



2017
ANNUAL
REPORT

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The training services referred to in this report are delivered with Victorian and Commonwealth Government funding.

CRICOS Provider Code: 01985A RTO Code: 4693

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

As Chief Executive Officer of the Sunraysia Institute of TAFE, it is my responsibility to implement and maintain a process to ensure this Annual Report is prepared in accordance with the Financial Management Act 1994, the Standing Directions of the Minister for Finance 2016, the instructions made by the Department of Treasury and Finance Deputy Secretary under delegation of the Minister for Finance, applicable Australian Accounting Standards and Financial Reporting Directions.

In accordance with the above requirements, I am pleased to present the Sunraysia Institute of TAFE Annual Report for the year ending 31 December 2017.



Geoff Dea

Chief Executive Officer Sunraysia Institute of TAFE 28/02/2018

ABOUT SUNITAFE

Sunraysia Institute of TAFE (SuniTAFE) is one of the largest providers of vocational education and training in north-west Victoria. The Institute exists to provide the people of north-west Victoria with technical and further education programs and services responsive to the needs of industry, students and the general community. A small TAFE with a large reach, the Institute was established in 1980 as a result of the dream of local educators who saw the introduction of post-secondary education to the district as being integral to the needs of the growing community and regional industry.

The Institute was designed not only to provide a quality-teaching program that would meet the needs of the community and industry but also to provide training access to those living in remote regional areas of north-west Victoria. Removing educational obstacles for regional and rural students was a significant driver for the initial establishment of the Institute.

SuniTAFE today is a vibrant institute with two main campuses located at Mildura and Swan Hill and a smaller rural campus located at Robinvale, covering the large geographic area known as the Loddon Mallee North. A fully operational training farm is located at Cardross (near Mildura)

which provides hands-on horticultural training. Together these facilities provide vocational education and training for the people of north-west Victoria and beyond.

The Loddon Mallee North is a vast geographic area approximately 45,000 square kilometres in size, which is about 17% of Victoria's total area. Loddon Mallee North enjoys a warm climate, an agriculture based economy and almost a thousand kilometres of the Murray River. Features which provide the region with an enviable lifestyle.

Over 134,000 people live in the region and the population is projected to increase by 13% by the year 2031.

The highest growth is projected for the 65+ age group. This ageing population will require additional skilled health workers to meet the challenge of population increase.

The region has a strong Indigenous heritage, a large Aboriginal population, and new skilled migrants are an ever growing demographic in the region.

The Loddon Mallee North region has a disproportionate number of communities and groups who experience disadvantage. The region's size and remote location

creates difficulty in access to high quality education, health and other services, particularly for those in isolated small towns with declining populations.

The region is a major food producer, with grain, almonds, fruit and wine grapes being the predominant industry outputs of the region. Heavily reliant on transport, distribution and other service components to support production and market access, these industries are also vital to the region's growth.

Growth in non-food industries is however increasing, with mineral sands emerging as a significant industry and renewable energy gaining importance.

SuniTAFE is a proud public TAFE institute that aims to provide quality, practical education to enhance the social and economic futures of the individuals, industry and communities of north-west Victoria.



BOARD CHAIR'S REPORT

The SuniTAFE Board has completed another busy year, as it continues to oversee and guide the change program currently in progress across the organisation.

In the broader context, the 2017 year has been one of continued change, as we see developments in Federal Government policy, compliance, and changes to various economic drivers, all impacting significantly on the TAFE sector.

These factors, and others, have seen the SuniTAFE Board make significant changes to its sub-committee structure, ensuring that it is well placed to provide the high level of governance required.

In response to the Board's strategic goal of increased market share, a Strategic Business & Marketing Development Committee has been established. Comprised of Board members with a mix of marketing qualifications and experience, this sub-committee provides a strategic overview of the organisation's marketing and business development plans. The Board has also established separate Risk and Audit sub-committees. Whilst both functions have previously been well managed by the one sub-committee, the Board is of the view that our changing environment necessitates a greater focus in each area. The Governance Committee continues to operate as normal.

The Board was pleased to host the Minister for Skills and Training, the Honorable Gayle Tierney for her first visit, as Minister, to SuniTAFE.

The Board has also worked closely with, and enjoyed the ongoing support of the Higher Education & Skills Group, and has been pleased to host senior representatives at various events.

The Board would also like to acknowledge the work of the Victorian Skill Commissioner and the preparation of the Mallee Regional Skills Demand profile. This document will be of enormous value to SuniTAFE and the Mallee region.

Board members have also participated in the preparation of the TAFE Compact, which sees the establishment of a clear focus for the Institute over the coming year.

In addition, the Board has continued its focus on the strategic direction of SuniTAFE. Through Skills First there is a growing recognition of the changing and expanding role of TAFE. The Board has developed a vision of what a modern TAFE should look and feel like, and is currently working through a strategic planning process to ensure current strategies are aligned with this ultimate vision.

During the year, we have bid farewell to Ross Goonan, the staff elected Board member, and thank him for his contribution to our Board. Ross's long experience with SuniTAFE proved invaluable and was clearly evident in his contribution at Board level. Trish Kelly was elected to the Board by SuniTAFE staff in December 2017 and we are looking forward to her input into our future direction.

The Board would like to congratulate the Leadership Team and staff of SuniTAFE for their combined efforts as we work through an exciting time of change.

LBurrows

Leonie Burrows

BOARD CHAIR

27/03/2018



CHIEF EXECUTIVE OFFICER'S REPORT

2017 has been a year of continued positive change at SuniTAFE. However, around us there has also been significant change.

The VET sector itself continues to change rapidly, with the expectations and demands of students, employers and community driving a higher level of service delivery and demanding innovative training pathways that lead to real jobs.

In addition, we continue to see existing and emerging industries in the Mallee Region evolve and grow, impacting positively on our region's economy.

There has also been significant change at the Federal Government policy level that has impact on the TAFE sector both immediately and into the future.

All of the above provides both opportunities and risks for SuniTAFE.

The Victorian Skills Commissioner initiated the first Regional Skills Taskforce in the Mallee Region, releasing the Mallee Regional Skills Demand Profile in October 2017.

SuniTAFE has worked closely with the Victorian Skills Commissioner and his office to understand the employment opportunities and skill demands that have been identified in this report, and will be required to resource the future growth of our region.

SuniTAFE has a critical role to play in ensuring the delivery of training in these key areas. This will form a key part of all future decisions around course delivery options for 2017 and beyond, as we strive to ensure SuniTAFE remains a contributor in the future growth of our region.

SuniTAFE also understands that not all in our community have equal opportunity, and remains committed to ensuring we provide training and services that allow all to be a part of the region's growth.

SuniTAFE's strategic plan remains focused on four key pillars:

- Our People and Culture
- Education and Training
- Our Customers
- Our Business

To support our people through this significant period of change, we have continued with our Leadership development program. This has seen ongoing engagement with our staff, providing an opportunity for their views and ideas to form a part of our decision making and strategic planning. It has also provided many with the opportunity for personal growth.

During 2017, SuniTAFE staff worked through a process to review the values that we think will be important to our future success. Whilst still in pilot stage, we believe that Integrity, Customer Focus, Innovation and Business Acumen will be critical attributes as we work to reshape SuniTAFE.

Our education and training has always been delivered with the needs of industry as its basis. However, our future delivery will be heavily influenced by the results of the Mallee Regional Taskforce, ensuring that we are delivery training that is vital to our region.

In addition, through the Skills First funding arrangements, we have successfully tendered for funds ensuring the delivery of training in several critical skill areas required by local industry, particularly in the Horticulture and Health industries.

To ensure that our training is of the highest quality, we have developed a team

of specialist teachers and support staff who are tasked with the role of designing all new course offerings (in conjunction with industry) and reviewing all existing curriculum and training products.

Our customers remain at the forefront of all our decisions and we have sought their views through a variety of formats. We have developed systems that allow students to provide us with instant feedback about our performance, ensuring that we a constantly listening for ways to improve.

The further development of our Skills and Jobs Centre will see an increased level of service to all, as we work to link people with appropriate support services and employment opportunities.

Sustainability and viability are key objectives of SuniTAFE's strategic plan. This ensures an ongoing focus on our business, and has resulted in a number of significant changes in 2017.

These include the recruitment of several key leadership roles, bringing a variety of training and commercial skills to the organisation. In addition, there has been considerable change to the way we perform many internal administration and support functions, as we move to centralize these critical roles. These changes are designed to make it easier for our customers to do business with us.

There is significant change afoot at SuniTAFE. This is not possible without the support of many people.

I would like to congratulate our staff for their willingness to adopt a new way. Our students and customers are also impacted throughout this period.

Finally, I would also like to thank our Board for the benefit of their experience and ongoing support, as we strive to ensure SuniTAFE delivers the quality training and level of service that our community expects of us.



Geoff Dea
CHIEF EXECUTIVE OFFICER
27/03/2018



OUR ORGANISATION

Year in Review

The Year in Review section of SuniTAFE's 2017 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
- Business

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 2017 survey (of 2016 graduates) showed:

- 81.6 % of SuniTAFE graduates were employed after training
- 89.2% of graduates were employed or enrolled in further study after training
- 89.2% of graduates were satisfied with the overall quality of their training
- 91.1% of graduates would recommend SuniTAFE

Each of these indicators of graduate satisfaction and success are above the Victorian TAFE and other Government Providers average satisfaction rates.

AWARDS AND ACHIEVEMENTS



Edgar Flores



Junyi Zhao



Tracy Mollison



SuniTAFE - AusTAFE culinary trophy competitors

Awards and Achievements

In 2017 we are particularly proud of the following students who achieved recognition at various regional state and national ceremonies.

Edgar Flores

Advanced Diploma of Hospitality international student Edgar Flores was awarded the VET/TAFE International Student of the Year at the Council of International Students (CISA) Conference Excellence Awards in July. His experience as an international student has given him the confidence and exposure to volunteer in a range of activities. Edgar feels a sense of belonging to the community and is grateful for the opportunities to meet new people and widen his circle of friends and networks, especially through being a member of the local Filipino community.

AusTAFE Culinary Trophy

SuniTAFE's hospitality students brought home five medals from the AusTAFE Culinary Trophy state final in Melbourne in September. Emma Thompson (Spoons Riverside, Swan Hill) received runner up in the 3rd year category and received a silver medal. Tyler Beruldsen (The Province) also a 3rd year apprentice scored a silver medal. Bronze medals were awarded to 1st year apprentice and 2017 Chefs of the Future winner, Ben Treloar (Stefano's Restaurant) and culinary students Feng An Tsai (Coombealla Club) and Chantha Penny (Thai-Riffic). Stephanie Puglisi (Spoons Riverside, Swan Hill), Ashley Bobbin (Brass Monkey Restaurant and Bar) and Brayden Asimos (Chaffey's Restaurant) received participations.

Junyi Zhao

Junyi Zhao (Mike) was named a finalist for the International Student of the Year - Regional category at the 2017 Victorian International Education Awards ceremony in November at the Investment Centre Victoria in Melbourne. The awards recognise and celebrate the outstanding achievements of Victoria's international students as well as the leading education providers that support them.

Mike, a Diploma of Accounting student, came to Australia from China in 2014. His study journey in Australia started at the Mildura English Language Centre followed by completing Year 11 and 12 at the Mildura Senior College. In 2017 he undertook Certificate IV in Accounting at SuniTAFE and has now continued on to the diploma program.

Tracy Mollison

Tracy Mollison was an Australian Aboriginal and Torres Strait Islander Student of the Year finalist at the 2017 Australian Training Awards - the peak national awards for the vocational education and training sector. Tracy was automatically selected after winning the Victorian Koorie Student of the Year award in October.

Tracy completed a Certificate IV in Training and Assessment and was employed as a Participation Assistant at SuniTAFE. The opportunity to take on a Certificate IV, led Tracy to re-evaluate her commitments - she was studying a Diploma of Horticulture, working as a part time gardener at Mildura Airport and spending time with her children and grandchildren. She has made sacrifices such as giving up this job in order to fit in more study.

Ben Treloar

Winner 2017 SuniTAFE Chefs of the Future 1st Year Apprentice, Stefano's Restaurant.

Korbin Begg

Apprentice of the Year Bosch Service Network, Certificate III in Light Vehicle Mechanical Technology Apprentice, Oasis Auto Service.

Stephen Russo

Apprentice of the Year, Master Builders North West Section, 4th year building apprentice, Dolphin Constructions.

Jayden Kitt

Building apprentice, G.J Barila and N.L. Barila, Winner, Employer-nominated, Master Builders North West Section.

Jake Chant

3rd year building apprentice, Bruce Lee Builder Winner, Chairman's Award, Master Builders North West Section.

Liam Helms

Carpentry school-based Apprentice School Based Apprenticeships and Traineeships Award, Student of the Year Runner Up, 2017 VETiS Awards.

Shae McDonnell

Certificate III in Allied Health VET Allied Health Award, 2017 VETiS Awards.

Jessica Foss

VCAL Intermediate VCAL Intermediate Award, 2017 VETiS Awards.

Tison-Reed McLean

Certificate II in Animal Studies VET Animal Studies Award, 2017 VETiS Awards.

Archi Renouf

Certificate II in Motorsports, VET Motorsports Award, 2017 VETiS Awards.

Aiden Brook

VCAL Foundation, VCAL Foundation Award, VETiS Awards.

2017 Sponsorship

Throughout 2017, SuniTAFE sponsored various community activities including:

- Australian Off-Road Racing Series
- Colours for Cancer Dinner
- Cultivator Conference
- Irymple Secondary College Graduation
- Little Day Out
- Mildura Small Business Festival
- Mildura's Longest Lunch
- SARG Paws Along the Murray
- Sustainable Building Session
- Swan Hill Rural City Council
- Tour de Murray
- VETiS Awards
- Wentworth Show - Equine
- Willowfest

Fundraising

- Movember
- Cancer Council - Australia's Biggest Morning Tea
- Mildura Relay for Life

EDUCATION AND TRAINING

Skills and Job Centre

July 2017 saw the relocation of the Skills and Job Centre to our Mildura campus. It was our original expectation that the central location would result in a large number of drop-in clients, however our experience, after eighteen months of operation and a range of marketing strategies, was that there were in fact minimal numbers of clients dropping in to the Centre. Numbers using the service were still satisfactory but reliant on appointments.

Clients were more often than not having to visit two of SuniTAFE's locations to commence training or access additional services not available at the 129a Eighth Street, providing a number of challenges for this cohort.

Victorian Skills Commissioner

SuniTAFE welcomed the launch of the 2017 Regional Skills Demand Profile [the Mallee] in September 2017. The profile, was developed after a series of 'deep dive' consultations between the Commissioner's office and a locally established taskforce of local employers to identify future job needs.

The findings of the VSC report have given SuniTAFE unprecedented insight to future training requirements; we congratulate the commissioner and team on this substantive body of work that will inform how we offer our services to the community.

Course Delivery Review

The Institute reviewed its current course offering in light of the VSC profile with the aim of delivering courses which meet the current and future needs of industry.

These include:

- Transport Logistics and Automotive
- Horticulture
- Health

SuniTAFE is concentrating on strategic partnerships with industry as one of our key actions.

Apprenticeships

Apprenticeship enrolments continue to grow increasing by 15% in 2017 compared to 2016

Regional Specialist Training Fund (RSTF)

SuniTAFE was successful in receiving funding for four [4] qualifications being Certificate IV in Irrigation, Certificate IV in Agri-Business, Certificate II in Rural Operations and Certificate III in Health Administration. As a result of this additional funding, SuniTAFE was able to recruit specialist teaching within these areas and to trial innovative course delivery models with a view to changing the way we offer training for businesses.

Workforce Training Innovation Fund (WTIF)

SuniTAFE received Seed funding in 2017 to enable the Institute to explore the opportunities to apply for the larger Skills First Workforce Training Innovation Fund. An application that includes 21 projects aimed at addressing current and future workforce requirements for the horticulture sector is before the assessment panel. The aim of the submission is to build, develop and design innovative training programs in line with industry expectations and needs.

Repurposing our infrastructure, exploring new crops and establishing a Smart [Digital] farm is the a major focus to enhance the impact of the proposed projects. Increasing the attractiveness of Horticulture / Agriculture to youth and new entrants, providing innovative immersive

learning experiences and engaging learners in agriculture, horticulture and STEM experiences will be facilitated. This will include involving students in solving real world problems in a dual context of a farm in the workplace while studying at SuniTAFE.

Seminar Series Continued

SuniTAFE facilitated a series of successful public seminars and training in 2017 in preparedness for the launch of the National Disability Insurance Scheme.

A highly effective leadership program was conducted over three days in June 2017 in partnership with PwC.

A number of industry-driven seminars were conducted at the SuniTAFE Cardross farm throughout 2017. These resulted in lifting the profile of our horticultural training footprint.

Dual Enrolment Program with La Trobe

SuniTAFE and La Trobe University have formed a partnership to provide students with the opportunity to enrol in both a Diploma and Bachelor degree concurrently.

The dual enrolment enables students to complete a Diploma at SuniTAFE, take up work in their chosen field while continuing their education at university.

Their diploma studies are recognised as the first year of their bachelor program, and students enter university directly into year two of their degree. Students complete the full program with dual qualifications and a level of practical knowledge preparing them well for their future career. In 2017, SuniTAFE enrolled 79 students in the program across 18 diplomas, exceeding anticipated numbers.

International students

International students continue to be drawn to SuniTAFE because of its course offerings and range of university pathways, particularly with La Trobe University. Study Mildura was introduced in 2017.

Study Mildura is a new focus and direction for international education in the region. It enables SuniTAFE to promote the region as a study destination and be set apart from metropolitan training providers. International students are drawn to SuniTAFE because of its course offerings and range of university pathways, such as the La Trobe University arrangement. Once here, students fall in love with the warm climate and relaxed multicultural regional lifestyle. Farm stays, community projects, events and activities and close industry networks will be developed further to provide international students with additional support and connectivity whilst studying. The Study Mildura concept will be further developed over the coming year in collaboration with other partners.

SuniTAFE accounting/business studies teacher Katrina Watt undertook an overseas teaching placement in 2017 visiting China on an International Specialised Skills Institute Fellowship. As an International Specialised Skills Institute and Department of Education and Training International Vocational Training Practitioner Fellowship recipient, Katrina's aim was to explore ways of increasing the number of international students participating in education in regional Victoria.

Katrina 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.

Katrina also visited the CPA North China Division in Beijing for the purposes of meeting with industry to review work experience models, review accounting curriculum and delivery methods at the Wuhan Donghu College and Wuhan Technical College of Communications and take part in sister city diplomacy activities at Dali University.

Trainer Training

Following an update to the highly sought after Training and Education Training Package, SuniTAFE was successful in obtaining accreditation to deliver the Certificate IV in Training and Assessment [TAE40116] and the Diploma of Vocational Education and Training [TAE50116].

The Institute is the only registered TAE provider located in north-west Victoria, and is one of 62 providers in Australia authorised to deliver the Certificate IV in Training and Assessment and is one of 21 to deliver the Diploma of Vocational Education and Training.

A process has commenced to update all Institute teaching staff to the new qualification and standards along with offering customised programs to external providers requiring upgrades or the full qualification.

Foundation Studies

In 2017 SuniTAFE's Foundation Studies unit delivered training in VCAL across three levels (Victorian Certificate of Applied Learning), Certificate in General Education for Adults across three levels, Certificate I in Transition Education, Certificate I in Work Education and Migrant Education also across three levels.

VCAL grew from 13 students in 2016 to 28 students in 2017. The addition of a homeroom was established for the VCAL students. This initiative was a huge success.

In this model, students received 'wrap-around' care to ensure their success inside and outside of class time. This translated into creation of a safe and inviting space that the students strongly identify with.

Two successful community initiatives were Bags for Hope (for those homeless within the Sunraysia region) and Community Kids Suitcases (for children transitioning into foster care). The bags and cases were donated to the Salvation Army and Mallee Family Care Foster Care Program respectively.

Students held a number of fundraising events to ensure that these projects could take place, while forming new partnerships within the community.

SuniTAFE's VCAL program had two students receive the top awards in their category for the Sunraysia Careers Network VETiS awards night, VCAL Foundation student of the year and VCAL Intermediate student of the year.

The SuniTAFE VCAL program is a project based learning which offers some incredible experiences for students including canoeing, hot air ballooning, cookery, cultural experiences at Mungo, horticulture, creative arts and much more. VCAL courses are equivalent to secondary years 10, 11 and 12, providing students with "hands on" learning and allows students to pathway into further learning and employment opportunities. Further growth is expected in 2018.

WorldSkills

As part of quality-based training which allows apprentices to showcase their trade skills, SuniTAFE participated in the WorldSkills competition with the winners given the opportunity to travel and compete at the national competition in Sydney in 2018. This is the first time SuniTAFE has been involved in WorldSkills over a number of years. SuniTAFE held heats in both Mildura and Swan Hill, with apprentices competing in Hospitality, Engineering Welding and Engineering Construction Steel. The National competition is held over three days and attracts over 20,000 visitors, industry leaders and top educational providers, a terrific opportunity for regional students.

Chefs of the Future event at the Farmer's market

For the first time, a pop up kitchen was set up at the Sunraysia Farmer's Market in July for the SuniTAFE Chefs of the Future Cooking Competition final. Bringing the event to the community exposed the skills taught to students and also created awareness of the connection between local produce and how it is utilised in the food we enjoy when dining out.

BUSINESS

Community Service funding

In 2017, the Institute welcomed in excess of \$1.5 million in funding from the Victorian Government to boost vital community service activities including Skills and Job Centre, Library services, counselling and welfare support and classroom support for disadvantaged learners. This funding allowed the Institute to continue to expand various activities directly benefiting students, employers and the wider community accessing services provided by the Institute.

Systems and Improvements

In 2017 SuniTAFE enhanced its systems and processes in order to facilitate preceding year enrolments by 1 October. This allowed for smoother transition into classes. A Customer Service and Education Support Team was established and improvements are evident.

Dattner Grant Leadership

Closely aligned to our customer-focused initiatives, the Institute participated in a number of workshops facilitated by renowned leadership, culture, strategy organisational and high-performance firm Dattner Grant in 2017. A highlight was an Institute wide introduction to business acumen as a critical value for future success.

New approach to marketing

After the successful implementation of our marketing model multiple successful campaigns were launched in 2017.

These included:

- 2017 SuniTAFE Enrolment
- Gap Year Work Year
- Business Traineeship
- Awards Ceremony
- Promotions and print collateral [leadership program, health training facility, reading writing maths, student enrolment information, pull up banners, quick course guide].
- Check in @ SuniTAFE
- Chefs of the Future
- Open Day

The partnership with Saunders Design Group will continue into 2018.

New irrigation partnership

SuniTAFE and Irrigation Australia Limited entered in a Memorandum of Understanding in late 2017 with a view to providing access into best practice methodologies, in the hope of addressing the needs identified by the horticulture industry.

Other partnerships

In 2017, SuniTAFE also entered into a Memorandum of Understanding with Mildura Regional Development and RMIT to undertake projects that will boost SuniTAFE's capacity in areas related to the Internet of Things (IoT), Machine Learning and Artificial Intelligence. Both in early stages of development, we hope to report progress and outcomes in our 2018 Annual report.

Youth PaTH

The Institute was awarded a contract to deliver Employability Skills Training under the federal government's youth PaTH initiative. Working closely with jobactive providers in the region this program offers training to disengaged and long-term unemployed youth to assist them to determine an achievable career option then prepare them to enter the workforce.

Trades Recognition Australia

SuniTAFE tendered an application to Trades Recognition Australia to continue delivering the Job Ready Program. SuniTAFE was successful and this will continue for the next three years.

The Job Ready Program is aimed at assessing people awaiting Australian Citizenship in an identified skills shortage area. In 2016/17 SuniTAFE undertook more than 140 assessments, up from 103 from the previous financial year. For the first six months of the financial year, SuniTAFE already has undertaken 112 assessments.



Financial Performance

Consolidated Entity (\$'000)	2017	2016	2015	2014	2013
Operating Revenue	28,573	27,995	36,886	24,023	43,949
Operating Expenses	28,111	27,981	30,647	31,959	41,954
Operating Result before Other Economic Flows	462	14	6,239	[7,936]	1,995
Other economic flows included in Net Result	277	309	-	[2,715]	-
Operating Result after Other Economic Flows	739	323	6,239	[10,651]	1,995
Accumulated Profit (Deficit) before 1st January	11,628	11,305	5,064	15,715	13,720
Transfers from Reserves	-	-	-	-	-
Transfers to Reserves	-	-	-	-	-
Transfer to Contributed Capital	-	-	-	-	-
Accumulated Profit (Deficit) 31st December	12,367	11,628	11,303	5,064	15,715

Summary of significant changes to financial position during the year

For the financial year ended 31st December 2017, the Institute recorded a consolidated profit of \$739,000.

Total income achieved for 2017 was \$28,573,000 compared to \$27,995,000, for 2016. Excluding capital income, operating income has increased by \$2,598,000, which is an increase of 10%.

Expenditure for 2017 totalled \$28,111,000 compared to \$27,981,000 for 2016, an increase of \$130,000 which is an increase of 0.5%.

Overall employee expenses increased by \$1,171,000 an increase of 6%, and non-salary expenses decreased by \$1,134,000 for 2017, a decrease of 14%.

Financially 2017 was a challenging year for Sunraysia Institute of TAFE, with some revenue targets not being achieved, but still returned an operating profit of \$739,000.

There have been no events subsequent to balance date which would adversely affect

the operations of the Sunraysia Institute of TAFE in subsequent years.

During the 2017 year, there was an adjustment for a prior period error of income classification. There has been no impact on the Comprehensive Operating Statement, Statement of change in Equity and Balance Sheet as the effect only impacts two income classifications at the same carrying value resulting in no impact on total income

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



STAFF

Staff Development

In 2017 staff members Josephine Bennett and Lara Collins received a Skills First Trainer and Assessor Grant for the purposes of undertaking a Graduate Certificate in Tertiary Teaching.

Our Business Improvement Department received funding to develop an online Vocational Competency register. The register is a compliance tool which will also allow SuniTAFE to locate teaching resources across departments and campuses.

Rebecca Burton also received a scholarship from VET Development Centre for the purposes of undertaking Certificate IV in Training and Assessment.

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.

Ann-Maree Martin	30 years
Michael Fenna	30 years
Carol Inglis	25 years
Graeme Worthington	25 years
Linda Gallo	25 years
Michelle Etherington	20 years
Brendan Barry	15 years
Geoff Leng	15 years
Judith Bird	15 years
Peter McLean	15 years
Andrea Williams	10 years
Debbie McDonald	10 years
Huaying [Jane] Zhang	10 years

Kathleen Keeble	10 years
Kaylene Tramsek	10 years
Matthew Cook	10 years
Stephen Smith	10 years

Investing in ourselves to better service our community Leadership program

The leadership development program continued throughout 2017 for an additional 45 staff who commenced professional development in the areas of culture, strategy, leadership and engagement.

The purpose of the program is to develop leaders committed to the growth and success of the Institute, who perform in a manner consistent with the strategic direction of the organisation.

All staff across all campuses were brought together to participate in 'World Café Day'. The World Café methodology aims to facilitate the creation, cross pollination and capturing of ideas, with the aim of allowing the widest group of people from the business to contribute to the future vision of SuniTAFE.

Indigenous Cultural Awareness Program

Ron's Indigenous Awareness workshops offered an opportunity to gain insight into Australia's Indigenous culture, history and contemporary issues through personal narrative. His aim was to raise awareness about Indigenous culture and facilitate understanding between Indigenous and non-Indigenous Australians. Staff participated in the workshops held by Ron.

Retiring Staff:

Anthony Mills
Director, Organisational Capability

In June 2017, after 11.6 years of dedicated service, Anthony Mills retired from the Institute.

Anthony commenced his career at SuniTAFE in 2005. Anthony and his wife relocated from Melbourne where he was Manager HR Services at Hallmark Cards and commenced his employment at the Institute as Manager HR Services. Anthony was later appointed Manager, Capability and Communication when he commenced his ultimate SuniTAFE role as Director Organisational Capability in 2011.

FUTURE DIRECTIONS

Apprenticeships and Traineeships

Apprenticeships and traineeships remain a key focus for SuniTAFE. This will be supported through the activities of the relocated Skills and Job Centre.

Leadership training

The Institute has committed to a significant investment in its staff through leadership development and personal growth training. To further add to the success of the 2017 leadership development, key industry stakeholders will be invited to participate in an open forum, hosted by SuniTAFE in 2018.

SuniTAFE Farm

SuniTAFE is exploring options around reinstating the farm back to a place of prominence in the community.

Several initiatives and applications were undertaken in 2017 around new and innovative technologies. The feedback received from Government has been very favourable.

Victorian Skills Commissioner

SuniTAFE's future focus is in line with the outcomes of the VSC as captured in this statement from 2017 Regional Skills Demand Profile "Industries in

the Region face common challenges and opportunities in relation to training and employment. This includes improving student awareness, interest and exposure to careers in industry across the Region". Through this report SuniTAFE's future education focus will be on Horticulture, Transport Logistics and Automotive and Health.

Horticulture

With a projected doubling in production over the next 10 years.

Transport, Logistics and Automotive

Due to the close link of the horticultural growth, transport logistics and automotive will see significant growth with up to 130 new positions within the next 3 years identified.

Health

A number of factors identified in the VSC report make health the most exciting future opportunity for SuniTAFE. These factors include ageing population, launch of NDIS in 2019 and the continued need for specialist health-based services in the region.

OUR VISION, MISSION AND VALUES

Our Vision

SuniTAFE will deliver education and training that creates career opportunities and pathways to university.

Our Mission

To be an outstanding service provider, working in partnership with students and customers to achieve their goals.

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 2017, the Institute reported to Parliament through Hon. Gayle Tierney MP.

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 responsible Minister in 2017 is detailed in Note 21[i] of the financial statements.

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 behavior 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.

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.

Leonie is a current member of the Institute's Audit, Finance and Risk 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, Chair, Sunraysia Community Health Service, Director, Murray Primary Health Network and Loddon Mallee Regional Development Australia Committee Member.

Board Directors in 2017

Mrs Leonie Burrows [Board Chair]
 Mr Geoff Dea
 Mr Rod Markwell
 Ms Kay Martin
 Ms Amanda Phillips
 Ms Lydia Senior
 Mr Terry Jennings
 Mr Greg Hutchison
 Mr Mark Liddle
 Mr Justin Lachal
 Mr Ross Goonan
 [concluded 6 July 2017]
 Ms Patricia Kelly
 [commenced 1 December 2017]

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 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 2017]

Ms Kay Martin [Chair]
 Mrs Leonie Burrows [Board Chair]
 Mr Mark Liddle
 Ms Lydia Senior

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, Finance and Risk Committee membership [as at 31 December 2017]

Ms Amanda Phillips [Chair]
 Mrs Leonie Burrows [Board Chair]
 Mr Geoff Dea
 Mr Justin Lachal
 Ms Inga Dalla Santa

The Audit, Finance and Risk Committee links the Board with the Institute's continuous audit program, and provides

advice and recommendation on matters pertaining to financial and risk 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 Risk Management Framework, strategic risk register and 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 2017]

Mr Rod Markwell [Chair]
 Mr Geoff Dea
 Mr Greg Hutchison
 Mr Terry Jennings

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 regard 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

2017 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 FINANCE Ms Carol Smith

The role of General Manager Finance, is 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.

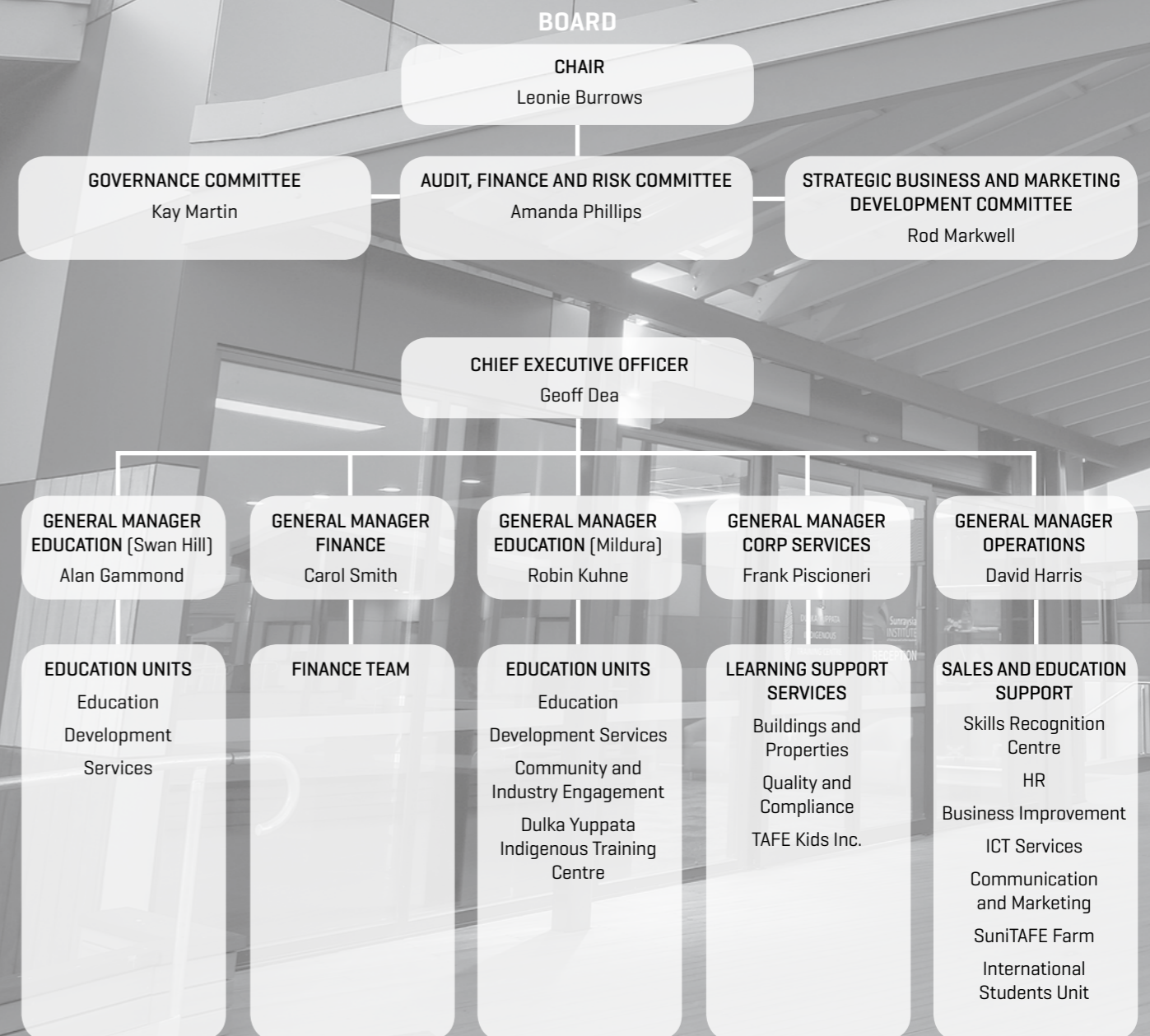
GENERAL MANAGER, EDUCATION [Swan Hill] Mr Alan Gammond

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 Data		Unit Measure	2017	2016	Greenhouse Gas Emissions CO ₂ -e	% Change to Prior Year
Energy	Electricity ¹	Megajoule	5,940,000	6,027,991	1967.20	-1.46
	Natural Gas ²	Megajoule	3,389,861	3,239,905	187.80	4.63
	LPG ³	Megajoule	41,1843	333,116	22.80	23.6
	Green Power ⁴	Megajoule	N/A	N/A	-	-
	Renewable ⁵	Megajoule	298,038	278,950	-	6.84
Waste	Landfill	Kg	60.10	47.33	-	27.0
	Recycle ⁶ [cardboard, paper, glass, cans]	Kg	10.91	15.28	-	28.6
	• Metals ⁷	Kg	4.4	11.28	-	[61.0]
	• Engine oil ⁷	Litres	-	1,100	-	[100]
	• Cooking oil ⁹	Litres	1,500	800	-	87.5
	• Foodwaste ⁹	Kilos	1,960	-	-	100
	• E-waste ⁷	Units	407	808	-	[49.6]
• Miscellaneous Equipment ⁷	\$	3,025	5473	-	[44.7]	
Paper	Plantation	A4 Ream	640	48	-	1233
	50% recycle	A4 Ream	2,666	2,812	-	[5.19]
	80% recycle	A4 Ream	330	504	-	[34.5]
Water (metered)	Domestic	Kilolitres	23,797	17,365	-	37
	Reused	Kilolitres	532	532	-	-
Fuel	Unleaded Petrol	Litre	21,422	24,756	48.87	[13.5]
	Diesel	Litre	36,363	26,238	97.13	38.6
Travel	Vehicle	km	582,156	572,523	-	[1.68]
	Air	km	309,335	269,493	131.1	14.8
Greenhouse Gas Emissions	Electricity, gas, fuel, air travel ⁸	Tonnes CO ₂ -e	2,456	2,616	-	[6.1]

Notes:

1. Sites: Mildura campus, NCS, Dow Avenue farm, Swan Hill campus and Robinvale campus.
2. Sites: Mildura campus and NCS.
3. Sites: Mildura campus, Dow Avenue farm and Swan Hill campus.

4. Sites: Mildura campus, NCS, Dow Avenue farm, Swan Hill campus and Robinvale campus.
5. Sites: Mildura campus, NCS and Swan Hill campus PV solar; total of 182kW [Greener Government Building Project] plus 5.25kW [3 x 1.75kW systems].

Environmental Performance

Sunraysia Institute of TAFE is committed to environmentally sustainable practices.

In 2017, the Institute continued its commitment to improving environmental performance.

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 also been replaced with new energy efficient models.

Natural Gas: colder weather during winter saw an increase in consumption figures.

LPG: Swan Hill campus consumption increased due to colder temperatures.

Green Power: no longer purchased due to installation of 182 kW of PV solar panels across three sites [Benetook Ave, NCS and Swan Hill].

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. 2017 solar generation totals have increased due to 2 inverters that were offline due to equipment failure, now being operational.

Additional Inclusions:

- Metals – Engineering, plumbing, automotive, and farm departments recycle all metals.
- Engine oil – Automotive training departments had no collections in 2017.
- Cooking oil – data on recycling of cooking oil from canteens, commercial cooking and hospitality areas is now available.

- Foodwaste – data is for canteens only and includes coffee grounds.
- E-waste – includes computers, monitors, servers, electronics, mobile phones and cabling which are either sold or recycled.
- Miscellaneous equipment – 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 at the Mildura and NCS sites. Gas, fuel and air travel emissions have resulted in an increase in greenhouse gas emissions due to adverse weather conditions and increase in vehicle usage and air travel.

Future Targets

The targets for electricity and natural gas consumption have been estimated for 2017/2018 as per Greener Government Building Project. Unanticipated climatic conditionals in 2017 have had an impact on previous set targets listed below:
Electricity: 5% reduction for 2017/2018

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

	2017	
	Per FTE	Per Square Metre
Full Time Employee	215	
Power [Megajoules]	27,627.91	65.4
Power CO ₂ -e [Tonnes]	9.15	0.08
Natural Gas [Megajoules]	15,766.80	134.36
Waste [Kg]	330.28	2.81
Paper [Ream]	16.91	-
Water [Kilolitres]	110.68	0.94
Fuel [Litres] ¹⁰	268.77	-
Air Travel CO ₂ -e [Tonnes] ¹⁰	0.61	-

Note: 10: Fuel and Air Travel CO₂-e have been calculated based on staffing figures of 215 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 for FTE.

Recycling waste has decreased to 15.5%
of total waste, a decrease of 9% on 2016
recycled figures.

Paper Use

Units of paper have been calculated using
staff and student FTE total.

Water Consumption

Units of metered water is calculated for
both kilolitres and square metres per FTE.
Water figures have increased due to two
leaking pipes and drier weather conditions.

Transportation

Fuel data is captured in litres.

All campuses are located in regional and
rural areas, many staff and students travel
from regional areas to sites where there is
limited public transport.

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.

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 2017.

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/Director
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; 'Competitive Neutrality:
Statement of Victorian Government 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
2017 by the Institute was \$234,674.

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 2017 total materials fees were
\$696,060. 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**

The 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.

In 2017 the Institute undertook major
works (greater than \$50,000) on the
Institute's Skills and Job Centre.

**Victorian Industry
Participation Policy (VIPP)**

No contracts applicable to the VIPP
were commenced or completed in 2017.

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.

One request under the Freedom of
Information Act 1982 was received by the
Institute during 2017. 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 Principles

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 Principles and the Australian Tax Office guidelines.

Additional Information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, 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.

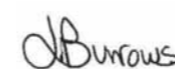
- A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by the Institute, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies 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

Risk Management Attestation

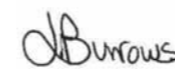
I, Leonie Burrows, Board Chair certify that the Sunraysia Institute of TAFE has partially complied with the Ministerial Standing Direction 3.7.1 in respect to the Risk Management Framework and Processes due to the Institute not obtaining its motor vehicle insurance cover from VMIA Insurance. This will be rectified for the 2018 financial year.



Leonie Burrows
 Board Chair
 Sunraysia Institute of TAFE
 27/03/2018

Financial Management Compliance Attestation Statement

I, Leonie Burrows on behalf of the Responsible Body, certify that the Sunraysia Institute of TAFE has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.



Leonie Burrows
 Board Chair
 Sunraysia Institute of TAFE
 27/03/2018

Workforce Information

December 2017		All Employees		Ongoing Employees		Fixed term & casual
		Employees [Headcount]	Full time [Headcount]	Part time [Headcount]	FTE	FTE
	Institute	232	114	43	145	46
	TAFE Kids Inc	33	7	11	17	7
Total		265	121	54	162	53
December 2016	Institute	240	104	44	134	52
	TAFE Kids Inc	28	11	6	16	7
Total		268	115	50	150	59

Major Commercial Activity

In 2017, 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].

Controlled Entities

Under section 45 of the Financial Management Act 1994 a copy of the accounts of TAFE Kids Inc. prepared in accordance with the requirements of the Financial Management Act 1994 included in the audited Financial Report; Note 23.



Workforce Information cont

	December 2017							December 2016						
	All Employees		Ongoing			Fixed term & Casual		All Employees		Ongoing			Fixed term & Casual	
	No.	FTE	F/T	P/T	FTE	No.	FPE	No.	FTE	F/T	P/T	FTE	No.	FTE
Institute														
Male	91	80	55	6	59	30	21	90	76	54	5	57	31	18
Female	141	111	59	37	86	45	25	150	110	50	39	77	61	34
SUB TOTAL	232	191	114	43	145	75	46	240	186	104	44	134	92	52
Controlled Entity														
Male	1	1	-	1	1	-	-	-	-	-	-	-	-	-
Female	32	23	7	10	16	15	7	28	22	11	6	16	11	7
SUB TOTAL	33	24	7	11	17	15	7	28	22	11	6	16	11	7
CONSOLIDATED TOTAL	265	215	121	54	162	90	53	268	208	115	50	150	103	59
Age														
15-24	3	3	3	-	3	-	-	6	6	3	1	4	2	2
25-34	32	25	12	6	16	14	9	31	22	13	6	16	12	6
35-44	66	53	31	11	39	24	13	69	56	31	15	41	23	14
45-54	58	51	34	10	42	14	9	54	41	25	6	29	23	12
55-64	60	50	30	12	39	18	11	65	50	27	12	36	26	14
65+	13	9	4	4	6	5	3	15	11	5	4	8	6	3
SUB TOTAL	232	191	114	43	145	75	46	240	186	104	44	134	92	52
Controlled Entity- Age														
15-24	6	4	1	2	3	3	1	5	3	1	-	1	4	2
25-34	9	6	1	1	2	7	4	6	4	4	-	4	2	-
35-44	10	8	4	4	7	2	1	10	9	5	3	7	2	2
45-54	5	4	1	3	4	1	1	5	4	1	2	3	2	2
55-64	2	1	-	1	1	1	-	2	2	-	1	1	1	1
65+	1	1	-	-	-	1	1	-	-	-	-	-	-	-
SUB TOTAL	33	24	7	11	17	15	7	28	22	11	6	16	11	7
CONSOLIDATED TOTAL	265	215	121	54	162	90	53	268	208	115	50	150	103	59
TOTAL: PACCT 1-8	111	96	60	32	84	19	12	115	96	55	31	76	29	20
PACCT 1	6	3	-	5	3	1	-	6	3	-	4	2	2	1
PACCT 2	26	19	12	6	16	8	3	33	23	9	9	15	15	8
PACCT 3	18	15	8	8	14	2	1	20	17	10	8	15	2	2
PACCT 4	19	18	12	4	15	3	3	19	17	13	4	15	2	2
PACCT 5	17	16	9	6	14	2	2	21	20	10	4	13	7	6
PACCT 6	7	7	6	-	6	1	1	6	6	4	1	5	1	1
PACCT 7	10	10	7	1	8	2	2	5	5	4	1	5	-	-
PACCT 8	8	8	6	2	8	-	-	5	5	5	-	5	-	-
TOTAL: TEACHING 1.1-SE3	115	89	54	11	62	50	27	118	83	48	13	57	57	26
T4CAS1	24	9	-	-	-	24	9	29	7	-	-	-	29	7
T5CAS1	6	2	-	-	-	6	2	6	1	-	-	-	6	1
Casuals	-	10	-	-	-	30	10	35	8	-	-	-	35	8
T1.1	-	-	-	-	-	-	-	4	3	-	-	-	4	3
T1.2	1	1	-	-	-	1	1	1	1	-	-	-	1	1
T1	1	1	-	-	-	1	1	5	4	-	-	-	5	4

F/T: Full time employment

P/T: Part time employment

T2.1	2	2	-	-	-	2	2	-	-	-	-	-	-	-
T2.2	10	8	1	-	1	9	7	8	7	-	-	-	8	7
T2	12	10	1	-	1	11	9	8	7	-	-	-	8	7
T3.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
T3.2	2	2	-	-	-	2	2	1	1	-	-	-	1	1
T3	2	2	-	-	-	2	2	1	1	-	-	-	1	1
T4.1	2	2	2	-	2	-	-	2	2	-	-	-	2	2
T4.2	3	3	3	-	3	-	-	7	7	5	1	6	1	1
T4	5	5	5	-	5	-	-	9	8	5	1	6	3	3
T5	49	45	35	9	41	5	4	47	42	32	11	39	4	3
SE1	7	7	5	1	6	1	1	3	3	2	-	2	1	1
SE2	1	1	1	-	1	-	-	1	1	1	-	1	-	-
SE3	8	8	7	1	8	-	-	9	9	8	1	9	-	-
SENIOR EMPLOYEES TOTAL	6	6	-	-	-	6	6	7	7	1	-	1	6	6
NON EXEC.1	5	5	-	-	-	5	5	5	5	1	-	1	4	4
CEO	1	1	-	-	-	1	1	2	2	-	-	-	2	2
SUB TOTAL	232	191	114	43	145	75	46	240	186	104	44	134	92	52
Controlled Entity														
CSE1 - ESAG TOTAL	33	24	7	11	17	15	7	28	22	11	6	16	11	7
EMPLOYEES TOTAL	265	215	121	54	162	90	53	268	208	115	50	150	103	59

	FULL TIME EQUIVALENT			
	Full Time	Part Time	Casual	TOTAL
PACCT FTE	72.0	25.7	11.8	109.5
EXECUTIVE FTE	1.0	0.0	0.0	1.0
OTHER FTE	0.0	0.0	0.0	0.0
TEACHER FTE	66.0	12.5	26.2	104.7
TOTAL	139.0	38.2	38.0	215.2

Table 1 – Annualised Total salary, by \$20,000 bands, for Executives and other senior non-executive staff

Income band (salary)	2017			2016		
	Executive	Non Exec.1	Other	Executives	Non Exec.1	Other
< \$160,000	-	5	-	-	5	-
\$160,000 - \$179,999	-	-	-	-	-	-
\$180,000 - \$199,999	-	-	-	-	-	-
\$200,000 - \$219,999	1	-	-	1	-	-
\$220,000 - \$239,999	-	-	-	-	-	-
TOTAL	1	5	-	1	5	-

NOTE:
The salaries reported above is for the full financial year, at a 1-FTE rate, and excludes superannuation.
One NONEXEC.1 commenced 31 July 2017
One NONEXEC.1 commenced 17 May 2017

ICT Expenditure

[\$ million]

BAU ICT expenditure Total	Non-BAU ICT expenditure Total = A+ B	Operational expenditure A	Capital expenditure B
\$1,736,918	-	\$1,736,918	-

Consultancies

In 2017, The Institute undertook four consultancies totalling \$10,000 or greater. The expenditure incurred during 2017 in relation to these consultancies totalled \$135,642 (excl GST).

In 2017, there were three consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2017 in relation to these consultancies is \$14,107 (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 2017, SuniTAFE continued to demonstrate its strong commitment to occupational health and safety through its strategy to ensure that all students, staff, contractors, volunteers, and visitors experience an environment at SuniTAFE that is safe. During 2017, there has been a continued focus on improving all aspects of SuniTAFE's occupational health and safety management system.

A highlight has been the introduction of a new online contractor management system that has made the management of contractor credentials much easier. An electronic sign on ensures that contractor cannot start work unless they are inducted, and all required credentials are uploaded to the system.

OH&S Performance Indicators

Measure	KPI	2014	2015	2016	2017	Note
Incidents Reported	Employees: Minor	12	15	12 [6/100FTE]	9 [4.25/100FTE] 4 [1.89/100FTE]	-
	Students: Minor Significant	28	16	12 [6/100 FTE] 0 [0/100 FTE]	25 8	-
	Visitors: Minor	-	1	1 [0.5/100 FTE]	-	-
Claims	Work Cover Claims	-	-	0 [0/100 FTE]	2 active claims 1 FT staff 6 1 casual 0.94/100FTE 4 days 1.89/100FTE	-
	Lost Time	-	-	0 [0/100 FTE]	-	-
Fatalities		-	-	-	-	-
Claim Costs	Total paid on claims	\$267.04	-	-	\$1,018.79	-
	Work Cover Premium	\$131,433	\$97,066.97	\$98,542.50	\$90,857.51	-
	Industry Premium Rate	0.9500%	0.9500%	0.768%	0.684002%	-
	Institute Premium Rate	0.7428%	0.7164%	0.5549%	0.5096%	-
Risk Management	Hazards identified and managed.	76	37	51 [25.5/100 FTE]	20 [9.5/100FTE]	1

1. Active hazard identification is conducted through workplace inspection program, and direct hazard reporting.

FINANCIAL STATEMENTS

for the Sunraysia Institute of TAFE for the year ended 31 December 2017

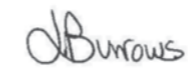
Statement of Financial Performance

For the year ended 31 December 2017

In our opinion, the accompanying Statement of Performance of Sunraysia Institute of Technical and Further Education for the year ended 31 December 2017 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.



Leonie Burrows
BOARD CHAIR
Sunraysia Institute of TAFE
28/03/2018



Geoff Dea
CHIEF EXECUTIVE OFFICER
Sunraysia Institute of TAFE
28/03/2018



Caroline Smith
CHIEF FINANCE OFFICER
Sunraysia Institute of TAFE
28/03/2018



Independent Auditor's Report

To the Board of Sunraysia Institute of TAFE

Opinion	<p>I have audited the accompanying statement of performance of Sunraysia Institute of TAFE (the institute) which comprises the:</p> <ul style="list-style-type: none"> statement of performance statement of performance management certificate. <p>In my opinion, the statement of performance of Sunraysia Institute of TAFE in respect of the year ended 31 December 2017 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. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the statement of performance</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 statement of performance in Australia 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 statement of performance	<p>The Board is responsible for the preparation and fair presentation of the statement of performance and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the statement of performance	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the statement of performance based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the statement of performance as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.</p> <p>Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this statement of performance.</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 statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and whether statement of performance represents the underlying events and results in a manner that achieves fair presentation.

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

MELBOURNE
28 March 2018

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

	Key Performance Indicators	Description and methodology	Metric	2017 Target	2017 Actual	Prior year result
1. Mandatory KPIs						
1.1	Training revenue diversity	Institute training revenue consists as either Government funded or Fee for Service revenue. Training revenue split by: · Victorian Training Guarantee (VTG) · Fee for Service (FFS)	Percentage	74%	71%	74%
				26%	29%	26%
1.2	Employment costs as a proportion of training revenue	Employment costs as a proportion of training revenue (VTG and FFS) <i>Employment costs + 3rd party training delivery costs / Training Revenue</i>	Percentage	135%	133%	138%
1.3	Training revenue per teaching FTE*	Training Revenue per Teaching FTE* <i>Training Revenue / Teaching FTEs*</i>	Dollars	\$121,492	\$114,101	\$117,517
1.4	Operating margin percentage	Operating margin % <i>EBITA excluding Capital Contributions / Total Revenue (excl. Capital Contributions)</i>	Percentage	-84%	-43%	-51%
2. Other KPIs per statement of Corporate Intent						
2.1	Conduct 2017 mid-year review	Mid-year review	Yes/No	Yes	Yes	N/A
2.2	Develop pricing strategy	Review and develop a pricing strategy in 2017	Yes/No	Yes	Yes	N/A
2.3	Survey capability finalised and operating in 2017	Survey industry and student needs for preferred delivery modes. <i>The outcome of this KPI is not able to be reliably measured.</i>	N/A	N/A	N/A	N/A
2.4	Increase:					
A	Increase revenue growth	Training revenue 2017 compared to 2016	Percentage	1%	7%	-36%
B	Increase revenue diversity	Training revenue split by: Victorian Training Guarantee (VTG) and Fee for Service (FFS)	Percentage	74%	71%	74%
				26%	29%	26%
C	Increase student numbers	Increase student enrolment numbers	Percentage	5%	-1%	-5%
2.5	Market share	Increase market share from 25% to 30%	Percentage	30%	25%	24%
2.6	Increase documented relationship with industry	Business Development and Skills and Jobs Centre records of industry contact	Yes/No	Yes	Yes	N/A
2.7	Develop capability to measure conversion rate	The measurement of enquiries resulting in enrolment	Yes/No	Yes	No	N/A
2.8	Identify market trends and competitor analysis within the region	Ongoing market research established by March 2017 and preparation of monthly marketing data reports	Yes/No	Yes	No	N/A
2.9	Delivering existing programs to new markets and new programs to existing markets	Identify new markets, share marketing information internally and externally with relevant stakeholders <i>The outcome of this KPI is not able to be reliably measured.</i>	N/A	N/A	N/A	N/A
2.1	Establish a board sub-committee with oversight of marketing and stakeholder engagement	Sub-committee established by March 2017 (Marketing and stakeholder engagement)	Yes/No	Yes	Yes	N/A
2.11	Review existing overheads and set achievable reduction targets:					

A	- Staff resource utilisation (Revenue / EFT)	Efficient utilisation of resources for example assets and staff	Dollars	\$146,820	\$159,402	\$154,517
B	- Student facing / non-student facing ratio	Measurement of teaching to non-teaching staff	Percentage	Teaching: 50%	Teaching 50.54%	Teaching: 47.45%
C	- Student contact hours / student facing EFT	Student contact hours per teaching EFT	Number	8,744	8,950	9,711
2.12	Apply current industrial instruments to assist in achieving business efficiencies	Whether industrial instruments were applied to increase efficiency	Yes/No	Yes	No	N/A
2.13	Increased utilisation of buildings as measured by CelCat	As per room utilisation reports provided to board on a half yearly basis	Percentage	>45%	52%	45%
3. Enhanced Role as a Public Provider						
3.15	Board Chair reviews KPI's at annual CEO Performance Review.	Involvement of the CEO in the regional collaboration group which forms part of the CEO annual KPIs <i>The outcome of this KPI is not able to be reliably measured</i>	N/A	N/A	N/A	N/A
4. Enhances Role as a Public Provider						
4.16	Demonstrate improved practices as a result of collaboration	Take collaborative action by sharing best practice to lift quality of training <i>The outcome of this KPI is not able to be reliably measured</i>	N/A	N/A	N/A	N/A
4.17	A Skills Training matrix that identifies skills gaps and assists alignment with industry needs as identified in the regional data outlined in the Skills First Package. Skills growth monitored year on year.	Coordination of individual staff development plans to meet institute and industry requirements	Yes/No	Yes	No	N/A
4.18	Development of a skills matrix identifying gaps required to achieve the institute strategic goals	Coordination of individual staff development plans to meet institute and industry requirements	Yes/No	Yes	No	N/A
4.19	Establish and promote appropriate schedule of industry engagements per industry sector as identified in the Skills First Initiative and monitor outcomes	Formalise industry forums with a view of establishing relationships and identifying appropriate innovative programs	Yes/No	Yes	Yes	N/A
4.20	Measure the number of new programs offered for 2017.	In 2017 the institute reviewed its entire course offering with the view a view to meeting industry needs	Yes/No	Yes	Yes	N/A

5. Working with enterprises to apply skills to improve productivity						
5.21	Develop a plan to ensure that SuniTAFE benefit from the industry engagement framework and role of Victorian Skills Commissioner	Plan to be completed by March 2017	Yes/No	Yes	Yes	N/A
5.22	Register of commercial opportunities to pursue	Establish a culture of identifying and raising opportunities supported by an internal communications process	Yes/No	Yes	Yes	N/A
5.23	Increase in apprenticeship numbers (over 2016) and increase in industry partners	Offer responsive apprenticeship and traineeship training including flexible arrangements and best-practice competency based progression and completion	Number of Apprentices	>890	920	890
			Number of Industry Partners	>85	148	85
5.24	Establishment of a business plan for group training by mid-2017	Explore the establishment of a group-training function with SuniTAFE	Yes/No	Yes	No	N/A
6. Help deliver on key Government Initiatives						
6.25	Conduct relevant forums to bring network and industry partners together	Collaborate across the network and drive industry partnerships to respond to Victoria's broader economic and social challenges	Yes/No	Yes	Yes	N/A
6.26	Demonstrated communication of outcomes across the network	Develop strategies to build relationship in key areas with a view to gaining information to share across the network, both economic and social perspectives	Yes/No	Yes	Yes	N/A

7. Increase participation in training						
7.27	Increase low SES students by 5%	Working with community agencies to provide their clients with appropriate work ready skills	Percentage	5%	-2.88%	N/A
7.28	Increase the number of Indigenous Staff from 2 (2016) to 6 (2017)	Increase Indigenous staff for 2017	Number	6	12	7
7.29	Develop plan by end of December 2017	Implement strategies to increase Aboriginal participation and outcome in the region.	Yes/No	Yes	Yes	N/A
7.30	Profile developed and opportunities identified by May 2017	Profile all Learn Locals with a view to establishing possible opportunities for collaboration	Yes/No	Yes	Yes	N/A
8. Building Organisational Capability						
8.31	Reduction of identified skills gaps within organisational capability	Develop and execute and Organisational Capability plan approved by HESG identifying key areas <i>The outcome of this KPI is not able to be reliably measured</i>	N/A	N/A	N/A	N/A
8.32	Development of a skills matrix identifying gaps required to achieve institute strategic goals	Coordination of individual staff development plans to meet institute and industry requirements	Yes/No	Yes	No	N/A
8.33	Successful business cases receive appropriate funding.	Business Development Department responsible for the coordination of all institute funding submissions <i>The outcome of this KPI is not able to be reliably measured</i>	N/A	N/A	N/A	N/A
9. Supplementary Funding Expectations						
9.35	Apply current industrial instruments to assist in achieving business efficiencies	Industrial instruments applied to increase efficiency?	Yes/No	Yes	No	N/A

10. Improved Public Accountability						
10.37	Establish a reporting mechanism to ensure accountability against Compact.	Work closely with the department to create a Public Compact	Yes/No	Yes	Yes	N/A
11. Expectations specific to Institute						
11.38	Ongoing assessment against projected outcomes	Development of a scorecard reporting system provided to the board monthly	Yes/No	Yes	Yes	N/A
11.39	Contribution to collaboration projects and adopting of outcomes to SuniTAFE	Continue to participate with collaborative meetings and progress on existing initiatives	Yes/No	Yes	Yes	N/A
11.40	Pathways to Higher Education in place for all active diplomas offered at SuniTAFE	Expand pathway module within SuniTAFE in collaboration with La Trobe Mildura	Yes/No	Yes	Yes	N/A
11.41	Number of dual enrolments	Increase number of dual enrolments from 42 to 50	Number	50	79	43
11.42	Collaboration with VTA Initiatives Included in CEO's KPI's	Explore partnerships with other TAFE's to expand cost effective training within the region <i>The outcome of this KPI is not able to be reliably measured</i>	N/A	N/A	N/A	N/A

12. Other Expectations						
12.43	All projects are delivered on time and within budget	Dedicated project management team and reporting process	Yes/No	Yes	No	N/A
12.44	All projects will be reviewed and available to be shared internally/externally as required	Implement a review process for all project management functions	Yes/No	Yes	No	N/A
12.45	Future program delivery informed in part by graduate survey outcomes.	Develop survey capability for graduates to measure training and employment outcomes	Yes/No	Yes	Yes	N/A
13. Auditor General- TAFE 2014 Audit Snapshot						
13.46	Review of fraud control policies and expansion of definition	Annual review of Fraud Control Policies and training throughout the Institute.	Yes/No	Yes	Yes	N/A
13.47	Provide regular training to staff on fraud policies and procedures and ensure tailored training to staff in high-risk roles	Online training provided to staff in 2017 with ongoing training scheduled in 2018	Yes/No	Yes	Yes	N/A
14. Victorian Public Sector Commission (VPSC) People Matter Survey						
14.48	Improvement in 2017 Staff Survey Results	Institute to participate in the VPSC People Matters Survey in 2017 and develop and implement strategies to address the findings	Yes/No	Yes	No	N/A
15. Victorian TAFE Association						
15.49	New Enterprise agreement achieve 50% plus 1 approval rating at SuniTAFE	The institute is expected to participate through the VTA and bargaining representatives in the negotiation for the successor tafe teaching agreement	Yes/No	Yes	No	N/A

NOTES	
1.1	The VTG and FFS ratio is difficult to budget for as the breakup is unknown until all enrolments are received and processed. The actual result achieved is comparable to the training diversity achieved in the prior year with a variance of 2.5 percent in 2017.
1.2	Employment costs as a percentage of training revenue is 5% less than the prior year result, and two percent less than the anticipated budget. The main reason for the better than budgeted result is due to training revenue being \$252,000 above budget and employment costs being \$88,000 less than budgeted for.
1.3	Training Revenue per teaching FTE is \$114,101 compared to a target of \$121,492 and prior year result of \$117,517. The main reason for the decrease in revenue per FTE teaching staff is due to a number of teaching staff being taken from teaching duties. This was done to focus on the development of course curriculum and assessment materials in order to meet future industry demand and to ensure the Institute meets all compliance and regulatory requirements.
1.4	The Operating margin achieved for 2017 was -43.35 compared to a budgeted target of -84.24 and prior year result of -51.42. The main reason for the improved result compared to budget is due to an increase of Grant Funding of \$1,624,000, an increase in operating revenue of \$100,000 and a reduction of expenses by \$318,000.
2.3	<i>The outcome of this KPI is not able to be reliably measured.</i> Preferred delivery mode is not specifically surveyed. However students have been surveyed on suggested changes/adjustments for courses on offer (which could include delivery mode). The Institute engages various methods for surveying students including industry consultations, employer and student quality indicator surveys, course appraisals, unit evaluations, pre-training reviews, and informal discussions with industry, schools and student groups.
2.4A	The target for 2017 was achieved. There was also an increase of approximately \$780,000 in 2017 compared to 2016 due to funding increases.
2.4B	The VTG and FFS ratio is difficult to budget for as the breakup is unknown until all enrolments are received and processed. The actual result achieved is comparable to the training diversity achieved in the prior year with a variance of 2.5 percent in 2017.
2.4C	Student numbers have decreased by 33 students (-1%), due to the fact SuniTAFE has been focusing on the quality of courses delivered and will be aiming to increase student numbers in 2018.
2.5	From the Higher Education and Skills Group Performance and Accountability Framework which indicates the institute market share is issued quarterly. The most recent report was received for the September quarter.
2.7	The institute is in the process of purchasing and implementing 'Sales Force' and training staff to use the program to ensure that enquiries are being managed to meet the requirements of this KPI.
2.8	Due to a restructure the institute has monitored the market through the Performance and Accountability Framework. The institute has also engaged with an external marketing consultant and media buyer to conduct research for our market.
2.9	<i>The outcome of this KPI is not able to be reliably measured.</i> OCD applications have been submitted for a new, restructured website. Website is to emphasise communication/engagement and accessibility. Cleaner website design will allow information about existing courses to reach new markets (via the internet). It will also allow information about new programs to be effectively marketed to existing markets.
2.11A	Revenue per FTE is \$159,402 compared to a target of \$146,820 and prior year result of \$154,517. This increase resulted from an increase in overall income and a reduction in total FTE in 2017
2.11B	Throughout the 2017 financial year the institute has focused on creating an equal balance between student facing and non-student facing staffing ratio.
2.11C	Student contact hours per teaching FTE for 2017 was 8,950 compared to a budget of 8,744 and prior year result of 9,711. The main reason for the decrease in student contact hours per FTE teaching staff is due to a number of teaching staff being taken from teaching duties. This was done to focus on the development of course curriculum and assessment materials in order to meet future industry demand and to ensure the Institute meets all compliance and regulatory requirements.
2.11D	Student numbers have decreased by 33 (-1%), due to the fact SuniTAFE has been focusing on the quality of courses delivered and will be aiming to increase student numbers in 2018.
2.13	The Institute has implemented a new tool to structure teaching load schedules to create greater accountability in the area of unscheduled duties.
2.14	For the 2017 financial year the Institute employed a CelCat administrator to manage the allocation of facilities to education units. Due to this position being created the institute has been able to increase utilisation by approximately five percent.
3.15	<i>The outcome of this KPI is not able to be reliably measured</i>
4.16	<i>The outcome of this KPI is not able to be reliably measured.</i> The improvement in collaboration comes about due to SuniTAFE being heavily invested in industry and industry needs. MoU and others to follow show a larger emphasis is on collaboration, potentially leading to improvements.
4.17	Due to the transition of the Institutes management team this KPI has been realigned as a 2018 KPI
4.18	Due to the transition of the Institutes management team this KPI has been realigned as a 2018 KPI
5.23	Due to an increase in industry engagement, apprenticeship numbers have increased and the institute has tailored its delivery to meet industry needs. SuniTAFE will continue to connect with industry in 2018.

7.27	The institute has a significant number of Low SES students with the overall reduction in student numbers causing a slight decrease in low SES students.
7.28	Indigenous staffing has increased by 10 for the 2017 financial year.
8.31	<i>The outcome of this KPI is not able to be reliably measured</i>
8.32	Due to the transition of the management team this KPI has been realigned as a 2018 KPI.
8.33	<i>The outcome of this KPI is not able to be reliably measured.</i> Of the four Regional Specialist Training Fund applications, all four were funded as submitted. For the community service funding application, the institute received approximately 70% of the requested funding
9.35	The institute have implemented a new tool to structure teaching load schedules to create greater accountability in the area of unscheduled duties.
11.40	Articulation agreement has provided pathways to higher education which has resulted in a higher number of dual enrolments.
11.41	Due to an increase in promotion through SuniTAFE and La Trobe for Dual enrolments students enrolments have increased from 43 in 2016 to 79 in 2017.
11.42	<i>The outcome of this KPI is not able to be reliably measured</i>
12.43	As SuniTAFE is embarking on a major structural change the Institute is currently assessing its options in implementing this team due to a lack of resources. SuniTAFE will be seeking a qualified project manager in 2018.
12.44	Currently SuniTAFE are managing projects through existing resources including the Community and Industry Engagement Team.

Declaration

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER, 2017

**DECLARATION BY THE BOARD CHAIR
CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER**

We certify that the attached financial statements for the Sunraysia Institute of TAFE and the consolidated entity has been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2017 and financial position of the Institute and the consolidated entity as at 31 December 2017.

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

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



**Board Chair Leonie
Burrows**

Date 28 March 2018

Place: Mildura



**Chief Financial Officer
Carol Smith**

Date 28 March 2018

Place: Mildura



**Chief Executive Officer
Geoff Dea**

Date 28 March 2018

Place: Mildura

Independent Auditor's Report



To the Board of the Sunraysia Institute of TAFE

Opinion	<p>I have audited the consolidated financial report of the 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 2017 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 a summary of 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 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under that Act and those standards are further described 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 Australia. 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 the <i>Financial Management Act 1994</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 As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute 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.

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



Charlotte Jeffries

as delegate for the Auditor-General of Victoria

MELBOURNE
28 March 2018

THE SUNRAYSIA INSTITUTE OF TAFE - FINANCIAL STATEMENTS

How this report is structured

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

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THE SUNRAYSIA INSTITUTE OF TAFE - FINANCIAL STATEMENTS

1. The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows - other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result. The net result is equivalent to profit or loss derived in accordance with AAS.
2. Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.
Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the TAFE does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.
3. Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.
4. The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT
For the year ended December 2017

	Note	Consolidated		TAFE	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Continuing operations					
Income from transactions					
Government contributions	2.1	20,004	19,444	20,004	19,444
Sale of goods and services	2.2	8,351	7,896	6,680	6,355
Interest income	6.1.2	93	102	91	99
Other income	2.3	125	553	56	493
Total Income from transactions		28,573	27,995	26,831	26,391
Expense from transactions					
Employee expenses	3.1.1	19,436	18,265	18,056	17,006
Depreciation and amortisation		1,856	1,763	1,830	1,738
Supplies and services	3.3	4,640	6,114	4,435	5,960
Other operating expenses	3.5	2,179	1,839	2,181	1,805
Total Expenses from transactions		28,111	27,981	26,502	26,509
Net result from transactions		462	14	329	(118)
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	4.1.1	(14)	(20)	(14)	(20)
Net gain on financial instruments	7.1.1	294	149	299	149
Other gains/(losses) from other economic flows	9.1	(3)	180	(2)	170
Total other economic flows included in net result		277	309	283	299
Net result		739	323	612	181
Other economic flows - other comprehensive income					
Items that will not be reclassified to net result					
Changes in physical asset revaluation surplus	9.2	3,455	3,127	3,021	3,127
Total other economic flows - Other comprehensive income		3,455	3,127	3,021	3,127
Comprehensive result		4,194	3,450	3,633	3,308

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

FINANCIAL STATEMENTS

BALANCE SHEET
As at December 2017

	Note	Consolidated		TAFE	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets					
Financial assets					
Cash and deposits	6.1	10,028	8,311	9,453	7,902
Receivables	5.2	1,035	1,996	1,164	2,118
Investments and other financial assets	4.3	112	109	38	38
Total financial assets		11,175	10,416	10,655	10,058
Non-financial assets					
Inventories	5.1	38	90	38	90
Prepayments	5.3	733	668	733	668
Property, plant and equipment	4.1	44,609	41,885	43,398	41,100
Intangible assets	4.2	2,617	2,978	2,617	2,978
Total non-financial assets		47,997	45,621	46,786	44,836
Total assets		59,172	56,037	57,441	54,894
Liabilities					
Payables	5.4	2,747	3,378	2,683	3,347
Employee provisions	3.1.2	2,819	2,819	2,726	2,720
Borrowings	6.2	5,441	5,869	5,441	5,869
Other liabilities	5.5	38	38	38	38
Total liabilities		11,045	12,104	10,888	11,974
Net assets		48,127	43,933	46,553	42,920
Equity					
Contributed capital	6.3	6,997	6,997	6,997	6,997
Accumulated surplus		12,367	11,628	11,439	10,827
Reserves	9.2	28,763	25,308	28,117	25,096
Net worth		48,127	43,933	46,553	42,920

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

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
For the year ended December 2017

	Physical asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated				
At 1 January 2016	22,181	11,305	6,997	40,483
Net result for the year	-	323	-	323
Other comprehensive income	3,127	-	-	3,127
Year ended 31 December 2016	25,308	11,628	6,997	43,933
Net result for the year	-	739	-	739
Other comprehensive flows - other comprehensive income	3,455	-	-	3,455
Year ended 31 December 2017	28,763	12,367	6,997	48,127
TAFE				
At 1 January 2016	21,969	10,646	6,997	39,612
Net result for the year	-	181	-	181
Other comprehensive income	3,127	-	-	3,127
Year ended 31 December 2016	25,096	10,827	6,997	42,920
Net result for the year	-	612	-	612
Other comprehensive flows - other comprehensive income	3,021	-	-	3,021
Year ended 31 December 2017	28,117	11,439	6,997	46,553

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

FINANCIAL STATEMENTS

CASH FLOW STATEMENT
As at December 2017

	Note	Consolidated		TAFE	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash flow from operating activities					
Receipts					
Government contributions - operating		19,532	17,180	19,532	17,180
Government contributions - capital		150	2,170	150	2,170
User fees and charges received		9,496	6,623	7,810	5,106
Goods and services tax recovered		255	986	248	973
Interest received		93	102	91	99
Other receipts		125	1,104	56	766
Total Receipts		29,651	28,165	27,887	26,294
Payments					
Payments to suppliers and employees		(26,592)	(25,537)	(25,014)	(23,829)
Goods and services tax paid		(352)	(112)	(352)	(114)
Total Payments		(26,944)	(25,649)	(25,366)	(23,943)
Net cash flows from operating activities	6.1.1	2,707	2,516	2,521	2,351
Cash flow from investing activities					
Proceeds from sale of non-financial asset		190	189	190	189
Purchases of non-financial assets		(971)	(4,413)	(951)	(4,393)
Net cash flows from/(used in) investing activities		(781)	(4,224)	(761)	(4,204)
Cash flow from financing activities					
Proceeds from borrowings		-	5,000	-	5,000
Repayment of borrowings		(209)	(209)	(209)	(209)
Net cash flows from/(used in) financing activities		(209)	4,791	(209)	4,791
Net increase in cash and cash equivalents		1,717	3,083	1,551	2,938
Cash and cash equivalents at the beginning of the financial year		8,311	5,228	7,902	4,964
Cash and cash equivalents at the end of the financial year	6.1	10,028	8,311	9,453	7,902

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

1. ABOUT THIS REPORT

The Sunraysia Institute of TAFE (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);
- 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 which case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Basis of consolidation

In accordance with AASB 10 *Consolidated Financial Statement*, control exist 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.

Funding risk

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

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

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

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. ABOUT THIS REPORT

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 financial statement line item is disclosed.

2. HOW WE EARNED OUR FUNDS

2.1 Government contributions

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Grants and other transfers				
State Government - contestable	6,418	5,919	6,418	5,919
State Government - other contributions	13,436	11,355	13,436	11,355
Total government contributions - operating	19,854	17,274	19,854	17,274
Government contributions - capital				
State Government - capital	150	2,170	150	2,170
Total government contributions - capital	150	2,170	150	2,170
Total government contributions	20,004	19,444	20,004	19,444

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Student fees and charges	3,942	4,335	3,942	4,335
Fee for service - Government	788	310	788	310
Fee for service - International operations - onshore	850	717	850	717
Fee for service - other	1,904	1,613	226	72
Other non-course fees and charges				
Sale of Goods	867	921	874	921
Total fees and charges	8,351	7,896	6,680	6,355

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. HOW WE EARNED OUR FUNDS

2.3 Other income

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Donations bequests and contributions	10	49	10	48
Other revenue	115	504	46	445
Total other income	125	553	56	493

Donations bequests and contribution and Other income

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

Other revenue

Other revenue includes commercial consultancy, kinder income, wage subsidy childcare, 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 17 years [2016: 17 years];
- * Future salary growth rate 3.625% [2016: 3.813%]; and
- * Bond discount rates as per the Department of Treasury and Finance.
- * Oncost rate 15.56% [2016: 15.60%]
- *Portion of Long Service Leave settled within 12 months 14.72% [2016: 14.72%]
- *Portion of Annual Leave settled within 12 months 100% [2016: 100%]

All assumptions are reviewed at each reporting date

3.1.1 Employee benefits in the comprehensive operating statement

Expenses

Salaries, wages, overtime and allowances	16,078	15,182	14,838	14,080
Superannuation	1,668	1,570	1,538	1,448
Payroll tax	680	746	680	746
Worker's compensation	88	104	88	104
Long service leave	358	370	352	352
Annual leave	172	196	168	179
Termination benefits	283	-	283	-
Other	109	97	109	97
Total employee expenses	19,436	18,265	18,056	17,006

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Salaries, wages, overtime and allowances	16,078	15,182	14,838	14,080
Superannuation	1,668	1,570	1,538	1,448
Payroll tax	680	746	680	746
Worker's compensation	88	104	88	104
Long service leave	358	370	352	352
Annual leave	172	196	168	179
Termination benefits	283	-	283	-
Other	109	97	109	97
Total employee expenses	19,436	18,265	18,056	17,006

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

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

3.1.2 Employee benefits in the balance sheet

Current provisions

Employee benefits - Annual leave

Unconditional and expected to wholly settle within 12 months

Employee benefits - Long service leave

Unconditional and expected to wholly settle within 12 months

Unconditional and expected to wholly settle after 12 months

Provisions for on-costs

Unconditional and expected to wholly settle within 12 months

Unconditional and expected to wholly settle after 12 months

Total current provisions for employee benefits

Non-current provisions

Employee benefits

Employee benefits on-costs

Total non-current provisions

Total employee provisions

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Unconditional and expected to wholly settle within 12 months	442	446	413	409
Unconditional and expected to wholly settle within 12 months	240	241	234	236
Unconditional and expected to wholly settle after 12 months	1,392	1,385	1,357	1,352
Unconditional and expected to wholly settle within 12 months	106	106	102	101
Unconditional and expected to wholly settle after 12 months	218	216	214	213
Total current provisions for employee benefits	2,398	2,394	2,320	2,311
Employee benefits	364	368	349	353
Employee benefits on-costs	57	57	57	56
Total non-current provisions	421	425	406	409
Total employee provisions	2,819	2,819	2,726	2,720

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. HOW WE EXPENDED OUR FUNDS

3.1.2 Employee benefits in the balance sheet (Continued)

Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are recognised as a separate provision.

Amounts are measured at present values.

Reconciliation of movements in on-cost provisions

	Consolidated	TAFE
	\$'000	\$'000
Carrying amount at the start of the year	379	370
Additional provisions recognised	121	115
Reduction arising from payments / other sacrifices of future economic benefits	(119)	(112)
Carrying amount at the end of the year	381	373

Wages, salaries and annual leave

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

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

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

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

The components of the current LSL liability are measured at:

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

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

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

3.2 Superannuation

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

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the 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	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Paid contribution for the year				
Defined benefits plans:				
State Superannuation Fund - revised and new	71	78	71	76
Defined contribution plans:				
VicSuper	816	815	747	749
Other	781	677	720	623
Total paid contribution for the year	1,668	1,570	1,538	1,448

The TAFE does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The basis for contributions are determined by the various schemes.

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

Defined contribution plans

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

Defined benefit plans

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

3.3 Supplies and services

	Consolidated		TAFE	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Purchase of supplies and consumables	990	1,021	898	947
Communication expenses	249	291	249	289
Contract and other services	1,191	1,070	1,162	1,065
Cost of goods sold/distributed (ancillary trading)	365	382	364	381
Building repairs and maintenance	1,007	1,152	930	1,083
Minor equipment	488	848	485	846
Fees and charges	350	1,350	347	1,349
Total supplies and services	4,640	6,114	4,435	5,960

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 5 years value represents expenditure commitments for rent on land to 2052.

	Consolidated		TAFE	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Payable:				
Within one year	145	139	145	139
Later than one year but not later than five years	561	554	561	554
Greater than five years	4,158	4,297	4,158	4,297
Total other expenditure commitments	4,864	4,990	4,864	4,990
GST reclaimable on the above	(442)	(454)	(442)	(454)
Net other expenditure commitments	4,422	4,536	4,422	4,536

3. HOW WE EXPENDED OUR FUNDS

3.4 Operating lease payments

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Operating lease rental expenses	141	173	141	173

Non-cancellable operating lease commitments payable

Commitments for minimum lease payments in relation to non-cancellable operating

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Payable:				
Within one year	27	357	27	357
Later than one year but not later than five years	36	4	36	4
Total operating lease commitments	63	361	63	361
GST reclaimable on the above	(6)	(34)	(6)	(34)
Net operating lease commitments	57	327	57	327

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

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

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

3.5 Other operating expenses

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Marketing and promotional expenses	280	347	280	340
Occupancy expenses	694	695	683	685
Audit fees and services	60	49	56	45
Staff development	535	217	535	215
Travel and motor vehicle expenses	389	358	389	358
Motor vehicle taxes	41	53	41	53
Other expenses	180	120	197	109
Total other operating expenses	2,179	1,839	2,181	1,805

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

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

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment

Significant judgement

Significant judgements of property, plant and equipment made by management in accordance with AASB 116

Fair value assessments have been performed at 31 December 2017 for motor vehicles, plant & equipment and library collections. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year.

Buildings and land were revalued as at 31 December 2017 in accordance with instructions from Victoria Valuer-General. The effective date of the valuation is the 31 December 2017. This resulted in a \$3.3m increase in the value of land and a \$166k increase in the value of buildings. The next scheduled full revaluation for this purpose TAFE will be conducted in 2022.

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.

Consolidated	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Land	8,017	4,728	-	-	8,017	4,728
Buildings	32,403	33,105	-	(40)	32,403	33,065
Works in progress	194	48	-	-	194	48
Plant and equipment	13,288	13,020	(9,981)	(9,794)	3,307	3,226
Motor vehicles	1,633	1,720	(1,038)	(995)	595	725
Cultural assets	93	93	-	-	93	93
Net carrying amount	55,628	52,714	(11,019)	(10,829)	44,609	41,885

TAFE	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Land	8,017	4,728	-	-	8,017	4,728
Buildings	31,270	32,346	-	-	31,270	32,346
Works in progress	183	48	-	-	183	48
Plant and equipment	13,173	12,924	(9,933)	(9,764)	3,240	3,160
Motor vehicles	1,633	1,721	(1,038)	(996)	595	725
Cultural assets	93	93	-	-	93	93
Net carrying amount	54,369	51,860	(10,971)	(10,760)	43,398	41,100

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 specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation.

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

Revaluations of non-financial physical assets

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

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

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

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

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

Class of assets	Useful Life
Buildings	40 years (2016: 40 years)
Plant and equipment	3 - 10 years (2016: 3 - 10 years)
Motor vehicles	2 - 20 years (2016: 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 its fair value less costs to sell and its value in use. Recoverable amount for assets held primarily to generate net cash inflows is measured at its fair value less costs to sell.

4.1.1 Gain / loss on non-financial assets

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net gain / (loss) on disposal of non-financial assets	(14)	(20)	(14)	(20)

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

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

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

	Land		Buildings		Work in progress		Plant & equipment and library		Cultural assets		Motor vehicles		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Consolidated														
Opening balance	4,728	4,728	33,065	24,595	48	2,437	3,226	3,534	93	93	725	595	41,888	35,983
Additions	-	-	-	36	742	3,647	35	267	-	-	156	386	930	4,336
Revaluations	3,289	-	166	3,127	-	-	-	-	-	-	-	-	3,455	3,127
Disposal	-	-	-	(13)	-	-	(40)	(78)	-	-	(165)	(118)	(205)	(209)
Transfers	-	-	-	6,036	(596)	(6,036)	596	-	-	-	-	-	-	-
Depreciation	-	-	(828)	(716)	-	-	(510)	(497)	-	-	(121)	(138)	(1,459)	(1,351)
Net carrying amount	8,017	4,728	32,403	33,065	194	48	3,307	3,226	93	93	595	725	44,610	41,885

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

	Land		Buildings		Work in progress		Plant & equipment and library		Cultural assets		Motor vehicles		Total	
	17 \$'000	16 \$'000	17 \$'000	16 \$'000	17 \$'000	16 \$'000	17 \$'000	16 \$'000	17 \$'000	16 \$'000	17 \$'000	16 \$'000	17 \$'000	16 \$'000
TAFE														
Opening balance	4,728	4,728	32,346	23,879	48	2,437	3,160	3,457	93	93	725	597	41,100	35,191
Additions	-	-	-	36	731	3,627	28	270	-	-	156	384	915	4,317
Revaluations	3,289	-	(268)	3,127	-	-	-	-	-	-	-	-	3,021	3,127
Disposal	-	-	-	(13)	-	-	(40)	(78)	-	-	(165)	(118)	(205)	(209)
Transfers	-	-	-	6,016	(596)	(6,016)	596	-	-	-	-	-	-	-
Depreciation	-	-	(808)	(699)	-	-	(504)	(489)	-	-	(121)	(138)	(1,433)	(1,326)
Net carrying amount	8,017	4,728	31,270	32,346	183	48	3,240	3,160	93	93	595	725	43,398	41,100

The TAFE had no capital commitments to the year ending 31 December 2017.

4. THE ASSETS WE INVESTED IN

4.2 Intangible assets

The TAFE has capitalised software development expenditure for the development of its Student Management Systems Software. The carrying amount of the capitalised software development expenditure is \$2.354 Million as at 31 Decemeber 2017 (2016: \$2.690 Million). Its useful life is 10 years and will be fully amortised in 2024.

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Software				
Gross carrying amount				
Opening balance	4,606	4,529	4,606	4,529
Additions	36	77	36	77
Closing balance	4,642	4,606	4,642	4,606
Accumulated amortisation and impairment				
Opening balance	(1,628)	(1,216)	(1,628)	(1,216)
Amortisation charge	(397)	(412)	(397)	(412)
Closing balance	(2,025)	(1,628)	(2,025)	(1,628)
Net carrying amount	2,617	2,978	2,617	2,978

Initial recognition

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

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

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

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

Goodwill and 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. Impairment of goodwill is not reversed.

4.3 Investments and other financial assets

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current investments and other financial assets				
Australian dollar term deposits > three months	112	109	38	38
Total investments and other financial assets	112	109	38	38

Ageing analysis of investments and other financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000
2017 - Term deposits	112	112	-	-	-	-
2016 - Term deposits	109	109	-	-	-	-
TAFE						
2017 - Term deposits	38	38	-	-	-	-
2016 - Term deposits	38	38	-	-	-	-

5. BALANCES FROM OPERATIONS

5.1 Inventories

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Stock on hand	38	90	38	90
Total inventories	38	90	38	90

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. The TAFE does not hold and held-for-distribution inventories. 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.

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

5.2 Receivables

Contractual

Sale of goods and services	534	887	510	883
Provision for doubtful debts	(21)	(24)	(15)	(23)
Other receivables	56	569	81	569
Related parties - TAFE Kids	-	-	124	125
Total contractual	569	1,432	700	1,554

Statutory

Amount receivable from Government	407	452	407	452
GST input tax credit recoverable	59	112	57	112
Total statutory	466	564	464	564

Total receivables

represented by
Current receivables

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Total contractual	569	1,432	700	1,554
Total statutory	466	564	464	564
Total receivables	1,035	1,996	1,164	2,118
represented by				
Current receivables	1,035	1,996	1,164	2,118

Receivables consist of:

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

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

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

Doubtful debts

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

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

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

Movement in the provision for doubtful contractual receivables

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at the beginning of the year	24	15	23	14
Bad debts recovered during the year	(12)	(11)	(12)	(12)
Bad debts written off during the year	(19)	(28)	(14)	(27)
Increase in provision recognised in the net result	28	48	18	48
Balance at the end of the year	21	24	15	23

5. BALANCES FROM OPERATIONS

5.2 Receivables (continued)

Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated						
2017						
Trade receivables	513	379	98	26	10	-
Other receivables	56	41	11	3	1	-
Total	569	420	109	29	11	-
2016						
Trade receivables	863	639	164	43	17	-
Other receivables	569	422	108	28	11	-
Total	1,432	1,061	272	71	28	-
TAFE						
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	-
2016						
Trade receivables	860	637	163	43	17	-
Other receivables	569	422	108	28	11	-
Related parties - TAFE Kids Inc.	125	125	-	-	-	-
Total	1,554	1,184	271	71	28	-

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	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayment	733	668	733	668
Total prepayments	733	668	733	668

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

5.4 Payables

Contractual

Supplies and services
Unearned income

Statutory

2015 Victorian Training Guarantee reclaim funds
GST payable

Total payables

Represented by
Current payables

	Consolidated		TAFE	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Supplies and services	948	1,305	924	1,295
Unearned income	980	885	940	864
2015 Victorian Training Guarantee reclaim funds	733	1,100	733	1,100
GST payable	86	88	86	88
Total payables	2,747	3,378	2,683	3,347
Represented by				
Current payables	2,747	3,378	2,683	3,347

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.

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

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.

Maturity Analysis of contractual payables

	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
Consolidated							
2017							
Supplies and services	948	948	80	868	-	-	-
Unearned income	980	980	980	-	-	-	-
Total	1,928	1,928	1,060	988	550	-	-
2016							
Supplies and services	1,305	1,305	204	1,100	1	-	-
Unearned income	885	885	885	-	-	-	-
Total	2,190	2,190	1,089	1,100	1	-	-
TAFE							
2017							
Supplies and services	924	924	79	845	-	-	-
Unearned income	940	940	940	-	-	-	-
Total	1,864	1,864	1,019	967	-	-	-
2016							
Supplies and services	1,295	1,295	204	1,090	1	-	-
Unearned income	864	864	864	-	-	-	-
Total	2,159	2,159	1,068	1,090	1	-	-

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. BALANCES FROM OPERATIONS

5.5 Other liabilities

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current				
Dr Alan Antcliff Memorial Trust	38	38	38	38
Total - Other liabilities	38	38	38	38

Dr Alan Antcliff Memorial Trust

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

6. HOW WE FINANCED OUR OPERATIONS

6.1 Cash and deposits

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank and on hand	3,648	6,431	3,073	6,022
Deposits at call (TCV)	6,380	1,880	6,380	1,880
Total cash and deposits	10,028	8,311	9,453	7,902

The TAFE does not hold a large cash reserve in its bank accounts. Cash received by the TAFE from the generation of income is generally paid into the TAFE's bank accounts. Similarly, any TAFE expenditure, including those in the form of cheques drawn by the TAFE for the payment of goods and services to its suppliers and creditors are made via the TAFE's bank accounts.

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

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

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

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net result for the year	739	323	612	181
Non cash movements				
(Gain)/loss on sale or disposal of non current assets	14	20	14	20
Depreciation and amortisation	1,856	1,763	1,830	1,738
Net Gain/(Loss) on financial instruments	(198)	(149)	(203)	(149)
Movement in assets and liabilities				
Decrease / (increase) in trade receivables	942	(271)	939	(307)
Decrease / (increase) in inventories	52	18	52	18
Decrease / (increase) in other assets	(65)	(144)	(65)	(144)
Increase/(decrease) in payables	(633)	1,103	(664)	1,136
Increase/(decrease) in provisions	-	(147)	6	(142)
Net cash flows from/(used in) operating activities	2,707	2,516	2,521	2,351

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

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest from financial assets not at fair value through P/L:				
Interest on bank deposits	93	102	91	99
Total Interest income	93	102	91	99

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

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

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

6. HOW WE FINANCED OUR OPERATIONS

6.2 Borrowings

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current				
Advances from Government loans	209	209	209	209
Non Current				
Advances from Government loans	5,232	5,660	5,232	5,660
Total Borrowings	5,441	5,869	5,441	5,869

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	Nominal	Less than	1-3	3 months		
	amount	amount	1 month	months	- 1 year		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated							
2017							
Government loans	5,441	6,463	-	-	209	5,254	1,000
Total	5,441	6,463	-	-	209	5,254	1,000
2016							
Government loans	5,869	6,045	-	-	209	5,836	-
Total	5,869	6,045	-	-	209	5,836	-
TAFE							
2017							
Government loans	5,441	6,463	-	-	209	5,254	1,000
Total	5,441	6,463	-	-	209	5,254	1,000
2016							
Government loans	5,869	6,045	-	-	209	5,836	-
Total	5,869	6,045	-	-	209	5,836	-

Interest Expense

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest on Government loans	94	-	94	-
Total interest expenses	94	-	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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'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

Contractual financial assets

Loans and receivables and cash

Cash and deposits	10,028	8,311	9,453	7,902
Trade receivables	513	863	495	860
Other receivables	56	569	81	569
Related parties - TAFE Kids Inc.	-	-	124	125
Term deposits	112	109	38	38
Total contractual financial assets	10,709	9,852	10,191	9,494

Contractual financial liabilities

Loans and payables

Supplies and services	948	1,305	924	1,295
Unearned income	980	885	940	864
Other Liabilities	38	38	38	38
At amortised cost				
Advances from Government	5,441	5,869	5,441	5,869
Total contractual financial liabilities	7,407	8,097	7,343	8,066

Categories of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The TAFE recognises the following assets in this category:

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

7.1 Financial instruments (continued)

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

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. The TAFE recognises certain debt securities in this category.

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

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

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

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

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 instruments by category

Categories of financial instruments

Net holding gain / (loss) on financial instruments by category	Net holding gain / (loss)		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Consolidated				
Financial assets - loans and receivables	(19)	(27)	(19)	(27)
Total contractual financial assets	(19)	(27)	(19)	(27)
Financial liabilities at amortised cost	313	176	313	176
Total contractual financial liabilities	294	149	294	149
TAFE				
Financial assets - loans and receivables	(14)	(27)	(14)	(27)
Total contractual financial assets	(14)	(27)	(14)	(27)
Financial liabilities at amortised cost	313	176	313	176
Total contractual financial liabilities	299	149	299	149

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.

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

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

Financial risk management objectives and policies

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

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

The 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 the TAFE. The 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 foreign exchange risk, interest rate risk and credit risk. There has been no significant change in the TAFE's exposure, or its objectives, policies and processes 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 2017 and 31 December 2016 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

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

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

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

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

Consolidated	Financial	Government	Other	Total
	Institutions (AA-rating)	Agencies (AAA- rating)	counterparty	
	\$'000	\$'000	\$'000	\$'000
2017				
Cash and deposits	3,648	6,380	-	10,028
Receivables	-	-	569	569
Investments and other financial assets	112	-	-	112
Total contractual financial assets	3,760	6,380	569	10,709
2016				
Cash and deposits	6,431	1,880	-	8,311
Receivables	-	-	1,432	1,432
Investments and other financial assets	109	-	-	109
Total contractual financial assets	6,540	1,880	1,432	9,852
TAFE				
2017				
Cash and deposits	3,073	6,380	-	9,453
Receivables	-	-	700	700
Investments and other financial assets	38	-	-	38
Total contractual financial assets	3,111	6,380	700	10,191
2016				
Cash and deposits	6,022	1,880	-	7,902
Receivables	-	-	1,554	1,554
Investments and other financial assets	38	-	-	38
Total contractual financial assets	6,060	1,880	1,554	9,494

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

Liquidity risk

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

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.

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

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.

Foreign currency risk

The TAFE is not exposed to any foreign currency risk. The TAFE does not have any foreign currency bank accounts denominated in foreign currency at 31 December 2017, and does not make significant purchases or sales in foreign currencies.

Interest rate risk

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

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

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

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

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

Interest rate exposure of financial instruments

	Weighted average effective rate		Total carrying amount per balance sheet		Floating interest rate		Fixed interest rate		Non-interest bearing	
	2017 %	2016 %	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Consolidated										
Cash and deposits	1.56	1.66	10,028	8,311	3,638	6,399	6,380	1880	10	32
Trade receivables	-	-	513	863	-	-	-	-	513	863
Other receivables	-	-	56	569	-	-	-	-	56	569
Term deposits	2.10	2.43	112	109	-	-	112	109	-	-
Total financial assets	-	-	10,709	9,852	3,638	6,399	6,492	1,989	579	1,464
Other liabilities	-	-	38	38	-	-	-	-	38	38
Supplies and services	-	-	948	1,305	-	-	-	-	948	1,305
Unearned income	-	-	980	885	-	-	-	-	980	885
Advances from Government	-	-	5,441	5,869	-	-	-	-	5,441	5,869
Total contractual financial liabilities	-	-	7,407	8,097	-	-	-	-	7,407	8,097
TAFE										
Cash and deposits	1.56	1.66	9,453	7,902	3,063	5,990	6,380	1880	10	32
Trade receivables	-	-	495	860	-	-	-	-	495	860
Other receivables	-	-	81	569	-	-	-	-	81	569
Related parties - TAFE Kids inc.	-	-	124	125	-	-	-	-	124	125
Term deposits	2.10	2.43	38	38	-	-	38	38	-	-
Total financial assets	-	-	10,191	9,494	3,063	5,990	6,418	1,918	710	1,586
Other liabilities	-	-	38	38	-	-	-	-	38	38
Supplies and services	-	-	924	1,295	-	-	-	-	924	1,295
Unearned income	-	-	940	864	-	-	-	-	940	864
Advances from Government	-	-	5,441	5,869	-	-	-	-	5,441	5,869
Total contractual financial liabilities	-	-	7,343	8,066	-	-	-	-	7,343	8,066

Interest rate risk sensitivity

A reasonably possible change of 50 basis points (2016: 50 basis points) in interest rates at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

	Carrying amount		-50 basis points				+50 basis points			
			Result		Equity		Result		Equity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Consolidated										
Cash and deposits	10,028	8,311	(50)	(42)	(50)	(42)	50	42	50	42
Term deposits	112	109	(1)	(1)	(1)	(1)	1	1	1	1
Total impact	10,140	8,420	(51)	(43)	(51)	(43)	51	43	51	43
TAFE										
Cash and deposits	9,453	7,902	(47)	(40)	(47)	(40)	47	40	47	40
Term deposits	38	38	-	-	-	-	-	-	-	-
Total impact	9,491	7,940	(47)	(40)	(47)	(40)	47	40	47	40

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 fully owned subsidiary, TAFE Kids Incorporated, to provide financial support to that organisation should the need arise.

The TAFE has identified a contingent liability. The TAFE received funding for the amount of \$1.380 million as a grant to convert crown land into freehold land.

To the 31 December 2017 this has not occurred the funds have been placed in a low risk term deposit bank account with Treasury Corporation of Victoria (TCV).

A condition of the grant is for the purpose of conversion should this not occur the funds are required 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 result.

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:

- 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.

(a) 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.

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 has been initially recognised at fair value. It is then 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. Financial assets where the carrying amount exceeds fair values have not been written down as the TAFE intends to hold these assets to maturity.

(b) Fair value determination of non-financial assets

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

Fair value measurement hierarchy

	Consolidated			TAFE				
	Carrying amount at 31	Level 1	Level 2	Level 3	Carrying amount at 31	Level 1	Level 2	Level 3
	December	Quoted prices	Observable price inputs	Unobservable inputs	December	Quoted prices	Observable price inputs	Unobservable inputs
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non specialised land	484	-	484	-	484	-	484	-
Specialised land	7,533	-	-	7,533	7,533	-	-	7,533
Total land at fair value	8,017	-	484	7,533	8,017	-	484	7,533
Specialised buildings	32,403	-	-	32,403	31,270	-	-	31,270
Total buildings at fair value	32,403	-	-	32,403	31,270	-	-	31,270
Plant and equipment	3,307	-	-	3,307	3,240	-	-	3,240
Motor vehicles	595	-	-	595	595	-	-	595
Cultural assets	93	-	-	93	93	-	-	93
Total other assets at fair value	3,995	-	-	3,995	3,928	-	-	3,928
2016								
Non specialised land	600	-	600	-	600	-	600	-
Specialised land	4,128	-	-	4,128	4,128	-	-	4,128
Total land at fair value	4,728	-	600	4,128	4,728	-	600	4,128
Specialised buildings	33,065	-	-	33,065	32,346	-	-	32,346
Total buildings at fair value	33,065	-	-	33,065	32,346	-	-	32,346
Plant and equipment	3,226	-	-	3,226	3,160	-	-	3,160
Motor vehicles	725	-	-	725	725	-	-	725
Cultural assets	93	-	-	93	93	-	-	93
Total other assets at fair value	4,044	-	-	4,044	3,978	-	-	3,978

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Valuations of property, plant and equipment

Fair value assessments for plant and equipment have been performed at 31 December 2017, this assessment demonstrated that fair value was materially similar to carrying value and therefore full revaluation was not required this year. Land and Buildings were revalued by the appointed Valuer General Victoria valuers in 2017 using the market approach. The next scheduled revaluation for the TAFE will be conducted in 2022.

Non specialised land is 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, 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 does 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 TAFE who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

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

There were no changes in valuation techniques throughout the period to 31 December 2017.

Reconciliation of level 3 fair value movements

	Specialised land		Specialised building		Plant and equipment		Motor vehicles		Cultural assets	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated										
Opening balance	4,128	4,128	33,065	24,595	3,226	3,534	725	596	93	93
Purchases (sales) and transfers from WIP	-	-	-	6,059	591	189	(9)	267	-	-
Depreciation	-	-	(828)	(716)	(510)	(497)	(121)	(138)	-	-
Revaluation	3,405	-	166	3,127	-	-	-	-	-	-
Closing Balance	7,533	4,128	32,403	33,065	3,307	3,226	595	725	93	93
TAFE										
Opening balance	4,128	4,128	32,346	23,879	3,160	3,457	725	597	93	93
Purchases (sales) and transfers from WIP	-	-	-	6,039	584	192	(9)	266	-	-
Depreciation	-	-	(808)	(699)	(504)	(489)	(121)	(138)	-	-
Revaluation	3,405	-	(268)	3,127	-	-	-	-	-	-
Closing Balance	7,533	4,128	31,270	32,346	3,240	3,160	595	725	93	93

Description of significant unobservable inputs to Level 3 valuations

2017 and 2016	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Motor vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
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 Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons and executive officers for the reporting period.

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

Position	Name	Dates of appointment
Minister for Training and Skills	The Hon. Gayle Tierney MLC	1 January 2017 to 31 December 2017
Board Chair	Ms Leonie Burrows	1 January 2017 to 31 December 2017
Board Member	Mr Rod Markwell	1 January 2017 to 31 December 2017
Board Member	Ms Kay Martin	1 January 2017 to 31 December 2017
Board Member	Ms Amanda Phillips	1 January 2017 to 31 December 2017
Board Member	Ms Lydia Senior	1 January 2017 to 31 December 2017
Board Member	Mr Justin Lachal	1 January 2017 to 31 December 2017
Board Member	Mr Terry Jennings	1 January 2017 to 31 December 2017
Board Member	Mr Greg Hutchison	1 January 2017 to 31 December 2017
Board Member	Mr Mark Liddle	1 January 2017 to 31 December 2017
Board Member	Ms Patricia Kelly	1 December 2017 to 31 December 2017
Board Member	Mr Ross Goonan	1 January 2017 to 31 July 2017
Chief Executive Officer	Mr Geoff Dea	1 January 2017 to 31 December 2017

Remuneration

Remuneration of the Minister for Higher Education 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 the 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 \$210 000 - \$219 999 (2016: \$270 000 - \$279 999).

	2017 No.	2016 No.
Income range		
The number of board member whose total remuneration from the TAFE was within the specified income are as follows		
Less than \$10,000	-	7
\$10,000 - \$19,999	8	5
\$20,000 - \$29,999	-	-
\$30,000 - \$39,999	1	1
\$90,000 - \$99,999	1	-
\$160,000 - \$169,999	1	-
\$210,000 - \$219,999	1	-
Total number of Board Members	12	13

Ms Patricia Kelly and Mr Ross Goonan are staff elected Board members.

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	
	2017 \$'000s	2016 ⁽ⁱ⁾ \$'000s	2017 \$'000s	2016 ⁽ⁱ⁾ \$'000s
Short-term employee benefits	764	-	764	-
Post-employment benefits	58	-	58	-
Other long-term benefits	9	-	9	-
Termination benefits	133	-	133	-
Total remuneration	964	-	964	-
Total number of executives	8	-	8	-
Total annualised employee equivalents⁽ⁱⁱ⁾	6	-	6	-

(i) For the first year of implementation (2017), no comparatives are required.

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

8. 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; and
- all entities that are controlled and consolidated into the Institute's 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 Institute's financial statements in accordance with AASB 10:

- TAFE Kids Incorporated

Significant transactions with related entities

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

Related party transactions

	Transaction values for year ended 31 December		Balances outstanding as at 31 December	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Services provided to subsidiary				
TAFE Kids inc. - service fees	32	10	148	125
Total	32	10	148	125

Key management personnel of the TAFE includes the Minister of Training and Skills, the Hon. Gayle Tierney, all board members and members of the Senior Executive Team, which includes:

Mr Geoff Dea	Board Member/Chief Executive Officer
Mr Frank Piscioneri	General Manager - Corporate Services/Company Secretary
Mr Anthony Mills	Director of Organisational Capability
Mr Ross Goonan	Senior Manager - Business Improvement
Mr Craig Hocking	Senior Manager - Profession and Careers
Mr Jarratt Farley	Senior Manager - Industry Skills
Mr David Harris	General Manager - Operations
Mr Robin Kuhne	General Manager - Education Mildura
Ms Caroline Smith	General Manager - Financial Services
Mr Alan Gammond	General Manager - Education Swan Hill

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

Entity	Committee of Management	Position title	Dates of appointment
TAFE Kids Incorporated	Mr Anthony Mills	President	1 January 2017 to 28 March 2017
	Mr Frank Piscioneri	President	28 March 2017 to 31 December 2017
	Ms Lydia Foster	Vice President	1 January 2017 to 31 December 2017
	Ms Sue Peterson	Centre Director	1 January 2017 to 31 December 2017
	Ms Rose Humphries	Secretary	1 January 2017 to 31 December 2017
	Mr John Jackson	Local Aboriginal Education Consultants Group Representative	1 January 2017 to 28 March 2017
	Ms Andrea Williams	Community Representative	1 January 2017 to 31 December 2017
	Ms Lauren Conquest	Treasurer	1 January 2017 to 28 March 2017
	Ms Jo Curphey	Treasurer	28 March 2017 to 31 December 2017
	Ms Kassie Hocking	Parent Committee	1 January 2017 to 11 October 2017
Ms Racheal Fyfe	Parent Committee	28 March 2017 to 31 December 2017	

Compensation of Key management personnel

	Consolidated Total remuneration		TAFE Total remuneration	
	\$'000 2017	\$'000 2016 ⁽ⁱ⁾	\$'000 2017	\$'000 2016 ⁽ⁱ⁾
Remuneration				
Short-term employee benefits	1,247	-	1,247	-
Post-employment benefits	105	-	105	-
Other long-term benefits	9	-	9	-
Termination benefits	345	-	345	-
Total remuneration	1,706	-	1,706	-

(i) Note that for the first year of implementation (2017), no comparatives will be required.

(ii) Key Management Personnel are also reported in the disclosure of remuneration of executive officers in Note

Transactions and balances with key management personnel and other related parties

	Transaction values for year ended 31 December		Balances outstanding as at 31 December	
	\$'000 2017	\$'000 2016	\$'000 2017	\$'000 2016
Transactions				
Carpet One (Responsible Person: Frank Piscioneri) Supply and install Carpet and Vinyl Smith) Training Revenue	12	-	-	-
Markwells Auto (Responsible Person: Rod Markwell) Motor Vehicles purchasing	14	-	-	-
Mildura Weekly (Responsible Person: Rod Markwell) Advertising	-	97	-	-
Victorian TAFE Association (Responsible Person: Leonie Burrows) Director	-	7	-	-
Lower Murray Water (Responsible Person: Leonie Burrows and Owen Russell) Water and Sewerage	56	-	-	-
	-	82	-	-
	82	186	-	-

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

8. GOVERNANCE DISCLOSURES

8.4 Auditors remuneration

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Remuneration of the Victorian Auditor-General's Office for:				
Audit of the financial statements	34	27	30	23
	34	27	30	23

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other gains / (losses) from other economic flows				
Net gains/(loss) arising from revaluation of long service leave liability	(3)	180	(2)	170
Total other gains / (losses) from other economic flows	(3)	180	(2)	170

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

9.2 Other Equity Reserves

	Consolidated		TAFE	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Physical asset revaluation surplus ¹				
Balance at 1 January	25,308	22,181	25,096	21,969
Revaluation increment on non-current asset	3,455	3,127	3,021	3,127
Balance at 31 December	28,763	25,308	28,117	25,096

Note:

1. 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:

Controlled entities	Country of Incorporation	Class of Shares	Equity Holding	
			2017 %	2016 %
TAFE Kids Incorporated (i)	Australian	N/A	100	100

TAFE Kids Incorporated

(i) 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.

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

Below is an extract of the latest listing on impacts of AASs that are issued but not yet effective included in Appendix 2 of the FRD 120K issued by the Department of Finance sourced from the Department's website.

TAFE's has exercised its judgement in deciding issued but not yet effective standards may have material impact on their entities.

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

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

9. OTHER DISCLOSURES

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

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

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2016-17 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

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

2017 Financial Report

The Audit Committee has reviewed and recommends the submission of the financial statements for the year ended 31 December 2017.



Amanda Phillips
AUDIT COMMITTEE CHAIR
14/03/2018

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, 19, 88, 90
2	FRD 22H	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	2, 9-17, 19-20
3	FRD 22H	Nature and range of services provided including communities served	2, 9, 12-13
MANAGEMENT AND STRUCTURE			
4	FRD 22H	Organisational structure and chart, including responsibilities and details of the accountabilities of an entity's main activities	22-23
5	FRD 22H	Names of Board and committee members	19-20, 88-91
FINANCIAL AND OTHER INFORMATION			
6	FRD 03A	Accounting for Dividends	NA
7	FRD 07B	Early adoption of authoritative accounting pronouncements	94-96
8	FRD 10A	Disclosure Index	97-99
9	FRD 17B	Long Service leave and annual leave for employees	59-61
10	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	N/A
11	FRD 22H	Operational and budgetary objectives, performance against objectives and achievements	9-15
12	FRD 22H	Occupational health and safety statement including performance indicators, performance against those indicators. Reporting must be on the items listed at 5.10(a) to (e) in the FRD	32-33
13	FRD 22H	Workforce data for current and previous reporting period including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections [see Attachment B for details of the Department's required reporting approach to all workforce data].	29-32
14	FRD 22H	Summary of the financial results, with comparative information for the preceding four reporting periods	15
15	FRD 22H	Summary of significant changes in financial position	15
16	FRD 22H	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	9-18
17	FRD 22H	Post-balance sheet date events likely to significantly affect subsequent reporting periods	15, 93
18	FRD 22H	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	24, 26
19	FRD 22H	Discussion and analysis of operating results and financial results	15, 38-45
20	FRD 22H	Significant factors affecting performance	4-7, 15
21	FRD 22H	Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included	N/A
22	FRD 22H	Schedule of any government advertising campaign in excess of \$100,000 or greater [exclusive of GST] include list from 5.16(a) – (d) in the FRD	N/A
23	FRD 22H	Statement of compliance with building and maintenance provisions of the Building Act 1993	24, 27
24	FRD 22H	Statement, where applicable, on the implementation and compliance with the National Competition Policy	26
25	FRD 22H	Summary of application and operation of the <i>Protected Disclosure Act 2012</i>	24, 27
26	FRD 22H, FRD 24C	Summary of Environmental Performance including a report on office based environmental impacts	24-26

Item No.	Source	Summary of Reporting Requirement	Page No.
27	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 details of these consultancies over \$10,000 have been made publicly available 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period AND for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing: <ul style="list-style-type: none"> · Consultant engaged · Brief summary of project · Total project fees approved [excluding GST] · Expenditure for reporting period [excluding GST] · Any future expenditure committed to the consultant for the project 	32
28	FRD 22H	Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012</i> [Carers Act], and the actions that were taken during the year to comply with the Carers Act	28
29	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer [refer to list at 5.19(a) – (l) in the FRD]	28
30	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)	32
31	FRD 25C	Victorian Industry Participation Policy Disclosures	24, 27
32	FRD 26B	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	N/A
33	FRD 29B	Workforce Data Disclosures on the public service employee workforce. Note: TAFEs must report on a calendar year basis [ie not financial year basis].	29-32, 88-91
34	SD 3.7.1	The Responsible Body must ensure that the Agency applies the <i>Victorian Government Risk Management Framework</i> .	29
35	FRD 22H	An entity's report of operations shall contain general and financial information, including other relevant information, outlining and explaining an entity's operations and activities for the reporting period.	2-17, 38-45
36	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, these Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.	1, 46
37	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	4-5
38	CG 10 [clause 27]	Register of Major Commercial Activities and Report	29
39	CG 12 [clause 33]	TAFE Institute Controlled Entities	29, 83, 90, 92
FINANCIAL REPORT			
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1994			
40	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: <ul style="list-style-type: none"> · the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of 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. 	35, 46
OTHER REQUIREMENTS UNDER STANDING DIRECTION / FINANCIAL MANAGEMENT ACT 1994 [FMA]			
41	SD 5.2.2(a) and FMA s49	An Agency's financial statements must include a signed and dated declaration by: <ul style="list-style-type: none"> · the Accountable Officer; · subject to Direction 5.2.2(c), the CFO; and · for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body. 	35, 46
42	FRD 30d	Rounding of amounts	55
43	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to: <ul style="list-style-type: none"> · review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister 	20, 97

Item No.	Source	Summary of Reporting Requirement	Page No.
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
44	FRD 11A	Disclosure of ex-gratia payments	N/A
45	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel [Contractors with significant management responsibilities] in the Financial Report	88-91
46	FRD 102A	Inventories	68
47	FRD 103F	Non-financial physical assets	63-65
48	FRD 105B	Borrowing costs	74
49	FRD 106A	Impairment of assets	64, 66
50	FRD 107B	Investment properties	N/A
51	FRD 109A	Intangible assets	66
52	FRD 100A	Cash flow statements	54, 73
53	FRD 112D	Defined benefit superannuation obligations	59, 61
54	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	55, 92
55	FRD 114B	Financial instruments – general government entities and public non-financial corporations	76-87
56	FRD 119A	Transfers through contributed capital	75
57	FRD 120K	Accounting and reporting pronouncements applicable to the reporting period	55, 56, 94-96
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
58	Legislation	The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, [and which should be listed in the Report] including, but not limited to, the following: <ul style="list-style-type: none"> · <i>Education and Training Reform Act 2006</i> [ETRA] · TAFE institute constitution · Directions of the Minister for Training and Skills [or predecessors] · TAFE institute Commercial Guidelines · TAFE institute Strategic Planning Guidelines · <i>Public Administration Act 2004</i> · <i>Financial Management Act 1994</i> · <i>Freedom of Information Act 1982</i> · <i>Building Act 1993</i> · <i>Protected Disclosure Act 2012</i> · <i>Victorian Industry Participation Policy Act 2003</i> 	24
59	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2017	27
60	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	28
61	Key Performance Indicators	See table on page 6 of the guidelines for required formatting. Institutes to report against: <ul style="list-style-type: none"> · KPIs set out in the annual Statement of Corporate Intent; and · Employment costs as a proportion of training revenue; · Training revenue per teaching FTE; · Operating margin percentage; · Training Revenue diversity. 	38-45
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
62	PAEC and VAGO [June 2003 Special Review item 3.110]	<ul style="list-style-type: none"> · Financial and other information on initiatives taken or strategies relating to the institute's overseas operations · Nature of strategic and operational risks for overseas operations · Strategies established to manage such risks of overseas operations · Performance measures and targets formulated for overseas operations · The extent to which expected outcomes for overseas operations have been achieved. 	13

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
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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TAFE VICTORIA

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