legal contracts, other contractual arrangements, and legislative compliance.
- Provide timely advice on the financial impact of recommendations from other Board committees.

*Members - (1 January 2015 – 30 June 2015) - Felicity Melican (Chair), Mike Weise (Board Chair), Bill Hewett (Deputy Board Chair), Bill Hannah (Board Director)*

*(1 July 2015 to 31 July 2015) – Felicity Melican (Chair), Mike Weise (Board Chair), Bill Hannah (Deputy Board Chair), Bill Hewett (Board Director), Ron Page (Board Director)*

*(1 August 2015 to 30 November 2015) - Bill Hannah (Chair), Mike Weise (Board Chair), Ron Page (Board Director)*

*(1 December 2015 to 31 December 2015) - Bill Hannah (Chair), Mike Weise (Board Chair), Ron Page (Board Director), Felicity Melican (Board Director)*

### **BOARD PRESIDENT'S ADVISORY GROUP**

The main responsibilities of the Board President's Advisory Group are to:

- Oversee the process of recruitment of new Board Directors and new Committee members.
- Oversee the Board's and individual Board Directors' performance reviews.
- Set and approve the remuneration and employment-related benefits offered to the CEO, based on guidelines and directions from the Board and the State Services Authority.

*Members - (1 January 2015 – 30 June 2015) Mike Weise (Board Chair), Bill Hewett (Deputy Board Chair), Felicity Melican (Chair Audit Risk and Finance Committee), Toni Jenkins (Board Director), Susan Brumby (Board Director)*

*(1 July 2015 – 31 July 2015) Mike Weise (Board Chair), Bill Hannah (Deputy Board Chair), Felicity Melican (Chair Audit Risk and Finance Committee), Bill Hewett (Immediate Past Chair), Susan Brumby (Board Director)*

*(1 August 2015 to 30 November 2015) Mike Weise (Board Chair), Bill Hannah (Deputy Board Chair and Chair Audit Risk and Finance Committee)*

*(1 December 2015 to 31 December 2015) Mike Weise (Board Chair), Bill Hannah (Deputy Board Chair and Chair Audit Risk and Finance Committee), Felicity Melican (Board Director), Susan Brumby (Board Director)*

### **TAFE STRUCTURAL ADJUSTMENT FUND**

The main responsibilities of the TAFE Structural Adjustment Fund are to:

- Provide overall strategic guidance and direction to the continuing implementation and development of the TSAF projects, within operational constraints.
- Develop and prioritise TSAF projects and feed these priorities back to:
  - the South West TAFE Board
  - HESG's Tertiary Education Governance Unit
  - the SMS TAFE Users' (CEO's) Group – an external body
  - staff across the organisation.
- Work with external consultants appointed to support the TSAF and SMS delivery.
- Set and track targets and timelines for completion of each TSAF project.
- Support the SMS Working Group and relevant staff to meet these targets and timelines.
- Review and approve significant changes to any agreed projects and schedules.
- Monitor and approve any additional project finances.
- Develop and monitor risks, escalating as required to appropriate South West TAFE committees or staff for mitigation action.
- Review relevant business processes and recommend areas of proposed improvement aligned to the SMS, upon the recommendation of the PCG.
- Oversee a project post implementation review.

*Members - (1 January - 30 June 2015) Mike Weise (Board Chair), Bill Hewett (Deputy Board Chair), Bill Hannah (Board Director), Susan Brumby (Board Director), Georgina Gubbins (Board Director), Toni Jenkins (Board Director), Felicity Melican (Board Director)*

*(1 July - 31 July 2015) Mike Weise (Board Chair), Bill Hewett (Board Director), Bill Hannah (Deputy Board Chair), Susan Brumby (Board Director), Georgina Gubbins (Board Director), Toni Jenkins (Board Director), Felicity Melican (Board Director)*

*(1 August - 30 November 2015) Mike Weise (Board Chair), Bill Hannah (Deputy Board Chair), Georgina Gubbins (Board Director), Toni Jenkins (Board Director)*

*(1 December - 31 December 2015) Mike Weise (Board Chair), Bill Hannah (Deputy Board Chair), Georgina Gubbins (Board Director), Toni Jenkins (Board Director), Felicity Melican (Board Director), Susan Brumby (Board Director)*

## INSTITUTE BOARD MEMBERS

### Mike Weise

#### BOARD CHAIR

Mike is the Principal of Client Victoria Pty Ltd. a regional development business consulting company, working with peak bodies, universities, not for profit and statutory authorities. Prior to setting up Client Victoria, Mike was the CEO of the Dairy Development agency, WestVic Dairy, and before that in a variety of roles for fifteen years in Further and Higher Education and Farm Workforce Development.

Mike joined the Board in April 2013 and sits on the Board President's Advisory Group and Audit, Risk and Finance Committee.



### William (Bill) Hewett

#### DEPUTY BOARD CHAIR (until 30/6/2015)

*Diploma of Business Studies, Graduate Diploma in Management (Information Systems Management), Master of Business (Management Systems)*

Before retiring from the workforce in 2008, Bill was Associate Dean in the Faculty of Business and Law at Deakin University. Bill's areas of expertise are ICT management systems and finance. After serving on the Board for 2 terms as a Co-opted Member, Bill was appointed as a Ministerial member on 21 December 2011. Bill's term concluded on the 31 July 2015.



### William Hannah

#### DEPUTY BOARD CHAIR

*MBA – Deakin University, Diploma of Sports Science, Bachelor of Commerce (Accounting) – Wollongong University*

Bill commenced a 3-year term on the South West TAFE Board on 1 September 2013. Bill has a background in Finance and before retiring from the workforce in 2015, Bill was the Chief Financial Officer at Warrnambool Cheese and Butter Factory. He also has broad experience as a Financial Accountant and, since 1968, has worked in various companies including Denehurst Limited, Newcrest Mining Ltd, Kembla Coal & Coke P/L, Illawarra Meat Company, Airfast Services and Tip Top Bakeries. Bill has been a member of the Audit Risk and Finance Committee since July 2014, and became a member of the Board President's Advisory Group in July 2015.



### Susan Brumby

#### DIRECTOR

*Master of Health Management, PhD in Behaviour, Health and Safety Practices across agricultural industries in Victoria, South Australia, Queensland, New South Wales, NT and WA*

Susan's background is in the Health industry and since 1977 has worked in a wide variety of occupations including general nursing, midwifery, large animal and parasitology practice in a veterinary clinic, and as an opinion column writer for Rural Press, Stock and Land Newspaper. Since 2009, Sue has held the position of Clinical Associate Professor at the School of Medicine, Deakin University and Course Director, Graduate Certificate in Agricultural Health and Medicine. She has also been a Founding Director for the National Centre for Farmer Health and an Executive Board Member since 2008. Susan is also a member of the National Rural Advisory Council, DAFF, Canberra. Susan joined the board on 1 September 2013. Susan has also been a member of the Board President's Advisory Group, since 1 July 2014.



### Toni Jenkins

#### DIRECTOR

*Masters Degree International Education Policy, Bachelor of Arts 1989, Advanced Diploma in Business, Certificate in Workplace Leadership, Advanced Certificate in Management Skills, Certificate in Accounting, Certificate IV in Business Facilitation*

Toni joined the board on 3 August 2012. Toni is currently the CEO of South West Local Learning and Employment Network (SWLLEN), a position she has held since 2003. Toni has also worked in a number of other roles since training as a registered nurse in 1980, including office management, financial management, A/Executive Officer and Project Facilitator of the Greater Green Triangle Area Consultative Committee, Co-ordinator of the New Enterprise Incentive Scheme, Employment Consultant and Case Manager. Toni was also a member of the Board President's Advisory Group from 1 July 2014 to 30 June 2015.



## Georgina Gubbins

### DIRECTOR

*Master of Agribusiness (MAgriBus), Bachelor of Nursing(BN), Graduate Australian Institute Company Directors Course (GAICD)*

Georgina commenced on the Institute Board on 6 October 2014. Georgina has a background in the health and agricultural industries. She is the Managing Director of a red meat farming business and has been involved in State and National Agribusiness Advisory Committees. She is currently Chair of the Great South Coast Committee of AICD and on the Board of Wannon Water. Georgina brings governance and small business skills to the Board and is an advocate for rural and regional education.

## Felicity Melican

### DIRECTOR

*Bachelor of Business (Accounting), Graduate Diploma Education (Secondary), Member, Institute of Chartered Accountants*

Felicity was initially appointed to the Board on 26th October 2011. Felicity specialises in finance, superannuation and auditing, and is currently a Partner in Sinclair Wilson Accountants and Advisors. Felicity has also been a member of the Audit Risk and Finance Committee and the Board President's Advisory Group since 1 July 2012.



## Ronald Page

### DIRECTOR

*Masters of Sustainable Agriculture, Diploma of Company Directors, Bachelor of Applied Science (Agriculture), Professional Wool Classing Certificate, Associate Diploma in Agricultural Business Management*

Ron was appointed to the Board on 1 September 2013. Ron has had 9 years of executive management experience providing fiscal, strategic and operational leadership in uniquely challenging primary industry roles for WestVic Dairy, South West Climate Change Forum, Fonterra Australia and Dairy Farmers Milk Cooperative. Ron became a member of the Audit Risk and Finance Committee on 1 July 2015.



## Greg Walcott

### DIRECTOR

*Attended Melbourne Grammar School and Monash University*

Greg commenced on the Board as a Ministerial appointee on 1 October 2012, representing the Shire of Southern Grampians. Greg's area of expertise is in mining and agriculture. He manages his own property near Kanagulk and is the Director of GW Consulting Services.



## Kate Fraser

### DIRECTOR

*Bachelor of Economics, Fellow of the Australian Institute of Company Directors (FAICD)*

Kate commenced on the Institute Board on 1 December 2015 and has over 20 years commercial experience in strategic planning, communications and business development in Sydney, Melbourne and Western Victoria.

A fellow of the Australian Institute of Company Directors, Kate has served on several state and federal government boards in the utilities and health sectors.

Kate's industry experience includes strategy development, change management and new business acquisitions in consumer and marketing roles within the retail banking, consumer goods, finance and health insurance sectors.

## BOARD AND COMMITTEE MEMBERSHIP

The Board met six times during the year, excluding the Annual Meeting, which was held on 24 June 2015. Meetings were scheduled bi-monthly. Institute Committees met 29 times to review and monitor various aspects of the Institute's operations. During 2015, no Board Directors declared a potential pecuniary interest in an issue discussed during Board or committee meetings.

COMMITTEE MEMBERSHIP AND MEETINGS ATTENDED					
BOARD DIRECTOR	POSITION	BM	ARF	TSAF	BPAG
Mike Weise	Board Chair	5	9	6	3
William Hewett	Deputy Chair (term expired 31/7/15)	3	4	7	1
William Hannah	Deputy Chair	6	10	5	3
Susan Brumby	Director	3	-	2	4
Georgina Gubbins	Director	5	3	3	2
Toni Jenkins	Director	4	-	3	3
Felicity Melican	Director	3	5	5	4
Ron Page	Director	6	4	-	2
Greg Walcott	Director	6	-	-	-
Kate Fraser	Director (appointed 1/12/15)	1	-	-	-

*BM = Board Meetings (6 meetings)*

*ARF – Audit, Risk & Finance Committee (10 meetings)*

*TSAF – TAFE Structural Adjustment Fund PCG (9 meetings)*

*BPAC – Board Chair's Advisory Group (4 meetings)*

### Board remuneration

Director's fees paid in 2015 totalled \$145,693.

## EXECUTIVE MANAGEMENT GROUP

Day-to-day management of the Institute continued to be delegated to the CEO and Executive Management Group. The CEO and Executive Management Group operated under a reporting and accountability framework.

### Mark Fidge

#### CHIEF EXECUTIVE OFFICER (January - December 2015)

*Bachelor of Business (Accounting), Certified Practising Accountant (CPA), Graduate of the Australian Institute of Company Directors (AICD), Diploma of Frontline Management.*

Mark has been CEO since early 2015. Prior to becoming the CEO, Mark was the Executive Manager – Corporate Services incorporating the role of Board Secretary and Chief Financial Officer.

As CEO, Mark is responsible for implementing the strategic direction of the Institute and ensuring efficiency across the Institute to meet the requirements of Government, enterprises and individuals.

### Madelyn Lettieri

#### EXECUTIVE MANAGER EDUCATION & TEACHING SUPPORT (April - December 2015)

*Diploma of Teaching, Diploma of Frontline Management, Graduate Certificate in Management Development (Education & Training) Certificate IV in Workplace Training & Assessment*

Madelyn commenced as the Acting Executive Manager Education and Teaching Support with the Institute in April. She was officially appointed to the position in July 2015. Madelyn brings with her a wealth of Education and VET experience to the role. This portfolio is responsible for the areas of Construction, Engineering and Licensing, Primary Healthcare, Foundation and Further Education, Business and Design, Food, Fibre and Land and the Teacher Quality Centre. Madelyn is responsible for providing leadership to the Teaching Directorate and strategic direction to all Institute Teaching Centres.

### Jenny Madden

#### EXECUTIVE MANAGER - STUDENT & INDUSTRY ENGAGEMENT (February – November 2015) (Acting Executive Manager - Education, to 30 January 2015)

*Masters in Education, Bachelor of Arts in Education, Graduate Diploma in Special Education, Certificate IV in Workplace Training (Category 2), Advanced Certificate in Management Skills, Graduate of the Australian Institute of Company Directors (AICD)*

In January 2015, Jenny commenced as the Executive Manager Student & Industry Engagement. Jenny was responsible for reinvigorating the engagement of the Institute with key stakeholders including students, industry and employers, schools, VET training and higher education providers.

Prior to this role, Jenny had held other position within the Institute as the Executive Manager, Student Experience and Innovation and Acting Executive Manager Education.

Jenny resigned from the Institute on November 16, 2015.

### Robert Van Duynhoven

#### EXECUTIVE MANAGER CORPORATE SERVICES, CHIEF FINANCIAL OFFICER, BOARD SECRETARY (Acting January - March 2015, appointed April – December 2015)

*Bachelor of Commerce (Accounting & Marketing), Certified Practising Accountant (CPA), Graduate of the Australian Institute of Company Directors (AICD)*

In November 2014, Robert took on the Interim role of Executive Manager Corporate Services was officially appointed to the role in April 2015. Robert was responsible for providing and maintaining the Institute's Corporate Services portfolio, including facilities master planning, finance, occupational health and safety, risk management, audit and compliance, human resources, student support services and information technology. Robert is also the Institute's Board Secretary and carries the responsibility of Chief Finance Officer.

### Jane Ponting

#### ACTING EXECUTIVE MANAGER EDUCATION (February - April 2015)

*Master of Business (IS), Bachelor of Education (Lib)*

Jane Ponting acted as the Executive Manager Education from 1 February until 1 April 2015. She provided leadership to the Teaching Directorate and strategic direction to all Institute Teaching Centres. She also oversaw the management of the Business Development and Education and Off-Campus departments.

### Josh Hill

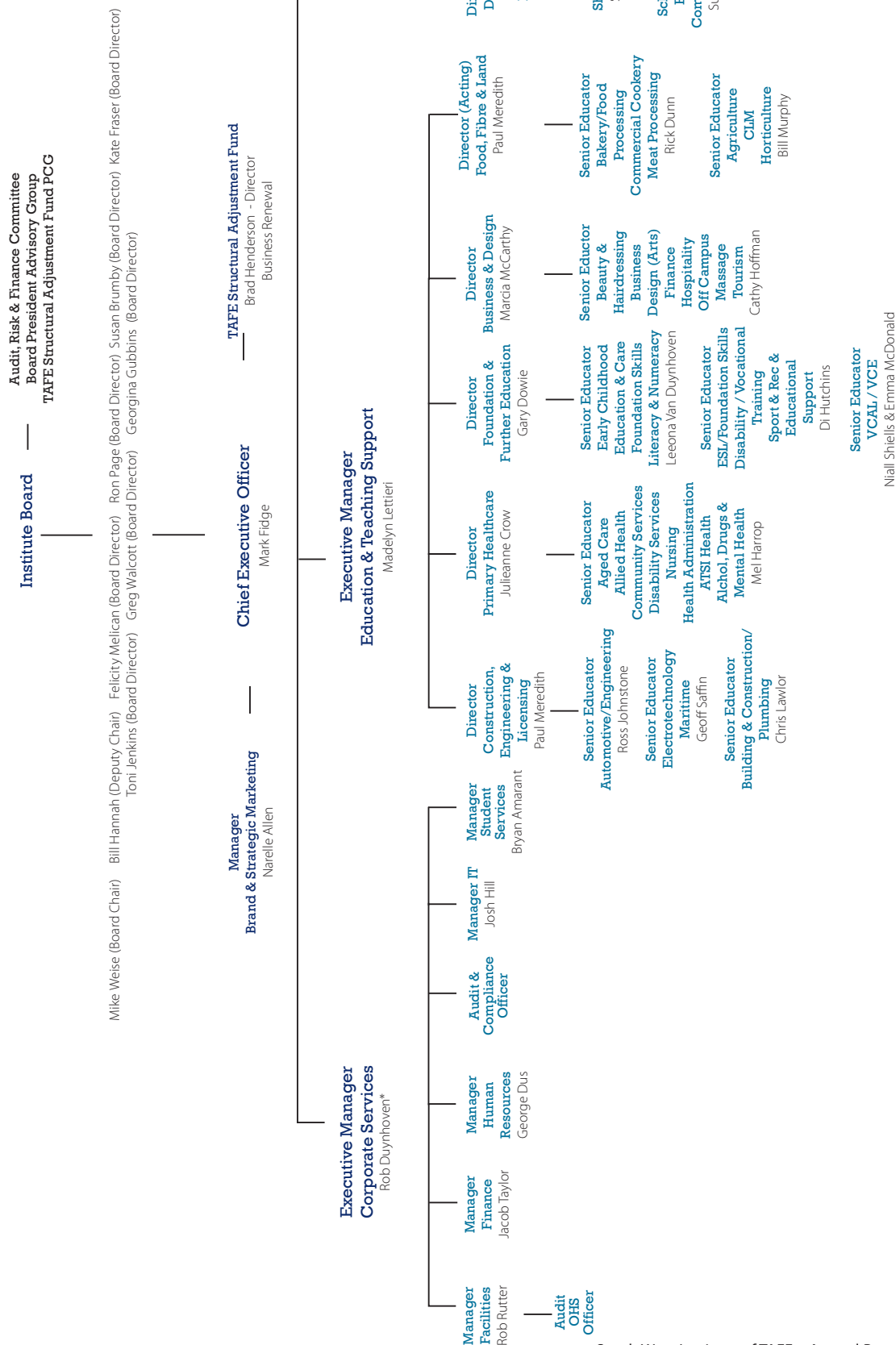
#### ACTING EXECUTIVE MANAGER STUDENT EXPERIENCE AND INNOVATION (to February 2015)

*Diploma of Technology (Computing), Diploma of Management, Cert IV in Training & Assessment*

Josh was the Acting Executive Manager, Student Experience and Innovation. This portfolio involved Josh overseeing the centres of Student Services, Student Administration, Learning Technologies, Innovation and ICT, and Business Process Improvement, whilst also managing the strategic oversight of the Hamilton campus and Southern Grampians region.



# ORGANISATIONAL STRUCTURE CHART (as at 31 December 2015)



\*Executive Manager Corporate Services also holds the position of Chief Financial Officer and Board Secretary



# STUDENTS

## STUDENT OUTCOMES

In 2015, South West TAFE delivered training to 6,247 individual enrolments which equated to 1.32 million student contact hours (SCH). The Higher Education Skills Group, along with individual student tuition fee contribution, funded 81.8% of SCH delivered, with the remainder funded by individuals, industry and non-Victorian governments under User Choice Agreements.

This SCH figure underlines the Institute's dedication to delivering high quality training programs, in a year of complex changes to the vocational education and training industry. This also reflects the Institute's strategic intent to continue growth in line with regional demand.

The Institute continued to experience strong growth in our VCAL, Children's Services, Health and Community Services programs. Apprenticeships and Traineeships continued to be a significant part of delivery, with 27.5% of SCH delivered to these students.

## STUDENT FEEDBACK

Student feedback is collected in a variety of ways. All students, staff and Institute clients have an opportunity to provide online feedback, complaints and compliments at any time.

Students are also surveyed at the end of short courses and regularly throughout the year on a subject-by-subject basis. South West TAFE participates in an annual "Student Satisfaction Survey" sent to all students, and collated by the Australian Council of Education Research (ACER).

## STUDENT CONTACT HOURS RESULTS

BY FUNDING SOURCE	SCH
GOVERNMENT PROFILE EXCLUDES TRAINEES/APPRENTICES	718,496
GOVERNMENT CONTRACTED APPRENTICESHIPS/TRAINEESHIPS	364,595
FULL FEE PAYING	58,969
FEE FOR SERVICE	84,088
TAFE IN SCHOOLS	84,662
OVERSEAS STUDENTS	-
OTHER (INCL. INTERSTATE APPRENTICESHIPS, SHORT COURSES)	12,928
TOTAL	1,323,738
BY CAMPUS	
HAMILTON	114,977
PORTLAND	146,184
WARRNAMBOOL	938,417
SHERWOOD PARK TRAINING FACILITY	124,160
TOTAL	1,323,738
BY DEPARTMENT/CENTRE	
DIVISION OF BUSINESS DEVELOPMENT AND INDUSTRY RELATIONSHIPS	6,033
DIVISION OF BUSINESS, DESIGN AND PERSONAL SERVICES	197,877
DIVISION OF CONSTRUCTION ENGINEERING AND LICENSING	323,085
DIVISION OF FOOD, FIBRE AND LAND	204,104
DIVISION OF FOUNDATION AND FURTHER EDUCATION	361,943
DIVISION OF PRIMARY HEALTH CARE	230,696
TOTAL	1,323,738

# STAFF

## WORKFORCE STATISTICS

	2015			2014		
	ONGOING		FIXED TERM & CASUAL	ONGOING		FIXED TERM & CASUAL
	ACTUAL (COUNT)	FULL-TIME (EFT)	FULL-TIME (EFT)	ACTUAL (COUNT)	FULL-TIME (EFT)	FULL-TIME (EFT)
<b>Gender</b>						
Male	66	65.32	23.58	65	64.42	19.17
Female	113	93.12	42.62	107	87.35	28.71
<b>Age</b>						
Under 25	6	5.30	5.95	3	3.00	5.86
25 -34	21	19.20	6.32	19	18.30	4.42
35- 44	50	39.84	15.86	50	38.67	13.52
45 -54	66	59.80	17.92	63	56.70	13.46
55 -64	35	33.30	18.33	35	33.50	10.41
Over 64	1	1.00	1.82	2	1.60	0.21
<b>Classification</b>						
Executive Officer	-	-	3.00	-	0.00	4.00
Senior Educator - Level 1	1	1.00	2.00	3	2.60	1.70
Senior Educator - Level 2	11	10.80	-	12	11.80	-
Senior Educator - Level 3	5	5.00	-	3	3.00	-
Teacher - Level 1	2	1.40	-	1	0.40	-
Teacher - Level 2	8	7.20	4.50	9	7.50	2.90
Teacher - Level 3	2	1.50	-	3	2.50	2.00
Teacher - Level 4	8	7.80	1.00	7	6.20	0.26
Teacher - Level 5	53	46.80	0.50	56	49.00	1.40
Teacher Casual	-	-	21.73	-	-	10.88
Specialist Staff Trainee	-	-	4.00	-	-	-
Specialist Staff - Level 1	3	1.72	3.19	3	1.72	1.57
Specialist Staff - Level 2	31	23.76	9.64	23	17.68	13.27
Specialist Staff - Level 3	11	9.57	0.73	10	8.57	2.34
Specialist Staff - Level 4	15	12.90	2.72	15	13.80	1.97
Specialist Staff - Level 5	11	11.00	2.00	11	11.00	2.00
Specialist Staff - Level 6	7	7.00	-	5	5.00	-
Specialist Staff - Level 7	2	2.00	2.20	2	2.00	0.60
Specialist Staff - Level 8	9	9.00	5.00	9	9.00	3.00

	ONGOING				FIXED TERM & CASUAL
	ACTUAL (COUNT)	FULL-TIME (COUNT)	PART-TIME (COUNT)	FULL-TIME (EFT)	EFT
December 2015	179	122	57	158.44	66.20
December 2014	172	117	55	151.77	47.88

Note: The information above represents staffing information based on staffing in the final pay period of 2015

The Institute's Human Resource Information Management System is the source of information for all staff reporting requirements. Regular staffing statistics are provided to appropriate internal committees and serve to inform the decision making process necessary to enhance quality service provision to students and other clients of the Institute. Reports, as required, are provided to relevant external authorities.

Staffing figures for 2015, including an analysis by employment status, age and classifications are represented in the tables provided above. The Institute believes employees have been correctly classified in the workforce data collections.

## STAFF DEVELOPMENT

Throughout 2015, the Institute continued to deliver a range of personal and professional development opportunities for staff, including qualification upgrades, management and leadership development programs, fellowships and research tours. Staff development activities and expenditure were monitored and approved by the Workforce Development Officer and Human Resources Manager.

## LEARNING AND DEVELOPMENT WEEK

With a mixture of structured workshops, followed by interactive training sessions, the three day programs in April, July and September allowed staff to engage with their colleagues and learn together in a positive environment.

Feedback stated that it was a valuable opportunity to come together and discuss the challenges, audit requirements and improved ways of engaging students while working towards creating solutions for issues arising, and developing a common understanding of the processes and guidelines required.

## WORKFORCE DEVELOPMENT COMMITTEE

In 2015 the Workforce Development Committee took part in a range of initiatives in order to boost morale, improve relationships and try and change the current culture of the Institute.

The major project for 2015 was the planning, writing and implementation of the 2015 – 2017 Workforce Development Plan. This was done in partnership with the Vet Development Centre and is now in place.

Throughout 2015 the committee committed to supporting a variety of charities and awareness raising campaigns both locally and nationally.

The Employee of the Month Award was reviewed and re-aligned to fit with the Victorian Training Awards, with the introduction of two categories, Teacher and Specialist Awards. The new format seems to be proving a success with increased numbers in nominations and attendance at the all staff gathering. The committee also redeveloped the format of the lunch, making it more inclusive of other announcements including new employee introductions and good news stories from around the Institute. There was also the introduction of an open forum with the Executive.

Other highlights include:

- South West TAFE became involved in the Standing Tall Program which now has five of our staff members from all three campuses taking part in a two year mentoring program with our local schools.
- Forty of our management and aspiring leaders have embarked on an 18 month Leadership, Management and Cultural Change program.
- To conclude each meeting we all listened and contributed to a conversation about the culture of our organisation, enabling us to give a voice to all staff and to bring new initiatives to a team of individuals all supporting the growth of our organisation.

## STAFF FEEDBACK

The People Matter Survey is an opinion survey tool designed and conducted by the Victorian Public Sector Commission which assists the Institute to measure and build positive and ethical workplaces. It is also intended to measure employee perceptions of organisational culture and operations, including perceptions of leadership, wellbeing, employee job satisfaction and engagement. In 2015 the Institute once again participated in the People Matter Survey.

The survey provides an opportunity for staff to inform the Institute of their beliefs and perceptions about the environment in which they work and to therefore influence the effective people management strategies and directions of the Institute. The survey provides an insight into what is valued in the workplace, the organisation's culture and levels of satisfaction. In pursuing a strong values-based culture, information from the survey assists the Institute to improve its performance, to build a greater capacity for risk management, to enhance staff morale and, ultimately, to ensure staff attraction and retention.

Highlights of the 2015 People Matter Survey identify that:

- Staff responding to the survey (which doubled to 56% in 2015) believe the Institute demonstrates its value of respect by treating others fairly and objectively. This was shown by a jump from 83% in 2014 to 90% in 2015. It was also noted that the percentage of people who state bullying is not tolerated in my organisation rose by 9% from 2014, now sitting at 90%. This is also backed by a spike in response for South West TAFE resolving issues fairly (82%).
- Increased training for our management staff has resulted in a positive increase in the way they operate and are perceived to operate, noting that 93% believe Managers listen to what the staff have to say and 95% of staff stated that Managers treat the employees with dignity and respect.
- Overall job satisfaction is up by 12% to 65%.

Some new questions were introduced in 2015 on the topic of workplace wellbeing. 73% agreed that South West TAFE is committed to workplace wellbeing and 82% stated that their Managers take a positive interest in their wellbeing.

## HUMAN RESOURCES

South West TAFE is a progressive, community focussed organisation, reaching into South-West Victoria and beyond in new and emerging markets. We have strong links to industry and we are motivated to provide future focused education that creates a lifetime of opportunity and employability. In this endeavour we deliver a modern and fresh approach to helping generations develop the skills they need for the future they aspire to. We continually strive to be an educational provider, and employer, of choice by:

- Putting the customer first, tailoring our approach so every learner is successful and exceeding the expectations of every employer. We invest in our staff to keep them at the cutting edge of practice (People Focused).
- Striving to exceed expectations, thinking boldly and finding ways of doing things better. We act with integrity and we aim to distinguish ourselves and stand out from the rest (Quality and Excellence).
- Constantly seeking innovation through fresh thinking and a dynamic approach, by being responsive to our communities and collaborating with industry and by being flexible and adaptive (Innovation).
- By attracting, developing and retaining a great workforce of appropriately qualified and skilled staff supporting the current and future education and training needs of the south-west region of Victoria and beyond. Position classifications are determined in accordance with prevailing industrial instruments.
- Ensuring through the Institute selection process, that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria, and other key accountabilities of the position. Appointments are based solely on merit and made consistent with applicable Federal and State Legislation, incorporating the principles of Equal Opportunity and Equal Employment Opportunity.

In creating a great place to work we promote a values-based culture which benefits the Institute generally, and our employees and our clients specifically. To do this, we maintain a positive workplace environment which attracts, develops, retains and fosters a workforce committed to:

- Promoting and supporting the Institute's ambition, purpose and values.
- The achievement of Excellence in Vocational Education and Training.
- Collaborating with the both industry and the community to develop and deliver quality training which contributes to business and economic growth of the south-west region and beyond.

## POLICIES AND PROCEDURES

The Human Resources department works to support the Institute's ambition, purpose and values by:

- Ensuring that human resource policies and procedures remain compliant with legislative and industrial requirements and that decision making is fair, consistent and impartial (compliance and equal opportunity).
- Adopting best practice approaches to ensure change is effectively communicated and implemented in a structured and considered manner (continuous improvement, quality and excellence).
- Committing to staff recruitment, selection and appointment processes which are based solely on merit, following sound human resource management principles (equal employment opportunity and transparency).

- Promoting a supportive, safe and healthy working and learning environment where staff, students and other Institute clients are appropriately supported through the provision of high quality services (customer service, achievement and enjoyment, people focused).

The Institute remains committed to its objective of becoming an Employer of Choice and has implemented key policies and processes which demonstrates a commitment to attracting, developing and retaining a great workforce with the necessary capabilities, skills and qualifications to deliver quality programs and services. In this context, the Institute's human resource processes and practices have their foundations in the application of the principles of merit and equity, compliance with relevant award and statutory requirements and best practice public sector employment principles. Accordingly, we continue to review the policies and procedures which govern the human resources operations and expectations to ensure that we continue to be innovative, competitive and contemporary in the things we do.

In addition to the more practical operations of the Human Resources department, through key representative staff, the Institute is continuing its reward and recognition program which acknowledges the customer service responsibilities of staff, teaching excellence and innovation and our flexible and adaptive practices. Due to the particular expertise and varying focus of our staff, the Employee of the Month recognises separately teaching staff and non-teaching support staff and are selected from the nominations of peers and managers, receiving public recognition for their exemplary service to both internal and external clients before a monthly "all staff" gathering.

## WORKPLACE HEALTH & SAFETY

South West TAFE's commitment to its health and safety strategies is imbedded in its Code of Conduct which states "Employees will contribute to the provision of a safe and health working and learning environment." In this context, and recognising our community service obligations, every effort is made to ensure that staff, students, contractors and clients of the Institute are provided with a work and study environment that is attractive, well maintained, accessible and safe.

The Institute's commitment to continuous improvement is extended to its occupational health and safety management system by establishing and reviewing OH&S objectives, targets and strategies and clearly defining OH&S management responsibilities. Resources and responsibilities defined in procedures are continually reviewed so that legislative requirements, Institute standards and OH&S objectives and targets are met. In 2015 the Institute has maintained its efforts to improve health and safety by continuing its program of:

- Institute wide staff flu vaccinations.
- Continued and active promotion of the Institute Employee Assistance Program.
- Providing health checks for staff in conjunction with WorkHealth.
- A range of health awareness programs.

## INFORMATION MANAGEMENT SYSTEMS

Through the use of its human resources information management system the Institute continues to meet, and regularly improve, necessary compliance requirements. As the authoritative source of staffing information, including the use of the Employee Self Service Kiosk, we capture, accurately record and securely maintain and report on human resource information.

Increasing use of the Staff Kiosk serves to further enhance the currency and integrity of data held and improves operational efficiency through reduced reliance on manual intervention and face to face enquiry. Efficient use of the Staff Kiosk forms part of the Institute's induction processes.

## INDUSTRIAL RELATIONS

South West TAFE is committed to maintaining its strong and positive relationship with representative unions through established Institute Consultative Committees (ICCs). The respective ICCs work with Institute Management to ensure the effective implementation and monitoring of the terms and conditions of applicable Enterprise Bargaining Agreements. These committees are also the forum through which the Institute, relevant unions and staff representatives consult generally on matters affecting employees. Regular consultative meetings have been held throughout 2015 to consider matters relevant to represented staff groups.

The Institute works cohesively and constructively with representative bodies and the effectiveness of these relationships is reflected in the fact that no days were lost to industrial action in 2015.

The Institute has also been engaged with the Victorian TAFE Association, and the Australian Education Union, to establish updated employment terms and conditions for teaching staff. In this regard the Victorian TAFE Teaching Staff Multi-Enterprise Agreement 2015, was formally approved by the Fair Work Commission in December 2015.

Negotiations also commenced with the National Tertiary Education Union, and other bargaining representatives, to establish a new Enterprise Agreement for non-teaching Specialist Support staff.

## Other Disclosures

The Institute made six ex-gratia payment during 2015 totalling \$111,441.99.

# BUSINESS

## REGIONAL PROJECTS

In 2015, South West TAFE strengthened their partnership with a number of regional industries, identifying new and innovative training opportunities catering for our region's workforce needs.

### LYNDOKH LIVING

In response to predicted growth in the aged care industry, South West TAFE joined forces with Lyndoch Living, a local aged care community and retirement facility, and developed a flexible and unique training program for aged care students. South West TAFE students completed their entire course at Lyndoch Living, providing students with a practical, industry focussed environment. Students gained work-place experience, whilst working towards their qualification, leading to a higher probability of being employed.

### SOUTHWEST HEALTHCARE

Health is a growing industry that demands an innovative and flexible approach to training programs and in 2015 South West TAFE strengthened its partnership with South West Healthcare. Working with South West Healthcare key personnel, South West TAFE has finely tuned a variety of allied health programs to ensure that the training offered to its health students would meet the needs of local health providers.

### REGIONAL PARTNERSHIP FACILITATION PROJECTS

In 2015 South West TAFE continued to lead and support a number of Regional Partnership Facilitation Fund (RPFF) projects with a range of industry and higher education partners. These projects continued to take shape, and began to deliver project outcomes developed specifically to address critical workforce issues in the Great South Coast.

### GREAT SOUTH COAST (GSC) HEALTH ARTICULATION PROJECT (GSCHAP)

The Great South Coast Health Articulation Project is an industry-led initiative that has been designed to respond to the region's growing needs for skilled professionals in acute, respite and allied health settings in the Great South Coast, in particular the Glenelg and Southern Grampians Shire regions. It represents a strategic partnership between our region's key education agencies in close consultation with local health providers, aimed at delivering complimentary health qualifications at all levels from VCAL/VET through to Tertiary qualifications. South West TAFE are proud to be the lead Institute in partnership with Deakin University, Glenelg / Southern Grampians LLEN, South West LLEN, Glenelg / Southern Grampians Primary Care Partnership and South West Primary Care Partnership.

From 2014-2015, the \$1.2 million project gained momentum, building upon existing partnership arrangements, expertise, skills and infrastructure from previous Federal Government Structural Investment funding, and commenced delivery of qualification pathways throughout the GSC region with emphasis in Portland, Hamilton and Warrnambool. This exciting project targeted young people and the existing health workforce, encouraging them to undertake accredited

health qualifications that provide articulated pathways to the Bachelor of Health Sciences. The GSCHAP facilitated a coordinated approach in the development of agreed and guaranteed articulated health pathways in addressing the health professional skills shortages and building workforce capability.

The key outcomes of the GSCHAP have been:

- The achievement of the contracted enrolment target.
- The project was contracted to deliver 150 enrolments across Certificate II – IV courses, Diploma courses and a Degree course. The summary of course enrolments as at 1 June 2015 are given in the table below:
- The development of health pathways commencing at secondary school extending to the tertiary level with multiple entry points.

Course	Certificate Level	Enrolments	Location
VCAL Health – Community Services	II	11	Hamilton
VCE VET – Health Services Assistance	III	10	Warrnambool (9) Hamilton (1)
Aged Care	III	25	Hamilton (9) Portland (16)
Mental Health	IV	14	Portland (7) Warrnambool (7)
Alcohol and other drugs	IV	16	Portland (9) Warrnambool (7)
Allied Health Assistance	IV	16	Warrnambool (11) Portland (1) Heywood (4)
Aboriginal Health	II	21	Heywood (7) Portland (6) Hamilton (7) Warrnambool (1)
Head Start into Health	III	8	Portland (5) Geelong (2) Warrnambool (1)



- The expansion of vocational education and training provision across the South West of Victoria.
- The implementation of a professional development program to increase the skills of the South West TAFE Primary Health Care teaching staff to teach courses using blended delivery.
- The development of resources to facilitate the teaching of courses using blended delivery.
- The contribution to the creation of a Health Industry Advisory group.
- The initiatives commenced under the project have been embedded into the health department.
- The courses developed were consistent with regional, state and federal strategic plans and policies in health, including the National Framework for Primary Health Care.
- Courses developed have enhanced the opportunity for educational participation and attainment in the South West of Victoria.
- Strengthening the alliance between Higher Education and Vocational Training providers.

## **REGIONAL TERTIARY EDUCATION PATHWAYS FOR FOODS, TOURISM AND HOSPITALITY INDUSTRIES**

The collaborative partnership with William Angliss, Victorian Government, SuniTAFE and Federation University commenced the development of articulation of tertiary education pathways for the foods, tourism and hospitality industry. This partnership will deliver enhanced course articulation pathways extending from South West TAFE's relevant Diploma programs into Bachelor degrees and new Graduate Certificates.

Throughout the development of new qualifications, regional partners were consulted utilising each of our extensive industry and community consultation. This engagement enabled the sharing of ideas and expertise, the benchmarking of policy and procedures and the collaboration of competitors for the benefit of students.

Although there were limited outcomes for South West TAFE at that point in time, the foundations for the project were met - which included the development of a strong bond between the four partnering Institutes. It also strengthened foods, tourism and hospitality education offerings across Victoria, enhancing collaboration and offsetting the impact of thin markets for regional TAFE Institutes and Higher Education providers. The partnership encouraged participation in tertiary education qualifications in the regions as well as meeting regional industry needs and building capacity in these industry sectors and their workforce capacity across Victoria.

## **COOPERATIVE LEARNING AND BUSINESS INCUBATOR (CLABI)**

The Southern Grampians Cooperative Learning and Business Incubator (CLABI) was led by RMIT Hamilton, and partnered by South West TAFE, the Southern Grampians Shire and the Glenelg and Southern Grampians Local Learning and Employment Network. The two year project was designed to create self-sustaining strategies to address the labour market and the needs of disengaged learners in a unique socio-economic climate.

The project helped to develop and promote the successful VCAL and Early Childhood Education courses, as contracted. Enrolment numbers were higher than anticipated for these two courses. Multimedia and Logistics courses were less successful and failed to attract the minimum number of students required for these courses to proceed. Research revealed logistics employers preferred to deliver in-house and on-the-job training to their new employees, and that the requirements for the current regional logistics industry were at a lower qualification level and these training needs were already met.

The project supported the appointment of a Learning Support Officer role at South West TAFE to help new and potential students navigate the many learning pathways available, providing face to face, phone and online assistance. Research found this role had been instrumental in increasing student retention.

Other outcomes of the project were through research. The CLaBI research undertook an action learning approach working with partners to investigate the factors behind worsening trends in Southern Grampians and what could be done, or recommended, to address these trends. A digital workforce strategy document was produced and provides an assessment of the Australian digital economy and includes engagement recommendations for education institutions, employers, workers and health organisations. A career pathway map was also developed which offers a guide to students wishing to develop their careers in the five main workforce areas: Health, Education, Logistics, Media and Small Business.

The Project has provided a platform to strengthen partnerships and collaboration and has led to better understandings of the learning cohorts. New programs and courseware have been developed or are being planned. The research group has been able to develop a suite of evidence based recommendations to take forward for future development. These outcomes will continue to be and are already being used to build a rich picture of the education and workforce landscape in the Southern Grampians.

## **THE INTEGRATED LAND MANAGEMENT CURRICULUM FOR VICTORIA (ILMCV)**

Melbourne University (lead partner) together with South West Institute of TAFE, Federation University Australia, Bendigo Regional Institute of TAFE, Sunraysia Institute of TAFE, and Timber Training Creswick partnered to enhance opportunities for rural and remote students to participate in higher education by providing flexible study options and increased pathways in conservation and land management.

This project was completed in December with the launch of an interactive careers website [www.landyourcareer.edu.au](http://www.landyourcareer.edu.au). Extensive industry and potential student consultation has influenced future course development and improved industry connections.

### **BACHELOR OF EARLY CHILDHOOD EDUCATION (BECE)**

The BECE project, led by Deakin University and partnered by South West TAFE, Chisholm TAFE, and Sunraysia TAFE. This successful project established seamless pathways into early childhood education courses, allowing students who completed the Diploma of Early Childhood Education and Care at a partner TAFE, to gain direct entry to the Bachelor of Early Childhood Education with Deakin University.

The BECE has been delivered through the innovative Deakin Learning Centre's; Deakin at Your Doorstep program, at South West TAFE's Portland campus enabling regional students to study without having to travel outside of their home town. In 2015 students have been working towards completing the Deakin program that will qualify them for teaching registration in kindergarten and primary schools.

## **HIGHER EDUCATION PARTNERS**

In 2015, South West TAFE continued to nurture and build strong allegiances with several Higher Education providers. These strategic partnerships support national and state strategic directions, and provide students with increased opportunities to enhance their education and training, whilst retaining their skills in the region. South West TAFE has strategically aligned their marketing campaigns to promote these pathways.

### **DEAKIN UNIVERSITY**

South West TAFE and Deakin formalised a new Strategic Alliance in 2015, aimed at reinvigorating and strengthening this innovative partnership. The Deakin and South West TAFE MOU further strengthened our partnership through the signing of a domestic student guaranteed entry agreement, providing the South West community with a number of VET and higher education initiatives. It benefits regional, rural and remote students, creating seamless pathways from South West TAFE to university, helping build the jobs of the future in the South West region. In 2015, the partnership developed a number of guaranteed pathways for students from TAFE to University. South West TAFE students graduating from diplomas in Children's Services, Graphic Design, Accounting, Nursing, Tourism and Community Services will be able to start as second-year students in five degree fields at Deakin. Students are also able to gain credit for prior learning towards a number of degrees. New ideas are being explored with the two education sectors coming together to provide stronger pathway opportunities that lead directly into jobs, with a focus on the industry strengths of this region.

The Deakin Learning Centre has provided regional students access to tertiary qualifications without leaving their home town. Portland students have been able to commence their degree through the use of technology and flexible delivery programs.

### **RMIT**

At the end of 2015 South West TAFE reached an agreement with RMIT to lease the Ballarat Rd site for the 2016 year. This agreement has enabled the Institute to continue providing health related programs from the site whilst the Institute develops an educational master plan for the Hamilton region in 2016. A longer term view will then determine the feasibility of operating from the site beyond this year.

### **XUZHOU UNIVERSITY**

The continued partnership with Xuzhou University in China resulted in students travelling to Australia to visit the Institute's Warrnambool Campus, and accessing articulation arrangements with Deakin University to gain entry to degree courses.

### **UNIVERSITY OF MELBOURNE AND FEDERATION UNIVERSITY AUSTRALIA**

South West TAFE's partnership with the University of Melbourne and the Federation University of Australia has been working on delivering the RPFF ILMCV Project, which aims to create clear pathways from South West TAFE's Diploma of Conservation and Land Management into potentially five undergraduate programs and four post graduate programs offered at either University of Melbourne or Federation University Australia.

## YOUTH PROGRAMS

### VET IN SCHOOLS

In 2015, approximately 900 Year 9 students from across the region attended South West TAFE's Try a Career Day, providing students access to three hours of a variety of vocational activities. This expo is well supported by the region's secondary schools. Through this program, students are given the opportunity to explore the diverse range of vocational training and get a quick taste of that industry and what it involves. This may lead students into our VETiS programs and gives students across the region their first taste of the South West TAFE learning environment.

In 2015, approximately 450 senior secondary students from around the region accessed a South West TAFE campus to complete their VET in School studies as part of their Victorian Certificate of Education (VCE) or Victorian Certificate of Applied Learning VCAL. Students in Years 10, 11, and 12 chose one of 16 programs as one of their secondary school subjects. Make-up, Hairdressing, Automotive, Building, and Engineering programs were the most popular choices. As part of the Great South Coast Health Articulation Project, Certificate III in Health was introduced for the first time with a new delivery model focused on industry. New delivery models are being explored and developed across other VET in School programs to ensure greater access to students across the region, providing sustainability that engages industry and technology. South West TAFE is committed to finding the delivery balance of structured classes, practical delivery and accessibility across the regions 26 secondary schools and home school students.

### SCHOOL BASED APPRENTICESHIPS

In 2015, South West TAFE had 143 School Based Apprentices (SBAs) and Trainees. They were spread across all program areas showing diversity in student choices and the industries that are embracing the part time employment model. Four common week block release dates for first year apprentices were continued across all the major trade programs, to help facilitate conflicting educational timetables and delivery styles. This enabled schools to better accommodate timetable classes with the majority of SBAs within their school leaving the class over the same period of time throughout the year classes with the majority of SBAs within their school leaving the class over the same period of time throughout the year.

### VICTORIAN CERTIFICATE OF APPLIED LEARNING (VCAL)

In 2015, South West TAFE continued to deliver and expand our youth programs across the region. South West TAFE's team of dedicated VCAL teachers continued to develop and deliver innovative programs, and meet the training needs of youth in South West Victoria. Programs included traditional Year 11 and 12 VCE subjects and full time VCAL programs aimed at Year 10, 11 and 12 students. In addition to the classroom based VCAL programs, 2015 saw the pilot of a online model of VCAL, remote VCAL.

The Hamilton VCAL program experienced great success in their new work placements organised through WestVic. The Corangamite Pathfinders Program continued at the new Camperdown location, with great success in the new street-front location. This group explored the role of food in their region and planned and undertook an excursion along the gourmet food trail from Timboon to Simpson. After completing their Safe Food Handling certificates and cookery units, they scored the contract to cater for the Corangamite Youth Awards in October. As a paid job, this funded the end of year excursion the students planned to Melbourne Zoo and Melbourne Aquarium.

The Warrnambool Year 12 VCE class had a very impressive year with 18 graduating students, which was our largest ever number. Of these 18 students, three are now continuing with TAFE diplomas, three have moved onto University study and the remainder are engaged in full-time and casual work.

Our Intermediate and Senior VCAL groups once again had a very successful year, organising several community events continuing to build ties with local industry groups.

South West TAFE VCAL students continue to involve themselves in community projects such as:

- Bean Drinkin' Again Café at Brophy Youth Services- raising money to combat youth homelessness.
- Hep C Street Shot Competition.
- Raising funds for the RSPCA.
- Conservation Volunteers Australia projects at Narrawong and Port Fairy.
- Portland Bonney Upwelling Festival.
- Combined VCAL Camp to Kangarooie.
- Teens on the Green festival with Warrnambool City Council, Brophy and Freeza.
- Skate Competition with JQ Skate, IGA and Freeza.
- ABC Open Film Projects.
- Student Expo at South West TAFE.
- Prevention of Alcohol Related Trauma in Youth(P.A.R.T.Y.) run by the Alfred Trauma Team.
- Continued involved in events with Brophy, Freeza and the Warrnambool City Council.

## DISABILITY PROGRAMS

In 2015, South West TAFE continued to deliver its renowned disability programs across South West Victoria. Students engaged in many community focused activities, projects and classroom based learning. The Institute delivered a number of training programs in partnership with disability services across the regions, providing relevant training for their clients.

In November we were audited against the Human Services Standards incorporating Governance and Management Standards elements of ISO 9001:2008 and have been re-certified by International Standards Certifications (ISC) to continue to provide DHHS disability services. Highlights of our service identified were:

- Our holistic approach to student case management.
- Our strong commitment to student empowerment and developing skills.
- Our students feel safe, informed, happy and are comfortable.
- We have a strong internal audit framework and risk management systems.
- There are no gaps in our policies and procedure.
- We meet all support standards.

South West TAFE also actively engages with the Carers Recognition Act 2012 (Carers Act) by ensuring:

- Carers are actively engaged and encouraged to participate in care planning for the individuals they are supporting, and this is formalised through the South West TAFE Disability Departments Learning Needs Plan Guidelines.
- Families are encouraged to contact the Disability Liaison Officer regularly with any concerns and are kept informed of avenues to make suggestions or complaints.
- Biannually parents are invited to participate in face to face feedback sessions. The focus of these meetings is centred on how we can improve and add value to our services.
- Parents, families and students are asked to complete a service satisfaction survey annually.
- Parents are informed that they too can access referral services on request or as required.
- Local parents group receive fortnightly newsletters containing articles on recent activities and future events.
- Parents also receive emails pertaining to training and information sessions/workshops occurring within our area and the Metropolitan area that may be of interest to them.
- Regular contact is maintained by key staff to carers and these staff also receive regular supervision to ensure that they are supported to support others.

- Interpreter services are available to families/carers as required.
- Support via Koorie Liaisons is offered and or provided where appropriate.

All of South West TAFE's programs are well supported by its disability support team who work closely with our creative and dedicated teachers.

## LEARNING SUPPORT

Over 2015 the Division of Foundation and Further Education, through the Learning Support Unit, continued to provide literacy, numeracy and study skills support to South West TAFE students across all campuses.

The Learning Support Unit coordinated the Language Literacy and Numeracy (LLN) Robot process; an online literacy and numeracy assessment tool that was completed by newly enrolled students to ensure early detection of any students requiring learning support. The LLN Robot also supported and enhanced information from the pre-training evaluation gathered by teaching staff. Over 1050 students completed the LLN Robot in 2015. Of those, around 400 had results which indicated additional literacy and numeracy support was required in order for them to successfully complete their course.

Learning Support Unit staff conducted Orientation to Study programs that focused on specific learning skills such as research and referencing, Medication Math's for Nursing and generalist program assistance. Teaching Centre's using these programs included Early Childhood Education, Community Care, Nursing along with Hair and Beauty.

Student support options included: regular 'drop in' library support sessions, timetabled small groups, online study support classes, in-class tutor support, as well as support for every apprentice block attending at Sherwood Park, Warrnambool and Portland.

During 2015 South West TAFE also began a trial of using an online tutorial support program 'Your Tutor'. Initial usage data and positive student feedback indicates this is a highly effective way to provide study support to students outside of usual class times. It is hoped to grow the use of this service over 2016.

Learning, literacy and numeracy deficits continue to be a challenging skills gap for young people and adults returning to study or undertaking career change vocational courses. The Learning Support Unit at South West TAFE provides a valuable service to all teaching departments, with the aim of successful course completions for students who can then progress to meaningful employment and further education pathways.

## INTERNATIONAL OPERATIONS

In 2015, the Institute's International operations consisted of offshore delivery and staff and students exchanges.

### PARTNERSHIPS

The Institute's partnership with Yangzhou Polytechnic Institute (YPI) to deliver the Diploma of Accounting continued in 2015, with various teachers travelling to China to deliver training. YPI also sent a group of six teachers to South West TAFE to undertake professional development at the central Warrnambool Campus. This activity focused on the development and construction of lesson plans and curriculum to engage learners.

The Institute also facilitated a student experience in Xiamen, China to attend and represent the Institute at the Fine Wine Show. The unique strength of Xiamen Fine Wine Show is that the exhibition is co-organised by the China National Enterprises Association for Foreign Trade and Economic Cooperation, a department of the Ministry of Commerce in China, a very influential body within the Chinese Government.

### NETWORKS

The Institute was an active member of the Warrnambool City Council International Relations Advisory Committee, with John Cook continuing his membership of this committee.

South West TAFE has joined the Victorian TAFE consortium exploring the delivery of professional development to the vocational sector in Brazil, MEC Brazil.

### OVERSEAS TRAVEL

Board Chairman, Mike Weise and John Cook, Industry and International Business Development, attended the graduation ceremony of the Diploma of Accounting students at YPI.

### OFFSHORE DELIVERY

During the year the Institute continued to deliver training onsite at YPI in China. Eleven students graduated from YPI.

### DELEGATIONS

Eleven students and two teachers represented the Institute in Xiamen, China in November at their International Wine Show. The experience of working at the event proved extremely rewarding and both staff and students were well received and were greatly acknowledged by the organisers.

### RISK MITIGATION STRATEGIES

The Institute recognises the inherent risks associated with offshore activity and these risks have been identified and ranked in order of impact as part of the Institute's Board-endorsed Risk Management Plan.

The Risk Management Plan outlines specific strategies to mitigate risk in each of the identified areas. The results of each strategy are measured and the strategies adjusted accordingly.

Risk Management is a priority for the Board and as such the Institute provides regular reports to the Board regarding the Institute's offshore activities, which are inclusive of targets and actual results.

INTERNATIONAL PROGRAMS INCOME		
	2015 TARGET	2014 ACTUAL
Offshore programs	\$150,000	\$150,000
<b>Total</b>	<b>\$150,000</b>	<b>\$150,000</b>

# COMMUNITY

In 2015, the Institute sponsored many local events and festivals, and actively sought to strengthen community partnerships. Both staff and students gave generously of their time to help promote and run these events. Through staff activities, the Institute was represented on more than 200 forums, reference groups and committees in the region.

## COMMUNITY INVOLVEMENT

The Institute's strong community involvement enabled teachers to secure a wide variety of practical work experience opportunities for students, as well as participate in a wide range of community events, forums and networking opportunities. Staff worked with various community partners, ensuring student learning was developed through both informal and formal organised programs.

Student and Staff Community involvement included:

- Visiting Lyndoch Living, Warrnambool.
- VCAL Pathfinders assisting catering for Corangamite Shire Event.
- Prevention of Alcohol Related Trauma in youth (P.A.R.T.Y.) at the Alfred, a community event for all Year 11 students in the region.
- Information/workplace visits at CFA, WorkSafe, Victoria Police.
- Headspace Aboriginal and Torres Strait Islander launch at Brophy.
- VCAL Foundation and Intermediate students: Participation in volunteer work with the Conservation Volunteers Australia (CVA) in Narrawong and Port Fairy.
- VCAL and VCE students took part in Beyond the Bell forums.
- Staff representation at Youth Link 55 meetings to discuss opportunities for youth in the region.
- F Project activities.
- Sponsor of the Fun4Kids Festival, Rotary Hole in One Competition, Portland Administrative Professional of the Year, Victorian Regional Achievement and Community Awards, Hamilton Sheepvention, Sungold Fields Days, Hampden Football Netball League.
- Early Childhood Education student led involvement with the following festivals:
  - Fun4Kids
  - Upwelling Festival
  - Three Peaks Festival
- Early Childhood Education students' participate in national Child Safety Week and NAIDOC events.
- Supporter of Warrnambool and District Food Share through the provision of facility loan.

## COMMUNITY PARTNERS

In 2015 the Institute enjoyed partnerships with the following community organisations:

- South West Local Learning & Employment Network (LLEN)
- Glenelg and Southern Grampians LLEN
- South West Academy of Sport
- South West Disability Network
- Deakin University
- Lyndoch Living
- DWEC
- Portland District Health
- Glenelg Shire Council
- Warrnambool City Council
- Brophy Family Youth Services
- Headspace
- CAMMS
- South West Sport
- Cruise Express
- Warrnambool East Rotary
- Rotary Club of Warrnambool

## COMMUNITY MEMBERSHIP

During 2015 representatives from Executive and the Institute Management Group were active members of a range of community groups including:

- South West LLEN Board
- Glenelg and Southern Grampians LLEN Board
- Great South Coast Workforce Action Group
- Hamilton and District Skills Centre
- Hamilton Education Precinct Group
- South West Healthcare Ethics Committee
- Committee for Portland
- South West Academy of Sport Board
- RMIT Community Advisory Group
- Horizon 21
- Australian Institute of Company Directors
- South West Sport Board
- WAVE Advisory Committee
- Beyond the Bell Committee
- Arts and Education Warrnambool Partnerships Network (Sponsored by Deakin University, Faculty of Arts and Education)
- Corangamite Pathfinders – Advisory and Focus Groups
- Youth Link 55 Youth Network
- Warrnambool and District Early Years Network
- Great South Coast Early Years Network
- Warrnambool and District Network of Schools
- Brophy Family Youth Services



# COMPLIANCE

## OCCUPATIONAL HEALTH AND SAFETY

The Institute maintained a proactive, preventive approach to its OHS legislative compliance and duty of care obligations by providing safe and healthy working and learning environments for our students, employees, contractors and visitors.

The Institute's OHS & Emergency Planning Committee (OHS & EPC) membership includes four management representatives, Chief Fire Warden, Compliance Officer and 17 Health & Safety Representatives (HSRs) representing over 400 employees in 17 Designated Work Groups (DWGs) across the Institute's six campuses.

The HSR roles included:

- Participation in the 2015 survey of teaching equipment by consultants Stokes Safety in trade training areas, and the subsequent review of Safe Operating Procedures (SOPs) and plant maintenance schedules for those areas.
- Assisting the Compliance Officer and OHS consultant Land to Sea Safety in developing the Institute's OHS audit plan.
- Carrying out workplace OHS inspections and providing reports of issues identified.
- Assisting with investigation of health and safety issues.
- Consulting with the Executive team on health and safety matters.
- Assisting Directors and Senior Educators with OHS risk assessments.
- Receiving information from Executive and external sources to assist with their OHS role.
- Attending interviews, when required, between employees and Executive regarding OHS matters.
- Attending meetings of the OHS& EPC.
- The OHS & EPC met six times during the year. Minutes of these meetings were forwarded to the Audit, Risk and Finance Committee and the Institute continued to administer OHS issues within the context of its risk management framework.

The following notable initiatives were implemented:

- Review of relevant Institute OHS policies, procedures and guidelines.
- Development of a procedure and checklist to ensure a consistent approach with departmental changes.

- Mandatory wearing of eye protection for all personnel in trade workshop training areas.
- Improved OHS induction processes for new and existing Institute employees and contractors.
- Emergency/Fire evacuation drills conducted six monthly.
- Training for OHS representatives.
- Training for Emergency Wardens.
- First aid training for nominated first aiders, including familiarization drills with the recently installed Automated External Defibrillators (AEDs).
- Wood dust monitoring within trade training workshops at Sherwood Park.
- Completion of the two yearly audiometric hearing tests for all Institute employees who are required to wear hearing protectors in the workplace.
- Ergonomic and manual handling guidance.
- Influenza vaccinations.
- Promotion of the Employee Assistance program.
- Promotion of the Equality and Fairness in the Workplace Policy.

A total of 48 OHS incidents were reported for 2015, 22 fewer than 2014, summarised as follows:

- 31 incidents involved students.
- 15 incidents with relatively minor injuries or illnesses for Institute employees (1 Workcover claim).
- One contractor incident with minor injury.
- Four property damage reports, one of which was reportable to WorkSafe.

Of the 31 incidents involving students;

- Six of these related to Motorcycle Training.
- Two were reportable to WorkSafe.
- A total of three incidents were reported to Worksafe during 2015, none of which resulted in the issuing of Worksafe notices. Incident investigations were conducted and corrective/preventive actions implemented. By comparison there were three reportable incidents for 2014, and three Improvement Notices issued.

More than 120 specialist contractors were routinely engaged across Institute campuses to undertake maintenance and project work. As noted above there was only one incident involving an asset maintenance contractor, with minor injury reported.

	'10/'11	'11/'12	'12/'13	'13/'14	'14/'15	'15/'16
Institute premium	0.81%	0.961%	1.0477%	0.726%	0.928%	0.5828%
Weighted average TAFE sector premium	0.97%	1.005%	0.89%	0.95%	0.95%	0.94%
Total standard claims	3	4	2	4	1	0

## ACTIVITY TABLE

### NOTE A1 - OPERATING STATEMENT

#### Total Operating Expenses

Delivery provision and support activity	A2
Administration and general services activity	A3
Property plant and equipment services activity	A4
Student and other services activity	A5

#### Total Operating Expenses

### NOTE A2 - OPERATING STATEMENT

#### Delivery provision and support activity

Salaries, wages, overtime & allowances	12,930	12,130
Superannuation	1,083	1,037
Payroll Tax	617	601
Other salary related costs	77	114
Consumables	938	998
Contract Services	521	1,476
Travel and motor vehicle expenses	431	423
Depreciation	626	789
Other direct delivery expenses	1,259	968
	<b>18,482</b>	<b>18,536</b>

### NOTE A3 - OPERATING STATEMENT

#### Administration and general services activity

Salaries, wages, overtime & allowances	3,361	2,935
Superannuation	324	255
Payroll Tax	189	136
Other salary related costs	20	26
Consumables	255	302
Communication expenses	364	342
Fees	272	121
Travel and motor vehicle expenses	112	116
Depreciation	13	20
Other expenses	760	871
	<b>5,670</b>	<b>5,124</b>

**NOTE A4 - OPERATING STATEMENT****Property plant and equipment services activity**

	2015 \$'000	2014 \$'000
Salaries, wages, overtime & allowances	469	560
Superannuation	44	48
Payroll Tax	25	24
Other salary related costs	3	5
Consumables	34	34
Equipment	219	68
Energy costs	413	444
Contract services	1,028	633
Rent / leasing charges	298	265
Repairs & maintenance	407	428
Depreciation	1,678	1,762
Other expenses	72	67
	<b>4,690</b>	<b>4,338</b>

**NOTE A5 - OPERATING STATEMENT****Student and other services activity**

Salaries, wages, overtime & allowances	606	604
Superannuation	51	50
Payroll Tax	29	28
Other salary related costs	7	7
Consumables	28	34
Depreciation	1	1
Other expenses	244	186
	<b>966</b>	<b>910</b>

## STATEMENT OF COMPULSORY NON-ACADEMIC FEES



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Warrnambool  
Victoria 3280  
Australia  
ABN: 76 750 969 979

### STATEMENT OF COMPULSORY NON-ACADEMIC FEES

The following compulsory non-academic fees and charges were levied in accordance with the Ministerial Directions on Fees and Charges.

	2015	2014
Student fees and charges income		
Student Amenities Fees	257,133	275,065
<b>TOTAL INCOME</b>	<b>257,133</b>	<b>275,065</b>
Student fees and charges expenditure		
Student services salaries and on-costs	252,561	256,055
Provision of student activities	7,540	2,592
Contribution towards student services	21,979	40,516
Contribution towards student facilities	2,172	1,576
<b>TOTAL EXPENDITURE</b>	<b>284,252</b>	<b>300,739</b>
Surplus/Deficit for year ended 31 December 2015	(27,119)	(25,674)

### Certification

I certify that the information contained in this statement has been extracted from the accounting records of the Institute and that expenditure of funds is in accordance with the Ministerial Direction on Fees and Charges.

A handwritten signature in black ink, appearing to read "R. Van Duynhoven".

Robert Van Duynhoven  
Chief Finance and Accounting Officer  
18 February 2016

## RISK MANAGEMENT COMPLIANCE



PO Box 674  
Warrnambool  
Victoria 3280  
Australia  
ABN: 76 750 969 979

### RISK MANAGEMENT COMPLIANCE

The Institute has in place risk management policies and procedures that are consistent with Australian/New Zealand Risk Management Standard AS/NZ ISO31000:2009. A Risk Management Register is maintained by the CEO's office and monitored by the Institute's Audit, Risk and Finance Committee, which met 11 times in 2015. In addition, nominated relevant risks are considered and monitored by the other Board Committees.

#### Attestation of compliance

We certify that the Institute has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the Executive to understand, manage and satisfactory control risk exposures. The Audit Committee verifies this assurance and that the risk profile of the Institute has been critically reviewed within the last twelve months.

A handwritten signature in black ink, appearing to read "M. Weise".

Mike Weise  
Board Chair  
18 February 2016

A handwritten signature in black ink, appearing to read "Mark Fidge".

Mark Fidge  
Chief Executive Officer  
18 February 2016

A handwritten signature in black ink, appearing to read "R. Van Duynhoven".

Robert Van Duynhoven  
Chief Finance and Accounting Officer  
18 February 2016

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## FREEDOM OF INFORMATION

The Institute was subject to the provisions of the Freedom of Information Act 1982 and employed a Freedom of Information Officer to ensure that the information it provided complied with the Act, and was provided in a timely and effective manner.

There were no requests for release of information under the Act, during the 2015 reporting period.

## PROTECTED DISCLOSURE ACT 2012

The Institute retained its policy in relation to the *Protected Disclosure Act 2012*, which covered the procedures staff may use to disclose any concerns in relation to the Act. The Institute provided staff with a contact officer to assist with confidential disclosures.

No disclosures were made under the Act during the 2015 reporting period.

## BUILDING AND CONSTRUCTION

The Institute continued to provide and maintain high-quality facilities that:

- complied with the *Building Act 1993* and the *Disability Act 2006*,
- met acceptable occupational health and safety standards,
- exceeded the expectations set by students and staff,
- and respected the heritage of occupied sites.

The Institute continued to employ a Compliance Officer to maintain compliance with the *Building Act 1993*, Building Regulations 2006 and Building Code of Australia 2008. The Compliance Officer was responsible for compliance issues in more than 100 buildings across all campuses, plus nine satellite campuses between Melbourne and Adelaide and worked on fire protection and evacuation systems in accordance with Essential Safety Measures. South West TAFE Facilities Department engaged Stokes Safety to review our Essential Safety Measures maintenance schedules and annual report.

In 2015, \$1,030,746 was spent on building compliance and maintenance works.

## NATIONAL COMPETITION POLICY

The Institute has adopted the Competitive Neutrality Policy under the guidelines of the Victorian Government's Guide to Implementing Competitive Neutrality Pricing Principles, and associated documents.

The Institute has also developed and maintained a pricing model that ensures prices charged for business activities reflect all costs incurred, and that all advantages and disadvantages of government ownership be taken into account.

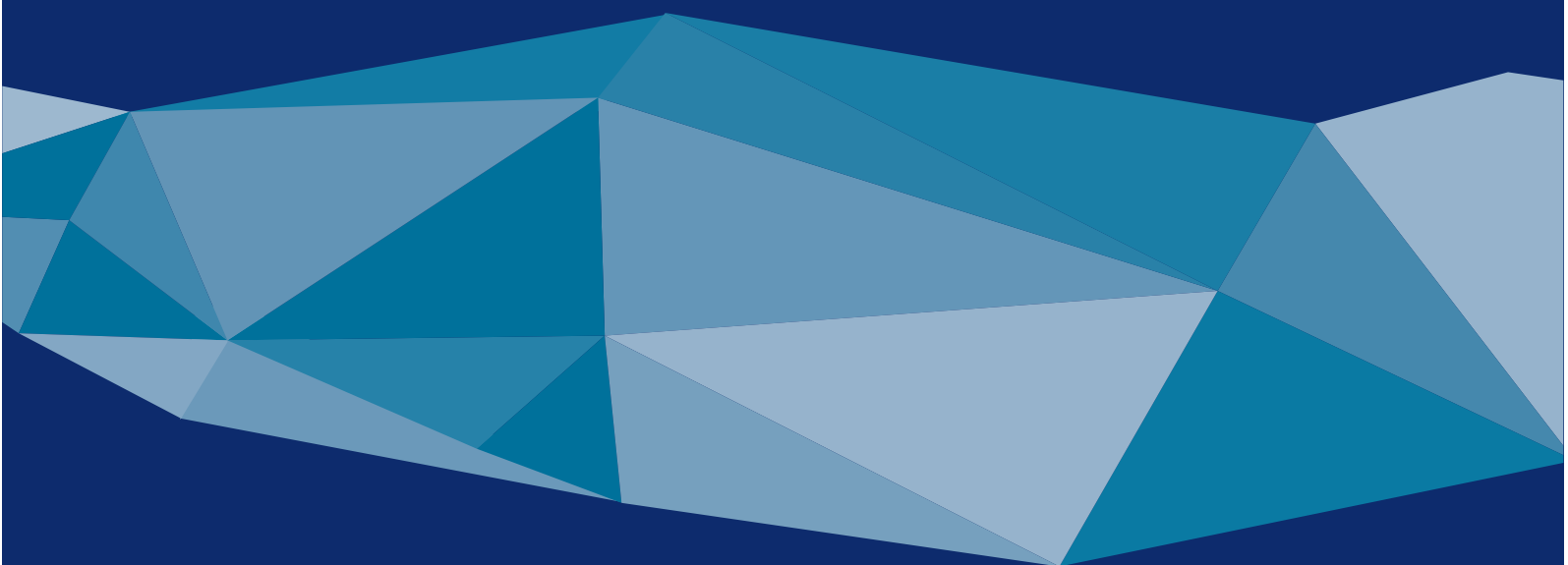
The Institute's pricing regime continued to meet the requirements of:

- National Competition Policy.
- Victorian Government policies on competitive neutrality.
- Ministerial Directions on Fees and Charges.
- Legislation and guidelines relating to the Goods and Services Tax (GST).
- Guidelines, rulings and interpretations made by the Australian Competition and Consumer Commission (ACCC) on the National Competition Policy, fair trading and the implementation of GST.

We met the Victorian Participation Policy by maintaining a list of suppliers of goods and, wherever possible, encouraging local businesses to apply for contract and work in the organisation.



# FINANCIAL POSITION



## DECLARATION BY RESPONSIBLE OFFICERS



### FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

#### DECLARATION BY THE BOARD CHAIR, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE AND ACCOUNTING OFFICER

PO Box 674  
Warrnambool  
Victoria 3280  
Australia  
ABN: 76 750 969 979

We certify that the attached Financial Report for South West Institute of TAFE has been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, the Australian Charities and Non- for -profits Commission Act 2012, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of charges in equity, cash flow statement, and notes to and forming part of the financial report presents fairly the financial transactions during the year ended 31 December 2015 and financial position of the Institute as at 31 December 2015.

At the date of signing this Financial Report, we are not aware of any circumstances that would render any particulars included in the financial report to be misleading or inaccurate. There are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

The Chair of the Board and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of South West Institute of TAFE.

A handwritten signature in black ink, appearing to read "M. Weise".

Mike Weise  
Board Chair  
15 March 2016

A handwritten signature in black ink, appearing to read "Mark Fidge".

Mark Fidge  
Chief Executive Officer  
15 March 2016

A handwritten signature in black ink, appearing to read "R. Van Duynhoven".

Robert Van Duynhoven  
Chief Finance and Accounting Officer  
15 March 2016

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## AUDITOR-GENERAL'S REPORT

**VAGO**

Victorian Auditor-General's Office

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### INDEPENDENT AUDITOR'S REPORT

To the Board members, South West Institute of TAFE

#### The Financial Report

I have audited the accompanying financial report for the year ended 31 December 2015 of the South West Institute of TAFE which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by the Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer.

#### The Board members' Responsibility for the Financial Report

The Board members of the South West Institute of TAFE are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board members, as well as evaluating the overall presentation of the financial report.

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

*Auditing in the Public Interest*

### Independent Auditor's Report (continued)

#### Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates have complied with all applicable independence requirements of the Australian Auditing Standards, relevant ethical pronouncements and the *Australian Charities and Not-for-profits Commission Act 2012*.

I confirm that I have given to the Board members a written independence declaration, a copy of which is included in the Board members Report.

#### Opinion

In my opinion, the financial report of the South West Institute of TAFE is in accordance with the financial reporting requirements of the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the entity's financial position as at 31 December 2015, and of its financial performance and cash flows for the year ended on that date
- complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Regulation 2013*.

MELBOURNE  
22 March 2016

  
for Dr Peter Frost  
Acting Auditor-General

*Auditing in the Public Interest*

# FINANCIAL STATEMENTS

## Comprehensive Operating Statement for the financial year ended 31 December 2015

		INSTITUTE	
	Note	2015 \$'000	2014 \$'000
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Government contributions - operating	2(a)(i)	19,922	16,155
Government contributions - capital	2(a)(ii)	1,947	358
Sale of goods and services	2(b)	7,350	8,120
Interest	2(c)	184	97
Other income	2(d)	490	626
<b>Total income from transactions</b>		<b>29,893</b>	<b>25,356</b>
<b>Expenses from transactions</b>			
Employee expenses	3(a)	19,831	18,559
Depreciation and amortisation	3(b)	2,317	2,572
Grants & subsidies	3(c)	80	91
Supplies and services	3(d)	5,517	5,754
Other operating expenses	3(e)	2,063	1,932
<b>Total expenses from transactions</b>		<b>29,808</b>	<b>28,908</b>
<b>Net result from transactions (net operating balance)</b>		<b>85</b>	<b>(3,552)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	4(a)	954	(4,425)
Other gains/(losses) from other economic flows	4(b)	(3)	(35)
<b>Total other economic flows included in net result</b>		<b>951</b>	<b>(4,460)</b>
<b>Net result from continuing operations</b>		<b>1,036</b>	<b>(8,012)</b>
<b>Comprehensive result</b>		<b>1,036</b>	<b>(8,012)</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes.

# FINANCIAL STATEMENTS

## Balance Sheet for the financial year ended 31 December 2015

		INSTITUTE	
		2015	2014
		\$'000	\$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	17	9,763	5,112
Receivables	5	2,360	2,617
Investments and other financial assets	6	-	31
<b>Total financial assets</b>		<b>12,123</b>	<b>7,760</b>
<b>Non-financial assets</b>			
Inventories	7	146	122
Non-financial assets classified as held-for-sale	8	-	3,381
Property, plant and equipment	9	49,681	52,451
Biological assets	10	-	-
Intangible assets	11	2,896	3,258
Other non-financial assets	12	263	303
<b>Total non-financial assets</b>		<b>52,986</b>	<b>59,515</b>
<b>Total assets</b>		<b>65,109</b>	<b>67,275</b>
<b>Liabilities</b>			
Payables	13	2,209	4,193
Provisions	14	2,987	2,762
Borrowings	15	4,309	4,541
<b>Total liabilities</b>		<b>9,505</b>	<b>11,496</b>
<b>Net assets</b>		<b>55,604</b>	<b>55,779</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		23,700	22,664
Physical asset revaluation surplus	16	22,543	23,754
Contributed capital		9,361	9,361
<b>Net worth</b>		<b>55,604</b>	<b>55,779</b>
Commitments for expenditure	18	55	184
Contingent assets and contingent liabilities	19	-	-

The balance sheet should be read in conjunction with the notes to the financial statements.

## STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity for the financial year ended 31 December 2015

	Physical asset revaluation surplus	Accumulated Surplus	Contribution by Owners	Total
Institute	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2014</b>	23,754	30,676	3,618	58,048
Comprehensive result for the year	-	(8,012)	-	(8,012)
Contributed appropriations	-	-	5,743	5,743
<b>Year Ended 31 December 2014</b>	<b>23,754</b>	<b>22,664</b>	<b>9,361</b>	<b>55,779</b>
Revaluation reserve movement	(1,211)	1,036	-	(1,211)
Comprehensive result for the year		<b>1,036</b>	-	<b>1,036</b>
<b>Year ended 31 December 2015</b>	<b>22,543</b>	<b>23,700</b>	<b>9,361</b>	<b>55,604</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.



# FINANCIAL STATEMENTS

## Cash Flow Statement for the financial year ended 31 December 2015

		INSTITUTE	
		2015	2014
		\$'000	\$'000
	Note		
<b>Cash flows from operating activities</b>			
Receipts			
Government contributions - operating		20,770	17,198
Government contributions - capital		1,947	358
User fees and charges received		7,088	7,714
Goods and services tax recovered from the ATO		923	757
Interest received		167	128
Dividends received		-	2
Other receipts		1,445	1,138
<b>Total receipts</b>		<b>32,340</b>	<b>27,295</b>
Payments			
Payments to suppliers and employees		(29,525)	(26,888)
Goods and services tax paid to the ATO		(1,821)	(1,749)
Other payments		(80)	(91)
<b>Total payments</b>		<b>(31,426)</b>	<b>(28,728)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>17 (b)</b>	<b>914</b>	<b>(1,433)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		39	-
Purchases of non-financial assets		(569)	(553)
Proceeds from sales of non-financial assets		4,499	573
<b>Net cash provided by/(used in) investing activities</b>		<b>3,969</b>	<b>20</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(232)	(232)
<b>Net cash provided by/(used in) financing activities</b>		<b>(232)</b>	<b>(232)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,651</b>	<b>(1,645)</b>
Cash and cash equivalents at the beginning of the financial year		5,112	6,757
<b>Cash and cash equivalents at the end of the financial year</b>	<b>17 (a)</b>	<b>9,763</b>	<b>5,112</b>

The above cash flow statement should be read in conjunction with the notes to the financial statements.

## Notes to the Financial Statements for the year ended 31 December 2015

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## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for South West Institute of TAFE. The Institute has no controlled entities.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented for the year ended 31 December 2014.

The following is a summary of the material accounting policies adopted by the Institute in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

The financial statements were authorised for issue by the Board members on 15th of March 2016.

#### 1.01 Statement of compliance

These general purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

For the purposes of preparing financial statements, the Institute is classed as a not-for-profit entity. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

#### 1.02 Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Institute, and have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the fair value of an asset other than land is generally based on its depreciated replacement value.

#### Critical accounting judgement and key sources of estimation uncertainty

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment;
- superannuation expenses; and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

There are no critical judgements which apply in accounting policies of the Institute.

**NOTE 1: Statement of significant accounting policies cont.**

**Fair value measurement**

Consistent with AASB 13 *Fair Value Measurement*, the Institute determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, biological assets, investment properties and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Institute has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Institute determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria (VGV) is the Institute's independent valuation agency.

The Institute, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

**1.03 Reporting entity**

The financial statements cover the South West Institute of TAFE as an individual reporting entity. The Institute is a statutory body corporate, established pursuant to an act made by the Victorian Government under the *Education and Training Reform Act 2006*.

Its principal address is:

South West Institute of TAFE  
197 -205 Timor Street  
Warrnambool, Victoria 3280

The financial statements include all activities of the South West Institute of TAFE.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies cont.

#### 1.04 Basis of consolidation

The Institute has no controlled entities.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Institute.

#### 1.05 Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Institute and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and are considered to be of material interest.

#### 1.06 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are presented as operating cash flow.

Commitments and contingent assets or liabilities are presented on a gross basis.

#### 1.07 Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the Institute's major activities as follows:

##### **Government contributions**

Government contributions are recognised as revenue in the period when the Institute gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current period.

##### **Sale of goods and services**

###### *(i) Student fees and charges*

Student fees and charges revenue is recognised by reference to the percentage of services provided. Where student fees and charges revenue has been clearly received in respect of courses or programs to be delivered in the following year, any non-refundable portion of the fees is treated as revenue in the year of receipt and the balance as Revenue in Advance.

###### *(ii) Fee for Service*

Fee for service revenue is recognised by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as Revenue in Advance.

###### *(iii) Revenue from sale of goods*

Revenue from sale of goods is recognised by the Institute when:

- (a) the significant risks and rewards of ownership of the goods have transferred to the buyer;
- (b) the Institute retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be reliably measured;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Institute; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies cont.

#### Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

#### Other income

##### *(i) Dividend revenue*

Dividend revenue is recognised when the right to receive payment is established.

##### *(ii) Rental income*

Rental income is recognised on a time proportional basis and is brought to account when the Institute's right to receive the rental is established.

#### Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

### 1.08 Expenses from transactions

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

#### Employee benefits

Expenses for employee benefits are recognised when incurred, except for contributions in respect of defined benefit plans.

#### Retirement benefit obligations

##### *(i) Defined contribution plan*

Contributions to defined contribution plans are expensed when they become payable.

##### *(ii) Defined benefit plans*

The amount charged to the statement of comprehensive income in respect of superannuation represents the contributions made by the Institute to the superannuation plan in respect of current services of current Institute staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The Institute does not recognise any deferred liability in respect of the plan(s) because the Institute has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as and when they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its finance report.



## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies cont.

#### Depreciation and amortisation

##### Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Depreciation methods and rates used for each class of depreciable assets are:

Class of asset	Method	Rate/Rates
Buildings	Straight Line	1%-20%
Plant & equipment	Straight Line	5%-33%
Motor vehicles	Straight Line	20.0%
Library collections	Straight Line	10-20%
Internal Use Software	Straight Line	7-20%
Furniture & Fittings	Diminishing	7.5%

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis.

##### Amortisation

Intangible assets with finite lives are amortised on a straight line basis over the assets useful lives. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

#### Grants and other transfers

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable.

#### Fair value of assets and services provided free of charge or for nominal consideration

Resources provided free of charge or for nominal consideration are recognised at their fair value when the Institute obtains control over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

### 1.09 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

#### Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all physical assets and intangible assets.

#### Disposal of non-financial assets

Any gain or loss on disposal of non-financial assets is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time.

#### Gain/(loss) arising from fair value changes of biological assets

Biological assets are measured at fair value, and the resultant gain/(loss) is reported as an other economic flow.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies cont.

#### Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount and so require write downs).

All other assets are assessed annually for indications of impairment, except for:

- Inventories;
- Financial assets;
- Investment property that is measured at fair value;
- Certain biological assets related to agricultural activity;
- Non-current assets held-for-sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the statement of comprehensive income, except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash flows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

#### Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

#### Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

#### Impairment of financial assets

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as 'other economic flows'.

#### Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

This classification is consistent with the whole of government reporting format and is allowed under AASB101 Presentation of Financial Statements.

**NOTE 1: Statement of significant accounting policies cont.**

**1.10 Financial instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Categories of non-derivative financial instruments**

**Loans and receivables**

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1.11), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

**Available-for-sale financial assets**

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset.

Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value, with gains and losses arising from changes in fair value recognised in 'other economic flow- other comprehensive income' until the investments are disposed.

Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss, previously recognised in 'other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

Fair value is determined in the manner described in Note 23 *Financial instruments*.

Available-for-sale category includes certain equity investments and those debt securities that are designated as available-for-sale.

**Financial liabilities at amortised cost**

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the Institute's contractual payables, advances received and interest-bearing arrangements other than those designated at fair value through profit or loss.

**Reclassification of financial instruments**

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

**1.11 Financial assets**

**Cash and deposits**

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as borrowings on the balance sheet.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies cont.

#### Receivables

Receivables consist of:

- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- contractual receivables, which include debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

#### Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held to maturity investments; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Institute retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Institute has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Institute has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Institute's continuing involvement in the asset.

#### Impairment of financial assets

At the end of each reporting period, the Institute assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

**NOTE 1: Statement of significant accounting policies cont.**

**1.12 Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

**Operating leases**

*Institute as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

*Institute as lessee*

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

**1.13 Non-Financial Assets**

**Inventories**

Inventories include goods and other property held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations. It includes land held-for-sale and excludes depreciable assets.

Inventories held-for-distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value where Inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost, includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to a land held for sale (undeveloped, under development, developed) and to other high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

The basis used in assessing loss of service potential for inventories held-for-distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

**Non-current physical assets classified as held-for-sale, including disposal group assets**

Non-financial physical assets (including disposal group assets) are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- the asset is available for immediate use in the current condition; and
- the sale is highly probable and the asset's sale is expected to be completed within twelve months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

**Property, plant and equipment**

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Non-financial physical assets such as national parks, other Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

**NOTE 1: Statement of significant accounting policies cont.**

The fair value of cultural assets and collections, heritage assets and other non-financial physical assets that the State intends to preserve because of their unique historical, cultural or environmental attributes, is measured at the replacement cost of the asset less, where applicable, accumulated depreciation (calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset) and any accumulated impairment. These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for-profit entity, the fair value may be derived from estimates of the present value of future cash flows. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

For the accounting policy on impairment of non-financial physical assets, refer to Note 1.09 on Impairment of non-financial assets.

**Library collections**

Library collections are measured at cost less accumulated depreciation.

**Leasehold improvements**

The cost of a leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

**Restrictive nature of cultural and heritage assets, Crown land and infrastructures**

Certain agencies hold cultural assets, heritage assets, Crown land and infrastructure, which are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. Consequently, there are certain limitations and restrictions imposed on their use and/or disposal.

**Revaluations of non-current physical assets**

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Revaluation increases are credited directly to equity in the revaluation reserve, except to the extent that an increase reverses a revaluation decrease in respect of that class of property, plant and equipment, previously recognised as an expense (other economic flows) in the net result, the increase is recognised as income (other economic flows) in determining the net result.

Revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of property, plant and equipment, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

**Biological assets**

For breeding livestock, fair value is based on the amount that could be expected to be received from the disposal of livestock with similar attributes.

An increase or decrease in the fair value of these biological assets is recognised in the consolidated comprehensive operating statement as other economic flow.



## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies cont.

#### Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the Institute.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Institute.

Subsequent to initial recognition at cost, investment properties are re-valued to fair value with changes in the fair value recognised as other economic flows in the comprehensive operating statement in the period in which they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. These properties are neither depreciated nor tested for impairment.

Rental income from the leasing of investment properties is recognised in the comprehensive operating statement on a straight-line basis, over the lease term.

#### Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Institute.

When recognition criteria AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the asset;
- (d) the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Intangible assets are measured at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

	2015	2014
Capitalised software development cost (years)	3.15	3.15

All intangible assets with indefinite useful lives are not depreciated or amortised, but are tested for impairment by comparing its recoverable amount with its carrying amount:

- (a) annually; and
- (b) whenever there is an indication that the intangible asset may be impaired.

#### Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

**NOTE 1: Statement of significant accounting policies cont.**

**1.14 Liabilities**

**Payables**

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to the Institute prior to the end of the financial year that are unpaid, and arise when the Institute becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

**Provisions**

Provisions are recognised when the Institute has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

**Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

*(i) Wages and salaries, and annual leave*

Liabilities for wages and salaries, including non-monetary benefits annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because the Institute does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave are measured at:

- undiscounted value - if the Institute expects to wholly settle within 12 months; or
- present value - if the Institute does not expect to wholly settle within 12 months.

*(ii) Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Institute does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at :

- nominal value (undiscounted value) - component that is expected to be wholly settled within 12 months; and
- present value (discounted value) - component that is not expected to be wholly settled within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value. To calculate the present value of leave liabilities the Institute has used the wage inflation rate and discount rates advised by the Minister for Finance.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow.

*(iii) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for termination of employment. The Institute recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

**NOTE 1: Statement of significant accounting policies cont.**

**Employee benefits on-costs**

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised in the provision of employee benefits.

**Borrowings**

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Institute has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Institute determines the classification of its interest bearing liabilities at initial recognition.

**Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

**1.15 Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

**1.16 Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note, and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

**1.17 Equity**

**Contributed capital**

Funding that is in the nature of contributions by the Victorian State government are treated as contributed capital when designated in accordance with UIG Interpretation 1038 Contribution by Owners Made to Wholly-Owned Public Sector Entities. Commonwealth capital funds are not affected and are treated as income.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distribution to owners.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies cont.

#### 1.18 Materiality

In accordance with Accounting Standard AASB 108 *Accounting Policies, Changes in Accounting Estimates and Error*, when an Australian Accounting Standard specifically applies to a transaction, other event or condition, the accounting policies applied to that item shall be determined by applying the Standard, unless the effect of applying them is immaterial.

Accounting policies will be considered material if their omission or misstatement could, either individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

#### 1.19 Rounding of amounts

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

#### 1.20 Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### 1.21 Change in accounting policy

Subsequent to the 2014 reporting period, the following new and revised accounting standards have been adopted in the current period, which resulted in no financial impact.

#### AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value

Disclosure of Not-for-Profit Public Sector Entities:

The Minister for Finance has approved the early adoption of AASB 2015-7. This enables Victorian not-for-profit public sector entities to benefit from some limited scope exemptions in relation to the fair value disclosure for the 2014-15 reporting period. The Institute has chosen to apply this early adoption. For fair value measurements that have been categorised within Level 3 of the fair value hierarchy, the Institute is no longer required to provide quantitative information about the 'significant unobservable inputs' used in determining the fair value measurement.

#### 1.22 New and revised AASBs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period.

As at 31 December 2015 the following standards and interpretations (applicable to the Institute) had been issued but were not mandatory for financial year ending 31 December 2015. The Institute has not, and does not intend to, adopt these standards early.

Standard/Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 14 Regulatory Deferral Accounts #	AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP.	1 Jan 2016	The assessment has indicated that there is no expected impact, as those that conduct rate-regulated activities have already adopted Australian Accounting Standards.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies cont.

Standard/Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017  (Exposure Draft 263 – potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.  A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASBs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: <ul style="list-style-type: none"> <li>establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;</li> <li>prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.</li> </ul>	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]	Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: <ul style="list-style-type: none"> <li>a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and</li> <li>a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</li> </ul>	1 Jan 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 1: Statement of significant accounting policies cont.

Standard/Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2015 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2015 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB 2014 1 Amendments to Australian Accounting Standards [PART D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts only] #
- AASB 2014 3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014 5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014 6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2014 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2014 8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]
- AASB 2015 2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015 3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2015 4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent [AASB 127, AASB 128] #
- AASB 2015 5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12, AASB 128] #

**Note:** # This Standard or Amendment may not be relevant to Victorian not-for-profit entities when operative.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 2: Income from Transactions

		INSTITUTE	
		2015	2014
		\$'000	\$'000
<b>2 Income from transactions</b>			
(a)	<b>Grants and other transfers (other than contributions by owners)</b>		
	(i) Government contributions - operating		
	Commonwealth government - specific funded		
	State Government - contestable	10,430	14,385
	Other contributions by Commonwealth Government		
	Other contributions by State Government	9,492	1,770
	<b>Total government contributions - operating</b>	<b>19,922</b>	<b>16,155</b>
	(ii) Government contributions - capital		
	Commonwealth capital		
	State capital	1,947	358
	<b>Total government contributions - capital</b>	<b>1,947</b>	<b>358</b>
	<b>Total government contributions</b>	<b>21,869</b>	<b>16,513</b>
(b)	<b>Sales of goods and services</b>		
	Student fees and charges	5,474	5,449
	Rendering of services		
	Fee for service - Government	527	602
	Fee for service - International operations - offshore	150	150
	Fee for service - other	856	1,527
	<b>Total rendering of services</b>	<b>1,533</b>	<b>2,279</b>
	Other non-course fees and charges		
	Sale of goods	343	392
	<b>Total other fees and charges</b>	<b>343</b>	<b>392</b>
	<b>Total revenue from sale of goods and services</b>	<b>7,350</b>	<b>8,120</b>
(c)	<b>Interest</b>		
	Interest from financial assets not at fair value through P/L:		
	Interest on bank deposits	184	97
	<b>Total interest revenue from financial assets not at fair value through P/L</b>	<b>184</b>	<b>97</b>
	<b>Net interest income</b>	<b>184</b>	<b>97</b>
(d)	<b>Other income</b>		
	Rental revenue:		
	Rental from Institute property	170	190
	<b>Total rental revenue</b>	<b>170</b>	<b>190</b>
	Dividends:		
	Other entities	-	2
	<b>Total Dividends</b>	<b>-</b>	<b>2</b>
	Donations, bequests and contributions	2	1
	Other revenue	318	433
	<b>Total other income</b>	<b>490</b>	<b>626</b>



## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 3: Expenses from Transactions

		INSTITUTE	
		2015	2014
		\$'000	\$'000
<b>3 Expenses from transactions</b>			
(a) <b>Employee expenses</b>			
Salaries, wages, overtime and allowances		16,944	16,140
Superannuation		1,500	1,389
Payroll tax		858	790
Worker's compensation		107	151
Long service leave		150	(75)
Annual leave		74	(108)
Termination benefits		162	233
Other		36	39
<b>Total employee expenses</b>		<b>19,831</b>	<b>18,559</b>
(b) <b>Depreciation and amortisation</b>			
Depreciation of non-current assets			
Buildings <sup>1</sup>		1,454	1,498
Plant and equipment		320	461
Motor vehicles		116	138
Library collections		65	66
<b>Total depreciation</b>		<b>1,955</b>	<b>2,163</b>
Amortisation of non-current physical and intangible assets			
Software		362	409
<b>Total amortisation</b>		<b>362</b>	<b>409</b>
<b>Total depreciation and amortisation</b>		<b>2,317</b>	<b>2,572</b>
(c) <b>Grants and other transfers (other than contributions by owners)</b>			
Grants and subsidies		80	91
<b>Total grants and other transfers</b>		<b>80</b>	<b>91</b>
(d) <b>Supplies and Services</b>			
Purchase of supplies and consumables		1,256	1,368
Communication expenses		500	529
Contract and other services		1,740	2,590
Cost of goods sold/distributed (ancillary trading)		214	140
Building repairs and maintenance <sup>4</sup>		407	428
Minor equipment		222	67
Fees and charges		1,178	632
<b>Total supplies and services</b>		<b>5,517</b>	<b>5,754</b>
(e) <b>Other Expenses</b>			
General Expenses			
Marketing and promotional expenses		442	401
Occupancy expenses		711	710
Audit fees and services		87	104
Staff development		163	92
Travel and motor vehicle expenses		390	323
Other expenses		270	249
<b>Total other expenses</b>		<b>2,063</b>	<b>1,879</b>
Bad debts from transactions		-	53
<b>Total other operating expenses</b>		<b>2,063</b>	<b>1,932</b>

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 4: Other economic flows included in net result

		INSTITUTE	
		2015	2014
		\$'000	\$'000
<b>4 Other economic flows included in net result</b>			
(a)	<b>Net gain/(loss) on non-financial assets (including PPE and intangible assets)</b>		
	Impairment of property plant and equipment (including intangible assets)	-	(4,531)
	Net gain/(loss) arising from changes in fair value	1	(7)
	Net gain/(loss) on disposal of property plant and equipment	953	113
	<b>Total net gain/(loss) on non-financial assets</b>	<b>954</b>	<b>(4,425)</b>
(b)	<b>Other gains/(losses) from other economic flows</b>		
	Net gain/(loss) arising from revaluation of long service leave liability <sup>3</sup>	(3)	(35)
	<b>Total other gains/(losses) from other economic flows</b>	<b>(3)</b>	<b>(35)</b>

#### Notes:

- 1 This is amortisation of non produced intangible assets with finite useful lives.
- 2 Including increase/(decrease) in provision for doubtful debts and bad debts from other economic flows – refer to Note 1.
- 3 Revaluation gain/(loss) due to changes in bond rates.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 5: Receivables

	INSTITUTE	
	2015 \$'000	2014 \$'000
<b>5 Receivables</b>		
<b>Current receivables</b>		
Contractual		
Sale of goods and services <sup>1</sup>	900	882
Provision for doubtful contractual receivables(a) (See also Note 5(a) below)	(118)	(96)
Revenue receivable	138	110
<b>Total contractual</b>	<b>920</b>	<b>896</b>
Statutory		
Amounts owing from Victorian Government	1,188	1,448
GST receivables	252	273
<b>Total statutory</b>	<b>1,440</b>	<b>1,721</b>
<b>Total current receivables</b>	<b>2,360</b>	<b>2,617</b>
<b>Total receivables</b>	<b>2,360</b>	<b>2,617</b>

- 1 The average credit period for sales of goods and services and for other receivables is 30 days. No interest is charged on the outstanding balance. A provision has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. The movement was recognised in the operating result for the current financial year.

	INSTITUTE	
	2015 \$'000	2014 \$'000
<b>(a) Movement in the provision for doubtful contractual receivables</b>		
Balance at beginning of the year	96	101
Increase/ (decrease) in provision recognised in the net result	22	(5)
<b>Balance at end of the year</b>	<b>118</b>	<b>96</b>

- (b) Ageing analysis of contractual receivables**  
Please refer to Note 23(ii) for the ageing analysis of contractual receivables.
- (c) Nature and extent of risk arising from contractual receivables**  
Please refer to Note 23(ii) for the nature and extent of credit risk arising from contractual receivables.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 6: Investments and other financial assets

	INSTITUTE	
	2015	2014
	\$'000	\$'000
<b>6 Investments and other financial assets</b>		
<b>Current investments and other financial assets</b>		
Equities and managed investment schemes:		
Australian listed equity securities	-	31
<b>Total current investments and other financial assets</b>	-	31

(a) **Ageing analysis of investments and other financial assets**

Please refer to Note 23(ii) for the ageing analysis of investments and other financial assets.

(b) **Nature and extent of risk arising from investments and other financial assets**

Please refer to Note 23(ii) for the nature and extent of risks arising from investments and other financial assets.

### NOTE 7: Inventories

	INSTITUTE	
	2015	2014
	\$'000	\$'000
<b>7 Inventories</b>		
<b>Inventories</b>		
Bookshop, Cabins and Cubby Houses		
<b>Inventories held-for-sale:</b>		
at cost	146	122
<b>Total current inventories</b>	146	122

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 8: Non-financial physical assets classified as held for sale including directly associated liabilities

	INSTITUTE	
	2015	2014
	\$'000	\$'000
<b>8 Non financial physical assets including disposal group assets classified as held for sale</b>		
<b>(a) Non-current assets:</b>		
Freehold land held for sale <sup>1</sup>	-	3,381
<b>Total non financial physical assets and disposal group assets classified as held for sale</b>	<b>-</b>	<b>3,381</b>
<b>(b) Liabilities directly associated with assets classified as held for sale including disposal groups</b>		
Advance payment from Higher Education Skills Group:	-	3,150
<b>Total liabilities directly associated with assets classified as held for sale including disposal groups</b>	<b>-</b>	<b>3,150</b>

#### Notes:

- <sup>1</sup> The site which was held vacant was auctioned on the 20th February 2015. Freehold land held for sale is reported at the lower of carrying amount or fair value less cost to sell. Refer to Note 9 (Property, plant and equipment) for the valuation technique applied to non specialised land.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 9: Property, plant and equipment

In accordance with government purpose classifications, the Institute's property, plant and equipment are assets used for the purpose of education. Property, plant & equipment includes all operational assets.

	Land at fair value	Buildings	Assets under construction	Plant & Equipment	Motor Vehicles	Library	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(a) Institute</b>							
<b>At 1 January 2014</b>							
Cost	2,428	2,078	-	10,322	1,202	830	16,860
Valuation	9,186	41,876	-	-	-	-	51,062
Accumulated depreciation	-	(1,556)	-	(7,437)	(492)	(533)	(10,018)
<b>Net book amount</b>	<b>11,614</b>	<b>42,398</b>	<b>-</b>	<b>2,885</b>	<b>710</b>	<b>297</b>	<b>57,904</b>
<b>Year ended 31 December 2014</b>							
Opening net book amount	11,614	42,398	-	2,885	710	297	57,904
Additions	-	72	-	59	421	47	599
Disposals	-	-	-	(138)	(370)	-	(508)
Transfer into/ (out of) assets under construction	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-
Transfer of assets classified as held for sale	(2,428)	(953)	-	-	-	-	(3,381)
Depreciation <sup>2</sup>	-	(1,498)	-	(461)	(138)	(66)	(2,163)
<b>Closing net book amount</b>	<b>9,186</b>	<b>40,019</b>	<b>-</b>	<b>2,345</b>	<b>623</b>	<b>278</b>	<b>52,451</b>
<b>At 31 December 2014</b>							
Cost	-	1,045	-	9,167	968	858	12,038
Valuation	9,186	41,876	-	-	-	-	51,062
Accumulated depreciation	-	(2,902)	-	(6,822)	(345)	(580)	(10,649)
<b>Net book amount</b>	<b>9,186</b>	<b>40,019</b>	<b>-</b>	<b>2,345</b>	<b>623</b>	<b>278</b>	<b>52,451</b>
<b>Year ended 31 December 2015</b>							
Opening net book amount	9,186	40,019	-	2,345	623	278	52,451
Additions	-	163	127	-	227	52	569
Disposals	-	-	-	(4)	(168)	-	(172)
Revaluation	(1,211)	-	-	-	-	-	(1,211)
Impairment of assets	-	-	-	-	-	-	-
Depreciation <sup>2</sup>	-	(1,454)	(1,454)	(321)	(116)	(65)	(1,956)
<b>Closing net book amount</b>	<b>7,975</b>	<b>38,728</b>	<b>38,728</b>	<b>2,020</b>	<b>566</b>	<b>265</b>	<b>49,681</b>
<b>At 31 December 2015</b>							
Cost	-	-	-	-	-	-	-
Valuation	7,975	43,084	127	9,107	885	874	62,052
Accumulated depreciation	-	(4,356)	-	(7,087)	(319)	(609)	(12,371)
<b>Net book value at the end of the financial year</b>	<b>7,975</b>	<b>38,728</b>	<b>127</b>	<b>2,020</b>	<b>566</b>	<b>265</b>	<b>49,681</b>

Notes:

<sup>1</sup> The useful lives of assets as stated in Note 1 are used in the calculation of depreciation as shown in Note 3 (b).

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 9: Property, plant and equipment cont.

#### Restricted assets

The Institute holds \$4.129 million worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

#### (b) Fair value measurement hierarchy for assets as at 31 December 2015

Classified in accordance with the fair value hierarchy, see Note 1

	Carrying amount as at 31 Dec 2015	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted Prices	Observable Price Inputs	Un observable inputs
	AUD '000	AUD '000	AUD '000	AUD '000
Land at fair value:				
Specialised land	7,975	-	-	7,975
<b>Total of land at fair value</b>	<b>7,975</b>	<b>-</b>	<b>-</b>	<b>7,975</b>
Buildings at fair value:				
Specialised buildings	38,728	-	-	38,728
<b>Total of buildings at fair value</b>	<b>38,728</b>	<b>-</b>	<b>-</b>	<b>38,728</b>
Plant, equipment, vehicles and library at fair value:				
Vehicles	566	-	-	566
Plant & equipment	2,020	-	-	2,020
Library	265	-	-	265
<b>Total of Plant, equipment, vehicles and library at fair value</b>	<b>2,851</b>	<b>-</b>	<b>-</b>	<b>2,851</b>

Notes:

1 There were no transfers between Levels during the year.

#### (c) Valuations of Property, plant and equipment

Fair value assessments have been performed at 31 December 2015 for all classes of assets. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for this purpose will be conducted in 2017.

A managerial revaluation was undertaken based on the Valuer General Indicies as at 31 December 2015. This is reflected in the revaluation increment noted in (a)

#### Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the Institute's majority of specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.



## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 9: Property, plant and equipment cont.

An independent valuation of the Institute's specialised land and specialised buildings was performed by the Valuer General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 31 December 2015.

#### Heritage assets

Heritage assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/ component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

An independent valuation of the Institute's heritage assets was performed by the Valuer General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 31 December 2015.

#### Vehicles

Vehicles are valued using the depreciated replacement cost method. The Institute acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Institute who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

#### Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 31 December 2015.

For all assets measured at fair value, the current use is considered the highest and best use.

#### (d) Reconciliation of Level 3 fair value as at 31 December 2015

	Specialised land	Specialised buildings	Heritage Assets	Plant and equipment	Motor Vehicles	Library
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	9,186	35,890	4,129	2,345	623	278
Purchases (sales)	-	163	-	(4)	59	52
Depreciations	-	(1,400)	(54)	(321)	(116)	(65)
SUB TOTAL	9,186	34,653	4,075	2,020	566	265
Revaluation	(1,211)	-	-	-	-	-
SUBTOTAL	(1,211)	-	-	-	-	-
<b>Closing balance</b>	<b>7,975</b>	<b>34,653</b>	<b>4,075</b>	<b>2,020</b>	<b>566</b>	<b>265</b>

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 9: Property, plant and equipment cont.

#### (e) Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre
		Useful life of specialised buildings
Heritage assets	Depreciated replacement cost	Direct cost per square metre
		Useful life of heritage buildings
Plant and equipment	Depreciated replacement cost	Cost per unit
		Useful life plant and equipment
Motor vehicles	Depreciated replacement cost	Cost per unit
		Useful life of vehicles
Library	Depreciated replacement cost	Cost per unit
		Useful life of collection

Notes:

- CSO adjustments ranging from 50 percent to 70 percent were applied to reduce the market approach value for the Institute's specialised land, with the weighted average 60 percent reduction applied.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 10: Biological assets

#### 10 Biological assets

	INSTITUTE	
	2015	2014
	QTY	QTY
<b>(a) Groups of Biological assets</b>		
Dairy Cattle	-	-
Horses	-	-

	INSTITUTE	
	2015	2014
	\$'000	\$'000
<b>(b) Reconciliation of carrying amount</b>		
<b>Movement in carrying amount of livestock</b>		
Carrying amount at beginning of the period	-	14
Decreases attributable to disposals	-	(14)
<b>Carrying amount at end of period</b>	-	-
<b>Total Biological assets</b>	-	-

#### (c) Nature of activities

Equine and Agricultural Studies.

#### (d) Valuations of biological assets

The fair value of livestock assets is based on its present market value. An active market exists for the biological assets in their present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. There were no changes in valuation techniques throughout the period to 31 December 2015.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 11: Intangible assets

	Software	Total
Institute	\$'000	\$'000
<b>Year ended 31 December 2014</b>		
<b>Gross Carrying Amount</b>		
Opening balance	9,343	9,343
Additions	880	880
Disposals	(1,711)	(1,711)
Impairment losses charged to net result <sup>2</sup>	(4,531)	(4,531)
<b>Closing Balance</b>	<b>3,981</b>	<b>3,981</b>
<b>Accumulated depreciation, amortisation and impairment</b>		
Opening Balance	1,159	1,159
Amortisation of intangible non produced assets <sup>1</sup>	409	409
Disposals	(845)	(845)
<b>Closing balance</b>	<b>723</b>	<b>723</b>
<b>Net book value at end of financial year</b>	<b>3,258</b>	<b>3,258</b>

	Software	Total
Institute	\$'000	\$'000
<b>Year ended 31 December 2015</b>		
<b>Gross Carrying Amount</b>		
Opening balance	3,981	3,981
Additions	-	-
<b>Closing Balance</b>	<b>3,981</b>	<b>3,981</b>
<b>Accumulated depreciation, amortisation and impairment</b>		
Opening Balance	723	723
Amortisation of intangible non produced assets <sup>1</sup>	362	362
<b>Closing balance</b>	<b>1,085</b>	<b>1,085</b>
<b>Net book value at end of financial year</b>	<b>2,896</b>	<b>2,896</b>

#### Notes

<sup>1</sup> Amortisation charged is reported as an expense from transactions in the Comprehensive Operating Statement

<sup>2</sup> Impairment losses are included in the line item 'net gain/(loss) on non financial assets' in the comprehensive operating statement.

### Significant intangible assets

The Institute has capitalised software development expenditure for the development of its Student Management System software (2013: \$7,189,529). In 2014 the carrying amount of the capitalised software development was revalued to \$2,658,495 with the impairment loss of \$4,531,034 reflected in the comprehensive operating statement. Its useful life is 15 years and will be fully amortised in 2028.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 12: Other non-financial assets

	INSTITUTE	
	2015	2014
	\$'000	\$'000
<b>12 Other non-financial assets</b>		
<b>Current other non-financial assets</b>		
Prepayments	263	303
<b>Total current other non-financial assets</b>	<b>263</b>	<b>303</b>
<b>Total other non-financial assets</b>	<b>263</b>	<b>303</b>

### NOTE 13: Payables

	INSTITUTE	
	2015	2014
	\$'000	\$'000
<b>13 Payables</b>		
<b>Current</b>		
<b>Contractual</b>		
Supplies and services <sup>1</sup>	1,063	2,558
Amounts payable to government and agencies	17	221
Revenue in Advance	171	241
Other Payables <sup>1</sup>	696	811
	<b>1,947</b>	<b>3,831</b>
<b>Statutory</b>		
GST Payable	215	349
FBT Payable	11	13
Other taxes Payable	36	-
<b>Total current payables</b>	<b>2,209</b>	<b>4,193</b>
<b>Total payables</b>	<b>2,209</b>	<b>4,193</b>

Notes:

<sup>1</sup> The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of the invoice.

#### Maturity analysis of contractual payables

Please refer to Note 23(iii) for the maturity analysis of contractual payables.

#### Nature and extent of risk arising from contractual payables

Please refer to Note 23(iii) for the nature and extent of risks arising from contractual payables.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 14: Provisions

	INSTITUTE	
	2015	2014
	\$'000	\$'000
<b>Current provisions expected to be settled within 12 months</b>		
<b>Employee benefits (Note 14(a)) <sup>1</sup></b>		
<b>Annual leave (Note 14(a)):</b>		
Unconditional and expected to wholly settle within 12 months <sup>2</sup>	49	448
Unconditional and expected to wholly settle after 12 months <sup>2</sup>	498	35
<b>Long service leave (Note 14(a)):</b>		
Unconditional and expected to wholly settle within 12 months <sup>2</sup>	193	116
Unconditional and expected to wholly settle after 12 months <sup>2</sup>	1,093	1,122
<b>Provisions for on costs (Note 14(a) and Note 14(b)):</b>		
Unconditional and expected to wholly settle within 12 months <sup>2</sup>	106	86
Unconditional and expected to wholly settle after 12 months <sup>2</sup>	175	177
<b>Total current provisions</b>	<b>2,114</b>	<b>1,984</b>
<b>Non-current</b>		
Employee benefits (Note 14(a)) <sup>1</sup>	475	391
On costs (Note 14(a) and Note 14(b))	73	60
Make good provision (Note 14(b)) <sup>3</sup>	325	327
<b>Total non-current provisions</b>	<b>873</b>	<b>778</b>
<b>Total Provisions</b>	<b>2,987</b>	<b>2,762</b>

#### Notes:

1 Employee benefits consist of annual leave and long service leave accrued by employees. On costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

2 Amounts are measured at present values.

3 In accordance with the lease agreement over the land at Deakin University, Sherwood Park, Warrnambool, the Institute must remove any leasehold improvements from the leased property and restore the premises to its original condition at the end of the lease term. A reduction in provision of \$2k to 2015: \$325k (2014: \$327k) was provided for during the year for this purpose.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 14: Provisions cont.

	INSTITUTE	
	2015 \$'000	2014 \$'000
<b>(a) Employee benefits and on costs<sup>1</sup></b>		
<b>Current employee benefits</b>		
Annual leave	547	483
Long service leave	1,286	1,238
<b>Non current employee benefits</b>		
Long service leave	475	391
<b>Total employee benefits</b>	<b>2,308</b>	<b>2,112</b>
<b>Current on costs</b>	<b>281</b>	<b>263</b>
<b>Non current on costs</b>	<b>73</b>	<b>60</b>
<b>Total on costs</b>	<b>354</b>	<b>323</b>
<b>Total Provisions</b>	<b>2,662</b>	<b>2,435</b>

#### Notes

<sup>1</sup>Employee benefits consist of annual leave and long service leave accrued by employees. On costs such as payroll tax and workers' compensation insurance are not employee benefits and are recognised as a separate provision.

	\$'000 2015	
	Make-good	Total
<b>(b) Movement in provisions</b>		
<b>Opening balance</b>	327	319
Additional provisions recognised	(2)	8
<b>Total employee benefits</b>	<b>325</b>	<b>327</b>
Current	-	-
Non-current	325	327
<b>Closing balance</b>	<b>325</b>	<b>327</b>



## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 15: Borrowings

		INSTITUTE	
		2015	2014
		\$'000	\$'000
<b>15 Borrowings</b>			
Current			
	Advances from government <sup>1</sup>	232	3,382
	Total current borrowings	232	3,382
Non-current			
	Advances from government <sup>1</sup>	4,077	1,159
	Total non-current borrowings	4,077	1,159
	<b>Total borrowings</b>	<b>4,309</b>	<b>4,541</b>

#### Notes:

1 They are unsecured loans which bear no interest. The loan repayment date was extended to January 2018 by advice from the Minister.

#### (a) Maturity analysis of borrowings

Please refer to Note 23(iii) for the maturity analysis of borrowings.

#### (b) Nature and extent of risk arising from borrowings

Please refer to Note 23(iii) for the nature and extent of risks arising from borrowings.

#### (c) Default and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 16: Reserves

	INSTITUTE	
	2015 \$'000	2014 \$'000
<b>16 Reserves</b>		
<b>(a) Physical asset revaluation surplus<sup>1</sup>:</b>		
Balance at 1 January	23,754	23,754
Movement	(1,211)	-
<b>Balance at 31 December</b>	<b>22,543</b>	<b>23,754</b>
<b>Net changes in reserves</b>	<b>(1,211)</b>	<b>-</b>

Notes

<sup>1</sup> The physical assets revaluation surplus arises on the revaluation of land and buildings.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 17: Cash flow information

	INSTITUTE	
	2015 \$'000	2014 \$'000
<b>17 Cash flow information</b>		
<b>(a) Reconciliation of cash and cash equivalents</b>		
Total cash and deposits disclosed in the balance sheet <sup>1</sup>	9,763	5,112
<b>Balance as per cash flow statement</b>	<b>9,763</b>	<b>5,112</b>

Notes:

<sup>1</sup>The Institute does not hold a large cash reserve in its bank accounts. Cash received by the Institute from the generation of income is paid into the Institute's bank accounts. Similarly, any Institute expenditure, including those in the form of cheques drawn by the Institute for the payment of goods and services to its suppliers and creditors are made via the Institute's bank accounts.

	INSTITUTE	
	2015 \$'000	2014 \$'000
<b>(b) Reconciliation of net result for the period</b>		
Net result for the year	1,036	(8,012)
<b>Non cash movements:</b>		
(Gain)/loss on sale or disposal of non current assets	(954)	(106)
Depreciation and amortisation of non current assets	2,318	2,572
Impairment of non current assets	-	4,531
Write-off of obsolete stock	24	10
Allowance to recoverable amounts	22	(5)
<b>Total non-cash flows in operating result</b>	<b>1,410</b>	<b>7,002</b>
<b>Movements in assets and liabilities</b>		
Decrease / (increase) in trade receivables	235	(252)
Decrease / (increase) in inventories	(48)	133
Decrease / (increase) in other assets	40	(134)
Increase / (decrease) in payables	(1,984)	(6)
Increase/ (decrease) in provisions	225	(164)
<b>Total movement in operating assets and liabilities</b>	<b>(1,532)</b>	<b>(423)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>914</b>	<b>(1,433)</b>

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 18: Commitments for expenditure

		INSTITUTE	
		2015	2014
		\$'000	\$'000
<b>18 Commitments for expenditure</b>			
<b>(a) Non-cancellable operating lease commitments payable<sup>1</sup></b>			
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>			
Within one year		47	135
Later than one year but not later than five years		14	67
<b>Total minimum lease payments in relation to non-cancellable operating leases</b>		<b>61</b>	<b>202</b>
GST reclaimable on the above		(6)	(18)
<b>Net Commitments Non-cancellable Operating Leases</b>		<b>55</b>	<b>184</b>

Notes:

#### <sup>1</sup>Operating Leases

Operating lease 1 - Adelaide office, Suite 17, 283-287 Sir Donald Bradman Drive, Brockly Park

Operating lease 2 - RMIT Hamilton

Operating lease 3 - Land, Deakin University, Sherwood Park, Warrnambool

Operating lease 4 - Portland, 73-75 (Bay 3) Beverley Street, Portland

Operating lease 5 - Storage Sheds, 27 Dickson Street, Warrnambool

Operating lease 6 - Warrnambool & District Trade Training Centre, Caramut Road

Operating lease 7 - 2 Rooms, 218 Manifold Street, Camperdown

Operating lease 8 - Storage, Raglan Pde, Warrnambool

Operating lease 9 - Vehicle lease

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 19: Contingent assets and contingent liabilities

There were no contingent assets at balance date.

The Institute has been in dialogue with the Department of Education and Training in relation to subcontracted short duration training delivery, in relation to funding claimed for 2014. The institute is currently conducting a review, the outcome of which is unknown at the date of this report.

### NOTE 20: Leases

#### (i) Operating leases - Institute as lessee

Refer to Note 18 (Commitments for expenditure).

#### (ii) Operating leases - Institute as lessor

The Institute leases out certain land, buildings and equipment, which are excess to current requirements, at current market rates.

Leasing arrangements.

Property Leases at the Warrnambool campus.

	INSTITUTE	
	2015 \$'000	2014 \$'000
<b>Non-cancellable operating lease receivables</b>		
Payments due		
Within one year	82	105
Later than one year but not later than five years	305	333
<b>Total non-cancellable operating lease receivables</b>	<b>387</b>	<b>438</b>
GST payable on the above	(35)	(40)
<b>Net operating leases receivables</b>	<b>352</b>	<b>398</b>

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 21: Superannuation

Employees of the Institute are entitled to receive superannuation benefits and the Institute contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Institute does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Statement of Comprehensive Income of the Institute.

The name and details of the major employee superannuation funds and contributions made by the Institute are as follows:

		INSTITUTE	
		2015	2014
		\$'000	\$'000
<b>21 Superannuation</b>			
<b>Paid Contribution for the Year</b>			
Defined benefit plans :			
	State Superannuation Fund – revised and new	87	100
	<b>Total defined benefit plans</b>	<b>87</b>	<b>100</b>
Defined contribution plans:			
	VicSuper	773	753
	Other	522	425
	<b>Total defined contribution plans</b>	<b>1,295</b>	<b>1,178</b>
	<b>Total paid contribution for the year</b>	<b>1,382</b>	<b>1,278</b>
<b>Contribution Outstanding at Year End</b>			
Defined benefit plans:			
	State Superannuation Fund – revised and new	7	8
	<b>Total defined benefit plans</b>	<b>7</b>	<b>8</b>
Defined contribution plans:			
	VicSuper	80	64
	Other	52	39
	<b>Total defined contribution plans</b>	<b>132</b>	<b>103</b>
	<b>Total</b>	<b>139</b>	<b>111</b>

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 22: Trust account balances

	INSTITUTE			
	Opening balance as at 1 Jan 2015	Total receipts	Total payments	Closing balance as at 31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
<b>2015</b>				
Trust account balances relating to Trust Accounts controlled and/or administered by the Institute:				
Cash and cash equivalents and investments				
Administered trusts				
South West Institute of TAFE Foundation Limited	319	6	-	325
<b>Total administered trusts</b>	<b>319</b>	<b>6</b>	<b>-</b>	<b>325</b>
<b>Total cash and cash equivalents and investments</b>	<b>319</b>	<b>6</b>	<b>-</b>	<b>325</b>

	INSTITUTE			
	Opening balance as at 1 Jan 2014	Total receipts	Total payments	Closing balance as at 31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
<b>2014</b>				
Trust account balances relating to Trust Accounts controlled and/or administered by the Institute:				
Administered trusts				
South West Institute of TAFE Foundation Limited	311	8	-	319
<b>Total administered trusts</b>	<b>311</b>	<b>8</b>	<b>-</b>	<b>319</b>
<b>Total cash and cash equivalents and investments</b>	<b>311</b>	<b>8</b>	<b>-</b>	<b>319</b>

#### Trust accounts opened and closed by the Institute during 2015

Trust accounts opened during 2015

Nil

Trust accounts closed during 2015

Nil



## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 23: Financial instruments

#### (i) Financial risk management objectives and policies

The Institute's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables) and payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements.

The Institute's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The carrying amounts of the Institute's contractual financial assets and financial liabilities by category are disclosed below:

		INSTITUTE	
		2015	2014
		\$'000	\$'000
Carrying amount of financial instruments by category:	Note		
<b>(a) Loans and receivables</b>			
Cash and Deposits		9,763	5,112
Receivables <sup>(1)</sup>			
Trade Receivables	5	782	786
Revenue Receivables	5	138	110
Investments and other financial assets			
Investments in Shares/Equities	6	-	31
<b>Total loans and receivables</b>		<b>10,683</b>	<b>6,039</b>
<b>Total financial assets</b>		<b>10,683</b>	<b>6,039</b>
<b>(b) Financial liabilities at amortised cost:</b>			
Payables <sup>(1)</sup>			
Supplies and Services	13	1,063	2,558
Other Payables	13	696	811
Borrowings			
Advances from Government	15	4,309	4,541
<b>Total financial liabilities at amortised cost</b>		<b>6,068</b>	<b>7,910</b>
<b>Total Financial Liabilities</b>		<b>6,068</b>	<b>7,910</b>

Notes:

<sup>1</sup> Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 23: Financial instruments cont.

#### (ii) Credit risk

Credit risk arises from the contractual financial assets of the Institute, which comprise cash and deposits, non-statutory receivables, available-for-sale contractual financial assets and derivative instruments. The Institute's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Institute.

Credit risk is measured at fair value and is monitored on a regular basis by the finance committee. The finance committee monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Institute's strict credit policies may only purchase in cash or using recognised credit cards.

The Institute does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Institute.

The trade receivables balance at 31 December 2015 and 31 December 2014 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

The Institute minimises credit risk in relation to student loans receivables by employing Educational Pathway Officers. These officers managed the day to day establishment and ongoing monitoring of debt collection.

In addition, the Institute does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. The Institute's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Institute will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Institute's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

There are no material financial assets which are individually determined to be impaired. Currently the Institute does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing credit risk or the methods used to measure this risk from the previous reporting period.

#### Credit quality of contractual financial assets that are neither past due nor impaired <sup>1</sup>

	Financial institutions (AAA rating)	Government agencies (AAA rating)	Other counter-party	Total
	\$'000	\$'000	\$'000	\$'000
<b>2015</b>				
Cash and deposits	-	4,000	5,763	9,763
Receivables	-	-	920	920
Investments and other financial assets	-	-	-	-
<b>Total contractual financial assets 2015</b>	-	<b>4,000</b>	<b>6,683</b>	<b>10,683</b>
<b>2014</b>				
Cash and deposits	-	-	5,112	5,112
Receivables	-	-	896	896
Investments and other financial assets	-	-	31	31
<b>Total contractual financial assets 2014</b>	-	-	<b>6,039</b>	<b>6,039</b>

Notes:

<sup>1</sup> The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 23: Financial instruments cont.

#### Ageing analysis of financial assets

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing analysis for the Institute's financial assets.

	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2015 Financial assets</b>							
<b>Receivables<sup>1</sup>:</b>							
Trade receivables	782	102	71	351	258	-	-
Revenue receivables	138	138	-	-	-	-	-
<b>Investment and other financial assets:</b>							
Investment in Shares/Equities	-	-	-	-	-	-	-
<b>Total 2015 financial assets</b>	<b>920</b>	<b>240</b>	<b>71</b>	<b>351</b>	<b>258</b>	<b>-</b>	<b>-</b>
<b>2014 Financial assets</b>							
<b>Receivables<sup>1</sup>:</b>							
Trade receivables	786	342	70	25	349	-	-
Revenue receivables	110	110	-	-	-	-	-
<b>Investment and other financial assets:</b>							
Investment in Shares/Equities	31	31	-	-	-	-	-
<b>Total 2014 financial assets</b>	<b>927</b>	<b>483</b>	<b>70</b>	<b>25</b>	<b>349</b>	<b>-</b>	<b>-</b>

Notes:

<sup>1</sup> Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 23: Financial instruments cont.

#### (iii) Liquidity risk

Liquidity risk is the risk that the Institute would be unable to meet its financial obligations as and when they fall due. The Institute operates under payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Institute's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

The responsibility for liquidity risk management rests with the Institute's governing body, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. The Institute manages liquidity risk by:

- maintaining an adequate level of reserves and uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations by matching the maturity profiles of financial assets and liabilities, and continuously monitoring forecast and actual cash flows.

The Institute's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The Institute has also established a standby facility of \$100,000 to provide short-term cash.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

#### Maturity analysis of financial liabilities

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements represents the Institute's maximum exposure to liquidity risk.

The following table discloses the contractual maturity analysis for the Institute's financial liabilities.

	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2015 Financial Liabilities</b>							
<b>Payables<sup>1</sup>:</b>							
Supplies and services	1,063	1,063	53	1,010	-	-	-
Other payables	696	696	696	-	-	-	-
<b>Borrowings</b>							
Advances from government	4,309	-	-	-	232	4,077	-
<b>Total 2015 financial liabilities</b>	<b>6,068</b>	<b>1,759</b>	<b>749</b>	<b>1,010</b>	<b>232</b>	<b>4,077</b>	<b>-</b>
<b>2014 Financial Liabilities</b>							
<b>Payables<sup>1</sup>:</b>							
Supplies and services	2,558	2,558	52	2,506	-	-	-
Other payables	811	811	535	192	84	-	-
<b>Borrowings</b>							
Advances from government	4,541	4,541	-	-	3,382	1,159	-
<b>Total 2014 financial liabilities</b>	<b>7,910</b>	<b>7,910</b>	<b>587</b>	<b>2,698</b>	<b>3,466</b>	<b>1,159</b>	<b>-</b>

Notes:

<sup>1</sup> Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 23: Financial instruments cont.

#### (iv) Market risk

The Institute in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse affect on the operating result and/or net worth of the Institute, e.g. an adverse movement in interest rates or foreign currency exchange rates.

The Institute's exposures to market risk are primarily through interest rate risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

The Board ensures that all market risk exposure is consistent with the Institute's business strategy and within the risk tolerance of the Institute. Regular risk reports are presented to the Board.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing market risk or the methods used to measure this risk from the previous reporting period.

#### Interest rate risk

Interest rate risk arises from the potential for a change in interest rates to change the expected net interest earnings in the current reporting period and in future years, or cause a fluctuation in the fair value of the financial instruments.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Institute does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Institute has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

The Institute manages cash flow interest rate risk through a mixture of short term and longer term investments, and undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management monitors movement in interest rates on a monthly basis.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Institute's year end result.

The Institute's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are set out in the financial instrument composition and maturity analysis table below.

#### Financial instrument composition and interest rate exposure

	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Floating interest rate	Fixed interest rate	Non-interest bearing
31 December 2015	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash and deposits	2.1	9,763	9,763	-	-
Receivables <sup>1</sup> :					
Trade receivables	-	782	-	-	782
Revenue receivables	-	138	-	-	138
Investment and other financial assets:					
Investment in Shares/Equities	-	-	-	-	-
<b>Total financial assets</b>	<b>2.1</b>	<b>10,683</b>	<b>9,763</b>	<b>-</b>	<b>920</b>
<b>Financial Liabilities</b>					
Payables <sup>1</sup> :					
Supplies and services	-	1,063	-	-	1,063
Other payables	-	696	-	-	696
Borrowings					
Advances from government	-	4,309	-	-	4,309
<b>Total financial liabilities</b>	<b>-</b>	<b>6,068</b>	<b>-</b>	<b>-</b>	<b>6,068</b>

Notes:

<sup>1</sup> Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 23: Financial instruments cont.

	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Floating interest rate	Fixed interest rate	Non-interest bearing
31 December 2014	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash and deposits	2.8	5,112	5,112	-	-
Receivables <sup>1</sup> :					
Trade receivables	-	786	-	-	786
Revenue receivables	-	110	-	-	110
<b>Investment and other financial assets:</b>					
Investment in Shares/Equities	-	31	-	-	31
<b>Total financial assets</b>	<b>2.8</b>	<b>6,039</b>	<b>5,112</b>	<b>-</b>	<b>927</b>
<b>Financial Liabilities</b>					
Payables <sup>1</sup> :					
Supplies and services	-	2,558	-	-	2,558
Other payables	-	811	-	-	811
<b>Borrowings</b>					
Advances from government	-	4,541	-	-	4,541
<b>Total financial liabilities</b>	<b>-</b>	<b>7,910</b>	<b>-</b>	<b>-</b>	<b>7,910</b>

Notes:

<sup>1</sup> Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

#### Equity price risk

The Institute is exposed to equity price risk through its investments in shares. This investment was established from participation with a milk processing co-operative and linked to operational activities. The share holding was disposed in 28th January 2015.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing price risk or the methods used to measure this risk from the previous reporting period.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 23: Financial instruments cont.

#### Sensitivity analysis and assumptions

The Institute's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The Institute's fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 1% up and down (2014: 1% up and down) in market interest rates (AUD).

The following tables show the impact on the Institute's net result and equity for each category of financial instrument held by the Institute at the end of the reporting period as presented to key management personnel, if the above movements were to occur.

	Carrying amount \$'000	Interest rate risk			
		-1%		1%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>31 December 2015</b>					
Contractual Financial assets					
Cash and deposits	9,763	(98)	(98)	98	98
<b>Total increase/ (decrease) in financial assets</b>	<b>9,763</b>	<b>(98)</b>	<b>(98)</b>	<b>98</b>	<b>98</b>
<b>Total increase/ (decrease)</b>	<b>9,763</b>	<b>(98)</b>	<b>(98)</b>	<b>98</b>	<b>98</b>

	Carrying amount \$'000	Interest rate risk			
		-1%		1%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>31 December 2014</b>					
Contractual Financial assets					
Cash and deposits	5,112	(51)	(51)	51	51
<b>Total increase/ (decrease) in financial assets</b>	<b>5,112</b>	<b>(51)</b>	<b>(51)</b>	<b>51</b>	<b>51</b>
<b>Total increase/ (decrease)</b>	<b>5,112</b>	<b>(51)</b>	<b>(51)</b>	<b>51</b>	<b>51</b>

#### (v) Funding Risk

Funding risk is the risk of over reliance on a particular funding source to the extent that a change in that funding source could impact on the operating result for the current year and future years.

The Institute manages funding risk by continuing to diversify and increase funding from commercial activities, both domestically and off shore.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing funding risk or the methods used to measure this risk from the previous reporting period.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 23: Financial instruments cont.

#### (vi) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair values of financial instrument asset and liabilities are determined using the fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Institute can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Institute considers that the carrying amount of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value, and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

For other assets and other liabilities the fair value approximates their carrying value. Financial assets where the carrying amount exceeds fair values have not been written down as the Institute intends to hold these assets to maturity.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	2015		2014	
	Carrying amount	Net Fair Value	Carrying amount	Net Fair Value
			\$'000	\$'000
<b>Financial assets</b>				
Cash and deposits	9,763	9,763	5,112	5,112
Receivables <sup>1</sup>				
Trade receivables	782	782	786	786
Revenue receivables	138	138	110	110
<b>Investments and other financial assets</b>				
Investments in Shares/Equities	-	-	31	31
<b>Total financial assets</b>	<b>10,683</b>	<b>10,683</b>	<b>6,039</b>	<b>6,039</b>
<b>Financial liabilities</b>				
<b>Payables<sup>1</sup></b>				
Supplies and Services	1,063	1,063	2,558	2,558
Other Payables	696	696	811	811
<b>Borrowings</b>				
Advances from Government	4,309	4,309	4,541	4,541
<b>Total financial liabilities</b>	<b>6,068</b>	<b>6,068</b>	<b>7,910</b>	<b>7,910</b>

Notes:

<sup>1</sup> Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

The Institute did not have any financial instruments that are measured subsequent to initial recognition at fair value as at 31 December 2015.



## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 24: Responsible Persons and Executive Officers

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons and executive officers for the reporting period.

(i) **Minister**

The relevant Minister is The Hon. Steve Herbert, MP, Minister for Training and Skills.

Remuneration of the Minister for Training and Skills is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the Parliament.

(ii) **Chief Executive Officer (accountable officer)**

- Mark Fidge - Chief Executive Officer from 24 February 2015, (Acting Chief Executive Officer from 3 November 2014). Remuneration received or receivable by the chief executive officer in connection with the management of the Institute during the reporting period was in the range: \$220,000 - \$229,999, (2014: \$250,000 - \$259,999).

(iii) **Members of the Board**

- Mike Weise (Chair, Ministerial Nominee)
- Bill Hewett (Deputy Chair until 30 June 2015, Ministerial Nominee, term concluded 31 July 2015)
- Susan Brumby (Board Nominee, term concluded 31 July 2015, Ministerial nominee reappointed on 1 December 2015)
- William Hannah (Board Nominee, Deputy Chair from 1 July 2015)
- Toni Jenkins (Ministerial nominee)
- Felicity Melican (Ministerial nominee, term concluded 31 July 2015, reappointed on 1 December 2015)
- Ronald Page (Board Nominee)
- Georgina Gubbins (Ministerial nominee)
- Greg Walcott (Board Nominee)
- Katherine Fraser (Ministerial nominee, appointed on 1 December 2015)

Remuneration of the board members in connection with the management of the Institute are disclosed below.

	BASE REMUNERATION	
	2015 No.	2014 No.
Income range		
The number of board members whose total remuneration from the Institute was within the specified income bands are as follows:		
Less than \$10,000	2	3
\$10,000 - \$19,999	7	5
\$30,000 - \$39,999	1	2
<b>Total number of board members</b>	<b>10</b>	<b>10</b>
<b>Total remuneration of board members (\$'000)</b>	<b>146</b>	<b>167</b>

#### Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 24: Responsible Persons and Executive Officers cont.

#### (iv) Executive Officers

The following persons also had authority and responsibility for planning, directing and controlling the activities of Institute during the financial year:

- Robert Van Duynhoven - Executive Manager – Corporate Services from 13 April 2015, (Acting from 29 October 2014)
- Madelyn Lettieri - Executive Manager - Education from 27 July 2015, (Acting from 20 April 2015)
- Jenny Madden - Executive Manager - Student & Industry Engagement from 1 February to 16 November 2015, (Acting Executive Manager - Education, from 29 October 2014 to 30 January 2015)
- Jane Ponting - Acting Executive Manager - Education, from 1 February to 1 April 2015

#### Remuneration of Executive Officers

The number of executive officers, including the chief executive officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

The total annualised employee equivalent provides a measure of full time equivalent executive offices over the reporting period.

Total remuneration includes payments of leave entitlement balances upon cessation.

	TOTAL REMUNERATION		BASE REMUNERATION	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Income Range</b>				
The number of executive officers whose total remuneration from the Institute exceeded \$100,000, separately identifying base remuneration and total remuneration, disclosed within the income band of \$10,000 in a table format:				
<b>\$100,00 - \$109,999</b>	1	-	1	-
<b>\$140,000 - \$149,999</b>	1	1	1	1
<b>\$160,000 - \$169,999</b>	-	1	1	1
<b>\$200,000 - \$209,999</b>	1	1	-	1
<b>Total number of executive officers</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total annualised employee equivalent ( AEE)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total amount of remuneration (\$'000)</b>	<b>461</b>	<b>521</b>	<b>461</b>	<b>521</b>

#### Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

## Notes to the Financial Statements for the year ended 31 December 2015

### NOTE 25: Related parties

#### Key management personnel

Related parties disclosures are set out in Note 24 (Responsible persons and executive officers).

#### Transactions with related parties

There were no transactions between any one related person and South West Institute of TAFE.

### NOTE 26: Ex-gratia expenses

		INSTITUTE	
		2015	2014
		\$'000	\$'000
<b>26</b>	<b>Ex-gratia expenses</b>		
	In-lieu-of-notice and gratuity payments	111	11
	<b>Total</b>	<b>111</b>	<b>11</b>

**Notes:** The total for ex-gratia expenses is also presented in 'other operating expenses' of Note 3 Expenses from transactions.

### NOTE 27: Remuneration of auditors

		INSTITUTE	
		2015	2014
		\$'000	\$'000
<b>27</b>	<b>Remuneration of auditors</b>		
	Remuneration of Victorian Auditor General's Office for:		
	Audit or review of the financial statements	17	16
	<b>Total remuneration of Victoria Auditor General's Office</b>	<b>17</b>	<b>16</b>
	Remuneration of other auditors		
	Internal Audit services	70	88
	<b>Total remuneration of other auditors</b>	<b>70</b>	<b>88</b>
	<b>Total Remuneration of auditors</b>	<b>87</b>	<b>104</b>

### NOTE 28: Subsequent Events

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Institute, the results of those operations, or the state of affairs of the Institute in future financial years.

### NOTE 29: Economic dependency

Other than Higher Education and Skills Group funding, which is separately disclosed, South West Institute of TAFE is not dependent on another entity for a significant volume of revenue or financial support.

### NOTE 30: Institute Details

#### 28 Institute details

The registered office of the Institute is:  
South West Institute of TAFE  
197 - 205 Timor Street , Warrnambool, Victoria 3280

The principal place of business is:  
South West Institute of TAFE  
197 - 205 Timor Street , Warrnambool, Victoria 3280

# DISCLOSURE INDEX

The Institute's 2015 Annual Report has been prepared in accordance with the *Financial Management Act 1994* and the Directions of the Minister of Finance. This index has been prepared to demonstrate that the Institute has complied with statutory disclosure requirements.

Source Reference	Summary of Reporting requirement	
<b>REPORT OF OPERATIONS</b>		
<b>CHARTER AND PURPOSE</b>		
FRD 22G	Manner of establishment and the relevant Minister	10
FRD 22G	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	2-4, 10-11, 24-30
FRD 22G	Nature and range of services provided including communities served	10, 30
<b>MANAGEMENT AND STRUCTURE</b>		
FRD 22G	Organisational structure and chart, including accountabilities	18
FRD 22G	Names of Board Members	14-15
<b>FINANCIAL AND OTHER INFORMATION</b>		
FRD 03A	Accounting for Dividends	N/A
FRD 07A	Early adoption of authoritative accounting pronouncements	58
FRD 10	Disclosure Index	94-96
FRD 17B	Long Service Leave and annual leave for employees	56, 62
FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	N/A
FRD 22G	Operational and budgetary objectives, performance against objectives and achievements	2-11
FRD 22G	Occupational health and safety statement including performance indicators. Reporting must be on the items listed at (a) to (e) in the FRD	31
FRD 22G	Workforce data for current and previous reporting period including a statement on employment and conduct principles and that employees have been correctly classified in the workforce data collections	20-23
FRD 22G	Summary of the financial results for the year including previous 4 year comparisons	9
FRD 22G	Significant changes in financial position during the year	9
FRD 22G	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	2-4, 24-30
FRD 22G	Post-balance sheet date events likely to significantly affect subsequent reporting periods	9, 93
FRD 22G	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	36
FRD 22G	Discussion and analysis of operating results and financial results	7-9, 19, 24-29
FRD 22G	Significant factors affecting performance	9
FRD 22G	Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included.	N/A
FRD 22G	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from (a) - (d) in the FRD	N/A
FRD 22G	Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i>	36
FRD 22G	Statement, where applicable, on the implementation and compliance with the National Competition Policy	36
FRD 22G	Summary of application and operation of the <i>Protected Disclosure Act 2012</i>	36
FRD 22FG and FRD 24C	Summary of Environmental Performance including a report on office based environmental impacts	8

Source Reference	Summary of Reporting requirement	
FRD 22G	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following</p> <ol style="list-style-type: none"> <li>1. Total number of consultancies over \$10,000 (excluding GST)</li> <li>2. Location (eg website) of where details of these consultancies over \$10,000 have been made publicly available</li> <li>3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period</li> </ol> <p>AND for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing:</p> <ul style="list-style-type: none"> <li>• Consultant engaged</li> <li>• Brief summary of project</li> <li>• Total project fees approved (excluding GST)</li> <li>• Expenditure for reporting period (excluding GST)</li> <li>• Any future expenditure committed to the consultant for the project</li> </ul>	9
FRD 22G	Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act), and the actions that were taken during the year to comply with the Carers Act	28
FRD 22G	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at (a) – (l) in the FRD)	97
FRD 25B	Victorian Industry Participation Policy Disclosures	36
FRD 26A	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	N/A
FRD 29A	Workforce Data Disclosures on the public service employee workforce	20-21
SD 4.5.5(a)	Provide an attestation that risk identification and management is consistent with AS/NZS ISO31000:2009 or equivalent	35
SD 4.2(g)	Qualitative and Quantitative information to be included in Report of Operations, and provide general information about the entity and its activities, together with highlights and future initiatives	2-9
SD 4.2(h)	The Report of Operations must be prepared in accordance with requirements of the relevant Financial Reporting Directions	2-4, 38
SD 4.2(j)	The Report of Operations must be signed and dated by a member of the Responsible Body	2-4, 38
CG 10 (clause 27)	Major Commercial Activities	N/A
CG 12 (clause 33)	Controlled Entities	45, 47
<b>FINANCIAL REPORT</b>		
<b>FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1984</b>		
SD 4.2(a)	<p>The Financial Statements must be prepared in accordance with:</p> <ul style="list-style-type: none"> <li>• Australian Accounting Standards (AAS and AASB) and other mandatory professional reporting requirements (including urgent issues group consensus views);</li> <li>• Financial Report Directions; and</li> <li>• Business rules.</li> </ul>	38, 45-60
SD 4.2(b)	<p>The financial statements are to comprise the following:</p> <ul style="list-style-type: none"> <li>• income statement;</li> <li>• balance sheet;</li> <li>• statement of recognised income and expense; and</li> <li>• cash flows statement; and</li> <li>• notes to the financial statements.</li> </ul>	40-93
<b>OTHER REQUIREMENTS UNDERSTANDING STANDING DIRECTION 4.2 / FINANCIAL MANAGEMENT ACT 1994 (FMA)</b>		
SD 4.2(c) and FMA s 49	<p>The financial statements must contain such information as required by the Minister and be prepared in a manner and form approved by the Minister. They must be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body, in a manner approved by the Minister, stating whether, in their opinion:</p> <ul style="list-style-type: none"> <li>• the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of the period;</li> <li>• the financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions; and</li> <li>• the financial statements comply with applicable Australian Accounting Standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views).</li> </ul>	38
SD 4.2(d)	Rounding of amounts	58
SD 4.2(e)	Review and recommendation by Audit Committee or responsible body prior to finalisation and submission	38

Source Reference	Summary of Reporting requirement	
	OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS	
FRD 11A	Disclosure of ex-gratia payments	23, 93
FRD 21B	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	91-92
FRD 102	Inventories	53, 65
FRD 103F	Non-current physical assets	41, 49, 53-55, 66-70
FRD 104	Foreign currency	45
FRD 105A	Borrowing costs	57, 76
FRD 106	Impairment of assets	50, 52, 67, 72
FRD 107A	Investment properties	55
FRD 109	Intangible assets	55, 72
FRD 110	Cash flow statements	43, 78
FRD 112D	Defined benefit superannuation obligations	48, 81
FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	N/A
FRD 114A	Financial instruments – general government entities and public non-financial corporations	50-52, 83-90
FRD 119A	Transfers through contributed capital	42, 57
FRD 120I	Accounting and reporting pronouncements applicable to the reporting period	58-60
	COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES	
Legislation	<p>The TAFE Institute Annual Report must contain a statement that it complies with all relevant legislation and subordinate instruments, including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Education and Training Reform Act 2006 (ETRA)</li> <li>• TAFE institute constitution</li> <li>• Directions of the Minister for Higher Education and Skills (or predecessors)</li> <li>• TAFE institute Commercial Guidelines</li> <li>• TAFE institute Strategic Planning Guidelines</li> <li>• Public Administration Act 2004</li> <li>• Financial Management Act 1994</li> <li>• Freedom of Information Act 1982</li> <li>• Building Act 1993</li> <li>• Protected Disclosure Act 2012</li> <li>• Victorian Industry Participation Policy Act 2003</li> </ul>	97
ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2015	34
Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	97
Key Performance Indicators	<p>Institutes to report against:</p> <ul style="list-style-type: none"> <li>• KPIs set out in the annual Statement of Corporate Intent; and</li> <li>• Employment costs as a proportion of training revenue;</li> <li>• Training revenue per teaching FTE;</li> <li>• Operating margin percentage;</li> <li>• Training Revenue diversity.</li> </ul>	7
	OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES	
PAEC and VAGO (June 2003 Special review Item 3.110)	<ul style="list-style-type: none"> <li>• Financial and other information on initiatives taken or strategies relating to the institute's overseas operations.</li> <li>• Nature of strategic and operational risks for overseas operations;</li> <li>• Strategies established to manage such risks of overseas operations;</li> <li>• Performance measures and targets formulated for overseas operations;</li> <li>• The extent to which expected outcomes for overseas operations have been achieved.</li> </ul>	29

## COMPLIANCE WITH OTHER LEGISLATION AND SUBORDINATE INSTRUMENTS

South West TAFE complies with all relevant legislation and subordinate instruments, including, but not limited to, the following:

- Education and Training Reform Act 2006 (ETRA)
- TAFE Institute constitution
- Directions of the Minister for Training and Skills (or predecessors)
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- Public Administration Act 2004
- Financial Management Act 1994
- Freedom of Information Act 1982
- Building Act 1993
- Protected Disclosure Act 2012
- Victorian Industry Participation Policy Act 2003

## FURTHER INFORMATION

Consistent with the requirements of the Financial Management Act 1994, information is available on request from the Accountable Officer,

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- details of all consultancies and contractors including:
  - (i) consultants/contractors engaged;
  - (ii) services provided; and
  - (iii) expenditure committed to for each engagement.

*Enquiries regarding this information should be directed to:*

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Copies of this Annual Report are available from the Office of the CEO by contacting (03) 5564 8921, or may be downloaded from [www.swtafe.vic.edu.au/publications](http://www.swtafe.vic.edu.au/publications)

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The information contained in this publication was correct at time of issue. South West TAFE reserves the right to amend costs as required without notice.



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