



**Bendigo
TAFE**

2013 Annual Report

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Vision, establishment, goals and guiding principles

Vision

- Bendigo TAFE will make a difference.
- We will support and guide our students to believe in themselves and achieve their best.
- We will continually strive for excellence in our work; we will support each other, collaborate and represent our profession with pride and integrity and contribute to its development.
- We will forge trusting relationships with each other, our students, employers and communities.
- We will build a viable and valued organisation.

Mission

- We support.
- We strive.
- We deliver success.

Strategic imperatives

- Maximise the experience and success of all enrolled students.
- Attain the highest performance level against all quality compliance measures.
- Exemplify our values and code of conduct in all our activities.
- Strengthen the capability and professionalism of our people.
- Foster, promote and enhance Bendigo TAFE's brand and reputation.
- Reduce costs, increase cost effectiveness and ensure financial self-sustainability.

Manner of establishment

The Institute has undergone numerous identity changes in its 156 year history, opening in 1854 as the Sandhurst Mechanics Institute and later, in 1873, incorporating the School of Mines. In 1987, it was established, more or less in its modern form, when the technical and further education (TAFE) components of seven secondary schools within the region were transferred to the Loddon Campaspe College of TAFE. The Institute was renamed in 1990 as the Bendigo Regional Institute of TAFE (BRIT), and began trading as Bendigo TAFE in 2009. April 2013 saw Bendigo TAFE change its legal entity name to align with its trading name.

In January 1989, the Education Centres of Bendigo, Castlemaine (now Loddon) and Tarrengower Correctional Centres were transferred to the Institute, followed by the Malmsbury Juvenile Justice Centre (now Malmsbury Youth Justice Centre) in 1993. The Education Centre at the Bendigo Correctional Centre has since closed, along with the rest of the Correctional Centre in 2006.

As a regional institute, Bendigo TAFE services a significant geographical area of approximately 25,000 square kilometres in central and northern Victoria, with a residential population of 220,000. The Institute's three largest campuses (Bendigo City Campus, Bendigo Charleston Road Campus and Bendigo Technical Education College) are situated in Bendigo. However, the Institute provides services to students, industries and businesses throughout the region and beyond. Local communities within Bendigo TAFE's footprint include Castlemaine and Echuca.

The financial statements cover Bendigo TAFE as an individual reporting entity. The Institute is a statutory body corporate, established pursuant to an order made by the Governor in Council under the *Education and Training Reform Act (2006)*. The responsible Minister was the Honourable Peter Hall MLC, Minister for Higher Education and Skills.

Report of operations

Bendigo TAFE's 2013 Annual Report has been prepared in accordance with Financial Reporting Directions.

Year in review

Our profile 2013

Bendigo TAFE faced a challenging year in 2013 with aggressive competition in the education sector from private providers and online offerings. The challenges extended to both pricing, delivery structure of courses and responsiveness to market demand. Against the back drop of the ever evolving and changing environment in which we operate there were a number of internal structure changes during the year. These changes were to better align the support and delivery functions of Bendigo TAFE to create a commercially focussed and responsive organisation with a customer centric approach.

Initially Bendigo TAFE's education, training and assessment services were delivered across four schools: Design and Sustainability, Education and Pathways, Health and Human Services and Technical Trades.

In April 2013 these were rationalised into three schools: Trades and Primary Industries, Health and Human Services, and Education and Pathways. The changes included the move of the business, information technology streams from the Design and Sustainability school into the Health and Human Services school. In addition mining, conservation, horticulture and land management were also moved from the Design and Sustainability school into the Trades and Primary Industry school.

Each school is led by a Director of School, supported by Teaching Department Managers and a range of experienced teaching, technical and administration staff. All Bendigo TAFE staff are selected for their qualifications, expertise, experience and passion.

The schools of Bendigo TAFE support programs across a number of campuses and within corrections and youth justice settings.

Health and Human Services school

This school delivers programs that cover a range of health and wellbeing, community services, aged care and disability, laboratory operations, occupational health and safety, children's services, and hair, beauty and hospitality as well as multimedia, business and information technology (IT).

These programs are delivered using a variety of different teaching and assessment methods:

classroom delivery with an emphasis on simulation, e-learning, on the job training and practical placement in industry.

The school offers traineeships for people working in industry in the disciplines of nursing, allied health, dental assisting and community services, as well as traditional trade areas such as cookery and hairdressing. Many of the Health and Human Services courses are targeted specifically to support people who have been working in these industries for some time and have practical experience but no formal qualifications as well as those who wish to upgrade their qualifications.

Education and Pathways school

The Education and Pathways school delivers a diverse range of learning opportunities designed to provide all individuals and groups within our region with the opportunity to access quality education. This might be to learn English, develop literacy and numeracy skills for gaining employment, further enhance existing skills for a career change, or study in an alternative and more flexible environment to complete a senior secondary Victorian Certificate of Applied Learning (VCAL) qualification. This school also offers a selection of vocational qualifications which includes the training of new trainers and educational support tutors who work with children with special needs in all educational settings.

The Koorie Units at the Bendigo and Echuca campuses provided tailored programs that are culturally respectful, designed to meet the needs of the communities and meet the Wurreker strategy of the region and the state. In 2013 we had many uniquely designed programs that met needs of a variety of indigenous organisations and committees to up skill existing staff members or provide succession planning for community members of the future.

The Institute's secondary college, Bendigo Technical Education College (BTEC), is part of the Education and Pathways school. BTEC provides a full VCAL program of study with a focus on community based activities for students who generally have the specific desire to pursue a trade oriented vocation.

The English Language teaching department saw the commencement of a partnership with Deakin University to provide an International English Language Testing System (IELTS) testing centre in Bendigo. We also introduced a preparation course for IELTS as a short course to enhance the outcomes for participants.

International student growth was a focus with students studying at Bendigo TAFE from a range of countries who are also enrolled in further study at La Trobe University. This steady increase is expected to continue with the development of a new English Language course English Language Intensive Courses for Overseas Students (ELICOS) set to be registered in late 2013 ready for the 2014 intake of international students. The brand ELICOS as an international English language course is known worldwide and will provide a more marketable and recognisable course for international students wanting to choose a regional location to study English and their degree.

A large study tour of health professionals from China also saw the English Language department provide English to the group for a number of weeks while they investigated our health system and shadowed specific health professional from various organisations both in the Bendigo region and the metropolitan area.

This school also provides Student Support Services for all students at Bendigo TAFE, supporting students with a disability, providing career advice, personal counselling services and specialist support for young people through the services of youth workers. These services mean that everyone studying at Bendigo TAFE is provided with a supportive learning environment.

Trades and Primary Industries school

The Trades and Primary Industries school delivers high quality programs to ensure the development of well-trained, highly skilled tradespeople for local industry.

Bendigo TAFE's traditional trades are delivered through this school and include automotive, carpentry, cabinet making, painting and decorating, bricklaying, mechanical engineering,

fabrication, electrotechnology, and plumbing. Our preapprenticeship courses provide a pathway for students seeking a career in the trades and the underpinning skills for an apprenticeship.

Primary Industries delivery includes a broad range of study areas covering a diverse range of vocational outcomes including building design, mining, agriculture, conservation and land management. The school has also been able to capture niche market opportunities with a range of providers in agriculture and horticulture.

This school has a strong focus on sustainability, working across all areas to ensure students learn the knowledge and skills to support sustainable work practices.

Increased industry engagement has led to follow-on work in industry resource material development, most notably in the mining, quarrying and fertiliser areas of study. This development work is expected to lead to further income streams in 2013.

Chairperson's report

It has been a significant year of change not only in terms of budget and its consequences but also in terms of the changes to the governance and regulation of TAFE boards. All Victorian TAFE's were issued with new constitutions which came into effect on 15 April 2013.

We also saw many changes structurally at Bendigo TAFE this year. In July 2013, Johan Wiggett was appointed to the newly created position of Chief Operating Officer as we worked towards our new operating model to ensure Bendigo TAFE is a responsive, professional and competitive organisation.

In late August, Chief Executive Officer (CEO) Maria Simpson advised me upon her return from annual leave that she had decided to step aside from her role as CEO and take on a position as a consultant to the Institute. I would like to thank Maria for her dedication and commitment to the Institute over her two year appointment.

I want to also take this opportunity to acknowledge Jamie Eckett who was Acting CEO while Maria was on leave and continued in this role until an Interim CEO was appointed in early October.

Peter Coyne commenced as Interim CEO on 1 October 2013. Peter brought specific industry skills and experience to the management team at Bendigo TAFE during a difficult time of restructure. Peter was also charged with the responsibility of representing Bendigo TAFE during the finalisation of the TAFE Structural Adjustment Fund submissions to government.

The CEO report addresses issues relating to budget changes in some detail. I just want to reflect on the way in which these changes have been managed by the leadership team. This is probably the most significant set of issues our managers have had to deal with and I commend the way they addressed the situation and got immediately to work on how they would manage the challenges presented. They have been extremely dedicated working towards building a more commercial and responsive organisation with a better understanding to enable positive outcomes for our students and staff in an ever changing environment.

Changes to Bendigo TAFE services and training offerings for 2014 were announced in late November, difficult but necessary decisions for the longer term operations of Bendigo TAFE were made. Decline in student enrolments in mining, bricklaying and furniture making, meant these courses were no longer viable. A number of administration and support roles were no longer required. It was also decided to close BRIT Beginners Child Care Centre in March 2014.

Throughout 2013, regular meetings were held with the Higher Education and Skills Group providing regular updates from a Boards' perspective regarding our changing business model.

In November 2013, Bendigo TAFE was successful in the tender for the Chinese Vocational Education Leadership Training (VELT). The VELT program was designed to provide delegates with an understanding of the Australian TAFE system and how this system, especially in Victoria was changing. The high ranking delegates were the CEO's, presidents and vice presidents from polytechnics and colleges from a range of provinces in China. Maria Simpson facilitated this very worthwhile and constructive program over a number of weeks.

We again had the wonderful opportunity to distribute awards and studentship support across our trade areas as a result of the Mason trust. The will of Ms Mason, of Bendigo's Mason's Glass, has provided opportunities for scholarships, awards and financial support to assist students. This year we granted 12 awards to students across the Institute. We are very thankful that there are community members who value the vocational education and development of young people and the worth this provides to their communities. We thank Sandhurst Trustees, trustee for Mason Estate, for the opportunity to participate in this way.

On Thursday 26 September at the Bendigo Business Council's After 5 function we launched our new brand. This has provided a fresh new look to our marketing activities that help to reposition Bendigo TAFE and more effectively connect with our target audience.

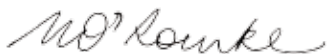
I want to thank all of my Board colleagues for their commitment to and passion for Bendigo TAFE as exhibited by their outstanding effort throughout this year. The Board has been deeply involved in the change process. They have worked closely with the leadership team throughout the year and given willingly their time and expertise to guide, support and assist the Institute to achieve a successful transition.

I want to particularly recognise the contribution of Alex Trantor who retired from the Board after nearly seven years as a member. Over this extensive period, Alex held the position of Vice President. He also represented us at numerous internal and public events and provided us with strong links into the broader Bendigo community. On behalf of the Board and all members of the Bendigo TAFE community I sincerely thank Alex for all his efforts.

I would also like to acknowledge Glenis Beaumont who retired from the Board in April 2013. Glenis joined the Board in March 2010 and was instrumental in assisting and guiding our relationships, particularly in the health sector and wider community.

Over the year we were joined by Marnie Baker and Andrew Cooney, new Board appointments, both of whom bring extensive skills, knowledge and experience. We welcome them and thank them for their willingness to contribute.

My thanks go to all the Board members for their willing support and comprehensive contribution. I look forward to working with them throughout 2014.



Margaret O'Rourke

*Board Chairperson
Bendigo TAFE*

Chief Executive Officer's report

2013 continued to present many challenges for Bendigo TAFE as it transitions to a new business model in a very different market. What remains constant through this period of transition is that our core responsibility is to provide quality vocational training and education leading to employment or further education outcomes for our students.

The context for many of the challenges of 2013 and beyond have been set by a key piece of research commissioned by the Victorian Government entitled Refocusing Vocational Training in Victoria. The report makes 19 recommendations in relation to a restructured vocational education system for Victoria and challenges the sector to move to a more competitive and commercially focused business model.

The release of this report and its acceptance by government commenced a period of transformation for the TAFE system. The days of individual TAFE colleges operating in a closed market, funded by recurrent government grants are over. We now reside in an openly competitive market, working with and in competition with many public and private providers. Our market opportunity extends well beyond our regional boundaries creating exciting opportunities for quality improvement and growth.

I commenced with Bendigo TAFE on 1 October 2013 as Interim Chief Executive Officer. My immediate challenge was to ensure that Bendigo TAFE made compelling submissions as part of the TAFE Structural Adjustment Fund submissions to the government. This funding is critical to the future success of Bendigo TAFE. Our first submission was based on a very strong stabilisation plan re-focusing our delivery in a more efficient manner. Our second creates opportunities for us to explore partnerships with other providers and is driven by a need to broaden training opportunities and employment possibilities for our students

In November, the right sizing of the Institute commenced enabling us to meet budgets to come in line with funding arrangements. This work resulted in the announcement of the closure of the BRIT Beginners Child Care Centre, closure of furniture and cabinet making and also mining courses and redundancies in administrative and support roles.

In total, 47 positions were made redundant across the Institute. We achieved an operating profit/loss of \$120 thousand. This result was achieved after having paid close to \$1.2 million in redundancies and related support programs.

Critical to the reputation of Bendigo TAFE and the principle reason for our existence are student outcomes. Bendigo TAFE students continue to represent the Institute proudly. This is reflected by the number of students representing us at state and national awards including the following:

- Bendigo TAFE Disability Liaison Officer, Shaun Corcoran was nominee in the Powercor Bendigo Business Excellence Awards for Employee of the Year.
- A preapprenticeship award from the Master Plumbers Association was awarded to Jordan Kindred.
- RHEEM awards were given to Brae Mapson and David Harrison – Bendigo TAFE plumbing apprentices.
- Bendigo TAFE Trade Apprentices of the Year – Adrian Massaro and Bruce Hicks.
- Bendigo TAFE Therapists of the Year - Diploma of Beauty Therapy – Katelyn Wright and Paige Ryan.

Congratulations to each of you on your outstanding achievements.

With the closures of courses within Bendigo TAFE it was expected that our student satisfaction rating would be impacted. Our rating dropped from 90.9% in 2012 to 86.2% in 2013. The state TAFE average in 2013 was 86.5%. Overall Bendigo TAFE rated highly in areas of our students gaining employment after training and their satisfaction with their teachers, against other state averages.

Bendigo TAFE also has a dedicated team of executives with Johan Wiggett (Chief Operating Officer), and Jamie Eckett (Executive General Manager, Education) providing me with strong support since I commenced.

I would also like to thank our General Managers and Managers across the Institute.

There are many challenges ahead for Bendigo TAFE. We have an ageing asset base requiring significant investment. Our curriculum and the way it is delivered must be dramatically overhauled. Our students can already purchase their learning globally and rightly expect to be able to access learning in a highly flexible and dynamic manner. Employers expect that their employees can be trained and upskilled with minimum disruption to their businesses.

Under the direction of the highly dedicated Board, we are now strategically positioning Bendigo TAFE to be an outstanding public provider of the future. The challenge is great, the cause so worthwhile!

I look forward to working with the Board and our staff of Bendigo TAFE in the exciting and challenging period ahead.

A handwritten signature in black ink, appearing to read 'Peter Coyne', with a long horizontal flourish extending to the right.

Peter Coyne

*Interim Chief Executive Officer
Bendigo TAFE*

Summary of performance

Financial review of operations and financial conditions

Five year financial summary

	Year Ending				
	2013	2012	2011	2010	2009
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Total income from transactions	40,153	48,654	43,803	56,649	50,896
Total expenses from transactions	40,458	48,451	45,861	43,921	(39,859)
Net results from transactions	(305)	203	(2,058)	13,358	11,037
Total Economic Flows	425	54	(231)	(55)	(119)
Net Result from Discontinued Operations			(241)		
Comprehensive Result	120	257	(2,530)	13,303	10,918

Total Assets	105,140	97,833	86,956	90,206	75,079
Total Liabilities	8,404	8,988	8,771	9,491	7,667
NET ASSETS	96,736	88,845	78,185	80,715	67,415

Summary of significant changes in financial position during the year

During 2013, Bendigo TAFE undertook a substantial restructure and cost reduction exercise. The net result of this was a comprehensive result of \$120 thousand profit, rather than the budgeted loss of \$7.1 million.

Income substantially reduced in 2013 due to a decline in revenue from partnering with other training providers and due to the ongoing poor performance in a number of non-viable courses. These were exited at the end of 2013.

The cost-reducing strategies implemented in 2012 accounted for a large portion of the decline in expenditure in 2013. Further savings were identified and actioned in 2013 as part of the implementation of the Turnaround Plan.

Bendigo TAFE continues to assess all course delivery to ensure our course offering continues to deliver quality outcomes for students whilst ensuring they remain financially viable as funding changes continue to impact our income levels.

Income for 2013 includes capital funding to the value of \$675 thousand. This funding will not be available in 2014. Bendigo TAFE continues to invest in the student management system which was finalised in 2013.

Corporate services and activities

Occupational health and safety report 2013

Incident/injury report			
Severity	%	Total	Consequence ratings
Catastrophic	0%	0	Death resulting in injury to staff/visitor
Major	0%	0	Serious injury to staff/visitor Dangerous near miss
Moderate	25%	7	Lost time injury to staff Minor visitor injury
Minor	29%	8	Minor injury to staff No lost time Minor treatment required
Insignificant	46%	13	Minor injury to staff Nil treatment required
Total	100%	28	

WorkCover claims

Severity	2008	2009	2010	2011	2012	2013
Catastrophic Death resulting in injury to staff/visitor.	0	0	0	0	0	0
Major Serious injury to staff/visitor. Dangerous near miss.	1	1	0	0	0	0
Moderate Lost time injury to staff. Minor visitor injury.	16	22	11	3	2	7
Total	17	23	11	3	2	7

Regulatory training	Attendance
First aid training staff attendance including First Aid Update, two day training, CPR and other	26
Health and safety representative staff training	3
Audits	Number
Internal audit: AS4801	5
External audit conducted by WorkSafe Victoria Inspector	12

Bendigo TAFE regulatory training program

Bendigo TAFE provides regulatory training courses and 29 staff attended in-house training.

In 2013, first aid risk assessments were conducted for all campuses to ensure Bendigo TAFE met compliance in their obligations as an employer in providing an adequate number of trained first aid officers.

All health and safety representatives (HSR) have attended or are scheduled to attend the five day HSR training course. In 2013, one elected HSR attended the five day course and two staff members attended the HSR refresher course.

In accordance with the *Occupational Health and Safety Act 2004*, Bendigo TAFE has an occupational health and safety committee.

The committee meet bi-monthly.

Bendigo TAFE health and wellbeing program

The health and wellbeing of staff is important and Bendigo TAFE offer staff a number of health and wellbeing programs.

Employer Assistance Program (EAP)

The EAP program seeks to provide support for staff and their immediate family members through counselling sessions. Staff can use the EAP to confidentially discuss any work or personal issues that are an inevitable part of life. The program is fully subsidised by Bendigo TAFE.

Flu vaccination

Bendigo TAFE continued to subsidise a flu vaccination program. The program can provide the following benefits:

- reduction in sick leave
- minimise disruption to performance and productivity
- reduces the risk of spreading the flu at work and home
- helps protect others who are at high medical risk from the flu.

In 2013, 55 staff took advantage of the program.

Contact officers

Bendigo TAFE is committed to providing a learning and work environment free from unlawful discrimination and harassment, including bullying. Trained contact officers provide guidance to staff.

Mental health first aid (MHFA)

Bendigo TAFE offered a two day MHFA training workshop to give staff the resources to help someone developing a mental health problem or in a mental health crisis until professional help is available. Ten staff received training as mental health first aid officers, totalling 17 Bendigo TAFE staff being trained.

Corporate gym membership

Bendigo TAFE promotes the health and fitness of staff by liaising with a local health and fitness centre offering staff a gym membership at a reduced 12 month premium.

Occupational health and safety audits

WorkSafe Victoria conducted a total of 12 health and safety inspections across most campuses. The inspections were WorkSafe Victoria's proactive intervention program to provide guidance and assess and enforce compliance with specific health and safety laws. Bendigo TAFE was included in the West Region locally initiated project. The inspections were generic however the main focus were the trade schools and storage.

A number of corrective actions were achieved on the day of the inspections and there were no areas considered high risk. In some of the inspection reports received it was acknowledged that Bendigo TAFE staff had a commitment to health and safety.

Workforce data for current and previous reporting period

	Ongoing employees				Fixed term and casual
	Number (head count)	Full time (head count)	Part time (head count)	Full time equivalent	Full time equivalent
December 2013	249	163	86	222	24
December 2012	295	189	106	259	33

	December 2013			December 2012		
	Ongoing		Fixed term and casual	Ongoing		Fixed term and casual
	Number (head count)	Full time equivalent	Full time equivalent	Number (head count)	Full time equivalent	Full time equivalent
Gender						
Male	108	99	12	137	127	12
Female	141	123	12	158	132	21
Age						
Under 25	5	5	2	39	34	6
25-34	34	31	4	67	58	9
35-44	64	56	5	101	93	10
45-54	75	68	5	75	64	7
55-64	65	57	8	8	6	1
Over 64	6	5	0	5	5	1
Classification						
Administration Officer 3	0	0	1	2	2	2
Administration Officer 4	27	23	1	33	28	3
Administration Officer 5	12	10	0	11	10	1
Administration Officer 6	14	13	1	10	8	1
Administration Officer 7	3	3	1	4	4	1
Administration Officer 8	9	9	0	15	15	1
Administration Officer 9	2	2	1	2	2	0
Administration Officer 10	5	5	1	5	5	0
Computer Officer 3	3	3	0	3	3	0
Computer Officer 4	2	2	0	3	3	0
Computer Officer 5	2	2	0	3	3	0
Computer Officer 6	2	2	0	2	2	0
Counselling Services Officer 2	1	1	0	1	1	0
Counselling Services Officer 3				1	1	0
Directors	4	4	1	2	2	3
Executives	2	2	0	3	3	0

	Number (head count)	Full time equivalent	Full time equivalent	Number (head count)	Full time equivalent	Full time equivalent
Library Officer 2				3	1	0
Library Officer 3	2	2	0	5	4	0
Library Officer 4	1	1	0	2	2	0
Library Officer 5	1	1	0			
Managers	36	35	1	35	34	7
Other	13	11	4	13	12	2
Teacher 1	1	1	3	2	2	0
Teacher 2	21	17	6	18	15	8
Teacher 3	6	5	0	11	9	1
Teacher 4	15	13	1	25	23	2
Teacher 5	54	46	2	67	56	2
Teacher Casual	0	0	0	0	0	0
Technical Officer 1				1	1	0
Technical Officer 2	3	3	0	4	3	0
Technical Officer 3	6	5	1	7	6	0
Technical Officer 4						
Technical Officer 5	2	2	0	2	2	0
Technical Officer 6						

A major reason for the decrease in employment levels from December 2012 to December 2013 is as a result of redundancies which occurred at the very end of the year due to downsizing of the Institute.

The head counts exclude those individuals on leave without pay or absent on secondment, external contractors/consultants, temporary staff employed by employment agencies and non-executive members of the Board of Bendigo TAFE.

Application of employment and conduct principles

Bendigo TAFE has adopted the Code of Conduct for Victorian Public Sector Employees issued by the State Services Authority (SSA) and founded upon the public sector values and employment principles of the *Public Administration Act (2004)* and the Financial Management Compliance Framework. Staff are required to comply with these values, principles and policies on ethical standards in all their undertakings. Staff have been provided with, and have access to, the Code of Conduct.

Industrial relations

There were no hours lost due to industrial disputes during 2013.

Requests for information about industrial relations within the Institute should be directed to:

Director People, Capability and Culture
 Bendigo TAFE
 PO Box 170
 Bendigo VIC 3552
 p. 03 5434 1660
 f. 03 5434 1522

Public relations and marketing Marketing and Communications

The Bendigo TAFE Marketing and Communications Unit has responsibility for all internal and external marketing and communications activity. The core functions the Unit delivers are:

- media and print advertising
- website development and content management
- brand development and management
- development and leveraging online and social media channels
- internal communications
- creative design
- publications including courses guides and product collateral
- event management and sponsorship
- media releases
- management of media and stakeholder relationships.

Campaigns

One of the key objectives of the Unit is for Bendigo TAFE to have presence in the market all year round. In addition to mainstream paid communication channels, through leveraging social media and media releases to generate good news stories, we have been able to create a consistent market presence. This is reflected in increases to generated applications and importantly the reduced cost per application and conversion to enrolment. Major campaigns are enrolment, mid-year enrolment and open day.

Events

Key events run throughout the year are supported with marketing channels including social media and media releases to generate positive media coverage, heighten awareness of TAFE's education offering and celebrate student success. The key events throughout 2013 included graduation, open day and award nights in November/December 2013.

In addition, Bendigo TAFE hosted a number of industry based events which highlighted student achievements and showcased their work.

Sponsorships

In 2013 existing sponsorship agreements were reviewed to ensure these aligned and promoted TAFE's objectives. The engagement and support

of the local business community through communicating key messages is at the forefront of sponsorship evaluation. Existing sponsorships that meet these criteria include:

- Bendigo Business Council
- Bendigo Business Excellence Awards
- Bendigo Writers Festival
- Bendigo Inventor Awards
- Central Goldfields Business Awards
- Golden Plate Awards.

Brand

A vibrant new logo was developed in 2013. The removal of the BRIT logo, aligning Bendigo TAFE with its trading name showcases a more contemporary style for today. The development of an updated style and brand guide book facilitated the review of internal and external collateral and customer communications. Importantly the brand has been embraced by staff internally and favourable feedback received from external stakeholders and the community.

Bendigo TAFE now has a consistent look and feel that is easily recognised throughout the community and Bendigo region.

Online/internal communications

A re-skinned website with enhanced user functionality was launched in September. Visitors are able to engage with their area of interest more quickly, delivering both longer visitation times as well as increased traffic.

Social media platforms Facebook, Twitter and LinkedIn are increasingly becoming news worthy for the public. Used by Bendigo TAFE as an advocacy channel, it is an integral component of the overall marketing mix.

Internal communication channels including electronic newsletters, media guidelines and social media protocols continue to be developed.

Marketing publications

Major 2013 Bendigo TAFE publications were:

- 2012 Annual Report
- 2013 Prospective Student Handbook
- 2013 International Student Handbook
- 2014 Student Handbook
- 2014 Careers Guide.

Facilities, plant and equipment

Environmental performance

Bendigo TAFE currently purchases 15% green energy and has continued to monitor consumption and opportunity for savings.

Bendigo TAFE is committed to improving environmental performance of all buildings and continually monitors changes in consumption and looks for efficiencies in facilities and equipment. Water consumption and waste are monitored to ensure all active measures are being undertaken. The Echuca and Charleston Road campuses contain a range of features that support energy reduction and generation.

The Bendigo TAFE vehicle fleet has reduced in size to employ a range of smaller more fuel efficient vehicles. There has been a reduction of 10 vehicles during 2013 with more than 50% of our current vehicles using diesel fuel.

Bendigo TAFE continues to take all opportunities to explore alternative recycling options by ensuring where possible, the ability to recycle a proportion of the waste is included in negotiation of vendor contracts.

Statement of compliance

Bendigo TAFE places an emphasis on the provision of services that meet regulatory and occupational health and safety requirements. To ensure these requirements are met we request the following:

- all building practitioners engaged in any major works produce current registration and insurance evidence prior to commencing the works
- all building works carried out undergo the mandatory inspections, occupancy permits and/or certificates ensuring practical completion of the work
- all works display sound environmental features and consideration and meet student and community expectations
- all Bendigo TAFE buildings are maintained to a level of prescribed performance as specified in the Essential Safety Measures Manual. Periodical checks are undertaken with records of these inspections and any relevant tests recorded as per the requirements of

the *Building Act 1993*, Building Regulations 2006, Building Code of Australia, Australian Standards and other codes, ministers guidelines and any subsequent amendments of these.

Office based environmental impacts

At Bendigo TAFE we are committed to contributing to an environmentally sustainable future. Each of our campuses work to reduce the environmental impact and review current practices to ensure best practice is always being sought.

The following energy performance initiatives and savings were implemented in 2013:

- reduction in 10 fleet vehicles with the CO2 emissions associated with fleet substantially reduced from 2012
- 15% of electric energy purchased as green power with an approximate reduction in power usage of 13%
- a reduction in gas usage of approximately 12% from 2012
- 100% recycled paper used within the Institute.

There has been a footprint usage reduction which has also assisted with overall costs savings in 2013.

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

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

Governance

Bendigo TAFE Board

The Institute's Board operates in a manner consistent with the requirements of its Constitution and any other associated orders. In 2007 the Bendigo Regional Institute of Technical and Further Education Board was re-established in accordance with the *Education and Training Reform Act 2006*. On 15 April 2013 a new Constitution for Bendigo TAFE was gazetted.

The functions of the Board under the act are:

- to oversee and govern the institute efficiently and effectively; and
- to develop and implement strategic plans and statements of corporate intent in accordance with the requirements of the Act, and;
- to develop and implement operational business plans for the institute, and;
- to ensure that the institute operates in accordance with its strategic plan and its statement of corporate intent; and
- to provide for the proper, efficient and effective performance by the institute of its functions and powers; and
- to determine policies relating to employment of institute staff; and;
- to develop and issue directions for the administration and management of the institute that must be complied with by the chief executive officer and staff employed by the institute, and;
- to give proper direction to, and exercise proper control over, the chief executive officer and other staff employed by the institute and to monitor that they are carrying out their functions in a fit and proper manner; and
- to advise and report on the activities of the institute to the Minister; and
- to perform any other function conferred on the board by or under the Act or any Order in Council or Ministerial Order made under section 3.1.11 of the act;
- The board of a TAFE institute may perform any function referred to in subsection (1) of the act within and outside Victoria and outside Australia.

The objectives of the Board under its Constitution are:

- to establish goals for the Institute within the context of national and state policy and management frameworks
- to ensure the provision of quality vocational education and training and further education programs and services that promote the current industry standards, enhance the opportunities of individuals and service the needs of the general community
- to govern and control the Institute efficiently and effectively and to oversee the optimal and efficient use of resources.

The Institute's Board has the power to do all things that are necessary or convenient to be done for or in connection with or, as incidental to, the performance of its functions.

However, the Board must perform its functions and exercise its powers subject to:

- a performance agreement
- any economic and social objectives established from time to time by the government of Victoria
- any ministerial orders
- any other requirements of the act and any other relevant employment legislative requirements.

The Board operates under Bendigo TAFE's staff code of conduct policy.

The structure of the Board

The Board is comprised of nine directors. The chairperson and four directors are appointed by the minister and four directors are appointed by the Board.

The Board does not participate in the day to day affairs or management of the Institute, but rather determines, in collaboration with the Chief Executive Officer (CEO) and Senior Managers, the Institute's strategic direction and associated key performance objectives and targets. The Board also approves the Institute's budget, oversees its risk management framework including internal controls, compliance and reporting systems, and approves its governance arrangements including the appointment of the CEO and Senior Executives. At every Board meeting, Board members are asked to declare any potential pecuniary interest.

Sub-committees of Board	Description of functions	Members
Audit committee	<ol style="list-style-type: none"> 1. Oversee and monitor the effective scoping, resourcing, scheduling and performance of internal and external audits to verify compliance with all mandatory and adopted standards and obligations. The committee's scope of audits includes, and is not limited to, financial, registered training organisation registration compliance and occupational health and safety. 2. Review the Institute's annual internal audit schedule for Board approval. (FMCF 2.5) 3. Oversee and monitor the effective and timely resolution of findings of external and internal audits. 4. Oversee and monitor the effectiveness of the Institute's mechanisms for maintaining accountability and internal control to maintain compliance with laws, regulations and internal policies. 5. Oversee and monitor the Institute's registration and reporting of pecuniary interests and gifts to ensure that there is transparent reporting of accepted gifts, benefits and hospitality, and there is no evidence of attempts to improperly influence the decisions or actions taken by Board members or Institute staff. 6. Provide advice to the Board on various matters concerning audits and the Institute's management systems, considering the implications of its own advice and within the context of the broader organisational strategic directions. 7. Share relevant information with other Board committees if audit findings indicate systemic or significant weaknesses in financial controls or management systems. 8. Receive and review new and revised/updated policies proposed by Institute management for Board approval. 	<p>Independent Chair – Graham Bastian</p> <p>Margaret O'Rourke</p> <p>Andrew Cooney</p> <p>Marnie Baker</p>

Remuneration and governance committee	<ol style="list-style-type: none"> 1. Oversee the recruitment process of the Chief Executive Officer (CEO) and participate in the executive recruitment processes. 2. Review the Institute's policy and practice for contract staff remuneration annually. 3. Determine the appropriate remuneration package for contract staff positions at creation, renewal or other times as required. 4. Review the individual remuneration packages for contract staff annually. 5. Review the remuneration provided to non-executive directors annually and to make recommendations to the Board accordingly. 6. Determine appropriate key performance indicators (KPI) for the CEO at contract creation, renewal or other intervals as specified in the contract. 7. Evaluate the achievement of the CEO's KPI twice annually. 8. Evaluate the eligibility of contract staff for any performance bonus twice annually. 9. Monitor and evaluate the Board's performance annually, with such evaluation to include: <ol style="list-style-type: none"> 9.1. Comparison with appropriate external benchmarks. 9.2. Directors' attendance at Board and committee meetings. 9.3. Directors' professional development activity to maintain the prescribed level of competence and experience. 9.4. Conformance to the Directors' Code of Conduct. 9.5. The oversight and governance of the Institute's financial management. (FMCF 2.2) 10. Review the Instrument of Delegation annually and to make recommendations to the Board accordingly. (FMCF 2.4) 11. Oversee and monitor the scheduled review of Institute policies to ensure that Institute rules remain relevant and appropriate. 12. Oversee and monitor the scheduling and conduct of Board and committee meetings, including the Annual General Meeting, to ensure they occur when required. 13. Provide advice to the Board on various matters concerning the Institute's governance, considering the implications of its own advice and within the context of the broader organisational strategic directions. 14. Receive and review new and revised/updated policies proposed by Institute management for Board approval. 	<p>Margaret O'Rourke</p> <p>Stan Liacos</p> <p>Mark Johnston</p> <p>Lauren Bean</p> <p>Andrew Cooney</p>
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<p>Finance committee</p>	<ol style="list-style-type: none"> 1. The role of the committee shall be to advise the Board on matters relating to the use of financial resources. The powers of the committee shall be advisory only. 2. The Terms of Reference of the committee shall be: <ol style="list-style-type: none"> 2.1. To examine monthly financial statements and satisfy itself that they are prepared in accordance with accounting requirements and sound accounting principles and standards, and make recommendations to the Board accordingly. 2.2. To examine the budgets and satisfy itself that they are a true representation of the forecast financial position, and make recommendations to the Board accordingly. 2.3. To examine financial indicators designed to enable the Board to monitor the ongoing and prospective financial health of the organisation and advise the Board accordingly. 2.4. To consider implications of its own advice to the Board within the context of the broader organisational strategic directions. 2.5. To satisfy itself that all funds and investments are held in a secure form in accordance with any investments policy approved by the Board. 3. The chairperson of the committee shall be a member of the Board who shall hold such office until the Annual General Meeting of the organisation next following the date of this resolution. 4. The Board hereby empowers the committee to co-opt at its discretion any person or persons it considers are able to assist the committee to discharge the obligations imposed upon it by its functional obligations. 5. The Chief Executive Officer shall be responsible for ensuring that minutes are kept of all meetings of the committee. 6. The quorum for meetings of the committee shall be not less than two (2) members. The chairperson of the committee may co-opt a Board member to attend a committee meeting for the purpose of making a quorum, such Board member being entitled to vote at that meeting. 7. The committee shall meet not less than eight (8) times per year and more often as may be required to discharge the obligations imposed upon it by its terms of reference. 8. The committee shall report to the Board by means of presentation of a copy of the unconfirmed minutes of each of its meetings within seven (7) days after the date of the meeting and in such other manner and at such times as may be required by the Board or by the requirements of the committee's terms of reference. 9. The committee has been established by the Board in accordance with its governance process policy. 	<p>Margaret O'Rourke</p> <p>Michael McCartney</p> <p>Mark Johnston</p>
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<p>Quality and risk committee</p>	<ol style="list-style-type: none"> 1. Oversee and monitor the effective operation of the Institute's quality management systems to ensure compliance with mandatory and adopted standards. (FMCF 3.1.3) 2. Foster efforts to continually improve the effectiveness and efficiency of business processes and systems to achieve optimal business outcomes and organisational capability. 3. Oversee and monitor the effective identification, assessment and treatment of risks across the Institute, ensuring alignment and consistency with the Board's expressed appetite for risk. (FMCF 2.3, 4.5.5) 4. Oversee and monitor the effective management of occupational health and safety, information technology risks and their impact on financial management and business continuity planning which are specialist areas of risk. (FMCF 3.2.1) 5. Provide advice to the Board on various matters concerning the Institute's quality and risk management systems, considering the implications of its own advice and within the context of the broader organisational strategic directions. 6. Receive and review new and revised/updated policies proposed by Institute management for Board approval. 7. The committee is empowered to continue functioning from the date of this resolution for a period of three years from that date. 	<p>Margaret O'Rourke</p> <p>Herbert Hermens</p> <p>Lauren Bean</p>
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Names of Board members

Name	Current employment	Qualifications	Key areas of knowledge/skills/experience
Ms Margaret O'Rourke Board Chairperson	Owner/Director MO'R Consulting Pty Ltd	Certificate of Management, University of Southern Cross, NSW. Program/Certificate, FAICD. Leadership Development Consortium Program. Chief Executive Women's Leadership Program.	Vocational Education and Training (VET), industry knowledge, communication. Extensive board experience.
Mr Michael McCartney	Director/ Consultant of Crockford McCartney Pty Ltd	LLB, Bachelor of Commerce, Diploma of Financial Planning, Graduate Australian Institute of Company Directors.	Broad financial sector experience. Previous board experience in health and finance sectors.
Mr Mark Johnston	Chief Executive Officer Central Goldfields Shire Council	Bachelor of Business (distinction), Local Government, Major Accounting. Municipal Clerks Certificate, Victoria. Fellow of Institute of Municipal Management. Certificate of Municipal Management.	Industry knowledge in education, finance and local government. Extensive Board experience, economic development, regional community affiliations.
Mr Stan Liacos	Director, City Futures - City of Greater Bendigo	Bachelor of Applied Science (Planning). Graduate Diploma of Business Management, Melbourne. Master of Marketing, Melbourne.	Project management, business management. Planning and design, marketing and media.
Ms Glenis Beaumont	Chief Executive Officer Maryborough District Health Service	Graduate (AICD). Master of Business Administration (UNE).	Industry knowledge, employer, finance and audit experience Board member Victoria Hospitals Industrial Association
Mr Ken McCulloch	Company Director McCullochs Hydraulics & Manufacturing	Family Business Owner/ Manager for 40 years. Steel Fabrication Apprenticeship (Bendigo Technical College). AutoCAD (Bendigo Technical College).	Employment, Education and Training Opportunities for Youth including Apprentices; Manufacturing Industry Representative. Mining, Drilling Industry Knowledge.
Mr Alex Trantor	Support Manager Bendigo Community Telco	Master of Business Administration (University of Ballarat). Graduate Diploma in Management (University of Ballarat). Diploma in Management (University of Ballarat).	Vocational Education and Training; Industry knowledge (communication)

Dr Herbert Hermens	Chief Executive Officer Keech Australia Group	Doctorate of Business Administration, Southern Cross University. Executive Master of Business Administration, University of Technology. Bachelor of Commerce (Marketing), University of Western Sydney. Member of Australian Marketing Institute. Member of Australian Institute of Directors.	Experienced executive in leading national, multi-national and global organisations, sales, marketing and general management.
Ms Lauren Bean	Acting Chief Executive Officer St Luke's	Master of Arts, RMIT. Graduate, Australian Institute of Company Directors (GAICD).	Governance, audit and risk management marketing and communications, media and business management. Director Community 21, Director Community Sector Bank, Director Bendigo Cemeteries Trust and Company Secretary St Luke's.
Ms Marnie Baker	Executive Customer Voice, Bendigo and Adelaide Bank Pty Ltd	Bachelor of Business (Accounting), La Trobe University. Member of the Australian Society of Certified Practising Accountants. Member of the Australian Institute of Company Directors. Senior Fellow of the Financial Services Institute of Australasia.	Extensive industry experience in financial services, specifically retail and wholesale banking. Community engagement, securitisation, trustee and custodial services, financial planning, insurance, funds management and treasury. Capital planning, risk and compliance. Payment systems, information technology and change management. Social media and digital technologies, legal and human resources.
Mr Andrew Cooney	General Manager Corporate Services Coliban Water	Bachelor of Business (Human Resource Management) La Trobe University. Graduate Certificate of Business La Trobe University.	Governance, risk management, organisational development and human resources. Corporate Secretary at Coliban Water.
Ms Maria Simpson	Chief Executive Officer Bendigo TAFE	Bachelor of Arts (LaTrobe University) Diploma of Education(LaTrobe University) Master of Business Administration (Southern Cross University)	Industry knowledge: Education, Training and Development, Community Development, Corporate Responsibility, Philanthropy. Advisory and Board experience in Higher Education, Philanthropy, Health and Culture.
Mr Peter Ladd – staff representative	Management accountant - Bendigo TAFE	Bachelor of Business - major in Accounting at Latrobe Bendigo. CPA Certified Practising Accountant	Background in TAFE financial and management Accounting.

No formal training was undertaken by the Board in 2013.

Board and sub-committee meeting attendance 2013

Board meetings

Name	Position	18/2	18/3	9/4	15/4	20/5	17/6	29/7	19/8	16/9	4/10	21/10	18/11	16/12
Margaret O'Rourke	Chairperson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	A	✓
Michael McCartney		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alex Trantor		✓	✓	✓	✓	O	✓	✓	✓	A	✓	Resigned		
Glenis Beaumont		A	A	A	✓	Term of office expired								
Herbert Hermens		✓	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ken McCulloch		A	A	A	A	Term of office expired								
Maria Simpson	CEO	✓	✓	✓	✓	New Constitution - CEO attends as Executive of Bendigo TAFE								
Mark Johnston		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stan Liacos		✓	✓	✓	✓	O	A	✓	A	A	✓	✓	✓	✓
Lauren Bean		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	A	A
Peter Ladd		A	✓	✓	✓	New Constitution - staff representative no longer on Board								
Marnie Baker		Term of office began					✓	✓	✓	✓	A	✓	✓	A
Andrew Cooney		Term of office began								✓	✓	✓	A	✓

A = Absent O = Observer

Executive/remuneration sub-committee meetings

Name	Jan	Feb	Mar	Apr	May	Jun	New sub-committee structure implemented							
Margaret O'Rourke	✓	✓	✓	NM	✓	✓								
Alex Trantor	✓	✓	✓	NM	✓	✓								
Maria Simpson	✓	✓	✓	NM	✓	✓	New Constitution - CEO attends as Executive of Bendigo TAFE							
Mark Johnston	✓	✓	✓	NM	✓	✓								
Herbert Hermens	✓	✓	✓	NM	A	✓								
Stan Liacos	✓	✓	✓	NM	✓	✓								

NM = No meeting

Audit sub-committee meetings

Name	Mar	May	Jul	Sept	Dec
Margaret O'Rourke	✓	A	A	✓	A
Maria Simpson	✓	New Constitution - CEO attends as Executive of Bendigo TAFE			
Marnie Baker	Term of office began			✓	✓
Andrew Cooney	Term of office began				✓

Finance sub-committee meetings

Name	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Michael McCartney	✓	✓	✓	✓	✓	✓	A	✓	✓
Margaret O'Rourke	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mark Johnston	✓	✓	✓	✓	✓	✓	✓	✓	✓
Maria Simpson/CEO	✓	New Constitution - CEO attends as Executive of Bendigo TAFE							

Quality and risk sub-committee meetings

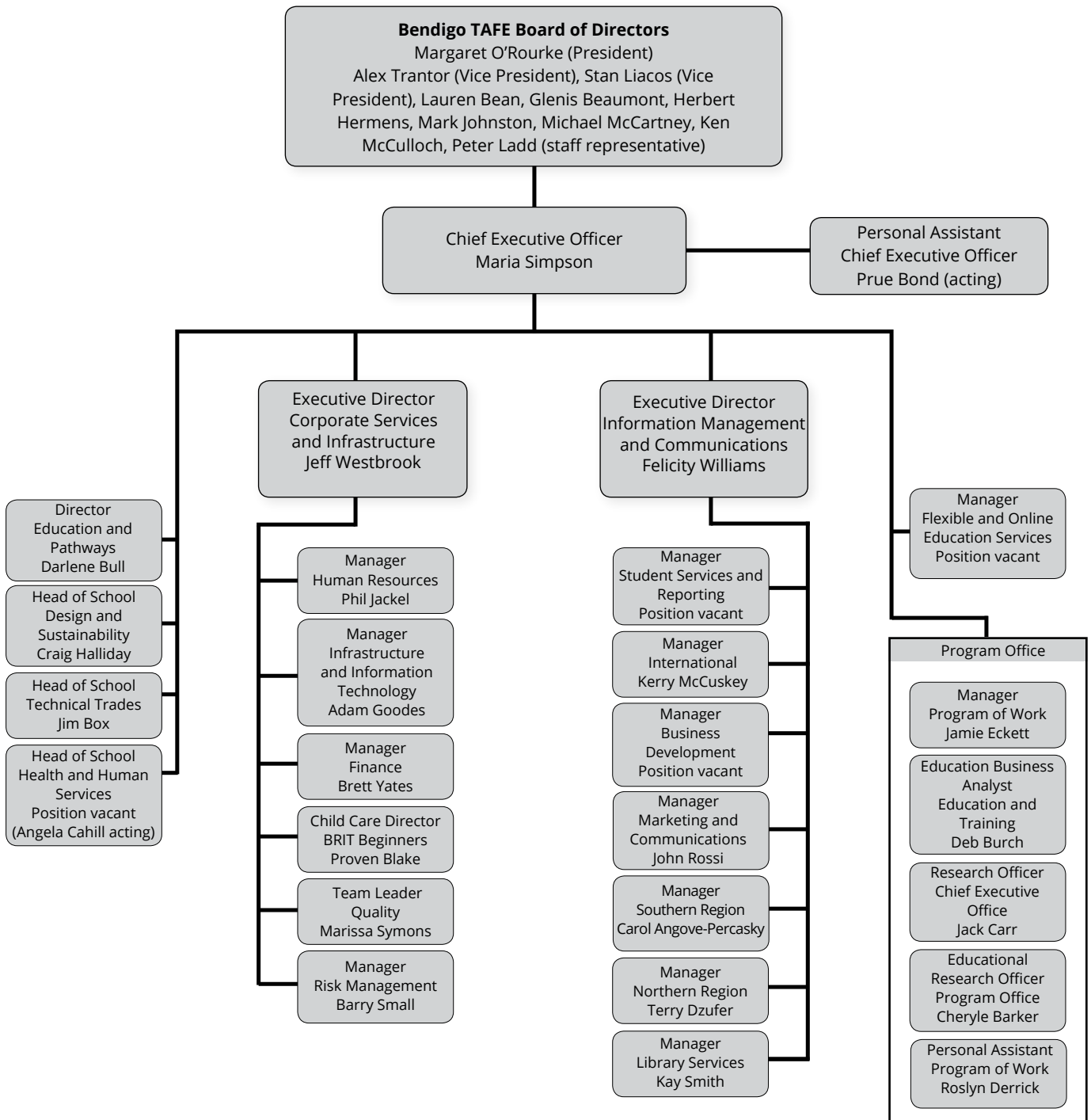
Name	Sept	Nov
Alex Trantor	✓	R
Hernert Hermens	✓	✓
lauren Bean	✓	✓
Margaret O'Rourke	A	A
Maria Simpson/CEO	✓	✓

R = Retired A = Absent

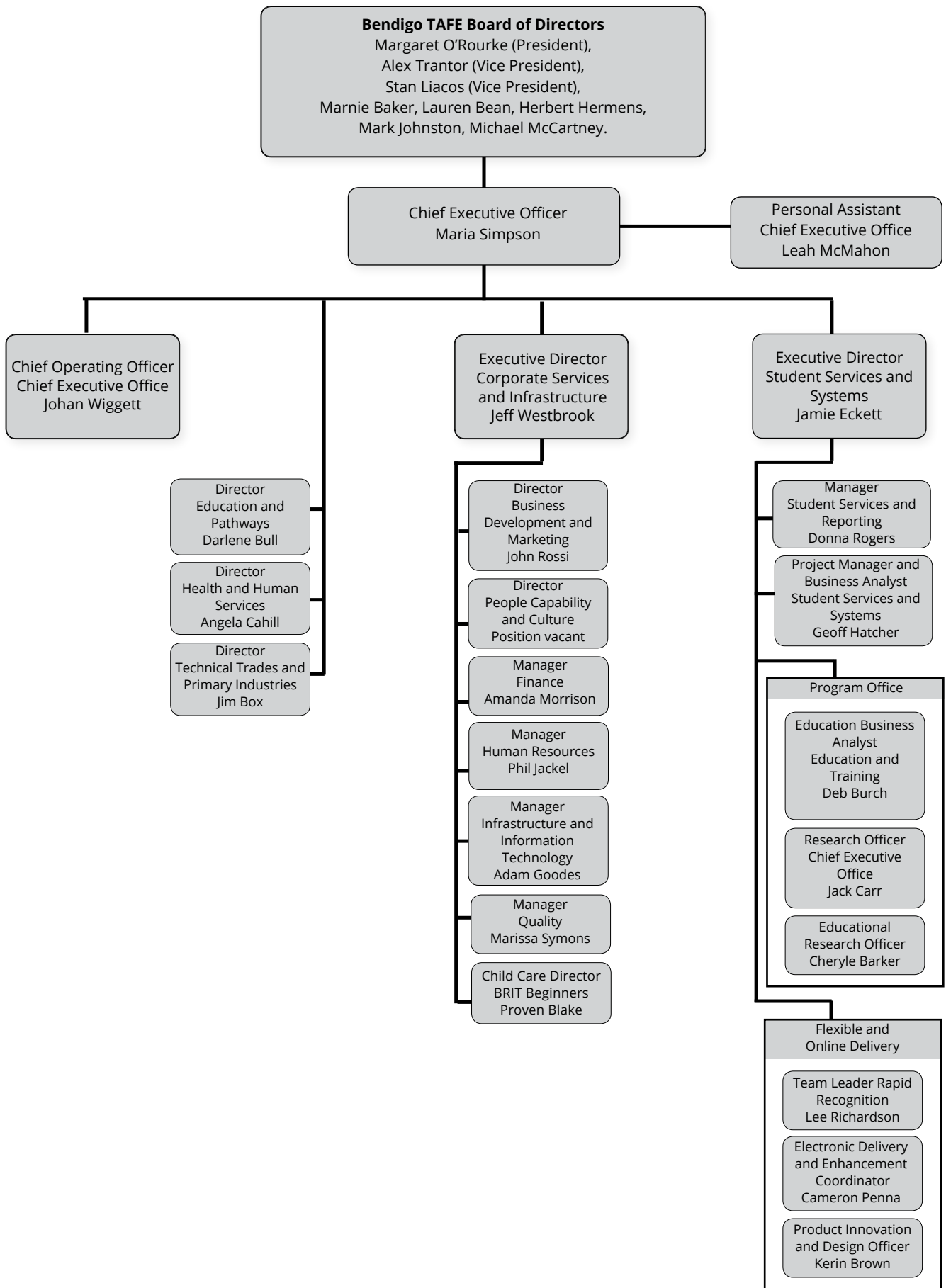
Remuneration and governance sub-committee meetings

Name	Sept
Margaret O'Rourke	✓
Mark Johnston	✓
Stan Liacos	✓
Maria Simpson/CEO	✓

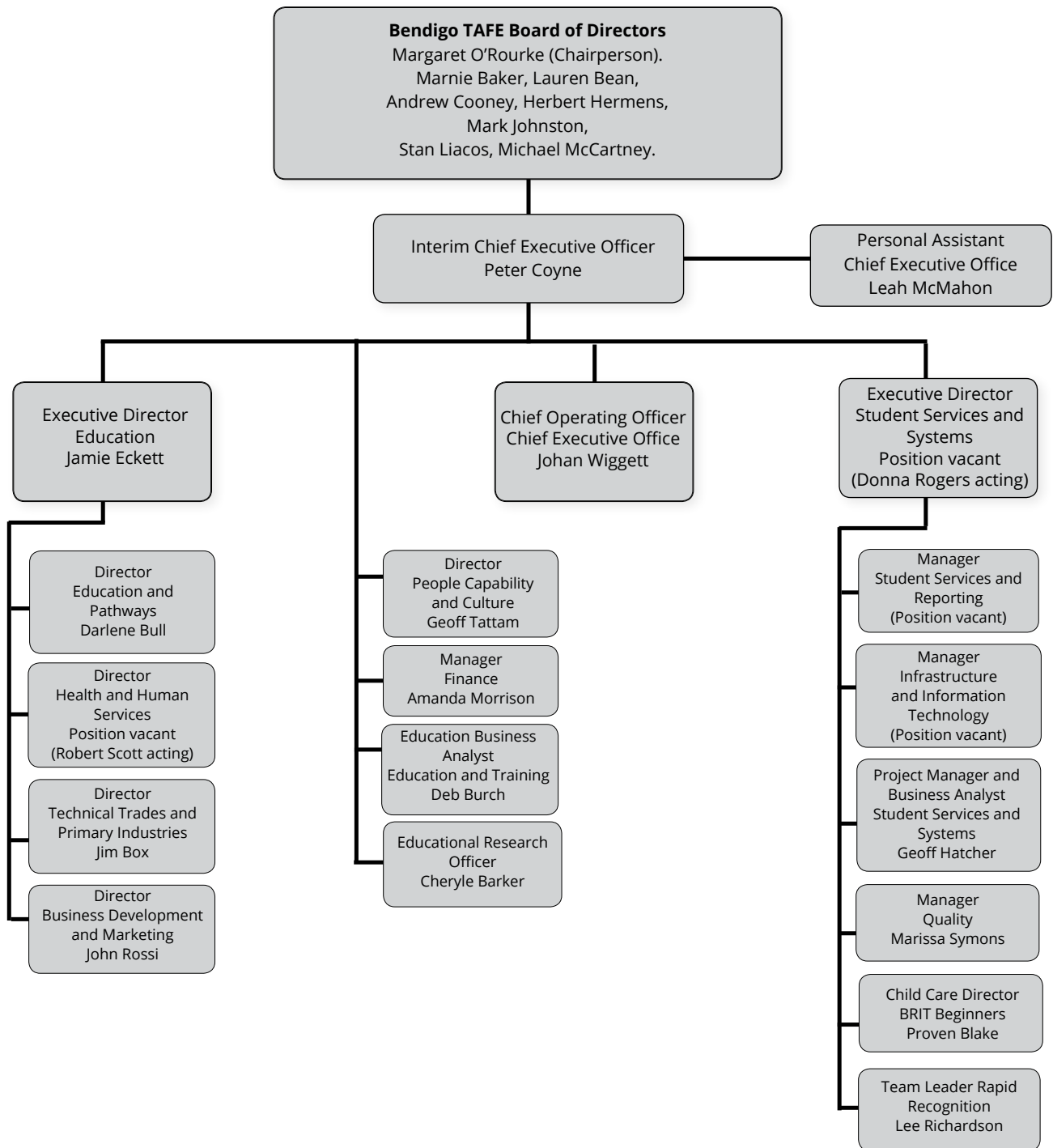
Organisational chart - 1 January 2013



Organisational chart - 1 July 2013



Organisational chart - 31 December 2013



Compliance

Application of employment and conduct principles

Bendigo TAFE has adopted the Code of Conduct for Victorian Public Sector Employees issued by the State Services Authority (SSA) and founded upon the public sector values and employment principles of the *Public Administration Act (2004)* and the Financial Management Compliance Framework. Staff are required to comply with these values, principles and policies on ethical standards in all their undertakings. Staff have been provided with, and have access to, the Code of Conduct.

Compliance with the *Building Act 1993*

Bendigo TAFE ensures that all works requiring building approval are approved and certified by an independent and qualified building surveyor.

Bendigo TAFE requires all building practitioners engaged to carry out major works to show current registration and insurance before commencing works.

All buildings are maintained to a level of prescribed performance as specified in the Essential Safety Measures Maintenance Manual. Mandatory periodical checks and tests are undertaken with records of these inspections kept under the requirements and provisions of the *Building Act 1993*, Building Regulations 2006, Building Code of Australia, Australian Standards and other codes, minister's guidelines and any subsequent amendments of these.

Student fees and charges

Tuition

In 2013, changes to the fees and charges continued to be introduced in line with the Skills Reform Initiative introduced by the government with effect from 1 July 2009. Bendigo TAFE moved to calculating a tuition fee on the basis of an amount for each scheduled hour of training and assessment in which a person enrolls in a calendar year. Given the range of delivery methods possible, it was necessary for each course to have an individual hourly rate for tuition fees calculated including rates for eligible, non-eligible and concession students. The concession fee was equivalent to 20% of the course fee they would have been charged if they were eligible for a government subsidised place.

Student services and amenities

The student services and amenities fee is set by Bendigo TAFE and covers the cost of providing a number of student services and amenities at Bendigo TAFE. This fee is calculated at 36 cents per enrolled course hour, per 12 month period. The student services and amenities fee per 12 month period is a minimum of \$50.00 with a maximum is \$216.00 depending upon the enrolled course hours.

Materials

These fees will vary according to the course being undertaken and there are no concession rates available. Students are provided with a breakdown of materials for their course of study.

Design and print of Annual Report

This Annual Report has been collated and designed inhouse to reduce costs to the Institute.

As per the guidelines set out in FRD 30A, this Annual Report has been developed in line with the design, content development, photography and print specifications, to ensure costs of producing these reports are reasonable and where possible, reduced.

In line with Bendigo TAFE purchasing policies the print production of this Annual Report was completed at an industry competitive rate by a local Bendigo print supplier.

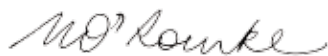
This Annual Report has been printed on recycled paper.



Attestation of compliance with the Australian Standard for Risk Management

I, Margaret O'Rourke, as Chairperson of the Bendigo TAFE Board, certify that the institute has risk management processes in place consistent with the principles and requirements of the Australian/New Zealand Standard (AS/NZS) ISO 31000:2009, and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risks.

The Board's quality and risk committee oversees and monitors the effective operation of the Institute's quality management systems to ensure compliance with mandatory and adopted standards. The committee met two times in 2013. Prior to this committee's creation in August, oversight was provided through the audit and risk committee which met five times in 2013.



Ms Margaret O'Rourke

*Board Chairperson
Bendigo TAFE*

Protected disclosure

Bendigo TAFE has implemented a policy and procedural framework to encourage and facilitate the making of protected disclosures of improper conduct by Institute officers and staff. The Institute provides protection and support for whistleblowers and has established a process for matters to be investigated and, where appropriate, corrective actions to be taken.

There were no matters raised with the Institute in 2013 under the *Protected Disclosure Act 2012*.

Ex-gratia payments

There were no ex-gratia payments to disclose for the 2013 reporting period.

Major commercial activities

There were no major commercial activities for the 2013 reporting period.

Victorian Industry Participation Policy

Bendigo TAFE complies with the Victorian Industry Participation Policy by ensuring that the Institute considers opportunities from competitive local suppliers when awarding contracts. Wherever possible our non-contract purchasing is maintained with local suppliers where they are competitive.

National competition policy

Bendigo TAFE provides education and training in a contestable market. The Institute uses a pricing model which is consistent with competitive neutrality principles contained in Victoria's competitive neutrality policy.

Freedom of Information Act 1982

-including amendments of 3 August 2007
The Victorian Freedom of Information Act (FOI) 1982 gives members of the community the right to access information in the possession of Bendigo TAFE by making available to the public information about institute operations, and by creating a general right of access to information held by the institute. The Institute facilitates access to information without recourse to the provisions of the Act wherever possible and subject to its obligations to protect privacy and confidentiality. In 2013, the Institute received two applications for information under the FOI Act.

Enquiries and requests for FOI should be addressed to:

Sarah Basso
FOI Officer
Bendigo TAFE
PO Box 170
Bendigo VIC 3552

Pecuniary interests

Declarations of pecuniary interest in 2013 were:

Director Baker recorded a conflict of interest in regards to Bendigo Bank Shares held by Bendigo TAFE. Director Baker is an executive of the parent company of Bendigo Bank, Bendigo Community Telco Australia (BCT).

Director Tranter recorded a conflict of interest in regards to Bendigo Bank Shares held by Bendigo TAFE. He is an employee of the parent company of Bendigo Bank, BCT.

Director Tranter recorded a conflict of interest in BRIT Beginners Child Care Centre due to his wife being an employee of BRIT Beginners Child Care Centre.

Director O'Rourke recorded a conflict of interest in regards to BCT as MO'R Consulting Pty Ltd has done a small amount of consultancy work for them.

Consultancies

There were 19 consultants engaged to provide services to the value of \$883,007.78.

Consultancy less than \$10,000.00

There were six consultants with less than \$10,000.00 engaged to provide services to the total value of \$18,602.46.

	Project summary	Total approved	2013 expenditure	Future commitments
	Description	\$	\$	\$
Entity Solution	Consulting on SMS Project	500.00	176.27	-
Standford Marketing	Tender writing	3,000.00	2,364.40	-
Group Joy Pty Ltd	Business case reviews	3,500.00	3,409.09	-
Avaxa Pty Ltd	SVTS data analysis reports	4,000.00	3,520.00	-
DMCK Management	Contract writing	5,000.00	4,257.70	-
Sunraysia Institute	Investigation of shared services opportunities for TSAF submissions.	5,000.00	4,875.00	-

Consultancy greater than \$10,000.00

There were 13 consultants with more than \$10,000.00 engaged to provide services to the total value of \$864,405.32.

	Project summary	Total approved	2013 expenditure	Future commitments
	Description	\$	\$	\$
Creating Credible Solutions	External human resources review	12,000.00	10,614.76	-
Laddo Pty Ltd	Project Management of Business Intelligence implementation		12,982.50	
Lighthouse Communications	Media consultation	15,000.00	14,226.11	-
Jo Fisher Executive	Human resources recruitment of Commercial Managers	20,000.00	16,360.00	3,640.00
Diosma Consultancy Pty Ltd	Strategic Advisory Services	20,000.00	20,000.00	-
Midweek Consulting	Human resource workshops and review of teacher multiple business agreement	30,000.00	30,374.94	-
Technology One	External Consultation and Implementation of Business Intelligence	71,327.27	38,623.70	32,703.57
Northern Melbourne Institute of TAFE	Investigation of shared services opportunities for TSAF submissions	50,000.00	47,667.27	-
RM Consulting	Strategic advisory services	100,000.00	92,960.46	-
McGrath Nicol	Reporting and SMS reconciliation review	190,000.00	95,138.08	94,816.92
Department of Education	SMS Project testing	100,000.00	97,952.50	
GIST Advisory Services	Asset review	150,000.00	148,760.00	-
Deloitte Touche Tohmatsu	TSAF business case development	238,700.00	238,700.00	-

External reviews

Department/unit	External review type	Review initiated by
Finance	2014 Interim Annual Financial Report	Victorian Auditor General
Finance	2014 Final Annual Financial Report	Victorian Auditor General
Institute	ISO9001:2008 Re-Registration Audit	NCS International
Institute	Victorian Training Guarantee Business Process and Transactional Compliance Audit	HESG
Institute	Standards for NVR Registered Training Organisations	Australian Skills Quality Authority (ASQA)

Major research activities

Deciles of disadvantage

Bendigo TAFE operates in a challenging socio-economic environment. Bendigo TAFE delivers quality education and training to a quite disadvantaged cohort.

The Bendigo Local Government Area (LGA) is not wealthy; it is in the middle range of local government areas in Victoria, and around the 6 decile of disadvantage in Australia, with 10 being the least disadvantaged.

The student cohort 2013 YTD is skewed to the lower deciles (1 to 3). Around 50% of students are on a concession.

High scores on the Index of Relative Socio-Economic Disadvantage (10 is the highest decile) occur when the area has few families of low income and few people with little training and in unskilled occupations. Low scores on the index occur when the area has many low income families and people with little training and in unskilled occupations.

The environment is becoming even more challenging, as feeder schools struggle to lift literacy and numeracy levels.

A full 8% of year nine students in Greater Bendigo do not reach the minimum literacy and numeracy standards. The My School website indicates the government feeder schools are not making headway in literacy and numeracy at the year nine level.

Government funding is arguably inadequate for this student disadvantage profile.

Research on completions

The research on completions has been expanded from the 2012 research to identify the \$cost of lost hours.

Approximately \$850,000.00 per annum could be saved by better managing the process.

In early 2012 an extensive analysis of 2011 completions data was undertaken, and a research paper written.

Unfortunately the data for 2012 shows even larger losses of hours than 2011.

The level of Withdrawal No Attendance (WNA's) and Withdrawal Some Attendance (WSA's) both continued to be an issue. The WNA rate at 10% is twice what would seem reasonable, and can be reflective of inappropriate enrolment processes and selection process.

WSA levels can reflect poor enrolment choices, low levels of literacy and numeracy, poor teaching and assessment practices.

In late 2012, it became feasible to analyse the data down to the course and module level. This level of detail would then allow the teaching department manager's and relevant coordinators and teachers to better identify and address the root factors. Victorian Certificate of Applied Learning remains a key concern area.

By looking at the WNA's and WSA's at the module level and course level and discussing this with key personnel course coordinators (qualification owner), senior teachers, teachers, students the common reasons for withdrawal can be identified. Additionally this group is best placed to assist in strategy development to reduce withdrawals and in developing timelines.

School name 2012	PIA	WNA	WSA	Grand total lost revenue \$
Pathways	159,561	845,931	472,414	1,477,906
Education	19,550	306,439	265,749	591,738
Community Services and Health	27,778	227,597	228,997	484,372
Technical Trades	1,908	286,472	132,242	420,622
Design and Sustainability	47,962	178,427	129,958	356,347
Business and Service Industries	13,616	151,119	95,294	260,029
Grand total	\$270,375	\$1,995,985	\$1,324,654	\$3,591,014

Research on skills deepening

Three negative factors have come together for skills deepening in 2013 to create the difficult circumstances of a perfect storm.

The government has announced the removal of the \$100.00 concessions for 2013. This has serious implications for Bendigo TAFE, because they were heavily taken up.

VET FEE-HELP has not been strongly taken up, and competition has increased by private registered training organisation's and La Trobe University (with uncapped places).

Lower government funding has led to increases in the fees for most of these courses.

The modelling in 2012 forecast about 340,000 student contact hours (SCH) in skills deepening for 2013.

International operations

International education in Australia is the fourth largest export in the Australian economy, an area which is predicted to grow strongly to 2020. Bendigo TAFE's international strategy guides the identification of needs in key markets and the development of training products in order to meet those needs.

The changes to student visa rules particularly the removal of a direct link between education and permanent residency has particularly affected the vocational education and training (VET) sector, which had seen almost unsustainable growth in 2008/2009. This coupled with the global financial crisis, the high Australian dollar and a number of other factors led to a large downturn in international students coming to Australia. The market is starting to recover with strong, sustainable, growth patterns across all sectors of international education.

International students have long been seen as a highly valuable source of income, not only for education providers but also for the wider community and particularly in regional Victoria.

In 2012 Bendigo established a partnership with Deakin University and became an International English Language Testing System (IELTS) testing centre, which continued into 2013. Through this partnership, Bendigo TAFE introduced the IELTS Preparation Course, which was offered to all students undertaking the IELTS exam.

Bendigo TAFE's partnership with La Trobe University continued throughout 2013, where the packaged offers to students under Streamlined Visa Processing (SVP) saw students enrolling into one year of English language studies and entering their degree programs in the areas of pharmacy and information technology. This partnership allowed Bendigo TAFE to establish connections with the Ministry of Education in Saudi Arabia and Kuwait, the sponsors for these international students. This relationship has been identified in the Bendigo TAFE international strategy as an avenue for growth and providing more pathway articulations to higher education, under SVP.

Bendigo TAFE is a member of Victorian TAFE International (VTI) and the Manager of International represents the institute on the VTI Board of Management.

Bendigo TAFE has a close working relationship with the Victorian Government (Department of State Development, Business and Innovation (DSDBI) - International) and the Victorian Business Office (VGBO), particularly in Dubai. This relationship allows Bendigo TAFE to be aware of new business opportunities and study tours, particularly in the Middle East.

The Manager of International travelled to the Middle East in February 2013, as part of the Super Trade Mission, partly sponsored by the Victorian Government. The delegation leaders were Minister Louise Asher, Minister Peter Walsh and Minister Dr Denis Napthine. The mission for Bendigo TAFE was to facilitate the enrolment of international students, particularly in the areas of high demand and skill shortages for the Middle East. To secure additional study tours, including the Abu Dhabi Educational Council – Abu Dhabi Summer Abroad Program and to promote Bendigo TAFE as a centre of excellence for English language studies in this region.

Bendigo TAFE worked in partnership with Australia Management International (AMI) - Melbourne where we successfully hosted a group of 10 medical professionals from Lanzhou, Gansu Province in China, for a period of three months. The professions ranged from cardiologist, gynaecologists, radiologist, infectious disease specialist, psychiatrist, dentists and a nurse. We worked in partnership with a number of local hospitals, which provided shadowing programs with medical staff. The aim of this program was to provide English language training, incorporating western culture, social etiquettes and an introduction to the Australian health care system. Hospital, clinical and community health care observations and shadowing were provided in major hospitals, clinics and surgeries in the Bendigo region and Melbourne. Through AMI, we also hosted 20 TAFE teachers from China, combining TAFE and higher education sector partnerships, pathways and articulations for the Bendigo region.

The City of Greater Bendigo secured some funding for the production of a brochure that would market not only the Bendigo region, but the education providers within this area. The booklet was produced in 2013 and is now available in print form and online. The brochure can be used for all marketing activities for the City of Greater Bendigo,

Bendigo Senior Secondary College, Bendigo TAFE and La Trobe University.

In November 2013 Bendigo TAFE were successful in tendering for a program/study tour with TAFE Directors Australia (TDA). The tender for the Chinese Vocational Education Leadership Training (VELT) program was offered to all TAFEs in Australia, with three successful TAFEs awarded contracts. The VELT program was designed to provide delegates with an understanding of the Australian TAFE system and how this system, especially in Victoria was changing. The discussions ranged from a high strategic level, from our relationship with the government through to budgets, financials, management structure and human resources over a two week period. The high ranking delegates were the CEOs, presidents and vice presidents from polytechnics and colleges from a range of provinces in China.

Bendigo TAFE's Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) registration was due to expire in February 2014. The renewal documentation and associated paperwork was sent to Australian Skills Quality Authority (ASQA) and form approval was received on 9 December 2013 that the renewal of the TAFE's CRICOS registration had been approved for another five years until 12 February 2019. In conjunction with the application to renew the CRICOS registration Bendigo TAFE's International area applied to add a number of courses to CRICOS. This will provide us with a greater offering for international students and make us more competitive in the international market.

There were no transnational projects for Bendigo TAFE in 2013, therefore the risk in international operations was minimal.

The total revenue to Bendigo TAFE for onshore international activity, which includes study tours and international student enrolments for 2013 was \$290,000.00. The La Trobe University scholarship monies have been retained in trust and the balance of \$21,186.00 will be expended in 2014.

The following measures are taken to ensure that Bendigo TAFE's international operations continue to align with the strategic direction of the Institute at all times, as follows:

- Fortnightly meetings held with the Business Development Unit, under the direction of the Director, Business Development and Marketing.
- Monthly information management forums (IMF) with all managers of the Institute.
- All financial income/expenditure for proposed international projects are discussed with the relevant general manager of the school and the director, business development and marketing. Any international travel or contracts of engagement are submitted to the CEO and subsequently approved or not approved, by the Executive Management Committee (EMC) and the Bendigo TAFE Board.
- Regular meetings are held with the teaching departments, regarding current and proposed CRICOS registrations, course additions and/or withdrawals.
- Bendigo TAFE have structured planning days, ensuring that all international activity both onshore and offshore aligns with the institutes Strategic Plan.

Additional material

Further information is available in relation to the following topics, and those details can be made available upon request:

- Bendigo TAFE publications
- industrial relations issues
- major committees sponsored by Bendigo TAFE
- major research initiatives.

All enquiries should be directed to:

Personal Assistant to the CEO
Bendigo TAFE
PO Box 170
Bendigo VIC 3552
p. 03 5434 1555

Disclosure index

The Institute's Annual Report is prepared in accordance with the *Financial Management Act 1994* and the Directions of the Minister for Finance. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

	Clause	Summary of reporting requirement	Page
(A) Report of operations			
Charter and purpose			
1	FRD 22	Manner of establishment and the relevant minister	2, F15
2	FRD 22	The objectives, function, powers and duties	16
Management and structure			
3	FRD 22	Nature and range of service provision, including the communities served	2-4
4	FRD 22	Organisational structure and chart, including accountabilities	25-27
5	FRD 22	Names of Board members	21-22
Financial and other information			
6	FRD 03A	Accounting for dividends	F13, F36
7	FRD 07A	Early adoption of authoritative accounting pronouncements	F15-F34
8	FRD 10	Disclosure index	35-39
9	FRD 15B	Executive officer disclosures	F63-F66
10	FRD 17A	Long service leave wage inflation and discount rates	F50
11	FRD 19	Private provision of public infrastructure	F56
12	FRD 20A	Accounting for state motor vehicle lease arrangements prior to February 2004	N/A
13	FRD 22 SD4.2(k)	Operational and budgetary objectives, performance against objectives and achievements	F4
14	FRD 22	Occupational health and safety statement including performance indicator and performance against those indicators	10-11
15	FRD 22	Workforce data for current and previous reporting period including a statement on employment and conduct principles	12-13
16	FRD 22	Summary of the financial results for the year including previous four year comparisons	9
17	FRD 22	Significant changes in financial position during the year	9
18	FRD 22	Major changes or factors effecting performance	5-8
19	FRD 22	Post-balance sheet date events likely to significantly affect subsequent reporting periods	F60

	Clause	Summary of reporting requirement	Page
Financial and other information			
20	FRD 22	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	29
21	FRD 22	Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i>	28
22	FRD 22	Statement on National Competition Policy	29
23	FRD 22	Summary of application and operation of the <i>Protected Disclosure Act 2012</i>	29
24	FRD 22	Summary of environmental performance	15
25	FRD 22C	Details of consultancies over \$10,000.00	30
26	FRD 22C	Details of consultancies under \$10,000.00	30
27	FRD 22D	List of certain other information (available on request)	34
28	FRD 24C	Reporting of office based environmental impacts	15
29	FRD 25A	Victorian Industry Participation Policy Disclosures	29
30	FRD 26A	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	NA
31	FRD 29	Workforce Data Disclosures on the public service employee workforce	12-13
32	FRD 30A	Standard requirements for the design and print of annual reports	28
33	SD 4.5.5	Risk management compliance attestation	29
34	SD 4.2 (g)	Qualitative and quantitative information to be included	5-8
35	SD 4.2 (h)	Statement that report was prepared in accordance with the Financial Reporting Directions	2, F5 and F15
36	SD 4.2 (j)	Sign-off by member of Responsible Body	6 and 8
37	CG 10 (clause 27)	Major commercial activities	29
38	CG 12 (clause 33)	Controlled entities	F16

	Clause	Summary of reporting requirement	Page
Financial report			
Financial statements required under Part 7 of the <i>Financial Management Act 1984</i>			
39	SD 4.2 (a)	The financial statement must be prepared in accordance with: <ul style="list-style-type: none"> • Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus reviews) • Financial Reporting Directions • business rules 	F5 and 15
40	SD 4.2 (b)	The financial statements are to comprise of the following: <ul style="list-style-type: none"> • income statement • balance sheet • statement of recognised income and expense • cash flows statement • notes to the financial statements 	F10 F11 F35-F38 F15 F15-F78
Other requirements under <i>Standing Direction 4.2</i>			
41	SD 4.2 (c)	The financial statements must where applicable be signed and dated by the Accountable Officer, CFOA and a member of the Responsible Body, stating whether, in their opinion: <ul style="list-style-type: none"> • The financial statements present fairly the financial transactions during the reporting period and the financial position at the end of the period • The financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions • The financial statements comply with applicable Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views) 	F4
42	SD 4.2 (d)	Rounding of amounts	F28
43	SD 4.2 (e)	Review and sign off by Audit Committee or responsible body	F6-F9
44	SD 4.2 (f)	Compliance with DTF Model Financial report	F14
Other requirements as per financial reporting directions in notes to the financial statements			
45	FRD 9A	Disclosure of administered assets and liabilities	NA
46	FRD 11	Disclosure of ex-gratia payments	F61-F64
47	FRD 21B	Disclosures of Responsible Persons, executive officer and other personnel (contractors with significant management responsibilities) in the Financial Report	F63-F64
48	FRD 101	First time adoption	F29-F33
49	FRD 102	Inventories	F44
50	FRD 103D	Non-current physical assets	F23-F25
51	FRD 104	Foreign currency	F49, F28, F68

	Clause	Summary of reporting requirement	Page
Financial report			
52	FRD 105A	Borrowing costs	NA
53	FRD 106	Impairment of assets	F10, F19-F21 (policy), F50 (conclusion of assessment)
54	FRD 109	Intangible assets	F47
55	FRD 107	Investment properties	NA
56	FRD 110	Cash flow statements	F13, F51, F53
57	FRD 112C	Defined benefit superannuation obligations	F62
58	FRD 113	Investment subsidiaries, jointly controlled entities and associates	F16
59	FRD 114A	Financial instruments – general government entities and public non-financial corporations	F68-F75
60	FRD 115	Non-current physical assets – first time adoption	NA
61	FRD 119	Contributions by owners	F12, F50
62	FRD 119A	Transfers through contributed capital	F12
63	FRD 120	Accounting and reporting pronouncements applicable to the reporting period	F16-F33
64	FRD 121	Infrastructure assets	NA
Part 7 of the <i>Financial Management Act 1994 (FMA)</i>			
65	FMA 49 (a)	Must contain such information as required by the Minister	35
66	FMA 49 (b)	Must be prepared in a manner and form approved by the Minister	35
67	FMA 49 (c)	Must present fairly the financial transactions of an institute during the financial year to which they relate	F10
68	FMA 49 (d)	Must present fairly the financial position of an institute as at the end of the year	F11
69	FMA 49 (e)	Must be certified by the Accountable Officer for an institute in the manner approved by the Minister	F5
Compliance with other legislation and subordinate instruments			
70	Legislation	<p>The TAFE Institute Annual Report must contain a statement that it complies with all relevant legislation and subordinate instruments, including, but not limited to, the following:</p> <ul style="list-style-type: none"> • <i>Education and Training Reform Act 2006 (ETRA)</i> • TAFE institute constitution • Directions of the Minister for Higher Education and Skills (or predecessors) • TAFE institute Commercial Guidelines • TAFE institute Strategic Planning Guidelines • <i>Public Administration Act 2004</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> 	F14, F15-F34
71	ETRA s 3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2013	28

	Clause	Summary of reporting requirement	Page
Financial report			
Presentation of reporting and performance information			
Audited Statements of Key Performance Measures (KPIs) must include an audited statement of performance for certain KPIs			
72	FRD 27B	<p>Reporting and performance should be presented using KPIs and a signed performance management certificate should be completed. The following 11 are the mandatory KPIs:</p> <ol style="list-style-type: none"> 1. Participation of 15-24 year olds 2. Participation of 25-64 year olds 3. Module load completion rate 4. Student satisfaction 5. Total cost per student contact hour (SCH) 6. Working Capital Ratio 7. Net Operation Margin 8. Fee for Service Revenue 9. Revenue per EFT staff 10. Student Contact Hours (SCH) 11. Energy Consumption 	F3 and F4
Overseas operation of Victorian TAFE institutes			
73	PAEC and VAGO (June 2003 Special Review item 3.110)	<p>Financial and other information on initiatives taken or strategies relating to the institute's overseas operations:</p> <ul style="list-style-type: none"> • nature of strategic and operation risks for overseas operations • strategies established to manage such risks of overseas operations • performance measure and targets formulated for overseas operations • the extent to which expected outcomes for overseas operations have been achieved 	33-34

Bendigo TAFE Annual Financial Report 2013

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Annual Financial Report 31 December 2013

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Auditor's report	F5
Comprehensive operating statement	F9
Balance sheet	F10
Statement of changes in equity	F11
Cash flow statement	F12
Notes to the financial statements	F13

The financial report was authorised for issue by the Board members on 28/02/2014.
Bendigo TAFE has the power to amend and reissue the financial report.

TAFE Statement of Performance Management Certificate

**Bendigo TAFE
Performance Statement for 2013**

In our opinion, the accompanying Statement of Performance of **Bendigo TAFE** in respect of the 2013 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets and the actual results for the year against these 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 circumstance which would render any particulars in the Statement to be misleading or inaccurate.



Ms Margaret O'Rourke
Chairperson of the Board
Date: 17.03.14



Mr Peter Coyne
Interim Chief Executive Officer
Date: 17.03.14



Ms Amanda Morrison
Chief Finance and Accounting Officer
Date: 17.03.14

Statement of performance

Statement of performance for year ended 31 December 2013					
Performance Indicators	2013 Actual	2013 Target	2012 Actual	Variance	
Strategic Alignment					
Participation of 15-24 year olds	4,517	Target not predetermined	5,262	-14.2%	1
Participation of 25-64 year olds	4,781	Target not predetermined	5,656	-15.5%	1
Training outcomes					
Module Load Completion Rate	75.5%	Target not predetermined	82.7%	-8.7%	2
Student Satisfaction	86.2%	Target not predetermined	90.9%	-5.2%	3
Financial Management					
Total Cost per Student Contact Hour (SCH)	\$13.60	Target not predetermined	\$12.59	8.0%	4
Working Capital (liquidity)	1.37	>1:1 ratio	1.09	25.7%	5
Net Operating Margin	0.3%	5.0%	0.5%	-40.0%	6
Fee for Service Revenue	11.9%	Target not predetermined	10.1%	17.8%	7
Organisational Management					
Revenue per EFT Staff	\$131,219	Target not predetermined	\$136,281	-3.7%	8
Student Contact Hours	2,078,331	3,005,571	2,927,840	-29.0%	9
Environment					
Energy Consumption	.30Gj per m2	.32Gj per m2	.30Gj per m2	0.0%	

Explanation of significant variances and calculations

- Participation of students declined in 2013 with the increase in competitors in the market coupled with increasing tuition rates. The student numbers for the 25-64 year olds age bracket are consistent with our student numbers in 2011.
- Module Load Completion Rates declined during 2013 which is also consistent with a decline in student satisfaction. Additional strategies continue to be reviewed to increase our module completion rates.
- Student satisfaction decreased in 2013 which was anticipated given the ongoing transition work being completed by the Institute. Strategies remain in place to continually review our student satisfaction levels and to address all areas of concern.
- Total cost per Student Contact Hour has increased during 2013 as the impact of the restructures is absorbed. An improvement is anticipated for 2014 as the benefits of the Turnaround Plan are realised.
- The Working Capital ratio has increased significantly from 1.09 in 2012 to 1.37 in 2013. This can be attributed to an increase in our accounts receivable as more students take up Part Payment Plans and VET Fee Help along with a decline in current provisions as a result of the implementation of the Turnaround Plan. The 2012 was originally reported as 1.57, however a review of the numbers indicates this was incorrectly reported.
- A 5% Net Operating Margin is a medium term target. While the 2013 result is 0.3% this includes redundancy payments of \$1.18 million to restructure the organisation and find cost savings. Excluding these payments the net operating margin would be 3.2%.
- Fee for Service Revenue has increased from 10.1% in 2012 to 11.9% in 2013 as a result of a decline in total revenue overall whilst our Fee for Service revenue has remained relatively stable.
- Variances < 5% are not significant.
- Student contact hours have declined significantly in 2013 as a result of an increase in competition in the market coupled with a decline in partnering activities with other training organisations.

Declaration

Financial Report for year ended 31 December 2013**Declaration by Chairperson of the Board
Chief Executive Officer
And Chief Finance and Accounting Officer**

We certify that the attached financial statements for the Bendigo TAFE has been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of comprehensive income, 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 2013 and financial position of the Institute as at 31 December 2013.

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 became due and payable.

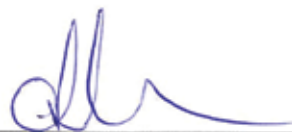
The President of the Board and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of the Bendigo TAFE.



Ms Margaret O'Rourke
Chairperson of the Board

Date 17.03.14

Place Bendigo



Ms Amanda Morrison
Chief Finance and Accounting Officer

Date 17.03.14

Place Bendigo



Mr Peter Coyne
Chief Executive Officer

Date 17.03.14

Place Bendigo

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Bendigo TAFE

The Statement of Performance

The accompanying statement of performance for the year ended 31 December 2013 of Bendigo TAFE comprises the statement, the related notes and the Declaration by Chairperson of the Board, Chief Executive Officer and Chief Finance and Accounting Officer has been audited.

The Board Members' Responsibility for the Statement of Performance

The Board Members of Bendigo TAFE are responsible for the preparation and fair presentation of the statement of performance in accordance with the *Financial Management Act 1994* and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

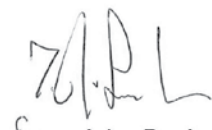
Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Bendigo TAFE as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Bendigo TAFE for the year ended 31 December 2013 included both in the Bendigo TAFE's annual report and on the website. The Board Members of the Bendigo TAFE are responsible for the integrity of the Bendigo TAFE's website. I have not been engaged to report on the integrity of the Bendigo TAFE's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
18 March 2014


John Doyle
Auditor-General

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Bendigo TAFE

The Statement of Performance

The accompanying statement of performance for the year ended 31 December 2013 of Bendigo TAFE comprises the statement, the related notes and the Declaration by Chairperson of the Board, Chief Executive Officer and Chief Finance and Accounting Officer has been audited.

The Board Members' Responsibility for the Statement of Performance

The Board Members of Bendigo TAFE are responsible for the preparation and fair presentation of the statement of performance in accordance with the *Financial Management Act 1994* and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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


Opinion

In my opinion, the statement of performance of the Bendigo TAFE in respect of the 31 December 2013 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the statement of performance of the Bendigo TAFE for the year ended 31 December 2013 included both in the Bendigo TAFE's annual report and on the website. The Board Members of the Bendigo TAFE are responsible for the integrity of the Bendigo TAFE's website. I have not been engaged to report on the integrity of the Bendigo TAFE's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the statement of performance are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited statement of performance to confirm the information contained in the website version of the statement of performance.

MELBOURNE
18 March 2014


John Doyle
Auditor-General

Comprehensive Operating Statement - Bendigo TAFE

for the year ended 31 December 2013

	Note	Institute	
		2013 \$'000	2012 \$'000
Continuing operations			
<i>Income from transactions</i>			
Government contributions - operating	2(a)(i)	28,202	35,969
Government contributions - capital	2(a)(ii)	628	2,031
Sale of goods and services	2(b)	10,521	9,337
Interest	2(c)	133	187
Other income	2(d)	669	1,130
Total income from transactions		40,153	48,654
<i>Expenses from transactions</i>			
Employee expenses	3(a)	26,759	31,798
Depreciation and amortisation	3(b)	3,089	3,087
Grants and other transfers	3(c)	162	167
Supplies and services	3(d)	8,161	10,042
Other operating expenses	3(e)	2,287	3,357
Total expenses from transactions		40,458	48,451
Net result from transactions (net operating balance)		(305)	203
<i>Other economic flows included in net result</i>			
Net gain/(loss) on non-financial assets	4(a)	58	68
Net gain/(loss) on financial instruments and statutory receivables/payables	4(b)	(1)	6
Other gains/(losses) from other economic flows	4(c)	368	(20)
Total other economic flows included in net result		425	54
Net result from continuing operations		120	257
Net result		120	257
<i>Other economics flows-other non-owner changes in equity</i>			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	15	-	10,403
Total other economic flows-other non-owner changes in equity		-	10,403
Comprehensive result		120	10,660

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

Balance Sheet - Bendigo TAFE

as at 31 December 2013

	Note	Institute	
		2013 \$'000	2012 \$'000
Assets			
<i>Financial assets</i>			
Cash and deposits	5	5,941	5,679
Receivables	6	3,813	2,452
Investments and other financial assets	7	219	177
Total financial assets		9,973	8,308
<i>Non-financial assets</i>			
Inventories	8	259	217
Property, plant and equipment	9	85,472	88,881
Intangible assets	10	8,887	-
Other non-financial assets	11	549	427
Total non-financial assets		95,167	89,525
Total assets		105,140	97,833
Liabilities			
Payables	12	4,240	3,305
Provisions	13	3,393	4,137
Other liabilities	14	771	1,546
Total liabilities		8,404	8,988
Net assets		96,738	88,845
Equity			
Accumulated surplus/(deficit)	15(b)	29,525	29,405
Physical asset revaluation surplus	15(c)	46,102	46,102
Contributed capital	15(a)	21,112	13,338
Net worth		96,738	88,845
Commitments for expenditure	17	1,237	2,228
Contingent assets and contingent liabilities	20	-	-

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

Statement of Changes in Equity - Bendigo TAFE

for the year ended 31 December 2013

	Note	Changes due to			Equity at 31 Dec 2013
		Equity at 1 Jan 2013	Total Comprehensive result	Transactions with owners in their capacity as owners	
		\$'000	\$'000	\$'000	\$'000
Accumulated surplus/(deficit)	15(b)	29,405	120	-	29,525
Accumulated surplus/(deficit) at the end of the year		29,405	120	-	29,525
Contributed capital	15(a)	13,338	7,774	-	21,112
Contribution by owners at the end of the year		13,338	7,774	-	21,112
Physical assets revaluation reserve	15(c)	46,102	-	-	46,102
		46,102	-	-	46,102
Total equity at the end of the year		88,845	7,894	-	96,739

	Note	Changes due to			Equity at 31 Dec 2012
		Equity at 1 Jan 2012	Total Comprehensive result	Transactions with owners in their capacity as owners	
		\$'000	\$'000	\$'000	\$'000
Accumulated surplus/(deficit)	15(b)	29,148	257	-	29,405
Accumulated surplus/(deficit) at the end of the year		29,148	257	-	29,405
Contributed capital	15(a)	13,338	-	-	13,338
Contribution by owners at the end of the year		13,338	-	-	13,338
Physical assets revaluation reserve	15(c)	35,699	10,403	-	46,102
		35,699	10,403	-	46,102
Total equity at the end of the year		78,185	10,660	-	88,845

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

Cash Flow Statement - Bendigo TAFE

for the year ended 31 December 2013

	Note	Institute	
		2013 \$'000	2012 \$'000
Cash flows from operating activities			
<i>Receipts</i>			
Government contributions - operating	2(a)(i)	28,202	35,969
Government contributions - capital	2(a)(ii)	628	2,031
User fees and charges received		11,606	10,789
Goods and services tax recovered from the ATO		1,334	965
Interest received		133	187
Dividends received		13	12
Other receipts		362	1,195
Total receipts		42,278	51,148
<i>Payments</i>			
Payments to suppliers and employees		(39,203)	(43,796)
Goods and services tax paid to the ATO		(2,049)	(2,802)
Total payments		(41,252)	(46,598)
Net cash flows from/(used in) operating activities	16	1,026	4,550
Cash flows from investing activities			
Purchases of non-financial assets	9	(915)	(1,865)
Sales of non-financial assets		151	273
Net cash provided by/(used in) investing activities		(764)	(1,592)
Net increase (decrease) in cash and cash equivalents		262	2,958
Cash and cash equivalents at the beginning of the financial year		5,679	2,721
Cash and cash equivalents at the end of the financial year	5	5,941	5,679

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

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Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1

Statement of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for Bendigo TAFE.

1.01 Statement of compliance

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

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

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

1.02 The accounts have been prepared using the DTF Model Financial report. Bendigo TAFE complies with all relevant log and subordinate instruments including but not limited to the following;

- *Education and Training Reform Act 2006 (ETRA)*
- TAFE institute constitution
- Directions of the Minister for Higher Education and Skills (or predecessors)
- TAFE institute Commercial Guidelines
- TAFE institute Strategic Planning Guidelines
- *Public Administration Act 2004*
- *Freedom of Information Act 1982*
- *Building Act 1993*
- *Protected Disclosure Act 2012*
- *Victorian Industry Participation Policy Act 2003*

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

These financial statements are presented in Australian dollars, the functional and presentation currency of the Institute.

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

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

These financial statements have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

1.02 Exceptions to the historical cost convention include:

(continued)

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value
- the fair value of an asset other than land is generally based on its depreciated replacement value
- derivative financial instruments, managed investment schemes, certain debt securities, investment properties after initial recognition, which are measured at fair value through profit and loss
- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2013 and the comparative information presented for the year ended 31 December 2012.

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

1.03 The financial statements cover Bendigo TAFE as an individual reporting entity. The Institute is a statutory body corporate, established pursuant to an order made by the Governor in Council under the *Education and Training Reform Act (2006)*.

Its principal address is:
Bendigo TAFE
62-104 Charleston Road
Bendigo VIC 3550

1.04 **Basis of consolidation**

The Institute has no controlled entities.

1.05 **Events after reporting date**

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

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

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

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

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

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

1.07 **Income from transactions**

Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the Institute's major activities as follows:

Government contributions

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

Sale of goods and services

(i) Student fees and charges

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

(ii) Fee for Service

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

(iii) Revenue from sale of goods

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

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

Interest

Interest from cash, short-term deposits and investments is brought to account on a time proportional basis taking into account interest rates applicable to the financial assets.

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

Other income

(i) Dividend revenue

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

(ii) Rental income

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

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

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

1.08 Expenses from transactions

Employee benefits

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

Retirement benefit obligations

(i) Defined contribution plan

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

(ii) Defined benefit plans

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

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

Depreciation and amortisation

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

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

Class of asset	Method	Rate/Rates
Buildings	Straight	2.5% - 10%
Plant & equipment	Straight	3% - 50%
Motor vehicles	Straight	10% - 20%
Library collections	Straight	10% - 20%
Internal use-software	Straight	10% - 33.3%

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

There has been no change in the methodology and rates for 2013.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

Interest Expense

Interest expense is recognised as expenses in the period in which they are incurred.

Interest expense includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

Grants and other transfers

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

Other operating expenses

Supplies and services

Supplies and services expenses 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 distributed.

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

Resources provided free of charge or for nominal consideration are recognised at their fair value.

1.09

Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

Disposal of non-financial assets

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

Impairment of assets

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

All other assets are assessed annually for indications of impairment.

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

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

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

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

Net gain/(loss) on financial instruments

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

Revaluations of financial instruments at fair value

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

Impairment of financial assets

Financial assets have been assessed for impairment in accordance with Australian Account Standards. Where a financial asset's fair value at balance date has reduced by 10% percent or more than its cost price; or where it's fair value has been less than its cost price for a period of 10 or more months, the financial instrument is treated as impaired.

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

Other gains/(losses) from other economic flows

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

1.10

Financial assets

Cash and deposits

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

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

Receivables

Receivables consist of:

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

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

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

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

Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables, and
- available for sale financial assets.

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

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

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

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

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

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

1.11 Leases

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

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

Finance leases

Institute as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are apportioned between periodic interest income and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Institute as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Operating leases

Institute as lessor

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.

Institute as lessee

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

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.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

1.12 Non-Financial Assets

Inventories

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

Inventories held-for-distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value.

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

Inventories acquired for no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

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

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

This condition is regarded as met only when:

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

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

Property, plant and equipment

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

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.

Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

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

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

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

Certain assets are acquired under finance leases, which may form part of a service concession arrangement. 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.

Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

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

Library collections

Library collections are measured at cost less accumulated depreciation.

Leasehold improvements

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

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

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

Non financial physical assets constructed by the Institute

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

Revaluations of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRDs issued by the Minister for Finance. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Non-current physical assets constructed by the Institute

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

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

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

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

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

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

	2013	2012
Capitalised software development cost (years)	3-10	3-5

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

1.13 Liabilities Payables

Payables consist of:

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

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

Provisions

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

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

Employee benefits

The calculation of employee benefits includes all relevant on-costs and are calculated as follows at reporting date.

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

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

Current Liability - unconditional LSL representing 7 years is disclosed as a current liability even when the Institute does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

- present value - component that is not expected to be settled within 12 months.
- nominal value - component that is expected to be settled within 12 months.

Non-current liability - conditional LSL representing less than 7 years is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow (refer to Note 4(c)).

(iii) Termination benefits

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 Institute recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

Performance Payments

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

Onerous contracts

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

1.14 Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value and inclusive of the GST payable.

1.15 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer note 20) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

1.16 Equity Contributed capital

Funding that are in the nature of contributions by the 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.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

1.17 Foreign currency translations

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The Institute's financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

1.18 Materiality

In accordance with Accounting Standard AASB1031 'Materiality', accounting policies need only be identified in the summary of accounting policies where they are considered 'material'. Accounting policies will be considered material if their omission, misstatement or non-disclosure has the potential, individually or collectively, to:

- (a) influence the economic decisions of users taken on the basis of the financial report; and
- (b) affect the discharge of accountability by the management or governing body of the entity.

1.19 Rounding of amounts

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

1.20 Comparative information

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

1.21 Change in accounting policy

AASB 13 Fair Value Measurement

The Institute has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Institute has not made any new disclosures required by AASB 13 for the 2012 comparative period. Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the Institute's financial statements.

AASB 119 Employee benefits

In the current year, the Institute has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. This change has no impact on the Institute because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements."

"In addition, AASB 119 also changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by the Institute as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

This change in classification has not materially altered the Institutes measurement of the annual leave provision.

1.22 New and revised AASBs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2013 reporting period.

As at 31 December 2013 the following standards and interpretations (applicable to the Institute) had been issued but were not mandatory for financial year ending 31 December 2013. The Institute has not, and does not intend to, adopt these standards early.

Notes to the Financial Statements - Bendigo TAFE for the year ended 31 December 2013

Note 1 (continued)

Standard/ Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 9 Financial Instruments	<p>This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).</p>	1 Jan 2015	<p>Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.</p>
AASB 10 Consolidated Financial Statements	<p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p> <p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p>	1 Jan 2014	<p>The AASB have finalised deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, the entity will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.</p>

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

Standard/ Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 11 Joint Arrangements	<p>"This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.</p>	1 Jan 2014	The AASB have finalised deliberations and any modifications made to AASB 11 for not-for-profit entities, the entity will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.
AASB 12 Disclosure of Interests in Other Entities	<p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p> <p>The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.</p>	1 Jan 2014	
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2014	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2014	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Statement of significant accounting policies

Standard/ Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	These standards set out the tiers of financial reporting and the reduced disclosure framework.	1 Jan 2014	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities, and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 1055 Budgetary Reporting	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	1 Jan 2014	This Standard is not applicable as no budget disclosure is required.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The two AASB Interpretations in the list below are also not effective for the 2013 reporting period and considered to have insignificant impacts on public sector reporting.

- AASB 2011-13 Amendments to Australian Accounting Standard - Improvements to AASB 1049.
- AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters.
- AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements.
- AASB 2011-3 Amendments to Australian Accounting Standards - Orderly adoption of Changes to the ABS GFS Manual and Related Amendments.
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements.
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039, 1049].
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.
- AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20.
- 2012-1 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements.
- 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.
- 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities.
- 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

- 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.
- 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements.
- 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non Financial Assets.
- Interpretation 21 Levies.

Statement of significant accounting policies

1.23

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Institutes accounting policies, judgements, estimates and assumption about the carrying amounts of assets and liabilities must be made. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

For financial reporting purposes some of the Institutes assets and liabilities are measured at fair value. There may be a significant risk of causing material adjustments to the carrying amount of assets and liabilities in the next financial year.

Fair value measurements and valuation processes

Some of the Institutes assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability the Institute uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Institute engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is summarised below and at note 28.

In addition, the following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. \

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 1 (continued)

Assets / Liabilities measured at fair value	Fair Value \$'000 as at		Fair Value Hierarchy	Valuation Technique(s) and key assumptions	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	12/31/2013	12/31/2012				
1 Assets- \$ 0 Liabilities - \$ 0	Assets- \$ 0 Liabilities - \$ 0	Assets- \$ 0 Liabilities - \$ 0	Level 1	Quoted bid prices (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date.	NA	NA
2 Assets- Freehold Land \$1,250 Crown Land \$17,815 Buildings used solely for educational purposes \$62,044 Plant & Equipment \$3,390 Motor Vehicles \$186 Leasehold Improvements \$415 Library \$278 Liabilities - \$0	Assets- Freehold Land \$1,250 Crown Land \$17,815 Buildings used solely for educational purposes \$63,679 Plant & Equipment \$4,365 Motor Vehicles \$381 Leasehold Improvements \$443 Library \$265 Liabilities - \$0	Assets- Freehold Land \$1,250 Crown Land \$17,815 Buildings used solely for educational purposes \$63,679 Plant & Equipment \$4,365 Motor Vehicles \$381 Leasehold Improvements \$443 Library \$265 Liabilities - \$0	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. Depreciated replacement cost as applied to non specialised assets	NA	NA
3 Assets- \$ 0 Liabilities - \$ 0	Assets- \$ 0 Liabilities - \$ 0	Assets- \$ 0 Liabilities - \$ 0	Level 3	Depreciated replacement cost	Specialised assets, estimates made on replacement cost of asset	The higher the construction cost, the higher the fair value.
Total	-	-				

Critical judgements in applying accounting policies

Apart from those involved estimations that the Institute has made in the process of applying the accounting policies and that have the most significant effect of the amounts recognised in the consolidated financial statements, there have been no further critical judgements made by the Institute.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 2

Income from Transactions

2 Income from transactions	Institute	
	2013 \$'000	2012 \$'000
(a) Grants and other transfers (other than contributions by owners)		
Government financial assistance		
<i>(i) Government contributions - operating</i>		
Commonwealth government recurrent	45	90
State government recurrent	25,657	34,102
Other contributions by State Government	2,500	1,777
Total government contributions - operating	28,202	35,969
<i>(ii) Government contributions - capital</i>		
Commonwealth capital	-	833
State capital	628	1,198
Total government contributions - capital	628	2,031
Total government financial assistance	28,830	38,000
(b) Sales of goods and services		
Student fees and charges	4,659	3,190
<i>Rendering of services</i>		
Fee for service - Government	2,334	2,461
Fee for service - International operations - onshore	86	247
Fee for service - other	2,356	2,195
Total rendering of services	4,777	4,903
<i>Other non-course fees and charges</i>		
Sale of goods	1,085	1,244
Total other fees and charges	1,085	1,244
Total revenue from sale of goods and services	10,521	9,337
(c) Interest		
<i>Interest from financial assets not at fair value through P/L:</i>		
Interest on bank deposits	133	187
Total interest from financial assets not at fair value through P/L	133	187
Net Interest income	133	187

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 2 (continued)

Income from Transactions

	Institute	
	2013 \$'000	2012 \$'000
(d) Other income		
<i>Rental income:</i>		
Hire of facilities and equipment	189	247
Total rental income	189	247
<i>Dividends:</i>		
Received from Investments	13	12
Total dividends	13	12
Donations, bequests and contributions	18	21
Other revenue	319	674
Salary Recoveries	130	176
Total other income	669	1,130

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 3

Expenses from transactions

	Institute	
	2013 \$'000	2012 \$'000
3 Expenses from transactions		
(a) Employee expenses		
Salaries, wages, overtime and allowances	20,621	23,528
Superannuation	1,946	2,281
Payroll tax	1,217	1,473
Worker's compensation	215	293
Long service leave	-	452
Annual leave	1,511	2,026
Termination benefits	1,182	1,635
Other	67	110
Total employee expenses	26,759	31,798
(b) Depreciation and amortisation		
<i>Depreciation of non-current assets</i>		
Buildings	1,606	1,611
Plant and equipment	1,266	1,192
Motor vehicles	150	209
Library collections	38	46
Leasehold improvements	29	29
Total depreciation	3,089	3,087
Total depreciation and amortisation	3,089	3,087
(c) Grants and other transfers (other than contributions by owners)		
Grants and subsidies apprentices and trainees	162	167
Total grants and other transfers	162	167

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 3 (continued)

Expenses from transactions

	Institute	
	2013 \$'000	2012 \$'000
3 Expenses from transactions		
(d) Supplies and Services		
Purchase of supplies and consumables	2,301	1,105
Communication expenses	464	499
Contract and other services	4,970	6,644
Cost of goods sold/distributed (ancillary trading)	-	1,299
Building repairs and maintenance	403	468
Fees and charges	23	27
Total supplies and services	8,161	10,042
(e) Other expenses		
<i>General expenses</i>		
Marketing and promotional expenses	635	479
Occupancy expenses	696	805
Audit fees and services	81	60
Staff development	156	173
Travel and motor vehicle expenses	373	289
Motor vehicle taxes	23	36
Other expenses	195	806
Total other expenses	2,159	2,648
Operating lease rental expenses:		
Minimum lease payments	128	281
Total operating lease rental expenses	128	281
Subtotal	2,287	2,929
Equipment below capitalisation threshold	-	428
Total other operating expenses	2,287	3,357

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 4

Other economic flows included in net result

	Institute	
	2013 \$'000	2012 \$'000
4 Other economic flows included in net result		
(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)		
Net gain/(loss) on disposal of physical assets	58	68
Total net gain/(loss) on non-financial assets and liabilities	58	68
(b) Net gain/(loss) on financial instruments and statutory receivables/payable of:		
Loans and receivables	38	19
Net gain/(loss) arising from revaluation of financial assets at fair value through profit and loss	(39)	(13)
Total net gain/(loss) on financial instruments and statutory receivables/payables	(1)	6
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	187	(20)
Net gain/(loss) arising from revaluation of annual leave liability	181	-
Total other gains/(losses) from other economic flows	368	(20)

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 5

Cash and cash equivalents

	Institute	
	2013	2012
5 Cash and deposits	\$'000	\$'000
Cash at bank and on hand	5,941	5,471
Australian currency Deposits - at call	176	208
Total cash and cash equivalents	5,941	5,679

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

(a) Reconciliation to cash at the end of the year	2013	2012
	\$'000	\$'000
Balances as above	5,941	5,679
Balance as per cashflow statement	5,941	5,679

(b) Cash at bank and on hand

These are a combination of interest bearing and non-interest bearing. They include term deposits with Australian banks. Interest rates on at call deposits and term deposits at 31 December 2013 are between 2.35% and 3.35% [2012 - 6.0%].

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 6

Receivables

	Institute	
	2013 \$'000	2012 \$'000
6 Receivables		
Current receivables		
<i>Contractual</i>		
Trade receivables ¹	1,550	910
Provision for doubtful contractual receivables(a) (See also Note 6(a) below)	(87)	(49)
Other (portable electronic device payments receivable)	21	27
Other (deed of settlement)	647	-
Revenue receivable	77	19
Total contractual	2,208	907
<i>Statutory</i>		
Amounts owing from Victorian Government	1,492	1,455
GST receivable from ATO	111	82
Total statutory	1,603	1,537
Total current receivables	3,811	2,444
Non-current receivables		
<i>Contractual</i>		
Other (portable electronic device payments receivable)	2	8
Total contractual	2	8
Total non-current receivables	2	8
Total receivables	3,813	2,452

1. The average credit period on sales of goods is 30 days. No interest is charged on other receivables. A provision has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. The \$87 reduction was recognised in the operating result for the current financial year.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 6 (continued)

Receivables

	Institute	
	2013 \$'000	2012 \$'000
(a) Movement in the provision for doubtful contractual receivables		
Balance at beginning of the year	49	68
Reversal of unused provision recognised in the net result	51	44
Increase in provision recognised in the net result	(13)	(63)
Reversal of provision for receivables written off during the year as uncollectible	-	-
Balance at end of the year	87	49

(b) Ageing analysis of contractual receivables

Please refer to Note 28 for the ageing analysis of contractual receivables.

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

Please refer to Note 28 for the nature and extent of credit risk arising from contractual receivables.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 7

Investments, loans and other financial assets

	Institute	
	2013 \$'000	2012 \$'000
7 Investments and other financial assets		
Current investments and other financial assets		
<i>Equities and managed investment schemes:</i>		
Australian listed equity securities	129	90
Total equities and managed investments schemes	129	90
Fixed Interest bearing bills, bonds/Term Deposits	90	87
Total current investments and other financial assets	219	177
Total investments, loans and other financial assets	219	177

(a) Ageing analysis of investments, loans and other financial assets

Please refer to the table in Note 28 for the ageing analysis of investments, loans and other financial assets.

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

Please refer to Note 28 for the nature and extent of risks arising from investments, loans and other financial assets.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 8

Inventories

	Institute	
	2013 \$'000	2012 \$'000
8 Inventories		
<i>Current</i>		
Inventories held-for-distribution:		
at cost	259	217
Total current inventories	259	217

(a) Inventories held-for-distribution

Inventories held-for-distribution are valued at cost based on the average weighted cost at the reporting period.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 9

Property, plant and equipment

	Land	Buildings	Construction in progress	Plant & Equipment ¹	Motor Vehicles	Leasehold Improvements	Library	Total
Institute	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2012								
cost	1,202	26,576	893	-	-	-	-	28,671
valuation	13,191	37,020	-	10,225	1,510	506	1,146	63,598
accumulated depreciation	-	(4,827)	-	(5,789)	(864)	(34)	(901)	(12,415)
Net book amount	14,393	58,769	893	4,436	646	473	245	79,854
Year ended 31 December 2012								
Opening net book amount	14,393	58,769	893	4,436	646	472	245	79,854
Additions	-	-	848	864	108	-	66	1,886
Disposals	-	-	-	-	(164)	-	-	(164)
Net revaluation increments/ decrements	4,752	5,651	-	(11)	-	-	-	10,392
Depreciation expense	-	(1,611)	-	(1,192)	(209)	(29)	(46)	(3,087)
Transferred in from Work in Progress	-	870	(1,138)	26	-	-	-	-
Closing net book amount	19,145	63,679	603	4,365	381	443	265	88,881
At 31 December 2012								
Cost	-	-	603	-	-	-	-	603
Valuation	19,145	63,748	-	11,347	1,133	506	1,212	97,091
Accumulated depreciation	-	(69)	-	(6,983)	(752)	(63)	(947)	(8,813)
Net book amount	19,145	63,679	603	4,365	381	443	265	88,881
Year ended 31 December 2013								
Opening net book amount	19,145	63,679	603	4,365	381	443	265	88,881
Additions	-	-	525	339	-	-	51	915
Disposals	-	(29)	(1,113)	(47)	(45)	-	-	(1,234)
Depreciation expense	-	(1,606)	-	(1,267)	(150)	(29)	(38)	(3,090)
Closing net book amount	19,145	62,044	15	3,390	186	414	278	85,472
At 31 December 2013								
Cost	19,145	63,718	15	11,610	933	506	1,264	97,191
Accumulated depreciation	-	(1,674)	-	(8,220)	(747)	(91)	(986)	(11,718)
Net book value at the end of the financial year	19,145	62,044	15	3,390	186	415	278	85,472

Footnote

1 The useful lives of assets as stated in Note 1 are used in the calculation of depreciation as shown in note 3.

Notes

1 Property, plant & equipment includes all operational assets.

2 Other Property, plant & equipment includes non-operational assets such as artworks.

(a) Valuations of land and buildings

Fair value assessments have been performed at 31 December 2013 for all classes of assets. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for this purpose Institute will be conducted in 2014.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 9 (continued)

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. There has been no change to the valuation technique during the year.

Details of the Institute's land and buildings and information about the fair value hierarchy as at 31 December 2013 are as follows

	Level 1	Level 2	Level 3	Fair Value as at
	AUD '000	AUD '000	AUD '000	31/12/13 AUD '000
A school building in Central Victoria that contains:				
Freehold land	-	1,250	-	1,250
Crown land	-	17,815	-	17,815
Buildings used solely for educational purposes	-	62,044	-	62,044

Details of the Institute's plant and equipment (excluding land and building) fair value hierarchy as at 31 December 2013 are as follows:

Category of Asset	Level 1	Level 2	Level 3	Fair Value as at
	AUD '000	AUD '000	AUD '000	31/12/13 AUD '000
Plant and equipment	-	3,390	-	3,390
Motor Vehicles	-	186	-	186
Leasehold Improvements	-	415	-	415
Library	-	278	-	278

There were no transfers between Level 1 and Level 2 during the year.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 10

Intangible assets

Institute	Software	Total
	\$'000	\$'000
At 1 January 2012		
cost	-	-
Accumulated amortisation and impairment	-	-
Net book amount	-	-
Year ended 31 December 2012		
Opening net book amount	-	-
Amortisation charge ¹	-	-
Closing net book amount	-	-
At 31 December 2012		
Cost	-	-
Accumulated amortisation and impairment	-	-
Net book amount	-	-
Year ended 31 December 2013		
Opening net book amount	-	-
Additions	7,775	7,775
Additions from internal developments	1,112	1,112
Closing net book amount	8,887	8,887
At 31 December 2013		
Cost	8,887	8,887
Additions from internal developments	-	-
Net book value at the end of the financial year	8,887	8,887

(a) Significant intangible assets

The Institute has capitalised software development expenditure for the development of its student management system software. The carrying amount of the capitalised software development expenditure is \$8.89 million. It's useful life is 10 years and will be amortised using the straightline method. The intangible asset was recognised 31 December 2013.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 11

Other non-financial assets

11 Other non-financial assets	Institute	
	2013 \$'000	2012 \$'000
<i>Current other non-financial assets</i>		
Prepayments	549	427
Total current other non-financial assets	549	427
Carrying amount at 31 December	549	427

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 12

Payables

	Institute	
	2013 \$'000	2012 \$'000
12 Payables		
Current		
Contractual		
Supplies and services	4,007	3,119
	4,007	3,119
Statutory		
GST payable	233	186
Total current payables	4,240	3,305
Total payables	4,240	3,305

Notes

- 1 The average credit period is 30 days. No interest is charged on the other payables.
- 2 For an analysis of the sensitivity of payables to foreign currency risk refer to note 28.

Maturity analysis of contractual payables

Refer to Note 28 for maturity analysis of contractual payables.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 13

Provisions

13 Provisions	Institute	
	2013 \$'000	2012 \$'000
Current provisions expected to be settled within 12 months		
<i>Employee benefits</i>		
Annual leave	787	945
Other provisions	134	-
Total current provisions expected to be settled within 12 months	921	945
Current provisions expected to be settled after 12 months		
<i>Employee benefits</i>		
Annual leave	270	324
Long service leave	1,674	2,039
Total current provisions expected to be settled after 12 months	1,944	2,363
Total current provisions	2,865	3,308
Non-current		
<i>Employee benefits</i>		
Long service leave	528	829
Total non-current provisions	528	829
Total provisions	3,393	4,137

(a) Annual Leave provision is calculated by determining entitlement hours multiplied by the expected hourly employment rate effective at balance date. The annual leave entitlements expected to be paid out within 12 months using historical trends are treated as short term benefits. The remaining balances are treated as long term benefits and inflated and discounted according to the Reserve Bank of Australia 12 year discount series as required under AASB 119.

(b) Annual leave entitlements are expected to be paid out in full within three years.

(c) Long Service Leave provisions are calculated by determining entitlement hours multiplied by the expected hourly employment rate effective at balance date. Long Service leave is then inflated and discounted according to the Reserve Bank of Australia 12 year discount series. Long Service leave is accounted for using the historical probability that an employee will remain with the Institute until 7 years of service has been completed.

(d) Long Service leave is payable on a pro-rata basis after 7 years of service and is assumed to be taken at 13.3 years.

Movements in Provisions	institute	
	2013 \$'000	2012 \$'000
Movements in each class, other than employee provisions during the financial year are set out below		
Carrying amount at start of year	4,137	4,620
Additional provisions recognised	2,395	2,467
Amounts used	(2,815)	(1,811)
Unused amounts reversed	(424)	(1,159)
Increase in discounted amount	100	20
Carrying amount at end of year	3,393	4,137

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 14

Other liabilities

	Institute	
	2013	2012
14 Other liabilities	\$'000	\$'000
<i>Current</i>		
Australian & State Government Unspent Financial Assistance	45	90
Advances Other		
Australian and State Government	157	999
Student Fees in Advance	75	34
Fee for Service Income in Advance	-	45
Other	494	378
Total current other liabilities	771	1,546
Total other liabilities	771	1,546

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 15

Equity

15	Equity	Institute	
		2013 \$'000	2012 \$'000
	(a) Contributed Capital		
	Balance at 1 January	13,338	13,338
	Capital contributions	7,774	-
	Balance at 31 December	21,112	13,338
	(b) Accumulated surplus / (deficit)		
	Balance at 1 January	29,405	29,148
	Net result for the year	120	257
	Balance at 31 December	29,525	29,405
	(c) Reserves		
	Composition of Reserves		
	Physical asset revaluation surplus		
	Land	17,247	17,247
	Buildings	28,855	28,855
	Balance at 31 December	46,102	46,102
	Total equity	96,738	88,845

15	Movements in Reserves	Institute	
		2013 \$'000	2012 \$'000
	Asset Revaluation Surplus - Land		
	Balance at 1 January	17,247	12,495
	Revaluation increment on non-current assets	-	4,752
	Revaluation (decrement) on non-current assets	-	-
	Balance at 31 December	17,247	17,247
	Balance at 1 January	28,855	23,204
	Revaluation increment on non-current assets	-	7,895
	Revaluation (decrement) on non-current assets	-	(2,244)
	Balance at 31 December	28,855	28,855

Asset Revaluation Reserve - Land

The Asset Revaluation Reserve reflects any increases or (decreases) in the values of the land.

Asset Revaluation Reserve - Buildings

The Asset Revaluation Reserve reflects any increases or (decreases) in the values of buildings.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 16

Cash flow information

		Institute	
		2013 \$'000	2012 \$'000
16	Cash flow information		
(a)	Reconciliation of operating result after income tax to net cash flows from operating activities		
	Net result for the year	120	257
	<i>Non-cash flows in operating result</i>		
	Depreciation and amortisation of non-current assets	3,089	3,087
	Net (gain) / loss on sale of non-current assets	(58)	(68)
	Total non-cash flows in operating result	3,031	3,019
	<i>Movements in operating assets and liabilities</i>		
	Decrease / (increase) in trade receivables	(602)	(174)
	Decrease / (increase) in inventories	(42)	22
	Decrease / (increase) in other debtors	(897)	1,248
	Increase / (decrease) in payables	935	650
	Increase / (decrease) in employee benefits	(744)	(825)
	Increase / (decrease) in current liabilities	(775)	353
	Total movement in operating assets and liabilities	(2,125)	1,274
	Net cash flows provided by/(used in) operating activities	1,026	4,550
(b)	Credit standby arrangements with banks		
	Credit facilities	1	1
	Amount utilised	-	-
	Total credit standby arrangements with banks	1	1

The major facilities are summarised as follows:

Interest rates are variable and subject to adjustment.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 17

Commitments

17 Commitments	Institute	
	2013 \$'000	2012 \$'000
(a) Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	335	392
Later than one year but not later than five years	307	652
Total lease commitments	642	1,044
GST reclaimable on the above	(58)	(94)
Net commitments Operating leases	584	950
Representing:		
Cancellable operating leases	42	77
Non-cancellable operating leases	600	967
Total lease commitments	642	1,044

(i) Operating leases

No vehicle leases were entered into prior to 1 Feb 2004

Operating lease 1 - CPG

Lease arrangements with Mount Alexander Shire for Castlemaine Campus (\$88,000)

Operating lease 2 - FUJI Xerox

Lease arrangement with FUJI Xerox for Printers (\$327,000)

Operating lease 3 - BOQ Finance

Lease arrangement with BOQ Finance for Computer Equipment (\$56,000)

Operating lease 4 - BOQ Finance

Lease arrangement with BOQ Finance for Computer Equipment (\$22,000)

Operating lease 5 - BOQ Finance

Lease arrangement with BOQ Finance for Computer Equipment (\$62,000)

Operating lease 6 - National Australia Bank

Lease arrangement for vehicle (\$42,000)

Operating lease 7 - National Australia Bank

Lease arrangements for vehicles (\$45,000)

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 17 (continued)

Commitments

	Institute	
	2013 \$'000	2012 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	321	356
Later than one year but not later than five years	279	611
Total minimum lease payments in relation to non-cancellable operating leases	600	967

The weighted average interest rate implicit in the non-cancellable operating leases is 0% (2012: 0%).

17 Commitments	Institute	
	2013 \$'000	2012 \$'000
(b) Other expenditure commitments		
Commitments for maintenance in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	531	751
Later than one year but not later than five years	64	433
Total other expenditure commitments	595	1,184
GST reclaimable on the above	(54)	(108)
Net commitments other expenditure commitments	541	1,076

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 18

Leased assets

18 Leased assets	Institute	
	2013 \$'000	2012 \$'000
As at the reporting date the Institute leased out the following assets:		
Building A, McCrae Street Bendigo	-	14
Vahlands Bistro, Bendigo	21	26
Charleston Road Café, Bendigo	-	10
130 McCrae Street, Bendigo	45	24
Niagara Building, Bendigo	-	13
Speciman Cottage, Bendigo	14	-
Cnr Hargreaves & Mundy Street, Bendigo	55	79
Butcher Street, Echuca	3	13
BTEC Café, Bendigo	8	-
Edgecombe Street, Kyneton	19	-
Gross amount of leased assets	165	179
Operating Lease Receivables		
<i>Non-cancellable operating lease receivables</i>		
Payments due		
Within one year	100	105
Later than one year but not later than five years	65	74
Total finance lease receivables	165	179
GST reclaimable on the above	(15)	(16)
Net operating leases receivables	150	163

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 19

Trust account balances

		Institute	
		2013 \$'000	2012 \$'000
19	Trust account balances		
	Trust account balances relating to Trust Accounts controlled and/or administered by the Institute:		
	Cash and cash equivalents and investments		
	<i>Administered trusts</i>		
	Bank - Jan Lorimer Trust	16	17
	NAB - Connor Trust Term Deposit	50	48
	NAB - Scholarship Fund Term Deposit	40	38
	NAB - Funds Held in Trust	27	38
	Total administered trusts	133	141
	Total cash and cash equivalents and investments	133	141

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 20

Contingent Assets and Contingent Liabilities

There were no contingent assets or contingent liabilities.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 21

Economic dependency

		Institute	
		2013	2012
		\$'000	\$'000
21	Economic dependency		
	Where the entity is dependent on another entity for a significant volume of revenue or financial support and that dependency is not clearly discernible from a separate line item in the statement of comprehensive income or balance sheet the following information must be disclosed:		
	Department of Education and Early Childhood Development	29,203	37,483
		29,203	37,483

1 Department of Education and Early Childhood Development

Bendigo TAFE is dependent on the Department of Education and Early Childhood Development for a significant volume of revenue and financial support.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 22

Subsequent events

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 23

Remuneration of auditors

23 Remuneration of auditors	Institute	
	2013 \$'000	2012 \$'000
Remuneration of Victorian Auditor General's Office for:		
Audit or review of the financial statements	22	21
Total remuneration of Victoria Auditor General's Office	22	21
Remuneration of other auditors		
AFS & Associates	26	28
Crowe Howarth - Internal Audit	-	2
DEECD	26	-
NCS International Pty Ltd	5	6
Strategem Financial Group	-	3
Organisational Learning	-	(2)
Other	2	1
Total remuneration of other auditors of subsidiaries	59	38
Total Remuneration of auditors	81	59

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 24

Superannuation

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

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

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

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

24 Superannuation	Institute	
	2013 \$'000	2012 \$'000
Paid Contribution for the Year		
<i>Defined benefit plans:</i>		
State Superannuation Fund – revised and new	86	125
Other	-	2
Total defined benefit plans	86	127
<i>Defined contribution plans:</i>		
VicSuper	1,143	1,424
Other	717	798
Total defined contribution plans	1,860	2,222
Total paid contribution for the year	1,946	2,349
Contribution Outstanding at Year End		
<i>Defined benefit plans:</i>		
State Superannuation Fund – revised and new	3	8
Total defined benefit plans	3	8
<i>Defined contribution plans:</i>		
VicSuper	-	95
Other	52	53
Total defined contribution plans	52	148
Total	55	156

1 The above amounts were measured as at 31 December of each year, or in the case of employer contributions they relate to the years ended 31 December.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 25 - 1

Key management personnel disclosures (Part I)

Responsible persons related disclosures

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 for the reporting period.

(i) Minister

The relevant Minister is The Hon Peter Hall MP, Minister for Higher Education and Skills. Remuneration of the Ministers is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the Parliament.

(ii) Members of the Board of Bendigo TAFE

Board Chair - Margaret O'Rourke

Director - Michael McCartnery

Director - Mark Johnston

Director - Glenis Beaumont (Resigned April 2013)

Director - Alex Trantor (Resigned October 2013)

Director - Stan Liacos

Director - Marnie Baker (Appointed June 2013)

Director - Lauren Bean

Director - Herbert Hermens

Director - Andrew Cooney (Appointed September 2013)

Director - Ken McCulloch (Resigned April 2013)

CEO - Maria Simpson (Exited board membership April 2013)

Staff Member - Peter Ladd (Exited board membership April 2013)

(iii) Executive Officers

The following persons also had authority and responsibility for planning, directing and controlling the activities of Institute during the financial year:

Jamie Eckett - Executive Director, Education

Jeff Westbrook - Executive Director, Corporate Services & Infrastructure (Resigned July 2013)

Angela Cahill - Head of School, Community Services & Health (Resigned August 2013)

Rob Scott - Acting Head of School, Community Services & Health (Joined Executive August 2013)

Jim Box - Head of School, Technical Trades & Primary Industries

Darlene Bull - Head of School, Education & Pathways

John Rossi - General Manager, Business Development, Marketing & Infrastructure (Joined Executive March 2013)

Donna Rogers - General Manager, Student Services & Support (Joined Executive April 2013)

Geoff Tattum - General Manager, People, Performance & Capabilities (Joined Executive October 2013)

Johan Wiggett - Chief Operating Officer (Joined Executive July 2013)

Amanda Morrison - Finance Manager (Joined Executive May 2013)

Peter Ladd - Acting Finance Manager (Exited Executive April 2013)

CEO - Maria Simpson (Resigned Executive September 2013)

CEO - Peter Coyne (Joined Executive October 2013)

All of the above persons were also key management persons during the year ended 31 December 2013

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 25 - 1 (continued)

Responsible persons

		Institute	
		2013	2012
		\$'000	\$'000
25	Key management personnel disclosures		
	Remuneration of Board members		
	Remuneration received, or due and receivable from the Institute in connection with the management of the Institute. Includes termination payments and bonuses paid at end of contracts.	301	251
		No.	No.
	Income range		
	The number of Board members whose remuneration from the Institute was within the specified bands are as follows:		
	Less than \$10,000	6	9
	\$10,000-\$19,999	3	1
	\$20,000-\$29,999	1	-
	\$70,000-\$79,999	-	2
	\$80,000-\$89,999	-	1
	\$200,000-\$209,999	1	-
	\$210,000-\$219,999	1	-
Total number of Responsible Persons		12	13

- The annualised employee equivalent is 3.0.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 25 - 1 (continued)

Executive officers

		Institute	
		2013	2012
		\$'000	\$'000
25	Key management personnel disclosures		
	<i>Executive Officers' Remuneration</i>		
	The number of executive officers whose total remuneration exceeded \$100,000 during the financial year are shown in their relevant income bands. The base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.		
	Base remuneration of executive officers	1,410	1,073
	Total remuneration of executive officers	1,439	1,106

		No.	No.
	Income range		
	The number of executive officers whose remuneration from the Institute was within the specified bands are as follows:		
	\$50,000-\$59,999	2	1
	\$70,000-\$79,999	1	-
	\$80,000-\$89,999	2	-
	\$100,000-\$109,999	1	3
	\$110,000-\$119,999	1	3
	\$120,000-\$129,999	3	1
	\$130,000-\$139,999	-	1
	\$140,000-\$149,000	1	1
	\$180,000-\$189,999	1	-
	Total executive officers	12	10

- The annualised employee equivalent is 9.0.

		Institute	
		2013	2012
		\$'000	\$'000
25	Key management personnel disclosures		
	Excutive Officers' personnel compensation		
	Short-term employee benefits	1,410	1,073
	Termination benefits	29	33
	Total key management personnel compensation	1,439	1,106

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 25 - 2

Key management personnel disclosures (Part II)

Loans to key management personnel

No loans were made to directors of the Institute and other key personnel, including their personally related parties.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 26

Related parties

Key management personnel

Disclosures relating to directors and specified executives are set out in note 31.

Transactions with related parties

The following transactions occurred with related parties:

26	Related parties	Institute	
		2013 \$'000	2012 \$'000
	Sale of goods and services		
	Received from Keech Castings (Herbet Hermens, Chief Executive Officer - Keech Australia Group)	2	1
	Total sale of goods and services	2	1
	Purchase of goods		
	Paid to W McCulloch & Sons (Kenneth McCulloch, Director - McCullochs Hydraulic Manufacturing)	-	3
	Total purchase of goods	-	3

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 27

Institute details

The registered office of the Institute is:

Bendigo TAFE
62-104 Charleston Rd , Bendigo, VIC 3550

The principal place of business is:

Bendigo TAFE
62-104 Charleston Rd , Bendigo, VIC 3550

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 1

Financial Instruments (Part I)

Financial risk management

(i) Financial risk management objectives

The Institute's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Institute's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute. The Institute uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Institute uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

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

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

(ii) Financial risk exposures and management

The Institute's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivables and payables and leases.

The main risks the Institute is exposed to through its financial instruments are market risk, foreign currency risk, price risk, funding risk, interest rate risk, credit risk and liquidity risk.

(iii) Categorisation of financial instruments

	Note	Category	Institute	
			2013 \$'000	2012 \$'000
Financial Assets				
Cash and Deposits	5	Cash	5,941	5,679
Receivables ^(a)	6	Loans and receivables	2,210	915
Other financial assets	7	Investments	219	177
			8,370	6,771
Financial Liabilities				
Payables ^(a)	16	Financial liabilities	4,007	3,119
			4,007	3,119

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 1 (continued)

Financial Instruments (Part I)

Net holding gain/(loss) on financial instruments by category:

Financial Assets	Note	Category
Receivables	4	Loans and receivables

Institute	
2013	2012
\$'000	\$'000
(1)	6
(1)	6

Note:

(a) Receivables and payables disclosed here exclude statutory receivables and statutory payables.

Market risk

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

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

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

Price risk

The Institute is exposed to price risk in respect of changes to the market price of investments.

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

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. Similarly, interest rate risk also arises from the potential for a change in interest rates to cause a fluctuation in the fair value of the financial instruments.

The objective is to manage the rate risk to achieve stable and sustainable net interest earnings in the long term. This is managed predominately through a mixture of short term and longer term investments.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 1 (continued)

Financial Instruments (Part I)

Funding risk

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

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

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

Concentrations of credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 31 December 2013.

Credit risk is managed on a group basis and reviewed regularly by the Board. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- 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 group's strict credit policies may only purchase in cash or using recognised credit cards.

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

The trade receivables balance at 31 December 2013 and 31 December 2012 do not include any counter parties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

The Institute minimises credit risk in relation to student loans receivable in the following ways:

All student loans follow the following process:

- A student (and guarantor if required) completes a part payment plan application which is available from any enrolment centre or on the Bendigo TAFE website;
- Providing the student meets the part payment plan eligibility criteria the part payment plan is assessed and approved by the relevant staff member;
- Students eligible for VET Fee Help may apply for a part payment plan to cover all costs other than Tuition;
- For all other students; the total cost of the enrolment (including Tuition, Amenities and Material Fees) must be greater than \$3,000 but not exceed \$3,000 for eligible students and \$6,000 for non-eligible students;
- The student's enrolment is completed in SMS (student management system) and their record is marked ""PPP"" preventing further enrolments or release of results until debt is paid in full;
- The part payment arrangement is processed in SMS and repayment schedule is printed and sent to the student;
- Payments are deducted from the student's nominated bank account at regular intervals until debt is finalised;
- Debts are reviewed on a monthly basis and the provision for doubtful debts is monitored by the Finance Manager;
- All PPPs are managed in accordance with our debt collection policy.

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 1 (continued)

Financial Instruments (Part I)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the institute's governing body, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. The institute manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Institute has also established a standby facility of \$ to provide short-term cash.

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

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 2

Financial Instruments (Part II)

	Carrying amount	Interest rate risk				Other price risk			
		-2%		2%		-50%		50%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity
31 December 2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$,000	\$'000
Financial assets									
Cash and deposits	5,941	(119)	(119)	119	119	-	-	-	-
Receivables ¹	2,210	-	-	-	-	-	-	-	-
Other financial assets	219	(4)	(4)	4	4	(110)	(110)	110	110
Total increase/ (decrease) in financial assets									
Financial liabilities									
Payables ¹	(4,007)	-	-	-	-	-	-	-	-
Other financial liabilities	(771)	-	-	-	-	-	-	-	-
Total increase/ (decrease) in financial liabilities	(4,778)	-	-	-	-	-	-	-	-
Total increase/ (decrease)	3,592	(123)	(123)	1023	123	(110)	(110)	110	110

	Carrying amount	Interest rate risk				Other price risk			
		-2%		2%		-50%		50%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity
31 December 2012	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$,000	\$'000
Financial assets									
Cash and deposits	5,679	(114)	(114)	114	114	-	-	-	-
Receivables ¹	915	-	-	-	-	-	-	-	-
Other financial assets	177	(4)	(4)	4	4	(89)	(89)	89	89
Total increase/ (decrease) in financial assets	6,771	(118)	(118)	118	118	(89)	(89)	89	89
Financial liabilities									
Payables ¹	(3,119)	-	-	-	-	-	-	-	-
Other financial liabilities	(1,546)	-	-	-	-	-	-	-	-
Total increase/ (decrease) in financial liabilities	(4,665)	-	-	-	-	-	-	-	-
Total increase/ (decrease)	2,106	(118)	(118)	118	118	(89)	(89)	89	89

Note:

¹ Receivables and payables disclosed here as financial instruments exclude statutory receivable and statutory payables.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 3

Financial Instruments (Part III)

(iii) Financial instrument composition and interest rate exposure

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Floating interest rate	Fixed interest rate	Non-Interest bearing
Institute 2013	%	\$'000	\$'000	\$,000	\$'000
Financial assets					
<i>Cash and deposits</i>					
Cash at bank and on hand	2.65%	5,766	5,766	-	-
Cash advances	2.35%	175	169	-	6
<i>Contractual receivables</i>					
Trade receivables	-	2,110	-	-	2,110
Revenue receivables	-	77	-	-	77
Receivables from related parties	-	23	-	-	23
<i>Investment, loans and other financial assets</i>					
Equities and managed investment schemes	-	129	-	-	129
Fixed interest bearing bills, bonds/term deposits	3.35%	90	-	90	-
Total financial assets	0	8,370	5,935	90	2,345
Trade and other payables	-	4,007	-	-	4,007
Total financial liabilities	-	4,007	-	-	4,007

	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Floating interest rate	Fixed interest rate	Non-Interest bearing
Institute 2012	%	\$'000	\$'000	\$,000	\$'000
Financial assets					
<i>Cash and cash equivalents</i>					
Cash at bank and on hand	4.10%	5,471	5,471	-	-
Cash advances	1.21%	208	201	-	-
<i>Contractual receivables</i>					
Trade receivables	-	861	-	-	861
Revenue receivables	-	19	-	-	861
<i>Investment, loans and other financial assets</i>					
Equities and managed investment schemes	-	90	-	-	90
Fixed interest bearing bills, bonds/term deposits	4.77%	87	-	86	1
Total financial assets	0	6,771	5,672	86	1,013
Financial liabilities					
Trade and other payables	-	3,119	-	-	3,119
Other Liabilities	-	1,546	-	-	1,546
Total financial liabilities	-	4,665	-	-	4,665

Note:

1 Other receivables does not include statutory receivables.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 3 (continued)

Financial Instruments (Part III)

(iiv) Ageing analysis of financial assets

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

	Carrying amount	Not past due and not impaired	Maturity dates				Impaired financial assets
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	
2013 Financial assets							
Contractual receivables							
Trade receivables	2,197	1,685	140	313	51	8	(87)
Revenue receivables	77	77	-	-	-	-	-
Receivables from related parties	23	23	-	-	-	-	-
Investments, loans and other financial assets							
Equities and managed investment schemes	129	129	-	-	-	-	-
Fixed interest bearing bills, bonds/term deposits	90	90	-	-	-	-	-
Total 2013 financial assets	2,516	2,004	140	313	51	8	(87)
2013 Financial liabilities							
Financial liabilities							
Trade and other payables							
Total 2013 financial liabilities							
2012 Financial assets							
Contractual receivables							
Trade receivables	910	506	245	69	73	17	(49)
Revenue receivables	19	19	-	-	-	-	-
Investments, loans and other financial assets							
Equities and managed investment schemes	90	90	-	-	-	-	-
Fixed interest bearing bills, bonds/term deposits	87	87	-	-	-	-	-
Total 2012 financial assets	1,106	702	245	69	73	17	(49)
2012 Financial liabilities							
Financial liabilities							
Trade and other payables	3,160	2,950	12	195	3	-	-
Total 2012 financial liabilities	3,160	2,950	12	195	3	-	-

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 4

Financial Instruments (Part IV)

Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Institute is the current bid price.

The fair values of unlisted shares are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities (2013:0%; 2012:0%).

Derivative contracts classified as held-for-trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Institute uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

For other assets and other liabilities the fair value approximates their carrying value. Financial assets where the carrying amount exceeds fair values have not been written down as the Institute intends to hold these assets to maturity.

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 4 (continued)

Financial Instruments (Part IV)

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	2013		2012	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial instruments				
Financial assets				
<i>Cash and cash equivalents</i>				
Cash at bank and on hand	5,766	5,766	5,471	5,471
Cash advances	175	175	208	208
<i>Contractual receivables</i>				
Trade receivables	2,197	2,110	910	861
Revenue receivables	77	77	19	19
Other receivables	23	23	35	35
<i>Investment, loans and other financial assets</i>				
Equities and managed investment schemes	129	129	90	90
Fixed interest bearing bills, bonds/term deposits	90	90	87	87
Total financial assets	8,457	8,370	6,820	6,771
Financial liabilities				
Payables	4,007	4,007	3,160	3,160
Other Liabilities	771	771	1,546	1,546
Total financial liabilities	4,778	4,778	4,706	4,706

Notes to the Financial Statements - Bendigo TAFE

for the year ended 31 December 2013

Note 28 - 4 (continued)

The following tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

		Level 1	Level 2	Level 3
	2013	Quoted Prices	Observable Price Inputs	Un-observable Inputs
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash at bank and on hand	5,766	5,766	-	-
Cash advances	175	175	-	-
Trade receivables	2,197	2,110	-	-
Revenue receivables	77	77	-	-
Other receivables	23	23	-	-
Equities and managed investment schemes	129	129	-	-
Fixed interest bearing bills, bonds/term deposits	90	90	-	-
Total financial assets	8,457	8,370	-	-
Financial liabilities				
Payables	4,007	4,007	-	-
Other Liabilities	771	771	-	-
Total liabilities	4,778	4,778	-	-

		Level 1	Level 2	Level 3
	2012	Quoted Prices	Observable Price Inputs	Un-observable Inputs
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash at bank and on hand	5,471	5,471	-	-
Cash advances	208	208	-	-
Trade receivables	910	861	-	-
Revenue receivables	19	19	-	-
Other receivables	35	35	-	-
Equities and managed investment schemes	90	90	-	-
Fixed interest bearing bills, bonds/term deposits	87	87	-	-
Total financial assets	6,820	6,771	-	-
Financial liabilities				
Payables	3,160	3,160	-	-
Other Liabilities	1,546	1,546	-	-
Total liabilities	4,706	4,706	-	-

Bendigo City Campus

23 Mundy Street, Bendigo VIC 3550

Bendigo Charleston Road Campus

Charleston Road, Bendigo VIC 3550

Bendigo Technical Education College (BTEC)

21 St Andrews Avenue, Bendigo VIC 3550

Castlemaine Campus

65-67 Templeton Street, Castlemaine VIC 3450

Echuca Campus

Corner Hare and Darling Streets, Echuca VIC 3564

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