

2019 annual report

AUSTRALIA'S
**LARGE TRAINING
PROVIDER OF
THE YEAR**



25TH ANNIVERSARY
VICTORIAN
TRAINING AWARDS

WINNER



AUSTRALIAN
TRAINING
AWARDS

WINNER



SunITAFE

TAFE VICTORIA



Contents

Introduction	2
Summary of Activities, Programs and Achievements	9
Future Directions 2020	19
Awards and Achievements	20
Resources	21
Financial Performance	24
Compliance	25
Financial Statements	28
Disclosure Index	74

CRICOS Provider Code: 01985A RTO Code: 4693

Sunraysia Institute of TAFE would like to acknowledge the traditional owners of the land upon which we conduct training, principally Mildura, Robinvale, Swan Hill and Horsham, and all communities where we have a presence. We also acknowledge their elders past, present and emerging as well as all the Aboriginal and Torres Strait Islander people that make up these communities today.

Introduction

Accountable Officer's Declaration

In accordance with the Financial Management ACT 1994, I am pleased to present the Sunraysia Institute of TAFE Annual Report for the year ending 31 December 2019.



Geoff Dea
Chief Executive Officer Sunraysia Institute of TAFE 28/02/2020

Introduction

Board Chair and Chief Executive Officer Statement

Sunraysia Institute of TAFE (SuniTAFE) celebrates its 40 year anniversary in 2020 and, in 2019 on the cusp of this milestone, we turned a major corner, which culminated in a year that was highly successful for us.

The pinnacle of 2019 was quite clearly our recognition as both the Victorian and Australian Large Training Provider of the Year. This success for SuniTAFE is unprecedented and we couldn't be more honoured to see our achievements recognised on a State and National level.

The accomplishment is shared by our entire workforce across all campuses. Together they contributed tirelessly in a spirit of new-found collaboration, as we worked towards markedly improving outcomes for our own employees and the students, businesses, community and government who rely on us to deliver relevant and quality skills and training across our vast region in north-west Victoria.

At the heart of SuniTAFE's role is a relentless commitment to understanding this region. Our successes in 2019 are very much attributed to this depth of appreciation around the needs of our stakeholders and the opportunities to support regional productivity. Our achievements can therefore be shared among the many relationships we value with the business sector.

We are also particularly proud of a number of accomplishments that stand behind our success and are critical to the future of our Institute. These include:

Commencement of our Reconciliation Action Plan (RAP), which demonstrates our commitment to Indigenous Australia and formalises our intention to truly represent all members of our community, through fostering a culturally safe environment.

The continued development of the SuniTAFE SMART Farm concept that has resulted in a rapid increase in the use of technology in our training delivery - furthering the development of this invaluable local asset will remain a priority.

In an effort to improve STEM outcomes for all students in our Region, we continue to advocate for a Tech School and know that the realisation of this aspiration will have a significant benefit for local students, educators and industry alike.

The SuniTAFE Board has continued to oversee the operation of the Institute through adherence to best practice governance principles, including oversight of the delivery of our 2019 – 2023 Strategic Plan.

This year saw the retirement of Mark Little from our Board. Mark has made a significant contribution with his commercial background and IT experience coming to the fore. We thank Mark for his contribution.

The Hon Gayle Tierney MP, Minister for Training and Skills and Minister for Higher Education has led the commitment of the Victorian Government to our Institute. We thank the Minister and acknowledge the support of the Department of Education and Training (DET), Higher Education Skills (HES) and Victorian TAFE Association (VTA).

Together we are rising to meet the challenges of a dynamic skills and training sector, while creating opportunities that will continue to make this region prosperous and great, now and well into the future.

We remain committed to guaranteeing the future sustainability of our Institute, and ensuring that SuniTAFE, with the continued support of the Victorian Government, delivers on its mission "to be the most respected training provider in north-west Victoria delivering positive outcomes for all."

It is with much pleasure that we submit the 2019 Annual Report of Sunraysia Institute of TAFE.



Kay Martin
Board Chair

28/02/2020



Geoff Dea
CEO

28/02/2020



AUSTRALIA'S LARGE TRAINING PROVIDER OF THE YEAR 2019

Establishment

History

Sunraysia Institute of TAFE (SuniTAFE) is one of the largest providers of vocational education and training in north-west Victoria. A small TAFE with a large reach, the Institute was established in 1980, instigated by a number of local educators who recognised that the introduction of post-secondary education was integral to the needs of the growing community and regional industry.

Formerly known as the Sunraysia College of TAFE, SuniTAFE was the first purpose-designed and built TAFE college in Victoria. It was set up to provide a quality teaching program that would meet the needs of the community and industry, providing access to training for those living in remote, regional areas of north-west Victoria.

From the outset, residential accommodation and childcare facilities were included in the planning phase of the new college. This was unprecedented in Victoria at the time but was strongly advocated by the steering committee, who deemed the facilities necessary in order to provide access for remote students.

Removing educational obstacles for regional and rural students was a significant driver for the initial establishment of the Institute and this motivation continues to this day.

During those very early years, partnerships with other educational providers were already seen as being vital. Links and relationships were fostered with Ballarat University College, La Trobe University, Hawthorn Institute of Education, Victoria College and Deakin University. Notably, SuniTAFE continues to enjoy strong links with all of these early partners, although some are now operating under different names.

Today, SuniTAFE is a vibrant educational community, providing vocational education and training for the people of Loddon Mallee North and beyond. In fact, SuniTAFE now has programs on its scope of registration operating in every state and territory in Australia.

Through the use of technology and a commitment to building educational partnerships that improve opportunities for our students, SuniTAFE's reach now extends far beyond the boundaries of its geographic location.

Minister

Sunraysia Institute of TAFE is administered by The Hon. Gayle Tierney MP, Minister for Training and Skills and Minister for Higher Education, operating under the Education and Training Reform Act (2006).

Management and 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 3.11(2) of the Education Training and Reform Act 2016.

The role of the Board under the Act is to oversee and govern the Institute efficiently and effectively; develop and implement strategic plans and statements of corporate intent in accordance with the requirements of the Act; and oversee the operational planning of the Institute. The Board Standing Orders provides additional guidance to Directors on accountabilities and interactions, which is read in conjunction with the Act and Constitution.

The Board is comprised of 11 directors, with the majority coming from the local region. Board members have experience in Management; Business and Commerce; Finance; Corporate Governance; and Adult and Tertiary Education.

The Board is committed to ethical conduct in line with the Victorian Public Sector Commission Code of Conduct and is ultimately responsible to the Victorian Government for the governance and management of the Sunraysia Institute of TAFE.

Board Members

6 are Ministerial appointed directors appointed by the Minister
 3 are co-opted directors appointed by the Board
 1 is an elected staff member of the Institute elected by staff of SuniTAFE
 1 is the Chief Executive Officer (CEO)

The following Directors served on the Board during 2019:

Mrs Kay Martin (Board Chair)
Mr Geoff Dea
Mr Rod Markwell
Ms Amanda Phillips
Mr Terry Jennings
Mr Greg Hutchison
Mr Mark Little (concluded 31 December 2019)
Mr Justin Lachal
Ms Patricia Kelly
Ms Neth Hinton
Ms Tania Chapman

Board Committees

Committees are established by the Board to facilitate its functioning. The following Board Committees assisted the Board in fulfilling its duties in 2019:

Governance Committee

The Governance Committee assists the Board to oversee the Institute's corporate governance and ensure compliance with the Institute's statutory obligations.

The Committee's role involves:

- Stewardship of the Institute's governance framework
- Responsibility to promote a corporate culture of accountability, integrity, and transparency
- Ensuring that appropriate compliance processes are in place
- 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
- Reviewing new and existing Institute policies.

Membership

(as at 31 December 2019)

Mr Terry Jennings (Chair)
Mrs Kay Martin (Board Chair)
Ms Neth Hinton (Board Director)
Ms Tania Chapman (Board Director)
Mr Geoff Dea (CEO)

Audit Committee

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

The Committee's role is to:

- Oversee the scope and execution of the internal audit plan
- Review the integrity and effectiveness of the Institute's financial reporting systems
- Monitor the effectiveness of the Institutes processes to ensure compliance with its fiduciary and statutory obligations in relation to financial reporting
- Oversee the preparation of financial statements and other published financial data
- Conduct regular reviews of the Institute's Fraud Management Plan
- Ensure appropriate management of matters pertaining to risk and fraud control
- Review new and existing financial and accounting policies and procedures.

The financial statements in the Annual Report have been reviewed by the members of the Audit Committee, and formally adopted by the Institute's Board.

Membership

(as at 31 December 2019)
Ms Amanda Phillips (Chair)
Mrs Kay Martin (Board Chair)
Ms Inga Dalla Santa (Co-opted)
Mr Justin Lachal (Board Director)

Strategic Business Development Committee

The Strategic Business Development Committee assists the Board to discharge its duty with respect to positioning SuniTAFE for sustainable growth.

The Committee:

- Makes recommendations to the Board in regards to strategic marketing and business development initiatives
- Serves as a source of advice to the Board to guide growth into new areas of business and marketing
- Provides independent advice and recommendations drawing on the business experience of Committee members.

Membership

(as at 31 December 2019)
Mr Rod Markwell (Chair)
Mr Geoff Dea (CEO)
Mr Greg Hutchison (Board Director)
Mr Terry Jennings (Board Director)

Risk Committee

The Risk Committee assists the Board to discharge its duty in fulfilling their oversight and governance responsibilities and obligations.

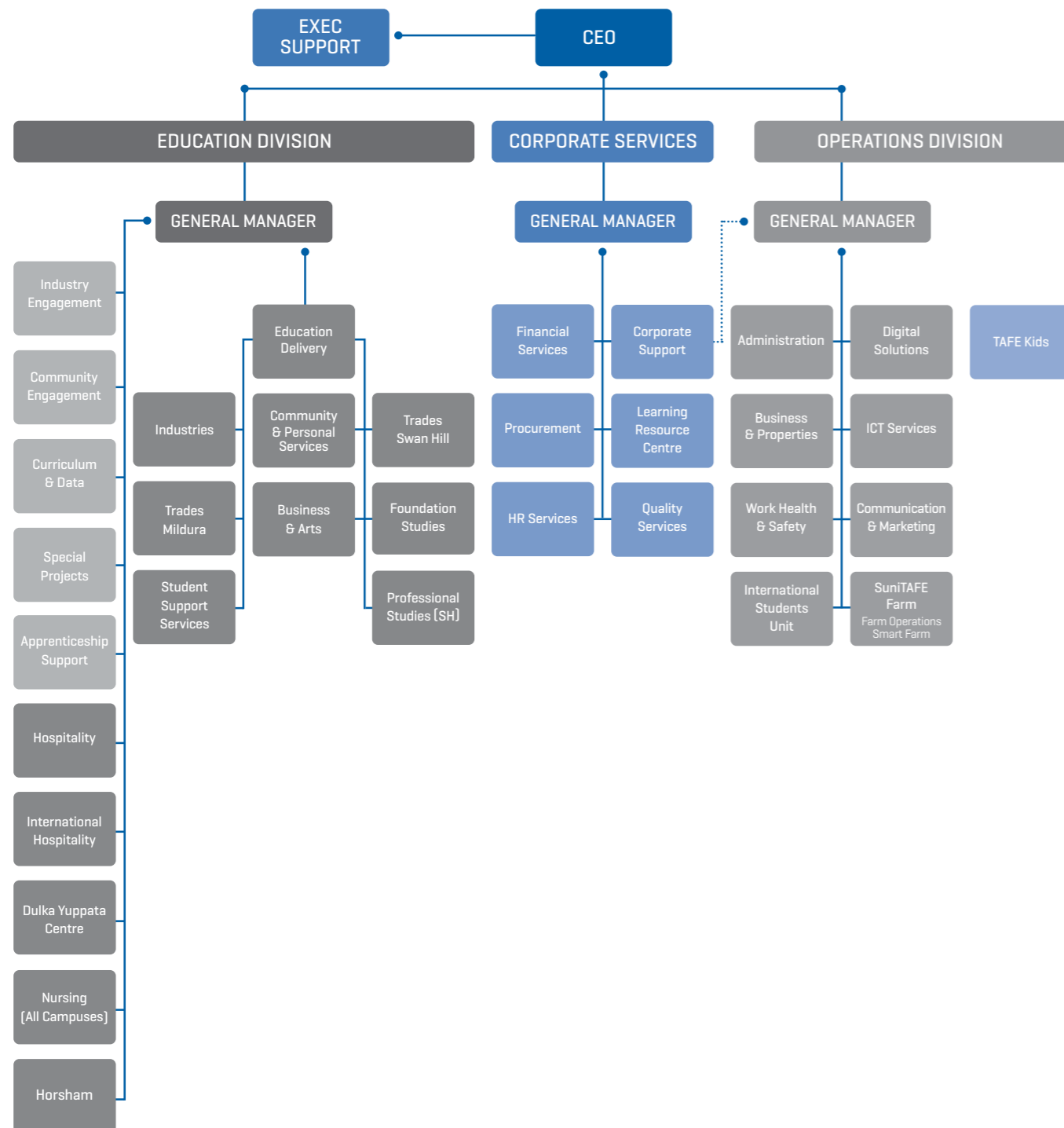
The Committee:

- Takes proactive action and management against risks facing the Institute
- Ensures legislative and other compliance responsibilities are met (as they relate to the Institute) under the Financial Management Act 1994; Standing Directors of the Minister for Finance 2016; the instructions of the Minister for Finance; and Victorian Government Risk Management Framework
- Independently reviews and assesses the effectiveness of the Institute Risk Management Plan.

Membership

(as at 31 December 2019)
Mr Mark Little (Chair – concluded 31 December 2019)
Mrs Kay Martin (Board Chair)
Mr Geoff Dea (CEO)
Ms Patricia Kelly (Board Director)
Mrs Leonie Burrows (Co-opted)

Executive Management Structure Chart



Executive Management

Chief Executive Officer (CEO) – Geoff Dea

The CEO leads the operational management of SuniTAFE and works in alignment with the Board to deliver against the strategic objectives of the Institute and in line with the priorities of Government.

General Manager Operations (GMO) – David Harris

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

General Manager Corporate Services (CFO) – Diane Schmidt

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

General Manager Education (GME) – Robin Kuhne

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

**Due to role changes at the Executive Team level in 2019, Alan Gammond, GME (Swan Hill) concluded in March 2019 and Frank Piscioneri, General Manager Corporate Services (GMCS) concluded in May 2019.

Programs

In 2019, Sunraysia Institute of TAFE offered 156 priority courses ranging from VET in schools, traineeships, apprenticeships, certificates through to diplomas and advanced diplomas.

SuniTAFE enrolls almost 6,000 students annually in a range of disciplines including:

- Automotive and Engineering
- Business, IT
- Accounting and Management
- Conservation and Land Management
- Construction and Trades
- Design and Visual Arts
- Food and Hospitality
- Beauty
- Health and Community
- Horticulture and Agriculture
- Youth
- General Education and English

Services

Sunraysia Institute of TAFE continues to offer a range of services to industry including:

- Workforce development consultancy
- Skills recognition
- Employment services
- Partnership programs
- Business and industry advisory panels.

The SuniTAFE Skills and Jobs Centre (SaJC) provides expert advice on training and employment opportunities to:

- Current and prospective students
- Apprentices and trainees
- Job starters
- People returning to the workforce
- Career-changers
- Up-skillers
- Employers and business
- Government agencies

Locations and Facilities

The main campus of Sunraysia Institute of TAFE is located in: **Mildura**

453 Benetook Avenue, Mildura

SuniTAFE has other campuses located at:

Swan Hill

64 Sea Lake-Swan Hill Road, Swan Hill

Robinvale

160 Bromley Road, Robinvale

In 2019, a new campus opened in

Horsham

17 Carine Street, Horsham

A horticulture and agriculture training centre is located at:

Cardross Farm*

161 Dairtnunk Avenue, Cardross

*In 2019, SuniTAFE commenced the transformation of the SuniTAFE Farm in Cardross from a production horticulture training facility to a revolutionised SMART Farm training model.

Purpose

Strategic Plan

The 2019-2023 Strategic Plan (Strategic Plan) specifies SuniTAFE's organisational priorities and guides the approach with a focus on delivering education, skills and training to meet the current and future needs of the north-west region of Victoria.

The Strategic Plan was developed through extensive consultation (in 2018) and aligns with the Statement of Strategic Intent 2016-2020 of the Victorian Department of Education and Training:

Together we give every Victorian the best learning and development experience, making our state a smarter, fairer, more prosperous place.

The Strategic Plan recognises SuniTAFE’s current phase of exploration and growth, it offers flexibility and enables variation to match the fluidity and competitive nature of the education and training environment. It acts as the overarching outline for business and action plans through which the vision, mission, values, strategic pillars and associated objectives are operationalised.

There are 4 strategic pillars that assure focus on the future vision while maintaining delivery of quality services on a day-to-day basis. These priority areas emphasise a continued commitment to excellence in delivering education, skills and training that benefit our students, businesses and communities - providing opportunity for increased productivity and regional growth.

Preferred Training Provider	Progressive Collaborator	Support Growth and be Sustainable	Business Excellence
Deliver inclusive, flexible and accessible services of choice	Commit to excellence through collaboration	Create value driven and innovative services that support growth	Deliver business with optimal outcomes
Deliver relevant and quality services that are fair and equitable	Respond to training needs to encourage innovation	Deliver sustainable services	Strengthen service delivery through business excellence
Deliver valued services aligned to training needs	Collaborate to address required service delivery outcomes and experiences	Pursue opportunities and social investment through business culture	Integrate stakeholder opportunities into business operations
Broaden service scope	Develop progressive options for providing services	Support opportunities for growth	Demonstrate compliance, accountability and asset management Enable measured risk
Offer a value driven workforce	Strengthen the SuniTAFE workforce through collaboration	Engage workforce in the business culture	Be an employer of choice

Vision, Mission, Values

Our Vision:

A leading regional training provider building community capacity through collaboration

Our Mission:

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

Our Values:

Integrity • Innovation • A Customer Focus • Business Acumen



Summary of Activities, Programs and Achievements

During 2019, SuniTAFE responded to the strategic priorities through readily embracing the challenges of financial and operational sustainability, seeking to continuously apply strong governance and developing the capability of our own staff to perform at their best in a collaborative and inclusive environment.

We improved and expanded our response to regional needs and identified prospects for development of products and services in alignment with Government strategy. The way in which we innovate and explore ideas is directly associated with 'knowing our patch' and meeting the needs of our stakeholders.

Essential to all of this is our drive to build community capacity through relationships. In this way we can improve our understanding of our region and the areas of opportunity for training to supply its current and future needs.

Preferred Training Provider

Deliver inclusive, flexible and accessible services of choice

Deliver relevant and quality services that are fair and equitable

Deliver valued services aligned to training needs

Broaden service scope
Offer a value driven workforce

During 2019, SuniTAFE embedded a quality framework into product and service delivery, implementing various methods to facilitate access, fairness and equity for students. We committed to explore and capture business opportunities and an ongoing process for identifying training needs was developed to address demand. Importantly, we continued to build on a successful trajectory of engaging SuniTAFE's workforce to exceed the standards expected of a regional leader in training and education.

Workforce Development and Engagement

An EDSP was officially released to all staff in July 2019, through a series of sessions held in the Mildura and Swan Hill campuses. This year also marked the completion of specific objectives as outlined in the EDSP, addressing the following areas:

- Standardised assessment templates and updated graded assessment processes
- Launched a Course Repository via the staff portal (SharePoint) that now provides an online tool to find and store SuniTAFE developed resources for units and courses
- Reviewed and updated RPL assessment tools and templates
- Developed and implemented new teacher induction process
- Commenced development of Moodle-based PTR and LLN assessment
- Conducted teacher RPL assessment training
- Delivered a program of PEC training sessions

Other EDSP objectives underway include: the development of an e-learning strategy; more standardisation of Moodle and templates; best practice tools for teachers; and a two-year teacher PD Plan.

SuniTAFE now has 156 priority courses on scope with demonstrated links to industry.

SuniTAFE gained the highest percentage of teacher engagement among the 6 TAFEs that were piloted in the EPP. A large, engaged cohort (92.6%) of teachers downloaded the EPP app and completed their Teacher

Profiling Tool. There were 30 high-quality professional development programs offered on-site at Mildura, Swan Hill and via Webinars across all campuses. Staff made 272 separate registrations, with 58 teachers achieving their Professional and Vocational currency for 2019. Through the Educator Passport Lucky Draw, two SuniTAFE staff attended Australasia's largest education event, EduTECH Conference and Expo in Sydney.

There was a 24% increase in staff participation in the VPSC Staff Survey, demonstrating an increasingly engaged workforce.

Creating opportunities and ensuring the ongoing health and wellbeing of SuniTAFE's workforce has been an ongoing management objective. In 2019, this included 25 staff from MDAS enrolling in Leadership and Management training. Hearing tests were conducted for staff at Mildura and Swan Hill, while a new gravel carpark was also opened to increase parking spaces and access for staff at Mildura Campus.

Student Enrolments

2019 Budgeted enrolment targets of 5,030 students were met, with Actual enrolments of 5,431 Distinct students.

SuniTAFE achieved 165% of its Free TAFE budget with 1,273 students enrolled in Free TAFE courses. In support of this extraordinary growth in student numbers, SuniTAFE has implemented room flexibility, modern delivery techniques (Moodle and Virtual Connection sessions), delivery of course material through the EDS Team to ensure resource capacity, and a roll-out of updated teacher equipment in key delivery areas. Teacher recruitment remains a primary issue in this regional area of Victoria.

Key marketing strategies were also targeted for change in 2019 to optimise reach and student numbers, these included a redeveloped website, Salesforce enquiry management system and Stakeholder Engagement Framework.

Removing Barriers

The Flexi Support Program and recruitment of a Retention Support Officer was introduced in 2019 to support the demand and enrolments into flexible Free TAFE courses. The program assists flexi students with additional resources, mentor teacher and study support services along with ongoing check-ins with students to maintain engagement and motivation throughout their study.

The Skills First Reconnect Program continued to support learners that may experience a barrier to learning and transitioning to the workforce. In 2019 the program had 80 participants across Mildura, Robinvale, Swan Hill and Kerang.

On December 31, 2019, this number was increased to 100 for the 2020 year following the successful application to DET for additional places. Highlights for 2019 include:

- 14 participants completed the program and were successful in either employment or full time study
- 18 people are in the process of enrolment and awaiting commencement of study across a variety of courses, including Nursing, Individual Support, Conservation and Land Management and Community Services
- 38 participants are currently involved in the program with the view of study or employment mid-year or 2021
- 10 new participants are on the waiting list ready to engage in 2020 when the new Reconnect numbers begin.

Stakeholders

The Institute recognises that it cannot assume preferred training provider status without making relevant and trusted connections with our own staff, students, the business sector, other education providers, local community and government.

To succeed in the future competitive market, the Institute focused in 2019 on:

- Improving the provision of appropriate curriculum and mode of delivery
- Strengthening partnerships and connections
- Striving to improve outcomes for students, businesses, other stakeholders and the community

In 2019, SuniTAFE developed and adopted a Stakeholder Engagement Framework, which promotes an Institute-wide culture that values two-way engagement. This is SuniTAFE's commitment to acknowledging the diversity of our region and the importance of developing appropriate engagement methods to support student outcomes, business objectives and community aspirations. Applying the Stakeholder Engagement Framework helps us to manage risk and inform strategic decisions.

Compliance

Annual internal and external auditing assessed our compliance in a variety of workplace operations and processes, these include:

- ELICOS Standards 2018
- ASQA Compliance Declaration Audit
- HES Internal Audit Checklist
- WorkSafe – Conditions of Authorisation for RTOs/ Individual Assessors
- Review of operational activities, inclusive of ESOS Act and the National Code

Reconciliation Action Plan (RAP)

The formation of the Wurreker Steering Committee, meeting fortnightly in 2019, was instrumental in achieving targets of the Wurreker Plan and RAP. Targets achieved included:

- The selection of a 'Reflect' RAP template
- Appointment of Geoff Dea, SuniTAFE CEO, as senior RAP Champion

- Delivery of the Wurreker/RAP Plan to the SuniTAFE Board
- Policy for the Acknowledgment of Country and Welcome to Country at all Institute formal events
- Learning opportunities for individual staff members to perform Acknowledgment of Country at internal meetings

A celebration day for NAIDOC Week was held on July 25, at Dulka Yuppata, Mildura Campus on behalf of La Trobe University, VAEAI and SuniTAFE.

NDIS

NDIS and related events held at SuniTAFE campuses and throughout the Mallee region during 2019 included the NDIS Service Providers Expo, carer workshops, information seminars, jobs fair, Write-Ability program and Autism awareness. The number and size of events reflects the significant growth of disability services and industry job demands in the region.

Scholarships

SuniTAFE is a participating institution for the Bert Evans Apprenticeship Scholarships, and the Rural and Regional Enterprise Scholarship Program, both programs assist NSW rural apprentices. SuniTAFE also has an MOU with Chances for Children to provide education scholarships.

Continuous Improvement

There was increased activity at the SuniTAFE SMART Farm (at Cardross) during 2019, with the implementation of actions made possible through a WTIF grant. Key initiatives achieved included:

- A visit by the national Standing Committee on Agriculture and Water Resources
- A tour by The Hon Gayle Tierney, MP, Minister for Training and Skills and Minister for Higher Education
- An open field day on the olive super high density system hosted by Agromillora (a world leader in the nursery sector) in collaboration with SuniTAFE, including the first harvest of the trial olive block
- SMART Farm was also the host venue for Future Agriculturists Expo, National Ag Day, and a Nursery Irrigation Workshop.

The SuniTAFE Business Incubator Centre (BIC) commenced operations, connecting students with a number of real-world business relationships and activities.

SuniTAFE's new Beauty Salon was opened for business in 2019. The state-of-the-art training facility features a range of rooms for Certificate III and Diploma Beauty Therapy students to gain practical experience offering treatments to the public.

Upgrades at Swan Hill Campus included planning for the Swan Hill Skills and Jobs Centre (opening 2020), while a much needed upgrade in the form of a new forklift arrived for the in-demand forklift courses.

The new SuniTAFE Horsham Campus opened in 2019 and its profile expanded when 35 people participated in a computer aided workshop. The facility moved into larger premises on Carine Street in July 2019.

Broadening Service Scope

Celebrating SuniTAFE's ANMAC registration in 2019, 44 students in Mildura and 36 students in Swan Hill began their Nursing Diploma.

At the MMLLEN Accounting Week, SuniTAFE presented to local school students about the pathway opportunities

connected to SuniTAFE's Accounting and Business courses. Broken Hill artist, James Price, in collaboration with SuniTAFE art teachers inspired students in an exciting visual art workshop.

A Tax Information Session, conducted by the ATO, instructed students on how to apply for a Tax File Number, lodge a tax return, superannuation, and ABN registrations. The ATO Help Centre also kept Accounting students busy in the 2nd semester, processing 34 tax returns for individuals. Free legal advice sessions for students were held fortnightly on campus with Murray Mallee Community Legal Service.



SuniTAFE Smart Farm

Progressive Collaborator

Commit to excellence through collaboration

Respond to training needs to encourage innovation

Collaborate to address required service delivery outcomes and experiences

Develop progressive options for providing services

Strengthen the SuniTAFE workforce through collaboration

Building partnerships has proven to be a highly successful practice for SuniTAFE, and in 2019 we continued to work with industry and other external parties to create innovative learning opportunities. We have raised our capacity and profile as a progressive collaborator through encouraging open lines of communication, increasing on-site teaching, and engaging stakeholders in learning through skill development. The formation of Advisory Groups has strengthened operational links with industry and business, allowing us to draw on relevant knowledge to inform our direction.

Innovation in Service Delivery

Innovation in delivery modes are an important outcome arising from our partnerships with industry and SuniTAFE has sought to encourage a continuing culture of improvement through collaboration.

Some of the highlights during 2019 include: The evolution in VR training, which has opened up many future possibilities. This follows a successful trial held in January 2019 in collaboration with SuniTAFE's SMART Farm and OLAM International (a leading food and agri-business company), made possible through the WTIF.

Over 2 days in April 2019, SuniTAFE hosted the Qwestacon Invention Convention. At this Convention, students were introduced to innovative thinking to arrive at alternative solutions in solving problems for real-world issues faced by local businesses.

The launch of the MRIC in May 2019, a collaborative initiative between La Trobe University, University of Melbourne and SuniTAFE to participate in innovative research projects for the Mallee region. SuniTAFE staff attendance at the Regional TAFE Forum (held at Warrnambool TAFE, May 2019). This Forum brought together regional TAFE leadership teams to identify common issues and explore areas of best practice in relation to training delivery and operational functions.

The Engineering Industry Forum, held at Swan Hill Campus in June 2019, featured demonstrations of next generation welding technology, robotics and automation.

The Engineering Reference Group was established as a direct result of this event.

The launch of the BIC, was an idea that stemmed from Chengdu Polytechnic in Chengdu China, which provides practical support for their students via a business set-up. Based on this model, SuniTAFE's BIC provides support and practical industry experience for students embarking on a business venture. A Certificate II in ATSICA, was developed by SuniTAFE to offer an innovative entrance level pathway to employment for adult Koorie students, who are passionate in learning about art and culture.

SuniTAFE collaborated with the MMLLEN and key local businesses in October 2019, for the second annual STEM 4 Sunraysia event. The event involved 72 Year 9 students from 6 schools who converged on SuniTAFE to solve real business problems in STEM. The event aimed to demonstrate the importance of STEM in our everyday lives and provide direct links to future career options outside of traditional pathways.

The new EDSP is ensuring teachers have high quality resources and improved IT connectivity to enable development of new options in service delivery and learning opportunities.

Industry Collaboration

SuniTAFE have continued to foster progressive relationships with employers in growth areas of regional priority. 'Key' initiatives in 2019 include:

Advisory Groups established in Horticulture and Agriculture; Health and Nursing; Transport and Logistics. These groups have met regularly to identify regional industry issues.

Following a successful collaboration in 2018, ALDI again utilised Mildura Campus to conduct interviews to fill all their remaining positions, while also engaging SuniTAFE for the delivery of their RSA training. Beon Solar Farm hosted a visit from The Hon. Martin Pakula, Minister for Jobs, Innovation and Trade in September 2019, with SuniTAFE staff and students in attendance. With two solar farms already in operation and a third farm to commence in Wagga, Beon's highly successful collaboration with SuniTAFE will continue to provide training in Certificate II in Electrotechnology and Certificate III in Electrical.

A series of Heavy Automotive Industry Evenings were held for representatives across Sunraysia to discuss delivery of industry training at the Mildura Campus from 2020. SuniTAFE collaborated with the Victorian Skills Commissioner, businesses, and industry peak bodies to offer a 6-week Transport and Logistics Employment Pathway course, addressing priority Industry demand.

Building industry suppliers held free PD sessions at Swan Hill Campus demonstrating steel house framing and the use of a 3D Building app, reflecting relevant changes to Certificate III in Carpentry. After forming the Engineering Industry Advisory Group, the Horsham Campus identified that local industry required additional training around CAD in the Wimmera region. SuniTAFE was successful in applying for an application under the RSTF to deliver a Certificate IV in Engineering with a focus on CAD training.

The Mildura Jobs Fair, held in June 2019, connected the fast-growing Disability Service Provider sector with jobseekers and students.

Planning for the Swan Hill SaJC (open for business in 2020), is another progressive step in connecting industry with training and a job-ready workforce.

Another successful World Café Day was held at Swan Hill Campus in 2019. It brought together businesses, community, SuniTAFE staff and students to collaborate in helping shape the future direction of training.

Special Projects and Pathways

Collaborations with industries, community, and partner universities continued to create pathways for students in 2019.

The Tertiary Information Event that SuniTAFE attended in Mildura and Swan Hill in August 2019, provides a prime example of universities, TAFE, and independent Tertiary Colleges uniting to help students prepare for future careers.

A 'Futures Day' was held in 2019, which was a collaboration between SuniTAFE, SaJC, La Trobe University and Mildura Senior College. This event engaged approximately 400 Year 12 students to provide future pathway and career information

post-secondary school. This will now be an annual event, which we will roll out to other senior colleges across the region in 2020. Due to the success of Futures Day and enquiries received after the event, the SaJC provided ongoing weekly support and had a staff member present on the school campus. This staff member could provide information, support and advice when required. They were also able to attend group information sessions as required.

Partnerships with industry and businesses create learning opportunities, through special projects that also become a component of course studies. During 2019 there were a number of successful projects completed by SuniTAFE students.

Conservation and Land Management students were engaged in practical fence construction, surveying pests, and conducting vegetation assessments throughout the region.

Certificate II in Construction students were engaged in building a replica prison cell door. Local police had approached SuniTAFE's Trades department with a request to construct the door to use for training purposes.

Certificate II in ATSICA students collaborated with Swan Hill Community Health Services to create a mosaic table for their Cultural Hub courtyard space.

In December 2019, Swan Hill Toyota, Swan Hill Secondary College and SuniTAFE Work Education students collaborated to produce 3 raised garden beds to develop an edible garden.

In an initiative that utilises SuniTAFE's internal resources and skills, Swan Hill Rural Trade students began building a new portable building for the SuniTAFE SMART Farm consisting of 3 offices, a small kitchenette, and toilet facilities.

Support Growth and be Sustainable

Create value driven and innovative services that support growth

Deliver sustainable services

Pursue opportunities and social investment through business culture

Support opportunities for growth

Engage workforce in the business culture

SuniTAFE embarked on a program of focused excellence to underpin responsible growth. Education and training delivery was reviewed, a cost benefit analysis was applied, teacher delivery hours were increased and decision-making was based on the skill requirements of the region. The perspective of community was deemed paramount, as SuniTAFE strived to be of irreplaceable value to locals. Our adopted Vision, Mission and Values were culturally embedded, to instil the aspirations of a high performance workforce into daily practice.

Responsible Growth

SuniTAFE's enrolment growth was unparalleled in 2019, with an increase of 11% on the previous year. In May there were 4,292 enrolments, 23% higher than the same time last year. While this growth can be ascribed to a range of factors, the introduction of Free TAFE courses created a huge surge in local interest. Forecast enrolment targets for 2019 were exceeded by 7.9%, with 6,285 actual enrolments over all courses – of which 37% of total students were attributed to Free TAFE or 39% of total Government subsidised enrolments.

The top 5 Full Courses were:
Certificate IV in Training and Assessment
Certificate III in Driving Operations
Diploma of Community Services
Certificate III in Electrotechnology Electrician
Certificate IV in Accounting and Bookkeeping

The Marketing Department underwent major areas of change and digital transition in 2019, with the help of SuniTAFE's Marketing Team, Strategist, Creative and Digital Agencies. A new website and social media have proven to be powerful marketing tools, achieving measured success across all campaigns. As a result, the roles of SuniTAFE's Customer Services Team and Education Support Team have been very successful in 2019, assisting a large influx of people with enquiries and enrolments.

Accountable Management

An Asset Management Accountability Framework was completed in 2019 and, in readiness for the start of the 2019 academic year, there were upgrades across facilities -

including new carpet in the Mildura campus Hub, classrooms and hallways; computer room upgrades; new cars added to the fleet; landscaping and ground maintenance.

A new Procurement Department was introduced in August 2019 to oversee all purchases. The Department keeps up-to-date with government policies related to procurement and amends work processes, policies and procedures as required to remain compliant.

Enhanced Teaching

A number of new teaching positions were appointed and an initial review of Teaching Work Plans was activated to improve teaching efficiency. This review is set to continue in 2020 and will include improvements in the administrative functions of teaching roles to allow for enhanced teacher training and compliance.

Educator Passport PD workshops and electives throughout 2019 engaged 92.6% of SuniTAFE teachers. Presentations were provided by leading academics, professional facilitators, and industry experts.

Social and Environmental Investment

In 2019, SuniTAFE engaged and supported local youth through:
Linking secondary students to identified skills gaps - with VETDSS enrolments decreasing from 610 (2018) to 470 (2019), SuniTAFE continued to work with NMLLEN and the Victorian Skills Commissioner to develop a VETDSS delivery strategy.

Engaging with schools to provide course, pathway and careers advice through visits on campus, SaJC attending information evenings and reintroduction of TAFE Taster Days. The positive feedback and increased SaJC presence at events is a constructive shift.

Pre-registering as an Associate Institution with VTAC in 2019 enabled SuniTAFE to provide promotion via our own VTAC online institutional information page, list courses and manage our own applications and offers.

Hosting the HALT 'Save your Bacon' take a mate to brekky event at the Mildura and Swan Hill campuses in July enabled engagement to raise awareness of anxiety, depression and wellbeing in the trade community.

Granting a \$200 Bursary Sponsorship to 8 local school speech/presentation nights.

Sponsoring the VETDSS Sunraysia Excellence Awards, SuniTAFE Chances for Children Scholarship, Mildura Early Years Conference, and a U3A in-house published book – The Write Two Time.

Touring school students through the Cardross Farm (SuniTAFE SMART Farm) on National Ag Day, providing an opportunity to participating in STEM activities and learn about a range of horticulture careers.

The Swan Hill Campus has been particularly active in initiating several actions that engage with their community and environment:

- SuniSQUAD - this group of Work Education students offer their services to small business for any odd jobs.
- 116kgs in plastic bread tags, bottle tops and aluminium tags, collected by 3 teams at Swan Hill Campus was donated to construct bionic arms and wheelchairs for children.
- Support of national Jeans for Genes Day, to raise money for the Children's Medical Research Institute.

With a commitment to recycling, renewing and supporting the local business sector, a successful auction of SuniTAFE surplus equipment was held in December 2019, with 64 registered bidders clearing 98% of over 300 items.

The SuniTAFE SMART Farm continued to lead with innovation and sustainable principles:

- A successful trial of a Velcro Tree Tie prototype tape for Velcro Australia (on almond and olive trees) has resulted in the tape now being commercially released.
- Agriculture Victoria's two-day Young Farmers Business Bootcamp was staged at the SuniTAFE SMART Farm to upskill young growers in the Sunraysia area.
- SuniTAFE SMART Farm was the host venue for:
 - Future Agriculturalists Expo
 - National Ag Day
 - Irrigation Workshop
 - PD sessions
- A visit by the national Standing Committee on Agriculture and Water Resources.

Cultural Alignment

The 2019-2023 Strategic Plan, vision, mission and values was shared with staff at the All Staff Communication Forums, in newsletters, presentations, and staff attended events.

A consultation process was conducted with key staff as part of the development of a Staff Stakeholder Engagement Plan. The plan will be activated in 2020 to empower a culture that values collaboration and engagement.

Business Excellence

Deliver business with optimal outcome

Strengthen service delivery through business excellence

Integrate stakeholder opportunities into business operations

Demonstrate compliance, accountability and asset management

Enable measured risk

Be an employer of choice

SuniTAFE has implemented a number of measures that model best practices in current service delivery. We have increased our external operations to strengthen industry partnerships. We strive to be accountable in expected standards of compliance. We facilitate a culture and provide supporting processes that promote an acceptance of measured risk. When we recruit staff, we aim for high quality, and to improve workforce satisfaction and engagement.

Contemporary Systems

The new SuniTAFE website went live in August 2019. The new site has been a massive project to greatly enhance the student experience, featuring:

- A customised user experience that fully integrates with SMS and Salesforce
- An enquiry management system, as a component of the successful rollout of Salesforce
- Moodle online learning platform, SuniCONNECT, updated to ensure it is both visually appealing and user friendly

In bringing the website to life, an emphasis was placed on the design elements and visual identity. Preliminary work was conducted in 2018 through surveys, interviews and focus groups to understand community awareness of the SuniTAFE brand. Further to this, the findings influenced SuniTAFE's decision in 2019 to update the visual identity and to maximise impact across all marketing and communication platforms.

A Marketing and Communications page on the staff portal (SharePoint) has been developed to provide essential marketing and communications information for internal users.

In accordance with the EDS for 2019-2020, SuniTAFE has developed a 2 year teacher capability project, which includes a focus on increasing proficiency in digital literacy across the teaching workforce. PD sessions were delivered to promote the use of digital technologies and increase knowledge and capability in using the tools present in Moodle.

Other system objectives set out in the EDS include an update of RPL assessment tools, and the successful implementation of a new teacher induction process. The rollout of the new Windows update was also delivered to all SuniTAFE computers.

New digital devices have been installed across SuniTAFE campuses. Mildura campus received 82-inch TV screens, while new VC equipment has been set up in the Auditorium, connecting to our other campuses for Education Forums, Quarterly Staff Meetings and other events. Horsham campus now has a new VC Room featuring a Cisco classroom/meeting VC unit with 2 75-inch monitors.

Mildura and Swan Hill campus libraries now have Laptop Self Loan Stations that students can use to borrow laptops. New digital self-loan kiosks enable students and staff to check out their own books. The kiosks also permit students to add printing and photocopying credit to their Papercut accounts.

Valued Relationships

Incorporating stakeholders into our business operations is a primary consideration that serves multiple purposes. Our intention is to ensure that stakeholders rightly feel they are valued and integral to SuniTAFE's operations. In a strategic context, our stakeholders are empowered in knowing that they are contributing to industry and regional vibrancy, while enabling students to gain the most current knowledge available in their training.

SuniTAFE has continued its strong links with industry, and have established Advisory Groups for Horticulture, Nursing, Engineering, Transport and Logistics and Heavy Automotive.

To further encourage students as valued stakeholders, LOOP software has been introduced to gain real time and consistent standardised feedback about training delivery. This feedback fosters teaching and learning program improvements and gives students an opportunity for a voice to be heard. In 2019 6,397 responses were received with 818 students and 160 teachers registering in the program.

In Education Week 2019, there were 2 events held: A Community Engagement Event in Swan Hill followed-up the outcomes of the World Café Day held in 2018. This event brought together 120 stakeholders across the region to explore how SuniTAFE can better service the community into the future. It also provided feedback to industry on the development of resources that meet future challenges through learning.

At a Horticulture Cadetship Event, SuniTAFE and SMGT worked closely with 'key' stakeholders to implement the new Horticulture Cadetship Employment and Training pilot program.

A delegation of 4 people from one of SuniTAFE international agent companies, Beijing Hudson International Education Technology Research Institute, visited for a first-hand experience of SuniTAFE courses and study environment.

Minister Gayle Tierney visited Mildura Campus in April, meeting with students and touring Cardross Farm (SuniTAFE SMART Farm). The Minister highlighted the state-wide success of the FREE TAFE for Priority Courses initiative, and announced funding for 2 projects under the RSTF:

- Transport and Logistics Pathway Course for Driving Operations
- Certificate IV in Leadership and Management for staff of non-for-profit aged care providers

Standards of Excellence

To ensure SuniTAFE achieves expected standards of compliance, a specialist consultant has been engaged to develop a CMF. The CMF recommends:

- Devising a system to provide efficient oversight and management of the Institute's compliance obligations
- Taking a risk-based approach to the implementation of good governance
- Establishing methods for measuring performance and effectiveness of the CMF
- SuniTAFE's OHS system has been completed and is expected to be implemented in 2020.

An external contractor has finalised the Asset Management Framework on behalf of SuniTAFE and it is now in operation.

A thorough process of identifying and managing risks has been practised. A roll-out of security cameras is continuing across the Institute to protect the safety and security of students, staff, visitors, and Institute property. In a further measure to ensure safety, SuniTAFE became a 'cashless' institute in 2019.

All staff underwent Online Suicide Prevention training, Combined Child Safe Standards and Reportable Conduct Sessions, and a number of Swan Hill staff received both CPR and first aid training. Staff were also required to undergo Cyber Security Awareness training via 17 security awareness videos and quizzes.

An ASQA evaluation of ELICOS courses was conducted in December 2019, with a quick turnaround time from submission of documentation for review to confirmation of compliance.

Employer of Choice

Caring for the health and wellbeing of staff - and empowering the individual through participation, professional development, and open communication - helps to ensure a more positive culture among the SuniTAFE workforce.

Our weekly Staff Bulletins address many aspects of health and wellbeing, acknowledging staff achievements and milestones, introducing new staff, promoting legal advice

and counselling services, as well as providing helpful tips and updates on operational matters.

Following on from the Educator Passport sessions held throughout 2019, a two-day Teacher Conference planned during 2019 is scheduled for January 2020, to further develop teacher capability. Flu vaccinations and hearing tests for all staff, and mental health awareness through RUOK? Day, are among other measures that support health and wellbeing.

Staff feedback is encouraged through All Staff Communication Forums, the People Matters Survey, and promoting an open-door policy to management. Insights in improving staff satisfaction and engagement are gained through VPC Survey, staff appraisal feedback, Student and Employer Surveys. Staff participation in events such as: Anzac Biscuit Bake Off; Jeans for Genes Day; International Women's Day; and Swan Hill plastics collection all help create a broader sense of purpose and a culture of connectivity.

Providing a qualified Child Care and Kindergarten at the Mildura Campus (TAFE Kids), open to staff, students and the community, is an important service that assists SuniTAFE in its ambition to be a preferred employer within the local region.

Providing our workforce with efficient and reliable operational systems, and a strong, dependable Executive Leadership Team are important in creating a favourable workplace.

Operational systems introduced in 2019 to assist staff include: Course Repository System, accessed from the staff portal, storing all files used to deliver courses.

Events Calendar, also on the staff portal, provides staff with full details on upcoming events.

Turnitin, an electronic text matching system that compares text in a student assignment against a database of related sources.

Contemporary recruitment and on-boarding processing - with an Induction Training Program, introducing remote staff to working at SuniTAFE via on-line meetings and workshops. Vehicle booking system that automatically enters staff car bookings into their electronic calendars. Procurement Department, assisting staff with coding purchase orders, monitoring and approval of Corporate Card transactions, Platinum Travel requests and any other purchase up to the value of \$3,000.

Future Directions 2020

The year 2020 will mark the 40 year anniversary of SuniTAFE with the following areas of strategic emphasis on the near horizon:

- Improving the efficiency of teaching and training across SuniTAFE
- Continuation of process improvements to ensure teaching and training consistency
- Improvement of compliance with regulatory bodies (HES/ASQA)
- Increased capacity for teacher training and industry currency
- Improved student experience
- Collaborative approach across the SuniTAFE workforce to support student and employer outcomes
- Increase in linkages with industry and their workforce needs
- Provision of clear pathways to employment for completing students
- Active assistance to students transitioning to employment
- Dynamic support to industry to fill skill shortages
- Expansion of the Horsham Campus.

Major Projects under further development in 2020 include:

SuniTAFE SMART Farming

The SuniTAFE SMART Farming proposition was developed after extensive consultation with key sector stakeholders, in consideration of government and Institute priorities and relying on the *Victorian Skills Commissioner (VSC) Taskforce report: 2017 Regional Skills Demand Profile - the Mallee*. The SMART Farming model directly responds to challenges facing the sector and enables the supply of workers who are skilled to meet a transformed farming business model. A skilled workforce is deemed to be the primary enabler for growth of the regions horticultural sector, which is forecast to double over the next decade.

SuniTAFE has embarked on developing a training facility to provide an appropriately trained and tech-ready workforce for the future in farming. SuniTAFE's SMART Farm aims to become Australia's foremost horticulture training institution and works in collaboration with horticulture peak bodies, sector experts, local producers and allied universities.

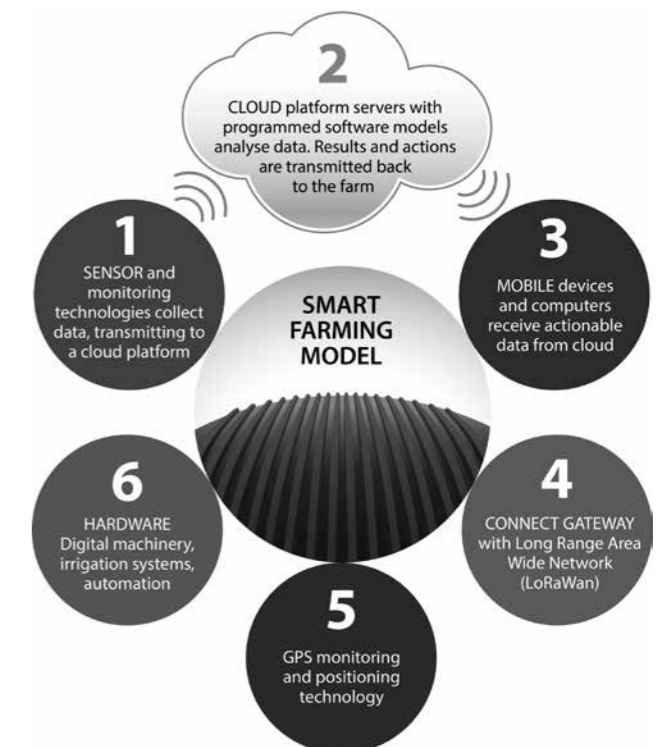
The project will aim to realise a 55-hectare, purpose-built, state-of-the-art, training and research facility at the SuniTAFE Cardross farm site, to provide horticulture students with the skills and know-how for the latest innovations and technology in digital farming. GPS-linked control systems, real-time data analysing software, hand-held mobile devices, and robotics will be their farming implements.

SuniTAFE's SMART Farm will challenge the perception of careers in horticulture and promote critical job roles, leading to career pathways in agronomy, agribusiness studies and farm management.

To date, a collaboration with Agromillora, has successfully trialled high-density, new dwarf Almond and Olive varieties that are precision grown and harvested. Sensor monitoring, water and fertigation management systems, drone surveillance, and virtual reality training simulations, have also given students first-hand experience of the future in food production.

Training is already provided at SuniTAFE in high priority job roles such as: Farm Hand; Farm Management; Food Safety Manager; Irrigation Manager; Tractor Operator; Packing Shed Roles; Line Supervisors, Quality Control Officers, Agronomists, and Water Brokers.

SuniTAFE SMART Farm is destined to become the model for best practices in digital farming, providing expertise and future leaders for Sunraysia, Australian and international horticulture.



Mildura Tech School

Following extensive engagement and practical workshops over recent years, SuniTAFE aims to further The Tech School project in 2020. This is a unified, community-driven project developed in partnership with local schools, local government, TAFE, university and industry partners.

The Tech School links the Mallee's young people to viable, exciting, real-world careers in STEM in their local community. It proposes a unique opportunity to reach into remote areas and turn around persistent markers of disadvantage. The project aims to intervene and create generational change through activating a STEM mindset, stimulating critical thinking and promoting opportunities.

Elements of the project to be addressed in 2020 includes:

- An approach for future proofing the delivery of education and training
- Introducing leading edge technology, discovery and innovation into disadvantaged communities
- Equipping students with the knowledge and skills that can connect them to careers of the future
- Applying innovative break-through thinking
- Creating the opportunity for shared learning environments
- Developing programs where practical real-world problems can be solved.

Awards and Achievements

SuniTAFE

Winner – Large Training Provider of the Year, 2019 Victorian Training Awards

Winner – Large Training Provider of the Year, 2019 Australian Training Awards

SuniTAFE Partners

Select Harvests, Finalist – Large Employer of the Year, 2019 Victorian Training Awards
Beon Energy, Finalist – Industry Collaboration, 2019 Victorian Training Awards

SuniTAFE Employees

Racheal Fyfe - SuniTAFE Teacher of the Year
Hayley Wilson - Winner, Teachers Award, 2019 VETDSS Student Excellence Awards

SuniTAFE Students

VETDSS Student Excellence Awards, SuniTAFE student winners
Bethany Garoni – VCAL Foundation
Jodine Closter – VCAL Senior

Connor Carter (Certificate III in Agricultural Mechanical Technology)

Finalist - School Based Apprentice or Trainee of the Year, 2019 Victorian Training Awards

WorldSkills Australia 2019 Sunraysia Region medal recipients

Corey Bell - Gold Medal, Heavy Vehicle Mechanics
Maddison Price - Silver Medal, Heavy Vehicle Mechanics
Liam McAllister - Bronze Medal, Heavy Vehicle Mechanics

AusTAFE Culinary Trophy Competition medal recipients

Ben Treloar - Bronze Medal, (Stefano's Restaurant)
Chen-Cheng Chuang - Silver Medal, Certificate IV in Commercial Cookery

Master Builders Victoria 2019 Regional Apprentice of the Year Awards (Bendigo)

Cameron Cook - Certificate of Merit
Dylan Ward - Certificate of Merit

Resources

Environmental Performance

	Mildura Campus	Swan Hill Campus	Robinvale Campus	Cardross Campus	Horsham Campus	Total	
Gross Useable Floor Area - m2	19,999	6,206	476	1,486	5,176	33,343.0	
FTE						272.4	
GAS AND ELECTRICITY						Unit of Measure	Total
E1	Total energy usage segmented by primary sources (including green power)				Megajoules Gas	6,291,205	
					Megajoules Electricity	8,088,122	
E2	Greenhouse gas emissions associated with energy use, segmented by primary source				Tonnes CO2-e Gas	372	
					Tonnes CO2-e Electricity	1,952	
E3	Percentage of electricity Green Power				%	2%	
E4	Units of energy per FTE				Megajoules / FTE	52,779	
E5	Units of energy per office area				Megajoules / m2	431	
WASTE PRODUCTION							
Ws1	Total units disposed of by destination				Landfill (kg)	87,522	
					Recycle (kg)	16,984	
Ws2	Units disposed per FTE by destination				Landfill (kg)	321	
					Recycle (kg)	62	
Ws3	Recycling rate of total waste				%	19%	
Ws4	Greenhouse gas emissions waste disposal				Tonnes CO2-e	53	
PAPER USE							
P1	Total units of A4 equivalent copy paper used				Reams	4,395	
P2	Total units of A4 copy paper used per FTE				Reams / FTE	16	
P3	Recycled content in copy paper purchased				%	85%	
WATER							
W1	Water consumed by water source				Kilolitres	221,581	
W2	Water consumed in offices per FTE				Kilolitres / FTE	813	
W3	Water consumed in offices per area				Kilolitres per m2	7	
		ULP	DIESEL	HYBRID			
T1	Energy consumption by operational vehicles	GJ	485	1,069	116	1,669	
T2	Travel associated with entity operations	km	226,749	303,666	11,609	542,024	
T3	Greenhouse gas emissions from vehicle fleet	Tonnes CO2-e	34	76	11	121	
T4	Greenhouse gas emissions from vehicle fleet per 1,000kms	Tonnes CO2-e	0.17	0.63	1.03	2	
T5	Total distance travelled by air				km	380,627	
T6	Employees using public transport				%	2%	
GREENHOUSE GAS EMISSIONS							
G1	Emissions associated with energy use				Tonnes CO2-e	2,324	
G2	Emissions associated with vehicle fleet				Tonnes CO2-e	121	
G3	Emissions associated with air travel				Tonnes CO2-e	106	
G4	Emissions associated with waste disposal				Tonnes CO2-e	53	
G5	Emissions associated with offsets purchased				Tonnes CO2-e	-	
G6	Emissions: energy, waste, vehicle				Tonnes CO2-e	2,604	

Occupational Health and Safety

In 2019 SuniTAFE's ongoing commitment to OH&S was demonstrated through our strategy to ensure that all staff, students, contractors, and visitors experience a working and learning environment at SuniTAFE that is safe.

2019 has seen improvement in SuniTAFE's OH&S performance. There were no lost time injuries, a 25% reduction in student injuries rated as significant, and a 100% reduction in staff injuries rated as significant.

A major improvement in 2019 was the development of a new OH&S Management System. This has been done in consultation with OH&S committees, Executive Leadership, and the Board. Roll out and implementation of the new OH&S Management system is planned for early 2020.

MEASURE	KPI	2019	2018	2017
Incidents & Injuries	Incident Employee Minor	8 (2.93/100FTE)*	4 (1.65/100FTE)	9 (4.25/100FTE)
	Incident Employee Significant	(0/100FTE) 0	5 (2.07/100FTE)	4 (1.89/100FTE)
	Incident Student Minor	5	25	12
	Incident Student Significant	6	8	0
Claims	WorkCover Claims	(0/100FTE) 0	2 (0.83/100FTE)	2 (0.94/100FTE)
	Lost Time (days)	0	227	4
Claim Costs	Total paid on claims	**\$229,326	\$50,708	\$1,019
	Average cost per claim	\$76,442	\$5,534	\$509
	WorkCover premium	\$137,637	\$97,832	\$90,857
	Premium Rate	0.6579%	0.5060%	0.5086%
	Industry premium rate	0.9577%	0.6924%	0.6840%
Risk Management	Hazards Identified and Managed	17 (6.24/100FTE)	36 (9.5/100FTE)	20 (25.5/100FTE)

* 272.4 FTE

**Claims costs relate to injuries from 2018 and 2017

Workforce Data

The total Full Time Equivalent (FTE) for 2019 was 272.4. Employees have been correctly classified in the workforce data collections. The method of calculation is the approach used to report FTEs to the Department as per the Performance and Accountability Framework. A breakdown of workforce data is below.

Performance and Accountability Framework FTE Table (December 2018 - December 2019)

DECEMBER 2018							
	FULL TIME		PART TIME		CASUAL		TOTAL
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	70.0	11.0	18.2	0.6	N/A	3.5	103.3
Executive	0.0	1.0	0.0	0.0	N/A	0.0	1.0
Other TAFE Kids	8.0	0.0	8.2	0.0	N/A	4.7	21.0
Teacher	56.0	18.0	11.7	8.5	22.1	N/A	116.3
Total	134.0	30.0	38.1	9.1	22.1	8.2	241.6
DECEMBER 2019							
	FULL TIME		PART TIME		CASUAL		TOTAL
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	80.0	10.0	16.7	1.8	N/A	4.7	113.2
Executive	0.0	1.0	0.0	0.0	N/A	0.0	1.0
Other TAFE Kids	16.0	0.0	6.8	0.0	N/A	4.9	27.7
Teacher	83.0	10.0	18.3	5.2	14.0	N/A	130.5
Total	179.0	21.0	41.8	7.0	14.0	9.6	272.4

Workforce Disclosure (December 2018 - December 2019)

Demographic Data	DECEMBER 2018							DECEMBER 2019						
	All Employees		Ongoing			Fixed Term and Casual		All Employees		Ongoing			Fixed Term and Casual	
	Number Head-count	FTE	Full time Head-count	Part time Head-count	FTE	Number Head-count	FTE	Number Head-count	FTE	Full time Head-count	Part time Head-count	FTE	Number Head-count	FTE
Gender														
Women Executives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Women (total staff)	205.0	145.0	74.0	46.0	109.0	85.0	36.0	250.5	166.7	104.0	54.0	142.7	92.5	24.0
Men Executives	1.0	1.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	1.0	1.0
Men (total staff)	113.0	96.0	61.0	7.0	65.0	45.0	31.0	133.5	104.7	75.0	4.0	77.9	54.5	26.8
Self-described	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Age														
15-24	14.0	6.1	3.0	2.0	6.0	9.0	0.1	22.0	10.8	8.0	1.0	8.9	13.0	1.9
25-34	56.0	40.9	26.0	7.0	31.0	23.0	9.9	65.0	40.6	25.0	11.0	33.0	29.0	7.6
35-44	71.0	57.0	34.0	12.0	43.0	25.0	14.0	77.0	59.4	40.0	11.0	48.0	26.0	11.4
45-54	86.0	71.0	38.0	13.0	47.0	35.0	24.0	109.0	87.8	59.0	15.0	69.2	35.0	18.6
55-64	75.0	57.0	30.0	15.0	41.0	30.0	16.0	92.0	63.4	41.0	15.0	52.3	36.0	11.1
Over 64	17.0	10.0	4.0	4.0	6.0	9.0	4.0	20.0	10.4	6.0	5.0	9.2	9.0	1.2
Total	319.0	242.0	135.0	53.0	174.0	131.0	68.0	385.0	272.4	179.0	58.0	220.6	148.0	51.8

Financial Performance

Five year financial summary

Comparative results 2015-2019

Consolidated Entity (\$'000)	2019	2018	2017	2016	2015
Operating Revenue	37,861	34,175	28,573	27,995	36,886
Operating Expenses	35,057	29,034	28,111	27,981	30,647
Operating Result before Other Economic Flows	2,804	5,141	462	14	6,239
Other economic flows included in Net Result	(573)	(788)	277	309	-
Operating Result after Other Economic Flows	2,231	4,353	739	323	6,239
Accumulated Profit (Deficit) before 1st January	16,720	12,367	11,628	11,305	5,064
Transfers from Reserves	(150)	-	-	-	-
Transfers to Reserves	-	-	-	-	-
Transfer to Contributed Capital	-	-	-	-	-
Accumulated Profit (Deficit) 31st December	18,801	16,720	12,367	11,628	11,303

Summary of significant changes to financial position during the year

For the financial year ended 31 December 2019, the Institute recorded a consolidated profit of \$2.231 million. Total income achieved for 2019 was \$37.861 million, compared to \$34.175 million for 2018.

Excluding capital income, operating income has increased by \$3.686 million, which is an increase of 10.7%.

Expenditure for 2019 totalled \$35.057 million compared to \$29.034 million for 2018, an increase of \$6.023 million, which is an increase of 20.7%.

Overall employee expenses increased by \$3.673 million, an increase of 18.6%, and non-salary expenses increased by \$2.350 million for 2019, an increase of 25.1%.

Whilst a profit of \$2.231 million was achieved, financially 2019 was a challenging year for Sunraysia Institute of TAFE, with some revenue targets not met.

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

Financial Position

Consolidate Entity (\$'000)	2019	2018	2017	2016	2015
Accumulated Surplus 31st December	18,801	16,720	12,367	11,628	11,305
Reserves	23,053	28,763	28,736	25,308	22,181
Contributed Capital	6,997	6,997	6,997	6,997	6,997
Net Worth	48,851	52,480	48,127	43,933	40,483
Assets	61,420	62,487	59,172	56,037	46,995
Liabilities	12,569	10,007	11,045	12,104	6,513
Net Assets	48,851	52,480	48,127	43,933	40,483

Compliance

Financial Management Attestation Statement

"I, Kay Martin, on behalf of the Responsible Body, certify that for the period 1 January 2019 to 31 December 2019, the Sunraysia Institute of TAFE has complied with the applicable Standing Directions made under the Financial Management Act 1994 and Instructions"



Kay Martin
Board Chair

Sunraysia Institute of TAFE 20/03/2020

Additional Information available on request

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

- Declarations of pecuniary interests of relevant officers.
- Shares held by senior officers as nominees of a statutory authority.
- Publications produced and how these can be obtained.
- Changes in prices, fees, charges, rates and levies.
- Major external reviews carried out on SuniTAFE.
- Major research and development activities undertaken by SuniTAFE.
- Overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Major promotional, public relations and marketing activities.
- Assessments and measures undertaken to improve the health and safety of employees.
- Industrial relations issues.
- Major committees sponsored by the Institute.
- Details of all consultancies and contractors

Building Services

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

SuniTAFE buildings in existence prior to the introduction of the Building Act 1993 comply with the relevant building regulations existent at that time. SuniTAFE'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 TAFE obtains Certificates of Occupancy and Final Inspection from the relevant Building Surveyors.

Carer's Recognition Act 2012

SuniTAFE 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. SuniTAFE 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, SuniTAFE is guided by its access and equity policy, which promotes adherence to the principles of access and equity, and directs that SuniTAFE 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 SuniTAFE, 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.

Compliance with other legislation

SuniTAFE 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*
- *Local Jobs First Act 2003*

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 is included in the audited Financial Report; Note 23.

Consultancies

In 2019, SuniTAFE undertook eleven consultancies totalling \$10,000 or greater. The expenditure incurred during 2019 in relation to these consultancies totalled \$541,566 (ex GST).

In 2019, there were nine consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019 in relation to these consultancies is \$49,632 (ex GST).

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

ICT Expenditure

Details of ICT Expenditure for 2019 (full year)

BAU ICT expenditure Total	Non-BAU ICT expenditure Total = A+ B	Operational expenditure A	Capital expenditure B
\$2,622,153.55	\$-	\$-	\$-

Local Jobs First

No projects applicable were commenced or completed in 2019.

Major Commercial Activity

In 2019, SuniTAFE 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).

National Competition Policy

SuniTAFE 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

No Student Services and Amenities Fees were collected for the year ending 31 December 2019 by the TAFE.

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 2019 total materials fees were \$944,027. A list of fees and charges is available on SuniTAFE's website: www.sunitafe.edu.au

Freedom of Information

SuniTAFE 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. There were no requests for information under the Act in 2019.

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.

SuniTAFE 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.

SuniTAFE 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.

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 SuniTAFE.

Victorian Public Service Travel Policy

SuniTAFE has formal mechanisms in place to ensure that all travel by employees is approved and undertaken in accordance with Victorian Public Service Travel Policy and the Australian Tax Office guidelines.

Enquiries about details of any of the items mentioned should be made in writing and addressed to:

Chelsea Diana
Manager, Quality and Compliance
 Sunraysia Institute of TAFE
 PO Box 1904
 Mildura Victoria 3502
cdiana@sunitafe.edu.au



SuniTAFE's 2019 Graduates



Select Harvests, 2019 Employer of the Year

Sunraysia Institute of TAFE

Financial Statements

Statement of Financial Performance

For the year ended 31 December 2019

In our opinion, the accompanying Statement of Performance of Sunraysia Institute of Technical and Further Education for the year ended 31 December 2019 is presented fairly in accordance with the Financial Management Act 1994.

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

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



Kay Martin
BOARD CHAIR
Sunraysia Institute of TAFE
09/04/2020



Geoff Dea
CHIEF EXECUTIVE OFFICER
Sunraysia Institute of TAFE
09/04/2020



Diane Schmidt
CHIEF FINANCE OFFICER
Sunraysia Institute of TAFE
09/04/2020



Independent Auditor's Report

To the Board of Sunraysia Institute of TAFE

Opinion	<p>I have audited the accompanying performance statement of Sunraysia Institute of TAFE (the institute) which comprises the:</p> <ul style="list-style-type: none"> performance statement for the year ended 31 December 2019 the management certification. <p>In my opinion, the performance statement of Sunraysia Institute of TAFE in respect of the year ended 31 December 2019 presents fairly, in all material respects.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance statement	<p>The Board is responsible for the preparation and fair presentation of the performance statement and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.</p>

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

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

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

Key Performance Indicators

Indicator Title	Description and Methodology	Measure	2019 Target	2019 Actual	Explanation of Variances	Prior Year Result
Training Revenue Diversity	Breakdown of training revenue by: Training revenue split by: Government Funded (GF) Fee for Service (FFS) Student Fees & Charges	%	51.7% 21.5% 26.8%	62.3% 18.3% 19.4%	Increased utilisation of government supported exemption places and Free TAFE revenue saw an increase in GF income stream and a lower than anticipated FFS income stream	56.7% 18.7% 24.6%
Employment Costs as a Proportion of Training Revenue	Employment costs as a proportion of training revenue (Employments costs + 3rd party training delivery costs) / Training revenue	%	123.0%	131.7%	A significant improvement of 8.6% on last year result driven by increased training revenue combined with a delayed impact of salary negotiations that lessened the level of anticipated improvement	144.1%
Training Revenue per Teaching FTE	Training Revenue (excl. revenue delivered by third parties) per Teaching FTE Training Revenue (excl. revenue delivered by 3rd parties) / Teaching FTEs	\$	\$127,593	\$134,706	Variance attributed to a positive 30% increase in training revenue in the 2019 year	\$116,126
Operating Margin Percentage	Operating Margin % EBIT (Excl. Capital Contributions) / Total Revenue (Excl. Capital Contributions)	%	1.55%	7.7%	Variance attributed to unbudgeted State Government funding.	15.0%



Charlotte Jeffries

as delegate for the Auditor-General of Victoria

MELBOURNE
14 April 2020

Declaration

Financial Report for the year ended 31 December 2019

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

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

We further state that, in our opinion the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 31 December 2019 and financial position of Sunraysia Institute of TAFE as at 31 December 2019.

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

We authorise the attached financial statements for issue on 9 April 2020.



Kay Martin
BOARD CHAIR
Sunraysia Institute of TAFE
09/04/2020



Geoff Dea
CHIEF EXECUTIVE OFFICER
Sunraysia Institute of TAFE
09/04/2020



Diane Schmidt
CHIEF FINANCE OFFICER
Sunraysia Institute of TAFE
09/04/2020

Independent Auditor's Report

To the Board of Sunraysia Institute of TAFE

Opinion	<p>I have audited the financial report of Sunraysia Institute of TAFE (the institute) which comprises the:</p> <ul style="list-style-type: none"> consolidated entity and institute balance sheet as at 31 December 2019 consolidated entity and institute comprehensive operating statement for the year then ended consolidated entity and institute statement of changes in equity for the year then ended consolidated entity and institute cash flow statement for the year then ended notes to the financial statements, including significant accounting policies Declaration by the Board Chair, Chief Executive Officer and Chief Financial Officer. <p>In my opinion the financial report presenting fairly, in all material respects, the financial position of the consolidated entity and the institute as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Emphasis of Matter - subsequent events COVID-19 pandemic	<p>I draw attention to Note 9.4 to the financial report, which describes the effects of the COVID-19 pandemic as a material subsequent event. My opinion is not modified with respect to this matter.</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 of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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



Charlotte Jeffries

as delegate for the Auditor-General of Victoria

MELBOURNE
14 April 2020

How this report is structured

The Sunraysia Institute of TAFE has presented its audited general purpose financial statements for the financial year ended 31 December 2019 in the following structure to provide users with the information about the TAFE's stewardship of resources entrusted to it.

Financial Statements		Comprehensive operating statement	36
		Balance sheets	37
		Statements of changes in equity	38
		Cash flow statements	39
Notes to the Financial Statements	1.	About this report	
	1.1	Basis of preparation	40
	1.2	Compliance information	41
	2.	How we earned our funds	
	2.1	Government contributions	42
	2.2	Sales from contracts with customers	43
	2.3	Other income	46
	3.	How we expended our funds	
	3.1	Employee benefits	47
	3.2	Supplies and services	48
	3.3	Leases	49
	3.4	Other operating expenses	52
	4.	The assets we invested in	
	4.1	Property, plant and equipment	53
	4.2	Intangible assets	55
	4.3	Depreciation and amortisation	55
	5.	Balances from operations	
	5.1	Receivables	56
	5.2	Payables	58
	5.3	Contract liabilities	58
	5.4	Other liabilities	58
	6.	How we financed our operations	
	6.1	Cash and deposits	59
	6.2	Government borrowings	60
6.3	Contributed capital	61	
7.	Managing risks and uncertainties		
7.1	Financial instruments	62	
7.2	Contingent assets and contingent liabilities	65	
7.3	Fair value determination	66	
8.	Governance disclosures		
8.1	Responsible persons	70	
8.2	Remuneration of executives	71	
8.3	Related parties	72	
9.	Other disclosures		
9.1	Other economic flows included in net result	73	
9.2	Other equity reserves	73	
9.3	Controlled entities	73	
9.4	Events after reporting date	73	

COMPREHENSIVE OPERATING STATEMENT

For the year ended 31 December 2019

	Note	Consolidated		TAFE	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Continuing operations					
Income from transactions					
Government contributions	2.1	27,369	25,262	27,369	25,262
Sales from contracts with customers	2.2	7,331	6,909	7,411	6,967
Interest income		178	148	169	142
Other income	2.3	2,983	1,856	1,000	196
Total income from transactions		37,861	34,175	35,949	32,567
Expenses from transactions					
Employee benefits	3.1.1	23,372	19,699	21,834	18,311
Depreciation and amortisation	4.3	1,881	1,771	1,845	1,736
Supplies and services	3.2	7,531	5,698	7,291	5,530
Other operating expenses	3.4	2,154	1,866	2,119	1,845
Finance costs	6.2	119	-	119	-
Total expenses from transactions		35,057	29,034	33,208	27,422
Net result from transactions		2,804	5,141	2,741	5,145
Other economic flows included in net result					
Net loss on disposal of non-financial assets		(361)	(635)	(361)	(635)
Net loss on financial instruments		(119)	(132)	(99)	(128)
Other losses from other economic flows	9.1	(93)	(21)	(88)	(17)
Total other economic flows included in net result		(573)	(788)	(548)	(780)
Net result		2,231	4,353	2,193	4,365
Other economic flows - other comprehensive income					
Comprehensive result		2,231	4,353	2,193	4,365

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

BALANCE SHEETS

As at 31 December 2019

	Note	Consolidated		TAFE	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Assets					
Financial assets					
Cash and deposits	6.1	15,691	14,533	15,444	14,282
Receivables	5.1	1,320	1,239	1,424	1,346
Investments and other financial assets		428	417	40	38
Total financial assets		17,439	16,189	16,908	15,666
Non-financial assets					
Inventories		25	42	25	42
Prepayments		835	480	834	480
Property, plant and equipment	4.1	38,683	43,553	37,449	42,364
Right of use asset	3.3	2,700	-	2,700	-
Intangible assets	4.2	1,738	2,223	1,738	2,223
Total non-financial assets		43,981	46,298	42,746	45,109
Total assets		61,420	62,487	59,654	60,775
Liabilities					
Payables	5.2	1,479	1,006	1,451	997
Lease liabilities	3.3	2,732	-	2,732	-
Employee provisions	3.1.2	3,141	2,870	3,020	2,761
Government borrowings	6.2	4,224	5,344	4,224	5,344
Contract liabilities	5.3	953	-	936	-
Other liabilities	5.4	40	787	40	755
Total liabilities		12,569	10,007	12,403	9,857
Net assets		48,851	52,480	47,251	50,918
Equity					
Contributed capital	6.3	6,997	6,997	6,997	6,997
Accumulated surplus		18,801	16,720	17,847	15,804
Reserves	9.2	23,053	28,763	22,407	28,117
Net worth		48,851	52,480	47,251	50,918

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Accumulated			Total
	Reserves surplus	surplus	Contributed capital	
	\$'000	\$'000	\$'000	\$'000
Consolidated				
At 1 January 2018	28,763	12,367	6,997	48,127
Net result for the year	-	4,353	-	4,353
Year ended 31 December 2018	28,763	16,720	6,997	52,480
Balance at 1 January 2019				
Effect of adoption of AASB15 Revenue from Contracts with Customers	-	(150)	-	(150)
Effect of adoption of AASB16 Leases	(5,710)	-	-	(5,710)
Balance as restated	(5,710)	(150)	-	(5,860)
Net result for the year	-	2,231	-	2,231
Year ended 31 December 2019	23,053	18,801	6,997	48,851
	Accumulated			Total
	Reserves surplus	surplus	Contributed capital	
	\$'000	\$'000	\$'000	\$'000
TAFE				
At 1 January 2018	28,117	11,439	6,997	46,553
Net result for the year	-	4,365	-	4,365
Year ended 31 December 2018	28,117	15,804	6,997	50,918
Balance at 1 January 2019				
Effect of adoption of AASB15 Revenue from Contracts with Customers	-	(150)	-	(150)
Effect of adoption of AASB16 Leases	(5,710)	-	-	(5,710)
Balance as restated	(5,710)	(150)	-	(5,860)
Net result for the year	-	2,193	-	2,193
Year ended 31 December 2019	22,407	17,847	6,997	47,251

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

CASH FLOW STATEMENTS

As at 31 December 2019

Note	Consolidated		TAFE	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts				
Government contributions	27,504	25,774	27,399	25,714
User fees and charges received	9,351	8,787	7,624	7,250
Goods and services tax recovered	76	65	69	56
Interest received	178	146	169	140
Other receipts	997	199	909	197
Total receipts	38,106	34,971	36,170	33,357
Payments				
Payments to suppliers and employees	(32,594)	(28,481)	(30,744)	(26,864)
Goods and services tax paid	(454)	(516)	(453)	(514)
Interest paid - lease liability	(119)	-	(119)	-
Total payments	(33,167)	(28,997)	(31,316)	(27,378)
Net cash flows from operating activities	6.1.1 4,939	5,974	4,854	5,979
Cash flows from investing activities				
Payments for investments	(9)	(306)	-	-
Purchase of non-financial assets	(2,637)	(1,041)	(2,557)	(1,028)
Proceeds from sales of non-financial assets	185	86	185	86
Net cash used in investing activities	(2,461)	(1,261)	(2,372)	(942)
Cash flows from financing activities				
Payment of lease liabilities	(112)	-	(112)	-
Repayment of borrowings	(1,208)	(208)	(1,208)	(208)
Net cash flows used in financing activities	(1,320)	(208)	(1,320)	(208)
Net increase in cash and cash equivalents	1,158	4,505	1,162	4,829
Cash and cash equivalents at the beginning of the financial year	14,533	10,028	14,282	9,453
Cash and cash equivalents at the end of the financial year	6.1 15,691	14,533	15,444	14,282

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

ABOUT THIS FINANCIAL REPORT

Victorian Government under the *Education and Training Reform Act 2006 Section 3.1.12 4(a)*.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all years reported unless otherwise stated. The financial statements include separate statements for Sunraysia Institute of TAFE as the parent entity and the consolidated entity consisting of Sunraysia Institute of TAFE and its subsidiary.

Its registered office and principal address is:

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 TAFE Institute, 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

Judgements, estimates and assumptions are required to be made about financial information being presented. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

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

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

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. 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 Australian Taxation Office (ATO) is included with other receivables or payables in the balance sheet.

Basis of consolidation

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

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

1.1 Basis of preparation (continued)

Funding risk

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

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

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

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

Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

1.2 Compliance information

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

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

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

2. HOW WE EARNED OUR FUNDS

2.1 Government contributions

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Grants and other				
Government grant - contestable	10,952	7,256	10,952	7,256
Government grant - other contributions	16,417	18,006	16,417	18,006
Total Government contributions - operating	27,369	25,262	27,369	25,262
Total Government contributions	27,369	25,262	27,369	25,262

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.

Operating grants

The TAFE recognises income immediately in the comprehensive operating statement when control is achieved over the funds and the contract is not enforceable or the performance obligations are not sufficiently specific. Where performance obligations are sufficiently specific, the asset and related liability are recognised with the residual being directly recognised in the comprehensive operating statement.

As outlined below, the TAFE has applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated.

Revenue arises mainly from the provision of education services.

To determine whether to recognise revenue, the TAFE follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

The TAFE often enters into transactions involving the delivery of education. The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the TAFE satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is measured based on the consideration specified in a contract with a customer. The TAFE recognises revenue when it transfers control over a good or service to a customer.

The TAFE recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts. Similarly, if the TAFE satisfies a performance obligation before it receives the consideration, the TAFE recognises either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

2.2 Sales from contracts with customers

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Student fees and charges	3,416	3,322	3,416	3,322
Fee for service - government	2,146	1,522	2,146	1,522
Fee for service - international operations - onshore	1,052	854	1,052	854
Fee for service - other	13	155	93	155
Other non-course fees and charges				
Sale of goods	704	1,056	704	1,114
Total Sales from contracts with customers	7,331	6,909	7,411	6,967

Revenue by timing of revenue recognition

	Consolidated	TAFE
	2019 \$'000	2019 \$'000
Revenue recognised over time	6,614	6,614
Revenue recognised at a point in time	717	797
Total revenue	7,331	7,411

As outlined below, the TAFE has applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated.

Revenue arises mainly from the provision of education services.

To determine whether to recognise revenue, the TAFE follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

The TAFE often enters into transactions involving a range of its services, for example for the delivery of education, and deriving other income by providing ancillary services such as sale of goods, rental of facilities and resources. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the TAFE satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is measured based on the consideration specified in a contract with a customer. The TAFE recognises revenue when it transfers control over a good or service to a customer.

The TAFE recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts. Similarly, if the TAFE satisfies a performance obligation before it receives the consideration, the TAFE recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

2.2 Sales from contracts with customers (continued)

The TAFE has recognised the following assets and liabilities related to contracts with customers:

	Consolidated		TAFE	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Account receivables	862	631	960	729
Allowance for expected credit losses	(56)	(26)	(27)	(17)
Statutory receivables	477	634	454	634
	1,283	1,239	1,387	1,346
Contract liabilities - Fees in advance	1087	749	1070	717
	1,087	749	1,070	717

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Consolidated	TAFE
	2019	2019
	\$'000	\$'000
FRIA	298	298
International students	344	344
Other	75	75
Child Care Services	32	-
	749	717

Transaction price allocated to remaining performance obligations

All unsatisfied performance obligations are expected to be met in 2020.

The TAFE applies the practical expedient in paragraph 121 of AASB 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

2.2 Sales from contracts with customers (continued)

Student fees and charges

Revenue is recognised over time as the services are provided with the stage of completion determined with reference to enrolment periods.

Where student fees and charges revenue has been clearly received in respect of courses or programs to be delivered in the following year, such amounts are disclosed as contract liabilities.

The TAFE enrolls students based on listed fee rates for courses with the method of funding dependent on the students personal circumstances. There are no significant financing arrangements.

Refunds for student terminations are paid in accordance with the TAFE's policy under which the value of the refund largely depends on the stage of completion of the students course. Generally refunds are not paid to International students who withdraw.

The payment terms for the student fees are 30 days, except where a payment plan arrangements exist.

Fee for service

This revenue relates to casual use of the TAFE's facilities and resources. Revenue is recognised to the extent that it is highly probable a reversal will not occur. Fee for service revenue is recognised at the time the service is provided.

Revenue from sale of goods

The TAFE generates revenue from the sale of farm produce, restaurant services and through bookshop sales.

Revenue is recognised when the goods are delivered and have been accepted by customers at their premises, which is when the control is transferred. Sales are recognised based on the contractual price, net of any discounts (if there are discounts). Payment of the transaction price is due immediately the customer takes control of the good or service, or if credit is given, within 30 days. For contracts that permit the customer to return an item, revenue is fully recognised as historically returns have been insignificant.

Policy applicable prior to 1 January 2019

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably. Revenue from rendering of services was recognised in proportion to the stage of completion of the work performed at the reporting date.

The TAFE has applied AASB 15 using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 118 and AASB 111. The details of the significant changes and quantitative impact of the changes are set out below.

Impacts on the financial statements

The following tables summarise the impacts of adopting AASB 15 on the TAFE's consolidated financial statements for the year ending 31 December 2019.

Consolidated	As reported	Adjustments (AASB 15)	Balance without adoption of AASB 15, 1058
	\$'000	\$'000	\$'000
Other liabilities Government funding in advance (Note 5.3)	150	150	-

TAFE	As reported	Adjustments (AASB 15)	Balance without adoption of AASB 15, 1058
	\$'000	\$'000	\$'000
Other liabilities Government funding in advance (Note 5.3)	150	150	-

2.3 Other income

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Childcare fees	1,868	1,598	-	-
Kinder income	105	60	-	-
Donations, bequests and contributions	438	178	438	178
Other revenue	572	20	562	18
Total other income	2,983	1,856	1,000	196

Donations bequests and contribution

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

Childcare fees

Childcare fee revenue is recognised in the reporting period in which the services are rendered. Where fee for service revenue is received in advance of providing the services the amount received in advance is disclosed as revenue received in advance.

3. HOW WE EXPENDED OUR FUNDS

3.1 Employee benefits

3.1.1 Employee benefits in the comprehensive operating statement

Expense	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Salaries, wages, overtime and allowances	19,775	16,547	18,415	15,314
Superannuation	1,915	1,691	1,784	1,567
Payroll tax	478	492	478	492
Worker's compensation	148	80	130	73
Long service leave	447	377	442	359
Annual leave	325	195	301	189
Termination benefits	228	242	228	242
Other	56	75	56	75
Total employee benefits	23,372	19,699	21,834	18,311

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

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

3.1.2. Employee benefits in the balance sheet

Leave obligations	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current	2,596	2,414	2,512	2,332
Non-current	545	456	508	429
	3,141	2,870	3,020	2,761

The leave obligations cover the TAFE's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$2,596 (2018 - \$2,414) is presented as current, since the TAFE does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the TAFE does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current leave obligations expected to be settled after 12 months	1,588	1,556	1,546	1,506

3.2 Supplies and services

	Note	Consolidated		TAFE	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Purchase of supplies and consumables		1,684	997	1,555	913
Communication expenses		290	246	290	246
Contract and other services		1,862	1,664	1,841	1,649
Cost of goods sold/distributed (ancillary trading)		451	380	450	377
Building repairs and maintenance		1,820	1,325	1,742	1,265
Operating lease payments	3.4	-	297	-	297
Minor equipment		1,004	525	996	522
Fees and charges		420	264	417	261
Total supplies and services		7,531	5,698	7,291	5,530

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.

Non-cancellable operating lease commitments - Short-term and low-value leases

The TAFE has not entered into any short term or low value leases.

Other expenditure commitments

Commitments for future services in existence at reporting date but not recognised as liabilities are as follows:

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Payable:				
Within one year	3,083	388	3,083	388
Later than one year but not later than five years	-	605	-	605
Greater than five years	-	4,232	-	4,232
Total other expenditure commitments	3,083	5,225	3,083	5,225
GST reclaimable on the above	280	475	280	475
Total operating lease commitments	2,803	4,750	2,803	4,750

3.3 Leases

The TAFE has applied AASB 16 using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 January 2019, with no restatement of comparative information.

Policy applicable before 1 January 2019

As a lessee, the TAFE classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the TAFE. Operating lease payments, including any contingent rentals, were 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 was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were 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 were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 January 2019

At inception of a contract, the TAFE assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- the contract involves the use of an identified asset;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

On transition to AASB 16, the TAFE elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases.

1.2 As a lessee

The TAFE recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate, based on bond rates with a similar maturity date to the lease. Generally, the TAFE uses an appropriate incremental borrowing rate as the discount rate.

3.3 Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the TAFE is reasonably certain to exercise, lease payments in an optional renewal period if the TAFE is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the TAFE is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the TAFE's estimate of the amount expected to be payable under a residual value guarantee, or if the TAFE changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Peppercorn leases

The TAFE has no leases that have significantly below-market terms.

Right of use assets

Consolidated

Balance at 1 January 2019
Adoption of AASB16 Leases
Additions
Amortisation charge
Balance at 31 December 2019

	Property \$'000	Vehicles \$'000	Total \$'000
Balance at 1 January 2019	-	-	-
Adoption of AASB16 Leases	2,226	121	2,347
Additions	40	457	497
Amortisation charge	(82)	(62)	(144)
Balance at 31 December 2019	2,184	516	2,700

TAFE

Balance at 1 January 2019
Adoption of AASB16 Leases
Additions
Amortisation charge
Balance at 31 December 2019

	Property \$'000	Vehicles \$'000	Total \$'000
Balance at 1 January 2019	-	-	-
Adoption of AASB16 Leases	2,226	121	2,347
Additions	40	457	497
Amortisation charge	(82)	(62)	(144)
Balance at 31 December 2019	2,184	516	2,700

3.3 Leases (continued)

	Consolidated 2019 \$'000	TAFE 2019 \$'000
Lease liabilities		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	273	273
One to five years	1,086	1,086
More than five years	3,591	3,591
Total undiscounted lease liabilities as at 31 December:	4,950	4,950

Lease liabilities included in the Statement of Financial Position at 31 December:

	Consolidated 2019 \$'000	TAFE 2019 \$'000
Current	153	153
Non-current	2,579	2,579
Total lease liabilities	2,732	2,732

Please refer to note 3.4 for amounts recognised in the comprehensive operating statement relating to leases.

i. Leases classified as operating leases under AASB 117

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the TAFE's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment.

The TAFE applied this approach to all other leases.

The TAFE used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term; and
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Impact on financial statements

On transition to AASB 16, the TAFE recognised an additional \$2,347 of right-of-use assets and \$2,347 of lease liabilities. The leased land previously recognised in the balance sheet through a revaluation of \$5,710 has been removed from the balance sheet on the adoption of AASB16 through an adjustment to the opening balance of the physical assets revaluation surplus and the value of land. (Note 4.1.2)

When measuring lease liabilities, the TAFE discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 4.7%.

	Consolidated 2019 \$'000	TAFE 2019 \$'000
Operating lease commitment at 31 December 2018 as disclosed in the TAFE consolidated financial statements	4,862	4,862
Variable payment lease exemption	(271)	(271)
Discounted using the incremental borrowing rate at 1 January 2019	(2,244)	(2,244)
Lease liability recognised as at 1 January 2019	2,347	2,347

3.4 Other operating expenses

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Marketing and promotional expenses	246	339	246	337
Occupancy expenses	748	601	734	590
Audit fees and services	39	22	35	19
Staff development	125	354	120	350
Travel and motor vehicle expenses	545	443	545	443
Motor vehicle taxes	35	38	35	38
Variable lease payments not included in the measurement of the lease liability	120	-	120	-
Expenses relating to short-term leases	43	-	43	-
Other expenses	253	69	241	68
Total other operating expenses	2,154	1,866	2,119	1,845

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised when they are incurred and reported in the financial year to which they relate. It also includes bad debt expense from transactions that are mutually agreed.

Audit fees and services relate to remuneration to the Victorian Auditor General's office for the audit of the financial statements.

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment

Fair value measurement

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

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

Consolidated	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Land	2,307	8,017	-	-	2,307	8,017
Buildings	32,715	32,395	(1,628)	(815)	31,087	31,580
Construction in progress	389	458	-	-	389	458
Plant, equipment and library	11,988	10,310	(7,505)	(7,309)	4,483	3,001
Cultural assets	81	93	-	-	81	93
Motor vehicles	1,195	1,350	(859)	(946)	336	404
Net carrying amount	48,675	52,623	(9,992)	(9,070)	38,683	43,553

TAFE	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Land	2,307	8,017	-	-	2,307	8,017
Buildings	31,458	31,242	(1,564)	(781)	29,894	30,461
Construction in progress	389	434	-	-	389	434
Plant, equipment and library	11,893	10,215	(7,451)	(7,260)	4,442	2,955
Cultural assets	81	93	-	-	81	93
Motor vehicles	1,195	1,350	(859)	(946)	336	404
Net carrying amount	47,323	51,351	(9,874)	(8,987)	37,449	42,364

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 nil 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 adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

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

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

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

Revaluations of non-financial physical assets

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

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

4.1 Property, plant and equipment (continued)

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

	Land		Buildings		Construction in progress		Plant and equipment and library		Cultural assets		Motor vehicles		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Consolidated														
Opening balance	8,017	8,017	31,580	32,403	458	194	3,001	3,307	93	93	404	595	43,553	44,609
Additions	-	-	58	-	522	264	1,869	702	-	-	81	-	2,530	966
Adjustment on adoption of AASB16 (Note 3.3)	(5,710)	-	-	-	-	-	-	-	-	-	-	-	(5,710)	-
Disposals	-	-	(87)	(27)	-	-	(219)	(522)	(12)	-	-	(88)	(318)	(637)
Transfers	-	-	349	14	(591)	-	337	(14)	-	-	(95)	-	-	-
Depreciation	-	-	(813)	(810)	-	-	(505)	(472)	-	-	(54)	(103)	(1,372)	(1,385)
Closing balance	2,307	8,017	31,087	31,580	389	458	4,483	3,001	81	93	336	404	38,683	43,553
TAFE														
Opening balance	8,017	8,017	30,461	31,270	434	183	2,955	3,240	93	93	404	595	42,364	43,398
Additions	-	-	44	-	456	251	1,869	702	-	-	81	-	2,450	953
Adjustment on adoption of AASB16 (Note 3.3)	(5,710)	-	-	-	-	-	-	-	-	-	-	-	(5,710)	-
Disposals	-	-	(87)	(27)	-	-	(219)	(522)	(12)	-	-	(88)	(318)	(637)
Transfers	-	-	259	-	(501)	-	337	-	-	-	(95)	-	-	-
Depreciation	-	-	(782)	(782)	-	-	(501)	(465)	-	-	(54)	(103)	(1,337)	(1,350)
Closing balance	2,307	8,017	29,895	30,461	389	434	4,441	2,955	81	93	336	404	37,449	42,364

4.1.2. Capital commitments

Payable:	
Within one year	
Total capital expenditure commitments	
GST reclaimable on the above	
Net capital expenditure commitments	

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Within one year	992	1,044	992	1,044
Total capital expenditure commitments	992	1,044	992	1,044
GST reclaimable on the above	90	95	90	95
Net capital expenditure commitments	902	949	902	949

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

4.2 Intangible assets

The TAFE's purchased intangible assets include expenditure incurred in the development of the Student Management System (SMS). The carrying amount of the SMS software at 31 December 2019 is \$1.738 million (2018: \$2.084 million). The software's estimated useful life is ten years and on this basis it will be fully amortised in 2024.

Software

Gross carrying amount	
Opening balance	
Additions	
Disposals	
Closing balance	
Accumulated amortisation	
Opening balance	
Amortisation charge	
Disposals	
Closing balance	
Net carrying amount at end of the year	

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Gross carrying amount				
Opening balance	3,660	4,642	3,660	4,642
Additions	107	75	107	75
Disposals	(299)	(1,057)	(299)	(1,057)
Closing balance	3,468	3,660	3,468	3,660
Accumulated amortisation				
Opening balance	(1,437)	(2,025)	(1,437)	(2,025)
Amortisation charge	(364)	(386)	(364)	(386)
Disposals	71	974	71	974
Closing balance	(1,730)	(1,437)	(1,730)	(1,437)
Net carrying amount at end of the year	1,738	2,223	1,738	2,223

Initial recognition

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

Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight line basis over their useful lives.

Impairment

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

4.3 Depreciation and amortisation

Depreciation and amortisation is provided on software, property, plant and equipment and freehold buildings.

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

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

Class of assets	Useful Life
Buildings	40 years (2018: 40 years)
Plant and equipment	3 - 10 years (2018: 5 - 10 years)
Motor vehicles	2 - 20 years (2018: 2 - 20 years)
Right of use asset	Lease term
Software	10 years (2018: 10 years)

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

5. BALANCES FROM OPERATIONS

5.1 Receivables

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contractual receivables				
Trade receivables	860	625	813	599
Allowance for expected credit losses	(56)	(26)	(27)	(17)
Other receivables	2	6	2	5
Related parties - TAFE Kids Inc.	-	-	145	125
Total contractual receivables	806	605	933	712
Statutory receivables				
Amount receivable from Victorian Government	436	634	413	634
Amount receivable from Commonwealth Government	41	-	41	-
GST input tax credit recoverable	37	-	37	-
Total statutory receivables	514	634	491	634
Total receivables	1,320	1,239	1,424	1,346
Represented by				
Current receivables	1,320	1,239	1,424	1,346

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.

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The TAFE holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment

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

The movement in the allowance for credit losses in respect of trade receivables during the year was as follows.

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Movement in the loss allowance for contractual receivables				
Balance at the beginning of the year under AASB 139	-	21	-	15
Adjustment on initial application of AASB 9	-	-	-	-
Balance at the beginning of the year under AASB 9	26	21	17	15
Amounts written off	(6)	(19)	(6)	(15)
Net remeasurement of loss allowance	36	24	16	17
Balance at the end of the year	56	26	27	17

In respect of trade and other receivables, the TAFE is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

5.1 Receivables (continued)

Ageing analysis of contractual receivables

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
Consolidated						
2019						
Trade receivables	804	601	78	125	-	-
Other receivables	2	2	-	-	-	-
Total	806	603	78	125	-	-
2018						
Trade receivables	599	446	84	60	9	-
Other receivables	5	5	-	-	-	-
Total	604	451	84	60	9	-
TAFE						
2019						
Trade receivables	786	600	73	113	-	-
Other receivables	2	2	-	-	-	-
Related parties - TAFE Kids Inc.	145	145	-	-	-	-
Total	933	747	73	113	-	-
2018						
Trade receivables	582	446	78	49	9	-
Other receivables	5	5	-	-	-	-
Related parties - TAFE Kids Inc.	125	125	-	-	-	-
Total	712	576	78	49	9	-

Note: The disclosures above excludes statutory receivables (e.g., amounts arising from Victorian Government and GST taxes receivable).

The average credit period on sales of goods is 30 days (2018: 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.

5.2 Payables

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contractual				
Supplies and services	1,479	970	1,451	960
Statutory				
GST payable	-	36	-	37
Total payables	1,479	1,006	1,451	997
Represented by				
Current payables	1,479	1,006	1,451	997

Payables consist of:

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

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

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

Maturity Analysis of contractual payables

	Carrying	Nominal	Less	1-3	3	1-5	5+
	amount \$'000	amount \$'000	than 1 \$'000	months \$'000	months \$'000	years \$'000	years \$'000
Consolidated							
2019							
Supplies and services	1,479	1,479	1,479	-	-	-	-
Total	1,479	1,479	1,479	-	-	-	-
2018							
Supplies and services	970	970	966	2	2	-	-
Total	970	970	966	2	2	-	-
TAFE							
2019							
Supplies and services	1,451	1,451	1,451	-	-	-	-
Total	1,451	1,451	1,451	-	-	-	-
2018							
Supplies and services	960	960	958	2	2	-	-
Total	960	960	958	2	2	-	-

Note: The disclosures above excludes statutory payables (e.g., amounts arising to Victorian Government and GST taxes payable). The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes: The average credit period is 30 days (2018: 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.

5.3 Contract liabilities

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current				
Revenue received in advance	803	-	786	-
Government funding in advance	150	-	150	-
Total contract liabilities	953	-	936	-

Revenue received in advance

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

5.4 Other liabilities

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current				
Revenue received in advance	-	749	-	717
Dr Alan Antcliff Memorial Trust	40	38	40	38
Total other liabilities	40	787	40	755

Dr Alan Antcliff Memorial Trust

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

6.1 Cash and deposits

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank and on hand	847	10,453	600	10,202
Deposits at call	14,844	4,080	14,844	4,080
Total cash and deposits	15,691	14,533	15,444	14,282

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.

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

	2,231	4,353	2,193	4,365
Net result for the year				
Non cash movements				
Depreciation & amortisation of non-financial assets	1,880	1,771	1,845	1,736
Net loss on sale of non-financial assets	367	635	361	635
Net loss on financial instruments	88	129	88	128
Increase in provision for doubtful contractual receivables	30	3	10	-
Movements in assets and liabilities				
Increase in receivables	(135)	(234)	(90)	(256)
Decrease/(increase) in inventories	17	(4)	17	(4)
Increase/(decrease) in prepayments	(355)	253	(354)	253
Increase/(decrease) in payables	344	(1,732)	304	(1,630)
Increase in employee provisions	266	51	259	35
Increase in contract liabilities	953	-	936	-
(Decrease)/increase in other liabilities	(747)	749	(715)	717
Net cash flows from/(used in) operating activities	4,939	5,974	4,854	5,979

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 ATO are presented as operating cash flows.

6.2 Government Borrowings

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current				
Contract liability (Advances from Government)	1,123	1,209	1,123	1,209
Non-Current				
Contract liability (Advances from Government)	3,101	4,135	3,101	4,135
Total borrowings	4,224	5,344	4,224	5,344

Borrowings

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

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

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

Maturity Analysis of borrowings

	Carrying amount	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	+5 years \$'000
Consolidated							
2019							
Advances from Government	4,224	4,418	-	250	959	3,209	-
Total	4,224	4,418	-	250	959	3,209	-
2018							
Advances from Government	5,344	5,627	-	250	959	4,418	-
Total	5,344	5,627	-	250	959	4,418	-
TAFE							
2019							
Advances from Government	4,224	4,418	-	250	959	3,209	-
Total	4,224	4,418	-	250	959	3,209	-
2018							
Advances from Government	5,344	5,627	-	250	959	4,418	-
Total	5,344	5,627	-	250	959	4,418	-

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see note 7.3) due to the use of unobservable inputs, including own credit risk.

Finance costs

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Interest on leases liabilities	119	-	119	-
Total interest expenses	119	-	119	-
Discount on advances from Government	88	113	88	113

Interest expense includes costs incurred in connection with the borrowing of funds, 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 capital

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'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 is in the nature of contributions by the Victorian State government are treated as contributed capital when designated in accordance with UIG Interpretation 1038 *Contribution by Owners Made to Wholly-Owned Public Sector Entities*. Commonwealth capital funds are not affected and are treated as income.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments

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

Categories of financial instruments

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contractual financial assets				
Financial assets measured at amortised cost				
Cash and deposits	15,691	14,533	15,444	14,282
Trade receivables	860	625	813	599
Other receivables	2	6	2	5
Related parties - TAFE Kids Inc.	-	-	145	125
Term deposits	428	417	40	38
Total contractual financial assets	16,981	15,581	16,444	15,049
Contractual financial liabilities				
Loans and payables and cash				
Supplies and services	1,479	970	1,451	960
Other liabilities	40	787	40	755
Contract liabilities	953	-	936	-
At amortised cost				
Contract liability (Advances from Government)	4,224	5,344	4,224	5,344
Lease liabilities	2,732	-	2,732	-
Total contractual financial liabilities	9,428	7,101	9,383	7,059

Categories of financial instruments

Classification of financial assets at amortised cost

The TAFE classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets measured at amortised cost are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment).

The TAFE recognises the following financial assets in this category:

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

Financial liabilities at amortised cost are initially recognised on the date they originate. 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 lease liabilities).

7.1 Financial instruments (continued)

Financial risk management objectives and policies

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

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

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 TAFE. TAFE uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

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

Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due.

Credit risk arises from the contractual financial assets of the TAFE, which comprise cash and deposits and non-statutory receivables. The TAFE's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the TAFE.

The trade receivables balance at 31 December 2019 and 31 December 2018 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

The TAFE does not hold any security on the trade receivables balance. In addition, the TAFE does not hold collateral relating to other financial assets.

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.

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.

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

7.1 Financial instruments (continued)

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

	Financial Institutions (AA- rating)	Government agencies (AAA rating)	Other counterparty	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated				
2019				
Cash and deposits	847	14,844	-	15,691
Trade receivables	-	-	806	806
Term deposits	428	-	-	428
Total contractual financial assets	1,275	14,844	806	16,925
2018				
Cash and deposits	10,453	4,080	-	14,533
Trade receivables	-	-	605	605
Term deposits	417	-	-	417
Total contractual financial assets	10,870	4,080	605	15,555
TAFE				
2019				
Cash and deposits	600	14,844	-	15,444
Trade receivables	-	-	933	933
Term deposits	40	-	-	40
Total contractual financial assets	640	14,844	933	16,417
2018				
Cash and deposits	10,202	4,080	-	14,282
Trade receivables	-	-	712	712
Term deposits	38	-	-	38
Total contractual financial assets	10,240	4,080	712	15,032

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

The following table provides information about the estimated exposure to credit risk and ECLs for trade and other receivables as at 1 January 2019.

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

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

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 12 months before 31 December 2019 and 1 January respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. TAFE Institute has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (ie derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 90 days from the invoice date and failure to engage with the TAFE on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

7.1 Financial instruments (continued)

Liquidity risk

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

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

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

The TAFE manages liquidity risk by:

- maintaining 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 TAFE'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.

7.2 Contingent assets and contingent liabilities

The TAFE has not identified any contingent assets.

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

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

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

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

The following assets and liabilities are carried at fair value:

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

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

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

Fair value estimation

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

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

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

(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 by the end of the 2019 reporting period.

Fair value of financial instruments measured at amortised cost

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

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

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

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

7.3 Fair value determination (continued)

(b) Fair value determination of non-financial assets

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

Fair value measurement hierarchy

	Consolidated				TAFE			
	Carrying amount at 31 December	Level 1 Quoted prices	Level 2 Observable price inputs	Level 3 Unobservable inputs	Carrying amount at 31 December	Level 1 Quoted prices	Level 2 Observable price inputs	Level 3 Unobservable inputs
2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non specialised land	484	-	484	-	484	-	484	-
Specialised land	1,823	-	-	1,823	1,823	-	-	1,823
Total land at fair value	2,307	-	484	1,823	2,307	-	484	1,823
Specialised buildings	31,807	-	-	31,807	29,894	-	-	29,894
Total buildings at fair value	31,807	-	-	31,807	29,894	-	-	29,894
Plant, equipment and library	4,483	-	-	4,483	4,442	-	-	4,442
Motor vehicles	336	-	-	336	336	-	-	336
Cultural assets	81	-	-	81	81	-	-	81
Total other assets at fair value	4,900	-	-	4,900	4,859	-	-	4,859
2018								
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
Non specialised buildings	-	-	-	-	-	-	-	-
Specialised buildings	31,580	-	-	31,580	30,461	-	-	30,461
Total buildings at fair value	31,580	-	-	31,580	30,461	-	-	30,461
Plant, equipment and library	3,001	-	-	3,001	2,955	-	-	2,955
Vehicles	404	-	-	404	404	-	-	404
Cultural assets	93	-	-	93	93	-	-	93
Total other assets at fair value	3,498	-	-	3,498	3,452	-	-	3,452

Impairment

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

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

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

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

7.3 Fair value determination (continued)

Valuations of property, plant and equipment

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 103F Non-financial Physical Assets issued by the Minister for Finance. A full revaluation of education assets normally occurs every five years, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations with interim revaluations determined in accordance with the requirements of the FRD. Revaluation increases and decreases arise from differences between an asset's carrying value and the fair value. Consistent with all government education assets, an independent valuation of all land and buildings was performed by the Valuer-General Victoria with an effective date of 31 December 2017.

Fair value assessments have been performed at 31 December 2019 for all classes of assets. This assessment demonstrated that the fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for the TAFE will be conducted in 2022.

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

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

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

Specialised land and specialised buildings

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

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

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

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

Motor vehicles are valued using the depreciated replacement cost method. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Institute who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Construction in Progress assets are held at cost. The Institute transfers the assets into and out of assets under construction when they are ready for use.

Library collections are held at cost. The process of acquisition, use and disposal is managed by TAFE Institute who set relevant depreciation rates during use to reflect the utilisation of the its collections.

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

7.3 Fair value determination (continued)

There were no changes in valuation techniques throughout the period to 31 December 2019.

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

Description of significant unobservable inputs to Level 3 valuations

2019 and 2018	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre
Motor Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Plant, equipment and library	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Cultural assets	Cost per unit	Cost per unit Useful life of cultural assets

8. GOVERNANCE DISCLOSURES

8.1 Responsible persons

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

The persons who held the positions of Ministers and Accountable Officers in TAFE have been in office for the full year unless otherwise stated:

Position	Name
Minister for Training and Skills and Minister for Higher Education	The Hon. Gayle Tierney MP
Board Chair	Ms Kay Martin
Board Member	Mr Rod Markwell
Board Member	Ms Amanda Phillips
Board Member	Mr Justin Lachal
Board Member	Mr Terry Jennings
Board Member	Mr Greg Hutchison
Board Member	Mr Mark Liddle
Board Member	Ms Patricia Kelly
Board Member	Ms Neth Hinton
Board Member	Ms Tania Chapman
Chief Executive Officer	Mr Geoff Dea

Remuneration

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: \$250,000– \$259,999 (2018: \$220,000 – \$229,999).

	Consolidated	
	2019 \$'000	2018 \$'000
Short-term benefits	479	476
Post-employment benefits	45	45
Other long-term benefits	12	5
Total remuneration	536	526
Total number of executive officers	11	12
Total annualised employee equivalent (AEE) ⁽ⁱ⁾	3	3

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

Responsible persons' remuneration

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

	2019	2018
	No	No
Less than \$10,000	-	2
\$10,000 – 19,999	7	4
\$20,000 – 29,999	1	3
\$30,000 – 39,999	-	1
\$40,000 – 49,999	1	-
\$100,000 – 109,999	-	1
\$110,000 – 119,999	1	-
\$220,000 – 229,999	-	1
\$250,000- 259,000	1	-
Total number	11	12
	\$'000	\$'000
Total remuneration received or due and receivable by responsible persons from the reporting entity	536	526

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	
	2019 \$'000	2018 \$'000
Short-term employee benefits	804	701
Post-employment benefits	57	66
Other long-term benefits	15	11
Termination benefits	95	37
Total remuneration	971	815
Total number of executives	6	8
Total annualised employee equivalents	5	7

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

8.3 Related parties

Related parties of the TAFE and its consolidated group include:

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

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

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

- TAFE Kids Incorporated

Significant transactions with related entities

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

Related party transactions

Services provided to subsidiary

TAFE Kids Inc. (service fees)

Total

Transaction values for year ended 31 December		Balances outstanding as at 31 December	
2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
80	57	145	125
80	57	145	125

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

Mr Geoff Dea	Chief Executive Officer
Mr Frank Piscioneri	General Manager - Corporate Services/Company Secretary (Resigned 10 May 2019)
Mr David Harris	General Manager - Operations
Mr Robin Kuhne	General Manager - Education Mildura
Mrs Diane Schmidt	General Manager - Financial Services
Mr Alan Gammond	General Manager - Education Swan Hill (Resigned 9 March 2019)
Ms Chelsea Diana	Manager - Quality & Compliance

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

Key management personnel	Position title
Kay Martin	Board Chair
Geoff Dea	Chief Executive Officer
Amanda Phillips	Board Member
Diane Schmidt	Treasurer
Frank Piscioneri	Secretary (Resigned 10 May 2019)
Amie Johnson	Centre Director
David Harris	Secretary

Compensation of key management personnel

	Consolidated Total remuneration	
	2019 \$'000	2018 \$'000
Remuneration		
Short-term employee benefits	1,288	1,177
Post-employment benefits	102	111
Other long-term benefits	27	16
Termination benefits	95	37
Total remuneration	1,512	1,341

Transactions and balances with key management personnel and other related parties

The TAFE had no material related party transactions for the period ending 31 December 2019.

9. OTHER DISCLOSURES

9.1 Other economic flows included in net result

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Other losses from other economic flows				
Net loss arising from revaluation of long service leave liability	(93)	(21)	(88)	(17)
Total other losses from other economic flows	(93)	(21)	(88)	(17)

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

9.2 Other equity reserves

	Consolidated		TAFE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Physical asset revaluation surplus				
Balance at 1 January	28,763	28,763	28,117	28,117
Effect of adoption of AASB16 Leases (Note 3.3)	(5,710)	-	(5,710)	-
Balance at 31 December	23,053	28,763	22,407	28,117

Note:

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	2019 %	2018 %
	TAFE Kids Incorporated	Australia	N/A	100

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

9.4 Events after reporting date

In March 2020, a State of Emergency was declared in the State of Victoria to combat and contain the spread of COVID-19. Following this declaration, a number of public health measures have since been imposed, including mandatory quarantine measures, including limiting the number of people that are able to attend non-essential mass gatherings and restrictions on overseas travellers entering Australia.

At the time of signing the 2019 financial statements, there were local and international students that were impacted by the public health measures associated with COVID-19. The Sunraysia Institute of TAFE has introduced measures to assist those affected, including ongoing advice and support, as the situation continues to evolve. Sunraysia Institute of TAFE continues to monitor the non-financial and financial impacts of COVID-19 on its operations and cashflow however, due to the significant amount of material uncertainty, it is not possible to quantify the full economic outflow at present. To mitigate against this risk, the Department of Education and Training has provided a letter of comfort to Sunraysia Institute of TAFE to provide a level of assurance that financial assistance will be made available for Sunraysia Institute of TAFE to continue as a going concern.

Sunraysia Institute of TAFE is working closely with the Department of Education and Training to ensure that an appropriate funding model is developed to minimise the loss in training revenue in the event that this should occur.

Apart from the items noted above, there are no matters or circumstances that have arisen since the end of the financial year that have affected the financial position of Sunraysia Institute of TAFE.

Disclosure Index

Item No.	Source	Summary of Reporting Requirement	Page No.
REPORT OF OPERATIONS CHARTER AND PURPOSE			
1	FRD 22H 5.4	Manner of establishment and the relevant Minister	2, 4
2	FRD 22H 5.4	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	2, 4-20
3	FRD 22H	Nature and range of services provided including communities served	2, 4-20
MANAGEMENT AND STRUCTURE			
4	FRD 22H 5.6	Organisational structure and chart, detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities	4-7
FINANCIAL AND OTHER INFORMATION			
5	FRD 03A	Accounting for Dividends	NA
6	FRD 07B	Early adoption of authoritative accounting pronouncements	42-73
7	FRD 10A	Disclosure Index	74-76
8	FRD 17B	Long Service leave and annual leave for employees	47
9	FRD 22H 5.11 c	Operational and budgetary objectives, including performance against objectives and achievements	2, 7-20 31
10	FRD 22H 5.10	Occupational health and safety statement including performance indicators, performance against those indicators.	22
11	FRD 22H 5.8	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	23
12	FRD 22H 5.11 a	Summary of the financial results, with comparative information for the preceding four reporting periods	24
13	FRD 22H 5.11 b	Summary of significant changes in financial position	24
14	FRD 22H 5.7	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	4-20
15	FRD 22H 5.11 d	Post-balance sheet date events likely to significantly affect subsequent reporting periods	73
16	FRD 22H 5.18 a	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	25-26
17	FRD 22H 5.12	The report of operations shall provide a discussion and analysis of the entity's operating results and financial position and include details about significant factors that affect the entity's performance	24
18	FRD 22H 5.9	TAFE workforce inclusion policy (where a TAFE has one), including a measurable target and report on the progress towards the target	NA
19	FRD 22H 5.16	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST). FRD 22H 5.16(a)-(d) needs to be read carefully and all reporting requirements covered.	NA
20	FRD 22H 5.18 e	Statement, where applicable, on the implementation and compliance with the National Competition Policy, including compliance with the requirements of Victoria's Competitive Neutrality Policy and any subsequent reform	26
21	FRD 22H 5.18 g	Statement 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	25
22	FRD 22H 5.18 c	Summary of application and operation of the <i>Protected Disclosure Act 2012</i> including disclosures required by the Act	26
23	FRD 22H 5.18 h & FRD 24D	Summary of Environmental Performance.	21
24	FRD 22H 5.13 5.14 5.15	Consultants: Report of Operations must include a statement disclosing each of the following: 1. Total number of consultancies of \$10,000 or more (excluding GST) 2. Location (e.g. website) of where the schedule with the below details of the consultancies over \$10,000 has been made publicly available • Consultant engaged • Brief summary of project • Total project fees approved (excluding GST) • Expenditure for reporting period (excluding GST) • Any future expenditure committed to the consultant for the project 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period	26

Item No.	Source	Summary of Reporting Requirement	Page No.
25	FRD 22H 5.19	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	25
26	FRD 22H 5.17	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).	26
27	FRD 25D	Local Jobs First	26
28	AASB 16	Leases	49-51
29	SD 5.14	Financial Management Compliance Attestation Statement The Responsible Body must attest to compliance with applicable requirements in the FMA, the Standing Directions and the Instructions, and disclose all Material Compliance Deficiencies.	25
30	FRD 119A	Transfers through contributed capital	37-38, 61
31	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, the Standing Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.	Inside cover, 25, 32
32	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	2, 28, 32
33	CG 10 Clause 27	Summary of Major Commercial Activities	26
34	CG 12 Clause 33	TAFE Institute Controlled Entities.	73
FINANCIAL REPORT			
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1984			
35	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: • the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and • the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.	28, 32
36	SD 5.2.2(a) and FMA s49	An Agency's financial statements must include a signed and dated declaration by: • the Accountable Officer; • subject to Direction 5.2.2(c), the CFO; and • for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body.	28, 32
37	FRD 30D	Rounding of Amounts	40
38	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to: • review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament	5
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
39	FRD 11A	Disclosure of ex-gratia payments	NA
40	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report	70-72
41	FRD 102A	Inventories	37
42	FRD 103H	Non-financial physical assets	53-54
43	FRD 105B	Borrowing costs	60
44	FRD 106B	Impairment of assets	55-56, 62, 67
45	FRD 107B	Investment properties	N/A
46	FRD 109A	Intangible assets	55
47	FRD 110A	Cash flow statements	39
48	FRD 112D	Defined benefit superannuation obligations	N/A
49	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	73

Item No.	Source	Summary of Reporting Requirement	Page No.
50	FRD 114C	Financial instruments	62-65
51	FRD 120M	Accounting and reporting pronouncements applicable to the reporting period	40-73
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
52	Legislation	The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, including, but not limited to, the following: <ul style="list-style-type: none"> • Education and Training Reform Act 2006 (ETRA) • TAFE institute constitution • Directions of the Minister for Training and Skills (or predecessors) • TAFE institute Commercial Guidelines • TAFE institute Strategic Planning Guidelines • Public Administration Act 2004 • Financial Management Act 1994 • Freedom of Information Act 1982 • Building Act 1993 • Protected Disclosure Act 2012 • Local Jobs First Act 2003 	25
53	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2019	26
54	Policy	Statement that the TAFE institute complies with the Victorian Public Service Travel Policy	27
55	Key Performance Indicators	See table on page 6 of the TAFE Institute 2019 Annual Report Guidelines for required formatting. Institutes to report against: <ul style="list-style-type: none"> • Employment costs as a proportion of training revenue; • Training revenue per teaching FTE; • Operating margin percentage; • Training revenue diversity. 	31
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
56	PAEC and VAGO (June 2003 Special Review Recommendation 11)	<ul style="list-style-type: none"> • Financial and other information on initiatives taken or strategies relating to the institute's overseas operations • Nature of strategic and operational risks for overseas operations • Strategies established to manage such risks of overseas operations • Performance measures and targets formulated for overseas operations • The extent to which expected outcomes for overseas operations have been achieved. 	NA

Key to abbreviations

AMP	Asset Management Plan
ANMAC	Australian Nursing and Midwifery Accreditation Council
ASQA	Australian Skills Quality Authority
ATO	Australian Taxation Office
ATSICA	Aboriginal and Torres Strait Islander Cultural Arts
BIC	Business Incubator Centre
CAD	Computer-aided Design
CEO	Chief Executive Officer
CMF	Compliance Management Framework
DET	Department of Education and Training
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EDSP	Education Development Services Plan
ELICOS	English Language Intensive Courses for Overseas Students
EPP	Educator Passport Program
FFS	Fee for Service
FMA	Financial Management Association
FTE	Full Time Equivalent
HALT	Hope Assistance Local Trades
HES	Higher Education and Skills
ICT	Information Communications Technology
KPI	Key Performance Indicator
LLN	Language, Literacy and Numeracy
LPG	Liquefied Petroleum Gas
LTU	La Trobe University
MDAS	Mallee District Aboriginal Services
MEA	Multi Enterprise Agreement
MMLLEN	Murray Mallee Local Learning and Employment Network
MOU	Memorandum of Understanding
MRIC	Mallee Regional Innovation Centre
MSC	Mildura Senior College
NAIDOC	National Aborigines and Islanders Day Observance Committee
NDIS	National Disability Insurance Scheme
NMLLEN	Northern Mallee Local Learning and Employment Network
OHS	Occupational Health and Safety
PACCT	Professional, Administrative, Clerical, Computing and Technical
PAEC	Public Accounts and Estimates Committee
PD	Professional Development
PEC	Professional Educator College
PTR	Pre Training Review
RAP	Reconciliation Action Plan
RPL	Recognition of Prior Learning
RSTF	Regional and Specialist Training Fund
SCH	Student Contact Hours
SaJC	Skills and Jobs Centre
SMART	Specific Measurable Attainable Realistic Timely
SMS	Student Management System
STEM	Science, Technology, Engineering and Maths
TAFE	Technical and Further Education
U3A	University of the Third Age
VAEAI	Victorian Aboriginal Education Association
VAGO	Victorian Auditor-General's Office
VET	Vocational Education and Training
VETDSS	Vocational Education and Training Delivered to Secondary Schools
VC	Video Conferencing
VIPP	Victorian Industry Participation Policy
VPSC	Victorian Public Sector Commission
VR	Virtual Reality
VTAC	Victorian Tertiary Admissions Centre
VTG	Victorian Training Guarantee
WHS	Work Health and Safety
WTIF	Workforce Training Innovation Fund

Requests for further information can be directed to:
Sunraysia Institute of TAFE
Office of the CEO
PO Box 1904
Mildura, VIC 3502
Ph: 03 5022 3707
mildura@sunitafe.edu.au

This annual report is available online at
www.sunitafe.edu.au

