

Bendigo Kangan Institute

ANNUAL REPORT 2018



Report objectives

This Annual Report is the principal medium through which Bendigo Kangan Institute (BKI) communicates its accountability to the Victorian Parliament and stakeholders, and provides a summary of the Institute's operations and achievements during the 2018 calendar year.

The BKI Board has implemented and maintained a process to ensure this Annual Report is prepared in accordance with the relevant directions, instructions and applicable Australian accounting standards, including but not limited to the following:

- Education and Training Reform Act 2006 (ETRA)
- Constitution of the Bendigo Kangan Institute Order 2016
- Directions of the Minister for Training and Skills (or predecessors)
- Commercial Guidelines – TAFE institutes
- Strategic Planning Guidelines – TAFE institutes - 2013
- Public Administration Act 2004
- Financial Management Act 1994
- Freedom of Information Act 1982
- Building Act 1983
- Protected Disclosure Act 2012
- Victorian Industry Participation Policy Act 2003

The financial statements in the Annual Report have been reviewed by an audit committee established by the Institute's Board and the committee has made a recommendation to the Board to authorise the statements prior to release to the Parliament.

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Introduction

Bendigo Kangan Institute (BKI) Group comprises the following three strategic business units:

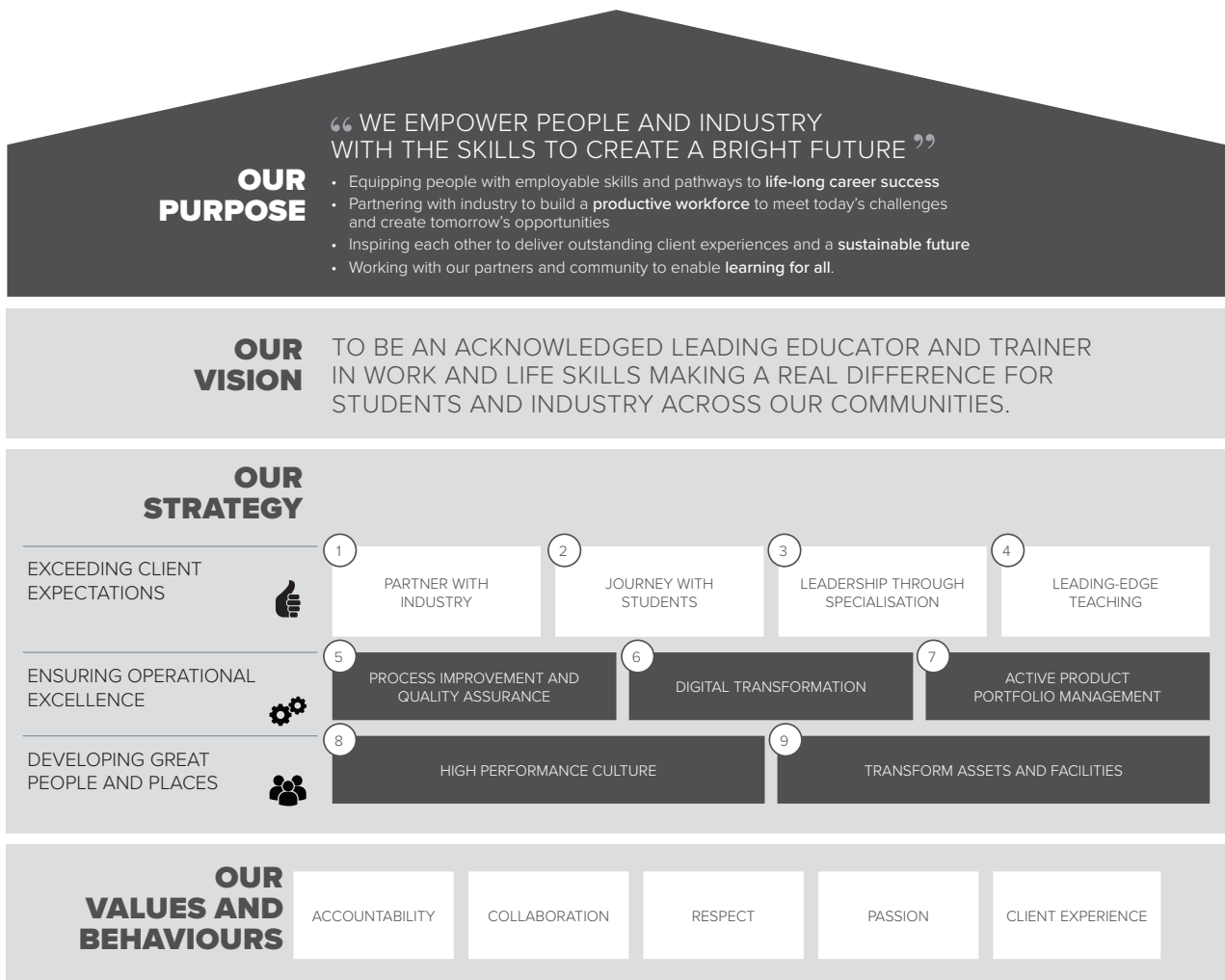
1. Kangan Institute and Bendigo TAFE: prominent providers of vocational education and training (VET) for metropolitan and regional Victoria respectively.
2. VETASSESS: a leading Australian Assessing Authority and independent assessment-only registered training organisation for clients nationally and internationally.
3. eWorks: an e-learning hosting, content and consultancy specialist.

With the strong commitment to TAFE by the Victorian Government through its Skills First policy and the continued support by BKI's industry partners and advisory boards, the Institute reinforced its commitment to improve workforce participation and Victoria's ongoing economic growth.

With more than 65,000 student enrolments and skills assessments each year, BKI impacts the next steps in the careers of individuals locally and internationally. The Institute employs over 1,000 staff and is committed to environmental sustainability and social initiatives that benefit our local communities.

Our Strategic Intent: BKI2020

Our Strategic Intent details who we are, where we are going and how we will get there. It does this by providing the purpose, vision, strategy and values that guide our journey. It also highlights our deep commitment to creating a bright future for our students, industry partners, our staff and the communities we serve.



Board Chair's welcome



Introduction

On behalf of the Board of Bendigo Kangan Institute (BKI), I am pleased to present the Institute's 2018 Annual Report.

Overall it was a successful year with BKI building a reputation as a leading TAFE provider within Victoria, nationally and internationally. Engendering a compliance and integrity culture across BKI has been a key focus for the Board in large part as a response to the 2017 IBAC Operation Lansdowne Report that identified shortcomings in BKI's compliance regimes.

Key successes enjoyed by BKI in 2018 were in large part due to the Victorian Government's TAFE and training sector policy – Skills First – designed to build a strong and sustainable TAFE sector in Victoria. A primary focus of the policy is the establishment of industry-specific Centres of Excellence. Hence it was a privilege to attend the official openings of two new BKI Centres of Excellence during the first half of 2018. Funded by the Victorian Government, the new Health and Community Centre of Excellence at the Bendigo City Campus and Food and Fibre Centre of Excellence at the Bendigo Charleston Road Campus are enabling BKI to provide modern training facilities and services for key industry sectors in the region.

In a further clear sign of support for TAFE in regional communities, the 2018 Victorian Budget included an allocation of \$59.9 million to continue revitalising BKI's Bendigo City Campus. Buildings on the site date back to the 1800's when they were originally occupied by the Bendigo School of Mines. The revitalisation project seeks to increase student enrolments and improve student experience, to create a vibrant and engaging campus, to preserve and transform heritage assets and to improve building operating performance and efficiency. Work is expected to be completed in 2020/21.

BKI took significant steps in 2018 towards improving its governance arrangements. The Board revised and refreshed its own organisation, operations and procedures. Internal organisational governance arrangements were also reviewed and clear accountabilities identified. As well, academic governance has been elevated and given greater prominence

within the Institute. In supporting the Government's goal of ensuring TAFEs deliver quality training, especially in the roll out of the Government's new Free TAFE for Priority Courses initiative in 2019, the Board established a dedicated Board Committee to provide independent assurance and integrity of BKI's core education activities of learning, teaching and scholarship.

The BKI Board also established a separate Board Committee to oversee the functions of VETASSESS following a review of its governance and operations. VETASSESS is a strategic business unit within the BKI Group which provides international, national and government clients with skills assessment services, especially for people who are seeking to migrate to Australia.

In its twenty first year, VETASSESS continues to grow and expand and has demonstrated its agility in adapting its business model to meet significant national regulatory visa reforms. VETASSESS remains a leading Australian assessment-only registered training organisation for clients nationally and internationally.

In conclusion, I would like to acknowledge:

1. My fellow Board members for their ongoing commitment, wise counsel and dedicated service. I wish to acknowledge the significant contribution of outgoing Board Director Sally-Anne Ross.
2. The ongoing support to BKI and the TAFE sector from the Minister for Training and Skills and Minister for Higher Education, and more generally our colleagues from the Department of Education and Training.
3. Our CEO Trevor Schwenke and the BKI executive team for their leadership, dedication and commitment.
4. Most importantly, I would like to acknowledge the significant contribution, passion and dedication of BKI's staff who continue to strive to make BKI the success it has become.

Peter Harmsworth AO

Chair,
Bendigo Kangan Institute Board
26 March 2019

CEO's report



Pursuant to the Victorian Government's Skills First policy framework for the Victorian TAFE network, Bendigo Kangan Institute (BKI) has continued its drive to deliver high-quality training and education with the aim of producing graduates who are job-ready, upskilled or reskilled, and prepared for life-long learning.

Our many successes in 2018 were made possible with strong support from the Government and our industry and community partners.

These successes included completing and opening the Health and Community Centre of Excellence and the Food and Fibre Centre of Excellence in Bendigo. With Government funding support, BKI has delivered two state-of-the-art facilities for our students and teachers (more than 1,200 students enrolled for courses at the Centres in their first year of operation).

In a further investment in BKI's facilities, the Institute received a \$59.9 million commitment from the Government to revitalise Bendigo TAFE's historic city campus. Architects for the project have been appointed and industry and community engagement is well underway.

Other noteworthy successes in 2018 included:

- Providing training through over 40,000 student and apprentice enrolments.
- Over 25,000 skills assessed for migration purposes.
- Maintaining a high student satisfaction rating of 76.6 per cent; ahead of the TAFE sector average of 74.8 per cent.
- An increase in the number of employers recommending BKI for training from 66.9 per cent in 2017 to 74.3 per cent in 2018.
- A 35 per cent increase in new onshore students compared to 2017.
- Being named in the top 50 Asia-Pacific vocational colleges at the 2018 Asian Education Forum's Vocational Education International Cooperation Summit.
- Student Elise Stewart winning the Victorian Vocational Student of the Year and representing Victoria in the national awards.
- Apprentice Patrick Keating winning gold at the WorldSkills championships in Sydney. Patrick will now go on to compete in the international competition in Russia.
- Being appointed as training partner for Jaguar-Land Rover's Global Apprenticeship Training Program in Australia and winning a contract to deliver training to first-year apprentices at Volkswagen and Skoda as part of the Modern Apprenticeship Program.
- Working with West Gate Tunnel Project and GOAL Indigenous Services to deliver a four-week Aboriginal Pre-Employment Program.
- Partnering with the Department of Environment, Land, Water and Planning to train culturally and linguistically diverse trainees in conservation and land management and language, literacy and numeracy.
- Holding events to support our local communities with training and career options, including the first ever 'Tomorrow Bound Career Expo' in Bendigo, and Experience Days and Open Nights across various campuses.

In 2018, BKI recorded a \$2.1 million profit compared to \$8.1 million in 2017 due to a decrease in revenue from Government contributions (operating and capital). An increase in full-time employee and staff increments in 2018 has also contributed to the increase in operating expenses.

In 2018, BKI also issued its formal response to the Independent Broad-based Anti-Corruption Commission's (IBAC) December 2017 Operations Lansdowne Report. The response included a comprehensive remediation plan overseen by the Board that includes an Institute-wide cultural change, improved compliance management and strengthened academic and financial governance. Our aim is to build a stronger, quality-based TAFE provider with a strong integrity focus underpinning all of its core operations.

On behalf of BKI, I wish to thank the Victorian Government and the BKI Board for their continued support and quality leadership. I would also like to thank BKI staff, who worked tirelessly to deliver great outcomes for students, industry and the community alike. With their continued commitment, I am confident that we will continue to provide high-quality and relevant vocational training that leads to real jobs.

Trevor Schwenke
 Chief Executive Officer
 Bendigo Kangan Institute
 26 March 2019

Performance Statement



PERFORMANCE STATEMENT FOR 2018

In our opinion, the accompanying statement of performance of Bendigo Kangan Institute in respect to the 2018 financial year is presented fairly in accordance with the key performance measures developed in the annual statement of corporate intent.

The statement outlines the predetermined targets, performance indicators, and actual results for the year against these indicators, and an explanation of any significant variance between actual results and targets.

At the date of signing, we are not aware of any circumstance that would render any particulars included in the statement to be misleading or inaccurate.

Peter Harmsworth AO
Board Chair
Date: 25 March 2019
Place: Melbourne

Trevor Schwenke
Chief Executive officer
Date: 25 March 2019
Place: Melbourne

Annie Tiso
Chief Finance and
Accounting Officer
~~(Acting)~~ *Interim a.m.j.*
Date: 25 March 2019
Place: Melbourne



Bendigo Kangan Institute

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ABN 74 802 942 886

Trading as Bendigo TAFE RTO Identifier 3077 | CRICOS Provider No. 03059A

Trading as Kangan Institute RTO Identifier 0306 | Kangan Institute CRICOS Provider No. 01218G



Independent Auditor's Report

To the Board of the Bendigo Kangan Institute

Opinion	<p>I have audited the accompanying performance statement of the Bendigo Kangan Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> • performance statement for the year ended 31 December 2018 • the management certification. <p>In my opinion, the performance statement of the Bendigo Kangan Institute in respect of the year ended 31 December 2018 presents fairly, in all material respects.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance statement	<p>The Board is responsible for the preparation and fair presentation of the performance statement and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.</p>

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

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

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

MELBOURNE
 25 March 2019


 Charlotte Jeffries
 as delegate for the Auditor-General of Victoria

Performance Statement – Key Performance Indicators

TAFEs are required to report on the following KPIs in the format shown in the table below

Performance statement - key performance indicators							
Indicator	Description and methodology	Metric	2018 Actual	2018 Target	Explanation of variances	Prior year result	
Training revenue diversity	Breakdown of training revenue split by Government funded and Fee for Service <i>Training revenue split by:</i>	Percentage			Increase in diversification towards FFS driven by lower VTG revenue and an increase in FFS due to increased customer and industry engagement .		
			• <i>Victorian Training Guarantee (VTG)</i>	44.3%		44.9%	47.7%
			• <i>Fee for Service (FFS)</i>	46.4%		41.7%	39.7%
			• <i>Student Fees & Charges</i>	9.3%		13.4%	12.6%
Employment costs as a proportion of training revenue	Employment and Third Party training delivery costs as a proportion of training revenue (VTG and FFS) <i>Employment costs + 3rd party training delivery costs / Training Revenue</i>	Percentage	84.1%	72.7%	Increased ratio of training revenue to employment costs driven by lower training revenue and increased employment costs versus target	75.4%	
Training revenue per teaching FTE*	Training Revenue (excl. revenue delivered by third parties) per Teaching FTE* <i>Training Revenue (excl. revenue delivered by 3rd parties) / Teaching FTEs*</i>	Dollars	\$244,153	\$277,108	Combination of lower training revenue and increased Teaching FTE employment costs have resulted in decreased revenue earned by teacher	\$278,015	
Operating margin percentage	Operating margin % <i>EBIT excluding Capital Contributions) / Total Revenue (excl Capital Contributions)</i>	Percentage	-3.4%	8.2%	Combination of lower training revenue and increased employment costs versus target and prior year has resulted in a negative profit margin	0.8%	
Notes:							
• All account groupings (e.g. employment costs, training revenue etc.) included in the table above are prescribed by the official Department of Education and Training (DET) financial account structure, and are in line with the quarterly financial data submission template provided by DET for completion by TAFES.							

Financial Summary

	Year ending					
	2018	2017	2016	2015	2014	2013
The Institute has continued its strong focus on financial sustainability and worked hard to stabilise and establish a platform for future growth. This is reflected in our results, with the Institute delivering a net profit of \$2.1 million in 2018. This represents a fourth consecutive year of positive results.						
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Total income from transactions	161,231	167,194	140,883	147,472	87,228	40,153
Total expenses from transactions	159,444	156,497	137,272	143,687	90,236	41,183
Total other economic flows	397	(2,551)	229	(588)	(8,698)	425
Net results	2,184	8,146	3,840	3,197	(11,706)	(605)
Asset revaluations	-	76,926	11,897	-	-	-
Comprehensive result	2,184	85,072	15,737	3,197	(11,706)	(605)
Total assets	456,248	456,694	361,570	350,584	344,281	104,416
Total liabilities	40,100	42,730	32,678	37,429	34,323	8,402
Net assets	416,148	413,964	328,892	313,155	309,958	96,014
Notes:	<ul style="list-style-type: none"> The net results for the current year was \$2.1 million compared to \$8.1 million for the year ended 31 December 2017. While the revenue from sale of goods and services was consistent year on year, the revenue from Government contributions (operating and capital) decreased by approximately \$6 million from 2017. An increase in FTEs and staff increments in 2018 have also contributed to the increase in operating expenses and decrease in net results. The Institute's overall net worth increased by \$2.2 million due to favourable trading results for the year. There were no material movements in the total assets and total liabilities from 2017. 					

Our Organisation

TAFE OPERATIONS

Based in Victoria, Bendigo Kangan Institute (BKI) has significant footprints in regional and metropolitan areas. The courses at BKI cover automotive and trades, business and IT, food and fibre, hair and beauty, health and community services, creative, culinary and hospitality, travel and tourism as well as Indigenous and foundation courses.

BKI operates three Centres of Excellence which provide leading edge training in state-of-the-art facilities. Its Automotive Centre of Excellence (ACE) leads in developing state-wide automotive VET approaches and practices based on innovative industry driven training initiatives. The ACE model has seen BKI recognised as the lead automotive provider in the TAFE network. BKI will continue to collaborate across the metropolitan and regional TAFEs to ensure the sharing of its automotive training model expertise.

To break down barriers to access education and employment pathways, BKI received Community Service Obligation funding of \$4.52 million from the Government. The funding was utilised to enable the delivery of student support services including Skills and Jobs centres, and a number of projects relating to the Indigenous Education Centre, Foundation and Pathways, Library, Counselling and other community services to improve student experience in 2018 and beyond.

BKI is one of three TAFE providers of vocational education and training to the Victorian prison system and expanded its role with the opening of the new Ravenhall Correctional Centre in 2018. BKI enrolled 7,320 students across public and private prisons, and forensic mental health facilities. These include Loddon Prison, Middleton Annex, Tarrengower Prison, Fulham Correctional Centre, Port Philip Prison, Ravenhall Correctional Centre and Thomas Embling Hospital.

Regional footprint

BKI's regional footprint encompasses campuses at Bendigo, Echuca and Castlemaine, with dedicated facilities including the Lotus Hair and Beauty Salon and the Bendigo Charleston Road trade campus providing specialist training for our learners. Vocational courses and training services are provided to individuals and businesses, with students and apprentices ranging from school leavers to mature age. BKI's ties with local bodies including Be.Bendigo ensure that products and training services remain relevant and responsive to the needs of local industry and communities.

Metropolitan footprint

In the metropolitan area, BKI delivers training from metropolitan campuses in Broadmeadows, Docklands, Essendon, Moonee Ponds and Richmond. BKI offers students a well-rounded campus experience as well as access to specialist training facilities and capabilities, including the

award winning ACE facility at Docklands, the Indigenous Education Centre at Broadmeadows and the Centre for Fashion and Creative Industries at Richmond.

BKI's vocational courses and training services are provided to individuals and businesses, with students and apprentices ranging from school leavers to mature age learners. BKI works closely with industry to upskill their workforces and enhance their training services. BKI prides itself on building strong links with its industry partners such as Toyota, Nissan, Renault and Metricon.

VETASSESS

VETASSESS is Australia's leading assessment provider. Its key services are skills assessments for migration purposes across a range of trade and general professional occupations provided to the Australian Government's Department of Education and Training and Department of Home Affairs. It also provides a range of occupational and course entry tests, and consultancy services around education and training to governments in Australia and offshore. Its main locations are Melbourne and Perth, and it maintains offices through partnerships in India, China and the Philippines.

For 2019 its three key areas of focus will be:

- **Deepening** migration support, including strengthening relationships with key stakeholders. In 2018 VETASSESS worked actively with industry associations and peak bodies to secure endorsement of the assessment criteria applied by VETASSESS. Industry associations that provided endorsements included the Australian Hotels Association, the Restaurant and Caterers Association, and Engineers Australia.
- **Diversifying** assessment services through investigating new markets and products, and providing capacity-building through consulting services. New markets and products in 2018 included:
 - The issuance of apprenticeship trade papers for the Victorian Registration and Qualifications Authority.
 - Introducing competency-based teaching and assessment to the Technical and Vocational Training Corporation in Saudi Arabia.
- **Enhancing capability** through the development and application of innovative technologies that supported VETASSESS' service delivery. In 2018 this included the development of apps for worldwide use by assessors, and the preparation of a customised Learning Management System to support consultancy projects.

eWORKS

Established in 1998, eWorks is one of Australia's leading e-learning delivery and consultancy specialists. eWorks offers a range of products and services to help businesses maximise the benefits of using technology to enhance training delivery including:

- Consultancy services to promote best practices in online delivery.
- Development of interactive and engaging digital course content.
- Learning management solutions (LMS) tailored to the VET sector, including reporting for compliance purposes such as adherence to copyright laws.
- Advice regarding the establishment and maintenance of e-learning technical standards and accessibility requirements.

eWorks has a strong foundation in servicing the national VET system and government organisations, and prides itself on delivering high-quality, reliable online delivery solutions. In-depth understanding of the VET sector structure and compliance requirements, alongside relationships with key bodies and organisations within the sector, makes eWorks a valuable partner for all training delivery organisations.

Board and governance

BKI is governed by the BKI Board established under the Education Training and Reform Act 2006. It reports to the Minister for Training and Skills and Minister for Higher Education.

The Board has both a strategic and stewardship role in ensuring that BKI operates efficiently and effectively. It sets the overall strategic direction of BKI and oversees senior management in carrying out the strategic direction. The BKI Board also ensures that BKI meets its statutory obligations and that its operations and policies reflect public sector values and employment principles.

The Board oversees management of BKI but does not participate in day-to-day management. This role is delegated by the Board to the CEO and other staff. Reporting directly to the Board, the CEO is accountable for directing BKI's operations and leading activities to achieve the strategic goals.

In 2018 BKI's Board members were:

- Peter Harmsworth AO (Chair).
- Margaret O'Rourke (Deputy Chair).
- Joe Ballato.
- Anne Brosnan.
- John Hartigan.
- Michael McCartney.
- Dr Margaret Salter.
- Prof Hal Swerissen.
- Trevor Schwenke (Chief Executive Officer).
- Sally-Anne Ross (retired 30 September 2018).

Board and standing committees

The Board has established the following standing committees for the purpose of overseeing critical functions:

- Audit and Risk Management Committee.
- Finance and Resource Management Committee.
- Performance and Remuneration Committee.
- Education Committee.
- VETASSESS Committee.

Each committee operates in accordance with its Charter as approved by the Board.

Audit and Risk Management Committee

The Audit and Risk Management Committee was established by the Board in compliance with standing directions of the Assistant Treasurer under the Financial Management Act 1994.

The Committee supports the Board in discharging its responsibilities to oversee and advise BKI on matters of accountability and internal control affecting the operations of the Institute.

The Committee provides independent assurance and advice to the Board that BKI's:

- Statutory accounts have been prepared accurately.
- External audit function is operating effectively.
- Regulatory compliance obligations are met.
- Internal control process and internal audit program are operating effectively.
- Risk management program is undertaken and is operating effectively.

Finance and Resource Management Committee

The Board has resolved to establish the Finance and Resource Management Committee (FRMC) to support the Board in discharging its responsibilities to oversee aspects of BKI's activities relating to commercial activities, budget planning and setting, financial systems, asset management, procurement, administrative support and student management record systems and information technology. The FRMC is not responsible for the executive management of these functions. The FRMC will engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating advice to the Board.

The FRMC assists the Board to fulfil its governance responsibilities and obligations relating to:

Budget Planning and Setting – reviewing the annual budget setting process, reviewing annual budgets and reviewing performance against approved budgets;

- Ensuring BKI's financial systems are appropriately developed and managed and are designed to ensure consistency, accuracy and reliability of financial reporting to the Board.

- Overseeing the development and implementation of BKI's Strategic Asset Management Plan to ensure BKI's campus facilities reflect Strategy Plan priorities and facilities are developed and maintained to an appropriate standard.
- Developing and overseeing procurement policies, controls and procedures ensuring consistency with government purchasing and supply policies.
- Overseeing commercial activities pursued by BKI including industry and regional development plans, marketing and communication and the development and implementation of BKI's international education strategies. In this respect, the FRMC will liaise with the BKI Business Board and receive regular reports from the Business Board of any new business initiatives.
- Overseeing the development and management of BKI's support and back of house systems and processes including the Institute's computer based student management systems.
- Overseeing the development and implementation of a BKI Information and Communication Technology (ICT) strategy designed to improve the overall efficiency and effectiveness of BKI's operations.

People, Performance and Remuneration Committee

The People, Performance and Remuneration Committee supports the Board in discharging its responsibilities to oversee aspects of BKI's activities, and advise the Board on matters of accountability and internal control. The Committee provides independent assurance and advice to the Board on:

- Establishing key performance indicators for the assessment of the performance of the CEO.
- Assessing the performance of the CEO against established key performance indicators as agreed by the Board, and providing assessments to the Board for their information.
- Review of the remuneration of the Executive, and making recommendations on approvals of the remuneration to the Board. An Executive is defined in accordance with GSERP guidelines.
- Review succession planning arrangements for the executive, and make recommendations on approvals to the Board.
- Provide performance advice and counsel to the CEO.
- Provide advice on People Management Strategies and Policies relating to employment of staff.

Education Committee

The Education Committee provides independent assurance and integrity of BKI's core education activities of learning, teaching and scholarship, and in particular the governance structures, policies and processes that ensure quality academic outcomes. The Committee provides independent assurance and advice to the Board on:

- Developing and implementing BKI's training operating model.
- Overseeing the strategic direction and policy for curriculum, teaching and learning.
- Overseeing the development and implementation of an educational quality framework.
- Overseeing the development and implementation of innovative training delivery platforms.
- Overseeing the development and implementation of policies and procedures targeted at enhancing the student experience.

VETASSESS Committee

The VETASSESS Committee supports the Board in discharging its responsibilities in overseeing the operations of VETASSESS as a stand-alone business unit within BKI providing skills assessment services internationally, nationally and at a state level. The Committee provides independent assurance and advice to the Board on:

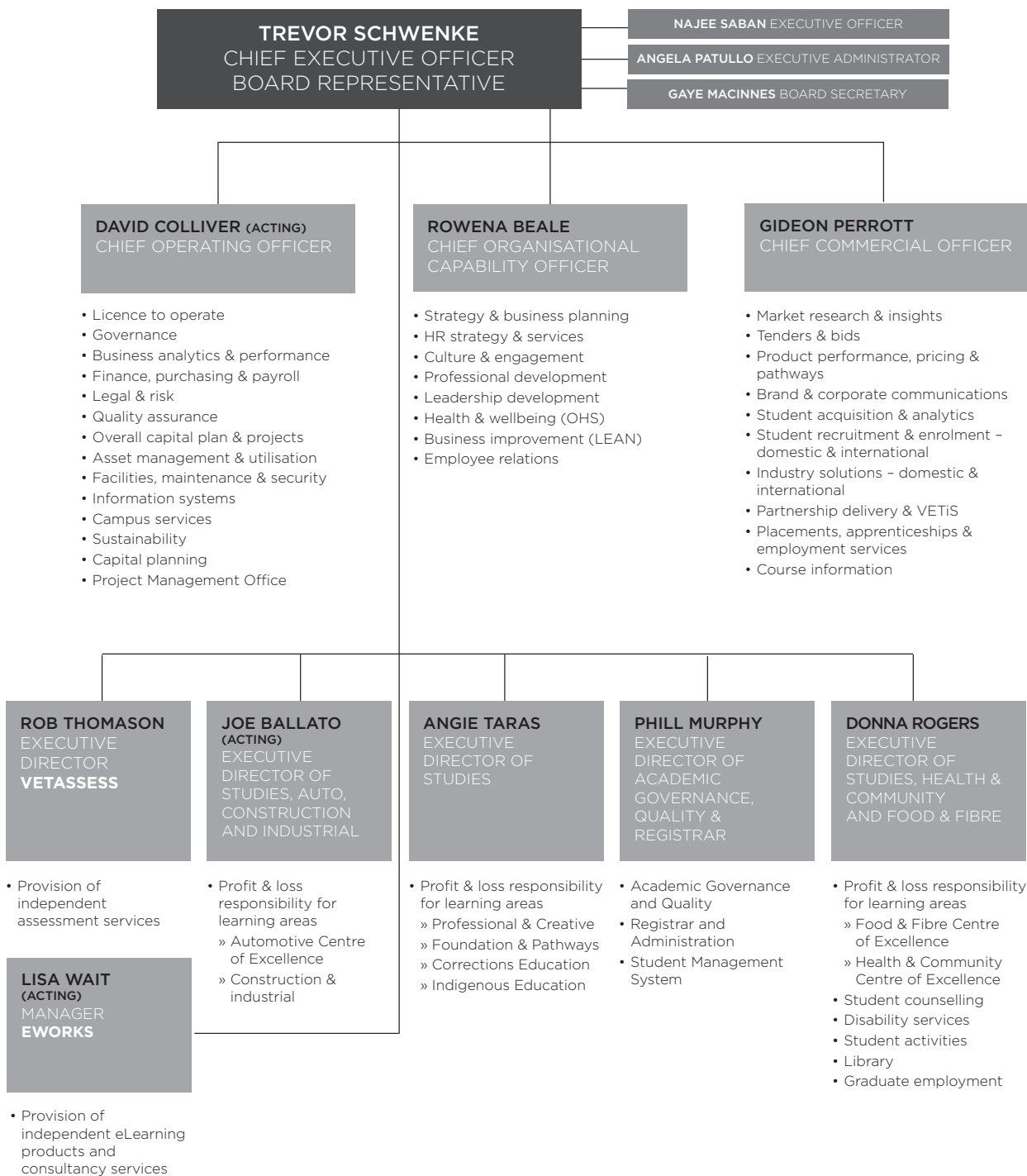
- Overseeing the commercial activities being pursued by VETASSESS.
- Overseeing the strategic planning function.
- Reviewing annual budget development and performance oversight.
- Ensuring adherence to appropriate financial and risk management processes.
- Overseeing administrative and support services development and administration.

BOARD OF DIRECTORS

<p>PETER HARMSWORTH AO (Chair) MARGARET O'ROURKE (Deputy Chair) MICHAEL MCCARTNEY JOHN HARTIGAN JOE BALLATO ANNE BROSNAN DR MARGARET SALTER</p>	<p>TREVOR SCHWENKE (CEO) PROF HAL SWERISSEN SALLY-ANN ROSS (retired September 2018)</p>
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AUDIT AND RISK COMMITTEE MEMBERS

<p>DR MARGARET SALTER (Chair) PETER HARMSWORTH AO ANNE BROSNAN (from October 2018)</p>	<p>JOE BALLATO JOHN HARTIGAN (resigned October 2018) PROF HAL SWERISSEN</p>
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BENDIGO KANGAN INSTITUTE

STRATEGIC BUSINESS UNITS:
VETASSESS, EWORKS AND TAFES

OUR STUDENTS

At BKI, students are at the centre of everything we do. We are committed to providing high-quality education and training that leads to real employment opportunities.

In 2018, BKI offered 330 courses in areas, including automotive and trades, business and IT, food and fibre, hair and beauty, health and community services, creative, culinary and hospitality, travel and tourism, Indigenous and foundation courses.

There were over 40,000 enrolments at our 10 metropolitan and regional campuses; onshore and offshore sites; and within the Victorian prison system. This included providing training for 5,549 apprentices in 2018.

Providing quality facilities for our students is a priority for BKI. As we look ahead to 2025, our focus will be on rejuvenating our largest campus at Broadmeadows to ensure the training we provide is bound to industry needs in Melbourne's north.

Unique student numbers* across campuses and locations

Regional and metro	Student numbers
Auspice**	1,621
Bendigo	2,385
Broadmeadows	8,807
Castlemaine	29
Charleston Rd	2,982
Docklands	4,461
Echuca	336
Essendon	491
Moonee Ponds	641
Myers St	164
Richmond	896
Satellite***	711
Total	23,524

International	Student numbers
On shore	628
Off shore	235
Total	863

Gender Breakdown	
Gender breakdown	Student number
External delivery	2,332
Female	377
Male	1,931
Unspecified	24
International	863
Female	345
Male	505
Unspecified	13
Metro	15,296
Female	4,655
Male	10,594
Unspecified	47
Regional	5,896
Female	2,468
Male	3,397
Unspecified	31
Total	24,387

*Unique student number represents the number of students enrolled and does not represent the total number of enrolments. A student may have enrolled in multiple programs that will show up a higher number of student enrolments.

** Third party delivery

*** Remote delivery

Awards and achievements

BKI students continue to support our vision to inspire success and transform lives. With the ongoing support by the Victorian Government and industry in vocational education, the 2018 state and national award wins showcased our commitment to improving student outcomes and implementing innovative training initiatives.

Plumbing student Patrick Keating wins the gold at the 2018 WorldSkills Australia Championships.



Patrick will be representing Australia at the 45th WorldSkills international competition in Kazan, Russia in 2019.

A work experience stint in Year-12 sparked an initial interest in the field of plumbing. Currently working at Phoenix Plumbing in Bendigo, Patrick is now eligible to apply for a range of local and international scholarships.



Nursing graduate Elise Stewart was named Vocational Student of the Year at the 2018 Victorian Training Awards.

Elise's winning edge was her resilience and determination that resulted in her becoming the first deaf person to complete a Diploma of Nursing at Bendigo TAFE.

The win also recognised how Elise transformed her passion for helping others into a career in nursing, demonstrating that having a disability should not prevent anyone from achieving their goals. Elise is now working as a graduate nurse for St John of God Hospital Bendigo and continues to inspire those around her as she begins her nursing career.

The 2018 BKI Graduations and Apprentice and Industry Awards recognised the outstanding achievements of our students locally and internationally.

2018 Apprentice and Vocational Student of the Year

Bendigo TAFE	Kangan Institute
Bendigo TAFE Apprentice of the Year Patrick Keating, Plumbing	Kangan Institute Apprentice of the Year Emily Waras, Electrical
Vocational Student of the Year Nicole Benson, Indigenous Studies	Vocational Student of the Year Rachael Hilder, Health and Community

Our winners of the 2018 International Graduations:

- Chamila Dilshan Hemawansa – Diploma of Automotive Technology
- Zui (Quang Duy) Bui - Diploma of Automotive Technology
- Reginia Anzela – Diploma of Applied Fashion Design and Merchandising
- Sheng Yap Low - Diploma of Automotive Technology
- Akira Toyama - Diploma of Applied Fashion Design And Merchandising
- Mishad Madhu – Diploma of Hospitality Management

Student support

At BKI, we are committed to providing a range of free and confidential student support services. This includes counselling, welfare and disability support. In 2018, BKI provided counselling to 497 students at our metropolitan and regional campuses.

Workforce data

BKI is committed to equal opportunity (including equal employment opportunity) as well as inclusive and fair processes in all human resource management procedures. All policies, procedures and associated documentation are readily accessible to all staff via the staff portals.

Organisational values and staff code of conduct

BKI actively promotes a values-based culture that benefits the organisation, its employees and external clients. Our core values are: Accountability; Collaboration; Respect; Passion; and Client Experience. Throughout 2018, we continued to embed our values in our leadership behaviours, performance management process and employee communications. The year saw a six per cent increase in employees' belief that leaders and managers model and encourage the public sector values.

There were improvements in employees' views that the values are being demonstrated at BKI in six of the seven Victorian Public Sector Commission (VPSC) values (from 1pp to 10pp increase). The largest improvements were for: Human Rights (+9pp), Leaders demonstrating the values (+6pp) and Impartiality (+4pp) (Source: People Matter Survey July 2017). With an opportunity to further evolve the values by increasing emphasis on integrity, a new standalone value of Integrity was introduced from January 2019, in recognition of its importance and our culture and business.

BKI and its staff comply with the Victorian public sector employment and conduct principles, with the staff code of conduct promoted at induction and regularly reinforced through compulsory compliance training. This code is readily accessible to all staff via the staff portals. The year saw a 10 per cent increase in employees' awareness of communications and support about the Code of Conduct for the Victorian public sector.

In 2018, a new Fraud and Corruption e-learn model was delivered to the business, supporting the ongoing implementation of the Integrity framework.

Employee Engagement

BKI's participation in the annual People Matter Survey has continued to increase with 73 per cent participation across BKI. This represents a 13 per cent increase since 2017, demonstrating that our continued focus on the People Matter Survey and action plans is increasing employee willingness to provide their feedback. The year also saw an increase in engagement levels across BKI with an overall score of 63 per cent. Our continuous improvement areas of focus for 2019 are leadership, leading change, employee wellbeing and integrity.

Selection on merit

BKI's recruitment and selection processes are grounded in the application of the principles of merit and equity, relevant award and statutory requirements and best practice public sector approaches.

Issue resolution

BKI has a staff complaints and grievance procedure in place which gives focus to early intervention and informal resolution wherever practical. Based on the principles of natural justice and procedural fairness, BKI's processes seek to achieve an effective resolution of issues that contribute to improvements in the employer/employee relationship.

Comprehensive policies and procedures addressing legislative requirements in the areas of harassment and discrimination, occupational health and safety and other areas of government policy governing employment terms and conditions are in place and adhered to.

Professional learning and development

BKI is committed to developing great people who are passionate about our purpose, committed to our vision, engaged in continuous improvement and capable of delivering value to our customers.

In 2018, improvements were made to the way we identify and deliver professional development. A professional development calendar was introduced, and BKI sourced relevant, high-quality and highly cost-effective learning solutions. Training and support tools relating to the establishment of PACE (Performance and Career Enhancement Framework) and development plans continued to be provided to leaders. BKI sustained a focus on the 'Manager Essentials' development program designed to equip our leaders with the skills to effectively manage their people in line with the Institute and Victorian Public Sector (VPS) values.

In 2018, there was a significant focus on upgrading all teachers to meet the new Training and Education (TAE) requirements from 1 April 2019. There were 670 teachers who needed the upgrade, representing 23 per cent of the teaching workforce (ongoing and sessional teachers). By December 2018, 64 per cent of teachers were compliant. Teachers were offered the BKI funded course across three optional learning pathways (Face-to-Face, Online or demonstration of Recognition of Prior Learning (RPL)). A team of mentors was established to support teachers with the demanding assignments.

Workforce data for 2018

The following table details our workforce data for 2018, with all employees classified in line with the directions from the Department of Education and Training.

Performance and Accountability Framework FTE Table (December 2017 – December 2018)							
	December 2017						
	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	198.57	213.39	36.2	44.36		37.04	529.56
Executive		8.39		0.09			8.48
Other	0.93					5.3	6.23
Teacher	105.01	166.09	49.59	43.29	83.23		447.21
Total	304.51	387.87	85.79	87.74	83.23	42.34	991.48
	December 2018						
	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	213	190	38.6	44.2		33.4	519.2
Executive	11						11
Other		1				6.7	7.7
Teacher	184	118	42.2	59.3	93.2		496.7
Total	408	309	80.8	103.5	93.2	40.1	1034.6

Workforce Disclosures (December 2017 – December 2018)								
	December 2017							
	All employees		Ongoing			Fixed term and casual		
	Number (Headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE	
Gender								
Women Executives	8	5.0	7	1	5	0	0	
Women (total staff)	918	556.0	216	99	260	603	296	
Men Executives	4	4.0	4	0	4	0	0	
Men (total staff)	636	436.0	201	35	216	400	220	
Self-described	0	0.0	0	0	0	0	0	
Age								
15-24	54	23.0	6	0	6	48	17	
25-34	242	155.0	50	6	50	186	105	
35-44	303	196.0	73	21	80	209	116	
45-54	454	301.0	141	46	161	267	140	
55-64	377	258.0	127	41	149	209	109	
Over 64	124	60.0	20	20	30	84	30	
Total employees	1554	991.48	417	134	476	1003	517	
	December 2018							
	All employees		Ongoing			Fixed term and casual		
	Number (Headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE	
Gender								
Women Executives	9	6	9	0	6	0	0	
Women (total staff)	814	576.2	193	75	260.2	546	316	
Men Executives	8	5	8	0	5	0	0	
Men (total staff)	605	458.4	200	29	228.6	376	229.8	
Self-described	0	0	0	0	0	0	0	
Age								
15-24	49	26.2	6	0	5	43	21.2	
25-34	243	177	40	2	56.6	201	120.4	
35-44	291	212.7	66	16	83.6	209	129.1	
45-54	392	303.9	137	37	171.1	218	132.8	
55-64	347	263	126	33	147.9	188	115.1	
Over 64	97	51.8	18	16	24.6	63	27.2	
Total employees	1419	1034.6	393	104	488.8	922	545.8	

Note:

- All figures reflect employment levels for 2018 in accordance with the general reporting requirements detailed in FRD22H.
- Employees have been correctly classified in the workforce data collections.
- Despite a reduction in workforce numbers, FTE was slightly higher in 2018, with an increase in Part Time FTE across the demographics.
- Some reductions were due to natural attrition, while others resulted from the completion of the Food & Fibre and Health & Community COE projects during the year.
- Ongoing employees are defined as those engaged in an open-ended employment contract and executives engaged on a standard executive contract.
- FTE refers to the full time staff equivalent. FTE has been calculated according to the approach agreed to by all TAFE CEOs in 2016.
- Staff on leave without pay, absent on secondment, external contractors/consultants and temporary staff employed by employment agencies have been excluded from the above table.
- An unusually large number of staff who exited during 2017 (redundancies and casuals no longer required) were included in the FTE numbers in 2017; this cohort was not included in the 2018 FTE numbers.

Compliance Information

Freedom of Information

BKI is subject to the provisions of the Freedom of Information (FOI) Act 1982. The Act gives a right of access (subject to exemptions and exceptions) to information held in the form of a document by the Institute.

It is BKI's policy to facilitate, subject to privacy and confidentiality provisions, access to information without recourse to the provisions of the Act.

In 2018, the Institute received one application for information under the FOI Act.

Information available on request

Consistent with the requirements of the Financial Management Act 1994, BKI has prepared material on the following items, details of which are available on request:

- Statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Publications and where they can be obtained.
- Changes in prices, fees, charges, rates and levies.
- Details of major external reviews.
- Major research and development activities.
- Overseas visits undertaken.
- Major promotional and marketing activities.
- Measures undertaken to improve the occupational health and safety of employees
- Industrial relations issues and details of time lost through industrial accidents and disputes.
- Major committees sponsored by the Institute.
- Details of all consultancies and contractors.

All enquiries should be directed to:

Freedom of Information Officer

Bendigo Kangan Institute
PO Box 170
Bendigo VIC 3552

Protected disclosures

The Protected Disclosure Act 2012 encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for disclosed matters to be investigated and rectifying action taken.

BKI has provided guidance on its internal and external websites to encourage and facilitate the making of protected disclosures of improper conduct by its officers and employees.

This procedure notes that protection and support will be made available for people who have made a disclosure. BKI is unable to accept a Protected Disclosure, and will instead refer any Disclosures to the Independent Broad-based Anti-corruption Commission (IBAC).

Financial management compliance attestation statement

I, Peter Harmsworth AO, on behalf of the Responsible Body, certify that the Bendigo Kangan Institute has complied with the applicable Standing Directions of the Minister of Finance under the Financial Management Act 1994 and Instructions.



Peter Harmsworth AO

Chair,
Bendigo Kangan Institute Board
26 March 2019

Occupational health and safety

BKI is committed to providing a safe workplace and learning environment that supports and enhances health and wellbeing, within its premises and activities for its students, employees, contractors, visitors and industry partners. This is underpinned by the BKI values of Accountability, Collaboration, Respect, Client Experience, Passion and Integrity.

BKI complies with the Occupational Health and Safety (OHS) legislation as a minimum standard and strive to fully integrate health and safety into all aspects of its activities through continuous improvement approach.

This is accomplished through:

- The identification of, and compliance to, the applicable health and safety legislation, compliance codes, Australian standards and other requirements.
- Eliminating risks to health, safety and wellbeing; or where elimination is not possible, reduce the risk so far as reasonably practicable.
- Setting measurable targets and objectives to monitor and continuously improve health, safety and wellbeing performance and the OHSW management system.
- Providing appropriate information and training for managers, supervisors and employees to enable them to perform their health, safety and wellbeing roles and responsibilities.
- Allocating adequate resources, including instruction and training to provide an environment where everyone is enabled and supported to apply safe systems of work and fulfill their health and safety responsibilities.
- Reporting, recording and investigating accidents, incidents and hazards including non-compliances, applying the learnings and acting to prevent reoccurrence.
- Ensuring a systematic approach to managing health and safety supported by the BKI OHS model, proactively identifying and managing health and safety risks and actively supporting and promoting wellbeing.
- Implementing arrangements so that students, workers and their representatives are consulted and actively participate in health, safety and wellbeing matters, issues and risks.
- Providing return to work programs that will support sustainable and timely return to work of those people impacted by injury or illness.
- Holding all levels of management accountable for the health and safety of employees, students, visitors and industry partners under their management control.

The OHS policy was reviewed and updated in 2018 to document an increased focus and commitment to wellbeing, return to work and proactive hazard management.

Highlights

In 2018, claims and an early intervention approach to reporting and return to work was embedded.

BKI continued to focus on OHS compliance improvement relative to Australian Standard AS4801 – Occupational Health and Safety Management Systems (OHSMS) and identify Gaps to ISO 45001 the new standard introduced in March 2018.

Significant work was done to encourage reporting of near misses and hazard occurrences and this had a flow on effect in increasing overall reporting across all occurrence categories.

2018 saw the start of a new 2020 health, safety and wellbeing plan being developed to strengthen existing programs across the Institute.

Performance

The following data is based on 2018 with some comparative data utilised from 2016 and 2017.

Reported hazards and incidents

There were 136 reported incidents including 44 relating to staff and 92 relating to students. Additionally there were 98 reported hazards and near miss incidents recorded in 2018. In total there were 142 incidents and hazards relating to staff representing 26 reported incident and hazards per 100 full-time equivalent (FTE) staff. There were eight Lost Time Incidents reported during 2018, resulting in a final Lost Time Injury Frequency Rate (LTIFR) of 4.69 in 2018, up from a reported LTIFR of 0 in 2017 and revisiting similar levels reported LTIFR of 4.95 in 2016.

WorkCover claims

In 2018, eight new lost time standard claims (equivalent to nine claims per 100 FTE staff) were received resulting in eight additional incurred cost for Lost Time Claims during 2018.

Average cost per claim in 2018 was \$58,000.

Compliance with Carers Recognition Act 2012

The *Carers Recognition Act 2012* outlines a set of principles about the significance of care relationships and specifies obligations for State Government organisations that interact with people in care relationships.

In accordance with the Act, BKI is committed to ensuring all staff and students are aware of and understand its principles, as well as able to reflect the care relationship principles when developing, providing or evaluating support and assistance for those in care relationships.

Relevant measures undertaken across BKI during the year include:

- Staff and student induction sessions highlighting the Act and its principles.
- Exposure to and exploration of the Act is incorporated into all direct and online orientation processes delivered by the Student Engagement and Retention team.
- Information about the Act made available to students presenting or declaring a protected characteristic in line with the Act.
- Provision of special consideration to students presenting or declaring a protected characteristic in line with the Act, including but not limited to time consideration, extended due dates, variable end dates for study and managed absenteeism.
- Application of related Institute policies that embed the principles of the Act including the leave procedure, children and dependents on campus policy, assessment appeals procedure, privacy policy, staff code of conduct, student welfare conduct and supporting students with a disability policy .
- Adaptation of education services, delivery modes and models to accommodate characteristics and cultural identities pursuant to the Act.
- Promotion and support of the role of the carer through interactions with students and staff, with referrals to appropriate external agencies for support.
- Negotiation with local health care providers to establish a connection to the community's carers wellbeing programs embedded in student engagement and retention programs.
- Application of the Act addressed via professional network discussions and establishment of communication and links to external carer organisations, i.e. Bendigo Health, Dianella Health Services, Bendigo Community Health, Headspace, the Department of Health and Human Services' Carers Card Program and Beyond Blue.

Compliance with Child Safe Standards

The *Child Safe Standards* (the Standards) outlines a set of standards to improve the way organisations prevent and respond to abuse of children and young people under the age of 18 within the organisation and are mandated for post-school education and training providers in Victoria, including TAFEs and RTO.

In accordance with the Standards, BKI is committed to be a child safe organisation. BKI is committed to providing, in a safe environment, opportunities for children and young people to participate in education and empowerment of all children under 18 years of age.

In line with our commitment to the Child Safe Standards, a Child Safety Officer was appointed within the Student Engagement and Retention team. All concerns regarding safety and dealings with students under 18 years of age, can be addressed by the Child Safety Officer.

In addition to the Child Safety Officer, a number of steps have been taken to ensure compliance with the standards, including:

- Development and implementation of the BKI Child Safety Policy.
- Distribution of *Four Critical Actions* signage and Child Safety Incident Report across BKI.
- Staff and student induction sessions highlighting the Standards and its principles.
- Exposure to and exploration of the Standards is incorporated into all direct and online Orientation processes delivered by the Student Engagement and Retention team.
- Information about the Standards and Child Safety Officer made available to students and staff
- Application of the Standards addressed via professional network discussions.
- Provision of ongoing support, both internal and external, to students and staff exposed to child abuse, with referrals to appropriate external agencies for support.
- Recruitment processes that promote the safety of children and young people.
- Regular reports on progress and changes related to the Standards provided to senior staff to ensure continuous awareness and compliance that drives a culture of child safety.

National competition policy

BKI provides education and training in a contestable market. BKI and its trading businesses implement a pricing model and policy that is consistent with maintaining commercial competitiveness in the marketplace with competitive neutrality principles outlined in Victoria's competitive neutrality policy.

The pricing policy and approach demonstrates how BKI meets legislative requirements and government guidelines in the determination of prices for the sale of its programs, products and services.

The policy addresses the particular requirements of:

- The national competition policy.
- Victorian Government policies on competitive neutrality.
- Ministerial directions on fees and charges.
- Legislation on the introduction of the goods and services tax (GST).
- Guidelines, rulings and interpretations made by the Australian competition and consumer commission on the national competition policy, fair trading and the implementation of GST.

Compulsory non-academic fees, subscriptions and charges

BKI charges compulsory non-academic student services fees to support the range of additional services provided to students in addition to the delivery of training and assessment services. Services include additional student support services, amenities, activities and information technology infrastructure.

The 2018 Student services and Amenities fees were calculated on the basis of \$0.40 per student contact hour for students that enrolled more than 125 hours with a maximum fee of \$200 and minimum fee of \$60. Concession card holders, apprentices, trainees, work based students (100% off-campus delivery) and full online delivery (100% off-campus) were charged a flat fee of \$60.

In 2018 student services fees generated \$845,560 in revenue.

A number of engagement and support services were provided to students in 2018 and funded by the student services, amenities fees and government programs, including but not limited to on-campus events for students, counselling and welfare services, disability support services, student orientation programs, new upgraded library maintenance, upgraded online support portal and student employment centre.

Building and maintenance

BKI ensures that all works requiring building approval are approved and certified by an independent and qualified building surveyor. BKI requires all building practitioners engaged to carry out major works 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, the Minister's guidelines and any subsequent amendments of these.

Environmental performance and impacts

BKI is committed to being an innovative provider of quality education, training and services while maintaining a strong commitment to an environmentally sustainable future. BKI ensures that staff and students work together to identify and reduce the Institute's environmental impacts, carry out a proactive response to environmental best practices and achieve innovative solutions. This annual report presents BKI's reports on energy use, water use, greenhouse gas emissions, transportation, paper use, waste production and procurement.

Energy use

The table below charts the energy use across all campuses and sites, including associated greenhouse gas emissions. Energy performance has fluctuated throughout the year depending on student term break periods which usher in a reduction of energy use across all sites.

In 2018, BKI continued to replace fluorescent tubes and hi-bay lighting with LED lighting to reduce amount of light fixtures and energy consumption per unit. This has resulted in a reduction of 605 tonnes of Co2. BKI also undertook a gradual replacement of all boilers with more economical modular boiler systems. In 2019 BKI will continue to roll out LED lighting installation across workshops and external areas to reduce overall energy consumption, with targets set to cover at least minimum of five rooms across campuses.

Energy use							
	Electricity				Gas		
	Megajoules	Co2 tonne	Per FTE	Per m2	Megajoules	Per FTE	Per m2
Bendigo City	5644952	580572	5456	352	3210690	3103	200
Broadmeadows	8143540	898059	7871	338	5073173	4904	210
BTEC	474979	51285	459	295	158788	153	99
Castlemaine	181415	Not Supplied	175	455	N/A	N/A	N/A
Charleston Road	2886306	281097	2790	245	2335217	2257	198
Docklands	5212689	676890	5038	347	5467353	5285	364
Echuca	510612	167	494	212	398245	385	165
Essendon	888466	124324	859	333	367157	335	137
Maryborough	24279	Not Supplied	23	82	N/A	N/A	N/A
Richmond	2293588	244639	2217	652	1802632	1742	513

Notes:

- Total energy usage:
 - December calculations for electricity and gas use are calculated using a yearly monthly average due to invoices not being received as yet.
- Total greenhouse gas emissions associated with energy use:
 - No Co2 Information on gas invoices
- FTE figures are based on 1034.6
- The percentage of electricity purchased as Green Power is not metered at BKI sites. Moonee Ponds and VETASSESS sites are not included in the report as they are leased spaces. The Maryborough site is sub-leased to Federation University.
- The difference in energy use (electricity/gas) between campuses is due to the types of courses offered and number of students and staff occupying each site.

Waste production

	Total	Total Units (KG) by FTE	Recycling Rate %
• Total units of office waste disposed of by destination (kg per year)			
• Units of office waste disposed of per FTE by destination (kg per FTE)			
• Recycling rate (% of total waste by weight)			
Bendigo City	40352	39.01	23.4
Broadmeadows	105568	102.04	4
Castlemaine	1200	116	4.4
Charleston Road	46311	44.76	15.9
Docklands	34108	32.97	No Recycle Data
Essendon	9792	9.47	2.7
Richmond	24421	23.60	3.55

Notes:

No data provided for BTEC, Echuca and Maryborough due to different waste contractors.
October – December report not available at current time. October to December calculated as quarterly average.

- Greenhouse gas emissions associated with waste disposal (Tonnes CO₂-e).
 - No information provided by contractor
- Actions taken to reduce impacts

- BKI continued to extend the three tier office waste system that is currently utilised across metropolitan and regional campuses. This was extended to the new Health and Community Centre of Excellence building at the Bendigo City campus and will continue to be introduced to the regional sites in stages throughout 2019.

- The difference in waste production between campuses is due to the types of courses offered and number of students and staff occupying each site.

Water consumption

The table below charts BKI water consumption across campuses and sites. In 2019 BKI will continue to conduct a review of all plumbing purchases to ensure where possible that water saving products are utilised.

	Kilolitres	per FTE
Bendigo City	5159	4.99
Broadmeadows	25600	24.74
BTEC	339	0.33
Castlemaine	55	0.05
Charleston Road	7931	7.67
Docklands	2083	2.01
Echuca	913	0.88
Essendon	684	0.66
Maryborough	23	0.02
Richmond	4075	3.94

Notes:

- FTE figures are based on 1034.6
- Moonee Ponds and VETASSESS sites are not included in the report as they are leased spaces. The Maryborough site is sub-leased to Federation University.
- The difference in water consumption between campuses is due to the types of courses offered and number of students and staff occupying each site.

Transportation

The table below charts transportation use across the Institute, including associated greenhouse gas emissions. BKI continues to encourage Institute-wide use of video conferencing as an alternative to driving to meetings and will continue to be the focus again in 2019.

Vehicle Type	Distance Travelled (KM)	Co2 (Tonnes)
Car	1421564	302.12
LC	243110	49.63
HC	626	0.15
Air Travel Domestic	138069	N/A
Air Travel International	1493824	N/A

Note:

- Data for total energy consumption and use of public transportation is not available.

Paper use

In 2018, total units of A4 equivalent copy paper used was 9,833 reams which is equivalent to 9.5 reams per FTE.

BKI currently uses 98 per cent of A4 paper from the Tjindgarmi range. This product is not only environmentally friendly it also supports the Teter Mek Foundation. The Teter Mek foundation provides teaching resources and products to help students discover the rich and diverse culture of our Indigenous communities.

BKI actively encourages the reduction of copy paper consumption by continuing with FollowMe across campuses, a printing application requiring all users to manually release jobs at the copier. This eliminates waste caused by jobs being sent to the copier and not collected. The majority of multi-function devices also default to black only and two-sided printing for multiple part print jobs.

Procurement

BKI is committed to social and sustainable procurement and is engaged in development of a social procurement policy which ensures the maximisation of social, economic and environmental benefits for local communities. BKI is working alongside the Victorian State government to implement a social procurement strategy that drives social and sustainable outcomes with the following objectives:

Social procurement objectives

- Opportunities for local Aboriginal people.
- Opportunities for locals with a disability.
- Opportunities for disadvantaged locals, such as long-term unemployed people, disengaged youth, and workers in transition.
- Women's equality and safety.
- Supporting safe and fair workplaces.
- Sustainable local social enterprise and Aboriginal business sectors.
- Sustainable local regions.

Sustainable procurement objectives

- Environmentally sustainable outputs.
- Environmentally sustainable business practices.
- Implementation of the Climate Change Policy objectives.

Social procurement enables organisations such as BKI to use their buying power to generate social value above and beyond the value of the goods and services being procured.

Victorian Industry Participation Policy disclosure

The Victorian Industry Participation Policy requires government departments and agencies to consider competitive local suppliers, including small and medium enterprises, when awarding contracts valued at \$1 million or more in regional Victoria or \$3 million or more in metropolitan Melbourne or for state-wide activities.

There were no disclosures in 2018.

Overseas and domestic travel

All overseas and domestic travel by employees of BKI during the reporting year was compliant with the Victorian Public Service Travel Policy updated November 2017 by the Department of Treasury and Finance.

Overseas operations

This section outlines BKI's 2018 overseas activities and performance undertaken by the international services department and VETASSESS, which functions as a separate commercial arm.

BKI was voted amongst the top 50 vocational colleges in Asia-Pacific by the Asian Education Forum, China for assisting people build skills and develop careers right across the region.

In 2018, the number of international students were:

- On shore: 628
- Off shore: 235

BKI saw 225 new students commence in 2018, a 35% increase compared to 2017.

Expanding the organisation's footprint in China through partnerships was a focus in 2018 and a number of transnational agreements were signed.

During the year, BKI staff visited China, India, Indonesia, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam to support international student's recruitment activities to meet set targets. The biggest market for student recruitment in 2018 was India.

BKI has been the lead TAFE in progressing a number of teacher training opportunities for TAFE Victoria in 2019 under the TAFE Offshore Pilot in Indonesia.

During the year transnational procedures and policies were standardised to ensure BKI is compliant with its accredited and non-accredited offerings offshore and minimise risk to the quality of the courses offered.

BKI also set up an in-country representative in Colombo, Sri Lanka to further increase student enrolments from the South Asia region namely Sri Lanka, India and Nepal.

BKI made \$6 million in revenue in 2018 from its international operations (not including VETASSESS).

VETASSESS' overseas activities primarily involve the provision of skilled migration assessments for the Australian Government's Departments of Home Affairs and Education and Training, but have also included consultancy work.

VETASSESS is:

- A gazetted Assessing Authority for skills migration assessments for general professional occupations.
- A provider of trades skills assessments for the Overseas Skills Assessment Program and Trade Skills Shortage visa program.

In 2018, the total revenue generated by VETASSESS' international activity was approximately \$29.2 million, a 16 per cent growth compared to 2017. This calculation includes both onshore and offshore revenue as separate records are not available.

In the provision of assessments for general professional occupations, VETASSESS completed a total of 17,272 skills assessments covering 334 occupations. This was a 15 per cent decrease in completed skills assessment applications compared to 2017. In the area of skilled trades, VETASSESS completed 8,375 assessments in 2018, a 42 per cent increase compared to the 2017 result. The assessments were conducted for applicants from 33 countries and covered 31 trade occupations. Assessments are conducted offshore in ten countries where agreements are in place to use facilities of local providers.

2018 highlights included:

- A review of the Priority Processing pathway offered to applicants by VETASSESS. Changes in eligibility for Priority Processing led to an increase in revenue and a decrease in refunds provided.
- Continued development of partnerships with industry associations and groups to achieve endorsement of the criteria VETASSESS applies to skills assessments in General Professional occupations and provision of new services in non-migration.
- Undertaking and completing the Flexible Learning project for the Government of Saudi Arabia to introduce competency-based learning to their vocational education and training system.
- Strengthened VETASSESS international profile by way of significant participation in TAFE Directors' Australia, and Groningen Declaration Network international conferences.

Strategies established to manage risks:

In accordance with Australian Skills Quality Authority's (ASQA) quality measures, BKL's Risk Management Plan outlines specific strategies to mitigate risk in identified areas. The results of each strategy are monitored and approaches adjusted on a yearly basis.

Strategies employed by our international services department to mitigate risks include:

- Rigorous due diligence of all new business opportunities.
- Upfront payment clauses and partnering with reputable institutes.
- Overseeing and auditing offshore activities while regularly gaining local intelligence.

Additional strategies employed by VETASSESS include:

- Maintaining certification against the International Standards Organisation (ISO) quality standards (ISO 9001:2015).
- Verification of assessment outcomes in general professional occupations.

Major commercial activities

There were no major commercial activities for the 2018 reporting period.

Advertising expenditure

This section details BKI's government advertising expenditure in 2018 for campaigns with a media spend of \$100,000 or greater. Calculations exclude GST.

Name of Campaign	Campaign summary	Start/end date	Advertising (Media) Expenditure (excluding GST)	Creative and campaign development Expenditure (excluding GST)	Research and evaluation Expenditure (excluding GST)	Print and collateral Expenditure (excluding GST)	Other Campaign Expenditure (excluding GST)
Semester One	Acquisition campaign	1/1/18 – 31/3/18	\$744,318	In-house	N/A	N/A	N/A
Semester Two	Acquisition campaign	1/4/18 – 31/7/18	\$397,049.42	In-house	N/A	N/A	N/A
Always on Radio	Acquisition campaign	1/1/18 – 31/12/18	\$522,655	In-house	N/A	N/A	N/A
Always on digital	Acquisition campaign	1/1/18 – 31/12/18	\$541,500	In-house	N/A	N/A	N/A
Acquisition campaign			\$2,205,522.42				

Consultancies expenditure

BKI engages consultants for services for which the Institute does not have the required specialist skills. The total consultancy costs incurred during 2018 was \$3.4 million (excl. GST).

There were 11 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018 in relation to these consultancies was \$58,787 (excl. GST).

There were 42 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018 in relation to these consultancies is \$3,319,109 (excl. GST).

Details about these consultancies are publicly available on the Bendigo TAFE and Kangan Institute websites.

Information communication technology expenditure

Continued enhancement of our digital platforms is a key focus at BKI. In 2018, BKI invested a total of \$10 million on information communication technology (ICT). The breakdown of the expenditure is outlined in the following table.

Business and usual ICT expenditure (\$)	Non-business as usual ICT expenditure (\$)	Operational expenditure (\$)	Capital expenditure (\$)
\$5.4m	\$3.4m	\$2.2m	\$1.2m

Financial Report

How this report is structured

Bendigo Kangan Institute ("the TAFE") has presented its audited general purpose financial statements for the financial year ended 31 December 2018 in the following structure to provide users with the information about the TAFE's stewardship of resources entrusted to it.

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Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Bendigo Kangan Institute

Opinion	<p>I have audited the financial report of the Bendigo Kangan Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 December 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the institute as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Part 7 of the <i>Financial Management Act</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the institute to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE
 25 March 2019


 Charlotte Jeffries
 as delegate for the Auditor-General of Victoria



FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2018

**Declaration by the Board Chair
Chief Executive Officer and
Chief Finance and Accounting Officer**

We certify that the attached financial statements for Bendigo Kangan Institute have been prepared in accordance with the Standing Directions 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 comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2018 and financial position of the Institute as at 31 December 2018.

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

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

Peter Harmsworth AO
Board Chair
Date: 25 March 2019
Place: Melbourne

Annie Tiso
Chief Finance and
Accounting Officer
(Acting) *Interim A.M.J.*
Date: 25 March 2019

Trevor Schwenke
Chief Executive officer
Date: 25 March 2019
Place: Melbourne

Bendigo TAFE and Kangan Institute RTO No 3077 CRICOS Provider No. 01218G

Bendigo Kangan Institute

136 McCrae Street, Bendigo VIC 3552 | PO Box 170, Bendigo VIC 3552

ABN 74 802 942 886

Trading as Bendigo TAFE RTO Identifier 3077 | CRICOS Provider No. 03059A

Trading as Kangan Institute RTO Identifier 0306 | Kangan Institute CRICOS Provider No. 01218G

BENDIGO KANGAN INSTITUTE
 COMPREHENSIVE OPERATING STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2018

Comprehensive operating statement

	Note	2018 \$'000	2017 \$'000
Continuing operations			
Income from transactions			
Government contributions	2.1	86,696	92,058
Sale of goods and services	2.2	71,554	72,194
Interest income	4.3	1,583	1,606
Other income	2.3	1,398	1,336
Total income from transactions		161,231	167,194
Expenses from transactions			
Employee benefits	3.1	105,327	96,811
Depreciation, amortisation and impairment	4.1	10,178	13,384
Supplies and services	3.3	30,166	32,782
Other operating expenses	3.5	13,773	13,520
Total expenses from transactions		159,444	156,497
Net result from transactions		1,787	10,697
Other economic flows included in net result			
Net gain on disposal of non-financial assets	4.1	57	82
Net gains / (losses) on financial instruments	5.2	459	(2,685)
Other (losses) / gains from other economic flows	9.1	(119)	52
Total other economic flows included in net result		397	(2,551)
Net result from continuing operations		2,184	8,146
Net result		2,184	8,146
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	9.2	-	76,926
Comprehensive result		2,184	85,072

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

Balance sheet

	Note	2018 \$'000	2017 \$'000
Assets			
Financial assets			
Cash and deposits	6.1	42,779	52,777
Receivables	5.2	19,695	23,158
Investments and other financial assets	4.3	32,500	22,000
Total financial assets		94,974	97,935
Non-financial assets			
Inventories	5.1	162	395
Prepayments	5.3	1,927	1,682
Property, plant and equipment	4.1	354,463	354,822
Intangible assets	4.2	4,722	1,860
Total non-financial assets		361,274	358,759
Total assets		456,248	456,694
Liabilities			
Payables	5.4	21,072	24,848
Employee provisions	3.1	15,769	14,554
Other provisions	5.6	357	306
Other liabilities	5.5	2,902	3,022
Total liabilities		40,100	42,730
Net assets		416,148	413,964
Equity			
Contributed capital	6.2	246,762	246,762
Accumulated surplus		34,461	32,277
Reserves	9.2	134,925	134,925
Net worth		416,148	413,964

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

BENDIGO KANGAN INSTITUTE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of changes in equity

	Physical assets revaluation surplus \$'000	Accumulated surplus \$'000	Contributions by owner \$'000	Total \$'000
At 1 January 2017	57,999	24,131	246,762	328,892
Net result for the year	-	8,146	-	8,146
Other economic flows - other comprehensive income	76,926	-	-	76,926
Year ended 31 December 2017	134,925	32,277	246,762	413,964
Net result for the year	-	2,184	-	2,184
Other economic flows - other comprehensive income	-	-	-	-
Year ended 31 December 2018	134,925	34,461	246,762	416,148

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

Cash flow statement

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts			
Government contributions		98,051	90,993
Fees and charges received		83,166	68,655
Goods and services tax recovered		512	797
Interest received		2,282	1,440
Other receipts		1,637	1,448
Total receipts		185,648	163,333
Payments			
Payments to suppliers and employees		(169,917)	(140,338)
Goods and services tax paid		(2,486)	(2,135)
Total payments		(172,403)	(142,473)
Net cash flows from operating activities	6.1	13,245	20,860
Cash flows from investing activities			
Purchase of investments		(55,500)	(17,000)
Proceeds from sale of investments		45,000	5,000
Purchase of non-financial assets		(12,775)	(23,516)
Proceeds from sale of non-financial assets		152	90
Net cash used in investing activities		(23,123)	(35,426)
Cash flows from financing activities			
Repayment of borrowings (net)		(120)	(112)
Net cash used in financing activities		(120)	(112)
Net decrease in cash and cash equivalents		(9,998)	(14,678)
Cash and cash equivalents at the beginning of the financial year		52,777	67,455
Cash and cash equivalents at the end of the financial year	6.1	42,779	52,777

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

01 About this report

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

Its registered office and principal address is:
 Bendigo Kangan Institute
 62-104 Charleston Road
 Bendigo, VIC 3550

1.1 Basis of preparation

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

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

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

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements made by management in the application of Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 7.3); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 3.1).

These financial statements cover Bendigo Kangan Institute as an individual reporting entity and include all the controlled activities of the TAFE.

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.

Foreign currency translation differences are recognised in Comprehensive Operating Statement, in the period in which they arise.

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.

Funding risk

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

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

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

Comparative information

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

1.2 Compliance information

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

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

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

02 How we raised our funds

Introduction

The TAFE's overall objective is to provide quality further education and training services through Victoria. This section provide disclosures on how the TAFE raised its funds to fulfil its objectives. The TAFE receive contributions from the State Government, and from other fees and charges.

Structure

- 2.1 Government contributions
- 2.2 Sale of goods and services
- 2.3 Other income

2.1 Government contributions		
	2018	2017
	\$'000	\$'000
Grants and other transfers		
State government - contestable	54,149	64,026
State government - other contributions	25,546	18,633
Total Government contributions- operating	79,696	82,659
State-capital	7,000	9,399
Total Government contributions - capital	7,000	9,399
Total Government contributions	86,696	92,058

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

During the current year, the TAFE received \$6.2 million government contribution to support revitalisation of the Bendigo city campus, this represents the initial payment of the 2018 - 2021 capital works funding of \$59.9 million approved in the 2018-19 State Budget.

2.2 Sale of goods and services

The TAFE experienced marginal decline in its overall operations as compared the 2017 financial year.

	2018	2017
	\$'000	\$'000
Student fees and charges	11,579	16,822
Fee for service - government	17,545	13,199
Fee for service - international operations - onshore	5,056	3,818
Fee for service - international operations - offshore	9,569	6,856
Fee for service - other	25,898	29,362
Other non-course fees and charges		
Sale of goods	1,907	2,137
Total fees and charges	71,554	72,194

Student fees and charges

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

Fee for service

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

Revenue from sale of goods

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

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

2.3 Other income

The TAFE receives rental income for certain land and buildings leased out when the buildings are excess to the current requirement.

	2018	2017
	\$'000	\$'000
Rental income	933	756
Donations, bequests and contributions	57	107
Other revenue	408	473
Total other income	1,398	1,336

Rental income

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

Donations bequests and contribution

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

Other revenue

Other income includes income from car park, salon, bakery etc.

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

03 How we expended our funds

Introduction

This section provides details of how the TAFE expended its funds in delivering its services. In the previous section the funds that enable the provision of services were disclosed and in this note the cost associated with provision of the services are disclosed.

Structure

- 3.1 Employee benefits
- 3.2 Superannuation
- 3.3 Supplies and services
- 3.4 Operating lease payments
- 3.5 Other operating expenses

3.1 Employee benefits

Employee benefits in the comprehensive operating statement

	2018	2017
	\$'000	\$'000
Expense		
Salaries, wages, overtime and allowances	82,113	74,989
Superannuation	8,161	7,417
Payroll tax	4,731	4,363
Worker's compensation	987	952
Long service leave	1,932	1,816
Annual leave	7,004	6,319
Termination benefits	399	183
Other	-	772
Total employee benefits	105,327	96,811

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

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

3.1 Employee benefits (continued)**Employee benefits in the balance sheet**

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

	2018	2017
	\$'000	\$'000
Current provisions		
Employee benefits - Annual leave		
Unconditional and expected to wholly settle within 12 months	4,035	3,307
Unconditional and expected to wholly settle after 12 months	393	419
Employee benefits - Long service leave		
Unconditional and expected to wholly settle within 12 months	1,796	2,039
Unconditional and expected to wholly settle after 12 months	6,140	5,681
Provisions for on-costs		
Unconditional and expected to wholly settle within 12 months	539	272
Unconditional and expected to wholly settle after 12 months	1,022	1,124
Total current provisions for employee benefits	13,925	12,842
Non-current provisions		
Employee benefits	1,587	1,473
Employee benefits on-costs	257	239
Total non-current provisions	1,844	1,712
Total employee provisions	15,769	14,554
Reconciliation of movements in provision		
Carrying amount at the start of the year	14,554	14,272
Additional provisions recognised	2,538	1,489
Reductions arising from payments/other sacrifices of future economic benefits	(1,442)	(1,155)
Unwind of discount and effect of changes in the discount rate	119	(52)
Carrying amount at the end of the year	15,769	14,554

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits annual leave all recognised in the provision for employee benefits as 'current liabilities', because the TAFE does not have an unconditional right to defer settlements of these liabilities. Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

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

03 How we expended our funds

3.1 Employee benefits (continued)

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

The components of the current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow. The discount rate applied is as advised by the Minister of Finance.

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

3.2 Superannuation

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

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

	2018	2017
	\$'000	\$'000
Paid Contribution for the Year		
Defined benefit plans:		
State Superannuation Fund - revised and new	200	190
Defined contribution plans:		
VicSuper	3,937	3,844
Other	3,862	3,435
Total paid contribution for the year	7,999	7,469
Contribution outstanding at year end		
Defined benefit plans:		
State Superannuation Fund - revised and new	-	-
Defined contribution plans:		
VicSuper	84	-
Other	78	-
Total contribution outstanding at year end	162	-

Defined contribution plans

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

Defined benefit plans

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

3.3 Supplies and services

	Note	2018 \$'000	2017 \$'000
Purchase of supplies and consumables		5,314	5,588
Communication expenses		1,645	2,732
Contract and other services		17,649	18,856
Cost of goods sold (ancillary trading)		661	846
Building repairs and maintenance		603	1,381
Operating lease payments	3.4	2,516	2,577
Fees and charges		1,778	802
Total supplies and services		30,166	32,782

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

Other expenditure commitments

Commitments for maintenance services in existence at reporting date but not recognised as liabilities

Payable:

Within one year		350	2,936
Later than one year but not later than five years		104	331
Total other expenditure commitments		454	3,267
GST reclaimable on the above		41	297
Net operating expenditure commitments		413	2,970

3.4 Operating lease payments

	2018 \$'000	2017 \$'000
Operating lease rental expenses	2,516	2,577
Non-cancellable operating lease commitments payable		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Payable:		
Within one year	1,573	1,514
Later than one year but not later than five years	4,373	716
Total operating lease commitments	5,946	2,230
GST reclaimable on the above	(541)	(203)
Net operating lease commitments	5,405	2,027

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.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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3.5 Other operating expenses

	2018	2017
	\$'000	\$'000
Marketing and promotional expenses	4,313	4,650
Occupancy expenses	2,732	2,516
Audit fees and services	217	252
Staff development	691	334
Travel and motor vehicle expenses	1,757	1,611
Grants and other transfers	1,960	2,715
Equipment below capitalisation threshold	597	674
Other	1,506	768
Total other operating expenses	13,773	13,520

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

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

04 The assets we invested in

Introduction

The previous section included costs incurred by the TAFE provide further education. This section includes infrastructure and other resources controlled by the TAFE which are utilised to make further education possible in Victoria.

Structure:

- 4.1 Property, plant and equipment
- 4.2 Intangible assets
- 4.3 Investments and other financial assets

Significant judgement: Treatment of construction costs

The TAFE has made the judgement that certain depreciation expense of plant and equipment used during construction of a new building is recognised in the comprehensive operating statement.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

4.1 Property, plant and equipment

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

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	106,887	106,887	-	-	106,887	106,887
Buildings	245,384	239,320	(7,691)	-	237,692	239,320
Construction in progress	478	23	-	-	478	23
Plant and equipment	38,650	36,220	(29,696)	(28,251)	8,954	7,969
Motor vehicles	2,383	2,367	(2,230)	(2,136)	153	231
Leasehold improvements	506	506	(331)	(305)	175	201
Library	1,983	1,983	(1,859)	(1,792)	124	191
Net carrying amount	396,270	387,306	(41,807)	(32,484)	354,463	354,822

Initial recognition

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

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

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

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

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4.1 Property, plant and equipment (continued)

Subsequent measurement

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

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants.

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

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

Revaluations of non-financial physical assets

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Assistant Treasurer.

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

Depreciation and impairment	2018	2017
	\$'000	\$'000
Buildings	7,696	6,615
Plant and equipment	2,026	1,671
Motor vehicles	153	246
Library collections	67	85
Leasehold improvements	25	25
Total depreciation	9,967	8,642
Amortisation and impairment of intangible assets		
Software - amortisation	210	673
Software - impairment	0	4,069
Total depreciation and impairment	10,178	13,384

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

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

Class of assets	Useful Life
Buildings	40 - 50 years (2017: 40 - 50 years)
Plant and Equipment	3 - 10 years (2017: 3 - 10 years)
Motor Vehicles	5 - 10 years (2017: 5 - 10 years)
Library collections	5 years (2017: 5 years)
Leasehold Improvements	30 - 50 years (2017: 30 - 50 years)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

4.1 Property, plant and equipment (continued)

Impairment

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

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

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

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

Gain/loss on property, plant and equipment	2018 \$'000	2017 \$'000
Net gain on disposal of property, plant and equipment	57	82

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

Any gain or loss on disposal of nonfinancial 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.

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

	Land		Buildings		Construction of assets in progress		Plant and equipment		Motor vehicles		Leasehold improvements		Library		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	106,887	71,399	239,320	184,377	23	1,390	7,969	7,090	231	446	201	227	191	275	354,822	265,204
Additions	-	-	1,333	18,752	5,247	-	3,027	2,550	96	39	-	-	-	-	9,703	21,341
Revaluations	-	35,488	-	41,439	-	-	-	-	-	-	-	-	-	-	-	76,927
Disposals	-	-	(38)	-	-	-	(621)	-	(80)	(8)	-	-	-	-	(739)	(8)
Depreciation write-back	-	-	4	-	-	-	581	-	59	-	-	-	-	-	644	-
Transfers	-	-	4,769	1,367	(4,792)	(1,367)	23	-	-	-	-	-	-	-	0	-
Depreciation	-	-	(7,695)	(6,615)	-	-	(2,026)	(1,671)	(153)	(246)	(26)	(26)	(67)	(84)	(9,967)	(8,642)
Closing balance	106,887	237,693	239,320	478	23	8,953	7,969	153	231	175	201	124	191	354,463	354,822	

04 The assets we invested in

4.1 Property, plant and equipment (continued)

Capital commitments	2018	2017
	\$'000	\$'000
Payable:		
Within one year	3,036	1,426
Later than one year but not later than five years	-	-
Total capital expenditure commitments	3,036	1,426
GST reclaimable on the above	(30)	(142)
Net capital expenditure commitments	3,006	1,284

These capital commitments are recorded at their nominal value and inclusive of GST.

4.2 Intangible assets

TAFE has capitalised development expenditure for the upgrade of its Banner student management system. During the year \$0.8 million of banner development expenditures were capitalised.

During the year TAFE has also capitalised development expenditure in relation to its online learning modules and black board training platform.

The carrying amounts of various development expenses and softwares at 31 December 2018 and their useful lives are as follows:

	Useful life (in years)	2018	2017
		\$'000	\$'000
Banner Student management system: \$1.8m (2017: \$1 million);	3 years (other than perpetuated license)		
HRIS Payroll system: \$0.7 million (2017: \$0.8 million);	5 years		
Content development: \$1.7 million (2017: \$Nil);	5 years		
Blackboard platform: \$0.3 million (2017: \$Nil);	3 years		
Digital Student Records: \$0.2 million (2017: \$Nil).	5 years		
Software and Development expenses			
Opening balance		1,860	4,427
Additions from internal developments		3,072	2,175
Amortisation		(210)	(673)
Impairment		-	(4,069)
Closing balance		4,722	1,860

Initial recognition

Purchased intangible assets are initially recognised at cost. When recognition criteria AASB 138 Intangible Assets are met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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:

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

4.2 Intangible assets (continued)**Subsequent measurement**

Intangible assets with finite lives are amortised on a straight basis over their useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

Impairment

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

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Comprehensive Operating Statement.

4.3 Investments and other financial assets

	2018	2017
	\$'000	\$'000
Current investment and other financial assets		
Term deposits with TCV	32,500	22,000
Total investments and other financial assets	32,500	22,000

There are no past due nor impaired investments and other financial assets.

Interest income

	2018	2017
	\$'000	\$'000
Interest income on term deposit	1,583	1,606
Total interest income	1,583	1,606

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

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

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

05 Balances from operations

Introduction

This section sets out those assets and liabilities that arose from the TAFE's operations.

Structure:

- 5.1 Inventories
- 5.2 Receivables
- 5.3 Prepayments
- 5.4 Payables
- 5.5 Other liabilities
- 5.6 Other provisions

5.1 Inventories

	2018	2017
	\$'000	\$'000
Supplies and consumables - at cost	162	395
Total inventories	162	395

Inventories include goods and other property held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations.

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

Cost, includes an appropriate portion of fixed and variable overhead expenses. Cost for all inventory is measured on the basis of weighted average cost.

The basis used in assessing loss of service potential for inventories held-for-distribution includes 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.

5.2 Receivables

	2018 \$'000	2017 \$'000
Contractual		
Sale of goods and services	13,621	15,173
Impairment loss on trade receivables	(3,429)	(3,888)
Other receivables	1,126	66
Revenue receivable	7,773	10,752
Total contractual	19,091	22,103
Statutory		
Amount receivable from Victorian Government	-	-
GST input tax credit recoverable	604	1,055
Total receivables	19,695	23,158
Represented by		
Current receivables	19,695	23,158
Non-current receivables	-	-

Receivables consist of:

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

Receivables are stated inclusive of the amount of GST receivable. Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

Impairment

TAFE measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit-losses. Credit losses are measured as the present value of all cash shortfalls.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows. Comparative amounts for 2017 represent the allowance amount for impairment losses under AASB 139.

05 Balances from operations

5.2 Receivables (continued)						
Movement in the provision for doubtful contractual receivables				2018	2017	
				\$'000	\$'000	
Balance at the beginning of the year under AASB 139				(3,888)	(1,308)	
Adjustment on initial application of AASB 9				-	-	
Balance at the beginning of the year under AASB 9				(3,888)	(1,308)	
Amounts written-off				-	105	
Net remeasurement of loss allowance				459	(2,685)	
Balance at the end of the year				(3,429)	(3,888)	
Ageing analysis of contractual receivables						
				Past due but not impaired		
	Carrying amount	Not past due and not impaired	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018						
Trade receivables	10,192	7,351	1,193	439	1,209	-
Other receivables	1,126	1,126	-	-	-	-
Revenue receivables	7,773	7,773	-	-	-	-
Total	19,091	16,250	1,193	439	1,209	-
2017						
Trade receivables	11,285	8,508	839	420	1,518	-
Other receivables	66	66	-	-	-	-
Revenue receivables	10,752	10,752	-	-	-	-
Total	22,103	19,326	839	420	1,518	-
<p>Note: The disclosures above excludes statutory payables (e.g., amounts arising to Victorian Government and GST taxes payable). The average credit period on sales of goods is 31 days. No interest is charged on receivables.</p> <p>There are no financial assets that have their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.</p>						

5.3 Prepayments

	2018	2017
	\$'000	\$'000
Current		
Prepayments	1,927	1,682

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

5.4 Payables

	2018	2017
	\$'000	\$'000
Contractual		
Supplies and services	7,070	12,702
Revenue in advance	12,021	10,394
Other payable	176	142
Statutory		
GST payable	762	1,175
FBT Payable	30	43
Other taxes payable	1,013	392
Total payables	21,072	24,848
Represented by		
Current payables	21,072	24,848
Non-current payables	-	-

Payables consist of:

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

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost.

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

05 Balances from operations

5.4 Payables (continued)

Maturity Analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
2018							
Supplies and services	7,070	7,070	6,871	183	16	-	-
Revenue in advance	12,021	12,021	10,031	882	1108	-	-
Other payables	176	176	176	-	-	-	-
Total	19,267	19,267	17,078	1,065	1,124	-	-
2017							
Supplies and services	12,702	12,702	12,031	475	196	-	-
Revenue in advance	10,394	10,394	3,525	3758	3111	-	-
Other payables	142	142	142	-	-	-	-
Total	23,238	23,238	15,698	4,233	3,307	-	-

Note: The disclosures above excludes statutory payables (e.g., amounts arising to Victorian Government and GST taxes payable). The average credit period is 30 days. No interest is charged on the other payables. Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

5.5 Other liabilities

	2018 \$'000	2017 \$'000
Current		
Grant received in advance - Float for ACE stage 3	2,500	2,500
Energy performance contract	146	146
	2,646	2,646
Non-Current	256	376
Energy performance contract	256	376
Total other liabilities	2,902	3,022

5.6 Other provisions

	2018 \$'000	2017 \$'000
Current provisions		
Total current provisions	-	-
Non-current provisions		
Make-good provision	357	306
Total non-current provisions	357	306
Total other provisions	357	306

Other provisions are recognised when the TAFE 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 cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

Reconciliation of movements in other provisions in the current year

	Make-good	Total
Opening balance	306	306
Additional provisions recognised	51	51
Closing balance	357	357

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The make-good provision is recognised in accordance with the lease agreement over the lab facilities. The TAFE must remove any leasehold improvements from the leased lab and restore the premises to its original condition at the end of the lease term.

06 How we financed our operations

Introduction

This section discloses information on how the TAFE financed its operations.

Structure:

6.1 Cash and deposits

6.2 Contributed equity

6.1 Cash and deposits		
	2018	2017
	\$'000	\$'000
Cash at bank and on hand	42,779	52,777
Deposits at call	-	-
Total cash and deposits	42,779	52,777
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.		
Reconciliation of operating result to net cash flows from operating activities		
Net result for the year	2,184	8,146
Non cash movements		
Depreciation & amortisation	10,178	13,384
Net gain on sale of non-financial assets	(57)	(82)
Movements in assets and liabilities		
Decrease / (increase) in receivables	3,463	(10,560)
Decrease in inventories	233	37
Increase in other assets	(245)	(229)
(Decrease) / increase in payables	(3,776)	10,673
Increase / (decrease) in provisions	1,266	(509)
Net cash flows from operating activities	13,245	20,860
Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are presented as operating cash flows.		

6.2 Contributed equity

	2018	2017
	\$'000	\$'000
Contributed capital		
Balance at 1 January	246,762	246,762
Balance at 31 December	246,762	246,762

Contributed capital

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

07 Managing risks and uncertainties

Introduction

The TAFE is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the TAFE related mainly to fair value determination.

Structure:

7.1 Financial instruments

7.2 Contingent assets and contingent liabilities

7.3 Fair value determination

7.1 Financial instruments

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

Categories of financial instruments	2018 \$'000	2017 \$'000
Contractual financial assets		
Financial assets measured at amortised cost		
Cash and deposits	42,779	52,777
Trade receivables	10,192	11,285
Other receivables	1,126	66
Revenue receivable	7,773	10,752
Investments at cost		
Term deposits	32,500	22,000
Total contractual financial assets	94,370	96,880
Contractual financial liabilities		
Loans and payables		
Supplies and services	7,070	12,702
Revenue in advance	12,021	10,394
Other payables	176	142
At amortised cost		
Advances from Government	2,902	3,022
Total contractual financial liabilities	22,169	26,260

Categories of financial instruments

Financial assets measured at amortised cost are financial instruments which meet both of the following criteria and are not designated at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

TAFE recognises the following financial assets in this category:

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

7.1 Financial instruments (continued)

Financial assets measured at fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss.

On initial recognition of an equity instrument, TAFE may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. TAFE has not elected to present changes in the fair value of its investments in equity and managed investment schemes in other comprehensive income. As such, they are measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition.

Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

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

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the TAFE concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where the TAFE does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, revenue receivable and term deposits.

Under AASB 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

TAFE measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

07 Managing risks and uncertainties

7.1 Financial instruments (continued)

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

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

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

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

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

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

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

Financial risk management objectives and policies

The TAFE is exposed to a variety of financial risks, market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

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

TAFE's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of TAFE. TAFE uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by the management under policies approved by the Board. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

There has been no significant change in the TAFE's exposure, or its objectives, policies and processes used to measure the risk from the previous reporting period.

Credit risk

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

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

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

7.1 Financial instruments (continued)

The trade receivables balance at 31 December 2018 and 31 December 2017 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

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

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

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

Credit quality of contractual financial assets that are neither past due nor impaired	Financial Institutions (AA- rating)	Government agencies (AAA rating)	Other counterparty	Total
	\$'000	\$'000	\$'000	\$'000
2018				
Cash and deposits	42,779	-	-	42,779
Receivables ¹	-	-	19,091	19,091
Investments and other financial assets	-	32,500	-	32,500
Total contractual financial assets	42,779	32,500	19,091	94,370
2017				
Cash and deposits	52,777	-	-	52,777
Receivables ¹	-	-	22,103	22,103
Investments and other financial assets	-	22,000	-	22,000
Total contractual financial assets	52,777	22,000	22,103	96,880

Notes:

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

07 Managing risks and uncertainties

7.1 Financial instruments (continued)

The following table provides information about the estimated exposure to credit risk and ECLs for trade and other receivables as at 1 January 2018.

	Estimated gross carrying amount	Weighted average loss rate	Estimated loss allowance	Credit impaired
	\$'000		\$'000	
Current (not past due)	15,000	7%	1,050	No
1-30 days past due	1,500	9%	135	No
31-60 days past due	1,000	11%	110	No
61-90 days past due	500	15%	75	No
More than 90 days past due	4,000	60%	2,400	No
	22,000		3,770	

Loss rates are based on actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and TAFE's view of economic conditions over the expected lives of the receivables.

Liquidity risk

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

TAFE operates under payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

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

The TAFE manages liquidity risk by:

- maintaining an adequate short term reserves and banking facilities that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial market; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

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

Market risk

TAFE in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse effect on the operating result and /or net worth of TAFE. These market risks primarily relate to foreign currency and interest rate risk.

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

The TAFE's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage this risk is disclosed below.

7.1 Financial instruments (continued)**Interest rate risk**

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

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

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

The TAFE manages cash flow interest rate risk through a mixture of short term and longer term investments, and undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate.

Management monitors movement in interest rates on monthly basis.

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

Interest rate exposure of financial instruments

	Weighted average effective rate		Total carrying amount per balance sheet		Floating interest rate		Fixed interest rate		Non-interest bearing	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	2.05%	1.95%	42,779	52,777	42,779	52,777	-	-	-	-
Receivables										
Trade receivables			10,192	11,285	-	-	-	-	10,192	11,285
Revenue receivable			7,773	10,752	-	-	-	-	7,773	10,752
Other receivables			1,126	66	-	-	-	-	1,126	66
Term deposits	2.08%	2.40%	32,500	22,000	-	-	32,500	22,000	-	-
Total financial assets			94,370	96,880	42,779	52,777	32,500	22,000	19,091	22,103
Supplies and services			7,070	12,702	-	-	-	-	7,070	12,702
Revenue in advance			12,021	10,394	-	-	-	-	12,021	10,394
Advances from Government			2,902	3,022	-	-	-	-	2,902	3,022
Total contractual financial liabilities			21,994	26,118	-	-	-	-	21,994	26,118

07 Managing risks and uncertainties

7.1 Financial instruments (continued)

Interest rate risk sensitivity

A reasonably possible change of 50 basis points (2017: 50 basis points) in interest rates at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

	-50 basis points				+50 basis points						
	Carrying amount		Result		Equity		Result		Equity		
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	42,779	52,777	(209)	(264)	(209)	(264)	209	264	209	264	
Term deposits	32,500	22,000	(162)	(110)	(162)	(110)	162	110	162	110	
Total impact			(371)	(374)	(371)	(374)	371	374	371	374	

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

	2018	2017
	\$'000	\$'000
Quantifiable contingent assets		
Tafe Structural Adjustment Funding arrangements ⁽¹⁾	-	5,294

Note

⁽¹⁾ The TAFE has entered into funding agreements with the Department of Education and Training for the Food and Fibre Centre of Excellence and the Health & Community Centre of Excellence. The release of these funds is contingent on the TAFE demonstrating that the agreed milestones have been achieved.

	2018	2017
	\$'000	\$'000
Quantifiable contingent liabilities		
Bank guarantees ⁽¹⁾	377	450

⁽¹⁾ The amount disclosed comprises bank guarantees for the purposes of securing supply of rental premises from third parties on normal terms and conditions

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the TAFE.

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

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result;
- available-for-sale financial assets; and
- land, buildings, plant and equipment.

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

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

Fair value estimation

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

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

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

Fair value determination of financial assets and liabilities

The TAFE currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019 reporting period.

07 Managing risks and uncertainties

7.3 Fair value determination (continued)

The TAFE holds property, plant and equipments for which fair values are determined.

Below are the relevant fair value information relating to those assets.

Fair value measurement hierarchy	Carrying amount at 31 December	Level 1	Level 2	Level 3
		Quoted prices	Observable price inputs	Unobservable inputs
	\$'000	\$'000	\$'000	\$'000
2018				
Non specialised land	-	-	-	-
Specialised land	106,887	-	-	106,887
Total land at fair value	106,887	-	-	106,887
Specialised buildings	237,692	-	-	237,692
Total buildings at fair value	237,692	-	-	237,692
Plant, equipment and leasehold improvements	9,129	-	-	9,129
Vehicles	153	-	-	153
Library assets	124	-	124	-
Total other assets at fair value	9,406	-	124	9,282
2017				
Non specialised land	-	-	-	-
Specialised land	106,887	-	-	106,887
Total land at fair value	106,887	-	-	106,887
Specialised buildings	239,320	-	-	239,320
Total buildings at fair value	239,320	-	-	239,320
Plant, equipment and leasehold improvements	8,170	-	-	8,170
Vehicles	231	-	-	231
Library assets	191	-	191	-
Total other assets at fair value	8,592	-	191	8,401

Note: There were no transfers between levels during the year.

7.3 Fair value determination (continued)**Valuations of property, plant and equipment**

Full revaluation of land and buildings of the TAFE was conducted in 2017.

Specialised land, land improvements and specialised buildings

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

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

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

An independent valuation of the TAFE's specialised land and specialised buildings was performed by the Valuer General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 31 December 2017.

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

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

Leasehold improvements are held at fair value being depreciated cost. As there is no evidence of a reliable market-based fair value (or other relevant fair value indicators) for leasehold improvements, depreciated cost is the fair value for these types of assets. The valuation of leasehold improvements is based on significant unobservable inputs and accordingly is classified as Level 3 assets.

There were no changes in valuation techniques throughout the period to 31 December 2018.

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

Reconciliation of level 3 fair value movements

	Specialised land		Specialised building		Plant and equipment and leasehold improvements		Motor vehicles	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	106,887	71,400	239,320	184,377	8,170	7,317	231	446
Purchases (sales)	-	-	1,299	18,752	2,987	2,550	75	39
Transfers in (out) of Level 3	-	-	4,769	1,367	23	-	-	(8)
Depreciation	-	-	(7,695)	(6,615)	(2,052)	(1,697)	(153)	(246)
Revaluation	-	35,487	-	41,439	-	-	-	-
Closing Balance	106,887	106,887	237,693	239,320	9,128	8,170	153	231

Description of significant unobservable inputs to Level 3 valuations

2018 and 2017	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

08 Governance disclosures

Introduction

This section provides disclosures relating to remuneration paid to those responsible for the management of the TAFE, transactions with related parties and auditors remuneration.

Structure:

- 8.1 Responsible persons
- 8.2 Remuneration of executives
- 8.3 Related parties
- 8.4 Auditors remuneration

8.1 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994, the following disclosures are made regarding responsible persons and executive officers for the reporting period.

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

Position	Name	Date of appointment / termination
Minister for Training and Skills and Minister for Higher Education	Hon. Gayle Tierney MP	
Board Chair	Mr Peter Harmsworth AO	
Deputy Chair	Ms Margaret O'Rourke	
Director	Mr Joe Ballato	
Director	Ms Anne Brosnan	
Director	Mr John Hartigan	
Director	Mr Michael McCartney	
Director	Ms Sally-Anne Ross	(retired 30 September 2018)
Director	Dr Margaret Salter	
Chief Executive Officer	Mr Trevor Schwenke	
Director	Prof Hal Swerissen	

The above named directors and responsible persons held office during and since the end of the financial period unless otherwise noted.

Remuneration

Remuneration received or receivable by the chief executive officer in connection with the management of the institute during the period was in the range as follows:

Trevor Schwenke: 2018: \$330,000 - \$339,000; (2017: \$320,000 - \$329,999).	2018	2017
	\$'000	\$'000
Remuneration		
Short-term benefits	754	553
Post-employment benefits	68	36
Other long-term benefits	-	-
Termination benefits	-	-
Total remuneration	822	589
Total number of officers	10	9
Total annualised employee equivalent (AEE)	10	9

8.2 Remuneration of executives

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

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

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

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

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

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

Remuneration	2018	2017
Short-term employee benefits	1,403	1,438
Post-employment benefits	117	137
Other long-term benefits	-	-
Termination benefits	88	67
Total remuneration	1,608	1,642
Total number of executives	10	9
Total annualised employee equivalents ⁽¹⁾	6.3	6.5

⁽¹⁾ Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

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8.3 Related parties

Related parties of the TAFE include:

- all key management personnel and their close family members and personal business interests (joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members;
- all related party transactions have been entered into on an arm's length basis.

Key management personnel of the TAFE includes the Minister of Training and Skills and Minister for Higher Education, the Hon. Gayle Tierney MP, the members of the Board and members of the Senior Executive Team, which includes:

- Chief Executive Officer, Trevor Schwenke;
- Chief Operating Officer, Bruce Whittaker (terminated 6 April 2018);
- Chief Operating Officer (interim), David Colliver (appointed 23 March 2018, terminated 4 January 2019);
- Chief Operating Officer (interim), Annie Tiso (appointed 2 January 2019);
- Chief Organisational Capability Officer, Rowena Beale;
- Chief Commercial Officer, Beverly Smith (terminated 2 February 2018);
- Chief Commercial Officer (Interim), Robin Buckham (appointed 29 January 2018, terminated 31 May 2018);
- Chief Commercial Officer, Gideon Perrot (appointed 14 May 2018);
- Chief Information Officer, Peter Brusco (appointed 14 January 2019);
- Chief Academic Officer, Amanda Achterberg (appointed 7 February 2019);
- Executive Director Vetassess, Sharon Robertson (terminated 3 August 2018);
- Executive Director Vetassess, (interim), Tangerine Holt (appointed 24 July 2018; terminated 21 December 2018);
- Executive Director Vetassess, Rob Thomason (appointed 3 December 2018);
- Executive Director of Studies, Angie Taras (terminated 25 January 2019);
- Executive Director of Studies, (interim), Janelle Arena (appointed 10 January 2019);
- Executive Director of Automotive Construction and Industrial (acting), Joseph Ballato (appointed 5 February 2018);
- Executive Director of Academic Governance and Registrar, Phill Murphy (terminated 31 January 2019);
- Executive Director of Health & Community Centre of Excellence and Food & Fibre, Donna Rogers; and
- Executive Director of Student Transformation, Phill Murphy (appointed 11 February 2019).

Compensation of Key management personnel

- Remuneration of the Chief Executive Officer and the Board members are disclosed in note 8.1, Responsible persons;
- Remuneration of the Executive Team are disclosed in note 8.2, Remuneration of executives;
- Remuneration of the Minister for Training and Skills and the Minister for Higher Education 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.

Transactions with related parties

- There were no other transactions nor loans between the institute and responsible persons and their related parties during the financial year.

Transactions and balances with key management personnel and other related parties

- Other related transactions and loan requiring disclosure under the Directions of the Assistant Treasurer have been considered and there are no matters to report.

8.4 Auditors remuneration

	2018	2017
	\$'000	\$'000
Remuneration of the Victorian Auditor-General's Office for:		
Audit of the financial statements	61	60

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

09 Other disclosures

Introduction

This section includes additional material disclosures required by accounting standard or otherwise, for the understanding of this financial report.

Structure:

- 9.1 Other economic flows included in net result
- 9.2 Other equity reserve
- 9.3 Events after reporting date
- 9.4 Application of standards not yet effective

9.1 Other economic flows included in net result

	2018	2017
	\$'000	\$'000
Other gains/(losses) from other economic flows		
Net (loss) / gain arising from revaluation of long service leave liability (i)	(118)	51
Net (loss) / gain arising from revaluation of annual leave liability (i)	(1)	1
Total other (losses) / gains from other economic flows	(119)	52
Total other economic flows included in net result	(119)	52

Note: (i) Revaluation gain/(loss) due to changes in bond rates.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets (refer to Note 4.1);
- revaluations and impairments of non-financial physical and intangible assets (refer to Note 4.1 and Note 4.2);
- remeasurement arising from employee benefits (3.1); and
- fair value changes of financial instruments (refer to Note 7.3).

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of Financial Statements.

9.2 Other equity reserves

	2018	2017
	\$'000	\$'000
Physical asset revaluation surplus ¹		
Balance at 1 January	134,925	57,999
Revaluation increment on non-current asset	-	76,926
Balance at 31 December	134,925	134,925

Note ¹

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

9.3 Events after reporting date

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

The policy in connection with recognising subsequent events is as follows: where events occur between the end of the reporting period and the date when the financial statements are authorised for issue:

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

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

9.4 Application of standards issued but not yet effective

A. AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 18 Revenue, AASB 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

i. Rendering of services

TAFE is involved in managing as well as performing education and related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognised using the stage-of-completion method.

Under AASB 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which TAFE sells the services in separate transactions.

Based on TAFE's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, TAFE does not expect the application of AASB 15 to result in significant differences in the timing of revenue recognition for these services.

ii. Transition

TAFE plans to adopt AASB 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2019). As a result, TAFE will not apply the requirements of AASB 15 to the comparative period presented.

B. AASB 16 Leases

AASB 16 replaces existing leases guidance, including AASB 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply AASB 15 at or before the date of initial application of AASB 16.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

TAFE has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including TAFE's borrowing rate at 1 January 2019, the composition of TAFE's lease portfolio at that date, TAFE's latest assessment of whether it will exercise any lease renewal options and the extent to which TAFE chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that TAFE will recognise new assets and liabilities for its operating leases of office premises. As at 31 December 2018, the TAFE's future minimum lease payments under non-cancellable operating leases amounted to \$5.5m, on an undiscounted basis (see Note 3.4).

In addition, the nature of expenses related to those leases will now change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

No significant impact is expected for TAFE's finance leases.

09 Other disclosures

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

i. Determining whether an arrangement contains a lease

TAFE has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4, as explained in Note X. On transition to AASB 16, TAFE can choose whether to:

- apply the AASB 16 definition of a lease to all its contracts; or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

TAFE plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply AASB 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with AASB 17 and IFRIC 4.

ii. Transition

As a lessee, TAFE can either apply the standard using a:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

TAFE plans to apply AASB 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under AASB 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. TAFE is assessing the potential impact of using these practical expedients.

TAFE is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

C. AASB 1058 Income of Not-for-Profit Entities

The Australian Accounting Standards Board has issued the new Australian accounting standard and implementation guidance on the recognition and measurement of income for NFP entities.

AASB 1058 Income for *Not-for-Profit* Entities is the new Australian accounting standard that establishes principles for NFP entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives; and to volunteer services received.

Where such a transaction meets the requirements of AASB 15 *Revenue from Contracts with Customers*, revenue will be recognised in accordance with the requirements of this standard.

Where a transaction does not meet the requirements to be accounted for under AASB 15 as it is either not an enforceable contract or the performance obligations are not sufficiently specific (refer below), TAFE needs to assess whether the transaction should be accounted for under AASB 1058.

i. Volunteer services

An accounting policy choice is provided in relation to volunteer services.

- Where volunteer services can be reliably measured, an entity can elect to recognise the fair value of these services as an asset or expense.
- Local governments, government departments, general government sectors (GGS) and whole of government are required to recognise volunteer services if they would have been purchased had they not been donated and the fair value can be reliably measured.

ii. Transition

There are three main ways to transition to AASB 1058 and a number of practical expedients to ease the burden of applying the standard.

- retrospective approach with no practical expedients; or
- Partial retrospective approach with optional practical expedients; or
- Cumulative effect

To reduce the initial adoption burden, a number of practical expedients are available. These include:

- For completed contracts, no restatement is required of contracts that begin and complete in same annual reporting period.
- For completed contracts at the beginning of earliest period presented, there is an exemption from applying AASB 1058 retrospectively.
- No matter which transition option is elected, an asset, other than lease assets (refer below), acquired for consideration that was significantly less than fair value principally to enable the entity to further its objectives that was previously measured at significantly less than fair value is not required to be remeasured at fair value.

A completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004.

TAFE plans to apply AASB 1058 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 1058 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

09 Other disclosures

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

D. AASB 1059 Service Concession Arrangements: Grantors

The Australian Accounting Standards Board (AASB) has issued AASB 1059 *Service Concession Arrangements: Grantor* (AASB 1059) which provides accounting guidance for public sector entities (grantors) who enter into service concession arrangements with private sector operators.

The standard is applicable to public sector entities (both for-profit and not-for-profit) for years beginning on or after 1 January 2019.

Under AASB 1059, the grantor recognises a service concession asset in a service concession arrangement where it controls the asset.

Where the asset is provided by the operator, or is an upgrade to or a major component replacement of an existing asset of the grantor, the asset is recognised at current replacement cost based on AASB 13 Fair Value Measurement principles.

Where the asset is an existing asset of the grantor, the asset is reclassified as a service concession asset and remeasured at current replacement cost at the date of reclassification.

Subsequent to initial recognition or reclassification, the grantor accounts for the asset under either AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets, with any impairment recognised in accordance with AASB 136 Impairment of Assets.

TAFE does not have any service concession arrangements in place.

E. AASB 17 Insurance Contracts

AASB 17 requires all insurance contracts to be accounted for in a consistent manner and requires insurance obligations to be accounted for using current values. It has an effective date of 1 January 2021. TAFE does not expect this standard to have a material impact on its financial statements.

F. Other standards

The following amended standards and interpretations are not expected to have a significant impact on TAFE's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle - Amendments to AASB 101 and AASB 128.
- Classification and Measurement of Share-based Payment Transactions (Amendments to AASB 102).
- Transfers of Investment Property (Amendments to AASB 140).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 110 and AASB 128).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- AASB 2018-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-17 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards - Reduced disclosure requirements
- AASB 2018-4 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Public Sector Licensors

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Item no.	Source	Summary of reporting requirement	Page	Item no.	Source	Summary of reporting requirement	Page
REPORT OF OPERATIONS							
CHARTER AND PURPOSE							
1.	FRD 22H	Manner of establishment and the relevant Minister	3, 10	18.	FRD 22H	The report of operations shall provide a discussion and analysis of the entity's operating results and financial position and include details about significant factors that affect the entity's performance	3-8
2.	FRD 22H	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	2-4, 9-14	19.	FRD 22H	TAFE workforce inclusion policy (where a TAFE has one), including a measurable target and report on the progress towards the target	N/A
3.	FRD 22H	Nature and range of services provided including communities served	2-4, 9, 10	20.	FRD 22H	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST)	25
MANAGEMENT AND STRUCTURE							
4.	FRD 22H	Organisational structure and chart, detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities	12	21.	FRD 22H	Statement, where applicable, on the implementation and compliance with the National Competition Policy, including compliance with the requirements of Victoria's Competitive Neutrality Policy and any subsequent reform	20
FINANCIAL AND OTHER INFORMATION							
5.	FRD 03A	Accounting for Dividends	N/A	22.	FRD 22H	Statement, to the extent applicable, on the application and operation of the Carers Recognition Act 2012 (Carers Act), and the actions that were taken during the year to comply with the Carers Act	19
6.	FRD 07B	Early adoption of authoritative accounting pronouncements	N/A	23.	FRD 22H	Summary of application and operation of the Protected Disclosure Act 2012 including disclosures required by the Act	17
7.	FRD 10A	Disclosure Index	72-74	24.	FRD 22H & FRD 24D	Summary of Environmental Performance	21, 22
8.	FRD 17B	Long Service leave and annual leave for employees	37-39	25.	FRD 22H	Consultants: Report of Operations must include a statement disclosing each of the following: 1. Total number of consultancies of \$10,000 or more (excluding GST) 2. Location (e.g. website) of where the schedule with the below details of the consultancies over \$10,000 has been made publicly available <ul style="list-style-type: none"> • Consultant engaged • Brief summary of project • Total project fees approved (excluding GST) • Expenditure for reporting period (excluding GST) • Any future expenditure committed to the consultant for the project 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period	25
9.	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 February 2004	N/A	26.	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	17
10.	FRD 22H	Operational and budgetary objectives, performance against objectives and achievements	2-8, 23				
11.	FRD 22H	Occupational health and safety statement including performance indicators, performance against those indicators	18				
12.	FRD 22H	Workforce data for current and previous reporting period including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections	15, 16				
13.	FRD 22H	Summary of the financial results, with comparative information for the preceding four reporting periods	8				
14.	FRD 22H	Summary of significant changes in financial position	30				
15.	FRD 22H	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	3, 4, 15				
16.	FRD 22H	Post-balance sheet date events likely to significantly affect subsequent reporting periods	69				
17.	FRD 22H	Summary of application and operation of the Freedom of Information Act 1982	17				

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Item no.	Source	Summary of reporting requirement	Page	Item no.	Source	Summary of reporting requirement	Page
27.	FRD 22H	An entity shall disclose the following in the report of operations: <ol style="list-style-type: none"> a. Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and b. Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: <ol style="list-style-type: none"> iii. (i) Operational expenditure (OPEX); and iv. (ii) Capital expenditure (CAPEX). 	25	FINANCIAL REPORT			
Financial statements required under part 7 of the financial management act 1984							
36.	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and <ul style="list-style-type: none"> • the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards. 	28	Other Requirements Under Standing Direction / Financial Management Act 1994			
37.	SD 5.2.2(a) and FMA s49	An Agency's financial statements must include a signed and dated declaration by: <ul style="list-style-type: none"> • the Accountable Officer; • subject to Direction 5.2.2(c), the CFO; and • for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body. 	28	Other requirements as per financial reporting directions in notes to the financial statements			
38.	FRD 30D	Rounding of amounts	33	40.	FRD 11A	Disclosure of ex-gratia payments	N/A
39.	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to: <ul style="list-style-type: none"> • review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister. 	10, inner front cover	41.	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report	65-67
31.	FRD 119A	Transfers through contributed capital	54	42.	FRD 102A	Inventories	47
32.	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, the Standing Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions	28	43.	FRD 103G	Non-financial physical assets	42-44
33.	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body	27	44.	FRD 105B	Borrowing costs	N/A
34.	CG 10 (clause 27)	Summary of Major Commercial Activities	25	45.	FRD 106B	Impairment of assets	46
35.	CG 12 (clause 33)	TAFE Institute Controlled Entities	N/A	46.	FRD 107B	Investment properties	N/A
				47.	FRD 109A	Intangible assets	44, 46
				48.	FRD 110A	Cash flow statements	32, 53

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49.	FRD 112D	Defined benefit superannuation obligations	39
50	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	N/A
51.	FRD 114B	Financial instruments – general government entities and public non-financial corporations	55-64
52.	FRD 120L	Accounting and reporting pronouncements applicable to the reporting period	33
Compliance with other legislation, subordinate instruments and policies			
53.	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"> • Education and Training Reform Act 2006 (ETRA) • TAFE institute constitution • Directions of the Minister for Training and Skills (or predecessors) • TAFE institute Commercial Guidelines • TAFE institute Strategic Planning Guidelines • Public Administration Act 2004 • Financial Management Act 1994 • Freedom of Information Act 1982 • Building Act 1993 • Protected Disclosure Act 2012 • Victorian Industry Participation Policy Act 2003 	Inner front cover
54.	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2018	20
55.	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Policy	23
56.	Key Performance Indicators	<p>See table on page 6 of the guidelines for required formatting.</p> <p>Institutes to report against:</p> <ul style="list-style-type: none"> • Employment costs as a proportion of training revenue; • Training revenue per teaching FTE; • Operating margin percentage; • Training revenue diversity. 	7
Overseas Operations of Victorian TAFE Institutes			
57.	PAEC and VAGO (June 2003 Special Review - Recommendation 11)	<ul style="list-style-type: none"> • Financial and other information on initiatives taken or strategies relating to the institute's overseas operations • Nature of strategic and operational risks for overseas operations • Strategies established to manage such risks of overseas operations • Performance measures and targets formulated for overseas operations • The extent to which expected outcomes for overseas operations have been achieved 	23, 24

Campus locations

Broadmeadows

Pearcedale Parade
BROADMEADOWS VIC 3047

Docklands

(Automotive Centre of Excellence)
1 Batmans Hill Drive
DOCKLANDS VIC 3008

Essendon

38 Buckley Street
ESSENDON VIC 3040

Moonee Ponds

Level 1, 21-31 Hall Street
MOONEE PONDS VIC 3039

Richmond

85 Cremorne Street
RICHMOND VIC 3121

Bendigo City

23 Mundy Street
BENDIGO VIC 3550

Bendigo Charleston Road

Charleston Road
BENDIGO VIC 3550

Bendigo Technical Education

College (BTEC)
21 St Andrews Avenue
BENDIGO VIC 3550

Castlemaine

65-67 Templeton Street
CASTLEMAINE VIC 3450

Echuca

Corner Hare and Darling Streets
ECHUCA VIC 3564

VETASSESS

Level 5, 478 Albert Street
EAST MELBOURNE VIC 3002
Phone: +61 3 9655 4801
Visit: vetassess.com.au

eWorks

85 Cremorne Street
RICHMOND VIC 3121
Phone: +61 3 9661 8700
Visit: eworks.edu.au

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RTO identifier 3077
CRICOS provider no. 01218G

T/A VETASSESS
RTO identifier 21097

T/A eWorks