

2018
ANNUAL
REPORT



CONTENTS

Introduction

About SuniTAFE	2	Our Vision Mission & Values	22
Board Chair's Report	3	Organisational Management	26
CEO's Report	4	Compliance	28

Our Organisation

Awards and Achievements	8
Education and Training	10
Community and Industry	13
Staff	18
Future Directions	20

2018 Financial Report

Performance Statement	39
Consolidated Financial Statements	46
Notes to the Financial Statements	52
Disclosure Index	97

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This report may contain the names, images and descriptions of people who have passed away and which may sadden and distress some Aboriginal and Torres Strait Islander people.

Introduction

Accountable Officer's Declaration

In accordance with the Financial Management ACT 1994, I am pleased to present the Sunraysia Institute of TAFE Annual Report for the year ending 31 December 2018.



Geoff Dea

CHIEF EXECUTIVE OFFICER SUNRAYSIA INSTITUTE OF TAFE 28/02/2019

ABOUT SUNITAFE

Sunraysia Institute of TAFE (SuniTAFE) is a major provider of vocational education in north-west Victoria. The main campus is situated at Mildura, with additional campuses at Swan Hill and Robinvale. In addition, SuniTAFE operates a training farm at Cardross near Mildura. SuniTAFE is an institute with a large reach – geographically it covers 10% of Victoria, which presents a number of challenges for delivery of quality training. These challenges are met through a delivery model that combines workplace, on campus and flexible or blended delivery.

SuniTAFE boasts strong pathways to both employment and further education. The Institute's apprentice completion rate is significantly above average at 95% and many of our tailored certificate and diploma programs are designed to articulate directly into La Trobe University. Collaboration has long been a focus of the Institute – with industry, schools and universities and other TAFEs, on campus partner organisations, and local government and environmental groups. The Institute is committed to working with other institutes and stakeholders to create a high quality, sustainable TAFE sector. We have a strong focus on delivering skills for the people of north-west Victoria and in 2018 we continued to work with industry and employers.

BOARD CHAIR'S REPORT

The SuniTAFE Board has completed another successful year, one of change, growth and development.

In July I had the honour of being appointed Chair of the Board after we farewelled outgoing Chair Leonie Burrows who has steered SuniTAFE through a period of significant change. The Board recognises her outstanding contribution, strong leadership and commitment to SuniTAFE and the community it serves. The Board also farewelled Board Member Lydia Senior whose knowledge of the health sector in particular and education generally made her a strong contributor to the Board.

We welcomed new Board Members Tania Chapman and Neth Hinton. Tania has a depth of experience in the agricultural sector and Neth has high-level management experience in the health sector. Both have been strong contributors since their appointments reflecting the experience they bring to the Board and complimenting the already high skills base of the SuniTAFE Board.

The Board was very pleased to host visits from the Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education during the year and has appreciated the ongoing support of the Higher Education and Skills Group.

The Board has continued its strong focus on governance and implemented a decision taken in 2017 to establish separate Risk and Audit Committees and a Strategic Business and Marketing Development Committee. Board Members embraced the continued development of the SuniTAFE Smart Farm with the establishment of the Smart Farm advisory group bringing together the best industry expertise. The Board's Governance Committee was bolstered by the appointment of the new Board Members.

The Board and Senior Management participated in AICD governance training to ensure that the governance of SuniTAFE is best practice and constantly at the forefront of management operations and Board deliberations.

SuniTAFE management, led by Geoff Dea has steered SuniTAFE through a proactive and successful leadership development and cultural change program and produced outstanding results for SuniTAFE. Our Skills and Job Centre has been particularly successful assisting both students and employers to identify and develop collaborative training options.

The completion of the 2019 to 2023 Strategic Plan was the culmination of the combined efforts of the Board and Senior Management.

The Board and Management share a vision of SuniTAFE as a modern progressive TAFE responsive to the needs of students and employers. This enables SuniTAFE to meet the education and training needs of the broader community as it continues to meet the challenges of new technology and expanding health services, transport and logistics and rapidly growing and increasingly sophisticated agricultural and horticultural sectors.



Kay Martin
BOARD CHAIR
27/03/2019



CHIEF EXECUTIVE OFFICER'S REPORT

2018 has been a very successful year for SuniTAFE, as we see continued development in a range of strategic priorities, and successful outcomes in a number of important measures.

At the start of 2018 SuniTAFE gave a commitment in its Strategic Plan to ensure we were focused on our customers, including both students, employers and community stakeholders.

To this end, the 2018 year commenced with our highly successful World Café day. This event saw 200 SuniTAFE staff, 20 students and over 50 representatives from industry and community come together to help SuniTAFE understand how it could best service all in our region.

Outcomes from this event, along with our ongoing conversations with industry have placed SuniTAFE in a position to provide a range of course offerings that place our students with the best chance of obtaining employment, and ensuring industry has the skills it requires to grow.

Our Skills and Jobs Centre has played a vital role in assisting both students and employers negotiate the varying pathways to employing, and enabling collaborative training options meeting the needs of industry and community.

SuniTAFE also continues to use information provided by the Victorian Skills Commissioner's Mallee Regional Skills Demand Profile, and has worked closely with the Commissioner in the development of targeted courses in the NDIS and Transport and Logistics industries.

As a result, SuniTAFE has ranked number 1 in Victoria in Employer Recommendation and Improved Employment Status.

The focus on the needs of our customers has also resulted in SuniTAFE enjoying a 25% increase in new commencements, again ranking number 1 in Victoria on this critical measure.

The development of our people and our culture has remained a key strategic focus throughout 2018. This has seen the continuation of our Leadership Development Program in conjunction with Dattner Grant. We have also established a Senior

'SuniTAFE enjoyed a 25% increase in new commencements'

Leadership Team providing the opportunity for a wider range of leaders to have a greater input into the future direction and operational effectiveness of SuniTAFE.

The Mallee Region is experiencing strong growth, providing both opportunities and challenges for SuniTAFE. SuniTAFE has played a role in resourcing this growth through a focus on the third strategic pillar - our Education and Training.

Responding to this growth, SuniTAFE has been very active in applying for specific funding through the Skills First funding model, enabling the delivery of key courses related directly to skills required in growth areas.

SuniTAFE has successfully applied for funding in 11 qualifications that will see over 200 students trained in a range of sought after skills, with high employment outcomes.

In addition, SuniTAFE has received funding for the development of its Smart Farm concept at the SuniTAFE Farm at Cardross. This will see students and industry come together to train in a range of ag-tech courses, in addition to development of a range of activities designed to build interest in agricultural and horticulture related careers.

SuniTAFE has also partnered with Northern Mallee LLEN to advocate for a Tech School for our region. This initiative would see a facility that provides Science, Technology, Engineering and Mathematics related activities to secondary schools in Mildura. SuniTAFE's final strategic pillar saw focus on the business itself. 2018 has seen continued realignment of critical functions in order to achieve operating efficiencies and improve consistency across the organisation.

In terms of operating performance, SuniTAFE has met both its education delivery and financial targets, which coupled with a focus on cost control, has seen an improvement in operating margin. Both Senior Management and Board continue to work together to drive SuniTAFE forward and fulfil its vital role in our local communities - I thank them both for their commitment to the future of SuniTAFE.



Geoff Dea
CHIEF EXECUTIVE OFFICER
27/03/2019

OUR ORGANISATION

Year in Review

The Year in Review section of SuniTAFE's 2018 Annual Report provides a snapshot of activities and achievements in relation to its strategic and operational objectives. The section highlights are summarised under the headings of:

- Customers
- Awards and Achievements
- Education and Training
- Community and Industry
- Staff

CUSTOMERS

Graduate Outcomes

The National Centre for Vocational Education Research (NCVER) annual Student Outcomes Survey provides strong evidence of the Institute's graduate satisfaction.

The 2018 survey [of 2017 graduates] showed:

- 88.9% of graduates were employed or enrolled in further study after training
- 86.8% of graduates were satisfied with the overall quality of their training
- 88.6% of graduates would recommend SuniTAFE.

'80% of SuniTAFE graduates were employed after training'



AWARDS AND ACHIEVEMENTS



Shae McDonnell



Tim Chen



Tatjana Dale



SuniTAFE Teacher of the Year, finalists (from L-R) Geoffrey Buchecker, Racheal Fyfe (winner) and Kathy Keeble.

WorldSkills Australia

Two SuniTAFE students Thofan Boontham (Social and Personal Services - Cookery) and Aidan Baker (Manufacturing and Engineering Technology - Welding) were part of the Sunraysia team of three competitors that attended the WorldSkills Australia National Championships in Sydney, held 2 – 4 June 2018.

Whilst Thofan and Aidan didn't bring home any medals from the competition, Victoria came away with 9 gold, 4 silver and 5 bronze medals.

The competition is gaining momentum in the Sunraysia area. Allowing students to compete in the region rather than travelling to other locations around the state is of benefit to our students.

Plans are already underway to grow the Sunraysia region's representation in this competition. Next year the competition will be expanded to include all disciplines.

AusTAFE Culinary Trophy

Four SuniTAFE hospitality students tested their skills at the AusTAFE Culinary Trophy state final in Melbourne in September. Held in conjunction with Fine Foods Melbourne, the competition was held at the Melbourne Convention and Exhibition Centre.

Ben Mason (1st year apprentice), Ben Treloar (2nd year apprentice) and Certificate IV in Commercial Cookery international students Chen Cheng Chuang (Jason) and Pei Yu Hsieh (Gina) under the guidance of SuniTAFE hospitality teacher Glenn Jones featured Murray Cod as their competition dish.

Students received the following medals:

Pei Yu Hsieh (Gina) – silver, Ben Mason – bronze, Ben Treloar – bronze, Chen Cheng Chuang (Jason) – bronze.

The competition exposes students to culinary competitions, increases the

benchmark of cooking and continually innovate with new and inspiring ingredients.

Katrina Watt

Business Studies Teacher Katrina Watt, 2017 International Specialised Skills Institute and Department of Education and Training International Vocational Training Practitioner Fellowship recipient had her research paper published this year.

The Fellowship aimed to explore ways of increasing the number of international students participating in education in regional Victoria.

In Katrina's international research she explored some of the strategies and techniques used effectively to support students, from their first introduction to education and training, through to higher education, employment and lifelong learning.

Part of the Fellowship required a greater understanding of the skills and knowledge that students have on arrival, ensuring that VET programs are engaging, are of a high quality, reflect current and future skill requirements, use innovative technology and include a work based component.

The Fellowship had benefits for our domestic students, local community education system and will lead to less reliance on government funding.

VETDSS Award Winners

- Janaya Sheahan – Red Cliffs Secondary College, VET Animal Studies, SuniTAFE
- Christian Minaudo – St Joseph's College, VET Automotive, Markwells Motor Group
- Cody Patullo – Red Cliffs Secondary College, VET Integrated Technology, Devilee's Air Conditioning and Refrigeration
- Aiden McKinnon – Red Cliffs Secondary College, VET Plumbing, Lions Club of Red Cliffs
- Aiden Brook – SuniTAFE, VCAL Intermediate, Red Cliffs Secondary College

- Sharnie Douglas – SuniTAFE, VCAL Intermediate (Additional Support), Christie Centre Inc.

Sponsorship

Throughout 2018, SuniTAFE sponsored various community activities including:

- Willowfest
- Lake Cullulleraine Music Festival
- ARB 2018 Sunraysia 400 Off Road Racing Series
- Murray River Salt Lake Dinner
- Sausage Fest
- Tour de Murray
- Zoe Pride Netball team
- International Women's Day
- SARG Paws Walk Along the Murray
- National Dirt Kart Speedway
- Robinvale Pre-School Trivia Night
- Mental Health Week Swan Hill
- Cultivator Conference Speaker Bec Storer
- Make a Wish High Tea
- Table Tennis Weekly
- Engineering State Conference
- VETDSS Awards
- International Agents Forum
- Skills First Forum
- SuniTAFE/Chances for Children Scholarship
- Mildura Early Years Conference
- Irymple Secondary College 50th Annual Awards Night
- St Joseph's College Annual Awards Ceremony
- Red Cliffs Secondary College Speech Night
- Merbein P-10 College Presentation Night
- Facilities Managers Network Conference
- Mildura Senior College Graduation
- Robinvale College Achievement Night
- Coomealla High School Presentation
- Trinity Lutheran College Awards Night

2018 Fundraising

- Cheese for Change – White Ribbon Australia
- Do it for Dolly
- Australia's Biggest Morning Tea
- Kids Community Suitcases
- Owen's Fundraiser
- Backpacks for Hope

EDUCATION AND TRAINING

‘Open Day: 9 schools, 8 industry exhibitors Excess of 450 visitors’

Skills and Job Centre

2018 saw the first full year of the Skills and Jobs Centre operations out of the main campus, located in Benetook Avenue Mildura. A full complement of staff being housed under the one department. Services from the one location now include utilisation of:

- Client Engagement Officers;
- Industry Engagement staff;
- Retention Officers;
- Skills Recognition Coordinator;
- Skills Recognition Officer; and
- Secondary School Careers Coordinator.

The mobilisation of these services has seen a huge increase in community client, industry and school numbers. SuniTAFE’s Skills and Jobs Centre continues to grow in line with the community expectations.

The Skills and Jobs Centre organised the first Secondary School Specific Open Day on 19 September 2018 which saw participation from 9 schools, 8 industry exhibitors and in excess of 450 visitors.

SuniTAFE’s Skills and Job Centre became a key player in the recruitment process for up to 80 new positions at MeatCo’s refurbished facility located in Mildura [this facility had been closed for 9 years].

Promotion of these opportunities was undertaken by SuniTAFE’s Skills and Job Centre staff through its linkages to Job Actives, Learn Local, CALD organisations, JVEN and local media outlets.

Regional Specialist Training Fund (RSTF)

The Regional and Specialist Training Fund (RSTF) helps set up training for specific skills in regional and specialist areas that are not being met by the current training market. Funding is dependent on a strong connection between industry, training and job outcomes.

SuniTAFE achieved RSTF support for eight separate initiatives under the program, each designed following extensive industry collaboration:

- Certificate III in Production Horticulture AHC30616
- Certificate III in Production Nursery AHC31116
- Certificate III in Automotive Electrical Technology AUR30316
- Certificate III in Individual Support CHC33015
- Certificate IV in Disability CHC43115
- Certificate II in Electrotechnology [Career Start] UEE22011
- VIC Course in Transport and Logistics Employment Pathway 22467
- Certificate III in Food Processing FBP30117
- Certificate IV in Leadership and Management BSB42015

Projects funded under the RSTF have enabled SuniTAFE to trial new training methods including:

- the placement of teaching staff on-site at partner workplaces;
- multi-campus delivery mode;
- multiple industry stakeholders sharing resources; and
- block release trainee delivery.

Workforce Training Innovation Fund (WTIF)

Having achieved seed funding under the WTIF program, and after a six month consultation process, SuniTAFE lodged its application for an ambitious project to redesign how training is delivered for our region’s horticulture sector.

On 23 October 2018, Member for Northern Victoria Mr Mark Gepp announced \$1.3 million for SuniTAFE to conduct 22 agriculture and horticulture projects over the next two years. The WTIF project is a key driver of SuniTAFE’s aspirations to develop a Smart Farm at the Institute’s Cardross sites.

The 22 aligned projects set to achieve outcomes across four key focus areas include:

- Attracting people to critical job roles and the sector more generally and upskilling those people in existing roles across relevant critical capabilities from basic skills to leadership;

- Repurposing and utilising a number of assets to support industry and workforce development particularly in new discovery technologies and as a way to attract more people to the sector;
- Engaging young people and the wider community through STEM and Entrepreneurial experiences with Agriculture, Horticulture and Farming; and
- Positioning the Sunraysia region as a global leader in innovation, ag-tech, horticulture production and export.

A collaborative WTIF project led by RMIT University with SuniTAFE and Wodonga TAFE as program partner was also announced in 2018. The Industry 4.0 project will develop high-tech resources for selected engineering, aged care and horticulture/agriculture units of competency and will be shared between the three training providers.

Collaboration between the three parties has led to identification of further opportunities.

SuniTAFE was also successful in achieving WTIF seed funding to scope a project with transport and logistics industry partner GTS Freight Management.



‘As a direct result of the work undertaken by Dulka Yuppata and the Education Department, a substantial increase occurred in 2018 with Indigenous enrolments now standing at 383, an increase from 2017’

Dulka Yuppata

The Dulka Yuppata ‘Place of Learning’ Training Centre provides support and assistance to all Koorie learners enrolled at SuniTAFE’s Mildura Campus.

The Telkaya ‘to improve, to be peaceful and to be well’ Centre is located at our Swan Hill Campus. Telkaya provides support to Koorie learners enrolled at SuniTAFE’s Swan Hill Campus.

SuniTAFE works in partnership to implement our Institutes Wurreker (Koorie Training and Education) Plan, with:

- Victorian Aboriginal Education Association Incorporated

- Local Education Consultative Groups: Mildura and Swan Hill

We continue to work with numerous community and government partners at a local level which include:

- Department of Education
- MDAS
- Middle, Senior and Secondary Schools
- Local Council
- Navigator Program
- Clontarf Program
- Stars Program
- Department of Justice
- JVEN

As part of the Koorie Training Review the following recommendations have been adopted:

- Koorie Community Engagement Framework
- Koorie Education and Training Framework
- Koorie Cultural Learning Framework
- Koorie Recruitment, Retention and Succession Framework.

COMMUNITY AND INDUSTRY

Community Service Funding

Community Services Funding assists SuniTAFE to contribute to improvements in attraction, transition, engagement, retention and completion of students. Improvements can be achieved through either one-on-one service provision or a suite of available options.

Provision and/or enhancements to a number of core services across SuniTAFE include:

- Skills and Jobs Centre
- Student Support Services
- Library Services
- Apprenticeship Support; and
- Making the Institute’s facilities available for community user groups.

SuniTAFE embraces its responsibility as a vital community hub, and has built a reputation over 35 years as a prominent, respected and active contributor to the communities of the Northern Loddon Mallee.

Sponsorship of community events, access to facilities and support of community groups on top of our training delivery and marketing enshrine SuniTAFE as an important community asset

The services provided by the Institute under the SuniTAFE Skills and Jobs Centre (SaJC) have been reimagined to align better with SuniTAFE’s operational model. The SaJC is designed to assist students/jobseekers looking to start training, workers that required reskilling, career

changers and as a vehicle to match jobseekers and employers with tailored training programs that meets industry expectation which is supported with an overlay of quality.

Relocation of SaJC in early 2018 has raised its profile through stronger branding alignment and visibility. The refocused SaJC has achieved several successes in 2018 partnering with large scale start-up businesses and major local projects to deliver on their workforce development objectives. Critical, its success was the SaJC’s effectiveness in collaborations with employment service providers, community service organisations, school networks and other key stakeholders.

Harvesting Productive Relationships

SuniTAFE’s area of influence is around 17% of the Victorian landscape covering the Shires of Buloke and Gannawarra and the Rural Cities of Mildura and Swan Hill. In 2016, SuniTAFE made a strategic decision to focus on growing SuniTAFE’s share of the training market in and for the region in which it operates. To realise this strategy, SuniTAFE has worked to understand and respond to the needs of its local industry and ensure that it delivers courses to match those needs. The decision was to concentrate on the local market, local student outcomes, be more aligned with known and anticipated employment growth areas and to be responsive to regional industry demands.

In 2017, providing further advice and direction for the Institute, the Regional Skills Demand Profile for the Mallee Region led by the Victorian Skills Commissioner, recommended a closer alignment of the VET system with the current and future demand of industry in the region.

The region is a major food producer, with grain, fruit and wine grapes being the predominant industry outputs. Growth in non-food industries is however increasing, with mineral sands emerging as a significant industry and renewable energy gaining importance. The region is positioning itself to be the centre of Australia’s solar industry through facilities near Mildura, Swan Hill and Kerang. These environmental factors have largely influenced the development of SuniTAFE’s decision making in respect to its course offerings.

Principles for Success

When matched with an ageing population and workforce and the challenge of distance between population and industry centres, SuniTAFE has responded with a strategic focus on:

- An increase in delivery to address areas of regional skills shortage - health care and social assistance, trades, transport and horticulture/ agriculture
- Staff professional development plans that incorporate an increased focus on industry collaboration and ensuring



- staff are current with the most up-to-date technical knowledge in their field
- Development of key partnerships with industry sectors to promote training and skills and also to promote economic development within the rural/regional footprint
 - Adoption of education design and engagement models that take training to individual employers, wherever possible
 - Support for employer and potential employees through the Skills and Jobs Centre

40 young people with aspirations of starting a career in horticulture to enter in to an extended training program. Industry has played a key part in designing the qualification, which include new and emerging technologies.

The new approach has been met with an improvement in learner numbers, for example, horticultural enrolments have increased from 15 students to 320 in 18 months.

Education models

The following industry partnerships demonstrate that SuniTAFE has acted on the advice of the Skills Commissioner. The Institute has 'partnered up' and focused on the strengths and the employment needs of its region.

In general terms, all industry students have individual learning plans. The context of the learning is led and informed by industry. SuniTAFE is responsible for educational governance, compliance and the calculated risk of each training contract.

The advice of the Skills Commissioner was summarised in his message to the Institute as 'Partner Up'.

SuniTAFE is heeding the advice, becoming more agile in identifying and meeting the needs of target industries. We consider ourselves as being 'open for businesses', designing new training products to replace off the shelf versions and seeking and responding to industry feedback and requests.

As a direct result of industry feedback, SuniTAFE has developed a Horticultural Cadetship model. This model will allow

Agromillora Australia

SuniTAFE and Agromillora Australia, as part of an international group based in Spain, signed a five year Memorandum of Understanding in 2016 for the planting of super high-density olives and almonds at the SuniTAFE Farm at Cardross.

Hedgerow planting of these crops is new to Australia, and the SuniTAFE farm forms an important trial plot to introduce and showcase the practice. The MoU allows both SuniTAFE and Agromillora to showcase the plantings to their respective industry partners. SuniTAFE will also use the plantings and the results/research from the plantings in its student curriculum, exposing SuniTAFE students to the newest horticulture methods and technology, preparing them well for their future careers. Agromillora can provide industry with access to this world best horticultural practice plantings.

Assistance from the Victorian Government through the Regional Jobs Fund has meant that Agromillora Australia has spent \$3 million revamping its existing Irymple site near Mildura in north-west Victoria, building a new laboratory, manufacturing facility and shade houses,



and creating 20 new jobs along the way. Commenced in 2015 and completed in 2017, the facility can grow four million almond trees annually, helping alleviate the almond tree supply shortage to South-East Australia's horticultural industry. The business now has the ability to scale-up production to meet demand in wine, dried fruit, citrus, avocado, olives, stone fruits, berries and almonds in line with industry demand.

SuniTAFE has had a long association with Boulevard/Agromillora Nursery with the organisation providing work placement for horticultural students over a number of years. Agromillora have also used the work placements as an opportunity to recruit key staff for their organisation.

SuniTAFE, through the operations of its Skills and Job Centre, had discussions during the second half of 2017 and into the early part of 2018 regarding the skills needs of Agromillora during this period of expansion for its existing and new staff. SuniTAFE, in consultation with Agromillora developed a career pathway plan for their organisation.

As a result of this, the consultative process training has been agreed to by Agromillora in AHC31116 Certificate III in Production Nursery. SuniTAFE has employed a suitably qualified teacher into its teaching ranks therefore allowing this opportunity to realise its full potential.

Select Harvests

The training of Select Harvests' employees has been in operation for five years but the approach has recently been modified. Structured meetings between the two organisations take place every two months to review progress, ensure training maintains relevance and to introduce change in real time for the benefit of the current learner. Students were enrolled onsite at Select Harvests in courses that include:

- Irrigation
- Leadership and Management
- Rural Operations and Automotive.

Where required, specialist VET trainers are sourced and in some cases flown in to conduct training at the worksite. The training model emphasises the connection between the endorsed learning outcomes

and the reality of the employment requirements.

All abilities program: Christie Centre

SuniTAFE has worked with the Christie Centre for three years delivering Certificate I in Horticulture. As a major local provider of support services for people with disability and complex support needs, the Christie Centre is a significant cog in the Institute's connection to community and industry. Industry partner Agromillora has recently employed several Christie Centre clients who have completed the horticulture program.



Dattner Grant Leadership

SuniTAFE has worked hard to set a solid cultural and business foundation focused on quality education and serving the community. It has done so through extensive staff consultation, development a new strategic plan, revisiting the values of the Institute and guiding the culture constructively.

In 2016 over 200 staff came together for the first World Café Process where SuniTAFE staff were invited to play a lead role in shaping the future of the Institute. In April 2018, another World Café Process took place, this time with staff and a representative body of stakeholders present (student, community members and industry leaders). This provided an opportunity for all involved to have a significant voice in shaping how SuniTAFE services the Sunraysia community as a strong, locally controlled TAFE in the region. As the previous process in 2016 was focused on getting the internal house in order, the energy shifted to external



‘In 2018, SuniTAFE undertook 453 Job Ready Assessments, up from 180 in 2017’

Trades Recognition Australia

SuniTAFE is in its second year of a 3-year contract with Trades Recognition Australia to conduct the Job Ready program.

The Job Ready program is aimed at assessing people awaiting Australian citizenship in an identified skills shortage area.

stakeholders, and to the people SuniTAFE service through putting the community at the centre of our choices.

As a result, we have gathered clear actionable steps that will make a difference in the worlds of students, the community and industry.

As part of this process, CEO Geoff Dea addressed the group particularly on why this day was so crucially important for the role of SuniTAFE into the future. Victorian Skills Commissioner Mr Neil Coulson also provided a compelling picture of the opportunities facing the region, based on his findings in the recently published Mallee Regional Skills Demand Profile. Coming off the back of the leadership development and strategy work undertaken, the World Café process represented a powerful opportunity for staff and stakeholders to have their voice heard in shaping the outcomes for SuniTAFE and the community it serves.

Financial Performance

Consolidated Entity (\$'000)	2018	2017	2016	2015	2014
Operating Revenue	34,175	28,573	27,995	36,886	24,023
Operating Expenses	29,034	28,111	27,981	30,647	31,959
Operating Result before Other Economic Flows	5,141	462	14	6,239	(7,936)
Other economic flows included in Net Result	(788)	277	309	-	(2,715)
Operating Result after Other Economic Flows	4,353	739	323	6,239	(10,651)
Accumulated Profit (Deficit) before 1st January	12,367	11,628	11,305	5,064	15,715
Transfers from Reserves	-	-	-	-	-
Transfers to Reserves	-	-	-	-	-
Transfer to Contributed Capital	-	-	-	-	-
Accumulated Profit (Deficit) 31st December	16,720	12,367	11,628	11,303	5,064

Summary of significant changes to financial performance during the year

For the financial year ended 31st December 2018, the Institute recorded a consolidated profit of \$4,353,000.

Total income achieved for 2018 was \$34,175,000 compared to \$28,573,000, for 2017. Excluding capital income, operating income has increased by \$5,752,000, which is an increase of 20%.

The Institute recorded an improved net result for 2018. This was due to growth

in income which can be attributed to an increase in Victorian Government contributions through Workforce Training Innovation Funding, Regional Specialist Training Funding, Community Service Funding, and Reconnect Funding.

Expenditure for 2018 totalled \$29,034,000 compared to \$28,111,000 for 2017, an increase of \$923,000 which is an increase of 3%.

Overall employee expenses increased by \$263,000 an increase of 1%, and non-salary expenses increased by \$660,000 for 2018, an increase of 7%.

Financially 2018 was a challenging year for Sunraysia Institute of TAFE, with some revenue targets not being achieved, but still returned an operating profit of \$4,353,000.

There have been no events subsequent to balance date which would adversely affect the operations of the Sunraysia Institute of TAFE in subsequent years.

The financial information provided in this report is consistent with that provided in the Financial Statements.

Financial Position

Consolidated Entity (\$'000)	2018	2017	2016	2015	2014
Accumulated Profit (Deficit) 31st December	16,720	12,367	11,628	11,305	5,064
Reserves	28,763	28,763	25,308	22,181	22,181
Contributed Capital	6,997	6,997	6,997	6,997	6,997
Net Worth	52,480	48,127	43,933	40,483	34,242
Assets	62,487	59,172	56,037	46,995	43,790
Liabilities	10,007	11,045	12,104	6,513	9,548
Net Assets	52,480	48,127	43,933	40,483	34,242

The Institute’s financial position is reflected in its balance sheet. A key indicator of the Institute’s financial position is determined from its net assets (assets less liabilities), which is equal to its net worth. At 31 December 2018, the Institute’s net worth rose from the previous year, with consolidated net assets and net worth increasing by 9% to 52,480,000.



Karen Chynoweth

Max Hart

OUR STAFF

Karen Chynoweth commenced working with SuniTAFE in June 2015, as the Learning Pathways Coordinator.

During this time, Karen has been working closely to maintain and enhance the Institute's relationships with higher education providers and secondary schools in the areas of articulation pathways and VET delivery to secondary students.

In 2018 Karen moved into the role of Coordinator for the Skills and Jobs Centre and was sponsored by SuniTAFE to undertake the Northern Mallee Leaders Program.

The Northern Mallee Leaders Program (NMLP) develops capable, confident, knowledgeable and connected leaders for community organisations, businesses and industry sectors. Participants develop their

personal leadership capability in order to step up to the challenges of leading in a dynamic regional location.

The NMLP was a great opportunity for both personal and professional growth. The leadership skills, knowledge and network connections gained throughout the program have been invaluable in Karen's current role within the Skills and Jobs Centre. The learnings have provided Karen with increased confidence, an insight into local community issues and a new desire to give back to the community by becoming involved in volunteer organisations and community groups.

Service Awards

At SuniTAFE, we pride ourselves on being an employer of choice, and are pleased to recognise the following staff who have reached significant service milestones with us.

Janet Nunn	20 years
Steve Glasson	20 years
Nicole Pollock	15 years
Gary Sydes	15 years
Trish Kelly	15 Years
Lydia Foster	15 Years
Lorraine Webb	15 years
Terry Alderton	10 years
Darren Forrest	10 years
Neil Smith	10 years
Jo Curphey	10 years
Adam Dowsley	10 years
David Cofield	10 years
Leonie Tisler	10 years
Nick Roden	10 years

Investing in ourselves to better service our community

SuniTAFE's investment in cultural and leadership training continued throughout 2018. This year saw a move from broad based leadership development implemented in 2017 to tailored programs



SuniTAFE Business Managers

for our senior and front line leaders. This programming had the aims of forming a cohesive leadership team and developing leaders committed to the growth and success of the Institute and who perform in a manner consistent with the strategic direction of the organisation.

The program also formally expanded responsibility for our culture and leadership to all SuniTAFE staff by engaging them in team planning and value embedding activities that handed the baton over to them to actively contribute to SuniTAFE's future direction.

A key highlight in 2018 was our Industry World Café. While previous World Café processes were focused on getting the internal house in order, this Industry World Café event saw all SuniTAFE staff participate in the World Café process with a representative body of stakeholders (students, community members and industry leaders) and shift the energy to putting the community at the centre of our choices. It was an opportunity for all involved to have a significant voice in shaping how SuniTAFE serves the Sunraysia community as a strong, locally

controlled TAFE in the region. The process resulted in not only positive feedback from our stakeholders but also clear actionable steps that will make a difference in the world of our students, our community and our local industry.

Indigenous Cultural Awareness Program

Cultural Awareness Training was undertaken in July in conjunction with the NAIDOC celebrations. This training enabled both Indigenous and non-Indigenous staff to participate in the celebrations which empowered awareness about Indigenous culture and understanding between Indigenous and non-Indigenous Australians, enabling staff to apply their learnings within the job.

Retiring Staff

Steve Glasson
Steve Glasson was with SuniTAFE for over 23 years teaching within our Plumbing department. Steve commenced with SuniTAFE as a Teacher, moved into Management and then went back to teaching during his tenure. He was always happy to help out anyone and will be greatly missed.

Max Hart

After an amazing 30 years at SuniTAFE Max Hart retired his career at the end of 2018.

Max taught generations of students with a strong passion for teaching and love of supporting local talent. It has been an honour to have such a dedicated teacher be a part of our SuniTAFE team.

Judi Stevens

Judi was the Wellbeing Coordinator in our Student Services Department at the Swan Hill Campus for over 10 years. Judi was a well-respected staff member who was admired for her caring nature with students.

Annette Whittaker

Annette joined the SuniTAFE team as a Teacher in 1989. After 29 years she retired this past year after having spent time in Foundation Studies, as an Education Manager, Senior Project Officer and in the International Students Department. Annette was passionate about education and in supporting the success of International Students. Her warmth and support will be missed.

FUTURE DIRECTIONS

Victorian Skills Commissioner

The Victorian Skills Commissioner's 2017 Mallee Regional Skills Demand Profile has identified future workforce demand of between 2,900 and 4,400 new workers from 2017-2020.

SuniTAFE continues to implement the recommendations of this report in partnership with community and industry.

Horticulture and other Agriculture

[SuniTAFE Farm/Smart Farm]

The Loddon Mallee region is primarily supported by the horticulture industry. The horticulture sector is forecast to double over the next decade. Significant employment opportunities exist in the horticulture sector and interrelated service industries. Workforce supply issues pose challenges to sustaining that growth and SuniTAFE is committed to working alongside the sector on workforce development and training strategies to maximise the region's potential.

In 2018, a number of initiatives have come to fruition that underpin SuniTAFE's horticulture aspirations. A \$1.3 million initiative to activate SMART Farm capabilities at SuniTAFE's Cardross Farm achieved through a Workforce Training and Innovation Fund Grant is the strongest example. An exciting Virtual Reality Farm safety training trail is an

output of the grant developed in 2018 in preparation for the 2019 harvest, we look forward to reporting on it in 2019. A working party was formed and continues to advocate for the \$10 million SMART Farm project which will provide state of the art facilities and technologies that are purpose built (and grown) for vocational training, and will embed applied research, education linkages, innovation, entrepreneurialism and industry participation. The facility will be a showcase for the uncompromised excellence in horticulture, which Sunraysia is famous for; and will facilitate genuine industry engagement, collaboration and shared learning between sector experts.

There is also a two year pilot underway working with 40 young Horticulture cadets across north west Victoria at a range of farms to investigate the suitability of a trade based qualification for the sector's workers to aspire to long-term lucrative and challenging careers in Horticulture. Business to business activities resulted in approximately 80 senior workers at a large horticulture enterprise in the region commencing training with SuniTAFE in 2018, most of them studying Leadership and Management in a strong statement of that businesses commitment to workforce growth.

Transport and Logistics

Closely aligned to the horticulture sector, transport, logistics and automotive are logical focus and growth areas. Growth in the agribusiness industry will be underpinned by regional transport and logistics capability.

The Loddon Mallee region is a significant transport hub, connecting Victoria, New South Wales and South Australia. SuniTAFE's placement at that strategic junction and proximity to many transport and related service businesses opens up a wide range of opportunities.

Liaison with key transport stakeholders has reinforced an urgent need to provide training and skills development to sustain Industry productivity.

There is significant unmet current and future demand for skilled employees in the industry which also has an ageing workforce, with 20% of drivers approaching (or at) retirement age.

In 2018 SuniTAFE has added Certificate III in Transport and Logistics to its scope of registration and delivers training to all new drivers at one of the largest Freight Logistics companies in the region. The Institute also participated in an industry working party to develop an introductory six week course to encourage school leavers to consider transport careers.

Funding was also received under the Workforce Training and Innovation Fund to scope a driver mentor training project addressing the ageing workforce issue identified in Transport Victoria's Victorian Freight Plan released in July 2018.

Health and Social Assistance [National Disability Insurance Scheme]

Healthcare and Social Assistance are collectively the largest employer in the Northern Mallee region with significant projected workforce growth.

SuniTAFE invested significant resources in 2018 to develop a new model for delivery of the in-demand Diploma of Nursing, important for the region and its healthcare providers. The Institute liaised closely with the Australian Nursing and Midwifery Accreditation Council throughout the year and was rewarded with accreditation for its practices in late 2018. Diploma of Nursing is an important offering which requires strong local industry support and provides pathways into the La Trobe University Bachelor of Nursing. To continue these offerings at SuniTAFE's Mildura and Swan Hill campuses in our state of the art training facilities and expertise will support long-term training growth.

Similarly aligned courses in allied health, individual support and health administration accounted for growth in enrolments and

presented SuniTAFE opportunities to recruit industry specialists to its growing pool of trainers. Growth and capacity were also bolstered with the conduct of Regional and Specialist Training Fund projects in Certificate IV in Disability, Certificate III in Individual Support and Certificate III in Health Administration which introduced new training models and were developed with strong industry input.

Preparing for the roll-out of the National Disability Insurance Scheme in the north west on January 2019, SuniTAFE worked closely with leading Disability service organisations, ran information sessions and provided training of the Victorian Skills Commissioner developed Introduction to Disability short course.

Modelling the close work undertaken in the disability sector, SuniTAFE welcomed an opportunity to collaborate with the region's leading not-for-profit aged care providers to create a leadership and management project to support their industry's growth and related workforce development.

OUR VISION, MISSION AND VALUES

Our Vision

A leading regional training provider building community capacity through collaboration.

Our Mission

To be the most respected training provider in north-west Victoria delivering positive outcomes for all.

Our Values

The Institute's values consist of Integrity, Innovation, Customer Focus and Business Acumen. These values enable us to meet the needs of industry and customers.

Governance

SuniTAFE objectives, powers and functions are set out in our governing document being the Constitution of the Sunraysia Institute of Technical and Further Education. In 2018, the Institute reported to Parliament through the Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education.

Governance and organisational structure

Sunraysia Institute of TAFE is governed by a Board of Directors, established by the Order in Council titled the Constitution of the Sunraysia Institute of Technical and Further Education Order 2016, made under section 3.1.11[2] of the Education and Training Reform Act 2006.

Through the Higher Education and Skills Group, the Board is accountable to the responsible State Minister.

The Board is responsible for ensuring that the Institute performs its duties for the public benefit within the context of the functions, powers and duties conferred upon it by the Constitution, applicable Law and subordinate instruments, and relevant industrial awards.

The objectives of the Board are:

- To ensure the delivery of high quality education and training programs and services with a particular focus on the north-west region of Victoria.
- To ensure that the provision of programs and services are responsive to the needs of Institute clients, assist with the competitiveness of industry, enhance the opportunities of individuals and exceed the expectations of the community; and
- To govern the Institute efficiently and effectively, ensuring appropriate compliance and risk management frameworks are effected and resources are used prudently both in the Institutes' and the public's interest;

The Board's duties include:

- Establishing vision, mission and strategic directions for the Institute and ensuring the Institute operates in accordance with its strategic and business plans.
- Ensuring compliance, risk management and reporting frameworks are in place and controls are implemented and regularly tested.

- The making, amending and revocation of rules for the good order and management of the Institute.
- Evaluating the performance of the CEO and managing all matters in relation to the CEO's employment contract.
- Regularly evaluating the performance of the Board and individual directors to ensure the Board is achieving its purpose.

The Board of Sunraysia Institute of TAFE is committed to ensuring effective governance practices that reflect accountability, transparency, professional integrity, and ethical behaviour within an inclusive framework based on trust and honesty. The Board executes its duties in accordance with the Public Sector Director's Code of Conduct.

Board Chair – Leonie Burrows

Ministerial Board Chair, appointed 16 April 2013 – 30 June 2018

Leonie is an experienced Management Consultant and Company Director who also has local government, horticulture and education CEO experience. She has extensive skills in leadership, financial management, governance and project management. In her consulting business, she specialises in organisational analysis, strategic planning, business planning, research and training and facilitation.

Leonie is also a partner in Burrows Jewellers retail business.



SuniTAFE World Cafe Day, 2018



Leonie was a member of the Institute's Audit Committee and the Governance Committee. Leonie is a very active member of the community and heads a number of Boards and Committees, with positions including: Chair, Victorian TAFE Association [concluded 30.06.18], Chair, Sunraysia Community Health Service, Director, Murray Primary Health Network and Loddon Mallee Regional Development Australia Committee Member.

Board Chair – Kay Martin

Ministerial Appointment

Ministerial Board Chair appointed to the Board in April 2013 and appointed Chair on 1 July 2018.

Kay is a practicing lawyer, horticulturist and experienced Company Director. She has extensive skills in leadership governance and management. She is highly experienced commercial lawyer and has strong links to the community through numerous Board positions including current positions as Chair of Chaffey Aged Care and Deputy Chair of Mildura Airport Pty Ltd and as a community member of the Mallee Regional Partnership. Her past positions include President of the Mildura Base Hospital, Director of the Citrus Marketing Board and 16 years as a Director of Lower Murray Water. Prior to her appointment as Board Chair, Kay served as Chair of the Governance Committee. She has a strong interest in education and was awarded the Law Institute of Victoria President's Mentor Award in 2010.

Board Directors in 2018

Mrs Leonie Burrows

[Board Chair until June 2018]

Kay Martin

[Board Chair from 31 July 2018]

Mr Geoff Dea

Mr Rod Markwell

Ms Amanda Phillips

Ms Lydia Senior

[concluded 30 June 2018]

Mr Terry Jennings

Mr Greg Hutchison

Mr Mark Liddle

Mr Justin Lachal

Ms Patricia Kelly

Ms Neth Hinton

[commenced 1 July 2018]

Ms Tania Chapman

[commenced 1 July 2018]

Committees of the Board

The Board has established an active committee structure that capitalises on the skills and experiences of individual Board Directors. The Committees are established to assist the Board in meeting its constitutional duties in the management of the Institute through the application of sound corporate governance practices.

The Board committee structure is subject to annual review and committees have clear objectives and terms of reference, which are consistent with the corporate governance objectives of the Board.

The Committees are led by the Board and are not management-driven, and operate in accordance with the following guidelines:

- All members other than the CEO are non-Executive Directors

- All members are independent members
- The Chairperson of the Board cannot be the Chairperson of a Committee
- The Chair of each Committee is selected and endorsed by the Board.

Governance Committee membership

[as at 31 December 2018]

Mr Terry Jennings [Chair]

Mrs Kay Martin [Board Chair]

Ms Neth Hinton [Board Director]

Ms Tania Chapman [Board Director]

Mr Geoff Dea [CEO]

The Governance Committee assists the Board to oversee the Institute's corporate governance and ensure compliance with the Institute's statutory obligations. The Committee has stewardship of the Institute's governance framework and responsibility to promote a corporate culture of accountability, integrity, and transparency, ensuring that appropriate compliance processes are in place. Other duties include managing the processes of recruitment, induction and performance review of Board Directors, making recommendations to the Board on all matters relating to the CEO's employment and executive remuneration matters and reviewing new and existing Institute policies.

Audit Committee membership

[as at 31 December 2018]

Ms Amanda Phillips [Chair]

Mrs Kay Martin [Board Chair]

Ms Inga Dalla Santa [Co-opted]

Mr Justin Lachal [Board Director]

Mr Geoff Dea [CEO]



Chances SuniTAFE Scholarship Recipient, Larni Edwards - Certificate IV Community Services pictured with Jackie Heaysman, Coordinator Chances for Children

The Audit Committee links the Board with the Institute's continuous audit program, and provides advice and recommendation on matters pertaining to financial management strategies.

The Committee is charged with responsibility for:

- Overseeing the scope and execution of the internal audit plan.
- Reviewing the integrity and effectiveness of the Institute's financial reporting systems and monitors the effectiveness of the Institutes processes for ensuring compliance with its fiduciary and statutory obligations in relation to financial reporting.

- Oversight of the preparation of financial statements and other published financial data.
- Conducting regular reviews of the Institute's Fraud Management Plan.
- Ensuring appropriate management of matters pertaining to risk and fraud control.
- Reviewing new and existing financial and accounting policies and procedures.

Strategic Business and Marketing Development Committee membership

[as at 31 December 2018]

Mr Rod Markwell [Chair]

Mr Geoff Dea [CEO]

Mr Greg Hutchison [Board Director]

Mr Terry Jennings [Board Director]

The Strategic Business and Marketing Development Committee assists the Board to discharge its duty with respect to positioning SuniTAFE for sustainable growth. The Committee makes recommendations to the Board in regards to marketing, brand, sponsorship and communication strategies and will provide operational advice on a range of marketing strategies and initiatives including business to business, social media and direct marketing, utilising the business experience of Board Members.

ORGANISATIONAL MANAGEMENT

2018 Executive Leadership Team

CHIEF EXECUTIVE OFFICER
Mr Geoff Dea

The CEO is responsible for implementing the strategic direction as established by the Institute's Board. This includes developing the strategic and underpinning plans, allocating resources and ensuring that policies and reports are in place for the Institute to meet its legislative and contractual obligations.

GENERAL MANAGER OPERATIONS
Mr David Harris

The role of General Manager Operations, is to review business processes and systems to ensure efficient and effective service to our students, industry clients and staff.

GENERAL MANAGER FINANCIAL SERVICES
Mrs Diane Schmidt

The role of General Manager is to be responsible for leading the finance team and ensuring that all financial statutory compliance requirements are met.

GENERAL MANAGER CORPORATE SERVICES
Mr Frank Piscioneri

The role of General Manager Corporate Services, is to ensure the Institute complies with its Corporate Governance requirements to the Government.

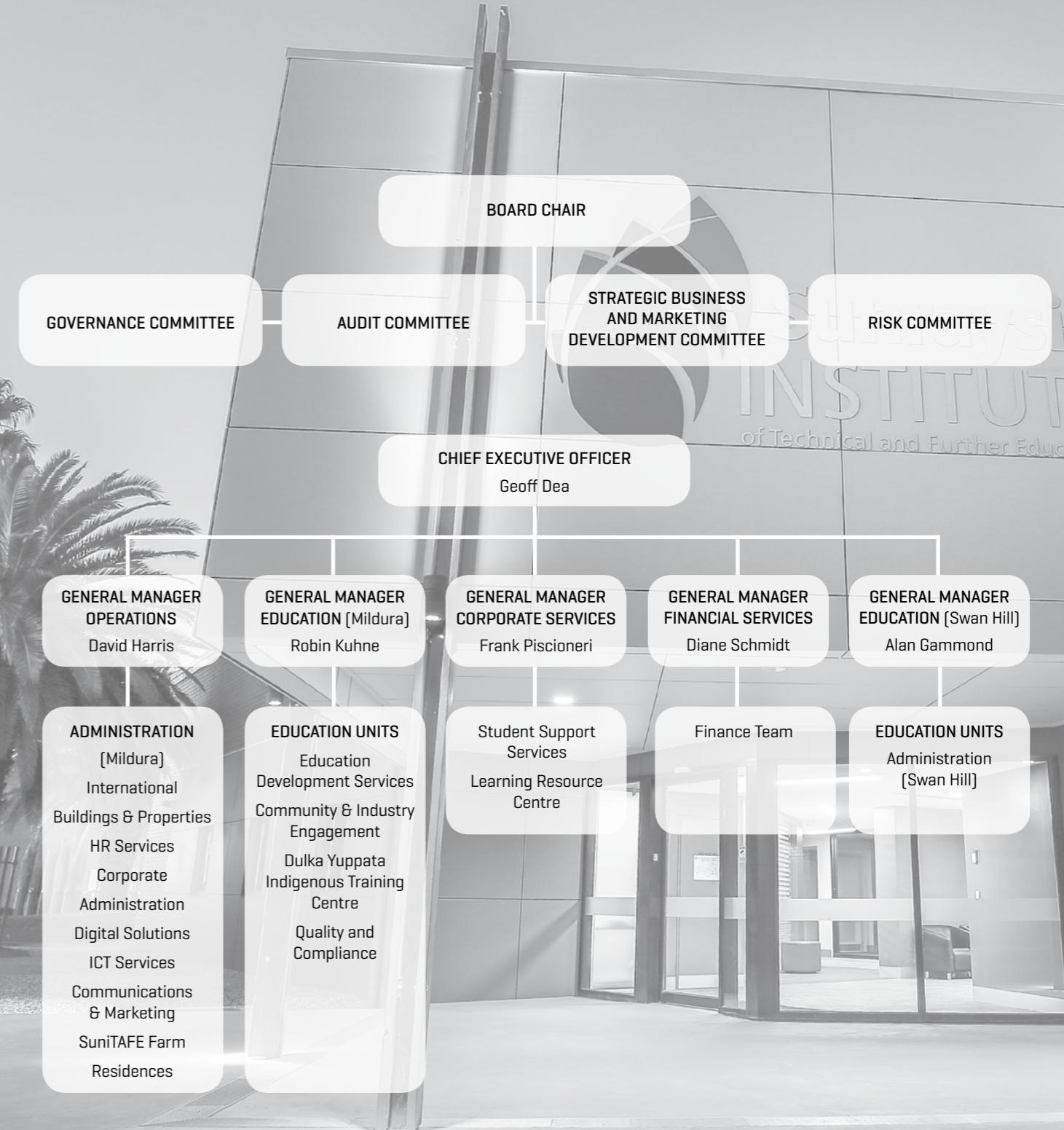
GENERAL MANAGER EDUCATION (Swan Hill)
Mr Alan Gammond

The role of General Manager Education, is to establish, maintain and grow a quality Education Service for the Swan Hill region.

GENERAL MANAGER EDUCATION (Mildura)
Mr Robin Kuhne

The role of General Manager Education, is to establish, maintain and grow a quality Education Service for the Mildura region.

ORGANISATIONAL STRUCTURE



COMPLIANCE

Sunraysia Institute of TAFE complies with all relevant legislation and subordinate instruments including, but not limited to the following:

- Education and Training Reform Act 2006 (ETRA)
- TAFE Institute constitution
- Directions of the Minister for Training and Skills (or predecessors)
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- Public Administration Act 2004
- Financial Management Act 1994
- Freedom of Information Act 1982
- Building Act 1993
- Protected Disclosure Act 2012
- Victorian Industry Participation Policy Act 2003

Environmental Performance

Sunraysia Institute of TAFE is committed to environmentally sustainable practices. In 2018, the Institute continued its commitment to improving environmental performance.

Environmental Data		Unit Measure	2018	2017	Greenhouse Gas Emissions CO ₂ -e	% Change to Prior Year
Energy	Electricity	Megajoule	5,556,871	5,940,000	196	-6%
	Natural Gas	Megajoule	3,375,935	3,389,861	203	-0.41%
	LPG	Litres	456,217	411,843	54	11%
	Green Power	Megajoule	NA	NA	NA	-
	Renewable	Megajoule	186,071	298,038	-	-38%
Waste	Landfill	Kg	81,196	60,100	-	35%
	Recycle	Kg	7,603	10,910	-	-30%
	Metals	Kg	3,285	4,400	-	-25%
	Engine Oil	Litres	2,000	1,500	-	33%
	Cooking Oil	Litres	1,889	1,500	-	26%
	Foodwaste	Kg	-	1,960	-	-
	E Waste	Units	124	407	-	-70%
	Miscellaneous	\$	3,564	3,025	-	18%
	Paper	Plantation	A4 Ream	-	640	-
Paper	50% Recycled	A4 Ream	4,855	2,666	-	82%
	Non recycled	A4 Ream	21	-	-	-
	Non recycled	A3 Ream	71	330	-	-78%
Water	Domestic	Kilolitres	21,937	23,797	-	-8%
	Re Used - Rain water	Kilolitres	440	532	-	-17%
Fuel	Unleaded	Litres	27,564	21,422	67	29%
	Diesel	Litres	51,760	36,363	140	42%
Travel	Vehicle	Km	624,513	582,156	536	7%
	Air	km	210,154	309,335	57	-32%
Greenhouse Gas Emissions	Electricity, Gas, Fuel, Air travel	Tonnes Co ₂ -e	1,290	2,456	1,290	-47%

Note: FRD 24D requires to report on other indicators, however these have not been collected or reported.

Energy

Electricity: Mildura Campus has upgraded further areas with high bay LED lighting and reviewing usage times, and the implementation of a new control system has resulted in improvement of management of lighting.

Old air conditioning units have been replaced with new energy efficient models. LPG: Swan Hill Campus consumption increased due to colder winter temperatures and the use of the Swan Hill Campus Cafe.

Renewable Energy: total installation of 182kW PV solar panels as part of the Greener Government Building Project which have now been completed. The solar panels are operational across 3 sites. Benetook Avenue, NCS and Swan Hill. Original renewable energy generation was from 4 x 1.75 kW PV solar systems [1 x 1.75 kW system decommission due to cracked panels] leaving 3 x 1.75 Kw in operation.

Metals – engineering, plumbing, automotive, and farm departments recycle all metals.

Engine oil – automotive training,

Cooking oil – data on recycling of cooking oil from canteen, commercial cooking and hospitality area.

Foodwaste – data is no longer recorded

E-waste – includes computers, monitors, servers, electronics, mobile phones and cabling which are recycled.

Miscellaneous – obsolete equipment, furniture and unrequired items sold through online auctions.

Greenhouse Gas Emissions Calculations are based on the usage of electricity, gas, fuel and air travel. Total emissions show a decrease due to the reduction in electricity consumption. Gas and vehicle travel emissions have resulted in an increase in greenhouse gas emissions due to adverse weather conditions and increase in vehicle usage.

Future Targets

The targets for Electricity and Natural Gas have been estimated for 2018/19

and due to increased enrolments around Free TAFE and extreme climatic conditions; we forecast no reduction on electricity or Natural Gas usage.

We have installed maximum capacity in respect to Solar panels and expect consistent ongoing savings throughout the 2018-19.

Waste

Total waste has increased by 19%.

Resource usage based on total number of staff and students using facilities

2018		
Full Time Employee	242	
	Per FTE	Per Square Metre
Power [Megajoules]	22,962.27	202.93
Power CO ₂ -e [Tonnes]	1.64	0.0007
Natural Gas [Megajoules]	13,950.14	123.28
Waste [Kg]	396.58	3.50
Paper [Ream]	20.44	-
Water [Kilolitres]	87.05	0.80
Fuel [Litres] ¹⁰	327.78	-
Air Travel CO ₂ -e [Tonnes]	0.23	-

Note: Fuel and Air Travel CO₂-e have been calculated based on staffing figures of 242 FTE.

Energy Use

Energy data is captured in kWh
- converted to megajoules using a rate of 1 kWh = 3.6 MJ/h.

Square metre figures are calculated for total campus facilities used including office space.

Waste Production

Waste data is captured in tonnes – converted to kilograms using a rate of 1 Tonne = 1000 Kg.

Recycling waste has decreased to 8% of total waste, a decrease of 7% on 2017 recycled figures.

Water Consumption

Units of metered water is calculated in kilolitres. Rain Water consumption based on yearly rainfall of 244mm for 2018.

Transportation

Fuel data is captured in litres.

Greenhouse Gas Emissions

Refer to Environmental Data table.

Fuel emission totals have increased due to the purchase of diesel fleet vehicles. LPG emissions have increased, due to longer periods of colder temperatures during winter months and the use of the Swan Hill campus Cafe.

Procurement

A Procurement Policy has been set in place and purchasing from local business is encouraged to ensure a sustainable community.

Freedom of Information

Sunraysia Institute of TAFE has implemented procedures, which subject to privacy and confidentiality provisions facilitate all reasonable requests for information from students, staff and the general public without recourse to the Freedom of Information Act 1982. One request for information under the Act was received in 2018.

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in s17 of the Freedom of Information Act 1982.

In summary, the requirements for making a request are:

- It should be in writing;
- It should identify as clearly as possible which document is being requested;
- It should be accompanied by the appropriate application fee.
- [the fee may be waived in certain circumstances].

Formal requests for access to documents or records are required to be directed to:

Mr Frank Piscioneri
Freedom of Information Officer,
General Manager Corporate Services
Sunraysia Institute of TAFE
PO Box 1904, Mildura VIC 3502.

Requests can also be lodged online at www.foi.vic.gov.au Access charges may also apply once documents have been processed and a decision on access is made; for example photocopying and search and retrieval charges.

Further information regarding Freedom of Information can be found at www.foi.vic.gov.au.

National Competition Policy

The Institute has established mechanisms to ensure that the National Competition Policy including the requirements of the following Government Policy Statements are observed; Victorian Competitive Neutrality Policy and Victorian Government Timetable for the Review of Legislative Restrictions on Competition and any subsequent reforms.

Non-Academic Student Fees

The Institute levies a compulsory student services and amenities fee. The fee is fully applied to the provision of funding for student recreation, counselling and welfare and other non-academic support services.

The processes for the collection and disbursement of the services and amenities fees are managed by the Institute and are not paid to any student organisations.

Total Student Services and Amenities Fees collected for the year ending 31 December 2018 by the Institute was \$12,337.

Materials fees are separate and compulsory. These fees enable students to access the resources needed for completion of their course. Materials charges are set by each department at SuniTAFE, and vary from course to course. In 2018 total materials fees were \$685,759. A list of fees and charges is available on the Institute's website: www.sunitafe.edu.au

In accordance with FRD15D, Executive

Officer Disclosures, is available upon request to the relevant Minister, Members of Parliaments or the public.

Maintenance and Capital Works

Sunraysia Institute of TAFE takes all reasonable steps to ensure that Institute buildings conform to relevant building standards and codes; including the National Construction Code (NCC), the Victorian Building Act 1993, and Victorian Building Regulations 2006.

Institute buildings in existence prior to the introduction of the Building Act 1993 comply with the relevant building regulations existent at that time. The Institute's ongoing maintenance programs and any improvements or alterations to buildings are completed in a manner compliant with the relevant requirements of the Building Act 1993.

SuniTAFE retains all plans and documentation for building extensions and new buildings. Upon completion of construction, the Institute obtains Certificates of Occupancy and Final Inspection from the relevant Building Surveyors.

Victorian Industry Participation Policy (VIPP)

No contracts applicable to the VIPP were commenced or completed in 2018.

Protected Disclosure Act 2012

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 the matters disclosed to be investigated and rectifying action to be taken.

The Institute does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The Institute will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

On request under the Freedom of Information Act 1982 was received by the Institute during 2018. No disclosures of improper conduct or detrimental action were referred to or from the Ombudsman or taken over by the Ombudsman. There were no recommendations made by the Ombudsman under the Act that related to the Institute.

Carer's Recognition Act 2012 (Carer's Act)

The Sunraysia Institute of TAFE has taken all practical measures to comply with its obligations under the Carers Recognition Act 2012 to ensure staff have an awareness and understanding

of the care relationship principles set out in the Act. The Institute has an equal opportunity policy in place that entitles staff to reasonable flexibility in working arrangements where needed to accommodate their carer responsibilities. In delivering services to the community, the Institute is guided by its access and equity policy which promotes adherence to the principles of access and equity and directs that Institute practices be inclusive and should not unreasonably prevent individuals from accessing services or participating in learning. Staff and/or students in a carer's role are encouraged to access a range of services offered by the Institute, including Student Support Services such as counselling, disability support and participation services. New staff are made aware of these policies as part of their induction.

Victorian Public Sector Travel Policy

The Sunraysia Institute of TAFE has formal mechanisms in place to ensure that all travel by employees is approved and undertaken in accordance with Victorian Public Sector Travel Policy and the Australian Tax Office guidelines.

Additional Information available on request

In compliance with the requirements of the Standing Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by the Institute and are available on request, subject to the provisions of the Freedom of Information Act 1982.

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.

- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by the Institute about itself, and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged by the Institute.
- Details of any major external reviews carried out on the Institute.
- Details of major research and development activities undertaken by the Institute.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by the Institute to develop community awareness of the Institute and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by the Institute, the purposes of each committee and the extent to which the purposes have been achieved.

Details of all consultancies and contractors including:

- Consultants/contractors engaged.
- Services provided.
- Expenditure committed to for each engagement.

Enquiries regarding details of any of the

above should be addressed to:
Frank Piscioneri
 General Manager, Corporate Services
 Sunraysia Institute of TAFE
 PO Box 1904, Mildura VIC 3502
 Ph: 03 5022 3708
 Email: fpiscioneri@sunitafe.edu.au
 Web: www.sunitafe.edu.au

Financial Management Compliance Attestation Statement

I, Kay Martin on behalf of the Responsible Body, certify that the Sunraysia Institute of TAFE has complied with the applicable Standing Directions of the Assistant Treasurer under the Financial Management Act 1994 and Instructions.



Kay Martin
 Board Chair

Sunraysia Institute of TAFE 28/02/2019

Workforce Information

		All Employees		Ongoing Employees		Fixed term & casual	
		Employees (Headcount)	Full time (Headcount)	Part time (Headcount)	FTE	FTE	FTE
December 2018	Institute	281	126	42	156	64	
	TAFE Kids Inc	38	9	11	18	4	
Total		319	135	53	174	68	
December 2017	Institute	232	114	43	145	46	
	TAFE Kids Inc	33	7	11	17	7	
Total		265	121	54	162	53	

Major Commercial Activity

In 2018, the Sunraysia Institute of TAFE did not undertake any major commercial activities. This is reported in accordance with section 45 of the Financial Management Act 1994, together with matters listed under Commercial Guideline 10 (clause 27).



What's up buddy?
 Hey dad, just out looking for a job
 REALLY! what kind of job?
 Thinking maybe a modelling career
 Hahaha... you've got no qualifications
 Nah, just kiddin!
 I've checked out some options at SuniTAFE
 Thinking maybe a business course
 Sounds great, let me know how you go
 Sure thing :)

CRICOS Provider Code: 01985A RTD Code: 4953

IT'S NEVER TOO LATE TO START YOUR CAREER
ENROL NOW!
 Call: 1300 478 648
 Visit: sunitafe.edu.au

TAFE VICTORIA
Sunraysia INSTITUTE
 of Technical and Further Education

2019 Enrol Now Campaign - Press Advertisements



Hey mum, I'm thinking of starting a course at SuniTAFE
 Who is this?
 LOL, I've been looking at some courses online
 Ok, where's my daughter and what have you done with her?
 Ha ha, I just want to have some flexibility so I can work and study here in Mildura
 Sounds great
 Can you grab some tea on the way home :)
 So it's not a cooking class then?
 Ha ha, anything's possible :)

CRICOS Provider Code: 01985A RTD Code: 4953

IT'S NEVER TOO LATE TO START YOUR CAREER
ENROL NOW!
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TAFE VICTORIA
Sunraysia INSTITUTE
 of Technical and Further Education

Workforce Information cont

	December 2018						December 2017							
	All Employees		Ongoing		Fixed term & Casual	All Employees		Ongoing		Fixed term & Casual				
	No.	FTE	F/T	P/T	FTE	No.	FTE	F/T	P/T	FTE	No.	FTE		
Institute	112	95	60	7	64	45	31	91	80	55	6	59	30	21
Male	112	95	60	7	64	45	31	91	80	55	6	59	30	21
Female	169	125	66	35	92	68	33	141	111	59	37	86	45	25
SUB TOTAL	281	220	126	42	156	113	64	232	191	114	43	145	75	46
Controlled Entity														
Male	1	1	1	0	1	0	0	1	1	0	1	1	0	0
Female	37	21	8	11	17	18	4	32	23	7	10	16	15	7
SUB TOTAL	38	22	9	11	18	18	4	33	24	7	11	17	15	7
CONSOLIDATED TOTAL	319	242	135	53	174	131	68	265	215	121	54	162	90	53
Age														
15-24	7	3	3	0	3	4	0	3	3	3	0	3	0	0
25-34	40	32	22	5	25	13	7	32	25	12	6	16	14	9
35-44	63	51	30	9	37	24	14	66	53	31	11	39	24	13
45-54	81	68	37	10	45	34	23	58	51	34	10	42	14	9
55-64	74	56	30	14	40	30	16	60	50	30	12	39	18	11
65+	16	10	4	4	6	8	4	13	9	4	4	6	5	3
SUB TOTAL	281	221	126	42	156	113	64	232	191	114	43	145	75	46
Controlled Entity- Age														
15-24	7	3	0	2	3	5	0	6	4	1	2	3	3	1
25-34	16	9	4	2	6	10	3	9	6	1	1	2	7	4
35-44	8	6	4	3	6	1	0	10	8	4	4	7	2	1
45-54	4	4	1	2	3	1	1	5	4	1	3	4	1	1
55-64	1	1	0	1	1	0	0	2	1	0	1	1	1	0
65+	1	0	0	0	0	1	0	1	1	0	0	0	1	1
SUB TOTAL	37	23	9	10	19	18	4	33	24	7	11	17	15	7
CONSOLIDATED TOTAL	318	244	135	52	175	131	68	265	215	121	54	162	90	53
TOTAL: PACCT 1-8														
PACCT 1	8	2	1	3	1	4	1	6	3	0	5	3	1	0
PACCT 2	27	13	8	4	11	15	2	26	19	12	6	16	8	3
PACCT 3	30	26	20	7	24	3	2	18	15	8	8	14	2	1
PACCT 4	22	21	15	4	18	3	3	19	18	12	4	15	3	3
PACCT 5	13	13	10	3	13	0	0	17	16	9	6	14	2	2
PACCT 6	7	7	5	1	6	1	1	7	7	6	0	6	1	1
PACCT 7	7	7	5	1	6	1	1	10	10	7	1	8	2	2
PACCT 8	8	8	7	1	8	0	0	8	8	6	2	8	0	0
TOTAL: TEACHING 1.1-SE3	153	116	55	18	68	80	48	115	89	54	11	62	50	27
Casual [AQF4]	40	18	0	0	0	40	18	24	9	0	0	0	24	9
Casual [AQF5]	9	3	0	0	0	9	3	6	2	0	0	0	6	2
L1 [AQF4]	20	18	2	1	3	17	15	1	1	0	0	0	1	1
L2 [AQF5]	7	6	2	2	4	3	2	12	10	1	0	1	11	9
L3 [AQF6+]	62	56	37	14	46	11	10	2	2	0	0	0	2	2
T4	0	0	0	0	0	0	0	5	5	5	0	5	0	0
T5	0	0	0	0	0	0	0	49	45	35	9	41	5	4

F/T: Full time employment, P/T: Part time employment.

	December 2018							December 2017						
	No.	FTE	F/T	P/T	FTE	No.	FTE	No.	FTE	F/T	P/T	FTE	No.	FTE
SE1	6	6	6	0	6	0	0	7	7	5	1	6	1	1
EM1 [AQF6+]	1	1	1	0	1	0	0	1	1	1	0	1	0	0
EM2 [AQF6+]	8	8	7	1	8	0	0	8	8	7	1	8	0	0
EM3 [AQF6+]	0	0	0	0	0	0	0							
SENIOR EMPLOYEES TOTAL	6	6	0	0	0	6	6	6	6	0	0	0	6	6
NON EXEC.1	5	5	0	0	0	5	5	5	5	0	0	0	5	5
CEO	1	1	0	0	0	1	1	1	1	0	0	0	1	1
SUB TOTAL	281	219	126	42	155	113	64	232	191	114	43	145	75	46
Controlled Entity														
CSE1 - DURL3.6.9	38	23	9	11	19	18	4	33	24	7	11	17	15	7
CSE1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CSE2	1	1	0	1	1	0	0	2	1	0	1	1	1	0
CSE3	27	12	2	7	8	18	4	22	15	2	6	7	14	7
CSE4	7	7	4	3	7	0	0	6	6	2	4	6	0	0
CSE5	1	1	1	0	1	0	0	1	1	1	0	1	0	0
CSE6	0	0	0	0	0	0	0	1	1	1	0	1	0	0
ESA5	0	0	0	0	0	0	0	1	1	1	0	1	0	0
ESA6	1	1	1	0	1	0	0	0	0	0	0	0	0	0
DURL3.6.7	1	1	1	0	1	0	0	0	0	0	0	0	0	0
DURL3.6.9	0	0	0	0	0	0	0	1	1	1	0	1	0	0
EMPLOYEES TOTAL	319	242	135	53	174	131	68	265	215	121	54	162	90	53

Note: Employees have been correctly classified in the workforce data collections.

ICT Expenditure

BAU ICT Expenditure Total	Non-BAU ICT Expenditure Total = A+B	Operational Expenditure A	Capital Expenditure B
\$1,869,921.64	\$-	\$-	\$-

Consultancies

In 2018, the Institute undertook 9 consultancies totalling \$10,000 or greater. The expenditure incurred during 2018 in relation to these consultancies totalled \$451,346.22 (excl GST).

In 2018, there were 7 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 is \$21,885.16 (excl GST).

Details of individual consultancies (valued at \$10,000 or greater) can be viewed at <https://www.sunitafe.edu.au/reports-and-registration/>.

Occupational Health and Safety

In 2018, SuniTAFE continued to demonstrate its ongoing commitment to Occupational Health and Safety through our strategy to ensure that all students, staff, contractors, volunteers and visitors experience an environment at SuniTAFE that is safe.

2018 has seen a continued focus on improving all aspects of SuniTAFE's Occupational Health and Safety Management System.

In October 2018 a consultant was engaged to audit the SuniTAFE Occupational Health and Safety Management System. The outcomes of this audit have been received, and is forming the basis of improvement activities in 2019.

OH&S Performance Indicators

Measure	KPI	2018	2017	2016	2015	2014
Incidents Reported	Employees: Minor	4 [1.65/100FTE]	9 [4.25/100FTE]	12 [6/100FTE]	15	12
	Significant	5 [2.07/100FTE]	4 [1.89/100FTE]			
	Students: Minor	10	25	12 [6/100 FTE]	16	28
	Significant	3	8	0 [0/100 FTE]	1	
	Visitors: Minor	-	-	1 [0.5/100 FTE]	-	-
Claims	Work Cover Claims	2 [0.83/100FTE]	2 active claims	0 [0/100 FTE]	-	-
	Lost Time	227* [93.8/100FTE]	1 FT staff & 1 casual 0.94/100FTE 4 days 1.89/100FTE	0 [0/100 FTE]		
Fatalities		-	-	-	-	-
Claim Costs	Total paid on claims	\$50,708.00	\$1,018.79	-	-	\$267.04
	Average Cost per claim	\$5,354.00	\$509.38			
	Work Cover Premium	\$97,832.50	\$90,857.51	\$98,542.50	\$97,066.97	\$131,433.00
	Industry Premium Rate	0.6924%	0.684002%	0.768%	0.9500%	0.9500%
	Institute Premium Rate	0.50601%	0.5096%	0.5549%	0.7164%	0.7428%
Risk Management	Hazards identified and managed.	36	20 [9.5/100FTE]	51 [25.5/100 FTE]	37	76

*168 days lost related to 2017 injury.



2018 Graduation



FINANCIAL STATEMENTS

for the Sunraysia Institute of TAFE for the year ended 31 December 2018

Statement of Financial Performance

For the year ended 31 December 2018

In our opinion, the accompanying Statement of Performance of Sunraysia Institute of Technical and Further Education for the year ended 31 December 2018 is presented fairly in accordance with the Financial Reporting Directions.

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

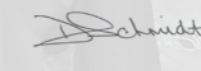
As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.



Kay Martin
BOARD CHAIR
Sunraysia Institute of TAFE 19/03/2019



Geoff Dea
CHIEF EXECUTIVE OFFICER
Sunraysia Institute of TAFE 19/03/2019



Diane Schmidt
CHIEF FINANCE OFFICER
Sunraysia Institute of TAFE 19/03/2019



Independent Auditor's Report

To the Board of Sunraysia Institute of TAFE

Opinion	<p>I have audited the accompanying performance statement of Sunraysia Institute of TAFE (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 Sunraysia Institute of TAFE 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 APES 110 <i>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 statement of performance 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>

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 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 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
22 March 2019

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Key Performance Indicators

Indicator Title	Description and Methodology	Measure	2018 Target	2018 Actual	Explanation of Variances	Prior Year Result
Training Revenue Diversity	Breakdown of training revenue by: Training revenue split by: Government Funded (GF) Fee for Service (FFS) Student Fees & Charges	%	51.8% 21.4% 26.8%	56.7% 18.7% 24.6%	Increased utilization of government supported exemption places saw an increase in GF income stream and a lower than anticipated FFS income stream.	71% 29%
Employment Costs as a Proportion of Training Revenue	Employment costs as a proportion of training revenue (Employments costs + 3rd party training delivery costs) / Training revenue	%	125%	144.1%	Variance attributed to a change in methodology. The prior year result and the 2018 target included childcare income as training revenue, however this year after clarifying the methodology this has been excluded from the 2018 actuals. 14.1% of the variance to target is due to the exclusion of childcare income from training revenue. The remaining variance is largely due to higher employment costs than expected from the MEA.	133%
Training Revenue per Teaching FTE	Training Revenue (excl. revenue delivered by third parties) per Teaching FTE* Training Revenue (excl. revenue delivered by 3rd parties) / Teaching FTEs*	\$	\$121,518	\$116,126	Variance attributed to a change in methodology. The prior year result and the 2018 target included childcare income as training revenue, however this year after clarifying the methodology this has been excluded from the 2018 actuals. The variance to target is due to the exclusion of childcare income from training revenue. If the methodology remained the same the target would have been exceeded by \$7,175 or 6%.	\$114,101
Operating Margin Percentage	Operating Margin % EBIT (Excl. Capital Contributions) / Total Revenue (Excl. Capital Contributions)	%	1.5%	15.0%	Variance attributed to unbudgeted State Government funding.	1.4%

Declaration

Financial Report for the year ended 31 December 2018

Declaration by the Board Chair, Chief Executive Officer and Chief Finance Officer

The attached financial statements for Sunraysia Institute of TAFE and the consolidated entity have been prepared in accordance with Direction 5.2 of the Standing Directions of Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations and other mandatory professional reporting requirements [SD 5.2.1, 5.2.2(B)].

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 accompanying notes, presents fairly the financial transactions during the year ended 31 December 2018 and financial position of Sunraysia Institute of TAFE and the consolidated entity as at 31 December 2018.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate [SD 5.2.2 (b)].

We authorise the attached financial statements for issue on 19 March 2019.



Kay Martin
BOARD CHAIR
Sunraysia Institute of TAFE 19/03/2019



Geoff Dea
CHIEF EXECUTIVE OFFICER
Sunraysia Institute of TAFE 19/03/2019



Diane Schmidt
CHIEF FINANCE OFFICER
Sunraysia Institute of TAFE 19/03/2019



Independent Auditor's Report

To the Board of Sunraysia Institute of TAFE

Opinion	<p>I have audited the consolidated financial report of Sunraysia Institute of TAFE (the institute) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated entity and institute balance sheet as at 31 December 2018 • consolidated entity and institute comprehensive operating statement for the year then ended • consolidated entity and institute statement of changes in equity for the year then ended • consolidated entity and institute 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 Financial Officer. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and 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 <i>Part 7 of the 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 and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>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 <i>Part 7 of the 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 and the consolidated entity'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>

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 and the consolidated entity'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 and the consolidated entity'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 and the consolidated entity 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 • obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the institute and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the institute and the consolidated entity. I remain solely responsible for my audit opinion. <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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SUNRAYSIA INSTITUTE OF TAFE - FINANCIAL STATEMENTS

How this report is structured

The Sunraysia Institute of 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.

Financial statements	Comprehensive operating statements	48
	Balance sheets	49
	Statements of changes in equity	50
	Cash flow statements	51
	1. About this report	
Notes to the financial statements	1.1 Basis of preparation	52
	1.2 Compliance information	53
	2. How we earned our funds	
	2.1 Government contributions	54
	2.2 Sale of goods and services	54
	2.3 Other income	55
	3. How we expended our funds	
	3.1 Employee benefits	56
	3.2 Superannuation	58
	3.3 Supplies and services	59
	3.4 Operating lease payments	60
	3.5 Other operating expenses	60
	4. The assets we invested in	
	4.1 Property, plant and equipment	61
	4.2 Intangible assets	64
	4.3 Investments and other financial assets	65
	5. Balances from operations	
	5.1 Inventories	65
	5.2 Receivables	66
	5.3 Prepayments	67
	5.4 Payables	68
	5.5 Other liabilities	69
	6. How we financed our operations	
	6.1 Cash and deposits	70
	6.2 Borrowings	71
	6.3 Contributed equity	72
	7. Managing risks and uncertainties	
	7.1 Financial instruments	73
	7.2 Contingent assets and contingent liabilities	81
	7.3 Fair value determination	82

SUNRAYSIA INSTITUTE OF TAFE - FINANCIAL STATEMENTS

8. Governance	
8.1 Responsible persons	86
8.2 Remuneration of executives	87
8.3 Related parties	88
8.4 Auditors remuneration	89
9. Other disclosures	
9.1 Other economic flows included in net result	90
9.2 Other equity reserves	90
9.3 Controlled entities	90
9.4 Events after reporting date	91
9.5 Application of standards issued but not yet effective	92
9.6 Changes in accounting policies	96

FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENTS

For the year ended 31 December 2018

Note	Consolidated		TAFE		
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	
Continuing operations					
Income from transactions					
Government contributions	2.1	25,262	20,004	25,262	20,004
Sale of goods and services	2.2	6,909	6,657	6,967	6,680
Interest income	6.1.2	148	93	142	91
Other income	2.3	1,856	1,819	196	56
Total income from transactions		34,175	28,573	32,567	26,831
Expenses from transactions					
Employee benefits	3.1.1	19,699	19,436	18,311	18,056
Depreciation and amortisation		1,771	1,856	1,736	1,830
Supplies and services	3.3	5,698	4,640	5,530	4,435
Other operating expenses	3.5	1,866	2,179	1,845	2,181
Total expenses from transactions		29,034	28,111	27,422	26,502
Net result from transactions		5,141	462	5,145	329
Other economic flows included in net result					
Net loss on non-financial assets	4.1.1	(635)	(14)	(635)	(14)
Net (loss)/gain on financial instruments	7.1.1	(132)	294	(128)	299
Other loss from other economic flows	9.1	(21)	(3)	(17)	(2)
Total other economic flows included in net result		(788)	277	(780)	283
Net result		4,353	739	4,365	612
Other economic flows - other comprehensive income					
Items that will not be reclassified to net result					
Changes in physical asset revaluation surplus	9.1	-	3,455	-	3,021
Comprehensive result		4,353	4,194	4,365	3,633

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

BALANCE SHEETS

As at 31 December 2018

Note	Consolidated		TAFE		
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	
Assets					
Financial assets					
Cash and deposits	6.1	14,533	10,028	14,282	9,453
Receivables	5.2	1,239	1,035	1,346	1,164
Investments and other financial assets	4.3	417	112	38	38
Total financial assets		16,189	11,175	15,666	10,655
Non-financial assets					
Inventories	5.1	42	38	42	38
Prepayments	5.3	480	733	480	733
Property, plant and equipment	4.1	43,553	44,609	42,364	43,398
Intangible assets	4.2	2,223	2,617	2,223	2,617
Total non-financial assets		46,298	47,997	45,109	46,786
Total assets		62,487	59,172	60,775	57,441
Liabilities					
Payables	5.4	1,006	2,747	997	2,683
Employee provisions	3.1.2	2,870	2,819	2,761	2,726
Borrowings	6.2	5,344	5,441	5,344	5,441
Other liabilities	5.5	787	38	755	38
Total liabilities		10,007	11,045	9,857	10,888
Net assets		52,480	48,127	50,918	46,553
Equity					
Contributed capital	6.3	6,997	6,997	6,997	6,997
Accumulated surplus		16,720	12,367	15,804	11,439
Reserves	9.2	28,763	28,763	28,117	28,117
Net worth		52,480	48,127	50,918	46,553

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

FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Physical assets revaluation surplus	Accumulated surplus	Contributions by owner	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated				
At 1 January 2017	25,308	11,628	6,997	43,933
Net result for the year	-	739	-	739
Other comprehensive income	3,455	-	-	3,455
Year ended 31 December 2017	28,763	12,367	6,997	48,127
Net result for the year	-	4,353	-	4,353
Year ended 31 December 2018	28,763	16,720	6,997	52,480
	Physical assets revaluation surplus	Accumulated surplus	Contributions by owner	Total
	\$'000	\$'000	\$'000	\$'000
TAFE				
At 1 January 2017	25,096	10,827	6,997	42,920
Net result for the year	-	612	-	612
Other comprehensive income	3,021	-	-	3,021
Year ended 31 December 2017	28,117	11,439	6,997	46,553
Net result for the year	-	4,365	-	4,365
Year ended 31 December 2018	28,117	15,804	6,997	50,918

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

FINANCIAL STATEMENTS

CASH FLOW STATEMENTS

As at 31 December 2018

Note	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash flows from operating activities				
Receipts				
Government contributions	25,774	19,532	25,714	19,532
Government contributions - capital	-	150	-	150
User fees and charges received	8,787	9,496	7,250	7,810
Goods and services tax recovered	65	255	56	248
Interest received	146	93	140	91
Other receipts	199	125	197	56
Total receipts	34,971	29,651	33,357	27,887
Payments				
Payments to suppliers and employees	(28,481)	(26,592)	(26,864)	(25,014)
Goods and services tax paid	(516)	(352)	(514)	(352)
Total payments	(28,997)	(26,944)	(27,378)	(25,366)
Net cash flows from operating activities	6.1.1 5,974	2,707	5,979	2,521
Cash flows from investing activities				
Payments for investments	(306)	-	-	-
Purchase of non-financial assets	(1,041)	(971)	(1,028)	(951)
Proceeds from sales of non-financial assets	86	190	86	190
Net cash used in investing activities	(1,261)	(781)	(942)	(761)
Cash flows from financing activities				
Repayment of borrowings	(208)	(209)	(208)	(209)
Net cash flows used in financing activities	(208)	(209)	(208)	(209)
Net increase in cash and cash equivalents	4,505	1,717	4,829	1,551
Cash and cash equivalents at the beginning of the financial year	10,028	8,311	9,453	7,902
Cash and cash equivalents at the end of the financial year	6.1 14,533	10,028	14,282	9,453

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

1. ABOUT THIS FINANCIAL REPORT

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:

Sunraysia Institute of TAFE
453 Benetook Avenue
Mildura VIC, 3500

1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of the TAFE and the Consolidated Group, 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 the TAFE and its controlled entities as an individual reporting entity and include all the controlled activities of the TAFE.

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.

Basis of consolidation

In accordance with AASB 10 *Consolidated Financial Statements*, control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of TAFE Kids Inc. are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

In preparing consolidated financial statements for the TAFE, all material transactions and balances between consolidated entities are eliminated.

1.1 Basis of preparation (continued)

Funding risk

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

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

The TAFE manages funding risk by continuing to diversify and increased funding from commercial activities.

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

1.2 Compliance information

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

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

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.

2. HOW WE EARNED OUR FUNDS

2.1 Government contributions

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Grants and other				
State government - contestable	7,256	6,418	7,256	6,418
State government - other contributions	18,006	13,436	18,006	13,436
Total Government contributions- operating	25,262	19,854	25,262	19,854
State-capital	-	150	-	150
Total Government contributions - capital	-	150	-	150
Total Government contributions	25,262	20,004	25,262	20,004

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.

2.2 Sale of goods and services

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Student fees and charges	3,322	3,942	3,322	3,942
Fee for service - government	1,522	788	1,522	788
Fee for service - international operations - onshore	854	850	854	850
Fee for service - other	155	201	155	201
Other non-course fees and charges				
Sale of goods	1,056	876	1,114	899
Total fees and charges	6,909	6,657	6,967	6,680

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

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Childcare fees	1,598	1,694	-	-
Kinder income	60	69	-	-
Donations, bequests and contributions	178	10	178	10
Other revenue	20	46	18	46
Total other income	1,856	1,819	196	56

Donations bequests and contribution

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

Other revenue

Other revenue includes commercial consultancy, wage subsidy, insurance recoveries and OSHC income.

3. HOW WE EXPENDED OUR FUNDS

3.1 Employee benefits

Significant judgement and estimates: Provision for employee benefits

The present value of employee benefit obligations including annual leave, long service leave and on-costs are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include:

- Employee tenure period 13 years (2017: 17 years);
- Future salary growth rate 4.1% (2017: 3.813%);
- Bond discount rates as per the Department of Treasury and Finance;
- Oncost rate 13.14% (2017: 15.56%);
- Portion of long service leave settled within 12 months 14.68% (2017 14.72%); and
- Portion of annual leave settled within 12 months 100% (2017 100%).

All assumptions are reviewed at each reporting date.

3.1.1 Employee benefits in the comprehensive operating statement

Expense	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Salaries, wages, overtime and allowances	16,547	16,078	15,314	14,838
Superannuation	1,691	1,669	1,567	1,538
Payroll tax	492	680	492	680
Worker's compensation	80	88	73	88
Long service leave	377	357	359	352
Annual leave	195	172	189	168
Termination benefits	242	283	242	283
Other	75	109	75	109
Total employee benefits	19,699	19,436	18,311	18,056

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

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

3.1.2. Employee benefits in the balance sheet

Current provisions

Employee benefits - Annual leave

Unconditional and expected to wholly settle within 12 months	463	442	439	413
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Employee benefits - Long service leave

Unconditional and expected to wholly settle within 12 months	295	240	290	234
Unconditional and expected to wholly settle after 12 months	1,374	1,392	1,328	1,357

Provisions for on-costs

Unconditional and expected to wholly settle within 12 months	100	106	97	102
Unconditional and expected to wholly settle after 12 months	182	218	178	214

Total current provisions for employee benefits

	2,414	2,398	2,332	2,320
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Non-current provisions

Employee benefits	403	364	378	349
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Employee benefits on-costs	53	57	51	57
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Total non-current provisions

	456	421	429	406
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Total employee provisions

	2,870	2,819	2,761	2,726
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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.

3.1 Employee benefits (continued)

Reconciliation of movements in on-cost provision

	Consolidated \$'000	TAFE \$'000
Carrying amount at the start of the year	381	373
Additional provisions recognised	68	61
Reductions arising from payments/other sacrifices of future economic benefits	(114)	(108)
Carrying amount at the end of the year	335	326

Wages, salaries and annual leave

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

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

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

Unconditional LSL is disclosed 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 Assistant Treasurer.

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

3. HOW WE EXPENDED OUR FUNDS

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:

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Paid Contribution for the Year				
Defined benefit plan:				
State Superannuation Fund - revised and new	77	71	77	71
Defined contribution plans:				
VicSuper	758	816	688	747
Other	856	781	803	720
Total paid contribution for the year	1,691	1,668	1,568	1,538

Defined contribution plans

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

Defined benefit plan

The expenses recognised represent 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 the plan.

3.3 Supplies and services

	Note	Consolidated		TAFE	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Purchase of supplies and consumables		997	849	913	757
Communication expenses		246	249	246	249
Contract and other services		1,664	1,191	1,649	1,162
Cost of goods sold/distributed (ancillary trading)		380	365	377	364
Building repairs and maintenance		1,325	1,007	1,265	930
Operating lease payments	3.4	297	141	297	141
Minor equipment		525	488	522	485
Fees and charges		264	350	261	347
Total supplies and services		5,698	4,640	5,530	4,435

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 future cleaning services and rent on land were in existence at reporting date but not recognised as liabilities. Greater than five years value represents expenditure commitments for rent on land to

Payable:

Within one year	388	145	388	145
Later than one year but not later than five years	605	561	605	561
Greater than five years	4,232	4,158	4,232	4,158
Total other expenditure commitments	5,225	4,864	5,225	4,864
GST reclaimable on the above	475	442	475	442
Net operating lease commitments	4,750	4,422	4,750	4,422

The TAFE has received operating grant funding which has been recognised in revenue in the current year in accordance with accounting standards. This funding relates to expenditure of \$2.712 million (GST reclaimable \$0.247 million) which will be incurred in future years.

3. HOW WE EXPENDED OUR FUNDS

3.4 Operating lease payments

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Operating lease rental expenses	297	141	297	141

Non-cancellable operating lease commitments payable

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

Payable:

	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Within one year	137	27	137	27
Later than one year but not later than five years	248	36	248	36
Total operating lease commitments	385	63	385	63
GST reclaimable on the above	35	6	35	6
Net operating lease commitments	350	57	350	57

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

3.5 Other operating expenses

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Marketing and promotional expenses	339	280	337	280
Occupancy expenses	601	694	590	683
Audit fees and services	22	60	19	56
Staff development	354	535	350	535
Travel and motor vehicle expenses	443	389	443	389
Motor vehicle taxes	38	41	38	41
Other expenses	69	180	68	197
Total other operating expenses	1,866	2,179	1,845	2,181

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

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

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment

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.

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.

Consolidated	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Land	8,017	8,017	-	-	8,017	8,017
Buildings	32,395	32,403	(815)	-	31,580	32,403
Construction in progress	458	194	-	-	458	194
Plant, equipment and library	10,310	13,288	(7,309)	(9,981)	3,001	3,307
Cultural assets	93	93	-	-	93	93
Motor vehicles	1,350	1,633	(946)	(1,038)	404	595
Net carrying amount	52,623	55,628	(9,070)	(11,019)	43,553	44,609

TAFE	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Land	8,017	8,017	-	-	8,017	8,017
Buildings	31,242	31,270	(781)	-	30,461	31,270
Construction in progress	434	183	-	-	434	183
Plant, equipment and library	10,215	13,173	(7,260)	(9,933)	2,955	3,240
Cultural assets	93	93	-	-	93	93
Motor vehicles	1,350	1,633	(946)	(1,038)	404	595
Net carrying amount	51,351	54,369	(8,987)	(10,971)	42,364	43,398

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.

Subsequent measurement

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

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

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

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

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment (continued)

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 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 years (2017: 40 years)
Plant, Equipment and Library	3 - 10 years (2017: 3 - 10 years)
Motor Vehicles	2 - 20 years (2017: 2 - 20 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.

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.

4.1.1 Gain/loss on property, plant and equipment

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net loss on disposal of property, plant and equipment	(635)	(14)	(635)	(14)

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

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

4.1 Property, plant and equipment (continued)

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

	Land		Buildings		Construction in progress		Plant and equipment and library		Cultural assets		Motor vehicles		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
Consolidated														
Opening balance	8,017	4,728	32,403	33,065	194	48	3,307	3,226	93	93	595	725	44,609	41,885
Additions	-	-	-	-	264	742	702	35	-	-	-	156	966	933
Revaluations	-	3,289	-	166	-	-	-	-	-	-	-	-	-	3,455
Disposals	-	-	(27)	-	-	-	(522)	(40)	-	-	(88)	(165)	(637)	(205)
Transfers	-	-	14	-	-	(596)	(14)	596	-	-	-	-	-	-
Depreciation	-	-	(810)	(828)	-	-	(472)	(510)	-	-	(103)	(121)	(1,385)	(1,459)
Closing balance	8,017	8,017	31,580	32,403	458	194	3,001	3,307	93	93	404	595	43,553	44,609
TAFE														
Opening balance	8,017	4,728	31,270	32,346	183	48	3,240	3,160	93	93	595	725	43,398	41,100
Additions	-	-	-	-	251	731	702	28	-	-	-	156	953	915
Revaluations	-	3,289	-	(268)	-	-	-	-	-	-	-	-	-	3,021
Disposals	-	-	(27)	-	-	-	(522)	(40)	-	-	(88)	(165)	(637)	(205)
Transfers	-	-	-	-	-	(596)	-	596	-	-	-	-	-	-
Depreciation	-	-	(782)	(808)	-	-	(465)	(504)	-	-	(103)	(121)	(1,350)	(1,433)
Closing balance	8,017	8,017	30,461	31,270	434	183	2,955	3,240	93	93	404	595	42,364	43,398

4.1.3. Capital commitments

Payable:

Within one year

Later than one year but not later than five years

Total capital expenditure commitments

GST reclaimable on the above

Net capital expenditure commitments

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Payable:				
Within one year	1,044	-	1,044	-
Later than one year but not later than five years	-	-	-	-
Total capital expenditure commitments	1,044	-	1,044	-
GST reclaimable on the above	95	-	95	-
Net capital expenditure commitments	949	-	949	-

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

4. THE ASSETS WE INVESTED IN

4.2 Intangible assets

Capitalised software includes expenditure incurred in the development of the Student Management System (SMS) plus other minor software purchased by the Institute.. The carrying amount of the SMS software at 31 December 2018 is \$2.084 million(2017: \$2.354 million). The softwares estimated useful life is ten years and on this basis it will be fully amortised in 2024.

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Software				
Gross carrying amount				
Opening balance	4,642	4,606	4,642	4,606
Additions	75	36	75	36
Disposal	(1,057)	-	(1,057)	-
Closing balance	3,660	4,642	3,660	4,642
Accumulated amortisation				
Opening balance	(2,025)	(1,628)	(2,025)	(1,628)
Amortisation charge	(386)	(397)	(386)	(397)
Disposal	974	-	974	-
Closing balance	(1,437)	(2,025)	(1,437)	(2,025)
Net carrying amount at end of the year	2,223	2,617	2,223	2,617

Initial recognition

Purchased intangible assets are initially recognised at cost. When recognition criteria of 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.

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

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current investment and other financial assets				
Australian dollar term deposits > three months	417	112	38	38
Total investments and other financial assets	417	112	38	38

Ageing analysis of investments and other financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			
			Less than 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000	1-5 years \$'000
Consolidated						
2018 - Term deposits	417	417	-	-	-	-
2017 - Term deposits	112	112	-	-	-	-
TAFE						
2018 - Term deposit	38	38	-	-	-	-
2017 - Term deposit	38	38	-	-	-	-

5. BALANCES FROM OPERATIONS

5.1 Inventories

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Supplies and consumables - at cost	42	38	42	38
Total inventories	42	38	42	38

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. BALANCES FROM OPERATIONS

5.2 Receivables

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Contractual				
Sale of goods and services	625	534	599	510
Impairment loss on trade receivables	(26)	(21)	(17)	(15)
Other receivables	6	56	5	81
Related parties - TAFE Kids Inc.	-	-	125	124
Total contractual	605	569	712	700
Statutory				
Amount receivable from Victorian Government	634	407	634	407
GST input tax credit recoverable	-	59	-	57
Total statutory receivables	634	466	634	464
Total receivables	1,239	1,035	1,346	1,164
Represented by				
Current receivables	1,239	1,035	1,346	1,164

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, 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.

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Movement in the provision for doubtful contractual receivables				
Balance at the beginning of the year under AASB 139	21	24	15	23
Adjustment on initial application of AASB 9	-	-	-	-
Balance at the beginning of the year under AASB 9	21	24	15	23
Amounts written off	(19)	(19)	(15)	(14)
Amounts recovered in the year	-	(12)	-	(12)
Net remeasurement of loss allowance	24	28	17	18
Balance at the end of the year	26	21	17	15

5.2 Receivables (continued)

Ageing analysis of contractual receivables

Consolidated 2018	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			
			Less than 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000	1-5 years \$'000
Trade receivables	599	446	84	60	9	-
Other receivables	5	5	-	-	-	-
Total	604	451	84	60	9	-
2017						
Trade receivables	513	379	98	26	10	-
Other receivables	56	41	11	3	1	-
Revenue receivables	-	-	-	-	-	-
Total	569	420	109	29	11	-
TAFE 2018						
Trade receivables	582	446	78	49	9	-
Other receivables	5	5	-	-	-	-
Related parties - TAFE Kids Inc.	125	125	-	-	-	-
Total	712	576	78	49	9	-
2017						
Trade receivables	495	366	94	25	10	-
Other receivables	81	60	15	4	2	-
Related parties - TAFE Kids Inc.	124	124	-	-	-	-
Total	700	550	109	29	12	-

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 30 days. No interest is charged on receivables.

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

5.3 Prepayments

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Prepayments	480	733	480	733

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. BALANCES FROM OPERATIONS

5.4 Payables

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Contractual				
Supplies and services	970	948	960	924
Unearned income	-	980	-	940
Statutory				
2015 Victorian Training Guarantee reclaim funds	-	733	-	733
GST payable	36	86	37	86
Total payables	1,006	2,747	997	2,683
Represented by				
Current payables	1,006	2,747	997	2,683

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.

Unearned income has been reclassified to Revenue received in advance in 2018, refer note 5.5.

Maturity Analysis of contractual payables

	Carrying	Nominal	Less than	1-3	3 months -	1-5 years	5+ years
	amount	amount	1 month	months	1 year		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated							
2018							
Supplies and services	970	970	966	2	2	-	-
Total	970	970	966	2	2	-	-
2017							
Supplies and services	948	948	80	868	-	-	-
Unearned income	980	980	980	-	-	-	-
Total	1,928	1,928	1,060	868	-	-	-
TAFE							
2018							
Supplies and services	960	960	958	-	2	-	-
Total	960	960	958	-	2	-	-
2017							
Supplies and services	924	924	79	845	-	-	-
Unearned income	940	940	940	-	-	-	-
Total	1,864	1,864	1,019	845	-	-	-

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

Notes: 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

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Revenue received in advance	749	-	717	-
Dr Alan Antcliff Memorial Trust	38	38	38	38
Total other liabilities	787	38	755	38

Dr Alan Antcliff Memorial Trust

Trust account balances relating to trust accounts controlled and/or administered by the TAFE.

Revenue received in advance

Any fees received by the TAFE during the current financial year in respect of services to be provided in the following financial year are classified as liability and recognised as revenue received in advance. Revenue received in advance was classified as Unearned income in 2018, refer note 5.4.

6. HOW WE FINANCED OUR OPERATIONS

6.1 Cash and deposits

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and on hand	10,453	3,648	10,202	3,073
Deposits at call	4,080	6,380	4,080	6,380
Total cash and deposits	14,533	10,028	14,282	9,453

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

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

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

	4,353	739	4,365	612
Net result for the year				
Non cash movements				
Depreciation & amortisation of non-financial assets	1,771	1,856	1,736	1,830
Net (gain)/loss on sale of non-financial assets	635	14	635	14
Net (gain)/loss on financial instruments	129	(198)	128	(203)
Increase in provision for doubtful contractual receivables	3	-	-	-
Movements in assets and liabilities				
Decrease/(increase) in trade receivables	(234)	942	(256)	939
Decrease/(increase) in inventories	(4)	52	(4)	52
Decrease/(increase) in other assets	253	(65)	253	(65)
Increase/(decrease) in payables	(1,732)	(633)	(1,630)	(664)
Increase/(decrease) in provisions	51	-	35	6
Increase/(decrease) in other liabilities	749	-	717	-
Net cash flows from/(used in) operating activities	5,974	2,707	5,979	2,521

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

6.1.2 Interest income

Interest from financial assets not at fair value through profit or loss

	148	93	142	91
Interest on bank deposits				
Total interest income	148	93	142	91

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 a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

6.2 Borrowings

Current

Advances from Government

Non-Current

Advances from Government

Total borrowings

Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs.

The measurement basis subsequent to initial recognition depends on whether the TAFE has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost.

Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

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

Maturity Analysis of borrowings

	Carrying amount	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	+5 years \$'000
Consolidated							
2018							
Advances from Government	5,344	5,627	-	250	959	4,418	-
Total	5,344	5,627	-	250	959	4,418	-
2017							
Advances from Government	5,441	6,463	-	-	209	5,254	1,000
Total	5,441	6,463	-	-	209	5,254	1,000
TAFE							
2018							
Advances from Government	5,344	5,627	-	250	959	4,418	-
Total	5,344	5,627	-	250	959	4,418	-
2017							
Advances from Government	5,441	6,463	-	-	209	5,254	1,000
Total	5,441	6,463	-	-	209	5,254	1,000

6. HOW WE FINANCED OUR OPERATIONS

6.2 Borrowings (continued)

Interest expense

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Interest on advances from Government	113	94	113	94
Total interest expenses	113	94	113	94

Interest expense includes costs incurred in connection with the borrowing of funds and includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest expense is recognised in the period in which it is incurred.

6.3 Contributed equity

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Contributed capital				
Balance at 1 January	6,997	6,997	6,997	6,997
Balance at 31 December	6,997	6,997	6,997	6,997

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.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments

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

Categories of financial instruments

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Contractual financial assets				
Financial assets measured at amortised cost				
Cash and deposits	14,533	10,028	14,282	9,453
Trade receivables	625	513	599	510
Other receivables	6	56	5	81
Related parties - TAFE Kids Inc.	-	-	125	124
Term deposits	417	112	38	38
Total contractual financial assets	15,581	10,709	15,049	10,206
Contractual financial liabilities				
Loans and payables and cash				
Supplies and services	970	948	960	924
Other liabilities	787	38	755	38
At amortised cost				
Advances from Government	5,344	5,441	5,344	5,441
Total contractual financial liabilities	7,101	7,407	7,059	7,343

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); and
- term deposits.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

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.

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated 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.

7.1 Financial instruments (continued)

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.

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.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.1 Net holding gain/(loss) on financial instrument by category

Net holding gain/(loss) on financial instrument by category	Net holding gain/(loss)		Impairment loss		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Consolidated						
Financial assets measured at amortised cost	-	-	(19)	(19)	(19)	(19)
Total contractual financial assets	-	-	(19)	(19)	(19)	(19)
Financial liabilities at amortised cost	(113)	313	-	-	(113)	313
Total contractual financial liabilities	(113)	313	-	-	(113)	313
Net holding gain/(loss) on financial instruments	(113)	313	(19)	(19)	(132)	294
TAFE						
Financial assets designated at amortised cost	-	-	(15)	(14)	(15)	(14)
Total contractual financial assets	-	-	(15)	(14)	(15)	(14)
Financial liabilities at amortised cost	(113)	313	-	-	(113)	313
Total contractual financial liabilities	(113)	313	-	-	(113)	313
Net holding gain/(loss) on financial instruments	(113)	313	(15)	(14)	(128)	299

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

7.1 Financial instruments (continued)

Financial risk management objectives and policies

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

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

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

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

Credit risk

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

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

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

The trade receivables balance at 31 December 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.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

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

	Financial Institutions (AA rating) \$'000	Government agencies (AAA rating) \$'000	Other counterparty \$'000	Total \$'000
Consolidated				
2018				
Cash and deposits	10,453	4,080	-	14,533
Trade receivables	-	-	605	605
Term deposits	417	-	-	417
Total contractual financial assets	10,870	4,080	605	15,555
2017				
Cash and deposits	3,648	6,380	-	10,028
Trade receivables	-	-	569	569
Term deposits	112	-	-	112
Total contractual financial assets	3,760	6,380	569	10,709
TAFE				
2018				
Cash and deposits	10,202	4,080	-	14,282
Trade receivables	-	-	712	712
Term deposits	38	-	-	38
Total contractual financial assets	10,240	4,080	712	15,032
2017				
Cash and deposits	3,073	6,380	-	9,453
Trade receivables	-	-	700	700
Term deposits	38	-	-	38
Total contractual financial assets	3,111	6,380	700	10,191

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

Impairment loss on trade receivables

Credit loss rates are based on estimated credit loss experience. 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, TAFE's view of economic conditions over the receivables expected lives and the industry sectors of the receivables.

Liquidity risk

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

The 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.

The 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

The 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 the TAFE. These market risks primarily relate to foreign currency and interest rate risk.

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

Interest rate risk

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

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

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

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

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates 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 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Consolidated										
Cash and deposits	1.47	1.56	14,533	10,028	9,381	3,638	4,080	6,380	1,072	10
Receivables										
Trade receivables			599	513	-	-	-	-	599	513
Other receivables			6	56	-	-	-	-	6	56
Term deposits	2.29	2.10	417	112	-	-	417	112	-	-
Total financial assets			15,555	10,709	9,381	3,638	4,497	6,492	1,677	579
Supplies and services			970	948	-	-	-	-	970	948
Unearned income			749	980	-	-	-	-	749	980
Other liabilities			38	38	-	-	-	-	38	38
Advances from Government			5,344	5,441	-	-	-	-	5,344	5,441
Total contractual financial liabilities			7,101	7,407	-	-	-	-	7,101	7,407
TAFE										
Cash and deposits	1.49	1.56	14,282	9,453	9,381	3,063	4,080	6,380	821	10
Receivables										
Trade receivables			582	495	-	-	-	-	582	495
Other receivables			5	81	-	-	-	-	81	81
Related parties - TAFE Kids Inc.			125	124	-	-	-	-	125	124
Term deposits	2.25	2.10	38	38	-	-	38	38	-	-
Total financial assets			15,032	10,191	9,381	3,063	4,118	6,418	1,609	710
Supplies and services			960	924	-	-	-	-	960	924
Other liabilities			38	38	-	-	-	-	38	38
Unearned income			717	940	-	-	-	-	717	940
Advances from Government			5,344	5,441	-	-	-	-	5,344	5,441
Total contractual financial liabilities			7,059	7,343	-	-	-	-	7,059	7,343

Interest rate risk sensitivity

It is not considered that a reasonably probable change in interest rates would have a material impact on the groups financial performance.

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.

The TAFE has not identified any contingent assets.

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.

The TAFE has given an undertaking to its controlled entity, TAFE Kids Inc., that it will provide financial support to that organisation should the need arise.

The TAFE received funding of \$1.38 million as a grant to assist the TAFE convert crown land into freehold land. At 31 December 2018 this has not occurred and the funds have been placed in a low risk term deposit bank account with Treasury Corporation of Victoria. A condition of the grant is that it is for the purpose stipulated and should this land conversion not occur the funds are to be returned or repurposed.

7. MANAGING RISKS AND UNCERTAINTIES

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 and vehicles.

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 2018 reporting period.

Fair value of financial instruments measured at amortised cost

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

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

The TAFE has received an interest free loan from the Department of Education and Training. This loan was initially recognised at fair value. It is carried at amortised cost using the effective interest rate method. The carrying amount is a reasonable approximation of its fair value.

For other assets and other liabilities the fair value approximates their carrying value.

7.3 Fair value determination (continued)

(b) Fair value determination of non-financial assets

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

Fair value measurement hierarchy

	Consolidated			TAFE			
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
Carrying amount at 31 December	Quoted prices	Observable price inputs	Unobservable inputs	Carrying amount at 31 December	Quoted prices	Observable price inputs	Unobservable inputs
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018							
Non specialised land	484	-	484	484	-	484	-
Specialised land	7,533	-	-	7,533	-	-	7,533
Total land at fair value	8,017	-	484	8,017	-	484	7,533
Specialised buildings	31,580	-	-	30,461	-	-	30,461
Total buildings at fair value	31,580	-	-	30,461	-	-	30,461
Plant, equipment and library	3,001	-	-	2,955	-	-	2,955
Motor vehicles	404	-	-	404	-	-	404
Cultural assets	93	-	-	93	-	-	93
Total other assets at fair value	3,498	-	-	3,452	-	-	3,452
2017							
Non specialised land	484	-	484	484	-	484	-
Specialised land	7,533	-	-	7,533	-	-	7,533
Total land at fair value	8,017	-	484	8,017	-	484	7,533
Non specialised buildings	-	-	-	-	-	-	-
Specialised buildings	32,403	-	-	31,270	-	-	31,270
Total buildings at fair value	32,403	-	-	31,270	-	-	31,270
Plant, equipment and library	3,307	-	-	3,240	-	-	3,240
Vehicles	595	-	-	595	-	-	595
Cultural assets	93	-	-	93	-	-	93
Total other assets at fair value	3,995	-	-	3,928	-	-	3,928

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2018 for all classes of assets. This assessment demonstrated that the fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for the TAFE will be conducted in 2022.

Non specialised land and non specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non specialised land and non specialised buildings, an independent valuation was performed by the Valuer General Victoria with an effective date of 31 December 2017. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset.

To the extent that non specialised land, non specialised buildings and artworks do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Specialised land and specialised buildings

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

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

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

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

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

Plant, equipment, library and cultural assets are 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.

7.3 Fair value determination (continued)

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, equipment and library		Motor vehicles		Cultural assets	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Consolidated										
Opening balance	7,533	4,128	32,403	33,065	3,307	3,226	595	725	93	93
Purchases (sales)	-	-	(27)	-	180	591	(88)	(9)	-	-
Transfers in (out)	-	-	14	-	(14)	-	-	-	-	-
Depreciation	-	-	(810)	(828)	(472)	(510)	(103)	(121)	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Revaluation	-	3,405	-	166	-	-	-	-	-	-
Closing Balance	7,533	7,533	31,580	32,403	3,001	3,307	404	595	93	93
TAFE										
Opening balance	7,533	4,128	31,270	32,346	3,240	3,160	595	725	93	93
Purchases (sales)	-	-	(27)	-	180	584	(88)	(9)	-	-
Depreciation	-	-	(782)	(808)	(465)	(504)	(103)	(121)	-	-
Revaluation	-	3,405	-	(268)	-	-	-	-	-	-
Closing Balance	7,533	7,533	30,461	31,270	2,955	3,240	404	595	93	93

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
Motor Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Plant, equipment and library	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Cultural assets	Cost per unit	Cost per unit Useful life of cultural assets

8. GOVERNANCE DISCLOSURES

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 TAFE have been in office for the full year unless otherwise stated:

Position	Name
Minister for Training and Skills and Minister for Higher Education	the Hon. Gayle Tierney MP
Board Chair	Ms Leonie Burrows (ceased 30 June 2018)
Board Chair	Ms Kay Martin (appointed 31 July 2018)
Board Member	Ms Kay Martin (ceased 31 July 2018)
Board Member	Mr Rod Markwell
Board Member	Ms Amanda Phillips
Board Member	Ms Lydia Senior (ceased 30 June 2018)
Board Member	Mr Justin Lachal
Board Member	Mr Terry Jennings
Board Member	Mr Greg Hutchison
Board Member	Mr Mark Liddle
Board Member	Ms Patricia Kelly
Board Member	Ms Neth Hinton (appointed 1 July 2018)
Board Member	Ms Tania Chapman (appointed 1 July 2018)
Chief Executive Officer	Mr Geoff Dea

Remuneration

Remuneration of the Minister for Training and Skills is disclosed in the Department of Parliamentary Services Other relevant interests are declared in the Register of Members Interests which is completed by each member of parliament.

Remuneration received or receivable by the Chief Executive Officer in connection with the management of the TAFE during the reporting period was in the range: \$220,000– \$229,999 (2018: \$210,000 – \$219,999).

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Short-term benefits	476	483	476	483
Post-employment benefits	45	47	45	47
Other long-term benefits	5	-	5	-
Termination benefits	-	212	-	212
Total remuneration	526	742	526	742
Total number of executive officers	13	12	13	13
Total annualised employee equivalent (AEE)	11	11	11	11

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

8.1 Responsible persons (continued)

Responsible Persons' Remuneration

The number of responsible persons are shown in their income bands:

	2018 No.	2017 No.
Less than \$10,000	3	-
\$10,000 – 19,999	4	8
\$20,000 – 29,999	3	-
\$30,000 – 39,999	1	1
\$90,000 – 99,999	-	1
\$100,000 – 109,999	1	-
\$160,000 – 169,999	-	1
\$210,000 – 219,999	-	1
\$220,000 – 229,999	1	0
Total number	13	12
	\$'000	\$'000
Total remuneration received or due and receivable by responsible persons from the reporting entity	526	742

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	Consolidated Total remuneration		TAFE Total remuneration	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Short-term employee benefits	778	764	701	764
Post-employment benefits	72	58	66	58
Other long-term benefits	14	9	11	9
Termination benefits	37	133	37	133
Total remuneration	901	964	815	964
Total number of executives	10	8	8	8
Total annualised employee equivalents	8	6	7	6

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

8. GOVERNANCE DISCLOSURES

8.3 Related parties

Related parties of the TAFE and its Consolidated group include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members;
- all entities that are controlled and consolidated into the TAFE's consolidated financial statements; and
- all departments and public sector entities that are controlled and consolidated into the whole of the state consolidated financial statements.

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

The following entities have been consolidated into the TAFE's financial statements in accordance with AASB 10:

- TAFE Kids Incorporated

Significant transactions with related entities

The TAFE provides services by way of Human Resources, Bookkeeping/Accounting, IT and building related services throughout the year.

Related party transactions

Services provided to subsidiary

TAFE Kids Inc. (service fees)

Total

	Transaction values for year ended 31 December		Balances outstanding as at 31 December	
	\$000	\$000	\$000	\$000
	2018	2017	2018	2017
TAFE Kids Inc. (service fees)	57	32	125	148
Total	57	32	125	148

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

Mr Geoff Dea	Chief Executive Officer
Mr Frank Piscioneri	General Manager - Corporate Services/Company Secretary
Mr David Harris	General Manager - Operations
Mr Robin Kuhne	General Manager - Education Mildura
Ms Caroline Smith	General Manager - Financial Services (resigned 4 March 2018)
Mrs Diane Schmidt	General Manager - Financial Services (appointed 5 March 2018)
Mr Alan Gammond	General Manager - Education Swan Hill
Ms Chelsea Diana	Manager - Quality & Compliance (appointed 15 October 2018)

Key management personnel of TAFE Kids Inc., consolidated pursuant to section 53(1)(b) of the FMA into the TAFE's financial statements, include:

Key management personnel	Position title
Kay Martin	Board Chair
Geoff Dea	Chief Executive Officer
Amanda Phillips	Board Member
Diane Schmidt	Treasurer
Frank Piscioneri	President
Lydia Foster	Vice President
Sue Peterson	Centre Director
Naomi Tidswell	Centre Director
Rose Humphries	Secretary
Andrea Williams	Community Representative
Jo Curphey	Treasurer
Rachel Fyfe	Parent Committee Representative

8.3 Related parties (continued)

Compensation of Key management personnel

Remuneration

Short-term employee benefits

Post-employment benefits

Other long-term benefits

Termination benefits

Total remuneration

	Consolidated Total remuneration		TAFE Total remuneration	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Remuneration	1,254	1,247	1,177	1,247
Short-term employee benefits	117	105	111	105
Post-employment benefits	19	9	16	9
Other long-term benefits	37	345	37	345
Termination benefits				
Total remuneration	1,427	1,706	1,341	1,706

Transactions and balances with key management personnel and other related parties

Transactions

Carpet One (Responsible Person: Frank Piscioneri) Supply and install Carpet and Vinyl

Mallee Accommodation & Support Program (Responsible Person: Caroline Smith) Training services

Markwells Auto Group Haydan Pty Ltd (Responsible person: Rod Markwell) Purchase of vehicle

Sunraysia Community Health (Responsible Persons: Leonie Burrows, Frank Piscioneri) Placement of students enrolled in nursing

Cultivator Incorporated (Responsible Person: David Harris) Sponsorship

Victorian TAFE Association (Responsible Person: Leonie Burrows) Purchase of art supplies

	Transaction values for year ended 31 December		Balances outstanding as at 31 December	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
	Carpet One (Responsible Person: Frank Piscioneri) Supply and install Carpet and Vinyl	94	12	-
Mallee Accommodation & Support Program (Responsible Person: Caroline Smith) Training services	-	14	-	-
Markwells Auto Group Haydan Pty Ltd (Responsible person: Rod Markwell) Purchase of vehicle	27	-	-	-
Sunraysia Community Health (Responsible Persons: Leonie Burrows, Frank Piscioneri) Placement of students enrolled in nursing	3	-	-	-
Cultivator Incorporated (Responsible Person: David Harris) Sponsorship	3	-	-	-
Victorian TAFE Association (Responsible Person: Leonie Burrows) Purchase of art supplies	-	56	-	-
	127	82	-	-

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

8.4 Auditors remuneration

Remuneration of the Victorian Auditor-General's Office for:

Audit of the financial statements

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Audit of the financial statements	23	34	19	30

The Victorian Auditor-general's office is not allowed to provide non-audit services.

9. OTHER DISCLOSURES

9.1 Other economic flows included in net result

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Other losses from other economic flows				
Net loss arising from revaluation of long service leave liability	(21)	(3)	(17)	(2)
Total other losses from other economic flows	(21)	(3)	(17)	(2)

Net loss from revaluation of long service leave liability are changes arising due to changes in wage inflation and discount rates sourced from the Victorian Department of Treasury and Finance.

9.2 Other equity reserves

	Consolidated		TAFE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Physical asset revaluation surplus				
Balance at 1 January	28,763	25,308	28,117	25,096
Revaluation increment on non-current asset	-	3,455	-	3,021
Balance at 31 December	28,763	28,763	28,117	28,117

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

9.3 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities:

	Country of Incorporation	Class of Shares	2018 %	2017 %
Controlled entities				
TAFE Kids Incorporated	Australian	N/A	100	100

TAFE Kids Incorporated provides community child care services. The Association is controlled by Sunraysia Institute of TAFE.

9.4 Events after reporting date

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the TAFE 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. OTHER DISCLOSURES

9.5 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. Sales of goods

For the sale of products, revenue is currently recognised when the goods are delivered to the customers, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under AASB 15, revenue will be recognised when a customer obtains control of the goods.

Therefore, TAFE does not expect the application of AASB 15 to result in significant differences in the timing of revenue recognition for these sales.

ii. Rendering of services

The TAFE is involved in providing 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 periods. Under AASB 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. Therefore, TAFE does not expect the application of AASB 15 to result in significant differences in the timing of revenue recognition for these services.

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.

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

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.

The TAFE has completed an initial assessment of the potential impact on its consolidated 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 depends on economic conditions, including the TAFE's borrowing rate at 1 January 2019, the composition of TAFE's lease portfolio at that date, the latest assessment of whether it will exercise any lease renewal options and the extent to which the TAFE chooses to use practical expedients and recognition exemptions. The final calculations at 1 January 2019 have not been completed.

The initial management calculations indicate the TAFE will adopt the option of using the modified retrospective approach which will require Right of Use Assets and Lease Liabilities of approximately \$2.565M to be recognised on the balance sheet on application at 1 January 2019 in respect of leases on properties and equipment.

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.

9. OTHER DISCLOSURES

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

i. 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. The 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.

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

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.

Based on TAFE's assessment, revenue from government grants and students will continue to be recognised consistently with the current timing of revenue recognition. TAFE does not intend to recognise revenue or expenses related to volunteer services.

D. Other standards

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

9. OTHER DISCLOSURES

9.6 Changes in accounting policies

A. Estimated impact of the adoption of AASB 9

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

The adoption of the standard has not impacted opening balances.

i. Classification and measurement – Financial assets

AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value in other comprehensive income and fair value through profit or loss. The standard eliminates the existing AASB 139 categories of held to maturity, loans and receivables and available for sale.

Under AASB 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

There have been no material changes to measurement categories due to the adoption of the standard.

ii. Impairment – Financial assets and contract assets

AASB 9 replaces the ‘incurred loss’ model in AASB 139 with a forward-looking ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at fair value through other comprehensive income but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. Please refer to note 7.1

For assets in the scope of the AASB 9 impairment model, impairment losses are generally expected to increase and become more volatile. TAFE has determined that the application of AASB 9's impairment requirements at 1 January 2018 and no additional allowance for impairment is considered necessary.

iii. Classification – Financial liabilities

AASB 9 largely retains the existing requirements in AASB 139 for the classification of financial liabilities.

However, under AASB 139 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under AASB 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

TAFE has not designated any financial liabilities at FVTPL and it has no current intention to do so.

The adoption of the standard has not resulted in any material impact on the TAFE's classification of financial liabilities at 1 January 2018.

2018 Financial Report

The Audit Committee has reviewed and recommends the submission of the financial statements for the year ended 31 December 2018.



Amanda Phillips
AUDIT COMMITTEE CHAIR
19/02/2019

Item No.	Source	Summary of Reporting Requirement	Page No.
REPORT OF OPERATIONS CHARTER AND PURPOSE			
1	FRD 22H	Manner of establishment and the relevant Minister	2, 22, 86, 88
2	FRD 22H	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	2, 6-19, 22-25
3	FRD 22H	Nature and range of services provided including communities served	2, 6, 10-16
MANAGEMENT AND STRUCTURE			
4	FRD 22H	Organisational structure and chart, detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities	22-27, 86-88
FINANCIAL AND OTHER INFORMATION			
5	FRD 03A	Accounting for Dividends	N/A
6	FRD 07B	Early adoption of authoritative accounting pronouncements	92-95
7	FRD 10A	Disclosure Index	97-99
8	FRD 17B	Long Service leave and annual leave for employees	56-57
9	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 February 2004	N/A
10	FRD 22H	Operational and budgetary objectives, performance against objectives and achievements	6-17, 42
11	FRD 22H	Occupational health and safety statement including performance indicators, performance against those indicators. Reporting must be on the items listed at 5.10[a] to [e] in the FRD	36
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	32-35
13	FRD 22H	Summary of the financial results, with comparative information for the preceding four reporting periods	17
14	FRD 22H	Summary of significant changes in financial position	17
15	FRD 22H	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	6-21
16	FRD 22H	Post-balance sheet date events likely to significantly affect subsequent reporting periods	17, 91
17	FRD 22H	Summary of application and operation of the Freedom of Information Act 1982	30
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	17, 42
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
20	FRD 22H	Schedule of any government advertising campaign in excess of \$100,000 or greater [exclusive of GST]. FRD 22H 5.16[a]-[d] needs to be read carefully and all reporting requirements covered.	N/A
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	30

Item No.	Source	Summary of Reporting Requirement	Page No.
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	31
23	FRD 22H	Summary of application and operation of the Protected Disclosure Act 2012 including disclosures required by the Act	31
24	FRD 22H & FRD 24D	Summary of Environmental Performance	28-30
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 · 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	36
26	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	31-32
27	FRD 22H	An entity shall disclose the following in the report of operations: 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: (i) Operational expenditure [OPEX]; and (ii) Capital expenditure [CAPEX].	36
28	FRD 25C	Victorian Industry Participation Policy Disclosures	28, 31
29	FRD 26B	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	N/A
30	S.D. 5.1.4	Financial management compliance attestation The Responsible Body must attest to compliance with applicable requirements in the FMA, the Standing Directions of the Assistant Treasurer and the Instructions, and disclose all Material Compliance Deficiencies.	32
31	FRD 119A	Transfers through contributed capital	72
32	S.D. 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.	1, 43
33	S.D. 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	3
34	CG10 [clause 27]	Summary of Major Commercial Activities	32
35	CG12 [clause 33]	TAFE Institute Controlled Entities.	52, 81, 88-90
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 · the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.	39, 43
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: · 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.	39, 43

Item No.	Source	Summary of Reporting Requirement	Page No.
38	FRD 30D	Rounding of amounts	52
39	FRD11A	The Responsible Body must establish an Audit Committee to: · review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister	97
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
40	FRD 11A	Disclosure of ex-gratia payments	N/A
41	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel [Contractors with significant management responsibilities] in the Financial Report	86-88
42	FRD 102A	Inventories	65
43	FRD 103G	Non-financial physical assets	61-63
44	FRD 105B	Borrowing costs	71-72
45	FRD 106B	Impairment of assets	62, 75
46	FRD 107B	Investment properties	N/A
47	FRD109A	Intangible assets	64
48	FRD 110A	Cash flow statements	51, 70
49	FRD 112D	Defined benefit superannuation obligations	56, 58, 87, 89
50	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	52, 90
51	FRD 114B	Financial instruments – general government entities and public non-financial corporations	73-80
52	FRD 120L	Accounting and reporting pronouncements applicable to the reporting period	52, 53, 92-96
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
53	Legislation	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: · 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	28
54	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2018	30
55	Policy	Statement that the TAFE Institute complies with the Victorian Public Sector Travel	31
56	Key Performance Indicators	See table on page 6 of the guidelines for required formatting Institutes to report against: · Employment costs as a proportion of training revenue; · Training revenue per teaching FTE; · Operating margin percentage; · Training revenue diversity.	42
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
57	PAEC and VAGO	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 the expected outcomes for overseas operations have been achieved.	N/A

Key to abbreviations

AEU	Australian Education Union
AMP	Asset Management Plan
BAU	Business as usual
CEO	Chief Executive Officer
CRM	Customer relationship management
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ELICOS	English language intensive courses for overseas students
FFS	Fee for service
FMA	Financial Management Association
FTE	Full time equivalent
ICT	Information communications technology
JVEN	Jobs Victoria Employment Network
KPI	Key performance indicator
LPG	Liquefied petroleum gas
MDAS	Mallee District Aboriginal Services
MEA	Multi Enterprise Agreement
NCS	National Centre for Sustainability
PACCT	Professional, Administrative, Clerical, Computing and Technical
PAEC	Public Accounts and Estimates Committee
SCH	Student Contact Hours
SAJC	Skills and Jobs Centre
TAFE	Technical and Further Education
VAGO	Victorian Auditor-General's Office
VET	Vocational Education and Training
VIPP	Victorian Industry Participation Policy
VTG	Victorian Training Guarantee



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