

# ANNUAL REPORT 2014



## **COVER IMAGES**

### **Main picture**

*Rebecca McCann, inaugural graduate of the Certificate III in Aged Care & Home and Community Care industry training program at Lyndoch Living*

### **Top Row**

*Left - Brophy Family & Youth Services and South West TAFE 2014 Scholarship Presentation*

*Right - Simon Parry, Finalist in 2014 Victorian Training Awards Outstanding Apprentice of the Year Award*

### **Bottom Row**

*Left - Alison Kean (Diploma of Community Services Work), 2014 Deakin University Pathways Award Winner with Prof. Gerry Quinn, Deakin University*

*Right - Rotary Club of Warrnambool East 2014 First Year Apprentice Award Presentation*

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# WELCOME

## BOARD CHAIR'S REPORT

### 2014 was a year at South West Institute of TAFE that presented great challenges.

But to paraphrase the great Charles Dickens, it is the hottest fire that produces the strongest steel, and so we look to close out the last 12 months more productive, sustainable, resilient and ready for the future than we have ever been.

2014 was a year that saw a formalisation of the relationships that exist between South West TAFE and other South West Community leaders, new board members come, and long-serving board members go; a CEO depart, leaving a legacy of new policies, new direction and early beginnings of a whole new culture for the organisation.

It was a year in which South West TAFE became better at what it does; more aware of who it works with; newly focused on how to embrace the future and better equipped to meet the needs of those who do – and will – study under our organisation's name.

2014 has also delivered new Memorandums of Understanding between South West TAFE, Warrnambool City Council and Deakin University. These MOUs represent a formal commitment to working together to support and grow the region in which we operate. While it's true that South West TAFE has long held positive partnerships with Deakin and Warrnambool City Council, this was the year in which they became formal, further strengthening our relationships and the benefits that come from working in sync.

At a board level, we welcomed Heywood's Georgina Gubbins and Balmoral's Greg Walcott. While Georgina is a new face to South West TAFE's boardroom, Greg's appointment came after his previous term ended in April of 2014. Georgina and Greg bring great perspectives and experience from their areas of expertise; Georgina's via the water industry and governance, while Greg offers a perspective gained via the mining and agricultural industries.

It was also a year in which we farewelled a board member with more than 23 years of commitment to South West TAFE, John Verhoeven. John's contribution has been monumental – and simply too great to do justice to here. Among the many marks he leaves on the institute is in the area of engineering. Not only has John delivered invaluable and long-lasting industry connections in this area of training, but many of the buildings that now make up our campuses were built under his watchful eye. We wish John and his family all the best with what lies ahead for them.

Speaking of farewells, the end of 2014 also brought the departure of CEO Peter Heilbuth. In just 20 months with South West TAFE, Peter accomplished a great deal, helping to capture opportunities and steer it through many. From culture change, to policy changes to budget changes; it was Peter who led our staff to adopt a new way of thinking and operating – a new way that is making us stronger, more viable and more responsive to our customers. We wish him all the best in his new position in New South Wales.



Over the year, South West TAFE became a fitter, more flexible and more commercially focused education and training provider. I believe we are now past the hardest part of this 'New Way'; and are now heading towards a viable and rewarding future.

In 2015 and beyond South West TAFE will face a broader, more competitive market for education and training. The changes to the system over the past two years have brought with them an as-expected drop in our market share. However, with 46% of local training and education programs delivered under the South West TAFE banner, compared to the state average of 27%, we believe we are well-positioned to maintain our market leader position and continue to be our local's number one choice for education and training.

The key ingredient to maintaining this success is, without doubt, our staff. They have adjusted to this new direction, conditions, processes and analysis with determination and dedication. Their commitment to constant changes and our new strategic direction is helping build a more customer focussed organisation that is not only a better place to learn, but also a better place to work. This new direction is also bringing with it a change in workplace culture, helped, in part, by the allocation of funding to provide new resources that mean South West TAFE is an industry leader in how it can deliver its education, training and student support.

With this new strategic direction and clear leadership has also come strategic – and formalised – partnerships with other local leaders.

Congratulations to all who have worked hard to finish the year with South West TAFE in as strong and positive position. Already the hard work we undertook this year has set us up well – 2015 is looking very promising.

A handwritten signature in dark ink, appearing to read 'M. Weise'.

**Mike Weise**  
Board Chair  
19 March 2015

# WELCOME

## CEO'S REPORT

The past 12 months has been a year in which South West TAFE became more commercially focused on operating in a competitive environment.

While this focus on commercial operations may have initially appeared to some as a daunting and overwhelming shift, by looking back on what we achieved in 2014, we can reassure ourselves – and our students, not to mention the wider community – that this new mindset is already delivering greater success, opportunities and possibilities than ever before.

2014 was a year in which South West TAFE was able to truly stake its claim as this region's largest and most inclusive provider of education and training.

With three campuses and a student cohort of well over 9,500 individual students sourced from across Victoria and interstate, right through Victoria's Great South Coast, South West TAFE continued to underline its formidable reputation as a provider of education in many ways, to many people, in many places.

Our success was recognised and celebrated on many levels; via the awarding of multi-million dollar government grants to the organisation to extend how it delivers its training and education; the presentation of service awards; and contracts with some of the nation's biggest and most influential operators.

Our students also earned due recognition for their commitment to their own learning. Scholarships, awards, job opportunities, State titles and further opportunities to learn were all just-rewards presented to some of our most dedicated, talented and hard-working students.

Our own staff also saw their efforts recognised in 2014, via the creation of an employee of the month accolade.

Perhaps one of the most crucial developments of 2014 came via the awarding of \$7.6 million in State and Federal Government funding for South West TAFE to embark on a whole new learning frontier. This funding was sought around three key projects designed to further strengthen and grow our Institute.

The first project – and the majority of the funding support – was allocated for the "21st Century Learning" project. This project provides the capacity to blend methods of communication – and embrace the technological revolution overhauling how people across the world interact. In doing so, South West TAFE can now provide more people the opportunity to learn and develop, to advance, change, engage and contribute.

The second project is focussed on "Organisational Renewal", a project imperative to ensure we have the ability to finalise our plans of designing a robust and focussed workforce, which possesses the necessary capability to guarantee organisational sustainability into the future.



The third project focuses on "Improved Business Processes" and will ensure we can streamline our business processes and related services through the development of our financial and business systems to ensure they provide better business intelligence in a relevant and timely manner.

Just how South West TAFE's new proactive and flexible approach to learning delivered in 2014 achieved great outcomes for students, local industry and the community was many and varied;

- With the help of Warrnambool's Lyndoch Living, South West TAFE brought to the market a unique and distinctive learning environment for those enrolled in the organisation's Certificate III in Aged Care and Home and Community Care courses. With on-the-job training being delivered three days a week within the aged care facility, South West TAFE was not only able to provide its students with invaluable hands-on industry experience – it was also able to work with Lyndoch Living to ensure graduates were industry-ready, career-aware and acutely familiar with their future working environment.
- One of Australia's most powerful retailers – Woolworths – also identified South West TAFE as an industry leader. In 2014, more than 50 butchery and bakery apprentices from Woolworths stores across Victoria each completed around 300 hours a year of training under South West TAFE's guidance.
- With around 70% of its workforce being South West TAFE alumni, Brophy Family and Youth Services also celebrated the role our organisation has played in its operations, presenting the organisation with its Services Partnership Award. This award recognised our organisation for the valuable support and service provided to Brophy over the past year.
- Partnerships were also recognised with two other community leaders, in Deakin University and Warrnambool City Council. Formal acknowledgement of South West TAFE's historic collaboration with these two entities, via the signing of Memorandums of Understanding, helped to cement common goals between all three bodies and underline each organisation's commitment to making South West Victoria a better place to live, learn and work.

Pleasingly, it's wasn't just our organisation that won praise in 2014. This was also a great year for student success, with many industries and organisations making the effort to identify and reward the most dedicated and talented of our students. Just some of these included:

- Brophy Family and Youth Services endorsed the calibre of our courses and students via the awarding of a Brophy Scholarship to two South West TAFE welfare graduates. These scholarships provided recipients Kelly Phayer and Jocelyn Retallack with cash support for their ongoing studies at South West TAFE, in addition to guaranteed 12 months employment with Brophy.
- Rotary Club of Warrnambool also identified the success of Hamilton mother of three, Rebecca Kenny, naming her the service club's 2014 Student of the Year, earning \$1000 towards her study costs.
- Rotary Club of Warrnambool East awarded several of our first year apprentices with a monetary award to assist them with the often hardest year of their apprenticeship. The award evening, held in October, saw Naomi Lee, Michael Matthews and Jacob Threlfell being presented with their awards.
- At a state level, Portland engineering apprentice, Simon Parry, was a finalist in the Victorian Training Awards Apprentice of the Year prize. This positioned Simon as one of the state's top four apprentices for the year, with his passion for his work and strong work ethic earning him this prestigious recognition.
- Mother of five, Allison Kean's dedication to her study – at age 50 – earned her Deakin University's 2014 University Pathways Award. The \$1000 prize was created to reward South West TAFE students preparing to move into a university degree, helping Allison purchase a laptop computer to aid her pending university study.

While it was a year for success, 2014 was also, in many ways, a year for change.

This included transformational change across the Institute, in order to prepare South West TAFE to be more commercially focused and aware of the demands – and rewards – of operating in a competitive environment.

What this year's many achievements has shown is that although this new way may have appeared confronting – even overwhelming – at first, this concept of finding innovative and different ways to deliver programs is one that that has already made our organisation, its people, its courses and its outcomes, better, stronger and more sustainable.



**Mark Fidge**

Chief Executive Officer  
19 March 2015

# PERFORMANCE

## PERFORMANCE STATEMENT CERTIFICATE



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Best  
Practice

### STATEMENT OF PERFORMANCE MANAGEMENT CERTIFICATE FOR 2014

In our opinion, the accompanying Statement of Performance of South West Institute of TAFE, in respect of the 2014 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.

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Warrnambool  
Victoria 3280  
Australia  
ABN: 76 750 969 979

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

Mike Weise  
Board Chair  
19 March 2015

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

Mark Fidge  
Chief Executive Officer  
19 March 2015

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

Robert Van Duynhoven  
Chief Finance and Accounting Officer  
19 March 2015

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## AUDITOR-GENERAL'S REPORT

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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 2014 of South West Institute of TAFE comprises the statement, the related notes and the statement of performance management certificate for 2014 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 South West Institute of TAFE in respect of the 31 December 2014 financial year presents fairly, in all material respects.

MELBOURNE  
20 March 2015

  
John Doyle  
Auditor-General

2  
*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 2014.

### 2014 KEY PERFORMANCE INDICATORS

STUDENT ENGAGEMENT AND PARTICIPATION	2013 ACTUAL	2014 TARGET	2014 ACTUAL	VARIANCE	COMMENT
MODULE LOAD COMPLETION RATE (Student Retention)	88.9%	90%	86.3%	(3.7%)	This result is within the acceptable limit of variance.
STUDENT SATISFACTION (Learner Engagement Survey)	94%	80%	71.4%	(8.6%)	The Institute has set ambitious targets and is expected to achieve this in 2015 due to the proposed transition changes.
NUMBER OF 'IN-INDUSTRY' PROGRAMS	Not previously recorded	5	5	-	Target Achieved
FINANCIAL AND BUSINESS TRANSFORMATION					
WORKING CAPITAL RATIO	1.45	1.43	1.21	(.22)	The adjustment to the Working capital ratio is due to a \$1.6 million reduction in cash and deposits.
NET OPERATING MARGIN	(0.2)	.02	(.04)	(.06)	The decline in net operating margin is due to the 2014 funded deficit being higher than budgeted as a result of full year revenue being less than forecast.
FEE FOR SERVICE REVENUE	\$3,395,000	\$3,009,000	\$2,861,000	(\$148,000)	Fee for Service revenue is \$1.5k down on its original budget due to a reduction in commercial trading activities.
RETURN ON INVESTMENT (WACC)	(6.6%)	(4.0%)	(13.5%)	(9.5%)	The impairment loss of \$4.531m recognised in the comprehensive income statement (relating to the revaluation of intangible assets) has had a significant impact on this measure. Excluding this adjustment would result in a return on investment of (6.0%).
STAFF ENGAGEMENT, SATISFACTION AND PARTICIPATION					
STAFF PARTICIPATING IN PROFESSIONAL DEVELOPMENT ACTIVITIES (Effective Full Time Employees)	85%	90%	87%	(3%)	This result is within the acceptable limit of variance.
STAFF SATISFACTION (Greater Than)	64%	70%	53%	(17%)	The results of the staff satisfaction survey completed in 2014 are a reflection of the Institute working through a period of transition and cultural change. It is anticipated that this measure will increase in 2015 due to current projects being undertaken.

## TRAINING OUTCOMES

The Institute delivered a total of 1,792,491 Student Contact Hours (SCH) in 2014. The table below provides a detailed breakdown of SCH delivery in 2014.

### STUDENT CONTACT HOURS DELIVERED

OUTCOMES	SCH
VTG NON APPRENTICESHIP/TRAINEESHIP	888,001
VTG APPRENTICESHIP/TRAINEESHIPS	569,847
FULL FEE PAYING	55,867
FEE FOR SERVICE (includes TAFE in Schools, Overseas Students, Interstate Apprenticeships and Short Courses)	278,776
TOTAL DELIVERY	1,792,491

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

2010	2011	2012	2013	2014
2,437,583	2,610,650	2,700,757	2,983,939	1,792,491

## 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—a subcommittee of the Board Infrastructure 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 Institute of 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 2014;

### Transportation

South West TAFE has reduced its motor vehicle fleet from 43 to 36 vehicles.

Total kilometres travelled have been reduced by 176,000 kms down to 882,205 kms per annum. The vehicle fleet now holds a greenhouse rating of 6.13 (5.99 in 2013) 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 2014 our Institute purchased 15% green power with the aim of reducing greenhouse gas emissions. The Institute achieved an overall reduction of 911 tpa of CO<sub>2</sub> in line with the Greener Government Building Program.

### Waste management

South West TAFE continues to take all opportunities to explore alternative recycling options regarding waste material and waste contracts.

### Water reduction

As a result of the Glenormiston Campus closure in March 2014 the Institute reduced water consumption by 48,000 kilolitres.

The Institute continues to investigate the use of water harvesting initiatives and sustainable practices in upgrade and new building works.

### Procurement

South West Institute of 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 2014 the Institute returned an operating deficit of \$980,000 before government capital contributions and depreciation and a net operating deficit of \$8,012,000. This performance is largely due to a \$9.3 million reduction in revenue as a result of the decrease in government funded contributions in 2014. In addition to this, expenditure included a \$4,531,000 write down of intangible assets as a result of revaluing the Student Management System.

COMPARATIVE RESULTS 2010–2014					
	2010	2011	2012	2013	2014
ITEM	\$'000	\$'000	\$'000	\$'000	\$'000
TOTAL INCOME FROM TRANSACTIONS	41,636	40,052	37,819	34,649	25,356
TOTAL EXPENDITURE FROM TRANSACTIONS	36,690	38,232	38,106	38,072	28,908
NET RESULTS FROM TRANSACTIONS	4,946	1,820	(287)	(3,423)	(3,552)
TOTAL OTHER ECONOMIC FLOWS	76	(155)	(366)	(941)	(4,460)
COMPREHENSIVE RESULT	5,022	1,665	(653)	(4,364)	(8,012)
ASSETS	75,894	78,372	74,685	75,689	67,275
LIABILITIES	6,875	7,688	9,123	11,898	11,496
NET ASSETS	69,019	70,684	65,562	63,791	55,779

### FEE FOR SERVICE PROGRAMS

Fee for service income increased to 35% of total funding in 2014, with a 4% decrease in external funding over the same period.

SUMMARY OF RESULTS 2010–2014					
	2010	2011	2012	2013	2014
ITEM	\$m	\$m	\$m	\$m	\$m
GOVERNMENT RECURRENT*	23.9	26.7	26.9	24.6	16.2
EXTERNAL FUNDING**	9.8	9.2	9.6	9.2	8.8
TOTAL FUNDING	33.7	35.9	36.5	33.8	25.0
% NON-GOVERNMENT FUNDING	30%	26%	26%	27%	35%

### WORKING CAPITAL RATIO

The Institutes working capital ratio decreased from 1.43:1 to 1.21:1 mainly due to a 15% reduction in current assets

WORKING CAPITAL RATIO 2010 -2014				
2010	2011	2012	2013	2014
1.76	1.65	1.86	1.43	1.21

### CONSULTANCIES

<http://www.swtafe.vic.edu.au/about-us/corporate/consultancies>

CONSULTANCIES OVER \$10,000	
Number of Consultants	Total 2014 expenditure (ex GST)
9 Consultants engaged	\$457,503
CONSULTANCIES UNDER \$10,000	
Number of Consultants	Total 2014 expenditure (ex GST)
20 Consultants engaged	\$78,351

### MOVEMENT IN NET ASSETS

The Institute decreased its net asset base from \$63.8 million to \$55.8 million over the past year. During 2014 the carrying amount of the Student Management System was revalued to \$2.7M with the impairment loss of \$4.5M reflected in the comprehensive operating statement.

NET ASSETS 2010–2014				
2010	2011	2012	2013	2014
\$m	\$m	\$m	\$m	\$m
69.0	70.6	65.5	63.8	55.8

### SIGNIFICANT EVENTS SINCE BALANCE DATE

The following two events occurred after the balance sheet date:

- On the 5th of February 2015 South West TAFE were advised that it was successful in securing \$4.0m from the TAFE Rescue Fund.
- The property classified as held for sale was successfully auctioned and sold on the 20th of February 2015 for 4.4m, the carrying amount was \$3.4m.

# 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 2014, the Institute delivered accredited courses to over 9,500 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 2014, South West TAFE delivered training to the Great South Coast region of Victoria, state-wide, interstate and internationally 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.

In 2014, The Hon. Peter Hall, MLC was the Minister for Higher Education and Skills from 1 January until 17 March 2014. The Hon. Nick Wakeling, MP was the Minister for Higher Education and Skills from 17 March until 3 December 2014. The Hon. Steve Herbert, MP was the Minister for Training and Skills, from 3 December 2014 until 31 December 2014 following the State election on 29 November 2014.

## 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 through its strategic public relations and marketing of programs and services. Throughout 2014, the Institute's marketing campaigns focused on enrolment outcomes. Features included:

- Nominating Simon Parry and David Kingan for the Victorian Apprentice of the Year at the 2014 Victorian Training Awards. Simon went on to be one of four finalists presented at the awards evening held in September.
- Holding our first Open Day event since 2008 with over 400 attendees across the three regional campus locations.
- Maintaining relationships with regional higher education partners, through joint attendance at secondary schools, career expos, and promotional events, and reconfirming Advanced Standing arrangements for pathway courses.
- 'Try A Career Days' run throughout the region, enabling students to experience a 'taste' of vocational training offered at the Institute. Students engaged with hands-on activities under the guidance and mentorship of staff.
- Partner of 'Why Year 12' Booklet Launch where 100 Year 5 students came on to the Warrnambool Campus for a mini 'TAFE Taster'. The booklet included stories on several of our students and their Year 12 'equivalent' stories.
- Maintaining a strong presence at numerous community events, festivals and field days, with the support of staff and students.

## STRATEGIC DIRECTION

In 2012, the Institute Board created the road map for South West TAFE by establishing a clear vision—to be a leader for our region. The 2012–2014 Strategic Plan was developed to be the driving force behind our decisions and actions during the next three years. Work began in 2014 in consultation with consultants Earnst Young on the 2015 Strategic Plan.

**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 are:

**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, processes and facilities. 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

2014 has been a tumultuous year for the Institute. In June 2014, the Board reviewed and streamlined its sub-committee structure to better meet the needs of the board and the Institute. The Infrastructure Committee was disbanded as there were no capital works projects in progress or in the foreseeable future. The Education & Training Committee was reconstituted into an education & Flexible Learning Advisory Group (eFlag) Committee, comprised mainly of internal members, as the activities of the Committee had been largely operational. The separate Audit, Risk and Finance Committees were combined to form one Committee.

In September 2014, the CEO Peter Heilbuth announced his resignation, effective from 7 November 2014 and, with the assistance of a Recruitment Agency, the Board managed the process of recruiting, interviewing and appointing a new CEO, Mr Mark Fidge.

The Board also managed the process of selecting a Consultant to provide strategic advice to the Institute for its business transformation, and to develop its 2015 Strategic Plan, which the Board endorsed on 10 December 2014.

The Board established a TAFE Structural Adjustment Fund (TSAF) Project Control Group for managing the TSAF projects and associated funding, and appointed a Director of Business Renewal to oversee this.

Key actions of the Board and its committees during 2014 included:

- overseeing and guiding the 2014 Business Transition Plan process
- 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 2015 Institute Strategic Plan

## BOARD DEVELOPMENT ACTIVITIES

The Board committee met six times during 2014, 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 two Strategic Planning Workshops in February and October 2014 to consider the Committee structure and Strategic Planning.

Post April 2014, the Board Chair Mike Weise attended the Victorian TAFE Association's state conference and presidents' network meetings, as well as several strategic dialogue meetings with the Minister for Higher Education and Skills.

The Board assisted to develop South West TAFE's 2015 Strategic Plan. During this process, the Board was instrumental in aligning our direction with south-west Victoria's regional planning strategies.



## 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 COMMITTEE

(1 JANUARY 2014 - 30 JUNE 2014)

The main responsibilities of the Audit 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.

### AUDIT RISK & FINANCE COMMITTEE

(1 JULY 2014 - 31 DECEMBER 2014)

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 2014 – 1 July 2014) - Wayne Krause (Chair), Mike Weise (Board Chair), Bill Hewett (Deputy Board Chair), Felicity Melican (Chair of Finance Committee), Bill Hannah (Board Director)*

*(1 July 2014 to 31 December 2014) – Felicity Melican (Chair), Mike Weise (Board Chair), Bill Hewett (Deputy Board Chair), Bill Hannah (Board Director)*

### BOARD CHAIR'S ADVISORY COMMITTEE

The main responsibilities of the Board Chair's Advisory Committee 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 2014 – 1 July 2014) Mike Weise (Board Chair), Wayne Krause (Chair of Audit Committee), John Verhoeven (Chair of Infrastructure Committee), Bill Hewett (Deputy Board Chair), Felicity Melican (Chair of Finance Committee)*

*(1 July 2014 – 31 December 2014) Mike Weise (Board Chair), Bill Hewett (Deputy Board Chair), Felicity Melican (Chair of Audit, Risk & Finance Committee), Toni Jenkins (Board Director), Susan Brumby (Board Director)*



## **EDUCATION AND TRAINING COMMITTEE** (1 JANUARY - 30 JUNE 2014)

The main responsibilities of the Education and Training Committee are to:

- approve the issuing of qualifications, internal accreditation of educational programs, and South West TAFE's scope of registration, educational policies and procedures
- make recommendations to the Board and the CEO regarding (but not limited to) educational planning, new teaching and learning initiatives, quality control of educational programs, and risk management
- receive reports on a range of educational and training matters such as enrolments, key performance indicators, accreditation processes, specific education initiatives, international projects, campus activities, quality assurance, traineeships, apprenticeships, VET in Schools programs, academic awards, and certification.

*Members – (1 January 2014 – 30 June 2014) Mike Weise (Chair), Paul Oprean, Di Hutchins, Lu Butler, Jane Ponting, Peter Heilbuth, Scott Alderson, Jenny Madden, Pat Varley, (Co-opted community member), Robert Bain (Co-opted community member), Dr. Bill Vistarini (Co-opted community member), Trudy Thorp, (Portland Campus), Caroline Bakker, (Hamilton Campus)*

*The Committee was disbanded on 30 June 2014, and replaced by the eFlag committee, which is an internal committee focussing mainly on operational matters.*

## **FINANCE COMMITTEE**

(1 JANUARY - 30 JUNE 2014)

The main responsibilities of the Finance Committee are to:

- 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 - Felicity Melican (Chair), Bill Hewett, Mike Weise (ex officio Board Chair), Wayne Krause, Peter Heilbuth*

## **INFRASTRUCTURE COMMITTEE**

(1 JANUARY - 30 JUNE 2014)

The main responsibilities of the Infrastructure Committee are to:

- ensure that South West TAFE's infrastructure is adequate to support growth and development
- identify plant and equipment requirements
- provide guidance in property management, maintaining all buildings and infrastructure, purchasing property, and lease and licence agreements
- ensure appropriateness of occupational health and safety risk management strategies
- ensure information technology strategies are adequate in terms of service requirements and resource implications.

For specific projects approved by the Board, the Infrastructure Committee also has delegated authority to make decisions, establish committees and monitor specific progress regarding:

- appointment of campus planners, architects, and other consultants as required
- plans and specifications, tenders and contracts for approved capital works and consultancies within the financial guidelines as agreed by the Board
- plans and specifications, tenders and contracts for approved ICT projects, services and consultancies within the financial guidelines as agreed by the Board
- Information and Communications Technology (ICT) governance, ensuring effective and efficient use of information and communications technology that will enable South West TAFE to achieve its ICT strategy.

*Members - John Verhoeven (Chair), Mike Weise (ex officio Board Chair), Bryan Amarant, Julie Amor (Co-opted community member), Mark Fidge, Peter Heilbuth, Josh Hill, Chris How (Co-opted community member), Robert Rutter, Kevin Safe (Co-opted community member), Greg Walcott*

*The Committee was disbanded after 30 June 2014, as there were no capital works projects in progress*

## 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 Committee and Audit, Risk and Finance Committee.



### William (Bill) Hewett

#### DEPUTY BOARD CHAIR

*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 for a period of 3 years. As a result of the Board's reconstitution in April 2013, Bill served on a short term basis and was reappointed for a further 2 years on 1 September, with his term completing on 30 April 2015.



### William Hannah

#### DIRECTOR

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

Bill commenced a 3-year term on the SWTAFE Board on 1 September 2013. Bill has a background in Finance and is currently 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's term on the board concludes on 30 April 2016.



### 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 is 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, with her term concluding on 30 April 2015. Susan is also a member of the Board President's Advisory Group, from 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 for 3 years, but after the reconstitution of the board in April 2013, served on a short term basis and was reappointed for a further 3 years on 1 September 2013. 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's term on the board concludes on 30 April 2016. She is also a member of the Board President's Advisory Committee since 1 July 2014.

## INSTITUTE BOARD MEMBERS

### 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, concluding on 30 April 2017. 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 by the Minister for a 3 month interim period on 26th October 2011, before being appointed for a 3-year period on 21 December 2011. She served on a short term basis after the reconstitution of the Board in April 2013, and was reappointed for a further two year term commencing on 1 September 2013. Felicity specialises in finance, superannuation and auditing, and is currently a Partner in Sinclair Wilson Accountants and Advisors. She was elected Chair of the Board's Finance Committee on 1 July 2012, a position she currently holds. Felicity's term on the board concludes on 30 April 2015.

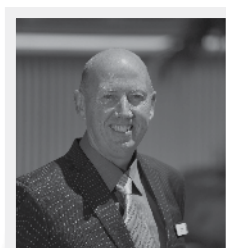


### Ronald Page

#### 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 for a 3-year term. 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's term on the board concludes on 30 April 2016.



### Greg Walcott

#### DIRECTOR

*Attended Melbourne Grammar School and Monash University*

Greg commenced on the Board as a Ministerial appointee on 1 October 2012 for a three year period, 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. Greg Chairs the Hamilton Campus Committee and is a strong advocate of the Hamilton Campus. Greg's term on the board concluded in April 2013 due to reconstitution of the board, but he was reappointed on 1 September until 30 April 2014. He was reappointed for a further three years on 6 October 2014, with his term concluding on 30 April 2017.



### John Verhoeven

#### DIRECTOR

John has a wealth of experience in the engineering area, having worked in the industry for over 32 years, managing the company K.C. Errey Engineering in Cobden. His other areas of expertise include business, community engagement and primary production. John has been on the board since 1990, with his terms extended several times. He served on a short term basis after the board was reconstituted in April 2013, and was reappointed for one term on 1 September 2013, concluding on 30 April 2014. John continued as the Chair of the Infrastructure Committee until 30 June 2014.

### Wayne Krause

#### DIRECTOR

*Bachelor of Science, Master of Business Administration (MBA)*

Wayne is a retired Chief Executive Officer of South West Credit Union. His areas of expertise include business and financial management. Wayne was re-appointed on 21 December 2011 for a further 3 years, following an interim 3-month term. Following the Board's reconstitution in April, he was appointed for a further 3-year term, completing on 30 April 2016. Wayne resigned from the board on 30 July 2014 due to personal reasons.

### Samantha Sharp

#### DIRECTOR

*Graduate Certificate in Management, Bachelor of Social Work, Bachelor Arts Education (for teaching VCE Geography, Environmental Studies and Social Education)*

Sam was appointed to the board on 1 September 2013 for one term. Sam's specialist skills are in team and project management and coordination, community consultation, research analysis and health issues. Since 2009, Sam has worked as the Acting Children's Services Coordinator/Aged and Disability Services Manager/Municipal Recovery Manager with the Glenelg Shire Council. Prior to 2009, Sam was the Community Development Officer with the Glenelg Shire. Sam's term on the board concluded on 30 April 2014.

## BOARD AND COMMITTEE MEMBERSHIP

The Board met six times during the year, excluding the Annual Meeting, which was held on 28 May 2014. Meetings were scheduled bi-monthly. Institute Committees met 29 times to review and monitor various aspects of the Institute's operations. During 2014, 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	ED&T	IC	FC	AC	ARF	TSAF	BCAG
Mike Weise	Board Chair	6	1	3	4	2	5	2	5
William Hewett	Deputy Chair	5	1	3	6	2	5	3	5
Susan Brumby	Director	5	NA	NA	1	NA	NA	NA	2
Georgina Gubbins	Director (appointed 6/10/14)		NA	NA	NA	NA	1	NA	NA
William Hannah	Director	6	NA	NA	3	NA	5	1	1
Toni Jenkins	Director	4	NA	NA	2	NA	NA	1	2
Wayne Krause	Director (resigned 30/7/14)	1	NA	NA	6	2	1	NA	2
Felicity Melican	Director	8	NA	NA	6	1	6	2	4
Ron Page	Director	5	NA	NA	NA	NA	NA	NA	NA
Samantha Sharp	Director (term expired 30/4/14)	3	NA	NA	NA	NA	NA	NA	NA
John Verhoeven	Director (term expired 30/4/14)	2	NA	3	3	1	NA	NA	2
Greg Walcott	Director 1/9/13 to 30/4/14, reappointed 6/10/14)	4	NA	2	NA	NA	NA	NA	NA

BM = Board Meetings (6 meetings)

AC = Audit Committee (2 meetings)

ED&T = Education & Training Committee (2 meetings)

FC = Finance Committee (7 meetings)

IC = Infrastructure Committee (3 meetings)

ARF – Audit, Risk & Finance Committee (6 meetings)

TSAF – TAFE Structural Adjustment Fund PCG (3)

BCAG – Board Chair's Advisory Group (5 meetings)

### Board remuneration

Director's fees paid in 2014 totalled \$166,896.83. This figure included \$14,086.78 in back pay relating to the period 16/4/2013 – 31/12/2013.

## 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.

### Peter Heilbuth

#### CHIEF EXECUTIVE OFFICER (Jan - Nov 2014)

*Masters in Philosophy (Education), Honours Degree in Social Science, Bachelor of Arts*

Peter was responsible for implementing the strategic direction of the Institute and ensuring efficiency across the Institute to meet the requirements of government, enterprises and individuals.

Peter resigned from the Institute on November 7, 2014.

### Mark Fidge

#### EXECUTIVE MANAGER CORPORATE SERVICES, CHIEF FINANCIAL OFFICER, BOARD SECRETARY

##### ACTING CEO (Nov - Dec 2014)

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

From 1 January to 2 November 2014, Mark 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 requirements and human resources. Mark was also responsible for the Portland campus. Mark was also the Institute's Board Secretary and also carried the responsibility of Chief Finance Officer.

From 3 November 2014, Mark was appointed to the role of Acting CEO, responsible for implementing the strategic direction of the Institute and ensuring efficiency across the Institute to meet the requirements of government, enterprises and individuals.

### Maurice Molan

*Bachelor of Arts, Graduate Diploma of Education, Diploma of Frontline Management*

### Jane Ponting

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

#### EXECUTIVE MANAGERS EDUCATION

Due to Maurice Molan being on extended leave during 2014, Jane Ponting acted as the Executive Manager Education from 28 April 2014 to 27 June 2014, and 13 July 2014 to 19 December 2014. 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 & Off-Campus departments.

### Jenny Madden

#### EXECUTIVE MANAGER STUDENT EXPERIENCE & INNOVATION

##### EXECUTIVE MANAGER TEACHING AND LEARNING

*(Jan - Sept 2013)*

*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)*

From 1 January 2014, Jenny was the Executive Manager, Student Experience and Innovation. This portfolio involved Jenny overseeing the student relationship team, and two new centres: Learning Technologies, Innovation & ICT, and Business Process Improvement, whilst also managing the strategic oversight of the Hamilton campus and Southern Grampians region.

In November 2014, Jenny Madden took up the role of Acting Executive Manager Education, in conjunction with Jane Ponting, responsible for the areas of Trades, Food & Land; Health, Arts, Community & Personal Services; Business Development and Education & Off Campus. Jenny continued the strategic oversight for the Hamilton Campus and Southern Grampians region.

### Robert Van Duynhoven

#### ACTING EXECUTIVE MANAGER CORPORATE SERVICES

*(Nov - Dec 2014)*

*Bachelor of Commerce (Accounting & Marketing), Certified Practising Accountant (CPA)*

In November 2014, Robert took on the Interim role of Executive Manager Corporate Services. 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 requirements and human resources. Robert also acted as the Institute's Board Secretary and also carried the responsibility of Chief Finance Officer.

### Josh Hill

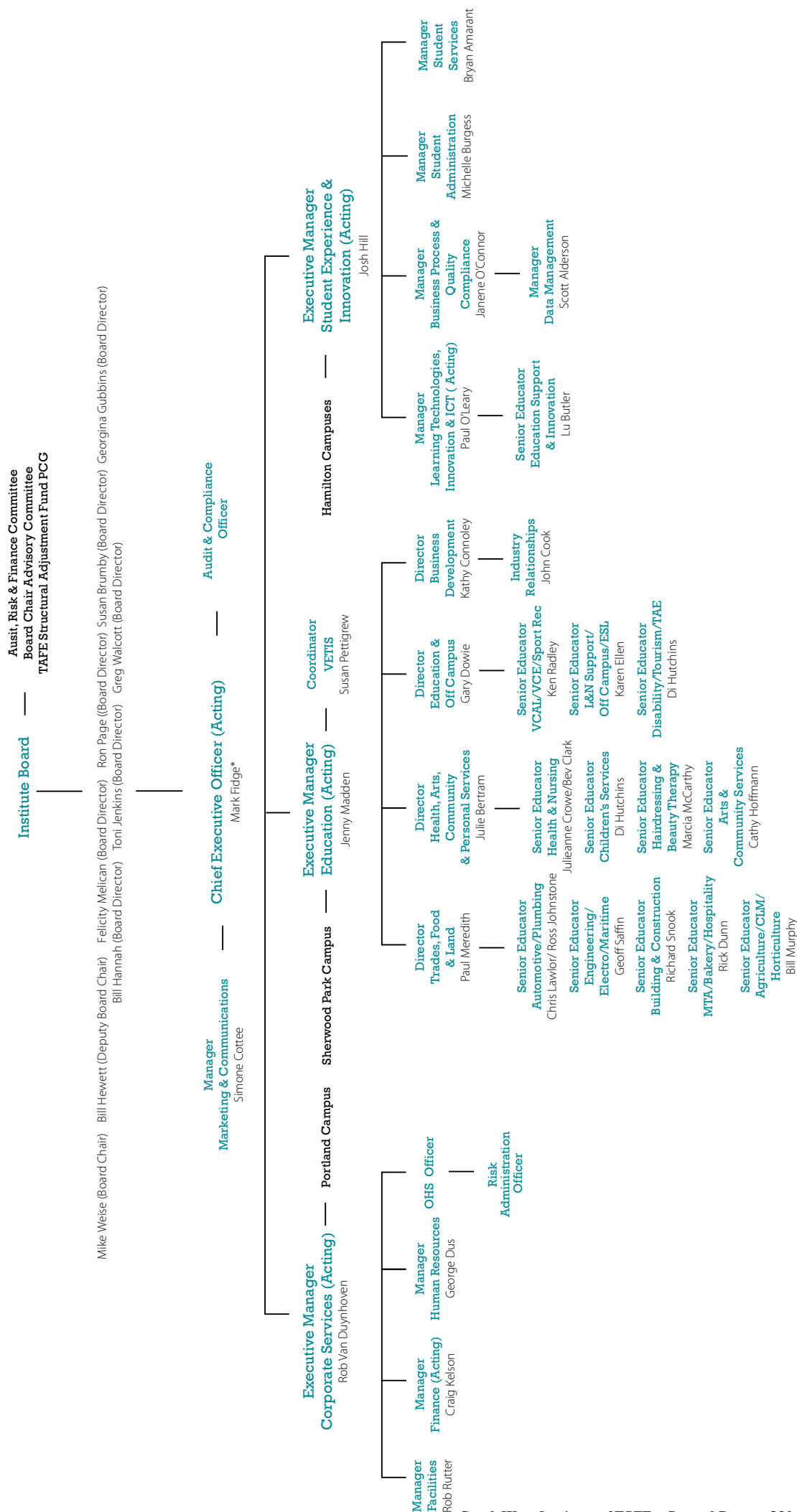
#### ACTING EXECUTIVE MANAGER STUDENT EXPERIENCE & INNOVATION (Nov - Dec 2014)

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

For September, November & December 2014, 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 & 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 2014)



\*Mark also holds the position of Chief Financial Officer and Board Secretary

# STUDENTS

## STUDENT OUTCOMES

In 2014, South West TAFE delivered training to 9,538 individual enrolments which equated to 1.75 million student contact hours (SCH). The Higher Education Skills Group, along with individual student tuition fee contribution, funded 83% 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 23.4% 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 through the year on a subject-by-subject basis. South West TAFE participates in an annual "Student Satisfaction Survey" 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	888,001
GOVERNMENT CONTRACTED APPRENTICESHIPS/TRAINEESHIPS	569,847
FULL FEE PAYING	55,867
FEE FOR SERVICE	69,947
TAFE IN SCHOOLS	89,481
OVERSEAS STUDENTS	32,727
OTHER (INCL. INTERSTATE APPRENTICESHIPS, SHORT COURSES)	86,621
TOTAL	1,792,491
BY CAMPUS	
HAMILTON	142,106
PORTLAND	220,314
WARRNAMBOOL	1,280,611
SHERWOOD PARK TRAINING FACILITY	143,006
WARRNAMBOOL & DISTRICT TRADE TRAINING FACILITY (CARAMUT ROAD)	6,454
RMIT HAMILTON	0
TOTAL	1,792,491
BY DEPARTMENT/CENTRE	
INDUSTRY SKILLS AND SHORT COURSES	102,012
CENTRE FOR HEALTH, ARTS, COMMUNITY & PERSONAL SERVICES	422,496
CENTRE FOR TRADES, FOOD & LAND	809,100
CENTRE FOR EDUCATION AND OFF CAMPUS	458,883
TOTAL	1,792,491



# STAFF

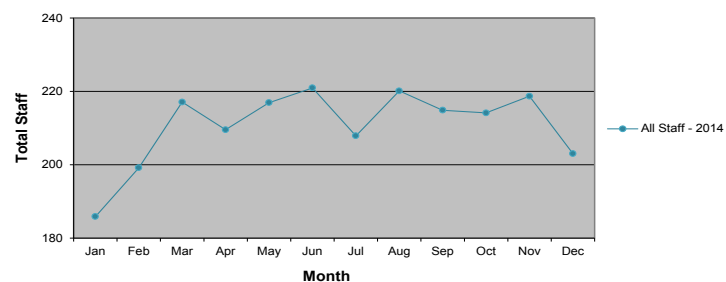
## WORKFORCE STATISTICS

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.

Based on monthly staffing reports, and on average over the 2014 calendar year, the Institute employed the equivalent of 210.5 full-time staff. The fluctuations in staffing levels evident in the graphical representation of the monthly staffing statistics may be explained by general staff turnover and the shifting requirements for casual appointment.

Staffing figures for 2014, including an analysis by employment status, age and classifications are represented in the tables provided.

**All Staff 2014 (EFT)**



		2014				2013			
TEACHING STAFF		ACTUAL F/T	ACTUAL P/T	TOTAL	EFT	ACTUAL F/T	ACTUAL P/T	TOTAL	EFT
ONGOING	FEMALE	24.0	28.0	52.0	40.7	23.0	27.0	50.0	39.5
	MALE	42.0	2.0	44.0	43.9	54.0	5.0	59.0	57.2
FIXED TERM CONTRACTS	FEMALE	2.0	4.0	6.0	4.8	5.0	10.0	15.0	10.6
	MALE	3.0	1.0	4.0	3.1	11.0	2.0	13.0	12.2
SESSIONAL	FEMALE	-	71.0	71.0	9.2	-	75.0	75.0	8.8
	MALE	-	59.0	59.0	6.7	-	48.0	48.0	5.7
TOTAL TEACHING STAFF			165.0	236.0	108.2	93.0	167.0	260.0	134.0
NON TEACHING STAFF		ACTUAL F/T	ACTUAL P/T	TOTAL	EFT	ACTUAL F/T	ACTUAL P/T	TOTAL	EFT
TAFE EXECUTIVE OFFICERS	FEMALE	1.0	-	1.0	1.0	1.0	-	1.0	1.0
	MALE	3.0	-	3.0	3.0	4.0	-	4.0	3.8
GENERAL STAFF - ONGOING	FEMALE	31.0	22.0	53.0	43.8	35.0	33.0	68.0	55.9
	MALE	21.0	2.0	23.0	22.5	25.0	2.0	27.0	26.7
GENERAL STAFF - FIXED TERM CONTRACT	FEMALE	6.0	9.0	15.0	10.9	9.0	5.0	14.0	12.1
	MALE	5.0	1.0	6.0	4.9	11.0	-	11.0	11.4
GENERAL STAFF - CASUAL	FEMALE	-	71.0	71.0	12.9	-	67.0	67.0	10.7
	MALE	-	14.0	14.0	3.3	-	18.0	18.0	3.6
TOTAL NON TEACHING STAFF		67.0	119.0	186.0	102.3	85.0	125.0	210.0	125.2
<b>TOTAL ALL STAFF</b>		<b>138.0</b>	<b>284.0</b>	<b>422.0</b>	<b>210.5</b>	<b>178.0</b>	<b>292.0</b>	<b>470.0</b>	<b>259.2</b>

## STAFF DEVELOPMENT

Throughout 2014, 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 Institute Executive Team.

### LEARNING AND DEVELOPMENT WEEK

With a mixture of structured workshops, followed by interactive training sessions, the week-long program allowed staff to engage with their colleagues and learn together in a positive environment.

Attended by 92% of staff, feedback stated that it was a valuable opportunity to come together and discuss the challenges the new system was creating, while working towards creating solutions for issues arising, and developing a common understanding of the processes and guidelines required.

### LEARNING AND DEVELOPMENT WEEK

The focus of this committee was to look at developing a Workforce Development Plan that ensures:

- We live our commitment to our strategic directions, which acknowledges that our staff are our greatest asset.
- Our workforce is positioned to participate in an increasingly competitive, customer-focussed and business-orientated SWTAFE.

## 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 2014 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 2014 People Matter Survey identify that:

- Staff responding to the survey believe the Institute demonstrates its value of equality, particularly through equal employment opportunity, by noting that cultural background (100%) and disability (98%) are not barriers to success. A healthy 92% indicate that South West TAFE is committed to creating a diverse workforce including age, gender and cultural background.
- As a likely consequence of an effective recruitment and onboarding process, 100% of responding staff indicated that they were aware of the Institute's Code of Conduct.
- 94% of staff believe that their colleagues act in a manner that is consistent with the Institute's values, noting also that human rights are valued.

On the elements of policy and process awareness, SWTAFE has returned superior results from both comparator organisations, and all organisations participating in the People Matter Survey in 2014. In this regard the Institute has been ranked in the 1st quartile.

A similar result (89% Yes response) is evident for supporting employee wellbeing.

Of note, the importance of customer service was highlighted, as was the need for collegiality in times of change.

## HUMAN RESOURCES

South West Institute of TAFE is a progressive, community focussed organisation with strong links to industry. We are an organisation which seeks to be a leader in our region and we make a difference by providing quality education, new skills, increased knowledge and work readiness. We continually strive to be an educational provider, and employer, of choice by:

- delivering the right experience and skills (Customer focus)
- ensuring all are treated with fairness and respect (Equality)
- being honest and transparent in all we do (Integrity)
- seeking continuous improvement and maintaining the highest possible standards (Excellence)
- creating a great place to work and learn (Achievement & Enjoyment).

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 vision, mission, values and goals
- the achievement of world's best practice in Vocational Education and Training
- engaging 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 vision, mission 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 a best practice approach where change is effectively communicated and implemented in a structured and considered manner (continuous improvement)
- 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)

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. Amongst the achievements for 2014 are:

- a review of Institute's Flexible Working arrangements
- a rejuvenation of the Staff Induction process
- a renewed focus on Performance Review and Development
- a review of the Institute's Protected Disclosure requirements

In addition to the more practical operations of the Human Resources department, through key representative staff, the Institute has implemented a reward and recognition program designed to acknowledge the customer service responsibilities of all staff. The Employee of the Month is selected from the nominations of peers and receives 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 as a leader in our region, all efforts are 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 2014 the Institute has maintained its efforts 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

## 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 Institute of TAFE is committed to maintaining its strong and positive relationship with representative unions through established Institute Consultative Committees (ICCs). The respective ICCs work with the 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 2014 to consider matters relevant to represented staff groups.

The effectiveness of the Institute Consultative Committees is reflected in the fact that no days were lost to industrial action in 2014.

### Other Disclosures

The Institute made one ex-gratia payment during 2014 totalling \$10,932.

# BUSINESS

## REGIONAL PROJECTS

In 2014, SWTAFE strengthened their partnership with a number of regional industries, identifying new and innovative training opportunities catering for our region's workforce needs.

### LYNDOCH LIVING

In response to predicted growth in the aged care industry, SWTAFE 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. SWTAFE 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 2014 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 2014, 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 (GSC) 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.

In 2014, the \$1.2Mil 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.

The 18 month report showed that this project has already delivered its project outcomes with the development of its VCAL/VCE Health programs and the introduction of a number of health related courses to its scope. The project has exceeded its target by 40%.

This exciting project targets 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 project is strongly aligned with many Great South Coast, State and Federal health priorities.

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	15	Portland (7) Warrnambool (7)
Alcohol and other drugs	IV	17	Portland (9) Warrnambool (7)
Allied Health Assistance	IV	12	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)

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

Lead by William Angliss Institute, and partnered by Sunraysia Institute of TAFE, South West Institute of TAFE and Gipps TAFE, this project will create a seamless pathway to support the transition for regional students to higher education, with at least two additional higher education (degree) programs to be established through the project. This two year project will enable each project partner to contribute to the development of the program to ensure it meets regional industry needs with the goal to attract and retain regional Victorians seeking to further their skills within the foods, tourism and hospitality industries. In 2014, the project submitted The Bachelor of Event Management to TEQSA. SWTAFE in conjunction with Gippsland TAFE, is leading the online development component for the learning programs.

Scholarships for regional students will also be offered.

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

The Southern Grampians Cooperative Learning and Business Incubator (CLABI) is lead 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 is designed to create self-sustaining strategies to address the labour market and the needs of disengaged learners in a unique socio-economic climate. It will deliver appropriate learning, training and partnership arrangements. In 2014, the project progressed work towards the articulation from SWTAFE Certificate III and the Diploma in Children's Services to RMIT's Bachelor of Early Childhood Development. Interactive, and engaging sessions have also been held to engage in discussion about building relationships with like-minded people, to have access to future learning opportunities and to sustain the creative and inspiring dynamism of the sessions.

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

Melbourne University (lead partner) is partnering together with South West TAFE, Federation University Australia, Bendigo Regional Institute of TAFE, Sunraysia Institute of TAFE, and Timber Training Creswick to enhance opportunities for approximately 500 rural and remote students to participate in higher education by providing flexible study options and increased pathways in conservation and land management. Its innovative design will allow students to 'fast-track' and receive credit in subsequent studies with Consortium partners.

The \$2.25 Mil project will align closely with the Regional Strategic Plans and will involve industry consultation in order to meet regional needs and employment markets.

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

The BECE project, led by Deakin University and partnered by South West TAFE, Chisholm TAFE, and Sunraysia TAFE, came to a close in 2014. This successful project established seamless pathways into early childhood education courses, creating accredited pathways to allow students who complete the Diploma of Children's Services at a partner TAFE, to gain credit that enables them to progress to the BECE with Deakin University.

The BECE was delivered through the innovative Deakin Learning Centre's (Deakin at Your Doorstep program), at SWTAFE's Portland Campus enabling regional students to study without travelling outside of their home town. Students completing the Deakin program to gain teaching registration in lower primary positions, allowing them to remain in their local communities rather than having to move to obtain a separate teaching qualification.

## **HIGHER EDUCATION PARTNERS**

In 2014, 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 2014, aimed at reinvigorating and strengthening this innovative partnership. The Deakin 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 SWTAFE to university, helping build the jobs of the future in the south-west region. In 2014, the partnership developed a number of guaranteed pathways for students from TAFE to University. SWTAFE students graduating from diplomas in Children's Services, Graphic Design, Accounting, Nursing 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.

The Deakin Learning Centre (Deakin at Your Doorstep) 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**

South West TAFE has continued to foster its partnership with RMIT, and have continued to implement a number of projects to provide education opportunities designed to meet the emerging challenges and opportunities for the Southern Grampian's industries and its community. The joint initiative project, funded by the State Government's Putting Locals First scheme, enabled the Hamilton Education Precinct Development Plan to provide a range of options for the future use and function of the Precinct, and to support the attraction of possible partners and activities to the site. The project supports ongoing discussions and fostering of partnerships to support education, community programs, and economic opportunities for Hamilton and the wider region, based on the strategic directions and decisions made by primary stakeholders and partners.

## **XUZHOU UNIVERSITY**

The continued partnership with Xuzhou University in China resulted in students travelling to Australia to study at 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**

SWTAFE'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 SWTAFE'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.

## **WILLIAM ANGLISS INSTITUTE AND FEDERATION UNIVERSITY AUSTRALIA**

In 2014, the collaborative partnership with William Angliss 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 SWTAFE's relevant Diploma programs into bachelor degrees and new graduate certificates.

## **YOUTH PROGRAMS**

### **VET IN SCHOOLS**

In 2014, approximately 800 Year 9 students from across the region attended SWTAFE'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 the SWTAFE provides and may lead students into our VETiS program.

In 2014, approximately 450 senior secondary students from around the region accessed a SWTAFE 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 Community Services 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 centred around 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. SWTAFE 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 2014, SWTAFE had 126 School Based Apprentices (SBAs) and 28 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 timetabled 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 2014, 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. Our Young Parents VCAL program had its most successful year to date, with many of the students achieving their Senior VCAL Certificate. It is extremely rewarding to see these students return to study, and now move on to further training with South West TAFE.

- The Corangamite Pathfinders Program relocated from the Glenormiston Campus to the Camperdown Theatre. This was a challenging and well-coordinated effort by both students, parents, teachers and facilities staff.
- An Adult VCAL program supported by Regional Job Support Agencies also continues to meet the needs of job seekers requiring additional work readiness skills, and will continue to meet the changing demands of local industry.
- One of the highlights of the year were the graduation nights organised by the students. These events are an important rite of passage marking the end of secondary education and the beginning of the next vocational and training chapter of their lives. The events were extremely well run and a credit to the students and staff.
- South West TAFE VCAL students continue to involve themselves in Community Projects such as:
  - Bean Drinkin' Again Café at Brophy Youth Services
  - Hamilton VCAL Creative Arts Showcase
  - Conservation Volunteers Australia projects at Narrawong and Port Fairy
  - Camperdown Junior Highland Games as part of the Robert Burns Festival
  - Portland Bonney Upwelling Festival
  - Combined VCAL Camp to Cape Bridgewater
  - ABC Open Film Projects.
  - Student Expo at SWTAFE
  - Building Resilience in Corangamite Kids (BRICKS) program
  - Prevention of Alcohol Related Trauma in Youth(P.A.R.T.Y.) run by the Alfred Trauma Team
  - Volunteers and participants in the Spartan Race held in Meredith (Geelong)
  - Senior VCAL Cultural Trip to Darwin
  - VCE Year 11 students fundraising for South West Health Services Children's Ward

## DISABILITY PROGRAMS

In 2014, South West TAFE continued to deliver its renowned disability programs across all three campuses. Students engaged in many community focussed 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. The Institute delivered additional training in Camperdown for Cooinda clients and launched an exciting program to WDEA clients at their workplace. All of SWTAFE's programs are well supported by its disability support team and led by creative, dedicated teachers. Both of these partnerships will continue into 2015.

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. (This document is currently being reviewed to add greater support to carers throughout and post this process)
- 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 receives fortnightly newsletters containing articles on recent activities and future events.
- Parents also receive emails pertaining to training or 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/cares as required.
- Support via Koorie Liaisons is offered and or provided where appropriate.

## LEARNING SUPPORT

In 2014 South West TAFE successfully applied to deliver the full suite of Foundation courses as an approved provider. The Division of Education and Off Campus, continued to coordinate the online literacy and numeracy support tool continued to be used by students, and supported by teachers to ensure early detection of students requiring literacy and numeracy support. The online tool also supported the Pre Training evaluation collection by teaching staff. Learning Support staff conducted Orientation to Study programs keeping focus on specific literacies such as Research, Medication Maths for Nursing and generalist program assistance. Teaching Centres using these programs included Children's Services, Community Care, Nursing and & Beauty.

Student support programs included timetabled small groups, online study support classes, in-class teacher assistance with course work focusing on literacy and numeracy, as well as support for every apprentice block attending at Sherwood, Warrnambool and Portland. Positive, consistent feedback from students and teachers confirmed how essential additional support in Literacy and Numeracy is to support student completions.

The new Foundation Skills Training Package was introduced and is the emerging curriculum to further support students in all vocations in the future. Literacy and Numeracy deficits continue to be a challenging skills gap for Adults returning to study and undertaking career change vocational courses. Learning support for students at South West TAFE was a valuable service to each course area. Future online learning support is planned for 2015 to allow students regardless of mode of study to engage in strengthening their foundation literacy and numeracy skills.

## INTERNATIONAL OPERATIONS

In 2014, the Institute's International operations were restricted to a single offshore education program.

### PARTNERSHIPS

The Institute's partnership with Yangzhou Polytechnic Institute (YPI) to deliver the Diploma of Accounting continued in 2014, with various teachers travelling to China to deliver training.

### 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.

### OVERSEAS TRAVEL

John Cook, Industry Relationship Manager 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. 19 students graduated from YPI.

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

### DELEGATIONS

Delegates from China (YPI) visited the Institute during 2014 to participate in partnership development at the Warrnambool Campus.

### 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.

# COMMUNITY

In 2014, 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:

- Junior Highland Games
- Creative Arts VCAL - Fundraising for Ovarian Cancer Australia and the Leukaemia Foundation Australia.
- Visiting Lyndoch Living, Warrnambool
- Children's Services Games in the Gardens
- Student Expo @ SWTAFE facilitated by Brophy Family and Youth Services, Headspace, WRAD and Victoria Police (Youth Resource Officers)
- Building Resilience in Corangamite Kids (BRICKS) rolled out in Corangamite Pathfinders facilitated by Corangamiteshire Council
- 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/work place visits @ CFA, Work Safe, Victoria Police
- VCAL Intermediate students volunteered at and raced in the SPARTAN Adventure Race in Meredith, (Geelong)
- 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
- Staff presentations at the Corangamite School Network Forum
- VCAL Intermediate volunteered at Warrnambool's Mental Health Week activity "Walk for Wellness"
- VCAL and VCE students took part in Beyond the Bell forums
- Centre for Education and Sherwood Park staff took part in Mental Health and Suicide awareness training at Brophy Family and Youth Services
- 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 Field Days, Hampden Football Netball League
- Supporter of Warrnambool and District Food Share through the provision of facility loan.

## COMMUNITY PARTNERS

In 2014 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
- Portland District Health
- Warrnambool City Council

## COMMUNITY MEMBERSHIP

During 2014 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
- South West Academy of Sport.

# COMPLIANCE

## OCCUPATIONAL HEALTH AND SAFETY

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

The Institute's OHS & Emergency Planning Committee membership included 9 Management representatives, Chief Fire Warden, Compliance Officer and 18 Health & Safety Representatives (HSRs) representing 18 Designated Work Groups (DWGs) across the Institute's 6 campuses.

The HSR roles included:

Participation in the 2013 Worksafe Project continued

- 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 Educations with OHS risk assessments
- Assisting Directors and Senior Educations a with drafting and review of Safe Operating Procedures (SOPs)
- 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 & EP Committee

The OHS & Emergency Planning Committee 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
- Improved OHS inductions for new and existing staff members

- Emergency/Fire evacuation drills conducted six monthly
- Training for OHS representatives
- First aid training
- Noise monitoring of powered equipment in trade training workshops at Sherwood Park continued
- Influenza vaccinations
- Promotion of the Employee Assistance program
- Promotion of the Equality and Fairness in the Workplace Policy

In June 2013 Worksafe initiated a Project involving a series of planned inspections of the Institute's trade and work shop areas, targeting OHS compliance associated with Manual Handling and Powered/Mobile Plant. This continued throughout 2014. The consultation process of pre-visit staff briefings, Work safe inspections, post-visit debriefings and corrective actions in response to hazards identified, had a noticeable effect on staff attitudes to OHS compliance, promoting a positive work place safety culture.

A total of 70 OHS incidents were reported for 2014, 3 more than 2013, summarised below;

- 51 of the incidents involved students
- 14 relatively minor staff injuries or illnesses (1 only workcover claim)
- 3 contractor incidences with nil injury
- 2 property damage reports
- Of the 51 incidences involving students;
- 5 of these related to Motorbike Training
- 25 related to seizures
- 3 were reportable to Worksafe

Of the 3 reportable student incidents to Worksafe during 2014, none resulted in the issuing of Worksafe notices. By comparison there were 6 reportable incidents for 2013.

More than 120 specialist contractors were routinely engaged across the campuses to undertake maintenance and project work. As noted above there were 3 incidences involving contractors with nil injury reported.

	'09/'10	'10/'11	'11/'12	'12/'13	'13/'14	'14/'15
Institute premium	0.68%	0.81%	0.961%	1.0477%	0.726%	0.928%
Weighted average TAFE sector premium	0.99%	0.97%	1.005%	0.89%	0.95%	0.95%
Total standard claims	5	3	4	2	4	1

## 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	13,606	20,340
Superannuation	1,037	1,133
Payroll Tax	601	690
Other salary related costs	114	121
Consumables	998	1,235
Travel and motor vehicle expenses	423	503
Depreciation	789	850
Other direct delivery expenses	968	483
	<b>18,536</b>	<b>25,355</b>

### NOTE A3 - OPERATING STATEMENT

#### Administration and general services activity

Salaries, wages, overtime & allowances	2,935	3,109
Superannuation	255	254
Payroll Tax	136	155
Other salary related costs	26	28
Consumables	302	314
Communication expenses	342	688
Fees	121	368
Travel and motor vehicle expenses	116	144
Depreciation	20	24
Other expenses	871	633
	<b>5,124</b>	<b>5,717</b>

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

Salaries, wages, overtime &amp; allowances

Superannuation

Payroll Tax

Other salary related costs

Consumables

Equipment

Energy costs

Contract services

Rent / leasing charges

Repairs &amp; maintenance

Depreciation

Other expenses

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

Salaries, wages, overtime &amp; allowances

Superannuation

Payroll Tax

Other salary related costs

Consumables

Depreciation

Other expenses

	2014	2013
	\$'000	\$'000
<b>Note</b>		
	560	1,361
	48	95
	24	64
	5	10
	34	106
	68	419
	444	677
	633	411
	265	199
	428	382
	1,762	1,837
	67	260
	<b>4,338</b>	<b>5,821</b>
	604	572
	50	44
	28	28
	7	5
	34	28
	1	1
	186	501
	<b>910</b>	<b>1,179</b>



## STATEMENT OF COMPULSORY NON-ACADEMIC FEES



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### 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.

	2014	2013
Student fees and charges income		
Student Amenities Fees	275,065	344,124
<b>TOTAL INCOME</b>	<b>275,065</b>	<b>344,124</b>
Student fees and charges expenditure		
Student services salaries and on-costs	256,055	304,701
Provision of student activities	2,592	6,517
Contribution towards student services	40,516	42,055
Contribution towards student facilities	1,576	555
<b>TOTAL EXPENDITURE</b>	<b>300,739</b>	<b>353,828</b>
Surplus/Deficit for year ended 31 December 2014	(25,674)	(9,704)

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

### 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.

Robert Van Duynhoven  
Chief Finance and Accounting Officer  
27 February 2015

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## RISK MANAGEMENT COMPLIANCE



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### 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 Committee, which met 5 times in 2014. In addition, nominated relevant risks are considered and monitored by the other Board Committees.

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ABN: 76 750 969 979

### 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  
27 February 2015

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

Mark Fidge  
Chief Executive Officer  
27 February 2015

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

Robert Van Duynhoven  
Chief Finance and Accounting Officer  
27 February 2015

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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 two requests for release of information under the Act, during the 2014 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 2014 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. SWTAFE Facilities Department engaged Stokes Safety to review our Essential Safety Measures maintenance schedules and annual report.

In 2014 \$990,680 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



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### FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

#### 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 income, 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 2014 and financial position of the Institute as at 31 December 2014.

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  
19 March 2015

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

Mark Fidge  
Chief Executive Officer  
19 March 2015

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

Robert Van Duynhoven  
Chief Finance and Accounting Officer  
19 March 2015

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## AUDITOR-GENERAL'S REPORT

**VAGO**

Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
Telephone 61 3 8601 7000  
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Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

### INDEPENDENT AUDITOR'S REPORT

#### To the Board members, South West Institute of TAFE

##### *The Financial Report*

The accompanying financial report for the year ended 31 December 2014 of 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 has been audited.

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

The Board members of 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, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

##### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of South West Institute of TAFE as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable 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*.

MELBOURNE  
20 March 2015

  
John Doyle  
Auditor-General

2  
*Auditing in the Public Interest*



# FINANCIAL STATEMENTS

## Comprehensive Operating Statement for the financial year ended 31 December 2014

		INSTITUTE	
		2014	2013
		\$'000	\$'000
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Government contributions - operating	2(a)(i)	16,155	24,598
Government contributions - capital	2(a)(ii)	358	875
Sale of goods and services	2(b)	8,120	8,330
Interest	2(c)	97	261
Other income	2(d)	626	585
<b>Total income from transactions</b>		<b>25,356</b>	<b>34,649</b>
<b>Expenses from transactions</b>			
Employee expenses	3(a)	18,559	23,208
Depreciation and amortisation	3(b)	2,572	2,711
Interest expense	3(c)	91	314
Supplies and services	3(d)	5,754	9,743
Other operating expenses	3(e)	1,932	2,096
<b>Total expenses from transactions</b>		<b>28,908</b>	<b>38,072</b>
<b>Net result from transactions (net operating balance)</b>		<b>(3,552)</b>	<b>(3,423)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	4(a)	(4,425)	(961)
Other gains/(losses) from other economic flows	4(b)	(35)	20
<b>Total other economic flows included in net result</b>		<b>(4,460)</b>	<b>(941)</b>
<b>Net result from continuing operations</b>		<b>(8,012)</b>	<b>(4,364)</b>
<b>Comprehensive result</b>		<b>(8,012)</b>	<b>(4,364)</b>

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

## Balance Sheet for the financial year ended 31 December 2014

		INSTITUTE	
	Note	2014 \$'000	2013 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	17	5,112	6,757
Receivables	5	2,617	2,365
Investments and other financial assets	6	31	31
<b>Total financial assets</b>		<b>7,760</b>	<b>9,153</b>
<b>Non-financial assets</b>			
Inventories	7	122	265
Non-financial assets classified as held-for-sale	8	3,381	-
Property, plant and equipment	9	52,451	57,904
Biological assets	10	-	14
Intangible assets	11	3,258	8,184
Other non-financial assets	12	303	169
<b>Total non-financial assets</b>		<b>59,515</b>	<b>66,536</b>
<b>Total assets</b>		<b>67,275</b>	<b>75,689</b>
<b>Liabilities</b>			
Payables	13	4,193	4,199
Provisions	14	2,762	2,926
Borrowings	15	4,541	4,773
<b>Total liabilities</b>		<b>11,496</b>	<b>11,898</b>
<b>Net assets</b>		<b>55,779</b>	<b>63,791</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		22,664	30,676
Physical asset revaluation surplus	16	23,754	23,754
Contributed capital		9,361	9,361
<b>Net worth</b>		<b>55,779</b>	<b>63,791</b>

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

## FINANCIAL STATEMENTS

### Statement of Changes in Equity for the financial year ended 31 December 2014

	Physical asset revaluation surplus	Accumulated Surplus	Contribution by Owners	Total
Institute	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2013</b>	23,754	35,040	3,618	62,412
Comprehensive result for the year	-	(4,364)	-	(4,364)
Contributed Capital	-	-	5,743	5,743
<b>Year Ended 31 December 2013</b>	<b>23,754</b>	<b>30,676</b>	<b>9,361</b>	<b>63,791</b>
Comprehensive result for the year	-	(8,012)	-	(8,012)
Contributed Capital	-	-	-	-
<b>Year ended 31 December 2014</b>	<b>23,754</b>	<b>22,664</b>	<b>9,361</b>	<b>55,779</b>

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

## Cash Flow Statement for the financial year ended 31 December 2014

		INSTITUTE	
		2014	2013
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts			
		17,198	26,217
	Government contributions - operating		
	Government contributions - capital	358	875
	User fees and charges received	7,714	7,726
	Goods and services tax recovered from the ATO	757	1,224
	Interest received	128	276
	Dividends received	2	2
	Other receipts	1,138	1,710
	Total receipts	27,295	38,030
Payments			
		(26,888)	(36,179)
	Payments to suppliers and employees		
	Goods and services tax paid to the ATO	(1,749)	(2,562)
	Other payments	(91)	(314)
	Total payments	(28,728)	(39,055)
Net cash flows from/(used in) operating activities		17 (b)	(1,433)
			(1,025)
Cash flows from investing activities			
		(553)	(1,809)
	Purchases of non-financial assets		
	Sales of non-financial assets	573	63
Net cash provided by/(used in) investing activities		20	(1,746)
Cash flows from financing activities			
		-	-
	Proceeds from borrowings		
	Repayments of borrowings	(232)	(232)
Net cash provided by/used in financing activities		(232)	(232)
Net increase (decrease) in cash and cash equivalents		(1,645)	(3,003)
		6,757	9,760
	Cash and cash equivalents at the beginning of the financial year		
Cash and cash equivalents at the end of the financial year		17 (a)	5,112
			6,757

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

# FINANCIAL STATEMENTS

## Notes to the Financial Statements for the year ended 31 December 2014

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## Notes to the Financial Statements for the year ended 31 December 2014

### 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 2014 and the comparative information presented for the year ended 31 December 2013.

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.

#### 1.01 Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)*, *Australian Non-for-Profits Commission Act 2012* 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 2014

### 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 2014

### 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 2014

### 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 2014

### 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:

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.

### 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.

## Notes to the Financial Statements for the year ended 31 December 2014

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

#### 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 22 *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.

#### 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.



## Notes to the Financial Statements for the year ended 31 December 2014

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

#### 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*.

## Notes to the Financial Statements for the year ended 31 December 2014

### 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.

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.

## Notes to the Financial Statements for the year ended 31 December 2014

### 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.

#### **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.

## Notes to the Financial Statements for the year ended 31 December 2014

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

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:

	2014	2013
Capitalised software development cost (years)	3-15	3-5

#### 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 and accumulating sick 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 and sick 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.

## Notes to the Financial Statements for the year ended 31 December 2014

### 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 separately from the provision of employee benefits.

#### Performance Payments

Performance payments for the Institute's Executive Officers are based on a percentage of the annual salary package provided under the contract of employment. A liability is provided for under the term of the contracts at reporting date and paid out in the next financial year.

#### 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.

#### Onerous contracts

An onerous contract is considered to exist where the Institute has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

### 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.

There were no contingent assets or contingent liabilities at 31 December 2014.

### 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 2014

### 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 2013 reporting period, the following new and revised accounting standards have been adopted in the current period, which resulted in no financial impact.

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interests in Other Entities;
- AASB 127 Separate Financial Statements;
- AASB 128 Investments in Associates and Joint Ventures;
- AASB 1031 Materiality.

#### 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 2014 reporting period.

As at 31 December 2014 the following standards and interpretations (applicable to the Institute) had been issued but were not mandatory for financial year ending 31 December 2014. 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	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2017	The preliminary assessment has identified that the financial impact of available-for-sale assets will now be reported through other comprehensive income 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.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2014 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 2014 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 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements.
- 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting.
- 2013-5 Amendments to Australian Accounting Standards – Investment Entities
- 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements
- 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders
- 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB Interpretation 21 Levies.

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 2: Income from Transactions

	INSTITUTE	
	2014 \$'000	2013 \$'000
<b>2 Income from transactions</b>		
(a) <b>Grants and other transfers (other than contributions by owners)</b>		
(ii) <b>Government contributions - operating</b>		
State Government - contestable	14,385	23,316
Other contributions by State Government	1,770	1,282
<b>Total government contributions - operating</b>	<b>16,155</b>	<b>24,598</b>
(ii) <b>Government contributions - capital</b>		
State capital	358	875
<b>Total government contributions - capital</b>	<b>358</b>	<b>875</b>
<b>Total government contributions</b>	<b>16,513</b>	<b>25,473</b>
(b) <b>Sales of goods and services</b>		
Student fees and charges	5,449	5,227
<b>Rendering of services</b>		
Fee for service - Government	602	565
Fee for service - International operations - onshore	-	129
Fee for service - International operations - offshore	150	181
Fee for service - other	1,527	1,284
<b>Total rendering of services</b>	<b>2,279</b>	<b>2,159</b>
<b>Other non-course fees and charges</b>		
Sale of goods	392	944
<b>Total other fees and charges</b>	<b>392</b>	<b>944</b>
<b>Total revenue from sale of goods and services</b>	<b>8,120</b>	<b>8,330</b>
(c) <b>Interest</b>		
<b>Interest from financial assets not at fair value through P/L:</b>		
Interest on bank deposits	97	261
<b>Total interest revenue from financial assets not at fair value through P/L</b>	<b>97</b>	<b>261</b>
<b>Net interest income</b>	<b>97</b>	<b>261</b>
(d) <b>Other income</b>		
<b>Rental revenue:</b>		
Rental from Institute property	190	292
<b>Total rental revenue</b>	<b>190</b>	<b>292</b>
<b>Dividends:</b>		
Other entities	2	2
<b>Total Dividends</b>	<b>2</b>	<b>2</b>
Donations, bequests and contributions	1	15
Other revenue	433	276
<b>Total other income</b>	<b>626</b>	<b>585</b>

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 3: Expenses from Transactions

		INSTITUTE	
		2014	2013
3 Expenses from transactions	Note	\$'000	\$'000
(a) <b>Employee expenses</b>			
Salaries, wages, overtime and allowances		16,140	19,869
Superannuation		1,389	1,526
Payroll tax		790	936
Worker's compensation		151	164
Long service leave		(75)	(599)
Annual leave		(108)	(149)
Termination benefits	25	233	1,424
Other		39	37
<b>Total employee expenses</b>		<b>18,559</b>	<b>23,208</b>
(b) <b>Depreciation and amortisation</b>			
Depreciation of non-current assets			
Buildings		1,498	1,534
Plant and equipment		461	536
Motor vehicles		138	163
Library collections		66	69
<b>Total depreciation</b>		<b>2,163</b>	<b>2,302</b>
Amortisation of non-current physical and intangible assets			
Software		409	409
<b>Total amortisation</b>		<b>409</b>	<b>409</b>
<b>Total depreciation and amortisation</b>		<b>2,572</b>	<b>2,711</b>
(c) <b>Grants and other transfers (other than contributions by owners)</b>			
Grants and subsidies apprentices and trainees		91	314
<b>Total grants and other transfers</b>		<b>91</b>	<b>314</b>
(d) <b>Supplies and Services</b>			
Purchase of supplies and consumables		1,368	1,682
Communication expenses		529	758
Contract and other services		2,590	5,551
Cost of goods sold/distributed (ancillary trading)		140	408
Building repairs and maintenance		428	382
Minor equipment		67	411
Fees and charges		632	551
<b>Total supplies and services</b>		<b>5,754</b>	<b>9,743</b>
(e) <b>Other Expenses</b>			
General Expenses			
Marketing and promotional expenses		401	348
Occupancy expenses		710	872
Audit fees and services		104	38
Staff development		92	161
Travel and motor vehicle expenses		323	396
Bad debts from transactions		53	31
Other expenses		249	250
<b>Total other expenses</b>		<b>1,932</b>	<b>2,096</b>
<b>Total other operating expenses</b>		<b>1,932</b>	<b>2,096</b>

## Notes to the Financial Statements for the year ended 31 December 2014

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

		INSTITUTE	
		2014	2013
		\$'000	\$'000
<b>4 Other economic flows included in net result</b>			
<b>(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)</b>			
Impairment of property plant and equipment (including intangible assets)		(4,531)	(912)
Net gain/(loss) arising from changes in fair value		(7)	(17)
Net gain/(loss) on disposal of property plant and equipment		113	(32)
<b>Total net gain/(loss) on non-financial assets</b>		<b>(4,425)</b>	<b>(961)</b>
<b>(b) Other gains/(losses) from other economic flows</b>			
Net gain/(loss) arising from revaluation of long service leave liability		(35)	20
<b>Total other gains/(losses) from other economic flows</b>		<b>(35)</b>	<b>20</b>

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 5: Receivables

	INSTITUTE	
	2014 \$'000	2013 \$'000
<b>5 Receivables</b>		
<b>Current receivables</b>		
Contractual		
Trade receivables	882	792
Provision for doubtful contractual receivables(a) (See also Note 6(a) below)	(96)	(101)
Revenue receivable	110	92
<b>Total contractual</b>	<b>896</b>	<b>783</b>
Statutory		
Amounts owing from Victorian Government	1,448	1,269
GST receivable from ATO	273	313
<b>Total statutory</b>	<b>1,721</b>	<b>1,582</b>
<b>Total current receivables</b>	<b>2,617</b>	<b>2,365</b>
<b>Total receivables</b>	<b>2,617</b>	<b>2,365</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 balances. 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.
- 2 The amounts recognised from Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due.

	INSTITUTE	
	2014 \$'000	2013 \$'000
<b>(a) Movement in the provision for doubtful contractual receivables</b>		
Balance at beginning of the year	101	41
Increase/ (decrease) in provision recognised in the net result	(5)	60
<b>Balance at end of the year</b>	<b>96</b>	<b>101</b>

**(b) Ageing analysis of contractual receivables**

Please refer to Note 22(ii) for the ageing analysis of contractual receivables.

**(c) Nature and extent of risk arising from contractual receivables**

Please refer to Note 22(ii) for the nature and extent of credit risk arising from contractual receivables.

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 6: Investments and other financial assets

	INSTITUTE	
	2014	2013
	\$'000	\$'000
<b>6 Investments and other financial assets</b>		
<b>Current investments and other financial assets</b>		
Equities and managed investment schemes:		
Investments in Share/Equities	31	31
<b>Total current investments and other financial assets</b>	<b>31</b>	<b>31</b>
<b>Total investments and other financial assets</b>	<b>31</b>	<b>31</b>

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

Please refer to Note 22(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 22(ii) for the nature and extent of risks arising from investments and other financial assets.

### NOTE 7: Inventories

	INSTITUTE	
	2014	2013
	\$'000	\$'000
<b>7 Inventories</b>		
<b>Inventories</b>		
Bookshop, Cabins and Cubby Houses		
<b>Inventories held-for-sale:</b>		
at cost	122	265
<b>Total current inventories</b>	<b>122</b>	<b>265</b>

## Notes to the Financial Statements for the year ended 31 December 2014

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

	INSTITUTE	
	2014 \$'000	2013 \$'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>3,381</b>	<b>-</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>3,150</b>	<b>-</b>
<b>(c) Fair value measurement of non financial physical assets held for sale</b>		
The following table provides the fair value measurement hierarchy of the Institute's non financial physical assets held for sale.		
	FAIR VALUE HIERARCHY	
	LEVEL 2 Observable Price Inputs \$'000	LEVEL 3 Un- observable Inputs \$'000
<b>Freehold land held for sale</b>	<b>3,381</b>	<b>-</b>
<b>Total</b>	<b>3,381</b>	<b>-</b>

Notes:

- <sup>1</sup> The site which is currently vacant, will be auctioned on the 20th February 2015. No impairment loss was recognised on reclassification and held for sale. Freehold land held for sale is reported at the lower of carrying amount or fair value less costs 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 2014

### 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
Institute	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2013</b>							
Cost	2,428	2,142	810	10,421	1,241	806	17,848
Valuation	9,186	41,876	-	-	-	-	51,062
Accumulated depreciation	-	(147)	-	(7,027)	(346)	(489)	(8,009)
<b>Net book amount</b>	<b>11,614</b>	<b>43,871</b>	<b>810</b>	<b>3,394</b>	<b>895</b>	<b>317</b>	<b>60,901</b>
<b>Year ended 31 December 2013</b>							
Opening net book amount	11,614	43,871	810	3,394	895	317	60,901
Additions	-	973	1,631	27	36	50	2,717
Disposals	-	-	-	(1)	(58)	(1)	(60)
Transfer into/ (out of) assets under construction	-	-	(2,441)	-	-	-	(2,441)
Impairment of assets	-	(912)	-	-	-	-	(912)
Depreciation	-	(1,534)	-	(535)	(163)	(69)	(2,301)
<b>Closing net book amount</b>	<b>11,614</b>	<b>42,398</b>	<b>0</b>	<b>2,885</b>	<b>710</b>	<b>297</b>	<b>57,904</b>
<b>At 31 December 2013</b>							
Cost	-	2,078	-	10,322	1,202	830	14,432
Valuation	2,428	41,876	-	-	-	-	44,304
Accumulated depreciation	9,186	(1,556)	-	(7,437)	(492)	(533)	(832)
<b>Net book amount</b>	<b>11,614</b>	<b>42,398</b>	<b>0</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)
Impairment of assets	-	-	-	-	-	-	-
Depreciation	-	(1,498)	-	(461)	(138)	(66)	(2,163)
Transfer to assets classified as held for sale	(2,428)	(953)	-	-	-	-	(3,381)
<b>Closing net book amount</b>	<b>9,186</b>	<b>40,019</b>	<b>0</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 value at the end of the financial year</b>	<b>9,186</b>	<b>40,019</b>	<b>0</b>	<b>2,345</b>	<b>623</b>	<b>278</b>	<b>52,451</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 2014

### 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 2014

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

	Carrying amount as at 31 Dec 2014	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	9,186	-	-	9,186
<b>Total of land at fair value</b>	<b>9,186</b>	<b>-</b>	<b>-</b>	<b>9,186</b>
Buildings at fair value:				
Specialised buildings	40,019	-	-	40,019
<b>Total of buildings at fair value</b>	<b>40,019</b>	<b>-</b>	<b>-</b>	<b>40,019</b>
Plant, equipment, vehicles and library at fair value:				
Vehicles	623	-	-	623
Plant & equipment	2,345	-	-	2,345
Library	278	-	-	278
<b>Total of Plant, equipment, vehicles and library at fair value</b>	<b>3,246</b>	<b>-</b>	<b>-</b>	<b>3,246</b>

Notes:

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 2014 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.

#### 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.

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 2012.

## Notes to the Financial Statements for the year ended 31 December 2014

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

#### 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 2012.

#### 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 2014.

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 2014

	Specialised land	Specialised buildings	Heritage Assets	Plant and equipment	Motor Vehicles	Library
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	11,614	38,215	4,183	2,885	710	297
Purchases (sales)	-	72	-	(79)	51	47
Transfers in (out) of Level 3	(2,428)	(953)	-	-	-	-
Depreciations	-	(1,444)	(54)	(461)	(138)	(66)
<b>Closing balance</b>	<b>9,186</b>	<b>35,890</b>	<b>4,129</b>	<b>2,345</b>	<b>623</b>	<b>278</b>

## Notes to the Financial Statements for the year ended 31 December 2014

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

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

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment	50–70% (60%) <sup>1</sup>	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised buildings	Depreciated replacement cost	Direct cost per square metre	\$56–\$3760 /m <sup>2</sup> (\$1,397)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	8–47 years (22 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Heritage assets	Depreciated replacement cost	Direct cost per square metre	\$420–\$1,690 /m <sup>2</sup> (\$1,332)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of heritage buildings	76–100 years (80 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Cost per unit	Cost per unit \$2,000–\$330,000 per unit (\$14,070 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life plant and equipment	3–20 years (6 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Motor vehicles	Depreciated replacement cost	Cost per unit	\$15,400–\$60,000 per unit (\$24,823 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of vehicles	5–7 years (6 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Library	Depreciated replacement cost	Cost per unit	\$10 - \$110 per unit (\$30 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of collection	10 years (10 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

#### Notes:

- <sup>1</sup>. CSO adjustments ranging from 50 per cent to 70 per cent were applied to reduce the market approach value for the Institute's specialised land, with the weighted average 60 per cent reduction applied.

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 10: Biological assets

#### 10 Biological assets

##### (a) Groups of Biological assets

Dairy Cattle

Horses

INSTITUTE	
2014	2013
QTY	QTY
-	20
-	3

##### (b) Reconciliation of carrying amount

##### Movement in carrying amount of livestock

Carrying amount at beginning of the period

Increases due to births

Increases due to purchases

Increase/decrease due to fair value adjustment

Decreases attributable to disposals

**Carrying amount at end of period**

**Total Biological assets**

INSTITUTE	
2014	2013
\$'000	\$'000
14	39
-	1
-	8
-	1
(14)	(35)
-	14
-	14

##### (c) Nature of activities

Equine and Agricultural Studies

##### (d) Valuations of biological assets

The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar biological assets. In estimating the fair value of the assets, the highest and best use of the assets in their current use. There were no changes in valuation techniques throughout the period to 31 December 2014.

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 11: Intangible assets

	Software	Total
	\$'000	\$'000
<b>Institute</b>		
<b>Year ended 31 December 2013</b>		
<b>Gross Carrying Amount</b>		
Opening balance	2,148	2,148
Additions	7,247	7,247
Disposals	(52)	(52)
<b>Closing Balance</b>	<b>9,343</b>	<b>9,343</b>
<b>Accumulated depreciation, amortisation and impairment</b>		
Opening Balance	802	802
Amortisation of intangible non produced assets <sup>1</sup>	409	409
Disposals	(52)	(52)
<b>Closing balance</b>	<b>1,159</b>	<b>1,159</b>
<b>Net book value at end of financial year</b>	<b>8,184</b>	<b>8,184</b>

	Software	Total
	\$'000	\$'000
<b>Institute</b>		
<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>

#### 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 capitalised software development expenditure for the development of its Student Management System (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. It's useful life is 15 years and will be fully amortised in 2028.

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 12: Other non-financial assets

	INSTITUTE	
	2014	2013
	\$'000	\$'000
<b>12 Other non-financial assets</b>		
<b>Current other non-financial assets</b>		
Prepayments	303	169
<b>Total current other non-financial assets</b>	<b>303</b>	<b>169</b>
<b>Total other non-financial assets</b>	<b>303</b>	<b>169</b>

### NOTE 13: Payables

	INSTITUTE	
	2014	2013
	\$'000	\$'000
<b>13 Payables</b>		
<b>Current</b>		
<b>Contractual</b>		
Supplies and services	2,558	2,598
Amounts payable to government and agencies	221	467
Revenue in Advance	241	
Other Payables	811	748
	<b>3,831</b>	<b>3,813</b>
<b>Statutory</b>		
GST Payable	349	372
FBT Payable	13	14
<b>Total current payables</b>	<b>4,193</b>	<b>4,199</b>
<b>Total payables</b>	<b>4,193</b>	<b>4,199</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 22(iii) for the maturity analysis of contractual payables.

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

Please refer to Note 22(iii) for the nature and extent of risks arising from contractual payables.



## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 14: Provisions

	INSTITUTE	
	2014 \$'000	2013 \$'000
<b>Current provisions expected to be settled within 12 months</b>		
<b>Employee benefits (Note 14(a))</b>		
<b>Annual leave (Note 14(a)):</b>		
Unconditional and expected to wholly settle within 12 months	448	558
Unconditional and expected to wholly settle after 12 months	35	36
<b>Long service leave (Note 14(a)):</b>		
Unconditional and expected to wholly settle within 12 months	116	131
Unconditional and expected to wholly settle after 12 months	1,122	1,183
	<b>1,721</b>	<b>1,908</b>
<b>Provisions for on costs (Note 14(a)):</b>		
Unconditional and expected to wholly settle within 12 months	86	102
Unconditional and expected to wholly settle after 12 months	177	181
	<b>263</b>	<b>283</b>
<b>Total current provisions</b>	<b>1,984</b>	<b>2,191</b>
<b>Non-current</b>		
Employee benefits (Note 14(a))	391	363
On costs (Note 14(a))	60	53
Make good provision (Note 14(b))	327	319
<b>Total non-current provisions</b>	<b>778</b>	<b>735</b>
<b>Total Provisions</b>	<b>2,762</b>	<b>2,926</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 reflected as a separate provision.

<sup>2</sup> Amounts are measured at present values.

<sup>3</sup> 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 warehouse and restore the premises to its original condition at the end of the lease term. An additional provision of \$8k, (2013: \$319k) was provided for during the year for this purpose.

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 14: Provisions cont.

	INSTITUTE	
	2014 \$'000	2013 \$'000
<b>(a) Employee benefits and on costs<sup>1</sup></b>		
<b>Current employee benefits</b>		
Annual leave	483	594
Long service leave	1,238	1,314
	<b>1,721</b>	<b>1,908</b>
<b>Non current employee benefits</b>		
Long service leave	391	363
<b>Total employee benefits</b>	<b>2,112</b>	<b>2,271</b>
Current on costs	263	283
Non current on costs	60	53
<b>Total on costs</b>	<b>323</b>	<b>336</b>
<b>Total Provisions</b>	<b>2,435</b>	<b>2,607</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	
	2014	
<b>(b) Movement in provisions</b>	<b>Make-good</b>	<b>Total</b>
<b>Opening balance</b>	319	319
Additional provisions recognised	8	8
<b>Total employee benefits</b>	<b>327</b>	<b>327</b>
Current	-	-
Non-current	327	327
<b>Closing balance</b>	<b>327</b>	<b>327</b>

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 15: Borrowings

		INSTITUTE	
		2014	2013
		\$'000	\$'000
<b>15 Borrowings</b>			
Current			
	Advances from government	3,382	232
	Total current borrowings	<b>3,382</b>	<b>232</b>
Non-current			
	Advances from government	1,159	4,541
	Total non-current borrowings	<b>1,159</b>	<b>4,541</b>
	<b>Total borrowings</b>	<b>4,541</b>	<b>4,773</b>

		INSTITUTE	
		2014	2013
		\$'000	\$'000
(a) Unsecured - Advances from government			
	<b>Advance Payments from Higher Education Skills Group:</b>		
	for the completion of the Victorian Government's Greener Government Buildings Program	1,391	1,623
	for the purchase of the site for the proposed Trade Training Centre	3,150	3,150
	<b>Total</b>	<b>4,541</b>	<b>4,773</b>

They are unsecured loans which bear no interest. The term of a loan is generally agreed by the Minister at the time the advance was provided.

#### (a) Maturity analysis of borrowings

Please refer to Note 22(iii) for the maturity analysis of borrowings.

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

Please refer to Note 22(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 2014

### NOTE 16: Reserves

	INSTITUTE	
	2014	2013
	\$'000	\$'000
<b>16 Reserves</b>		
<b>(a) Physical asset revaluation surplus<sup>1</sup>:</b>		
Balance at 1 January	23,754	23,754
Movement	-	-
<b>Balance at 31 December</b>	<b>23,754</b>	<b>23,754</b>
<b>Net changes in reserves</b>	<b>-</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 2014

### NOTE 17: Cash flow information

	INSTITUTE	
	2014 \$'000	2013 \$'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>	5,112	6,757
<b>Balance as per cash flow statement</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	
	2014 \$'000	2013 \$'000
<b>(b) Reconciliation of net result for the period</b>		
Net result for the year	(8,012)	(4,364)
<b>Non cash movements:</b>		
(Gain)/loss on sale or disposal of non current assets	(106)	49
Depreciation and amortisation of non current assets	2,572	2,711
Impairment of non current assets	4,531	912
Write-off of obsolete stock	10	5
Allowance to recoverable amounts	(5)	60
<b>Total non-cash flows in operating result</b>	<b>7,002</b>	<b>3,737</b>
<b>Total movements included in investing and financing activities</b>	<b>-</b>	<b>-</b>
<b>Movements in assets and liabilities</b>		
Decrease / (increase) in trade receivables	(252)	(222)
Decrease / (increase) in inventories	133	(62)
Decrease / (increase) in other assets	(134)	29
Increase / (decrease) in payables	(6)	721
Increase/ (decrease) in provisions	(164)	(864)
<b>Total movement in operating assets and liabilities</b>	<b>(423)</b>	<b>(398)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>(1,433)</b>	<b>(1,025)</b>

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 18: Commitments for expenditure

		INSTITUTE	
		2014	2013
		\$'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		135	57
Later than one year but not later than five years		67	51
<b>Total minimum lease payments in relation to non-cancellable operating leases</b>		<b>202</b>	<b>108</b>
GST reclaimable on the above		(18)	(11)
<b>Net Commitments Non-cancellable Operating Leases</b>		<b>184</b>	<b>97</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

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 19: 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	
	2014 \$'000	2013 \$'000
Non-cancellable operating lease receivables		
Payments due		
Within one year	105	163
Later than one year but not later than five years	333	298
Total non-cancellable operating lease receivables	<b>438</b>	<b>461</b>
GST payable on the above	(40)	(42)
Net operating leases receivables	<b>398</b>	<b>419</b>



## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 20: 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	
		2014	2013
		\$'000	\$'000
<b>20 Superannuation</b>			
<b>Paid Contribution for the Year</b>			
Defined benefit plans :			
State Superannuation Fund – revised and new		100	125
<b>Total defined benefit plans</b>		<b>100</b>	<b>125</b>
Defined contribution plans:			
VicSuper		753	837
Other		425	439
<b>Total defined contribution plans</b>		<b>1,178</b>	<b>1,276</b>
<b>Total paid contribution for the year</b>		<b>1,278</b>	<b>1,401</b>
<b>Contribution Outstanding at Year End</b>			
Defined benefit plans:			
State Superannuation Fund – revised and new		8	10
<b>Total defined benefit plans</b>		<b>8</b>	<b>10</b>
Defined contribution plans:			
VicSuper		64	76
Other		39	39
<b>Total defined contribution plans</b>		<b>103</b>	<b>115</b>
<b>Total</b>		<b>111</b>	<b>125</b>

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 21: Trust account balances

	INSTITUTE			
	Opening balance as at 1 Jan 2014	Total receipts	Total payments	Closing balance as at 31 Dec 2014
2014	\$'000	\$'000	\$'000	\$'000
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>

	INSTITUTE			
	Opening balance as at 1 Jan 2013	Total receipts	Total payments	Closing balance as at 31 Dec 2013
2013	\$'000	\$'000	\$'000	\$'000
Trust account balances relating to Trust Accounts controlled and/or administered by the Institute:				
Administered trusts				
South West Institute of TAFE Foundation Limited	303	7	-	311
<b>Total administered trusts</b>	<b>303</b>	<b>7</b>	<b>-</b>	<b>311</b>
<b>Total cash and cash equivalents and investments</b>	<b>303</b>	<b>7</b>	<b>-</b>	<b>311</b>

#### Trust accounts opened and closed by the Institute during 2014:

Trust accounts opened during 2014

Nil

Trust accounts closed during 2014

Nil

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 22: 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 Institute's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute. The Institute uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by a central treasury unit within the Finance function of the Institute under policies approved by the Board. The Treasury Unit identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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

		INSTITUTE	
	Note	2014 \$'000	2013 \$'000
Carrying amount of financial instruments by category:			
<b>(a) Loans and receivables</b>			
Cash and Deposits		5,112	6,757
Receivables <sup>(1)</sup>			
Trade Receivables	5	786	691
Revenue Receivables	5	110	92
Investments and other financial assets			
Investments in Shares/Equities	6	31	31
<b>Total loans and receivables</b>		<b>6,039</b>	<b>7,571</b>
<b>Total financial assets</b>		<b>6,039</b>	<b>7,571</b>
<b>(b) Financial liabilities at amortised cost:</b>			
Payables <sup>(1)</sup>			
Supplies and Services	13	2,558	2,598
Other Payables	13	811	748
Borrowings			
Advances from Government	15	4,541	4,773
<b>Total financial liabilities at amortised cost</b>		<b>7,910</b>	<b>8,119</b>
<b>Total Financial Liabilities</b>		<b>7,910</b>	<b>8,119</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 2014

### NOTE 22: 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 2014 and 31 December 2013 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>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>-</b>	<b>-</b>	<b>6,039</b>	<b>6,039</b>
<b>2013</b>				
Cash and deposits	-	-	6,757	6,757
Receivables	-	-	783	783
Investments and other financial assets	-	-	31	31
<b>Total contractual financial assets 2013</b>	<b>-</b>	<b>-</b>	<b>7,571</b>	<b>7,571</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 2014

### NOTE 22: 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>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>
<b>2013 Financial assets</b>							
<b>Receivables<sup>1</sup>:</b>							
Trade receivables	691	202	174	217	98	-	-
Revenue receivables	92	89	3	-	-	-	-
<b>Investment and other financial assets:</b>							
Investment in Shares/Equities	31	31	-	-	-	-	-
<b>Total 2013 financial assets</b>	<b>814</b>	<b>322</b>	<b>177</b>	<b>217</b>	<b>98</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 2014

### NOTE 22: 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				
	\$'000	\$'000	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	5+ years
<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>
<b>2013 Financial liabilities</b>							
<b>Payables<sup>1</sup>:</b>							
Supplies and services	2,598	2,598	217	2,381			
Other payables	748	748	487	165	96		
<b>Borrowings</b>							
Advances from government	4,773	4,773	-	-	232	4,309	232
<b>Total 2013 financial liabilities</b>	<b>8,119</b>	<b>8,119</b>	<b>704</b>	<b>2,546</b>	<b>328</b>	<b>4,309</b>	<b>232</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 2014

### NOTE 22: 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 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).



## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 22: Financial instruments cont.

	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Floating interest rate	Fixed interest rate	Non-interest bearing
31 December 2013	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash and deposits	3.3	6,757	2,757	4,000	-
Receivables <sup>1</sup> :					
Trade receivables	-	691	-	-	691
Revenue receivables	-	92	-	-	92
Investment and other financial assets:					
Investment in Shares/Equities	-	31	-	-	31
<b>Total financial assets</b>	<b>3.3</b>	<b>7,571</b>	<b>2,757</b>	<b>4,000</b>	<b>814</b>
<b>Financial Liabilities</b>					
Payables <sup>1</sup> :					
Supplies and services	-	2,598	-	-	2,598
Other payables	-	748	-	-	748
Borrowings					
Advances from government	-	4,773	-	-	4,773
<b>Total financial liabilities</b>	<b>-</b>	<b>8,119</b>	<b>-</b>	<b>-</b>	<b>8,119</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).

### 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 (2013: 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 2014</b>					
<b>Contractual Financial assets</b>					
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>

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 22: Financial instruments cont.

	Carrying amount  \$'000	Interest rate risk			
		-1%		1%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>31 December 2013</b>					
<b>Contractual Financial assets</b>					
Cash and deposits	6,757	(68)	(68)	68	68
<b>Total increase/ (decrease) in financial assets</b>	<b>6,757</b>	<b>(68)</b>	<b>(68)</b>	<b>68</b>	<b>68</b>
<b>Total increase/ (decrease)</b>	<b>6,757</b>	<b>(68)</b>	<b>(68)</b>	<b>68</b>	<b>68</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 2014

### NOTE 22: 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:

	2014		2013	
	Carrying amount	Net Fair Value	Carrying amount	Net Fair Value
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and deposits	5,112	5,112	6,757	6,757
Receivables <sup>1</sup>				
Trade receivables	786	786	691	691
Revenue receivables	110	110	92	92
Investments and other financial assets				
Investments in Shares/Equities	31	31	31	31
<b>Total financial assets</b>	<b>6,039</b>	<b>6,039</b>	<b>7,571</b>	<b>7,571</b>
<b>Financial liabilities</b>				
Payables <sup>1</sup>				
Supplies and Services	2,558	2,558	2,598	2,598
Other Payables	811	811	748	748
Borrowings				
Advances from Government	4,541	4,541	4,773	4,773
<b>Total financial liabilities</b>	<b>7,910</b>	<b>7,910</b>	<b>8,119</b>	<b>8,119</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).

<sup>2</sup> The Institute did not have any financial instruments that are measured subsequent to initial recognition at fair value as at 31 December 2014.

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 23: 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 was The Hon. Peter Hall, MLC, Minister for Higher Education and Skills until his retirement from parliament on 17 March 2014. The Hon. Nick Wakeling, MP, was the Minister for Higher Education and Skills from 18 March 2014 to 3 December 2014. The Hon. Steve Herbert, MP, was sworn in as the current Minister for Training and Skills from 4 December 2014 following the State election in November 2014.

Remuneration of the relevant Minister 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)

- Peter Heilbuth (Chief Executive Officer - resigned 7 November 2014)
- Mark Fidge (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: \$250,000 - \$259,999, (2013: \$200,000 - \$209,999).

2014 Remuneration includes payments of leave entitlement balances upon cessation.

#### (iii) Members of the Board

- Mike Weise (President, Ministerial Nominee)
- Bill Hewett (Deputy President, Ministerial Nominee)
- Susan Brumby (Board Nominee)
- William Hannah (Board Nominee)
- Toni Jenkins (Ministerial nominee)
- Samantha Sharp (Ministerial Nominee, concluded 30 April 2014)
- Wayne Krause (Ministerial nominee, resigned from the board on 30 July 2014)
- Felicity Melican (Ministerial nominee)
- Ronald Page (Board Nominee)
- Georgina Gubbins (Ministerial nominee, commenced 6 October 2014)
- Greg Walcott (Board Nominee, term concluded 30 April 2014, reappointed on 6 October 2014)
- John Verhoeven (Ministerial Nominee, term concluded 30 April 2014)

Remuneration of the board members in connection with the management of the Institute are disclosed below.

	2014 No.	2013 No.
<b>Income range</b>		
<b>The number of board members whose total remuneration from the Institute was within the specified income bands are as follows:</b>		
Less than \$10,000	3	7
\$10,000 - \$19,999	5	4
\$30,000 - \$39,999	2	-
\$60,000 - \$ 69,999	-	1
<b>Total number of board members</b>	<b>10</b>	<b>12</b>
<b>Total remuneration of board members (\$'000)</b>	<b>167</b>	<b>165</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 2014

### NOTE 23: 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:

- Peter Heilbuth (Chief Executive Officer, resigned 7 November 2014.)
- Maurice Molan (Executive Manager - Education, resigned 16 December 2014)
- Mark Fidge (Executive Manager - Corporate Services, until 2 November 2014, Acting Chief Executive Officer from 3 November 2014)
- Jenny Madden (Executive Manager - Student Experience & Innovation, until 28 October 2014, Acting Executive Manager - Education, from 29 October 2014)
- Jane Ponting (Acting Executive Manager - Education, from 28 April 2014 to 27 June 2014, from 31 July 2014 to 19 September 2014, from 5 November 2014 to 19 December 2014)
- Josh Hill (Acting Executive Manager – Student Experience & Innovation, from 29 October 2014)
- Robert Van Duynhoven (Acting Executive Manager – Corporate Services, from 29 October 2014)

#### 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, 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		BASE REMUNERATION	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'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 their relevant income bands.				
<b>\$120,000 - \$129,999</b>	-	1	-	1
<b>\$130,000 - \$139,999</b>	-	1	-	1
<b>\$140,000 - \$149,999</b>	1	2	1	2
<b>\$160,000 - \$169,999</b>	1	-	1	-
<b>\$200,000 - \$209,999<sup>1</sup></b>	1	-	1	-
<b>\$210,000 - \$219,000<sup>1</sup></b>	1	-	1	-
<b>Total number of executive officers</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Total annualised employee equivalent ( AEE)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Total amount of remuneration (\$'000)</b>	<b>739</b>	<b>604</b>	<b>739</b>	<b>604</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:

<sup>1</sup> Total remuneration includes payment of leave entitlement balances upon cessation.

## Notes to the Financial Statements for the year ended 31 December 2014

### NOTE 24: Related parties

#### Key management personnel

Related parties disclosures are set out in Note 23 (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 25: Ex-gratia expenses

		INSTITUTE	
		2014	2013
		\$'000	\$'000
<b>25 Ex-gratia expenses</b>	Note		
In-lieu-of-notice and gratuity payments	3	11	34
		11	34

### NOTE 26: Remuneration of auditors

		INSTITUTE	
		2014	2013
		\$'000	\$'000
<b>26 Remuneration of auditors</b>			
Remuneration of Victorian Auditor General's Office for:			
Audit or review of the financial statements		16	15
<b>Total remuneration of Victoria Auditor General's Office</b>		<b>16</b>	<b>15</b>
Remuneration of other auditors			
Remuneration for continuous auditors		88	23
<b>Total remuneration of other auditors</b>		<b>88</b>	<b>23</b>
<b>Total Remuneration of auditors</b>		<b>104</b>	<b>38</b>

### NOTE 27: Subsequent Events

The following two events occurred after the balance sheet date:

- On the 5th of February 2015 South West TAFE were advised that it was successful in securing \$4.0m from the TAFE Rescue Fund.
- The property classified as held for sale in Note 8 was successfully auctioned and sold on the 20th of February 2015 for 4.4m, the carrying amount was \$3.4m.

### NOTE 28: 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 29: Institute Details

#### 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 2014 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 22E	Manner of establishment and the relevant Minister	10
FRD 22E	Objectives, functions, powers and duties	10,11
FRD 22E	Nature and range of services provided including communities served	10
<b>MANAGEMENT AND STRUCTURE</b>		
FRD 22E	Organisational structure and chart, including accountabilities	19
FRD 22E	Names of Board Members	15,16
<b>FINANCIAL AND OTHER INFORMATION</b>		
FRD 03A	Accounting for Dividends	NA
FRD 07A	Early adoption of authoritative accounting pronouncements	58
FRD 10	Disclosure Index	92
FRD 17B	Long Service Leave wage inflation and discount rates	56
FRD 19	Private provision of public infrastructure	NA
FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	NA
FRD 22E	Operational and budgetary objectives, performance against objectives and achievements	2-11
FRD 22E	Occupational health and safety statement including performance indicators, performance against those indicators and how they affected outputs	31
FRD 22E	Workforce data for current and previous reporting period including a statement on employment and conduct principles	21,23
FRD 22E	Summary of the financial results for the year including previous 4 year comparisons	9
FRD 22E	Significant changes in financial position during the year	9
FRD 22E	Major changes or factors affecting performance	9
FRD 22E	Post-balance sheet date events likely to significantly affect subsequent reporting periods	9,91
FRD 22E	Summary of application and operation of the Freedom of Information Act 1982	36
FRD 22E	Statement of compliance with building and maintenance provisions of the Building Act 1993	36
FRD 22E	Statement on National Competition Policy	36
FRD 22E	Summary of application and operation of the Protected Disclosure Act 2012	36
FRD 22E	Summary of Environmental Performance	8
FRD 22E	Consultants: Report of Operations must include a statement disclosing each of the following 1. Total number of consultancies over \$10,000 2. Location (eg website) of where details of these consultancies over \$10,000 have been made publicly available 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period AND publication on TAFE institute website required, for each consultancy more than \$10,000, of a schedule listing: • Consultant engaged • Brief summary of project • Total project fees approved • Expenditure for reporting period • Any future expenditure committed to the consultant for the project	9

Source Reference	Summary of Reporting requirement	
FRD 22E	Statement, to the extent applicable, on the application and operation of the Carers Recognition Act 2012 (Carers Act), and the actions that were taken during the year to comply with the Carers Act	28
FRD 22E	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)	95
FRD 24C	Reporting of office based environmental impacts	8
FRD 25B	Victorian Industry Participation Policy Disclosures	36
FRD 26A	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	NA
FRD 29	Workforce Data Disclosures on the public service employee workforce	21
SD 4.5.5	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
FRD 30A	Standard requirements for the design and print of annual reports	1-96
SD 4.2 (h)	The Report 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
CG 10 (clause 27)	Major Commercial Activities	NA
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)	The Financial Statements must be prepared in accordance with: <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, 45-58
SD 4.2 (b)	The financial statements are to comprise the following: <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>	40-91
<b>OTHER REQUIREMENTS UNDERSTANDING DIRECTION 4.2</b>		
SD 4.2 (c)	The financial statements must, where applicable, be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body, stating whether, in their opinion: <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 sign off by Audit Committee or responsible body	38
<b>OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS</b>		
FRD 11A	Disclosure of ex-gratia payments	24,91
FRD 21B	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	89,90
FRD 101	First time adoption	58
FRD 102	Inventories	53,63
FRD 103E	Non-current physical assets	53-55, 64-68



Source Reference	Summary of Reporting requirement	
FRD 104	Foreign currency	45
FRD 105A	Borrowing costs	57,74
FRD 106	Impairment of assets	50,52, 65,70
FRD 109	Intangible assets	55,70
FRD 107A	Investment properties	54,55
FRD 110	Cash flow statements	43,76
FRD 112D	Defined benefit superannuation obligations	48,79
FRD 113	Investment in subsidiaries, jointly controlled entities and associates	NA
FRD 114A	Financial instruments – general government entities and public non-financial corporations	50-52, 81-88
FRD 119A	Transfers through contributed capital	42,57
FRD 120H	Accounting and reporting pronouncements applicable to the reporting period	58
PART 7 OF THE FINANCIAL MANAGEMENT ACT 1994 (FMA)		
FRA 49 (a)	Must contain such information as required by the Minister	38,39
FRA 49 (b)	Must be prepared in a manner and form approved by the Minister	38,39
FRA 49 (c)	Must present fairly the financial transactions of an institute during the financial year to which they relate	38,39
FRA 49 (d)	Must present fairly the financial position of an Institute as at the end of the year	38,39
FRA 49 (e)	Must be certified by the Accountable Officer for an institute in the manner approved by the Minister	38,39
COMPLIANCE WITH OTHER LEGISLATION AND SUBORDINATE INSTRUMENTS		
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 1983</li> <li>• Protected Disclosure Act 2012</li> <li>• Victorian Industry Participation Policy Act 2003</li> </ul>	95
ETRA s 3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2013.	34
Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	95
PRESENTATION OF REPORTING AND PERFORMANCE INFORMATION		
Audited Statements of Key Performance Measures (KPIs) must include an audited statement of performance for certain KPIs.		
FRD 27B	Reporting and performance should be presented using KPIs as set out in the Statement of Corporate Intent agreed with the Minister, comparing 2014 actual performance against the 2014 target and 2013 actual performance, and providing an explanation of any variance between the 2014 actual performance and 2014 target for each KPI. The KPIs must also include the Return on Investment.	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 Higher Education and Skills (or predecessors)
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- Victorian Public Sector Travel Principles
- Public Administration Act 2004
- Financial Management Act 1994
- Freedom of Information Act 1982
- Building Act 1983
- 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:*

CEO'S OFFICE  
South West Institute of TAFE  
PO Box 674  
Warrnambool, Victoria, 3280  
(03) 5564 8921  
info@swtafe.vic.edu.au

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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South West Institute of TAFE  
ABN: 76 750 969 979  
TOID: 3120

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.