



ANNUAL REPORT | 2017

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.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
swtafe.edu.au/about-us/publications/

WELCOME	4	Brotherhood of St Laurence	29
Board Chair's Report	4	Disability Services	29
Formal Status	5	Learning Support	29
CEO's Report (Year in review)	6	Student Awards and Achievements	30
PERFORMANCE	8	STAFF	31
VAGO Auditor-General's Report	9	Workforce Statistics	31
Statement of Performance	10	People and Culture	33
Training Outcomes	11	People Matter Survey	34
Capital Works	11	The Future	35
Environmental Sustainability	11	BUSINESS	36
Environmental Data	12	Regional Projects	36
Business and Financial Performance	13	Higher Education Partners	38
OVERVIEW	14	International Operations	39
2017 at a glance	14	COMMUNITY	40
Who we are	15	COMPLIANCE	42
What we do	15	Occupational Health and Safety	42
Our history	15	Performance Indicators	43
2017–2019 Strategic Plan	16	Activity Table	43
GOVERNANCE	17	Statement of Compulsory Non-Academic Fees	45
Institute Board	17	Risk Management Compliance	46
Board Committee Structure	18	Freedom of Information	47
South West TAFE Board Members	19	Protected Disclosure	47
Board and Committee Membership	22	Building and Construction	47
Executive Management Group	23	National Competition Policy	47
South West TAFE Organisational Structure	24	Compliance with <i>Carers Recognition Act 2012</i>	47
INNOVATION AND QUALITY IN EDUCATION	25	Information Communication Technology (ICT) Expenditure	47
Teaching and Learning Strategy	25	FINANCIAL POSITION	48
Teaching Quality Centre	25	VAGO Auditor-General's Report	49
SWTAFE online	25	Auditor-General's Declaration	50
Digital Innovation	26	Financial Statements	51
South West Maker Fest	26	DISCLOSURE INDEX	83
STUDENTS	27	Compliance with other legislation and subordinate instruments	87
Training Outcomes	27	Further information	87
Student Outcomes	27		
Student Feedback	28		
Youth Programs	28		
School Based Apprentices and Trainees	29		



WELCOME

Board Chair's Report

At South West TAFE we realise we must be more than just a provider of education and training; we need to be a leader in our regional community.

During 2017 we worked hard to improve our engagement with our stakeholders and with the broader community. I'm proud of where the organisation sits; I believe that as community leaders our leadership and contribution is appreciated and adds both to the educational, economic and social aspects of our region.

Much of this is driven by our CEO Mark Fidge, his executive team and all staff who realise the role South West TAFE plays.

We support many organisations, including not-for-profits, by providing facilities and other support, and we engage with local service organisations and groups to explain both the role of TAFE as an educator, and as an organisation critical to the success of this region.

We continually seek to improve our relationship with industry, employers and others in the educational sector who are key stakeholders in our success. This will remain a strong focus of the Board.

Our staff and students have enjoyed working alongside and providing mentoring to school students, and we will continue to investigate ways we can work closer with schools in order to provide positive educational pathway opportunities in current and emerging careers.

The inaugural Maker Fest was one of the highlights of the year. To see hundreds of school students taking part in activities at TAFE was heartening. These programs expose children from a young age to what TAFE offers and helps them to understand the role that TAFE can play in their future career journey.

Our strategic planning seeks to ensure people in our region are delivered education and training that provides an outcome, such as a job or a pathway to further education, and each decision is underpinned by this strategic direction.

We continually explore opportunities to provide training across the whole of our regional network. The development of our Colac campus, new opportunities at Glenormiston and consolidation of our offerings in Hamilton and Portland and the work undertaken at our Warrnambool Campus seek to both consolidate our position in the region, and seek opportunities for the organisation. We are regionally-focused and remain determined to stay that way.

The Board's oversight of South West TAFE's financial sustainability continues. We have a strong commitment to ensuring financial accountability from a community perspective and with the government. Our results show we have been successful in this regard in a difficult and challenging climate.

This is a challenging time for all training providers. The overall market for training is declining. The Board and executive management is aware of this and we are continuously reviewing our course offerings to ensure we are providing industry relevant training that leads to a positive outcome for all students, and is focused on the training and vocational needs of our employers and industries. We have an excellent track record and reputation in this regard.

As a result of South West TAFE uncovering and reporting allegations of serious corrupt conduct to the relevant authorities in 2015, an investigation was undertaken by the Independent Broad-based Anti-corruption Commission (IBAC) during 2017. We fully co-operated with IBAC during both the investigation and the hearing held in June and July 2017.

TAFE welcomes the findings of the IBAC investigation and remains committed to implementing continuous improvements across the organisation to ensure we operate with a culture of integrity and compliance.

The Board believes there have been benefits from this review and that we have come out of it as a better and stronger organisation. It has been a challenging process for staff and we acknowledge their commitment and understanding during this difficult period.

In line with State Government requirements for all TAFEs, our new Board was appointed in July 2016. During 2017 we had a consistent, strong and widely skilled and experienced Board, with two new members joining the Board during this period. It has been a period of strong consolidation.

I thank all Directors for their contribution and support throughout the year as South West TAFE continued to evolve into a progressive 21st Century educator.

On behalf of the Board I particularly want to thank CEO Mark Fidge, the Executive and all staff for their dedication and enthusiasm during challenging times. They have contributed significantly to our success and we thank them for their efforts.

Our students remain our major focus and we hope to continue providing the education and training they need to fulfil their dreams.

South West TAFE has worked hard to achieve success in 2017. I feel we are in a good position to launch into the next stage of our reinvigoration with more advanced training opportunities for the region and a positive outlook about how we can contribute to south-west Victoria's success.



Felicity Melican
Board Chair

Formal Status

The Institute is governed by a Board of Management (Board). The Board comprises of ten members (including the Board Chair) with diverse skills, knowledge and experience. The membership of the Board comprises of five ministerially appointed directors, three co-opted directors, one elected staff member, and the Institute's CEO. The objectives, powers and functions of the Board are set out in the revised Constitution of the Board (2016). The Institute and its Board was established under the Education and Training Reform Act 2006.

The relevant Minister is the Hon. Gayle Tierney, MP, Minister for Training and Skills, and Minister for Corrections.

CEO's Report (Year in review)

Welcome to the South West TAFE 2017 Annual Report which celebrates our ongoing transformation into a modern and fresh provider of education and training.

It was a rewarding year as South West TAFE strengthened its reputation as the region's biggest and best provider of skills training. We took a fresh approach in delivering innovative and high quality education and training to meet the needs of the region and to give people the skills they needed to fulfil their future aspirations.

We continued striving to make the Institute a stronger, better and smarter TAFE that is able to easily respond to our fast changing world so we can create a lifetime of opportunity and employability for local people.

Significant progress in achieving these goals was made during 2017 as we boldly focussed on quality, excellence and innovation, while keeping people at our core.

We worked collaboratively, cleverly, creatively and courageously, always trying to find ways to do things better. Our fresh approach is reflected in our new brand identity. The new TAFE logo combines inter-locking letters 'S' and 'W' into a graphic representative of a fingerprint, symbolising how every individual's education pathway is unique.

South West TAFE has already transformed itself into a progressive 21st Century career maker but we don't rest on our laurels. We continue to work closely with industry to actively develop training programs to address regional skills shortages. As a result, our graduates have a very high chance of finding jobs and excelling in their chosen fields.

Our figures speak to our success. Our students are more likely to get jobs than in virtually any other part of Australia. In 2017, 77.7 percent of South West TAFE graduates were employed after their training.

South West TAFE is extremely proud of being recognised as the number one training organisation in Victoria for measures relating to responsiveness, accountability, leadership, human rights and equal employment opportunity. In addition to this our organisation is ranked the number two Victorian TAFE for employer satisfaction and number three in providing opportunities for students to progress to a higher level of study.

As part of our growth strategy, South West TAFE continues to seek opportunities outside our traditional boundaries.

We partnered with Eventide Homes to deliver onsite training to address aged care workforce shortages in Ararat and Stawell, giving students access to experienced industry professionals and training in an aged care setting.

The opening and consolidation of our Colac campus generated strong interest in the local community. The campus is off to a positive start, bringing new opportunities to local people. Enrolments are meeting expectations and there is interest from local industry and businesses in expanding education and training opportunities.

The return of agricultural training to Glenormiston was welcomed across the region when 10 agriculture trainees started in October. This will lead to dairyfarmers in the South West again having access to the skilled workforce they need. We have also signed an MOU with Racing Victoria to develop a feasibility plan for equine-related education and training across Victoria.

South West TAFE is part of a rapidly changing world and we're determined to provide students with the best opportunities to grow the skills needed by today's emerging industries to prepare for the jobs of the future.

We are staying ahead of the field with creation of a digital innovation department where service teams cover information and communication technology services, web development, projects, systems and workflows, and Student Management Systems. Digital innovation supports all education, administrative and strategic activities of South West TAFE.

Our TAFE is an integral part of South West Victoria and we're proud of our intensified efforts to engage with the local community and industry.

Community engagement is integral to our success and there were many examples during 2017 of South West TAFE's close community ties.

Our 'Very Open Day' attracted 2000 people to the Warrnambool campus and 800 students from 16 schools attended our inaugural South West Maker Fest which gave inventors and aspiring entrepreneurs an opportunity to showcase their creations.

South West TAFE coordinated more than 43 industry engagement events and our links with industry led to the injection of \$1million in funding for new equipment based on local needs.

The South West TAFE Skills and Job Centre has become a magnet to people looking to upskill, re-skill or enter the workforce.

Regularly we open our doors so community groups and industry can access our facilities. Our teachers, training facilities, support services and direct links with industry are second to none and it benefits our community and our TAFE to pursue these closer connections.

We participated in the Portland Upwelling Festival and our site at Sheepvention in Hamilton attracted huge interest.

More than 200 people attended a police remembrance day ceremony and new welcoming stones at the entrance of the Warrnambool campus were unveiled during NAIDOC Week celebrations attended by more than 300 people.

A new parent room was established and we continued to support homeless people through our community gift giving programs.

We successfully transitioned to the National Disability Insurance Scheme, holding support sessions for families and increasing the amount of support we offer in this field.

Our students are a great source of pride and we celebrated their success with graduation nights that showcased their achievements.

Our students embraced our progressive approach to education and training and the opportunities that a TAFE can provide. Our successful Work Ready programs gave disengaged people an opportunity to reconnect, while on a broader scale several of our students had the opportunity to travel to China to present at trade shows.

While we reflect on our success and growth of 2017, it's also opportune to look towards the future.

As part of our strategic planning we continue to embrace the endless possibilities of digital technologies and automation and we will continue to strategically investigate new horizons.

The future looks bright for our region and South West TAFE is determined to be at the forefront of that progress.

We are developing an Education and Cultural Precinct for South West Victoria, a state-of-the-art learning environment that will prepare our students for in-demand jobs in emerging industries.

During 2017 we developed a joint library and Tech School master plan. In-principle support has been received from Warrnambool City Council and community groups for a joint library on the TAFE site. The proposed Tech School is another exciting initiative that would use leading edge technology, discovery and innovation to deliver the skills and training local students need to flourish in a rapidly changing global economy. We also plan to upgrade the Hamilton educational precinct.

I take this opportunity to thank the South West TAFE Board for its dedication and support, led by Chair Felicity Melican who has overseen our successful regeneration. The Board has been instrumental in setting the strategic vision that is making our organisation such a vibrant and engaging education provider.

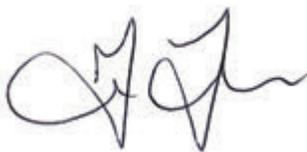
I'd also like to acknowledge the contribution of our executive management team and professional and committed staff who have shared their experience and expertise to implement this vision.

The entire team deserves praise for their role in making South West TAFE a success.

We compliment our team, not only for the service they provide to our students but for their contribution to the community. For example, TAFE sponsors Foodshare and the Standing Tall mentoring program while staff donate goods and their time.

We have strongly positioned South West TAFE as an employer of choice with a strong career brand and we are proud of our contribution to the community.

There's never been a better time to South West TAFE and we are determined to make our future even brighter.



Mark Fidge
Chief Executive Officer

PERFORMANCE



Statement of Performance Management Certificate For 2017

In our opinion, the accompanying Statement of Performance of South West Institute of TAFE, in respect of the 2017 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.

Felicity Melican
Board Chair
21 March 2018

Mark Fidge
Chief Executive Officer
21 March 2018

Jason Ernst
Chief Finance and
Accounting Officer
21 March 2018

POSTAL ADDRESS:

PO BOX 674
WARRNAMBOOL
VIC 3280
AUSTRALIA
ABN: 76 750 969 979 | TAFE: 3120

1300 648 911 | swtafe.edu.au



Independent Auditor's Report

To the Board of South West Institute of TAFE

Opinion I have audited the financial report of South West Institute of TAFE (the Institute) which

- comprises the:
 - balance sheet as at 31 December 2017
 - comprehensive operating statement for the year then ended
 - statement of changes in equity for the year then ended
 - cash flow statement for the year then ended
 - notes to the financial statements, including a summary of significant accounting policies
 - Declaration by the Board Chair, Chief Executive Officer and Chief Finance and Accounting officer.

In my opinion the financial report is in accordance with Part 7 of the *Financial Management Act 1994* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*.

- presenting fairly, in all material respects, the financial position of the Institute as at 31 December 2017 and of its financial performance and its cash flows for the year then ended
- complying with Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the Institute in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Board's responsibilities for the financial report

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

In preparing the financial report, the Board is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Board with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
23 March 2018

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

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 2017.

	2016 Actual	2017 Target	2017 Actual	Variance	Comment
Performance Accountability Framework KPIs					
Employment costs as a proportion of Training Revenue	133%	110.4%	120.5%	-10.1%	Target not achieved. Improvement on prior year achieved through stronger monitoring of teaching loads and use of casual and session staffing
Training \$ Revenue per Teaching FTE	120,002	145,547	145,865	318	Target achieved
Operating Margin Percentage	(1.08%)	(10.72%)	0.16%	10.88%	Target exceeded
Training revenue diversity (Government Funded / Non Government Funded)	64% 36%	68.2% 31.8%	68.5% 31.5%	0.3% -0.3%	Target not achieved, lower income generated from International and Fee For Service operations than targeted
Stronger Growth					
Government Funded market share in principal region	37.8%	45%	44.8%	-0.2%	Actual result is within an acceptable range of target. Improvement on prior year achieved.
EBITDA	positive	positive	positive	nil	Target achieved
Skills First student contact hours	-1%	5%	4%	-1%	Actual result is within an acceptable range of target. Improvement on prior year achieved.
Fee For Service student contact hours	-21%	5%	-3%	-8%	Change in strategic direction in mid-2017 to streamline FFS delivery and re-focus resources to growing government grants and other tender opportunities.
Better Quality					
Industry Engagement sessions	45	40	43	3	Target achieved
Student satisfaction	63.1%	85%	76.3%	-8.7%	Target not achieved, strong increase on prior year, above VET sector average.
Employer satisfaction	79.1%	80%	80.8%	0.8%	Target achieved
Smarter & More Confident					
Staff Satisfaction (People Matters survey)	61%	72%	68%	-4%	Target was ambitious, but expected to be achieved in 2018. The 2017 focus was on implementing our Victorian Public Sector values across the organisation.

All metrics using revenue exclude the contestable recoup (per Note 2.1).

Training Outcomes

The Institute delivered a total of 1,297,549 Student Contact Hours (SCH) in 2017. The table below provides a detailed breakdown of SCH delivery in 2017.

Student Contact Hours delivered

Outcomes	SCH
VTG Non Apprenticeship/Traineeship	749,485
VTG Apprenticeship/Traineeships	365,119
Full Fee Paying	13,878
Fee For Service (Includes TAFE in Schools, Adult Migrant English Program, Skills for Education & Employment, Interstate Apprenticeships and Short Courses)	169,067
Total Delivery	1,297,549

Movement in Student Contact Hours over the past five years

2013	2014	2015	2016	2017
2,983,939	1,792,491	1,323,738	1,262,951	1,297,549

Capital Works

Building Code of Australia (BCA) Works

The organisation continued to fulfil its obligations regarding the maintenance of Essential Safety Measures, and the process continues to be supported by the OHS & Emergency Planning Committee and consultant Stokes Safety. These works were part of our legal and community obligations under the following regulations:

- > *Building Act 1993*
- > *Building Regulations Act 2006 and the Interim Act 2017*
- > *Building Code of Australia Essential Safety Measures*
- > *Occupational Health and Safety Act 2004*
- > *Disability Discrimination Act 1992*
- > *Heritage Act 1995 and 2017*

Environmental Sustainability

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

We ensure that staff and students work together to reduce our 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 2017:

Transportation

South West TAFE had a motor vehicle fleet of 39 vehicles.

Total kilometres travelled increased to 999,432kms per annum. The vehicle fleet continues to incorporate energy efficient vehicles. Using the Institute's Transport and Motor Vehicle guidelines, staff are encouraged to participate in alternative methods of transport, including car pooling and train travel, and to consider greater utilisation of video conferencing and other online technologies.

Paper

Our organisation endeavours to purchase 100% carbon neutral paper.

Energy Use

The organisation is in line to achieve a reduction of 930tpa of CO2 as per the Greener Government Building Program. In 2017 the project delivered 12% additional savings over the guaranteed amount, up from 9.5% in 2016.

Waste Management

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

Water Reduction

The organisation continues to investigate the use of water harvesting initiatives and sustainable practices in refurbishment and new building works. As a result, a reduction of 4,215 kilolitres was achieved in 2017.

Procurement

South West TAFE aims to achieve procurement activities that are environmentally friendly and support the objectives of the Government's Environmental Procurement Policy.

We aim to integrate environmental considerations into procurement decision making and negotiate where possible, sustainability clauses.

Environmental Data

	Wbool City Campus	Wbool Trades Campus (x2)	Hamilton Campus	Portland Campus	Colac site	Total
Gross Useable Floor Area	15,938	7,069	2,250	3,860	250	29,367
FTE						241
GAS & ELECTRICITY						
E1	Total energy usage segmented by primary sources (including green power)			Megajoules - Gas		13,750,533
				Megajoules - Electricity		5,251,741
E2	Greenhouse gas emissions associated with energy use, segmented by primary source			Tonnes CO2-e - Gas		980
				Tonnes CO2-e - Electricity		1,590
E3	Percentage of electricity purchased by Green Power			%		15%
E4	Units of energy per FTE			MJ/FTE		78,848
E5	Units of energy per unit office space			MJ/GFA		647
GGB	Reduction of Greenhouse gas emissions associated with the 'Greener Government Building Program'			Tonnes CO2-e		-930
WASTE PRODUCTION						
Ws1	Total units disposed of by destination (kg per year)			Landfill (kg)		68,564
				Recycled (kg)		36,392
				Greenwaste (kg)		not recorded
Ws2	Units disposed per FTE by destination			Landfill (kg/FTE)		284
				Recycled (kg/FTE)		151
Ws3	Recycling - percentage of total waste disposal (%)			%		35%
Ws4	Greenhouse gas emissions associated with waste disposal (t Co2-e)			Tonnes CO2-e		400
PAPER USE						
P1	Total units of A4 equivalent copy paper used (reams)			(Reams)		4,433
P2	Reams of A4 equivalent copy paper used per FTE			(Reams/FTE)		18.39
P3	Percentage of recycled content in copy paper purchased (%)			%		10%
WATER						
W1	Total units of metered Water consumed by water source			(Kilolitres)		4,165
W2	Units of metered Water consumed in offices per FTE			(Kilolitres/FTE)		17.28
W3	Units of metered Water consumed in offices per area			(Kilolitres/m2)		0.29
TRANSPORTATION						
T1	Total energy consumption by operational vehicles		(GJ)			not recorded
T2	Total vehicle travel associated with entity operations		(KM)	591,457	368,137	39,838
T3	Greenhouse gas emissions associated with operational vehicle fleet		Tonnes CO2-e	150	67	4.8
	Greenhouse gas emissions from vehicle fleet per 1,000kms		Tonnes CO2-e	0.25	0.18	0.12
T4	Total distance travelled by air		(KM)			99,445
T5	Employees regularly using public transport, cycling, walking to and from work					not recorded
GREENHOUSE GAS EMISSIONS						
G1	Total Greenhouse gas emissions associated with energy use			Tonnes CO2-e		2,570
G2	Total Greenhouse gas emissions associated with vehicle fleet			Tonnes CO2-e		222
G3	Total Greenhouse gas emissions associated with air travel			Tonnes CO2-e		9.4
G4	Total Greenhouse gas emissions associated with waste disposal			Tonnes CO2-e		400
G5	Greenhouse gas emissions offsets purchased			Tonnes CO2-e		0

Business and Financial Performance

Summary of Operating Results

In 2017 the organisation returned a surplus of \$534,000, this included other economic flows of \$2,000. Total government grants increased by \$1.745 million to \$26.265 million in 2017. These grants included additional funds received as part of Government initiatives. Overall expenditure increased by \$1.08 million, with salary expenditure increasing by \$447,000.

Comparative Results 2013-2017

Item	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000
Total Income from Transactions	34,649	25,356	29,893	31,677	33,192
Total Expenditure from Transactions	38,072	28,908	29,808	31,576	32,660
Net Results From Transactions	-3,423	-3,552	85	101	532
Total Other Economic Flows	-941	-4,460	951	19	2
Net Result	-4,364	-8,012	1,036	120	534
Current Assets	9,601	11,565	12,533	10,715	16,388
Non Current Assets	66,088	55,710	52,576	59,047	54,138
Current Liabilities	6,622	9,559	4,558	4,843	6,611
Non Current Liabilities	5,276	1,937	4,947	4,108	6,150
Net Assets	63,791	55,779	55,604	60,811	57,765
Working Capital Ratio	1.45	1.21	2.75	2.21	2.48

Movement in Net Assets & Working Capital Ratio

The organisation had a decrease in its net asset base from \$60.8 million to \$57.7 million over the past year. This is predominantly due to the cyclical revaluation of buildings completed by the Valuer General in 2017 a decrease in land and building valuations of \$3.6 million was recorded. Current assets increased by \$5.6 million, with deposits increasing by \$5.7 million and receivables increasing by \$126,000. Total liabilities increased by \$3.8 million which was due to an increase in payables as holder of project funds of \$2 million and the recognition of the future repayment of training delivery funds of \$2.4 million. The increase in cash held has led to an increase in the working capital ratio from 2.21:1 in 2016 to 2.48:1 in 2017.

Commercial Activities

South West TAFE undertook no major commercial activities in 2017.

Consultancies

In 2017, twelve consultancies were used with fees payable to each of \$10,000 or more. The combined amount for these services in 2017 was \$409,234 (ex. GST). Consultancy details are made available on the website: <https://swtafe.edu.au/about-us/corporate-information/consultancies>. Twenty four other consultancy services were utilised during the year with respective fees payable of under \$10,000, with the combined total of \$97,295 (ex. GST).

Significant Events Since Balance Date

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

OVERVIEW

2017 at a glance

6,085
students

241
effective
full-time staff

1,268
graduates
(Certificate I to
Advanced Diploma)

163
training products
offered

43
industry Connect
events

25
industry and
community groups
partnered with
SWTAFE for events

700
industry
representatives
attended TAFE events

87.6%
of SWTAFE graduates
were employed or
enrolled in further
study after training

9/10
occupations
predicted to have
the most job
growth in the next
five years are in
TAFE-trained
fields

Who we are

South West TAFE is the region's biggest and most highly regarded provider of skills training. Our home base and largest campus is in Warrnambool and we have campuses in Hamilton, Portland and Colac and further training facilities at Sherwood Park in east Warrnambool.

Our primary aim is to provide high quality, future focused vocational education and training that creates a lifetime of opportunity and employability for people in our region. This focus has led to South West TAFE being recognised as the number one training organisation in Victoria for improved employment outcomes for students.

South West TAFE is governed by a Board of Management and is underpinned by *the Education and Training Reform Act 2006*.

What we do

In 2017, South West TAFE delivered 163 training packages and courses to more than 6000 students, using a blend of on-campus, off-campus, blended delivery, workplace, VET in Schools, traineeships, apprenticeship courses and modules delivered via regional adult learning centres.

We offer a wide range of nationally accredited qualifications, plus short courses and stand-alone units from industry training packages.

We are committed to working with local industry to deliver skills training for in-demand jobs and to help address regional skills shortages. As a result, our graduates have a very high chance of finding employment and excelling in their chosen fields.

South West TAFE offers training solutions for nine of the top 10 occupations predicted to have job growth in the next five years.

We deliver training to the Great South Coast region of Victoria, state-wide, interstate and internationally. Our teachers have vast practical industry-relevant experience and our state-of-the-art training facilities give students a perfect place to learn practical, hands-on skills. We offer a range of placement and study opportunities for students, both locally and internationally.

Our history

Our predecessors have been providing technical and specialist education since 1863, with links back to the formation of the Mechanic's Institute in 1853.

In 1913, the Warrnambool Technical School was established on our current site and operated within the state education system. It became the Warrnambool Technical College in 1958, including 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 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 to South West College of TAFE, updated in 1995 to the current title South West Institute of TAFE. In 2007, training facilities opened at Sherwood Park and a new site was launched at Colac in 2017.

2017–2019 Strategic Plan

We Have Fresh Ambition, Purpose and Values
Stronger. Better. Smarter.

Our Ambition:

Future focused education that creates a lifetime of opportunity and employability.

Our Purpose:

What we do:

We deliver a modern and fresh approach to helping generations develop the skills they need for the futures they aspire to.

Who we do it for:

For the communities and industries of South West Victoria and beyond... in new and emerging markets.

How we do it:

Collaboratively, cleverly, creatively and courageously.

Our Values:

People Focused

We put the customer first. We tailor our approach so every learner is successful and we exceed the expectations of every employer. We invest in our staff to keep them at the cutting edge of best practice.

Quality and Excellence

- > We strive to exceed expectations.
- > We think BOLDLY and find ways of doing things better. Always.
- > We aim to distinguish ourselves and stand out from the rest.
- > We act with integrity.

Innovation

We constantly seek innovation through:

- > A dynamic approach
- > Being responsive to community
- > Collaboration with industry
- > Fresh thinking
- > Flexible and adaptive practices

STRONGER

Stronger Growth

We will become stronger in our vocational education and training through focus, student attraction and employability results.

Our strategies are:

- > Focus – Manage a compact and competitive product portfolio within a set of specialised themes and in line with Government priorities.
- > Growth – Attract and retain more students, and ensure each student attains their stated educational objectives.
- > Results – Invest in and maximise the employability and suitability of our students to meet the needs of industry and community.

BETTER

Better Quality

We will provide a quality service through our education design, student experience and engagement with industry and community.

Our strategies are:

- > Next practice – Ensure all education is future focused in its delivery and content.
- > Modern – Build a contemporary approach to pedagogy which is aligned to industry and community needs. We will be a leader in the TAFE sector.
- > Experience – Create an individualised experience for our students and other stakeholders that exceed their stated educational objectives.

SMARTER

Smarter & More Innovative

We will work smarter and be innovative with our brand, culture and systems.

Our strategies are:

- > Brand – Leverage and deliver on the TAFE Victoria brand attributes – proud, contemporary and diverse – with our own brand refresh.
- > Culture – Live the values and embed them in everything we do.
- > Systems – Systemise our work practices to make them simpler and more efficient. Use technology and data to drive innovation.



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 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 and Skills Group, the Board also ensures that:

- > appropriate compliance frameworks and controls are established.
- > risks are identified and managed.
- > reporting systems are in place.
- > key policies are operating 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

Following a refresh of our Board during 2016 including the addition of one new elected staff member from within the Institute, and the CEO, the Board consolidated its strategic thinking in 2017. Our Board members bring a wealth of experience in the fields of management, finance, corporate governance, education, community, industry engagement and beyond.

In late 2016 the role and structure of the Board's standing committees were refocused in line with our future strategic direction. To achieve this the Board established the following committees:

- > Audit, Risk & Compliance Committee
- > Innovation & Industry Committee
- > Nominations and Remuneration Committee

During 2017 the Board introduced the Innovation and Industry Committee to explore new ways on the delivery of a modern and fresh approach to education based on current and emerging training and employment trends across the region.

In the last quarter of 2017, the Board reviewed our 2017 – 2019 strategic plan in line with the Ministers Statement of Expectations and incorporated several key policy changes leading to the creation of our 2018 – 2020 plan with the ambition of providing future focussed education that creates a lifetime of opportunity and employability.

Review of Annual Financial Statements

The Board reviewed and approved the Institute's Annual Financial Statements in their meeting on 28 February 2018.

Board Development Activities

The Board met nine times during 2017, excluding the Annual Meeting, for briefing sessions on various topics including major regional planning initiatives, corporate governance, committee agenda and performance monitoring, Institute strategy, business transition planning, and risk oversight.

During 2017, Board members attended several development activities including:

- > Governance changes training modules for Board Directors
- > Leaders' Edge Luncheon: Big Issues for Directors and Boards - 7th April, 2017
- > Finance for Directors (AICD) - 30th May, 2017
- > VTA State Conference 16-18 August 2017
- > TAFE Directors Australia Convention 7-8 September, 2017
- > Essential Director Update (AICD) - 23rd November, 2017
- > IBAC Corruption Prevention & Integrity Insights Forum (IBAC) - 7th December, 2017

Board Committee Structure

In accordance with its powers, the Board has a number of committees, which draw on the skills, knowledge and experience of Board members and other specialist advisors. These committees assist the Board to meet its legal responsibilities to manage South West TAFE via sound corporate governance practices.

Audit, Risk and Compliance Committee

The main responsibilities of the Audit, Risk and Compliance Committee are to:

- > 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 that it is 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.
- > Monitor South West TAFE's financial compliance, corporate image, legal contracts, other contractual arrangements, and legislative compliance.
- > Review annual financial statements and make a recommendation to the Board for approval.

Committee Chair: Mike Weise

Committee members: Felicity Melican, Mark Fidge, Doreen Power, Steven Waterhouse, Kate Fraser (resigned 30/6/17)

Innovation and Industry Committee

The main responsibilities of the Innovation and Industry Committee are to:

- > Provide information and strategic direction to the Institute Board on how it is able to meet the Institute's strategic goals and directions on innovation, industry and community partnerships.
- > Suggest suitable strategies and directions that the Institute should consider to ensure courses and subject areas remain professionally relevant, state-of-the-art, and best able to meet the present and future needs of industry and the community.
- > Offer suggestions for new areas to be explored through informed consideration of new initiatives, potential markets, business development strategies, and program promotion.
- > Provide opportunities for discussion of possible co-operative training or research.
- > Review and endorse major innovation projects for Institute Board approval.
- > Contribute to the Annual Report.

Committee Chair: Susan Brumby

Committee members: Ann Ellis, Felicity Melican, Mark Fidge, Sandy Burgoyne, Sharna Westley

Nominations and Remuneration Committee

The main responsibilities of the Nominations and Remuneration Committee are to:

- > Review Institute Board agendas and the general operation of the Board and its committees.
- > Oversee the governance structure of the Institute Board and its committees.
- > Devise and oversee the recruitment process for co-opting additional, external members onto Institute Board Committees.
- > Devise and oversee the recruitment and advisory process for Board Nominee Director positions, in conjunction with the Board's Ministerial Nominee Directors.

- > Act as the delegated Board representatives for extraordinary decisions that must be made outside of scheduled Board meeting dates, when this authority is delegated to the Committee by the Board.
- > Set the remuneration and related employment benefits to be offered to the CEO, based on available guidelines and directions from the Board and the Minister for Education and Training, and comparative market data.
- > Seek appropriate approval of the remuneration and related benefits available to the CEO.
- > Approve negotiated remuneration and related benefits to be included in the employment contract of the CEO.
- > Provide advice to the Board, as appropriate.

Committee Chair: Felicity Melican

Committee members: Susan Brumby, Mark Fidge, Mike Weise

South West TAFE Board Members



Felicity Melican
BOARD CHAIR

Bachelor of Business (Accounting), Graduate Diploma Education (Secondary), Fellow of the Chartered Accountants Australia and New Zealand

Felicity was initially appointed to the Board on 26th October 2011 and was appointed as Board Chair in August 2016.

Felicity specialises in Finance, Self Managed Superannuation and Auditing, and has been with Sinclair Wilson Accountants and Advisors since 1993, becoming Principal in 2001, and is the Group's Lead Audit Partner.

Felicity's key areas of interest are Audit and Assurance, the not-for-profit and philanthropy sectors. Felicity currently serves as Director of The A. L. Lane Foundation and the Thomas O'Toole Foundation (philanthropic trusts), the South West Institute of TAFE Foundation, Deputy Chair of the Great South Coast Regional Partnership and was appointed a Director of Mercy Education Limited in October, 2017.

Felicity has a passion for education and aged care and is a strong supporter of the Great South Coast region.

Felicity has also been a member of the Audit Risk and Finance Committee and the Board President's Advisory Group since 1 July 2012.



Mark Fidge
DIRECTOR

Bachelor of Business (Accounting), Certified Practising Accountant (CPA), Diploma of Frontline Management, Graduate Australian Institute of Company Directors (GAICD)

Mark commenced on the Institute Board on 1 July 2016.

Mark is currently the Chief Executive Officer of South West Institute of TAFE, a position he has held since 2015 after initially joining the Institute as Finance Manager in 2003. He was appointed to the role of Executive Manager of Corporate Services in 2005, incorporating the role of Chief Finance Officer and appointed as the Institute Board Secretary in 2013. Prior to joining South West TAFE, Mark gained experience as a financial manager in a range of sectors in both Australia and the United Kingdom.



Mike Weise
DIRECTOR

Bachelor of Science (Hons) (Agriculture), Graduate Certificate in Education

Mike joined the Institute Board in April 2013 and Chaired the Institute from April 2013 until July 2016. Mike has also served as a member of the Board President's Advisory Group and Audit, Risk and Finance Committee. He is currently Chair of the Audit Risk and Compliance Committee.

Mike is the General Manager of Jersey Australia, the peak body for Jersey breeders in Australia, a Director of Central Sires Cooperative and a Principal of Client Victoria Pty Ltd., a consulting company specialising in rural business development.



Susan Brumby
DIRECTOR

PhD, Master of Health Management, Graduate of Australian Institute of Company Directors (GAICD), Graduate Diploma of Women's Studies, Certificate IV Workplace Training & Assessment, General Nursing & Midwifery Training, Fellow Australian Rural Leadership

Sue is committed to promoting positive educational opportunities and economic growth in the South West. As the founding Director of the National Centre for Farmer Health and an executive staff member of Western District Health Service, she brings extensive experience in nursing, agriculture, research and higher education.

Sue is a Graduate of the Australian Institute of Company Directors, Life Fellow of the Australian Rural Leadership Program and appointed member of the Victorian Agricultural Advisory Council. She has published and presented internationally and been recognised for her work in rural and regional communities. Susan joined the board on 1 September 2013 and Chairs the recently formed Innovation and Industry Committee.



Sharna Westley
DIRECTOR

Graduate Certificate in Inclusive Education, Graduate Diploma in Health Promotion, Graduate Diploma in Physical Education, Bachelor of Arts (Education), Diploma of Sustainability

Sharna commenced on the Institute Board on 1 July 2016 and serves as the elected staff member for the Institute.

Sharna brings a wealth of teaching industry experience to the board, having initially trained as a primary school teacher and working in this capacity in both Australia and the United Kingdom. Since returning to Australia in 2005, Sharna moved into the Vocational Education sector where she has developed a passion for working with young people and disadvantaged learners. She has held a range of teaching and coordination roles within the Institute, focusing on community engagement and developing strong educational links which benefit the young people of our region.



Doreen Power
DIRECTOR

Master of Business Leadership, Graduate Diploma of Health Administration, Bachelor of Applied Science (Nursing & Midwifery), General Nursing Training, Graduate Australian Institute Company Directors (GAICD)

Doreen commenced on the Institute Board on 12 September 2016.

Doreen brings over 35 years' of experience in the Health Sector to the Institute Board, having held executive management and clinical roles across a range of complex health, aged care and community services in Victoria. Since 2015, Doreen has held the position of Chief Executive Officer of Lyndoch Living.

Prior to this appointment, Doreen served as the Chief Executive Officer across a range of health services including rural health and community health services.



Ann Ellis
DIRECTOR

Master of Business Administration, Bachelor of Special Education, Diploma of Primary Teaching

Ann commenced on the Board on 9 October 2016.

Since starting her career as a primary school teacher, Ann has had a long association with the Vocational Education sector in various teaching and non-teaching roles before moving into further managerial roles in both the government and non-government sectors in Queensland.

Most recently, she held the position of Group General Manager with Engineering Education Australia, part of Australia's peak body for professional engineers. Ann is currently the Regional Manager for Murray City Country Coast GP Training, a position which she has held since 2016. Ann also owns and runs an accommodation business in regional Victoria.



Sandy Burgoyne
DIRECTOR

Master of Sustainable Development, Bachelor of Arts (Geography), Diploma of Education

Sandy commenced on the Institute Board on 9 October 2016.

Sandy brings 25 years of education and corporate experience in developing and leading business strategy, marketing, change and business transformation within the telecommunications, information technology, retail and not-for-profit sectors. She was the founding Director of the Future Cities Collaborative at the United States Studies Centre, University of Sydney until 2017 and continues her affiliation with the University of Sydney. She provides consultancy services as the Managing Director, Combined Technology Services and is a board member at Portland District Health.



Steven Waterhouse
DIRECTOR

Bachelor of Commerce (Accounting, Commercial Law & Information Management Systems), Member Institute of Chartered Accountants

Steven commenced on the Board in February 2017 and is a member of the Audit, Risk & Compliance Committee.

Steven has a background in financial management, corporate services and governance. He is General Manager People & Business Services at Wannon Water, an active member of the Corporation's Executive team. Steven is Wannon Water's Chief Financial Officer and is responsible for leading the financial, people, safety, risk, internal audit, information management and technology functions of the Corporation.

Steven is Deputy Chairman and Treasurer of the Warrnambool Racing Club, holding those offices since 2016 & 2009 respectively. He is a previous Board Member of South West Academy of Sport.



Brian Crook
DIRECTOR

Brian was a Ministerial appointment to the board in December 2017.

Brian's career has largely been with education and local government. He currently teaches part time in the VCAL program at Trinity College Colac, a position he has held since 2005. He was instrumental in opening up TAFE opportunities for all students in the VCAL program and is passionate about access and affordability of skills training for young people. Earlier in primary education, Brian taught in all types of rural settings as well as inner suburban schools in Melbourne and worked for six years as the coordinator of Colac's Alternative School, a program for students not engaged in mainstream education.

Brian served on Colac Otway Shire for 14 years, serving two terms as Mayor. He was a strong and successful advocate for more train services across the South West, a youth health hub and Trade Training Centre for Colac, Apollo Bay and Lavers Hill. In addition his passion for the importance of sport saw many upgrades to facilities in Colac and across the shire.



Kate Fraser
DIRECTOR

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

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

A fellow of the Australian Institute of Company Directors, Kate has served on several state and federal government boards in the utilities and health sectors. Kate's industry experience includes strategy development, change management and new business acquisitions in consumer and marketing roles within the retail banking, consumer goods, finance and health insurance sector.

Board and Committee Membership

The Board met nine times during the year, excluding the Annual Meeting, which was held on 23 August 2017. Meetings were scheduled monthly with additional meetings held as required. Committees met 12 times to review and monitor various aspects of operations. During 2017, 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	Term	IB	ARC	I&I	N&R
Mike Weise	Director	1 July 2016 – 30 June 2018	9	5	n/a	2
Susan Brumby	Director	1 July 2016 – 30 June 2019	7	n/a	5	2
Felicity Melican	Director Board Chair	1 January 2016 – 30 June 2016 1 July 2016 – 31 July 2018	9	5	5	2
Kate Fraser	Director	1 January 2016 – 30 June 2017 (resigned)	4	2	n/a	n/a
Ann Ellis	Director	9 October 2016 – 31 December 2017	9	n/a	4	n/a
Doreen Power	Director	12 September 2016 – 31 December 2018	7	3	n/a	n/a
Mark Fidge	Director	1 July 2016 (ex officio)	9	4	5	2
Sandy Burgoyne	Director	9 October 2016 – 31 December 2018	8	n/a	4	n/a
Sharna Westley	Director	1 July 2016 – 30 June 2019	8	n/a	4	n/a
Steven Waterhouse	Director	23 February 2017 – 30 June 2019	7	3	n/a	n/a
Brian Crook	Director	15 December 2017 – 31 July 2020	0	n/a	n/a	n/a

*IB – Institute Board (9 meetings) ARC – Audit, Risk & Compliance Committee (5 meetings) I&I – Innovation and Industry Committee (5 meetings)
N&R – Nominations & Remuneration Committee (2 meetings)*

Board Remuneration

Director's fees paid in 2017 totalled \$161,465.

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 operate under a reporting and accountability framework.



Mark Fidge
CHIEF EXECUTIVE OFFICER

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

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

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



Madelyn Lettieri
EXECUTIVE MANAGER ORGANISATIONAL DEVELOPMENT AND PROJECTS

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

Madelyn commenced at the Institute as the Executive Manager Education and Teaching Support in April 2015 and was formally appointed to the position in July 2015.

In January 2017 Madelyn was appointed to the position of Deputy CEO. Madelyn brings a wealth of Education and VET experience to the role.

The Deputy CEO, Executive Manager of Organisational Development and Projects portfolio oversees the Institute wide functions of People and Culture, the Teaching Quality Centre and the Access and Equity Unit. The portfolio is also responsible for Institute strategic projects that focus on innovation, regional needs leading to growth and diverse revenue streams.

The office of the Deputy CEO is also responsible for the application of the Workforce Training Innovation Fund (WTIF) which creates opportunities for the joint exploration of new ideas and solutions to enhance workplace productivity, recognising the need for industry and training providers to work together. The portfolio also manages the Regional and Specialist Training Fund (RSTF). The portfolio works closely with the Education portfolio to maintain a quality approach to the Institute's teaching and learning practice.



Jason Ernst
EXECUTIVE MANAGER CORPORATE SERVICES, CHIEF FINANCIAL OFFICER, BOARD SECRETARY

Bachelor of Business (Accounting), Certified Practising Accountant (CPA), Graduate of the Australian Institute of Company Directors (AICD)

Jason commenced as the Executive Manager Corporate Services on 16 January 2017.

Responsible for leadership of the Corporate Services portfolio, including finance, digital innovation and information technology, facilities management and master planning, occupational health and safety, student support services and customer service. Jason is also the Institute's Board Secretary and Chief Financial Officer.



Jeanette Brown
EXECUTIVE MANAGER EDUCATION (ACTING)

Bachelor of Arts, Diploma in Education, Graduate Certificate in Leadership Development, Cert IV in Assessment and Workplace Training, Graduate Certificate in Career Development

Jeanette commenced at the Institute in March 2016 and has been in the role of Acting Executive Manager, Education since August 2017. Jeanette has extensive experience at the executive and senior management levels in the VET sector.

Her portfolio is responsible for the areas of Business, Design and Personal Services, Construction, Engineering and Licensing, Food, Fibre and Land, Foundation and Further Education and Primary Healthcare. Jeanette is responsible for providing operational and strategic leadership to the Teaching Divisions as well as the Skills and Job Centre.



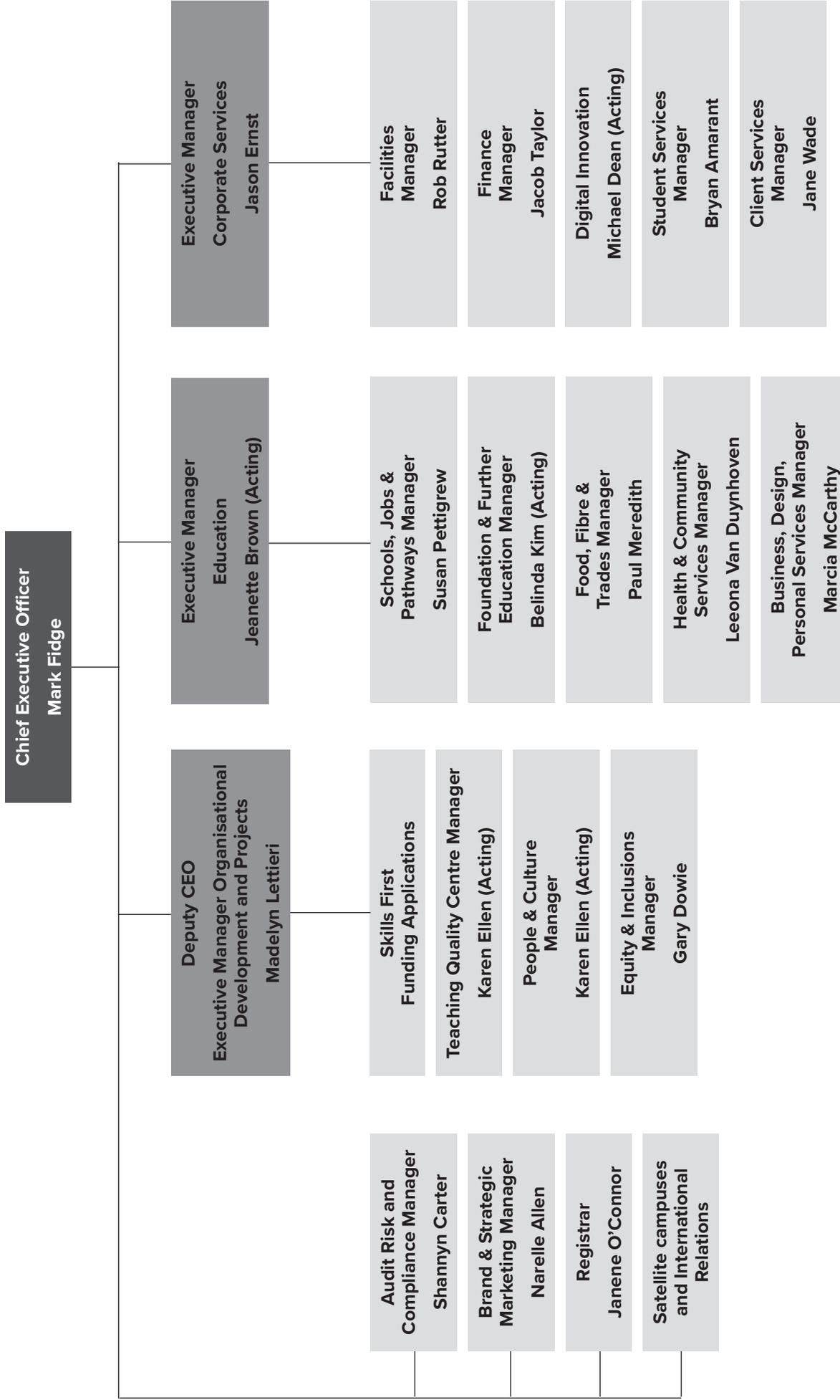
Richard Van Bergeijk
EXECUTIVE MANAGER INDUSTRY ENGAGEMENT (TO AUGUST 2017)

Diploma of Business, Diploma of Management, Executive Certificate of Logistics Management

Richard commenced as the Executive Manager Student and Industry Engagement in February 2016.

Responsible for the areas of Business Development & Industry Engagement, Schools, Higher Education & Community Liaison, as well as Customer Service and Student Engagement, Richard brought to the Portfolio a 25 year history of working in a range of Management positions spanning small private enterprises through to large Multi-National organisations.

South West TAFE Organisational Structure





INNOVATION AND QUALITY IN EDUCATION

Teaching and Learning Strategy

The SWTAFE Teaching and Learning Strategy was developed throughout 2017 and has as its overarching goal the delivery of quality teaching and learning programs which maximise retention and outcomes for students to ensure their success in this rapidly changing digital and global world. Strategic oversight of all teaching and learning programs at the Institute was the responsibility of the Board of Studies which met monthly in 2017.

Achievements of the Board of Studies include the development and implementation of the Successful Graduate Framework which took a whole of Institute approach and focussed on enhancing the student experience and engagement to support students in achieving their vocational and further study goals. A range of initiatives were implemented to ensure students were placed into the most appropriate and suitable courses for their individual career aspirations and to build their capability in making informed choices about their pathways.

Other initiatives included development of a comprehensive orientation process for students, social events and activities to bring students and staff together at each campus, close monitoring of student retention, implementation of the education app LOOP for instantaneous student feedback and use of data analytics in piloted courses to identify students at risk of withdrawing.

Teaching Quality Centre

This dynamic centre led the professional development space for our Teaching staff during the 2017 year. Formed in 2016 the Teaching Quality Centre provides Innovation and Quality Senior Educator staff to support and mentor teaching staff across all areas of Innovation in teaching and learning. Several large scale initiatives included the formation of the Training & Assessment (TAS) panel, the creation of 6 cohort specific Training and Assessment strategy templates, the creation of a Senior Educator and Teacher Induction with mentoring for the initial period for new teaching staff to benefit from.

Throughout 2017 the professional development events included a week long professional development week for topics to improve assessment, assessment validation, trainee and apprentice teaching, using SMS for results and student tracking through course completion, ACSF sessions for the Senior Educators, several new courses to Scope including the new Certificate IV in Training and Assessment.

SWTAFE online

An integral part of our quality course offering is the SWTAFE online learning platform that is managed by the Teaching Quality Centre through our Instructional Designer, Michelle Lomman. In 2017 we developed 694 courses/units during the year across all the teaching portfolios. Support and builds were for activities, quizzes, assessment submission, video links and high quality new courses builds for the new Training and Assessment course, new staff induction and further enhancement of the course look and functions through an upgrade of the Moodle platform. Some of these improvements include provision of student tracking features, student assessment grading and feedback features and student communication features.

During 2018 there are several new courses planned to meet higher teacher and student expectations.

Digital Innovation

SWTAFE supported the delivery of 11 groups of students across 8 programs of study in 2017 through the use of innovative tools and practices including Smart Teaching classroom technology. SWTAFE has been effective in using technology to deliver to small learner groups and through a blended model to increase options and access to education across our region.

South West Maker Fest

In 2017 we held our first Maker Fest for the region. The event was very successful based on feedback and early interest already in new schools joining the 2018 event.

The Maker Fest ran over 2 days with one of those being the Open Day in 2017. To bring together 15 plus schools, 800 students and the many teams that demonstrated their technology on the day has enabled us to create an ongoing event.

The opportunity for the younger generation to play with new and emerging technologies and in some cases demonstrate them to us cannot be underestimated and in this constantly changing world it begins to position us as an organisation that is prepared to understand the skills of tomorrow and how we can meet the training expectations that come with these new technologies.

The Teaching Quality Centre staff were heavily involved in the coordination, set up and presentation of the day to the schools with other Industry representatives also in attendance. The date for the 2018 Maker Fest has already been set and we look at building further on this initiative.



STUDENTS

Training Outcomes

The organisation delivered a total of 1,297,549 Student Contact Hours (SCH) in 2017. The table below provides a detailed breakdown of SCH delivery in 2017.

Student Contact Hours delivered

Outcomes	SCH
VTG Non Apprenticeship/ Traineeship	749,485
VTG Apprenticeship/Traineeships	365,119
Full Fee Paying	13,878
Fee for Service <i>(Includes TAFE in Schools, Adult Migrant English Program, Skills for Education & Employment, Interstate Apprenticeships and Short Courses)</i>	169,067
Total Delivery	1,297,549

Student Outcomes

In 2017, South West TAFE delivered training to 6,085 individual enrolments which equated to 1.3 million student contact hours (SCH). The Higher Education and Skills Group, along with individual student tuition fee contributions, funded 86% 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.

In 2017, South West TAFE saw an increase in enrolments across three Teaching Divisions, namely Business, Design and Personal Services, Construction, Engineering and Licencing and Health and Community Services. 2017 also saw an increased number of students progressing to study at a higher level, resulting in South West TAFE being ranked third in Victoria in this regard.

Movement in student contact hours over the past five years

2013	2014	2015	2016	2017
2,983,939	1,792,491	1,323,738	1,262,951	1,297,549

Student Contact Hours results

By Funding Source	SCH
Government Profile Excludes Trainees/Apprentices	749,485
Government Contracted Apprenticeships/Traineeships	365,119
Full Fee Paying	13,878
Fee for Service	66,284
TAFE in Schools	90,597
Adult Migrant English Program	3,720
Other (Incl. Interstate Apprenticeships, Short Courses)	8,466
Total	1,297,549
By Campus	
Colac	14,741
Hamilton	130,792
Portland	156,958
Warrnambool	860,640
Sherwood Park Training Facility	134,418
Total	1,297,549
By Department/Centre	
Division of Business Development and Industry Relationships	6,339
Division of Business, Design and Personal Services	250,888
Division of Construction, Engineering and Licensing	302,706
Division of Food, Fibre and Land	181,992
Division of Primary Health Care	247,280
Division of Foundation Further Education	308,344
Total	1,297,549

Student Feedback

All students, staff and South West TAFE clients have an opportunity to provide online feedback, complaints and compliments throughout the year. Students are also surveyed at the end of short courses and throughout the year on a course basis. On an annual basis, South West TAFE participates in a national benchmarking survey of students sent and collated by the National Centre for Vocational Education Research (NCVER) with the outcomes being published in the National VET Student Outcomes Report. We also collect quality indicator data from our students and employers, the outcome of which is published on our website as Learner Engagement and Employer Satisfaction.

During 2017 the real time feedback app, LOOP was trialled with students with a view to full implementation in 2018.

Youth Programs

VET in Schools (VETiS)

2017 was a great year for Secondary School students to begin their vocational pathway with South West TAFE. Enrolments into VETiS are sitting stable with 480 students choosing a Vocational pathway for their VCE or VCAL studies. Students in years 10, 11 and 12 from across the region have the opportunity of kickstarting their career, learning something new and getting a taste of industry whilst providing credit into the VCE or VCAL completion certificates. 23 secondary schools from across the region partnered with SWTAFE to provide students with relevant learning subject options across 12 different vocational industries. Students are seeing the importance of vocational training and the pathways a qualification can provide post school.

The VET in Schools program is the first opportunity a student has to experience vocational training in an industry-led learning environment with 'trade' teachers in the TAFE sector. It's the beginning of their vocational journey.

Trade Training Centres

The Hamilton District Skills Centre, located at Baimbridge College in Hamilton, the Trade Training Centre located at Brauer College in Warrnambool, the Trade Training Centre located at Stawell Secondary College and the Trade Training Centre located at Lorne Airey's Inlet P-12 School all partnered with SWTAFE for VET in Schools delivery in 2017.

Program delivery took place under an Auspiced agreement where delivery and assessment takes place at these locations by staff employed by the host school. Delivery was across Automotive, Building Construction, Hospitality, Hairdressing, Makeup, Conservation and Land, and Engineering. A total of 180 students studied locally at a Trade Training Centre across the region. In 2017 four new Trade Training Facilities were built across the Corangamite region of schools.

School Based Apprentices and Trainees

In 2017 we had 31 School Based Apprentices and 61 Trainees spread across all program areas. These students demonstrate diversity in study choices and the industries that are embracing the part time employment model and flexible delivery options. School Based Apprenticeships and Traineeships are a great way for students to engage with industry and understand the world of work. Education Support and Early Childhood offered the most School Based Traineeships in 2017, followed by Meat processing, Electrical and Carpentry for Apprenticeships. A School Based Apprenticeship or Traineeship can be implemented across most program areas, however growth is based on industry awareness and demand.

Brotherhood of St Laurence

The Certification I in Developing Independence was successfully implemented at SWTAFE in 2017. By building on our relationship with Brophy Family & Youth Services, we were able to work strongly with the Brotherhood of St Laurence to deliver their program to young people who reside at The Foyer Warrnambool.

This has allowed young people in our community who were homeless or at risk of homelessness to complete a qualification which focuses on their passions and interests. The qualification provides them recognition for the skills and talents they have and want to grow benefiting the students and their community.

This partnership will continue for 2018, with planning already in place to continue this into 2019 and beyond.

Disability Services

In 2017, South West TAFE Disability Service has continued to provide quality individual and group support to eligible community members across South West Victoria.

South West TAFE Disability Services has undergone changes within its structure, promoting a clearer picture for our users. The growth has seen the introduction of a new position - Disability Services Coordinator - to oversee TAFE's registered Disability Service and South West TAFE Disability Support department for students engaging in curriculum. South West TAFE Disability Services growth with the NDIS and TAC now sees TAFE offering an increased amount of individual and group supports within the TAFE setting and the greater community.

The organisation also delivered support to programs in partnership with other disability services across the region, to promote greater access and inclusion for their participants to develop relevant skills.

South West TAFE hosted 8 sessions for participants, families, carers and members of the general public including local schools with management, supervisors and support staff engaging in regular training and opportunities both locally and state based in relation to the National Disability Insurance Scheme.

2017 has seen South West TAFE Disability Services participate in a surveillance audit and become recertified to the Human Services Standards – Certificate number DS/R61/1288. We were also verified as complying with the requirements of the NSDS (2014). With the review of our policies and procedures SWTAFE has ensured continued compliance throughout sector funding transition.

South West TAFE Disability Services and Support department are looking forward to the prospects of 2018 with continuous growth and learning.

Learning Support

The Learning Support Unit is a part of the Division of Foundation and Further Education and integral in supporting South West TAFE student retention and course completion. The Learning Support Unit has continued to provide literacy, numeracy and study skills support to South West TAFE students across all campuses for 2017.

The Learning Support Unit coordinated the Language Literacy and Numeracy (LLN) Online Quiz process and uploading of these results to relevant departments. This online literacy and numeracy assessment tool, completed by newly enrolled students, ensured early detection of any students requiring learning support. Information from the LLN online quiz also supported and enhanced the pre-training evaluation process, providing staff with a Skills Analysis report for each student. This data enabled the learning support staff to create personalised and whole class learning support programs related to core skill and study skill needs for students to remain engaged and support their course completion.

Over 5822 students completed the LLN Online Quiz in 2017 and 40.64% of those students attained above ACSF Level 3. Where indicated, additional literacy and numeracy support was provided to support students with low core skill gap results to enable them to successfully complete their course.

Learning Support Unit staff conducted study workshops in small group and class sessions focusing on specific numeracy and literacy course requirements such as medication maths in Nursing as well as generalist program assistance for students across all Divisions of the Institute. One-to-one support within the class and individual library sessions were provided to students that focused on an array of learning skills such as research and referencing, study skills, and specific and/or generalist program assistance. Teaching departments accessing these workshops and one-to-one class support tutors for students included Early Childhood Education, Community Care, Nursing, Hair and Beauty, VCAL, Building and Construction, Automotive and Plumbing.

Student learning support options included regular 'drop in' library support sessions, timetabled small groups, online study support classes and in-class tutor assistance. Support for apprentice blocks including Carpentry, Auto, Plumbing and Engineering at Sherwood Park, Warrnambool and Portland were also provided.

The usage of the online tutorial support program 'Your Tutor' continued to grow in 2017 with 6,833 minutes consumed; a 1.2% increase in usage from the previous year. Anecdotal feedback supplied from Your Tutor highlighted the positive experiences of students using this service with an overall 'excellent' user satisfaction rating.

The Learning Support Unit at South West TAFE provides a valuable service to all teaching departments, with the aim of enhancing student retention and successful course completion so students can progress to meaningful employment and/or further education pathways.

Student Awards and Achievements

2017 South West TAFE Student Awards

Outstanding Student Awards

- > Vocational Student of the Year - Michelle Burley
- > Vocational Achiever of the Year - Hannah Poole
- > Trainee of the Year - Marlee Bourke
- > Deakin Pathways Award - Amy Boxer
- > Apprentice of the Year - Daniel Nicholson
- > Youth Achiever of the Year - Emma Hawkins
- > Koorie Student of the Year - Taliah McGeary

Student of the Year Awards

Trades - Outstanding Apprentice of the Year

- > Carpentry - Daniel Nicholson
- > Cabinet Making - Jacob Threlfall
- > Plumbing - Matthew Combe
- > Engineering
 - James Tooley (Mechanical)
 - Shaun Brighton (Fabrication)
- > Automotive - Luke Inman
- > Electrical - Brendan Silk

Arts

- > Peter Lucas Memorial Award - Lisa Jansen

PURE Hair Beauty & Wellness Academy

- > VETiS Hair – Salon Assistant - Zoe Rose
- > Certificate III Hairdressing - Kirby Stonehouse
- > Hairdressing Apprentice - Joanna Guilfoyle
- > VETiS 1st Year Beauty - Georgia McKenzie
- > VETiS 2nd Year Beauty - Lily Aitkin
- > Certificate II in Nail Technology - Jodi Matthews
- > Certificate III in Beauty Services - Erin Keegan
- > Certificate III in Makeup - Carly Moloney
- > Diploma of Beauty - Hannah Poole
- > Cert IV Massage Therapy - Cat Moore

National Industry Awards

- > AMIC 2017 Sir William Angliss Victorian Apprentice Butcher Award - Matthew Caveny (Warrnambool Country Meats)



STAFF

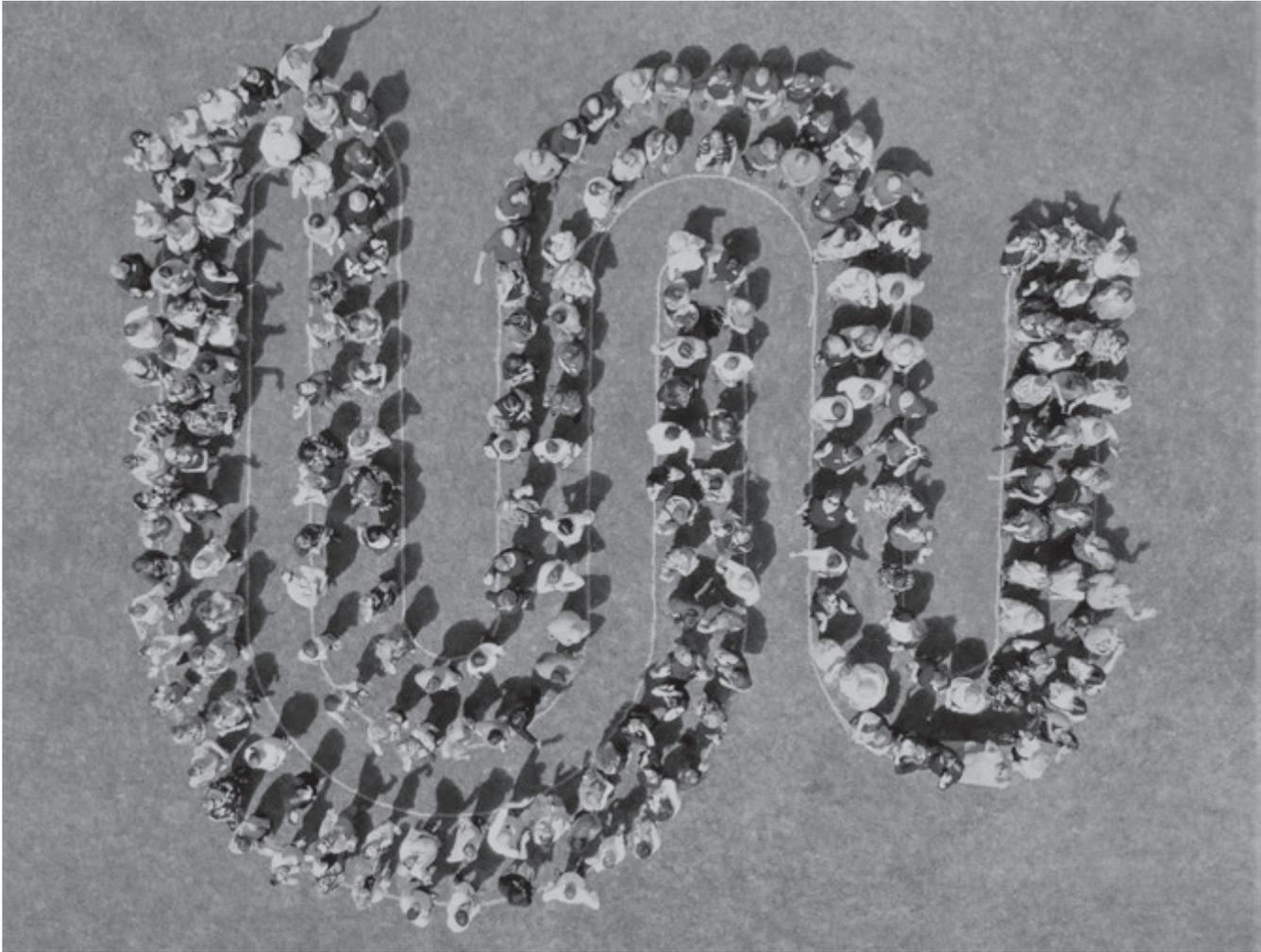
Workforce Statistics

	2017			2016		
	Ongoing		Fixed Term and Casual	Ongoing		Fixed Term and Casual
	Actual count	FTE	FTE	Actual count	FTE	FTE
Gender						
Male	53	51.6	33.7	66	64.8	34.5
Female	115	93.8	62.6	118	98.1	62.7
Total	168	145.4	96.3	184	162.9	97.2
Age						
Under 25	5	5	7.7	2	1.5	4.75
25-34	26	22.8	8.2	26	24.9	9.54
35-44	35	26.4	19.2	47	37.6	22.9
45-54	63	55.2	30.2	69	60.1	30.3
55-64	36	32.8	27.2	38	36.7	24.8
over 64	3	3	3.5	2	2	4.9

	Ongoing			Fixed Term and Casual	
	Actual count	Full Time count	Part Time count	FTE	FTE
Dec-16	184	125	59	162.9	97.2
Dec-17	168	110	58	145.4	96.3

	Full time		Part time		Casual	
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other
PACCT FTE	59	12	20.4	8.3	-	11.2
Executive FTE	-	4	-	-	-	-
Other FTE	-	-	-	-	-	-
Teacher FTE	51	17	15	8.1	35.6	-

Note: The information above represents staffing information as at 31st December 2017.



The Human Resource Information Management System is the source of information for all our 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. Reports, as required, are provided to relevant external authorities.

Our staff are employed in new and existing positions in line with our guidelines on recruitment and remuneration. All new positions are graded by staff trained in the grading of public sector positions. Declarations of conflict of interest are part of pre and post recruitment processes to ensure the appropriately qualified and suitable applicant is secured in line with the principles of conduct and employment. Our Institute staffing committee ensures all positions are moderated and approved by the CEO to ensure transparency and appropriate staff procurement has been followed.

Staffing figures for 2017, including an analysis by employment status, age and classifications are represented in the tables provided above. The organisation believes employees have been correctly classified in the workforce data collections.

Other Disclosures

The organisation made 6 ex-gratia payments during 2017 totalling \$168,230.01.

People and Culture

We do this by:

- > Leading our staff purpose and values.
- > Developing strategies designed to attract, retain and engage our workforce.
- > Providing expert consulting advice to staff.
- > Maintaining up-to-date knowledge of employee relations and human resources practices, issues and trends.
- > Promoting and delivering an organisational development approach to our workforce through staff capability building and increased leadership focus for Managers.

2017 People and Culture initiatives included:

- > Successfully implemented recommendations from the recruitment review which examined the Attraction, Recruitment and On-Boarding stages of the candidate/employee lifecycle within South West TAFE. The changes reflect a contemporary approach allowing South West TAFE to have improved electronic functionality and position itself in the marketplace as an Employer of Choice with a strong Career Brand.
- > Implementation of online time sheets for all casual staff.
- > Introduction of the Induction series – Corporate induction and workplace induction programs and remodification of these models to produce more frequent weekly face-to-face corporate inductions with online support for all new staff in 2018.
- > Implementation of new position description templates with grading done in-house by trained People and Culture staff.
- > Development of our new Workforce plan “Creating our new work mindset”. This plan has created eight workforce focus streams to capture current, emerging and essential professional development support and programs annually.

- > Continued investment in our staff through participation in the Great South Coast Leadership Program, Wayne Smith Teaching Fellowship, VET Development Centre projects and key conferences and professional development activities.
- > Delivery of the Inspire Conference, a workforce professional development four day event where all staff were energised, motivated and inspired to deliver our strategic objectives. Teaching staff were provided the opportunity to collectively explore, learn, discuss and transform ideas to plan for a successful year.
- > Delivery of communication feedback workshops from staff in all campuses for a future communication plan.
- > Development of a role clarity statement for Teachers and Senior Educators to trial in 2018.

Staff Morale and Connection

During 2017 a range of staff morale building events were organised for SWTAFE staff:

- > Bring your pet to work day
- > SWTAFE Social club and events
- > Staff breakfasts, morning teas, lunches and dinners
- > Football festivities
- > Family and friends ten pin bowling
- > Lifeline’s Stress Down Day
- > Casual Friday Morning Teas
- > Employee of the month staff lunch meetings
- > Melbourne Cup Mystery Sweep
- > R U Ok? Day
- > 5 days of Christmas
- > Desk bomb elves
- > Christmas desk decoration competition
- > Christmas Bake off
- > The sounds of Christmas
- > Staff Christmas party

There are plans to schedule new and repeat events in 2018 as we understand our staff enjoy social and team building days.

Organisational Development

In 2017 the organisation saw merit in the Teaching Quality Centre and People and Culture Department working in alignment, and appointed a single manager across both areas, titled Organisation Development Manager. The focus was on workforce capability and increased service approach across the organisation. Several significant goals were achieved during this year that continued to focus on the quality and improvement of People and Culture response to the needs of the Managers and staff support. Training and implementation of any new processes, systems and programs remains a key deliverable to ensure staff embrace and adapt to the changing workforce support being led by People and Culture staff.

Building Capability

People and Culture Advisors and Managers participated in some key areas of professional development to assist the increased focus on high quality staff and performance. These programs included New Position Description grading for People and Culture staff, Managing Teams and Performance for Managers and ongoing training to teaching staff in a range of areas.

Two areas of significant activity for teaching staff were the Inspire Conference attended by around 300 staff in January 2017 and the Learning and Development Week attended by over 100 teaching staff in a range of topics to support Quality and Innovation.

During 2017 our workforce participated in ‘Fantastic’, a digital innovation project funded by the VET Development Centre. The intensive staff knowledge building project focused on Training and Assessment strategies and the role our staff play in supporting successful graduates.

The continued focus of staff to remain engaged in their own professional development is producing excellent outcomes for our students.

Training and Development

The 2017 budget allocated across a range of programs has produced significant workforce development.

Exec Portfolio	Applications Submitted	Applications Approved	Cost
Education & Teaching Support	180	168	\$95,120.39
CEO	24	24	\$16,724.43
Student & Industry Engagement	2	2	\$3,349.62
Corporate Services	38	35	\$17,498.41
Total	244	229	\$132,692.85

Note: These figures do not include the participation of 102 teaching staff in the Learning and Development Week or the 300 staff who attended the Inspire Conference in January.

Leadership Program

The Management Group and the People and Culture advisors participated in the first of a series of Leadership days. The first one of these was Leading Teams and Managing Performance. These single day events will continue beyond 2017 to ensure all current Managers are participating in key leadership activities. Change Management is another area of skills building and mastery as we move into continued change in the VET sector.

Traineeship Program

South West TAFE's traineeship program has continued throughout 2017 and is an opportunity to support community members to gain work experience whilst achieving a qualification. Working with West Vic Staffing Solutions, we have been able to employ seven current trainees to undertake their traineeships in 2017, with some continuing their careers within South West TAFE.

People Matter Survey

The fifth year of participation in our people matters survey produced a positive result for the organisation. Key highlights include:

- > 59% of all SWTAFE staff completed the survey, with the highest completion rate within the TAFE sector being at 60%.
- > In many areas the organisation rated the highest of the 11 TAFEs who participated.

During 2018 there will be further activity to improve our responses in areas that we aim to improve, being:

- > Role Clarity and Feedback, Strategic Direction, Promoting the values and understanding governance including raising issues of concern, communication and further leadership development.

There will be increased focus on improving our results and performance for our staff as we look to increase our staff participation and satisfaction of this annual survey.

Health, Safety and Wellbeing

Ongoing review and improvements to our Health, Safety and Wellbeing (HSW) Management systems included relevant HSW training for managers, team leaders and Health and Safety Representatives throughout the organisation, to support a proactive, preventive approach to safety and wellbeing.

Other HSW initiatives included:

- > The new Return to Work framework, developed in consultation with employees and Worksafe, strengthening our commitment to assisting employees following an injury or illness to either stay at work or return to work as soon as possible, by providing a practical and coordinated approach to workplace adjustments, rehabilitation and injury management.
- > Information sessions re: the new OHS Regulations 2017.
- > Hosting a breakfast seminar with Worksafe on transition to the Globally Harmonised System for classification of hazardous chemicals (GHS).
- > Young Workers safety procedure.
- > Wellbeing activities – Staff conference, casual clothes morning teas, Community Chest gift giving program, employee of the month luncheons, vibrant Social Club, Open Day, Standing Tall mentoring, Food Share and community service volunteering - all provided employees with opportunities for personal development, team bonding, recognition and overall organisational cohesion.

Industrial Relations

The Victorian TAFE teaching staff multi enterprise agreement remains in negotiations. It is anticipated this will be finalised early 2018. The Specialist Staff EBA was approved by the Fair Work Commission in December 2016.

South West TAFE has comprehensive dispute resolution procedures in its policies and industrial Agreements to ensure issues that may arise are addressed appropriately and in a timely manner.

There were no days lost at South West TAFE due to industrial action in 2017.

The Future

The new Workforce Development Plan 'Creating our New Work Mindset' will facilitate and drive the future capability of our workforce to be dynamic, contemporary and future focussed. The alignment of our staff and capability development will ensure we lift and achieve our strategic goals of quality, innovation and future focused education. The eight areas for development are:

- Stream 1 Leadership Capability
- Stream 2 Change Management
- Stream 3 Innovation, Quality & Excellence
- Stream 4 WH&S Training & Compliance
- Stream 5 Industry & Community Collaboration
- Stream 6 High Quality Teaching Practice
- Stream 7 Ethical, Behavioural, Risk & Fraud Training
- Stream 8 Healthy Workplace & Communication

SWTAFE staff are additionally participating in strategic forums including the TAFE Regional Alliance, HR capability initiatives and the TAFE Community of Practice for Applied Research and Innovation VET working group to increase our knowledge, performance and capability in 2018.



BUSINESS

Regional Projects

In 2017, South West TAFE developed and strengthened a number of industry partnerships throughout the region. Building upon its industry engagement framework “Industry Connect” in 2017 and deepening linkages with industry sectors and partners across the South West Region and beyond we continue to identify and create contextualised training solutions for local businesses.

Lyndoch Living

The relationship with Lyndoch Living continues to strengthen in response to predicted growth in the aged care industry, and the partnership between South West TAFE and Lyndoch Living.

Lyndoch Living is becoming well renowned for its innovative and contemporary approach to aged care services. Work has commenced on a number of projects to help position Lyndoch Living as a leader in their field, whilst giving access to South West TAFE students to practical, industry focussed learning environments.

South West Healthcare

During 2017 South West TAFE continued to strengthen its partnership with South West Healthcare. South West Healthcare again made a significant commitment to healthcare education and workforce development in our region. South West Healthcare’s provision of clinical placement opportunities continues to play a major role in the ongoing development and training of our Nursing and Allied Health Assistance students by enabling them to apply and consolidate the knowledge, skills and attitudes they are taught in the classroom to a healthcare environment.

We have continued to work with key personnel from South West Healthcare to provide us with feedback, advice and information to improve the delivery of our healthcare programs and outcomes for our students.

South West Skills and Jobs Centre

The Skills and Jobs Centre provides services for prospective students, employers, apprentices, trainees, and unemployed or transitioning workers. The Centre has trained staff who can guide its clients through careers advice and training and retraining opportunities. The Centre is not a recruitment agency or an employer, but it is a starting point for help and referral to other services.

It’s about ensuring clients are making the correct choices to begin their pathway.

The Skills and Jobs Centre is located in the Old Court House on the Warrnambool Campus and has hot desks located in the Portland and Hamilton offices of Westvic staffing solutions. Staff located in the Centre include the Business Development Team, Short and Industry Courses advisors and the Work Ready Team. In 2017 The Skills and Jobs Centre added the addition of a specialised ‘Careers Coach’ to its team with a focus on giving personalised customer service.

The Centre works closely with our Industry Connect team that brings Community and Industry events into the Centre. These events provide valuable awareness of the Skills and Jobs Centre programs, workshops and services making connections between clients and employment opportunities.

Hundreds of students started their journey to reaching their personal goals through the Skills and Job Centre - via course advice sessions, one to one mentoring, industry engagements and the TAFE’s Foundation Skills programs and courses. It provided a valuable place for the community to come and map their pathway to employment.

Australian Home Care Services

Training services delivered by the Health and Community Services division over 2017 saw the completion of the Australian Home Care Services training agreement. A dedicated teaching team for this program were primarily located off-site and travelled around Victoria on a monthly basis to deliver training workshops to Australian Home Care staff in both metropolitan and country areas.

In June, 28 trainees completed the HLT32812 Certificate III in Health Support Services and in December, 40 trainees completed CHC33015 Certificate III in Individual Support (Disability, Home and Community).

Eventide Homes Stawell

In 2017 South West TAFE and Eventide Stawell submitted a joint application to the Regional and Specialist Training Fund (RSTF) for a model of delivery of the Certificate III in Individual Support to be delivered onsite at Eventide Homes by South West TAFE staff. This submission was successful and delivery commenced in October with 15 enrolments. The Training and Assessment Strategy was developed in consultation with Eventide Homes Stawell Clinical Education Manager. This included opportunities to link with key Eventide staff and management and plan for relevant learning activities with Eventide residents where suitable and appropriate. We also planned for part-time work placement at Eventide Homes that will take place concurrently with the theory work.

Classes are held on site at Eventide Homes Stawell in their training room every Tuesday and Wednesday.

Westvic Dairy

In 2017 South West TAFE strengthened its relationship with Westvic Dairy through the co-design with Industry of a new model of delivery for the Certificate III in Agriculture. We have worked with key personnel from West Vic Dairy and Dairy Australia to provide input into our continuous improvement activities for the delivery of agriculture (dairy) training to the region.

Glenelg Shire

Glenelg Shire Council and South West TAFE (SWTAFE) entered into a collaborative partnership to deliver a training program aimed to develop the leadership and management skills for nominated council staff. The Diploma of Leadership and Management was identified as a qualification that could up-skill in a number of leadership and management areas and unlock leadership potential. This qualification was tailored for Glenelg Shire Council to help staff plan, execute and evaluate their own work and the work of their teams. Training was conducted over a 12 month period and included workshops and supplemented with work based projects. This program was highly successful with eight students gaining the qualification.

Porthaul

Certificate III in Driving Operations was added to scope in 2016. In 2017 two groups of trainees commenced training at Porthaul and at Warrnambool Cheese and Butter factory. This program has assisted both companies to maintain their driver safety and driving requirements.

Keppel Prince

The engineering department developed two specialised programs in computer aided drawing and computer aided manufacturing following a request from Keppel Prince and Kempe Engineering. The programs were delivered at our Portland campus and at Keppel Prince for the practical component of the programs.

The department also conducted an audit on internal training at Keppel Prince to assist the company complete a tender for funding to expand their manufacturing infrastructure.

Warrnambool Cheese and Butter

Additional programs delivered at Warrnambool Cheese and Butter included specialised skill sets in Food Processing customised for WC&B processes. Delivery of on-the-job Food Processing traineeships continued at WC&B and Blue Lake Milling (Dimboola). These programs are customised for each company to ensure relevance to specific industry operating requirements.

Middy's Electrical

Our electro technology department in conjunction with Middy's Electrical, have developed solar installation programs for Middy's clients. These programs have been developed to comply with current industry requirements and were delivered throughout Victoria and sessions in Darwin. 2018 will see the development of solar battery storage programs for this new and emerging market.

Meat Industry

The meat training department continued to service the meat processing industry, in particular the Frew Group, MC Herd and Challenge Smallgoods. Department staff based in Stawell and Corio work with each company to customise Certificate II and III qualifications to meet company and legislative requirements for their workforce.

Food, Fibre, Land and Trades hosted industry events throughout 2017 for industry peak bodies including the Australian Meat Industry Council and Energy Safe Victoria. These events included information on legislative changes to relevant industries. The events were well supported by regional industry.

Workready Project

South West TAFE's 'Back to Work' 2 year funded project was launched in 2016 and concluded at the end of 2017. The unique project developed a traineeship model designed to grow training in areas of community need and industry growth, helping Victorians get and keep jobs.

Expanding to include apprenticeships and partnered by WestVic Staffing Solutions and Brophy Family and Youth Services, the two year project achieved the following holistic results:

Year	Traineeship commencements	% Target Achieved	Apprenticeship commencements	% Target Achieved
2016	73	121%	25	125%
2017	88	147%	22	110%

At the commencement of this project, the project's steering committee reviewed the project submission closely, and in order to align to the Government's 'back to work' project, it acknowledged the region's unemployment rate. The challenge of entering our region's unemployed youth into the program, and long-term unemployed was discussed at a steering committee level. A strategic approach was agreed upon, and work began on the additional development of a training program, designed specifically to help bridge the gap between youth unemployment, and long-term unemployment.

In April 2016, SWTAFE launched a new training program called the WorkReady training program. This has been extremely well supported by our region's job networks and industry providers. Strengthening this model has been the essential pastoral care framework provided by Brophy Youth and Family Services. The program has been successful, with over 56 students (2016 - 45, 2017- 31) enrolling into the program over the two years. From this program 50 students either completed, or partially completed the program, and exited into jobs or course pathways. The project helped support other Government initiatives designed to reduce youth unemployment, long-term unemployment and increase education attainment.

South West TAFE acknowledges the steering committee members of David Clift (Warrnambool College Principal), Kellie King (General Manager, Community & Corporate Services Wannon Water), Chris Quigley (Site Manager, WDEA employment), Wayne Robertson (Chief Operating Officer - WestVic), and Kathy Sanderson (Executive Manager, Youth Services Division - Brophy).

Swinburne University of Technology

South West TAFE and Swinburne University developed a partnership enabling South West TAFE students to undertake pathways which lead to VET qualifications and potentially higher Education qualifications with Swinburne University. The agreement opens up a range of other opportunities and includes training for staff professional development between the two Institutes.

Hamilton District Skills Centre

South West TAFE (SWTAFE) and the Hamilton District Skills Centre (HDSC) entered into collaborative partnership (Memorandum of Understanding) to create training pathways for school students. The key objective of the two organisations was to increase course offerings to the market. The provision of a Certificate III in Commercial Cookery (non-apprentice) qualification was identified as an opportunity that would support skill shortages and help address regional unemployment. This partnership brought together skills, knowledge and experience from each organisation to ensure a great student experience. HDSC provided the region's best training kitchens and a wealth of hospitality experience. SWTAFE brought a local, qualified and industry relevant teacher to deliver the training program. Sixteen local

students enrolled and completed the course many of whom have gone on to gain employment in the commercial and hospitality industry.

Industry Connect

South West TAFE continued to expand the Industry Connect program in 2017 with 43 events, both large and small held across 3 campuses, including offsite and industry locations. Deeper levels of engagement were achieved by partnering with community and industry groups and increased levels of student participation at many events. Teaching divisions have strongly embraced the program of events and see great value in collaborating with industry and community. Industry Connect provides a crucial link to industry for our teaching departments which influences our delivery and most importantly ensures our students are work ready.

Higher Education Partners

In 2017, 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 a skilled

workforce in the region. South West TAFE has strategically aligned their marketing campaigns to promote these pathways. Joint projects and delivery with Deakin Warrnambool have provided our Diploma students a seamless pathway whilst contributing to the local workforce and community.

Deakin University

South West TAFE and Deakin formalised their continuing Strategic Alliance in late 2016, aimed at reinvigorating and strengthening this innovative partnership. The two like-minded organisations through the Memorandum of Understanding have worked hard to provide students with the opportunity to pathway from secondary school through TAFE and on to University in a seamless manner. It benefits regional, rural and remote students and helps build the jobs of the future in the South West region. Students have already seen the benefits of the guaranteed pathways from TAFE to University as South West TAFE students graduating from diplomas in Early Childhood Education and Care, Graphic Design, Accounting, Nursing, Tourism and Community Services can continue to complete their degrees as second year students at Deakin University.

South West TAFE has been an active member of the South West Advisory Group which was established to ensure regional students would be able to continue to access further education choices without needing to leave their home towns. Membership of this group includes key representatives from community, industry and education providers including the CEO of South West TAFE. Of particular note in 2017 was the launch of the Bachelor of Commerce (Food and Agribusiness) by Deakin that South West TAFE will consider as a future pathway for our Diploma students.

RMIT University

In 2017 South West TAFE continued to work with RMIT to purchase the Ballarat Rd site in Hamilton. This agreement facilitated the Institute's continued provision of health related programs in Hamilton. During the year the Institute developed an educational master plan for the Hamilton region and transitioned from our previous location in Hammond St to Ballarat Rd for all educational activities.

Yangzhou Polytechnic Institute

The continued partnership with Yangzhou Polytechnic Institute included the delivery of the Diploma of Accounting in China.

A group of teachers from Yangzhou visited the Warrnambool Campus for two weeks to learn about the Australian Vocational System and training techniques.

Jiangsu Polytechnic College of Agriculture and Forestry

A Memorandum of Understanding was signed with the College in December 2016. The MOU provides a platform to develop cooperation across a number of areas including short courses, certificate courses and Diplomas and will result in teachers and students visiting South West TAFE in 2018.

Guangdong Vocational College of Hotel Management

A Memorandum of Understanding was signed with the College in December 2016. The MOU provides a platform to explore and develop educational and

industry relationships between South West TAFE and Guangdong Vocational College that specialises in tourism, hospitality and management courses.

International Operations

In 2017, the Institute's International operations consisted of offshore delivery and hosting short term study tours.

Partnerships

The Institute's partnership with Yangzhou Polytechnic Institute (YPI) to deliver the Diploma of Accounting continued in 2017, with teaching staff travelling to China to deliver training. YPI also sent a group of teachers to South West TAFE to undertake professional development at the Warrnambool Campus. This activity focussed on the development and construction of lesson plans and curriculum to engage learners.

Offshore Delivery

During the year the Institute continued to deliver training onsite at YPI in China.

INTERNATIONAL PROGRAMS INCOME		
	2017	2016
Offshore programs	\$100,000	\$176,000
Total	\$100,000	\$176,000

Networks

The Institute was an active member of the Warrnambool City Council International Relations Advisory Committee which aims to promote Warrnambool as a location for international cultural exchange, business, trade and tourism partnerships.

South West TAFE has also joined the Victorian TAFE International network to explore international delivery opportunities as part of the broader TAFE network.

Overseas Travel

The Business Development and Industry Engagement Manager made one visit to Yangzhou Polytechnic Institute, Jiangsu Polytechnic College and Guangdong Vocational College in 2017 to further develop existing

relationships and plan on-shore activities in 2018. These visits are part of the Institutes broader plan to achieve our CRICOS registration in 2018.

In 2017 South West TAFE continued to communicate with businesses in the south west region of Victoria on potential interactions in the international environment. This was achieved by using public lectures, internet, and a series of workshops designed to guide the audience through the "how-to" process of moving their product or service to international destinations. The Great South Coast Food to China Export Program was devised and Federal funding received to take 15 food or fibre producers of consumer products from the south west region to Shanghai to receive in country training on China-Australia Free Trade Agreement (ChAFTA). This project took place from November 13- 19, 2017 where the participants received information workshops from Scan Global Logistics, Victorian Government's Business Office, Austrade and the National Australia Bank. They also visited the Food & Hotel China (FHC) convention for two days in Shanghai.

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

Working collaboratively and being a fundamental part of the community is core to the success of South West TAFE.

During 2017 we made significant progress on our commitment to build even stronger relationships with the community, industry and students. These are our priority areas and we are proud of our community connections and determined to make them even stronger.

We're always trying to do things better and the key to fulfilling the needs of local industry is to be fully aware of what they need so we can provide those services.

Likewise with students, we need to know their aspirations and have training available to help them achieve their goals.

It is therefore important that we know our regional community and our community knows us.

There were many examples during 2017 of South West TAFE's close community ties.

The biggest event of the year on the TAFE calendar was the 2017 "Very Open Day" which attracted about 2000 people to the Warrnambool campus. Our organisation has worked hard to create this greater connection with community and inform them of what is behind our front doors. Potential students, both young and old, are able to see what educational opportunities exist at our organisation that will lead them to employment or further education.

Our inaugural Maker Fest was a huge success, attracting over 800 students from 16 schools from across the region. The students had the opportunity to demonstrate their creations, innovations and problem solving skills through a shared learning environment whilst also being introduced to leading edge technology on a global scale. The opportunity also arose to introduce students to a tertiary education environment allowing for a smooth transition from secondary school.

We regularly opened our doors to industry and local groups, enabling them to use and experience our facilities, expertise and networks.

There were more than 40 Industry Connect events at TAFE and 700 industry representatives attended TAFE events. These events allowed us to listen to current and emerging industry needs and tailor our training accordingly to assist with the future success of employers and our students.

The community was also invited to share in our students' success, with well-attended graduation nights in hair and beauty, trades and diploma and advanced diploma students.

South West TAFE is a culturally diverse organisation that is proud of its support of all students and our promotion of access and inclusion.

We have increased our service offering under the NDIS and TAC programs within the TAFE setting and in the broader community, and we now deliver more programs in partnership with other disability services across the region. We also hosted eight sessions for participants, families and carers and the general public on the introduction of the NDIS.

Our involvement with local service and cultural organisations is significant and during 2017 we unveiled a police memorial stone as part of a Police Remembrance Day service which more than 200 people attended. In addition to that more than 300 people attended the unveiling of new entrance stones outside the Warrnambool campus during NAIDOC week celebrations.

South West TAFE provided a wide range of support services for students and staff and introduced a parent room during the year.

Our students and staff were proactive in supporting local causes, both in fundraising and participation, including a walk from Warrnambool to Geelong that raised more than \$110,000 for the local Standing Tall program.

We also participated in programs such as mentoring in Standing Tall, donating goods and volunteering at FoodShare, and raising awareness about homelessness through events such as a couch surfing sleep out. Our participation enables our staff to have a greater understanding of the social issues across our region and how we can contribute to making a difference by supporting them.

Further examples of community involvement included:

- > Successful running of an all-abilities disco.
- > Students participated in the Portland Upwelling Festival.
- > Students involved in Warrnambool Fun4Kids festival.
- > Hosted a successful site at Sheepvention.

Our community involvement includes sponsorship, participation in events and forums, fundraising opportunities, networking, partnerships and opening our facilities to local groups.

Collectively our staff are actively involved in more than 200 community groups and we are proud to support them.

During 2017 we were aligned with some of the following key educational partners from across the region to achieve mutually beneficial educational goals:

- > Beyond the Bell Great South West
- > Brophy Family and Youth Services
- > Glenelg Southern Grampians LLEN
- > South West LLEN
- > Ice Challenge group
- > Deakin University Advisory Group
- > Warrnambool Special Development School
- > Schools and careers networks





COMPLIANCE

Occupational Health and Safety

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

The OHS & Emergency Planning Committee (OHS & EPC) membership includes the Chief Executive Officer ex officio, three management representatives, Chief Fire Warden, Compliance Officer, Disability Officer and 19 Health & Safety Representatives (HSRs) representing around 400 employees in 16 Designated Work Groups (DWGs) across our five campuses.

The HSR roles included:

- > Attending the 5 day initial HSR training or 1 day refresher course, as required.
- > Carrying out workplace OHS inspections and providing reports of issues identified.
- > Assisting with investigation of health and safety issues.
- > Consulting with the Executive team on health and safety matters.
- > Assisting Directors and Senior Educators with OHS risk assessments.
- > Receiving information from Executive and external sources to assist with their OHS role.
- > Attending interviews, when required, between employees and Executive regarding OHS matters.
- > Attending meetings of the OHS& EPC.

> The OHS & EPC met six times during the year. Minutes of these meetings were forwarded to the Audit, Risk and Compliance Committee and continued to administer OHS issues within the context of its risk management framework.

The following notable initiatives were implemented:

- > Upgrade works to safety systems on the reticulated and portable industrial gas systems.
- > Development of online Incident Reporting.
- > Completion of OHS & EPC Action items including Test & Tagging of Electrical Appliances.
- > Inclusion of OHS topics in the Staff Bulletin and Intranet.
- > Review of relevant OHS policies, procedures, guidelines and forms.
- > Development of a Young Workers procedure for relevant supervisors and young workers.
- > Improved OHS induction processes for new and existing Institute employees and contractors.
- > Emergency/Fire evacuation drills conducted six monthly.
- > Training for OHS representatives.
- > Training for Emergency Wardens.
- > First aid training for nominated First Aid Officers.
- > Office ergonomic assessments and installation of reasonable adjustments.
- > Manual handling risk assessments and guidance.
- > Influenza vaccinations.
- > Promotion of the Employee Assistance program.

> Promotion of the Equality and Fairness in the Workplace Policy.

A total of 56 OHS incident reports were received for 2017 summarised as follows:

- > 32 incidents involved students. Two were reportable to Worksafe, no Notices were issued. By comparison there were two reportable incidents for 2016, with no Worksafe Notices issued.
- > 21 incidents for our employees. One was reportable to Worksafe (2 Workcover claims). In 2016 there were no Worksafe reportable employee incidents.
- > 3 incidents involved visitors, one of which was reportable to Worksafe.
- > No contractor incident reports.
- > Incident investigations were conducted and corrective/preventive actions implemented.
- > There were no Worksafe Improvement Notices received during 2017, compared to Four Improvement Notices in 2016.
- > One Worksafe Prohibition Notice was received in August requiring removal of asbestos in building WE.
- > There were no incident reports arising from the 120 specialist contractors who were routinely engaged across campuses to undertake maintenance and project work.

Performance Indicators

Statistics for reported hazards and incidents are below.

Hazards and Incidents	2017	2016	2015
Total full-time equivalent staff numbers at the last pay in December	242	260	224
Total Hazards Reported	26	42	28
Total Incidents Reported	56	85	48
Hazards per 100 full-time equivalent staff numbers	10.7	16	12.5
Incidents per 100 full-time equivalent staff numbers	23	32.7	21.4
Number of time lost standard claims per 100 full-time equivalent staff numbers	0	1.15	0.89
Time lost (hours)	0	334.80	383.60
Number of claims (standard and minor)	5	7.00	2.00
Number of fatalities	0	0	0

Claims	2017	2016	2015
Average cost per claim for the year	\$4,104	\$138,160	\$4,128
Payments to date	\$4,346	\$123,737	\$906
Estimate of outstanding claim costs	\$7,965	\$290,743	\$3,222

The average cost results for 2015 and 2016 are significantly different due to one claim which represented a substantial amount of the total costs for 2016. The average excluding this claim would align more closely to the previous years.

Activity Table

For the year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
NOTE A1 - OPERATING STATEMENT			
Total Operating Expenses			
Delivery provision and support activity	A2	18,952	20,074
Administration and general services activity	A3	7,448	5,935
Property plant and equipment services activity	A4	5,214	4,516
Student and other services activity	A5	1,046	1,057
Total Operating Expenses		32,660	31,582
NOTE A2 - OPERATING STATEMENT			
Salaries, wages, overtime & allowances		14,019	14,806
Superannuation		1,301	1,168
Payroll Tax		613	779
Other salary related costs		36	30
Consumables		1,165	1,091
Contract Services [571 - 583]		-	60
Travel and motor vehicle expenses		216	225
Depreciation		498	416
Other direct delivery expenses		1,104	1,499
Total expenses from transactions		18,952	20,074

	Note	2017 \$'000	2016 \$'000
--	------	----------------	----------------

NOTE A3 - OPERATING STATEMENT

Salaries, wages, overtime & allowances		3,949	2,790
Superannuation		396	345
Payroll Tax		184	230
Other salary related costs		103	164
Consumables		422	345
Communication expenses [471-483]		811	728
Fees [541-553]		342	242
Travel and motor vehicle expenses		197	156
Depreciation		25	21
Other expenses		1,019	914
Total expenses from transactions		7,448	5,935

NOTE A4 - OPERATING STATEMENT

Salaries, wages, overtime & allowances		854	892
Superannuation		83	80
Payroll Tax		40	53
Other salary related costs		1	1
Consumables		45	52
Equipment [521 -523]		150	127
Energy costs [511 - 515]		402	370
Contract Services [571 - 583]		1,133	942
Rent / leasing charges [621 - 627]		30	25
Repairs & maintenance [641 - 665]		434	265
Depreciation		1,968	1,642
Other expenses		74	67
Total expenses from transactions		5,214	4,516

NOTE A5 - OPERATING STATEMENT

Salaries, wages, overtime & allowances		739	715
Superannuation		81	67
Payroll Tax		35	39
Other salary related costs		5	6
Consumables		31	60
Depreciation		-	1
Other expenses		155	169
Total expenses from transactions		1,046	1,057



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.

	2017	2016
<i>Student fees and charges income</i>		
Student Amenities Fees	227,807	208,135
Total Income	227,807	208,135
<i>Student fees and charges expenditure</i>		
Student services salaries and on-costs	262,142	259,782
Provision of student activities	7,785	10,681
Contribution towards student services	22,982	12,082
Contribution towards student facilities	396	4,561
Total Expenditure	293,305	287,106
Surplus/(Deficit) for year ended 31 December 2017	(65,498)	(78,971)

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.

Jason Ernst
Chief Finance and Accounting Officer
 26 February 2018

POSTAL ADDRESS:
 PO BOX 674
 WARRNAMBOOL
 VIC 3280
 AUSTRALIA
 ABN: 76 750 969 979 | TAFE: 3120

1300 648 911 | swtafe.edu.au

COMPLIANCE



Risk Management Compliance

1 January to 30 June 2017

The organisation has in place risk management policies and procedures that are consistent with Australian/New Zealand Risk Management Standard AS/NZ ISO31000:2009 and adhere to Ministerial Standing Direction 3.7.1 - Risk Management Framework and Processes.

A Risk Management Register is maintained by the CEO's office and monitored by the organisation's Audit, Risk and Compliance Committee, which met five times in 2017. In addition, nominated relevant risks are considered and monitored by the other Board Committees.

Attestation of Compliance

We certify that the organisation has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard, and Ministerial Standing Direction 3.7.1, and an internal control system is in place that enables the Executive to understand, manage and satisfactorily control risk exposures. The Audit, Risk & Compliance Committee verifies this assurance and that the risk profile of the organisation has been critically reviewed within the last twelve months.

Felicity Melican
Board Chair
28 February 2018

Jason Ernst
Chief Finance and
Accounting Officer
28 February 2018

Mark Fidge
Chief Executive Officer
28 February 2018

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

1 July to 31 December 2017

I Felicity Melican, certify that South West TAFE has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Felicity Melican
Board Chair
28 February 2018

POSTAL ADDRESS:
PO BOX 674
WARRNAMBOOL
VIC 3280
AUSTRALIA
ABN: 76 750 969 979 | TAFE: 3120

1300 648 911 | swtafe.edu.au

Freedom of Information

The organisation 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 three requests for release of information under the Act, during the 2017 reporting period.

Protected Disclosure

The organisation 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 organisation provided staff with a contact officer to assist with confidential disclosures. No disclosures were made under the Act during the 2017 reporting period.

Building and Construction

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

- > Complied with the *Building Act 1993*, Building Regulations 2006 and Interim 2017 and the *Disability Discrimination Act 1992*,
- > Met the applicable Occupation Health and Safety standards.
- > Exceeded the expectations set by students and staff and;

- > Respected the heritage of occupied sites in accordance with Local and State heritage laws.

The organisation continued to employ a Compliance Officer to maintain compliance with the *Building Act 1993*, Building Regulations 2006, Building Interim Regulations 2017 and the Building Code of Australia. The Compliance Officer was responsible for compliance issues in 40 buildings across all campuses, including fire protection and evacuation systems in accordance with Essential Safety Measures (ESM) maintenance standards.

South West TAFE Facilities Department continued to engage Stokes Safety to conduct quarterly reviews of the ESM maintenance schedules and produce the mandatory annual EMS reports for all buildings.

In 2017 the organisation spent \$1,463,347 on building compliance and maintenance works.

National Competition Policy

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

The organisation 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 organisation'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 Industry Participation Policy by maintaining a list of suppliers of goods and, where possible, encouraging local businesses to apply for contract work in the organisation.

Compliance with Carers Recognition Act 2012

South West TAFE recognises and values the role and contribution of carers and the importance of people in carer relationships make to our community. The organisation ensures that its policies and procedures are in line with the requirements of the *Carers Recognition Act 2012* and National Employment Standards (NES) contained in the *Fair Work Act 2009*.

In 2017, 62 staff utilised carers leave at South West TAFE.

Information Communication Technology (ICT) Expenditure

ICT expenditure represents the costs in providing business-enabling ICT services. This expenditure is broken up into two categories:

Business As Usual (BAU) expenditure – includes all remaining ICT expenditure other than Non-BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability; and

Non-Business As Usual (Non-BAU) expenditure – is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects such as TSAF.

\$'000 BAU ICT expenditure	\$'000 Non-BAU ICT expenditure	\$'000 Operational expenditure	\$'000 Capital expenditure
Total	Total = A + B	A	B
2,982	679	131	548

FINANCIAL POSITION



FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER, 2017

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

We certify that the attached financial statements for the South West Institute of TAFE has been prepared in accordance with Standing Direction 5.2.1(a) of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, Australian Charities and Non-for-profits Commission Act 2012, Australian Accounting Standards and other mandatory professional reporting requirements. The Institute has implemented and maintains processes to ensure the Institute's Annual Report is prepared in accordance with the FMA, these Directions. The Instructions, applicable Australia Accounting Standards and Financial Reporting Directions.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes 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 2017 and financial position of the Institute as at 31 December 2017.

At the date of signing this financial report, we are not aware of any circumstance 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 Board Chair and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of the South West Institute of TAFE.

Felicity Melican
Board Chair
21 March 2018

Mark Fidge
Chief Executive Officer
21 March 2018

Jason Ernst
Chief Finance and
Accounting Officer
21 March 2018

POSTAL ADDRESS:

PO BOX 674
WARRNAMBOOL
VIC 3280
AUSTRALIA
ABN: 76 750 969 979 | TAFE: 3120

1300 648 911 | swtafe.edu.au



Independent Auditor's Report

To the Board of South West Institute of TAFE

Opinion

I have audited the accompanying statement of performance of South West Institute of TAFE (the institute) which comprises the:

- statement of performance
- statement of performance management certificate.

In my opinion, the statement of performance of South West Institute of TAFE in respect of the year ended 31 December 2017 presents fairly, in all material respects.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the *Auditor's responsibilities for the audit of the statement of performance* section of my report.

My independence is established by the *Constitution Act 1975*. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement of performance in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the statement of performance

The Board is responsible for the preparation and fair presentation of the statement of performance and for such internal control as the Board determines 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 responsibilities for the audit of the statement of performance

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the statement of performance based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the statement of performance as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this statement of performance.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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

- identify and assess the risks of material misstatement of statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and whether the statement of performance represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

MELBOURNE
23 March 2018



Auditor-General's Independence Declaration

To the Board, South West Institute of TAFE

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the South West Institute of TAFE for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
23 March 2018

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

South West TAFE - FINANCIAL STATEMENTS

How this report is structured

The TAFE institute has presented its audited general purpose financial statements for the financial year ended 31 December 2017 in the following structure to provide users with the information about the TAFE's stewardship of resources entrusted to it.

Financial statements	Comprehensive operating statement ¹	53
	Balance sheet ²	54
	Statements of changes in equity ³	55
	Cash flow statement ⁴	56
Notes to the financial statements	1. About this report	
	1.1 Basis of preparation	57
	1.2 Compliance	57
	2. How we earned our funds	
	2.1 Government contributions	58
	2.2 Sale of goods and services	58
	2.3 Other income	59
	3. How we expended our funds	
	3.1 Employee benefits	60
	3.2 Superannuation	62
	3.3 Supplies and services	63
	3.4 Operating lease payments	63
	3.5 Other operating expenses	63
	4. The assets we invested in	
	4.1 Property, plant and equipment	64
	4.2 Intangible assets	66
	5. Balances from operations	
	5.1 Receivables	67
	5.2 Prepayments	68
	5.3 Payables	69
	6. How we financed our operations	
	6.1 Cash and deposits	70
	6.2 Borrowings	71
	6.3 Contributed equity	71
	7. Managing risks and uncertainties	
	7.1 Financial instruments	72
	7.2 Contingent assets and contingent liabilities	76
7.3 Fair value determination	76	
8. Governance		
8.1 Responsible persons	78	
8.2 Remuneration of executives	79	
8.3 Related parties	79	
8.4 Auditors remuneration	79	
9. Other disclosures		
9.1 Other economic flows included in net result	80	
9.2 Other equity reserves	80	
9.3 Ex-gratia expenses	80	
9.4 Events after reporting date	80	
9.5 Application of standards issued but not yet effective	81	

South West TAFE - FINANCIAL STATEMENTS

1. *The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result. The net result is equivalent to profit or loss derived in accordance with AASs.*

2. *Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.*

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the TAFE does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

3. *Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.*

4. *The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.*

FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT

For the year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Continuing operations			
Income from transactions			
Government contributions	2.1	26,265	24,520
Sale of goods and services	2.2	6,356	6,245
Interest income	6.1.2	75	132
Other income	2.3	496	780
Total income from transactions		33,192	31,677
Expenses from transactions			
Employee benefits	3.1.1	22,292	21,845
Depreciation and amortisation		2,490	2,079
Supplies and services	3.3	5,560	5,224
Other operating expenses	3.5	2,318	2,428
Total expenses from transactions		32,660	31,576
Net result from transactions		532	101
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets	4.1.1	7	25
Other gains/(losses) from other economic flows	9.1	(5)	(6)
Total other economic flows included in net result		2	19
Net result from continuing operations		534	120
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	9.2	(3,580)	5,087
Comprehensive result		(3,046)	5,207

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

FINANCIAL STATEMENTS

BALANCE SHEET

As at 31 December 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Financial assets			
Cash and deposits	6.1	14,551	8,826
Receivables	5.1	1,371	1,245
Total financial assets		15,922	10,071
Non-financial assets			
Inventories		85	150
Prepayments	5.2	380	494
Property, plant and equipment	4.1	50,974	55,842
Intangible assets	4.2	3,165	3,205
Total non-financial assets		54,604	59,691
Total assets		70,526	69,762
Liabilities			
Payables	5.3	6,095	2,195
Employee provisions	3.1.2	2,820	2,679
Borrowings	6.2	3,846	4,077
Total liabilities		12,761	8,951
Net assets		57,765	60,811
Equity			
Contributed capital	6.3	9,361	9,361
Accumulated surplus		24,354	23,820
Reserves	9.2	24,050	27,630
Net worth		57,765	60,811

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

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Physical assets revaluation surplus	Accumulated surplus	Contributions by owner	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	22,543	23,700	9,361	55,604
Net result for the year	-	120	-	120
Other economic flows - other comprehensive income	5,087	-	-	5,087
Year ended 31 December 2016	27,630	23,820	9,361	60,811
Net result for the year	-	534	-	534
Other economic flows - other comprehensive income	(3,580)	-	-	(3,580)
Year ended 31 December 2017	24,050	24,354	9,361	57,765

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

CASH FLOW STATEMENT

As at 31 December 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts			
Government contributions		30,075	25,914
User fees and charges received		8,015	6,363
Goods and services tax recovered		838	1,146
Interest received		84	137
Other receipts		903	1,177
Total receipts		39,915	34,737
Payments			
Payments to suppliers and employees		(31,247)	(30,640)
Other payments		(56)	(74)
Goods and services tax paid		(1,497)	(1,206)
Total payments		(32,800)	(31,920)
Net cash flows from/(used in) operating activities	6.1.1	7,115	2,817
Cash flows from investing activities			
Purchase of non-financial assets		(1,203)	(3,661)
Proceeds from sales of non-financial assets		45	139
Net cash provided by/(used in) investing activities		(1,158)	(3,522)
Cash flows from financing activities			
Repayment of borrowings		(232)	(232)
Net cash flows from/(used in) financing activities		(232)	(232)
Net (decrease)/increase in cash and cash equivalents		5,725	(937)
Cash and cash equivalents at the beginning of the financial year		8,826	9,763
Cash and cash equivalents at the end of the financial year	6.1	14,551	8,826

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

FINANCIAL STATEMENTS

1. ABOUT THIS REPORT

South West TAFE is a statutory body corporate, established pursuant to an Act made by the Victorian Government under the *Education and Training Reform Act 2006 Section 3.1.12 4(a)*.

Its registered office and principal address is:

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

1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of the TAFE, and have been prepared in accordance with the historical cost convention unless a different measurement basis is specifically disclosed in notes associated with the item measured on that different basis. Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

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.

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 Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 7.3); 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 (refer to note 3.1).

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 which 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.

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 results of the current year and future years.

The TAFE has substantial economic dependency on Government operating and capital contributions.

The TAFE manages funding risk by continuing to diversify and increase funding from commercial activities, both domestically and offshore.

There has been no significant change in the TAFE'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.

1.2 Compliance information

These general purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable 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 TAFE is classed as a not-for-profit entity. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. These financial statements are prepared to comply with *Australian Charities and Not-For-Profits Commission Act 2012*.

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.

Accounting policies applied are disclosed in sections where the related financial statement line item is disclosed.

FINANCIAL STATEMENTS

2. HOW WE EARNED OUR FUNDS

2.1 Government contributions

	2017 \$'000	2016 \$'000
Grants and other transfers		
State government - contestable	11,773	9,651
State government - contestable recoup	(2,182)	-
State government - other contributions	16,194	14,413
Commonwealth Government - other contributions	-	23
Total Government contributions - operating	25,785	24,087
State-capital	480	433
Total Government contributions - capital	480	433
Total Government contributions	26,265	24,520

Government contributions are recognised as revenue in the period when the following conditions are met: the TAFE obtains control of the contributions or the right to receive the contribution, the economic benefits comprising the contribution will flow to the TAFE and the amount of the contribution can be measured reliably.

Contestable recoup recognises that the Institute has been advised that it must repay income received in relation to subcontracted training delivery claimed in 2014. This is repayable over the 2018-2019 years.

2.2 Sale of goods and services

	2017 \$'000	2016 \$'000
Student fees and charges	4,270	4,363
Fee for service - government	657	551
Fee for service - international operations - onshore	-	-
Fee for service - international operations - offshore	100	150
Fee for service - other	991	833
Other non-course fees and charges		
Sale of goods	338	348
Total fees and charges	6,356	6,245

Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage completion of education and training 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 are treated as revenue in the year of receipt and the balance as revenue in advance.

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.

Revenue from sale of goods

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

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

FINANCIAL STATEMENTS

2.3 Other income

	2017	2016
	\$'000	\$'000
Rental income	162	165
Donations, bequests and contributions	13	-
Reversal of Provision for Site Restoration	-	240
Other revenue	321	375
Total other income	496	780

The TAFE receives rental income for certain land and buildings leased out to community organisations and the general public. This includes when the buildings are excess to the current requirement.

Rental income

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

Operating leases receivable

	2017	2016
	\$'000	\$'000
Receivable:		
Within one year	122	153
Later than one year but not later five years	293	293
Total lease receivables	415	446
GST payable on the above	(38)	(41)
Net operating lease receivables	377	405

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

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

Donations bequests and contribution

Donations, bequests and contributions are recognised when received and the amount can be measured reliably.

Other revenue

Dividend income is recognised when the TAFE's right to receive payment is established.

FINANCIAL STATEMENTS

3. HOW WE EXPENDED OUR FUNDS

3.1 Employee benefits

3.1.1 Employee benefits in the comprehensive operating statement

Expense	2017 \$'000	2016 \$'000
Salaries, wages, overtime and allowances	19,234	18,918
Superannuation	1,716	1,668
Payroll tax	873	965
Worker's compensation	117	102
Long service leave	(45)	(117)
Annual leave	183	127
Termination benefits	185	152
Other	29	30
Total employee benefits	22,292	21,845

Employee expenses include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation disclosed above are employer contributions that are paid or payable during the reporting period.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The TAFE 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.

3.1.2. Employee benefits in the balance sheet

Current provisions	2017 \$'000	2016 \$'000
Employee benefits - Annual leave		
Unconditional and expected to wholly settle within 12 months	747	599
Unconditional and expected to wholly settle after 12 months	79	58
Employee benefits - Long service leave		
Unconditional and expected to wholly settle within 12 months	810	827
Unconditional and expected to wholly settle after 12 months	596	609
Provisions for on-costs		
Unconditional and expected to wholly settle within 12 months	220	219
Unconditional and expected to wholly settle after 12 months	96	104
Total current provisions for employee benefits	2,548	2,416
Non-current provisions		
Employee benefits	238	228
Employee benefits on-costs	34	35
Total non-current provisions	272	263
Total employee provisions	2,820	2,679

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.

FINANCIAL STATEMENTS

3.1 Employee benefits (continued)

Reconciliation of movements in on-cost provision

	2017	2016
	\$'000	\$'000
Carrying amount at the start of the year	358	780
Reduction in provisions recognised	(8)	(97)
Reductions resulting from re measurement or settlement without cost	-	(325)
Carrying amount at the end of the year	350	358

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits annual leave are all recognised in the provision for employee benefits as 'current liabilities', because the TAFE 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 TAFE expects to wholly settle within 12 months; or
- present value – if the TAFE does not expect to wholly settle within 12 months.

Unconditional LSL is disclosed as a current liability, even where the TAFE 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. 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. The discount rate applied is as advised by the Minister of Finance.

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

FINANCIAL STATEMENTS

3.2 Superannuation

Employees of the TAFE are entitled to receive superannuation benefits and the TAFE 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.

South West TAFE does not recognise any defined benefit liabilities in respect of the plan(s) because TAFE 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 Comprehensive Operating Statement of the TAFE. The name and details of the major employee superannuation funds and contributions made by South West TAFE are as follows:

	2017 \$'000	2016 \$'000
Paid Contribution for the Year		
Defined benefit plans:		
State Superannuation Fund - revised and new	62	77
Defined contribution plans:		
VicSuper	820	788
Other	711	654
Total paid contribution for the year	1,593	1,519
Contribution outstanding at year end		
Defined benefit plans:		
State Superannuation Fund - revised and new	5	6
Defined contribution plans:		
VicSuper	66	77
Other	52	67
Total contribution outstanding at year end	123	150

Defined contribution plans

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

Defined benefit plans

The expenses recognised represents the contributions made by South West TAFE to the superannuation plan in respect of current services of current TAFE staff which are based on the relevant rules of each plan.

FINANCIAL STATEMENTS

3.3 Supplies and services

	2017	2016
	\$'000	\$'000
Purchase of supplies and consumables	1,658	1,550
Communication expenses	537	531
Contract and other services	1,594	1,406
Cost of goods sold/distributed (ancillary trading)	169	158
Building repairs and maintenance	539	403
Minor Equipment	398	384
Fees and charges	665	792
Total supplies and services	5,560	5,224

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when the inventories are distributed.

There are no other commitments for future services in existence at reporting date.

3.4 Operating lease payments

	2017	2016
	\$'000	\$'000
Operating lease rental expenses	13	86

Non-cancellable operating lease commitments payable

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Payable:

Within one year	13	90
Later than one year but not later than five years	-	5
Total operating lease commitments	13	95
GST reclaimable on the above	(1)	(9)
Net operating lease commitments	12	86

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. The leased asset is not recognised in the balance sheet.

3.5 Other operating expenses

	2017	2016
	\$'000	\$'000
General expenses		
Marketing and promotional expenses	646	582
Utilities	706	751
Audit fees and services	63	24
Staff development	139	196
Travel and motor vehicle expenses	474	437
Bad debts from transactions	54	68
Grants and subsidies	56	74
Other expenses	180	296
Total other operating expenses	2,318	2,428

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debt expense from transactions that are mutually agreed.

Other operating expenses are recognised as when they are incurred and reported in the financial year to which they relate to.

FINANCIAL STATEMENTS

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment

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

	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
Land	7,301	7,975	-	-	7,301	7,975
Buildings	38,865	42,906	-	(7)	38,865	42,899
Construction in Progress	3	251	-	-	3	251
Plant and equipment	11,935	11,095	(8,051)	(7,363)	3,884	3,732
Motor vehicles	1,097	1,157	(384)	(436)	713	721
Library	918	928	(710)	(664)	208	264
Net carrying amount	60,119	64,312	(9,145)	(8,470)	50,974	55,842

Initial recognition

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

The 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.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

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

Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

Non-specialised land and non-specialised buildings are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

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.

For the majority of the TAFE's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost.

Revaluations of non-financial 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.

Refer to Note 7.3 for additional information on fair value determination of property, plant and equipment.

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.

FINANCIAL STATEMENTS

4.1 Property, plant and equipment (continued)

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

Class of assets	Method	Rates
Buildings	S/L	1% - 20%
Plant and Equipment	S/L	5% - 33%
Motor Vehicles	S/L	20%
Internal use software	S/L	7% - 20%
Furniture and Fittings	D/V	7.5%
Library Collections	S/L	10% - 20%

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 method and rates as laid out above remain consistent with prior year.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of its fair value less costs to sell and its value in use. Recoverable amount for assets held primarily to generate net cash inflows is measured at its fair value less costs to sell.

4.1.1 Gain/loss on property, plant and equipment

Net gain/(loss) on disposal of property, plant and equipment

	2017 \$'000	2016 \$'000
Net gain/(loss) on disposal of property, plant and equipment	7	25

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.

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.

4.1.2 Reconciliation of movements in carrying amount of property, plant and equipment

	Land		Buildings		Construction in Progress		Plant and equipment		Motor vehicles		Library		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
TAFE														
Opening balance	7,975	7,975	42,899	38,728	251	127	3,732	2,020	721	566	264	265	55,842	49,681
Additions	-	-	-	386	3	251	848	1,988	170	413	50	61	1,071	3,099
Revaluations	(674)	-	(2,905)	5,087	-	-	-	-	-	-	-	-	(3,579)	5,087
Disposals	-	-	-	(60)	-	-	(1)	-	(39)	(139)	(40)	-	(80)	(199)
Transfer in/out of Construction in Progress	-	-	-	-	(251)	(127)	-	7	-	-	-	3	(251)	(117)
Transfer to disposal group held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	(1,129)	(1,242)	-	-	(695)	(283)	(139)	(119)	(66)	(65)	(2,029)	(1,709)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of movement in exchange rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	7,301	7,975	38,865	42,899	3	251	3,884	3,732	713	721	208	264	50,974	55,842

The Institute does not have any capital commitments at the end of 2017.

FINANCIAL STATEMENTS

4.2 Intangible assets

	2017 \$'000	2016 \$'000
Software		
Gross carrying amount		
Opening balance	4,660	3,981
Additions	383	679
Closing balance	5,043	4,660
Accumulated amortisation and impairment		
Opening balance	1,417	1,085
Amortisation charge	461	370
Closing balance	1,878	1,455
Net carrying amount at end of the year	3,165	3,205

Initial recognition

Purchased intangible assets are initially recognised at cost. When recognition criteria in accordance with AASB 138 Intangible Assets are met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. 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.

Subsequent measurement

Intangible assets with finite lives are amortised on a straight basis over their useful lives. 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.

Impairment

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

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 Comprehensive Operating Statement.

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.

FINANCIAL STATEMENTS

5. BALANCES FROM OPERATIONS

5.1 Receivables

	2017	2016
	\$'000	\$'000
Contractual		
Sale of goods and services	1,109	579
Provision for doubtful contractual receivables	(66)	(107)
Other receivables	2	100
Total contractual receivables	1,045	572
Statutory		
Amounts receivable from Victorian Government	257	508
GST input tax credit recoverable	69	165
Other receivables	-	-
Total receivables	1,371	1,245
Represented by		
Current receivables	1,371	1,245
Non-current 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 mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.

Receivables are stated inclusive of the amount of GST receivable. 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.

Doubtful debts

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. 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.

A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

	2017	2016
	\$'000	\$'000
Movement in the provision for doubtful contractual receivables		
Balance at the beginning of the year	107	118
Increase/(decrease) in provision recognised in net result	(41)	(11)
Balance at the end of the year	66	107

FINANCIAL STATEMENTS

5.1 Receivables (continued)

Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years
	\$000	\$000	\$000	\$000	\$000	\$000
2017						
Trade receivables	1,109	498	35	228	348	-
Other receivables	2	2	-	-	-	-
Total	1,111	500	35	228	348	-
2016						
Trade receivables	472	154	28	22	268	-
Other receivables	100	100	-	-	-	-
Total	572	254	28	22	268	-

Note: The disclosures above excludes statutory payables (e.g., amounts arising to Victorian Government and GST taxes payable).

The average credit period on sales of goods is 31 days. No interest is charged on receivables.

There are no financial assets that have their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

5.2 Prepayments

	2017	2016
	\$'000	\$'000
Current		
Prepayments	380	494

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.

FINANCIAL STATEMENTS

5.3 Payables

	2017 \$'000	2016 \$'000
Contractual		
Supplies and services	487	932
Revenue received in Advance	2,128	103
Other payables	3,232	980
Statutory		
GST payable	238	163
FBT Payable	10	17
Total payables	6,095	2,195
Represented by		
Current payables	3,831	2,195
Non-current payables	2,264	-

Payables consist of:

- contractual payables, such as accounts payable. Accounts payable represent liabilities for goods and services provided to the TAFE prior to the end of the financial year that are unpaid, and arise when the TAFE 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.

Revenue received in Advance

Any fees received by the TAFE during the current financial year in respect of services to be provided in the following financial year are classified as liabilities and recognised as revenue received in advance.

Other Payable

Other payables include a balance repayable to Government. The institute has been advised that it must repay \$2.4m of income received in relation to subcontracted training delivery, claimed in 2014. This is repayable over the 2018 -2019 years.

Maturity Analysis of Contractual Payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
2017							
Supplies and services	489	489	487	2	-	-	-
Other payables	3,232	3,232	1,048	-	273	1,911	-
Total	3,721	3,721	1,535	2	273	1,911	-
2016							
Supplies and services	932	932	930	1	1	-	-
Other payables	980	980	980	-	-	-	-
Total	1,912	1,912	1,910	1	1	-	-

Note: The disclosures above excludes statutory payables (e.g., amounts arising to Victorian Government and GST taxes payable).

Note: The average credit period is 30 days. No interest is charged on the other payables. Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

FINANCIAL STATEMENTS

6. HOW WE FINANCED OUR OPERATIONS

6.1 Cash and deposits

	2017	2016
	\$'000	\$'000
Cash at bank and on hand	14,551	8,826
Total cash and deposits	14,551	8,826

Cash received by the TAFE from the generation of income is generally paid into the TAFE's bank accounts. Similarly, any Institute expenditure, including those in the form of cheques drawn by the TAFE for the payment of goods and services to its suppliers and creditors are made via the TAFE's bank accounts.

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.

6.1.1 Reconciliation of operating result to net cash flows from operating activities

	2017	2016
	\$'000	\$'000
Net result for the year	534	120
Non cash movements		
Depreciation & amortisation of non-financial assets	2,490	2,079
Net (gain)/loss on sale of non-financial assets	(7)	-
Other (gains)/losses from other economic flows	5	-
Forgiveness of liabilities	-	60
Allowance to recoverable amounts	(41)	(11)
Write-off of obsolete stock	24	23
Movements in assets and liabilities		
Decrease/(increase) in receivables	(85)	1,126
Decrease/(increase) in inventories	41	(27)
Decrease/(increase) in other assets	114	(231)
Increase/(decrease) in payables	3,899	(14)
Increase/(decrease) in provisions	141	(308)
Net cash flows from/(used in) operating activities	7,115	2,817

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 flows.

6.1.2 Interest income

	2017	2016
	\$'000	\$'000
Interest on bank deposits	75	132
Total interest income	75	132

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.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

FINANCIAL STATEMENTS

6.2 Borrowings

	2017 \$'000	2016 \$'000
Current		
Advances from Government	232	232
Non-Current		
Advances from Government	3,614	3,845
Total borrowings	3,846	4,077

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 TAFE has classified its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. The classification depends on the nature and purpose of the interest bearing liabilities. The TAFE determines the classification of its interest bearing liabilities at initial recognition.

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. These loans do not attract interest.

Maturity Analysis of borrowings

	Carrying amount	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000	1-5 years \$'000	+5 years \$'000
2017							
Advances from Government	3,846	3,846	-	-	232	3,614	-
Total	3,846	3,846	-	-	232	3,614	-
2016							
Advances from Government	4,077	4,077	-	-	232	3,845	-
Total	4,077	4,077	-	-	232	3,845	-

6.3 Contributed equity

	2017 \$'000	2016 \$'000
Contributed capital		
Balance at 1 January	9,361	9,361
Issued for cash	-	-
[Describe movement]	-	-
Balance at 31 December	9,361	9,361

Contributed capital

Funding that are 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.

FINANCIAL STATEMENTS

7. MANAGING RISKS AND UNCERTAINTIES

7.1 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 financial instruments

	2017	2016
	\$'000	\$'000
Contractual Financial assets		
Receivables and cash		
Cash and deposits	14,551	8,826
Trade receivables	1,043	472
Revenue receivable	2	100
Total contractual financial assets	15,596	9,398
Contractual Financial liabilities		
Payables and cash		
Supplies and services	487	932
Revenue received in Advance	2,128	103
Other payables	3,232	980
Advances At Amortised Cost		
Advances from Government	3,846	4,077
Total contractual financial liabilities	9,693	6,092

Receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities 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. The TAFE recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables); and
- term deposits.

Held to maturity financial assets: If the TAFE has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. The TAFE makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held to maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The held to maturity category includes certain term deposits and debt securities for which the TAFE intends to hold to maturity.

Financial liabilities at amortised cost 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. The TAFE recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- advances.

Impairment of financial assets

At the end of each reporting period, the TAFE assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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.

FINANCIAL STATEMENTS

7.1 Financial instruments (continued)

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

The net holding gains or losses disclosed are determined as follows:

- for cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost;
- and for financial asset and liabilities that are held for trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

Financial risk management objectives and policies

The TAFE is exposed to a variety of financial risks, market risk, credit risk and liquidity risk.

The TAFE's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

TAFE's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of TAFE. TAFE 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, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by Financial Services under policies approved by the Board. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk. There has been no significant change in the TAFE's exposure, or its objectives, policies and processes for managing the TAFE's financial risks or the methods used to measure the risk from the previous reporting period.

Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Credit risk arises from the contractual financial assets of the TAFE, which comprise cash and deposits and non-statutory receivables. The TAFE's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the TAFE.

Credit risk is measured at fair value and is monitored on a regular basis by the Audit and Risk Management Committee. The Audit, Risk and Compliance 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 TAFE's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balance at 31 December 2017 and 31 December 2016 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

In addition, the TAFE 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 TAFE's policy is to only deal with banks with high credit ratings.

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

There are no material financial assets which are individually determined to be impaired.

FINANCIAL STATEMENTS

7.1 Financial instruments (continued)

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial Institutions (AA- rating)	Government agencies (AAA rating)	Other counterparty	Total
	\$'000	\$'000	\$'000	\$'000
2017				
Cash and deposits	14,551	-	-	14,551
Receivables ¹	-	-	1,045	829
Total contractual financial assets	14,551	-	1,045	15,380
2016				
Cash and deposits	8,826	-	-	8,826
Receivables ¹	-	-	572	572
Total contractual financial assets	8,826	-	572	9,398

Notes:

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

Liquidity risk

Liquidity risk is the risk that TAFE would be unable to meet its financial obligations as and when they fall due.

TAFE operates under a 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.

South West TAFE's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet.

The TAFE manages liquidity risk by:

- maintaining an adequate short term reserves and banking facilities that can be drawn at short notice to meet its short-term obligations; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The TAFE's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Market risk

South West TAFE 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 effect on the operating result and /or net worth of South West TAFE. These market risks primarily relate to interest rate risk. South West TAFE has no significant foreign exchange risk.

There has been no significant change in TAFE'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.

FINANCIAL STATEMENTS

7.1 Financial instruments (continued)

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 TAFE 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 TAFE has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

The TAFE 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 rate on a monthly basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the TAFE's sensitivity to interest rate risk are set out below.

Interest rate exposure of financial instruments

Interest rate exposure of financial instruments	Weighted average effective rate		Total carrying amount per balance sheet		Floating interest rate		Fixed interest rate		Non-interest bearing	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	1.9	2.1	14,551	8,826	11,551	8,826	3,000	-	-	-
Receivables										
Trade receivables			1,043	472	-	-	-	-	-	472
Revenue receivable			2	100	-	-	-	-	2	100
Total financial assets			15,596	9,398	11,551	8,826	3,000	-	2	572
Supplies and services/Other payables			5,847	1,912	-	-	-	-	-	1,912
Borrowings										
Advances from Government			3,846	4,077	-	-	-	-	-	4,077
Total contractual financial liabilities			9,693	5,989	-	-	-	-	-	5,989

Interest rate risk sensitivity

	-100 basis points						+100 basis points			
	Carrying amount		Result		Equity		Result		Equity	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	11,551	8,826	(116)	(88)	(116)	(88)	116	88	116	88
Term deposits	3,000	-	(30)	-	(30)	-	30	-	30	-
Total impact	14,551	8,826	(146)	(88)	(146)	(88)	146	88	146	88

A reasonably possible change of 100 basis points (2016: 100 basis points) in interest rates at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

FINANCIAL STATEMENTS

7.2 Contingent assets and contingent liabilities

There were no contingent Assets or Contingent Liabilities at 31 December 2017.

7.3 Fair value determination

This section sets out information on how the TAFE determined fair values for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- land, buildings, plant and equipment, vehicles, lease hold improvements.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The TAFE determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value estimation

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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.

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

Fair value determination of non-financial assets

The TAFE holds property, plant and equipments for which fair values are determined. Below are the relevant fair value information relating to those assets.

Fair value measurement hierarchy

	Carrying amount at 31 December	Level 1 Quoted prices	Level 2 Observable price inputs	Level 3 Unobservable inputs
	\$'000	\$'000	\$'000	\$'000
2017				
Specialised land	7,301	-	-	7,301
Total land at fair value	7,301	-	-	7,301
Specialised buildings	38,865	-	-	38,865
Total buildings at fair value	38,865	-	-	38,865
Plant and equipment	3,884	-	-	3,884
Vehicles	713	-	-	713
Library	208	-	-	208
Total other assets at fair value	4,805	-	-	4,805
2016				
Non specialised land	-	-	-	-
Specialised land	7,975	-	-	7,975
Total land at fair value	7,975	-	-	7,975
Non specialised buildings	-	-	-	-
Specialised buildings	42,899	-	-	42,899
Total buildings at fair value	42,899	-	-	42,899
Plant and equipment	3,732	-	-	3,732
Vehicles	721	-	-	721
Leasehold improvements	264	-	-	264
Total other assets at fair value	4,717	-	-	4,717

FINANCIAL STATEMENTS

7.3 Fair value determination (continued)

Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2017 for all classes of assets. The Fair Value was not materially similar to carrying value. The next scheduled full revaluation will be completed in 2022.

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 TAFE'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 TAFE'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 2017.

Motor vehicles are valued using the depreciated replacement cost method. The TAFE 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 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 2017.

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

Reconciliation of Level 3 fair value movements

	Specialised land		Specialised building		Plant and equipment		Motor vehicles		Library	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening balance	7,975	7,975	42,899	38,728	3,732	2,020	721	566	264	265
Purchases (sales)	-	-	-	326	847	1,988	131	274	10	61
Transfers in (out) of Level 3	-	-	-	-	-	7	-	-	-	3
Depreciation	-	-	(1,129)	(1,242)	(695)	(283)	(139)	(119)	(66)	(65)
Revaluation	(674)	-	(2,905)	5,087	-	-	-	-	-	-
Closing Balance	7,301	7,975	38,865	42,899	3,884	3,732	713	721	208	264

Description of significant unobservable inputs to Level 3 valuations

2017 and 2016	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre
Motor Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

FINANCIAL STATEMENTS

8. GOVERNANCE

8.1 Responsible persons

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.

The persons who held the positions of Ministers and Accountable Officers in the TAFE are as follows:

Position	Name	Dates of appointment
Minister of Training and Skills	The Hon. Gayle Tierney	1 January 2017 – 31 December 2017
Board Member and CEO (Accountable Officer)	Mark Fidge	1 January 2017 – 31 December 2017
Board Member	Felicity Melican	1 January 2017 – 31 December 2017
Board Member	Mike Weise	1 January 2017 – 31 December 2017
Board Member	Susan Brumby	1 January 2017 – 31 December 2017
Board Member	Katherine Fraser	1 January 2017 – 30 June 2017 (resigned)
Board Member	Brian Crook	15 December 2017 – 31 December 2017
Board Member	Steven Waterhouse	23 February 2017 - 31 December 2017
Board Member	Sandy Burgoyne	1 January 2017 – 31 December 2017
Board Member	Ann Ellis	1 January 2017 – 31 December 2017
Board Member	Doreen Power	1 January 2017 – 31 December 2017
Board Member	Sharna Westley	1 January 2017 – 31 December 2017
Deputy CEO, Executive Manager, Dev & Projects	Madelyn Lettieri	1 January 2017 – 31 December 2017
Executive Manager, Corporate Services	Jason Ernst	16 January 2017 – 31 December 2017
Acting Executive Manager, Education	Jeanette Brown	14 August to – 31 December 2017

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of South West TAFE during the reporting period was in the range: \$240,000 – \$249,000 (\$250,000 - 259,999 in 2016).

Income range - Board Members

The number of board members whose total remuneration from the Institute was within the specified income bands are as follows:

Less than \$10,000

\$10,000 - \$19,999

\$20,000 - \$29,999

\$30,000 - \$39,999

Total number of members

Total remuneration of board members (\$'000)

Total remuneration	
2017	2016
2	9
7	3
-	1
1	1
-	-
161	149

Compensation of Board Members

Remuneration

Short-term employee benefits

Post-employment benefits

Other long-term benefits

Termination benefits

Total remuneration

Total remuneration	
2017	2016 ⁽ⁱ⁾
\$000	\$000
161	-
-	-
-	-
-	-
161	-

(i) Note that for the first year of implementation (2016-17), no comparatives will be required.

8.2 Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

FINANCIAL STATEMENTS

8.2 Remuneration of executives (continued)

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

	2017	2016 ⁽ⁱ⁾
	\$000	\$000
Remuneration		
Short-term employee benefits	503	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	53	-
Total remuneration	556	-
Total number of executives	4	4
Total annualised employee equivalents (ii)	3.94	4

[(i) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year financial statements for executive remuneration for the 2016 reporting period.

(ii) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

8.3 Related parties

Related parties of the TAFE include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members.

All related party transactions have been entered into on an arm's length basis.

Key management personnel of the TAFE includes the Minister of Training and Skills, the Hon. Gayle Tierney, the CEO Mark Fidge, and members of the Executive Team, which includes the Deputy CEO, Executive Manager, Organisation Development and Projects, Madelyn Lettieri; Executive Manager, Corporate Services, Jason Ernst; and Acting Executive Manager, Education, Jeanette Brown.

Key management personnel include:

Entity	Key management personnel	Position title
South West TAFE	Felicity Melican	Board Member
South West TAFE	Mike Weise	Board Member
South West TAFE	Susan Brumby	Board Member
South West TAFE	Katherine Fraser	Board Member
South West TAFE	Brian Crook	Board Member
South West TAFE	Steven Waterhouse	Board Member
South West TAFE	Sandy Burgoyne	Board Member
South West TAFE	Ann Ellis	Board Member
South West TAFE	Doreen Power	Board Member
South West TAFE	Sharna Westley	Board Member

Transactions and balances with key management personnel and other related parties

Other related transactions and loan requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

8.4 Auditors remuneration

	2017	2016
	\$000	\$000
Remuneration of the Victorian Auditor-General's Office for:		
Audit of the financial statements	17	17
Remuneration of Internal Auditors		
Internal Audit Services	46	7
Total remuneration of auditors	63	24

The Victorian Auditor-General's Office is not allowed to provide non-audit services.

FINANCIAL STATEMENTS

9. OTHER DISCLOSURES

9.1 Other economic flows included in net result

	2017	2016
	\$'000	\$'000
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	(5)	(6)
Total other gains/(losses) from other economic flows	(5)	(6)

Net gain/(loss) from revaluation of long service leave liability and annual liability are changes arising due to changes in bond rates.

9.2 Other equity reserves

	2017	2016
	\$'000	\$'000
Physical asset revaluation surplus ¹		
Balance at 1 January	27,630	22,543
Revaluation increment on non-current assets	(3,580)	5,087
Balance at 31 December	24,050	27,630

1. The physical asset revaluation surplus arises on the revaluation of land and buildings.

9.3 Ex-gratia expenses

	2017	2016
	\$'000	\$'000
In-Lieu-of-notice and gratuity payments	176	64
Total ex-gratia payments	176	64

All ex-gratia payments made during 2017 related to departing employees.

9.4 Events after reporting date

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the TAFE, the results of those operations or the state of affairs of the TAFE in subsequent financial years.

Where events occur between the end of the reporting period and the date when the financial statements are authorised for issue:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions which existed at the reporting date; and/or
- disclosure is made where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the TAFE 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.

9. OTHER DISCLOSURES

9.5 Application of standards issued but not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises South West TAFE of their applicability and early adoption where applicable.

As at 31 December 2017, the following Australian Accounting Standards have been issued by the AASB, but are not mandatory for year ending 31 December 2017. South West TAFE has not, and does not, intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> • The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1-Jan-18	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.

9.5 Application of standards issued but not yet effective (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	<p>Amends the measurement of trade receivables and the recognition of dividends.</p> <p>Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</p> <p>Dividends are recognised in the profit and loss only when:</p> <ul style="list-style-type: none"> • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably. 	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1-Jan-18	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the 	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

9.5 Application of standards issued but not yet effective (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: <ul style="list-style-type: none"> • require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15. 	1-Jan-19	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.
AASB 1058 Income of Not-for-Profit Entities	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1-Jan-19	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2016-17 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.

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle



DISCLOSURE INDEX

Item No.	Source	Summary of Reporting Requirement	Page No.
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
	FRD 22H	Manner of establishment and the relevant Minister	5, 15
2	FRD 22H	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	4-7, 14-15, 25-30, 36-39
3	FRD 22H	Nature and range of services provided including communities served	15, 40-41
MANAGEMENT AND STRUCTURE			
	FRD 22H	Organisational structure and chart, including responsibilities and details of the accountabilities of an entity's main activities	23-24
5	FRD 22H	Names of Board and committee members	19-22
FINANCIAL AND OTHER INFORMATION			
6	FRD 03A	Accounting for Dividends	N/A
7	FRD 07B	Early adoption of authoritative accounting pronouncements	80-82
8	FRD 10A	Disclosure Index	83-86
9	FRD 17B	Long Service leave and annual leave for employees	59-60, 79
10	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 February 2004	N/A
11	FRD 22H	Operational and budgetary objectives, performance against objectives and achievements	4-13
12	FRD 22H	Occupational health and safety statement including performance indicators, performance against those indicators. Reporting must be on the items listed at 5.10(a) to (e) in the FRD	42-43
13	FRD 22H	Workforce data for current and previous reporting period including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections (see Attachment B for details of the Department's required reporting approach to all workforce data).	31-35
14	FRD 22H	Summary of the financial results, with comparative information for the preceding four reporting periods	13
15	FRD 22H	Summary of significant changes in financial position	13
16	FRD 22H	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	4-7, 16, 36-39

Item No.	Source	Summary of Reporting Requirement	Page No.
17	FRD 22H	Post-balance sheet date events likely to significantly affect subsequent reporting periods	13
18	FRD 22H	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	47
19	FRD 22H	Discussion and analysis of operating results and financial results	10-13, 27-28, 36-39
20	FRD 22H	Significant factors affecting performance	13
21	FRD 22H	Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included	N/A
22	FRD 22H	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from 5.16(a) – (d) in the FRD	N/A
23	FRD 22H	Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i>	11, 47
24	FRD 22H	Statement, where applicable, on the implementation and compliance with the National Competition Policy	47
25	FRD 22H	Summary of application and operation of the <i>Protected Disclosure Act 2012</i>	47
26	FRD 22H and FRD 24C	Summary of Environmental Performance including a report on office based environmental impacts	11-12
27	FRD 22H	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following</p> <p>Total number of consultancies of \$10,000 or more (excluding GST)</p> <ol style="list-style-type: none"> 1. Location (e.g. website) of where details of these consultancies over 2. \$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 <p><u>AND</u> for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing:</p> <ul style="list-style-type: none"> > Consultant engaged > Brief summary of project > Total project fees approved (excluding GST) > Expenditure for reporting period (excluding GST) > Any future expenditure committed to the consultant for the project 	13
28	FRD 22H	Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012 (Carers Act)</i> , and the actions that were taken during the year to comply with the <i>Carers Act</i>	29 47
29	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at 5.19(a) – (l) in the FRD)	87
30	FRD 22H	<p>An entity shall disclose the following in the report of operations:</p> <ol style="list-style-type: none"> a) Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and b) Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: <ol style="list-style-type: none"> (i) Operational expenditure (OPEX); and (ii) Capital expenditure (CAPEX). 	47
31	FRD 25C	Victorian Industry Participation Policy Disclosures	47
32	FRD 26B	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	N/A

Item No.	Source	Summary of Reporting Requirement	Page No.
33	FRD 29B	Workforce Data Disclosures on the public service employee workforce. Note: TAFEs must report on a calendar year basis (i.e. not financial year basis).	31-32
34	SD 3.71	The Responsible Body must ensure that the Agency applies the Victorian Government Risk Management Framework.	46
35	FRD 22H	An entity's report of operations shall contain general and financial information, including other relevant information, outlining and explaining an entity's operations and activities for the reporting period.	4-7, 10, 13
36	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, these Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.	48
37	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	5, 7
38	CG 10 (clause 27)	Register of Major Commercial Activities and Report	13
39	CG 12 (clause 33)	TAFE Institute Controlled Entities	N/A
FINANCIAL REPORT			
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1984			
40	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: > the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and > the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.	48
OTHER REQUIREMENTS UNDER STANDING DIRECTION / FINANCIAL MANAGEMENT ACT 1994			
41	SD 5.2.2(a) and FMA s49	An Agency's financial statements must include a signed and dated declaration by: > the Accountable Officer; > subject to Direction 5.2.2(c), the CFO; and > for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body.	48
42	FRD 30D	Rounding of amounts	56
43	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to: > review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister	17-18
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
44	FRD 11A	Disclosure of ex-gratia payments	32, 79
45	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	77-78
46	FRD 102A	Inventories	54
47	FRD 103F	Non-financial physical assets	54, 64, 75
48	FRD 105B	Borrowing costs	70
49	FRD 106A	Impairment of assets	63-64
50	FRD 107B	Investment properties	N/A

Item No.	Source	Summary of Reporting Requirement	Page No.
51	FRD 109A	Intangible assets	65
52	FRD 110A	Cash flow statements	55, 69, 74
53	FRD 112D	Defined benefit superannuation obligations	61
54	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	N/A
55	FRD 114B	Financial instruments – general government entities and public non-financial corporations	71-74
56	FRD 119A	Transfers through contributed capital	54, 70
57	FRD 120K	Accounting and reporting pronouncements applicable to the reporting period	49-79
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
58	Legislation	The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, (and which should be listed in the Report) including, but not limited to, the following: <ul style="list-style-type: none"> > <i>Education and Training Reform Act 2006 (ETRA)</i> > TAFE institute constitution > Directions of the Minister for Training and Skills (or predecessors) > TAFE institute Commercial Guidelines > TAFE institute Strategic Planning Guidelines > <i>Public Administration Act 2004</i> > <i>Financial Management Act 1994</i> > <i>Freedom of Information Act 1982</i> > <i>Building Act 1993</i> > <i>Protected Disclosure Act 2012</i> > <i>Victorian Industry Participation Policy Act 2003</i> 	87
59	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2017	45
60	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	87
61	Key Performance Indicators	See table on page 6 of the guidelines for required formatting. Institutes to report against: <ul style="list-style-type: none"> > KPIs set out in the annual Statement of Corporate Intent; and > Employment costs as a proportion of training revenue; > Training revenue per teaching FTE; > Operating margin percentage; > Training Revenue diversity. 	10-11
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
62	PAEC and VAGO (June 2003 Special Review item 3.110)	<ul style="list-style-type: none"> > Financial and other information on initiatives taken or strategies relating to the institute's overseas operations > Nature of strategic and operational risks for overseas operations > Strategies established to manage such risks of overseas operations > Performance measures and targets formulated for overseas operations > The extent to which expected outcomes for overseas operations have been achieved. 	39

Compliance with other legislation and subordinate instruments

South West TAFE complies with all relevant legislation and subordinate instruments, including, but not limited to, the following:

- > *Education and Training Reform Act 2006 (ETRA)*
- > TAFE institute constitution
- > Directions of the Minister for Training and Skills (or predecessors)
- > TAFE institute Commercial Guidelines
- > TAFE institute Strategic Planning Guidelines
- > *Public Administration Act 2004*
- > *Financial Management Act 1994*
- > *Freedom of Information Act 1982*
- > *Building Act 1993*
- > *Protected Disclosure Act 2012*
- > *Victorian Industry Participation Policy Act 2003*
- > *Victorian Privacy and data protection Act 2014*
- > *Privacy Act 1988*
- > *Victorian Public Sector Travel Principles*

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.

