

**ANNUAL
REPORT
2016**



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OUR VISION

TO BE COMMUNITY EDUCATORS FOR INDUSTRY, WORK AND LIFE.

OUR PURPOSE

We are community educators providing tertiary education for employment, workforce development and industry productivity.

We build community capacity and enrich the lives of young people and adults through lifelong learning and personal development.

OUR VALUES

We value: professionalism, loyalty, integrity, courage, teamwork and innovation.

WHAT WE DO

Box Hill Institute Group (Box Hill Institute and the Centre for Adult Education [CAE]):

- > Provide accredited, non-accredited, secondary and post-secondary vocational and higher education to students and adult learners
- > Enrich the lives of people in our communities through lifelong learning
- > Support micro/small/medium/large businesses through investment in learning
- > Partner with industry to build skills and capacity
- > Partner with schools to support student learning and provide pathways to further education and employment
- > Work with state and federal governments to achieve sustainable education and employment outcomes for our communities

Box Hill Institute Group is proud to serve our communities through the education, training and lifelong learning that we offer. We work with a broad range of stakeholders in our communities to provide meaningful skills, education and employment outcomes. We transform lives.

The Box Hill Institute Group Strategic Plan 2015 – 2018 confirms our focus on our communities and outlines how we will leverage our existing strengths to create a sustainable future for the organisation and our people. Core to our strategy is the responsible management of our business.

Our strategy is based on key themes to achieve success:

Build on our reputation for academic quality

- > We will ensure learner success and responsiveness to industry needs with the commitment of our staff, excellence of our teaching and reputation for academic quality

Harness our resources for success

- > We will drive productivity and control costs to transform our business

Innovate to attract and retain customers and students

- > We will be recognised by our community as a leading provider of education, training and life-long learning

Grow through diversification

- > We will create opportunities for growth that add value to our community

ESTABLISHMENT

As an Adult Education Institution, the Centre for Adult Education (CAE) exists to provide learning to the Victorian community through a wide range of programs and services.

CAE receives government funding through the Adult, Community and Further Education Division. This funding supports CAE to deliver accredited courses designed to help adults complete their secondary education and begin or change their career direction.

Programs

CAE is a leading provider of Adult and Community Education in Victoria. It has a strong focus on delivering nationally recognised and accredited training as well as non-accredited short courses, connecting with the community through socially inclusive practices that recognise diversity and creativity.

CAE receives Victorian Government funding to deliver courses and a range of locally developed pre-accredited programs. These programs are designed to help young and mature adults to complete their secondary education and begin or change their career direction.

CAE offers a vibrant and supportive adult learning environment, flexible learning options, skills recognition, practical training and supervised work placements. In addition to meeting the lifelong learning needs of individuals, CAE delivers programs in partnership with the business community and government through customised enterprise programs. We aim to achieve the objectives of the Victorian Government while recognising industry trends and balancing the needs of individuals, community, government and industry.

CAE provides programs and services in the following areas:

- > Vocational Education and Training in partnership with Box Hill Institute at CAE campuses, including community services, business, disability support, training and assessment, writing and editing, and visual arts, ranging from beginner to advanced levels
- > School of Foundation Studies including the Victorian Certificate of Education (VCE), Victorian Certificate of Applied Learning (VCAL), English as an Additional Language, New Pathways and general education
- > Short Courses including creative arts, visual arts, living and lifestyles, health and wellbeing, business and information technology, languages, and CAE Book Groups

Locations

Located in one of Melbourne's thriving café districts, CAE delivers the majority of its courses from three locations in the heart of the CBD. In 2016, courses were delivered at 253 and 278 Flinders Lane, and 21 Degraves Street. We also offer courses at the Ola Cohn Centre in East Melbourne, Box Hill Institute in Box Hill, and in partnership with other organisations throughout Melbourne.

History

CAE was founded in 1947 as the Council of Adult Education under Victorian Government legislation, with the broad charter to provide adult education to the Melbourne community.

In 2001, Victorian Parliament passed an amendment to the Adult Community and Further Education Act 1991, which established CAE as an adult education institution with reporting responsibility to the Adult, Community and Further Education Board and the Victorian Parliament. The functions, powers and duties of CAE are detailed in the Education and Training Reform Act 2006.

In November 2012, an amendment to the Education and Training Reform Act was passed to enable CAE operations to be governed by the Box Hill Institute Board. While Box Hill Institute and CAE continue to operate as separate legal entities, under legislation the Box Hill Institute Board became the CAE Board, with 2016 as the fourth year of this joint operation. In this report, the Box Hill Institute Group refers to Box Hill Institute, Centre for Adult Education and controlled entities.

Relevant Minister

The relevant Ministers in 2016 were:

The Hon James Merlino MP, Minister for Education from 1 January until 31 December 2016.

The Hon Steve Herbert MP, Minister for Training and Skills from 1 January until 9 November 2016.

The Hon Gayle Tierney MP, Minister for Training and Skills from 9 November until 31 December 2016.

CHAIR'S STATEMENT



Box Hill Institute Group has invested in establishing a strong foundation, which allowed us to transform our business in 2016. As Chair of the Box Hill Institute Group, it is my pleasure to present the 2016 Annual Report.

There has been significant uncertainty in the Vocational Education and Training sector for some years. Increased competition, the uncapping of student places at universities and downward pressure on overall demand for government subsidised programs has placed a strain on Box Hill Institute Group and the wider TAFE network. While there is no sign of this pressure easing in the short to medium term, the recent announcement of the Victorian Government funding model, Skills First recognises TAFE as a centre of the new training system with a distinct role in expanding excellence and quality in vocational education.

In 2016, Box Hill Institute and CAE grew and diversified. We continued to implement the 2015 – 2018 Strategic Plan and to build on our reputation for academic quality; we held market share and diversified to remain sustainable. The substantial investment required to re-open the Lilydale Lakeside Campus is reflected in our 2016 financial results while the commencement of significant, multi-year contracts, including contracts with the Department of Defence, Corrections Victoria and NADRASCA, has supported our transformation and diversification strategy to provide new sources of revenue for the Institute. The goals of the Group were also supported throughout the year by additional government funding.

The official opening of the education precinct at Lilydale Lakeside Campus was a significant milestone and the Board is confident that further development of this community precinct will allow a strong reach into the outer eastern region and support our strategy for growth through diversification.

Box Hill Institute Group remains proud to serve our communities by providing quality education, training and lifelong learning. We work with a broad range of stakeholders in our communities, including schools, students, adult learners, employers, industry and

government to provide meaningful skills, education and employment outcomes. The refreshed Strategic Plan to 2018 confirms our focus as community educators for industry, work and life.

There was a change in governance in 2016 with the Education Legislation Amendment (TAFE & University Governance Reform) Act 2015 receiving Royal Assent on 15 December 2015, commencing on 1 January 2016, and a new constitution was proclaimed on 3 May 2016. The Act provided a six month transition period leading to the appointment of a new Board including the CEO and a director elected by Box Hill Institute Group staff. The new Board commenced on 1 July 2016.

I would like to take this opportunity to acknowledge the contribution of Suzanne Ewart during her time as Board Chair as well as the contribution from directors Greg Malone and Mary Beth Bauer. Helen Buckingham, Allan Moore, Phillip Davies, Julie Eisenbise, Tracey Cooper and I were reappointed to the new Board and the Board welcomed Directors Amanda Brook, Professor John Rosenberg, Claire Filson, Dr Zena Burgess, Susan Fenton and CEO Norman Gray AM.

On behalf of the Board, I thank Norman Gray AM for his leadership of the Box Hill Institute Group over the last year as well as the dedicated management team and staff.

A handwritten signature in black ink that reads "Jack Diamond". The signature is written in a cursive, flowing style.

Jack Diamond
Board Chair

23 March 2017

Innovation is a key strategic theme for Box Hill Institute Group as we strive to establish closer partnerships with industry and optimise our product offering to deliver the improved training required to address skills gaps and prepare our graduates to work in industries of the future.



This year, we responded to industry demand by expanding our course offering to include aviation, biosecurity, cyber security, horticulture, and sustainable building design and construction through Passive House with more courses planned for 2017. Good progress has been made in support of key government initiatives such as the roll out of the National Disability Insurance Scheme and the development of onsite program delivery at key stakeholder associations. We have also successfully launched training programs across eight Corrections Victoria facilities.

Over the course of 2016, the Box Hill Institute Group received or was shortlisted as a finalist for many awards and we were particularly proud to receive the State and National awards for 2016 Large Training Provider of the Year as well as the LearnX Impact Award Platinum Winner for Best eLearning design video. These successes are a clear acknowledgement of our efforts and recognition of the professionalism and passion of our staff who make a real difference to the lives of so many.

Our reputation for academic quality and excellence in the design and delivery of international education programs has helped us to expand our offshore delivery network and to attract an even greater number of students applying to study at one of our Victorian campuses.

In February 2016, we launched the Lilydale Lakeside Campus to provide skills training, higher education and short courses to the growing community in Melbourne's outer east. Greater than the re-opening of a campus, the vision for Lilydale Lakeside is for a community education precinct that encompasses lifelong learning from early childhood to higher education and beyond.

Together with our partners, the campus has already reached over 1,000 enrolments. Disability services provider, Melba Support Services remains an important partner on campus providing valued services to the community and student training opportunities.

Plans for the Lilydale Lakeside precinct are progressing well with the Tech School, integrated childcare centre, community library and café due to open in 2017. It was a pleasure to welcome Deputy Premier James Merlino to the Lilydale Lakeside Campus to officially commence Tech School works. The Tech School will open in time for the first term of 2017, offering exciting opportunities in science, technology, engineering and mathematics based projects and action based learning for students to advance their skills and expand their horizons.

I express my gratitude to the Box Hill Institute Group Board for their confidence in my management team, and the staff who make CAE and Box Hill Institute such great places to learn. I would also like to acknowledge the Minister for Training and Skills for the commitment to the vocational education and training sector.

I look forward to working in close partnership with the Board, our stakeholders and staff in the year ahead to continue to serve the community through the delivery of quality education for industry, work and life.

A handwritten signature in black ink, appearing to be 'N Gray', written over a horizontal line.

Mr Norman Gray AM
Chief Executive Officer

23 March 2017

KEY INITIATIVES AND PROJECTS 2016

Delivery of Services to the Community

In 2016, CAE continued to deliver quality education and lifestyle programs to over 12,000 students. Highlights include the delivery of more than 500 short courses to 4,476 students and language courses to nearly 2,000 students.

CBD Skills and Jobs Centre

CBD

The CBD Skills and Jobs Centre opened its doors on 2 March 2016 providing a one-stop shop for the public and in particular, the local community, with information and advice on career options, skills development requirements and employment opportunities. It has developed a good working relationship with the Huddle in North Melbourne, which provides a range of learning and support programs for multicultural groups of young people. The Centre works closely with the CAE VCE and VCAL teachers, presenting information sessions in class or in the Centre for students completing their studies who need career and associated course information.

Languages Centre of Excellence

Drawing upon CAE's more than 30 years of experience delivering language training to the heart of Melbourne, the Languages Centre of Excellence (LCE) was established in 2015 to consolidate our market-leading language expertise and service offerings. LCE is responsible for the development and delivery of all Box Hill Institute Group's language courses and training for languages other than English encompassing modern and classic languages such as Latin and Ancient Greek.

LCE runs an extensive language short course program, offering 22 different languages from beginner to advanced levels. Our commitment is to develop students' language skills as far as they wish to take them and to help them achieve linguistic and cultural competence in the languages of their choice. Nearly 2,000 students enrolled in LCE courses in 2016 alone.

CAE owns the curricula for Certificates II and III in Applied Languages and LCE manages the accreditation and licencing. LCE's service portfolio includes public classes, special purpose and customised courses for education and business groups. It is also a member of the panel of language service providers for the Australian Defence Force School of Languages (DFSL), regularly supplying language instructors in Victoria and interstate.

School Foundation Studies and Adult Learning 2016 Success

CAE is one of the largest providers of VCE for adults in Victoria, assisting those who would like to return and study in a flexible environment. The CAE VCE program offers timetable and subject choices to allow mature age learners to combine part or full-time study with work and home commitments.

CAE also offers VCE and VCAL for young people. VCE and VCAL graduates have the opportunity to transition from their secondary school programs to a wide range of certificate, diploma and bachelor programs. In particular, the VCAL program allows students to study a vocational stream as part of their senior secondary certificate.

In 2016, CAE delivered education programs to 392 VCE and VCAL learners, including 200 students sitting the VCE Year 12 final exams. The highest ATAR score achieved was 98.4 and six students achieved an ATAR score of 90 or above.

Additional CAE highlights during 2016 include:

- > Josie Rose, one of our Adult Community and Further Education senior trainers was a finalist for the Outstanding Practitioner in the Adult Community and Further Education Awards
- > We were awarded the Reconnect Grant, which offers wrap-around support for severely disadvantaged youth trying to reconnect to education or work. Our partners include Whitelion, Odyssey House, Victorian Aboriginal Community Services Association Limited, Victoria Police, Gateway and Outer Eastern Local Learning and Employment Networks
- > CAE established a new partnership with VICSEG New Futures and continued our established partnerships with YWCA Victoria, Thornbury Women's Neighbourhood House, Common Ground, Peter MacCallum Cancer Centre, Mission Australia and DENSO to deliver or auspice pre-accredited programs for their clients
- > The Certificate I in Transition Education was delivered for adult learners with disabilities to teach students life skills to enhance their abilities to live independently

Audit Compliance

During 2016, CAE successfully completed a number of stringent and important audits by our national and state regulators. The 2016 successful audits included:

External Audits

- > Department of Education and Training - Higher Education and Skills Group – CAE Performance Review
- > Victorian Curriculum and Assessment Authority – CAE VCE Administrative Procedures Audit

Change of Delivery Sites

- > Application to add delivery sites for Nelson, Whitehorse and 278 Flinders Lane, Melbourne campuses to deliver VCE by the CAE lodged with the VRQA (approved)

VET Reaccreditation

- > Certificate II in Applied Languages submitted to ASQA (accredited)

GOVERNANCE

The Box Hill Institute Group is governed by a board comprised of representatives from government, industry and the community. The Board's role is to oversee and govern the Box Hill Institute Group, take all reasonable steps for the advancement of Institute and CAE objectives, and ensure that they operate in accordance with set objectives, the Strategic Plan and the Statement of Corporate Intent.

The Board is committed to ensuring that the community has effective access to vocational and further education programs that are responsive to its needs. The Board is also committed to ethical conduct in all areas of its responsibilities and authority. In so doing, it binds its members to the principles and practices determined in the Board's Charter.

The Board is ultimately responsible to the Victorian Government for the governance and management of the Box Hill Institute Group.

Board Members

In 2015-16, the Victorian Government made changes to the governance structures of TAFEs. As part of the new governance structures, the terms of appointment for current board members expired on 30 June 2016 and a new Board was appointed commencing 1 July 2016. The following members served on the Board during 2016 and their attendance at meetings including out of session meetings is shown next to each Board member:

Before the change (1 January 2016 – 30 June 2016):

Ms Suzanne Ewart (Chair of the Board)	5/5
Ms Helen Buckingham (Deputy Chair)	5/5
Mr Greg Malone	5/5
Mr Phillip Davies	5/5
Mr Allan Moore	5/5
Ms Mary-Beth Bauer	5/5
Mr Jack Diamond	3/5
Ms Julie Eisenbise	5/5
Ms Tracey Cooper	5/5

After the change (1 July 2016 – 31 December 2016):

Mr Jack Diamond (Chair of the Board)	4/5
Ms Helen Buckingham	4/4
Mr Phillip Davies	6/6
Mr Allan Moore	6/6
Ms Julie Eisenbise	6/6
Ms Tracey Cooper	6/6
Ms Amanda Brook	6/6
Dr Zena Burgess	5/5
Ms Claire Filson	4/4
Prof John Rosenberg	6/6
Ms Susan Fenton	6/6
Mr Norman Gray	6/6

Committees

To assist the Board in fulfilling its duties, the Board has established a number of committees including:

- > Audit, Finance and Risk Committee
- > Board Remuneration Committee
- > Nominations Committee
- > Education Quality Committee
- > Asset Management Committee (from 1 July 2016)

Audit, Finance and Risk Committee

The objective of the Audit, Finance and Risk Committee is to assist the Board in ensuring that the control and compliance framework operating across the Group and its controlled entities is operating effectively and that its external accountability responsibilities are being met.

Membership during 2016 included:

1 January 2016 – 30 June 2016

- > Ms Mary-Beth Bauer (Committee Chair)
- > Mr Phillip Davies
- > Mr Allan Moore

1 July 2016 – 31 December 2016

- > Ms Claire Filson - Chair
- > Dr Zena Burgess
- > Ms Susan Fenton
- > Ms Tracey Cooper
- > Mr Allan Moore

Board Remuneration Committee

The objective of the Remuneration Committee is to assist the Board in ensuring that remuneration practices for the CEO and Executive Officers are in accordance with government policy relating to public sector employment administered by the State Services Authority and Ministerial directions to TAFE Institutes.

Membership during 2016 included:

1 January 2016 – 30 June 2016

- > Ms Suzanne Ewart (Committee Chair)
- > Ms Helen Buckingham (Deputy Chair)
- > Mr Greg Malone
- > Mr Phillip Davies
- > Mr Allan Moore
- > Ms Mary-Beth Bauer

1 July 2016 – 31 December 2016

- > Mr Jack Diamond (Committee Chair)
- > Ms Helen Buckingham
- > Ms Claire Filson
- > Dr Zena Burgess
- > Prof John Rosenberg
- > Ms Tracey Cooper
- > Ms Amanda Brook
- > Mr Allan Moore
- > Mr Phillip Davies
- > Ms Julie Eisenbise

Nominations Committee

The objective of the Nominations Committee is to assist the Board in fulfilling its responsibilities in relation to the evaluation and maintenance of appropriate skills required by the Board and the competency, selection, and nomination for the appointment of Board Nominee Directors.

Membership during 2016 included:

1 January 2016 – 30 June 2016

- > Ms Suzanne Ewart (Committee Chair)
- > Ms Helen Buckingham
- > Ms Mary-Beth Bauer
- > Mr Phillip Davies

1 July 2016 – 31 December 2016

- > Mr Jack Diamond (Committee Chair)
- > Ms Helen Buckingham
- > Ms Claire Filson
- > Dr Zena Burgess
- > Prof John Rosenberg
- > Ms Tracey Cooper
- > Ms Amanda Brook
- > Mr Allan Moore
- > Mr Phillip Davies
- > Ms Julie Eisenbise
- > Ms Susan Fenton
- > Mr Norman Gray

Education Quality Committee

The objective of the Education Quality Committee is to assist the Board in fulfilling its responsibilities in relation to overseeing the maintenance of quality, effectiveness, profitability, and relevance to market and industry needs, and the development and transformation of training delivery and services in line with the Box Hill Institute Group Strategic Plan.

Membership during 2016 included:

1 January 2016 – 30 June 2016

- > Ms Helen Buckingham (Committee Chair)
- > Mr Greg Malone
- > Ms Laura Steedman (External Member)

1 July 2016 – 31 December 2016

- > Ms Helen Buckingham (Committee Chair)
- > Prof John Rosenberg
- > Ms Amanda Brook
- > Ms Julie Eisenbise
- > Ms Laura Steedman (External Member)

Asset Management Committee (New Committee July 2016)

The objective of the Asset Management Committee is to assist the Board in ensuring that plans and projects relating to the use of Box Hill Institute Group's assets align to the approved annual Asset Management Plan and that the Board is fully informed of the processes and options being considered. The Committee is integral to ensuring BHIG undertakes asset management activities in a manner that is systematic, efficient and coordinated. This ensures that assets meet the required level of service in the most cost effective manner for present and future users.

Membership during 2016 included:

1 July 2016 - 31 December 2016

- > Ms Tracey Cooper (Committee Chair)
- > Ms Claire Filson
- > Mr Phillip Davies
- > Ms Helen Buckingham

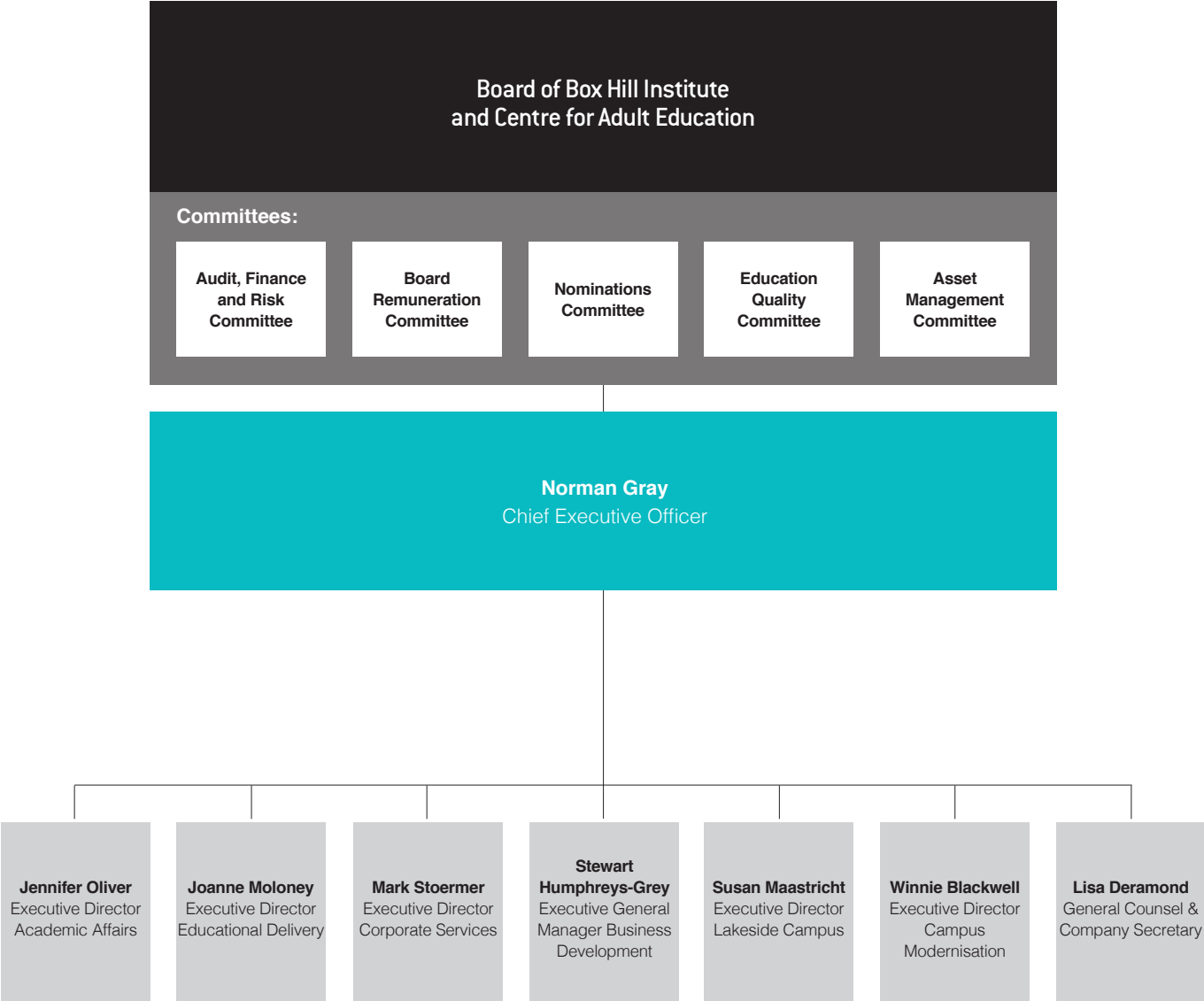
Directors Of Box Hill Enterprises Limited

The names and relevant details of the directors in office as of 31 December 2016 are:

- > Ms Suzanne Ewart (Chair to 30 June 2016)
- > Ms Helen Buckingham (Deputy Chair)
- > Mr Greg Malone (to 30 June 2016)
- > Mr Phillip Davies
- > Ms Mary-Beth Bauer (to 30 June 2016)
- > Mr Allan Moore

EXECUTIVE MANAGEMENT STRUCTURE 2016

Organisational Chart
as at 31 December 2016



Board and Committee members listed in Governance section of Annual Report.

Five Year CAE Financial Summary

YEAR ENDED 31 DECEMBER	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Summary of Financial Performance					
Total Income from Transactions	8,518	16,247	15,006	19,264	19,487
Total Expenses from Transactions	(12,917)	(15,302)	(18,822)	(19,829)	(21,105)
Other Economic Flows and Discontinued Operations	203	832	836	3,904	596
Net result	(4,196)	1,777	(2,980)	3,339	(1,024)
BALANCE SHEET PERFORMANCE:					
Assets	13,032	12,174	10,971	15,907	12,975
Liabilities	9,644	4,837	5,642	7,598	8,006
NET WORTH	3,388	7,337	5,329	8,309	4,970

The Centre for Adult Education recorded a net loss of \$4.196 million (2015: \$1.777 million gain) compared to a Board approved operating budget of \$0.655 million gain.

Comprehensive Operating Statement / Balance Sheet

The lower result in 2016 compared with 2015 is due to a combination of factors:


- > One off income in 2015 (including inter-company forgiveness of debt of \$2.800 million)
- > Fall in short course income
- > Expenses reduced due to ongoing refinement of operations to maximise efficiencies (including \$1.606 million in employee expenses)

Increase in liabilities relates to an inter-company balance with BHI (2016: \$6.181 million, 2015: nil). The net loss of \$4.196 million has reduced the Centre of Adult Education's overall net worth.

Risk Management and Attestation Statement

I, Jack Diamond, Board Chair of the Box Hill Institute Group certify that the Box Hill Institute Group has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes, including the Insurance requirements.

The Audit, Finance and Risk Committee has reviewed and verified the Institute's compliance.



Jack Diamond
Board Chair

23 March 2017

Statements of Pecuniary Interests

The Institute has policies and procedures that require relevant officers of Box Hill Institute Group entities to complete Statements of Pecuniary Interests on an annual basis. All such statements have been duly completed.

Information about declarations of pecuniary interests by all relevant officers should be directed to:

The Freedom of Information Officer
Directorate Office
Box Hill Institute Group
465 Elgar Road
Box Hill 3128

Details of Shares Held by Senior Officers

Requests for information about shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary, if any, should be directed to the Freedom of Information Officer (contact details above).

National Competition Policy

Box Hill Institute Group has policies and procedures to ensure compliance with the National Competition Policy and which take into account the Victorian Government's Competitive Neutrality Policy requirements and related legislation requirements.

Freedom of Information

Box Hill Institute Group has implemented procedures that, subject to privacy provisions, facilitate all reasonable requests for information from students, staff and the public under the provisions in the Freedom of Information Act 1982, allowing access to publicly available information. Requests under the Freedom of Information Act should be addressed to the Freedom of Information Officer (contact details set out above).

Box Hill Institute Group may levy a charge for information provided that is subject to a Freedom of Information request in accordance with the relevant requirements. There was no formal request for information to be supplied under the Freedom of Information Act during the 2016 reporting period.

Any student may access their personal record by applying to:

The Registrar
Box Hill Institute Group
465 Elgar Road
Box Hill VIC 3128

Any staff member may access their personnel file by applying to:

Executive Director Corporate Services
Box Hill Institute Group
465 Elgar Road
Box Hill VIC 3128

Financial Reporting Directions

This report is prepared in accordance with the requirements of the Financial Reporting Directions. For further details, please refer to the Financial Statements.

Compulsory Student Services and Amenities Fee

Box Hill Institute Group levy a compulsory student services and amenities fee that is determined in accordance with the Ministerial Directions on Students Fees and Charges. The fee is fully applied to the provisions of funding for student recreation, counselling and welfare and other non-academic support services.

The processes for the collection and disbursement of the services and amenities fees are managed by Box Hill Institute and CAE respectively and are not paid to any student organisations. Total Student Services and Amenities Fees collected for CAE for the year ending 31 December 2016 were \$64,781.

Protected Disclosure Act

The Protected Disclosure Act 2012 encourages and supports the making of protected disclosures of improper conduct. In accordance with sections 70(1) and 58(5) of the Act, the Box Hill Institute Group has a policy and procedures for the protection of persons who make protected disclosures against the Group, its officers or employees. These procedures can be accessed at www.boxhill.edu.au/about-us/policies-and-procedures.

Carers Recognition Act

The Box Hill Institute Group meets its obligations under the Carers Recognition Act 2012.

Conduct Principles

All staff are required to comply with the requirements in the Box Hill Institute Group's Code of Conduct and the Code of Conduct for the Victorian Public Sector Employees.

Victorian Public Sector Travel Principles

Box Hill Institute Group has policies and procedures in relation to domestic and international travel and accommodation to ensure compliance with the Victorian Public Sector Travel Principles.

This applies to all employees of Box Hill Institute, CAE and all controlled entities, and takes into account the Victorian Public Sector Travel Principles issued by the Department of Premier and Cabinet December 2006 and the Department of Education and Early Childhood Development Policy and Guidelines 2014.

Occupational Health and Safety

A continued overarching commitment to Occupational Health and Safety (OHS) at Box Hill Institute Group (BHIG), incorporating the Centre for Adult Education has achieved an increase in safety participation, reporting, training and health and wellbeing activities during 2016.

OHS is incorporated into all workplace, and learning activities to ensure the promotion and collaboration of health and safety. A proactive focus on injury and illness prevention and the encouragement of physical and psychological wellbeing continues to form an integral component of our organisation and teaching cultures.

For CAE, ongoing review of, and consultation on OHS results during 2016 have confirmed the effectiveness of ongoing proactive risk management strategies and initiatives. As a result, there was an increase in the reporting and rectifying of workplace hazards, a total of 41.95 hazard reports per 100 FTE reported during 2016. A substantial increase compared to the 37.14 reported in 2015 and 8.99 in reported 2014.

At the CAE, this positive trend was supported by a significant decrease in the number of injuries, WorkCover claims and the average cost of claims reported during 2016. There were no WorkCover claims reported in 2016 within the CAE operations, resulting in the 2016 average claim cost of \$0, a dramatic decrease from \$129,498.72, and \$2,577 in 2015 and 2014 respectively.

This positive progress was also reflected in a reduction in lost time days across Box Hill Institute Group (Box Hill Institute and CAE) during 2016. There were zero lost time standard claims in 2016 within CAE operations, contributing to a Lost Time Injury Frequency Rate (LTIFR) for BHIG of 0.1 well below the 2016 target of 5.0 and the reported results of 2.15 in 2015 and 5.1 in 2014.

During 2016, one WorkSafe notifiable incident reported and no WorkSafe notices issued within the CAE operations.

Environmental Performance

Energy Use		2016
Total energy usage, segmented by primary source	Electricity	3,830,748 MJ
	Natural Gas	491,069 MJ
	Total Energy	4,321,817 MJ
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets		0 tonnes
Percentage of electricity purchased as Green Power		0%
Total greenhouse gas emissions associated with energy use		1,753.3 tonnes
Units of energy used (per effective full time employee)		56,650 MJ
Units of energy used per unit of building area (per m2)		321.16 MJ

Waste Production		2016
Total units of office waste disposed of by destination (kg per year)	General Waste (landfill)	101,400
	Wood (recycling)	3,920
	Paper and Cardboard (recycling)	3,920
	Comingled (recycling)	n/a
	Steel (recycling)	
	Grease Trap Product (recycling)	
	TOTAL	109,240
Units of office waste disposed per full time employee by destination (per effective full time employee)		Landfill 1,329 kg Recycling 103 kg
Recycling rate (% of total waste by weight)		7.1%

Water Consumption		2016
Total units of metered water consumed by water source		1745 KL (Mains Water)
Units of metered water consumed in offices (per effective full time employee)		22.87 KL
Units of metered water consumed in offices per unit building area (per m2)		0.13 KL

Paper Use		2016
Total units of A4 equivalent copy paper used		1,273 reams
Units of equivalent copy paper used per full-time employee		11.82 reams
Percentage of recycled content in copy paper purchased		10%

CAE is committed to reducing its environmental footprint with initiatives established to reduce energy, water and paper usage. In an effort to reduce general waste to landfill, institutional recycling initiatives will continue into 2017.

In 2016, there were fewer employees based at the CAE resulting in an expected increase in units of energy used per effective full time employee and a decrease in total water units consumed. Overall water and energy usage was decreased. In the same year, we exceeded our target for reducing paper use by introducing shared printers and raising awareness of wasting paper. For 2017, we continue to aim for reductions across energy and water use, and for increased recycling rates.

CAE does not have a vehicle fleet and encourages the use of public transport by employees who need to travel as part of their work duties.

In relevant Requests for Tender, Box Hill Institute Group requires tenderers to provide information on environmental accreditation and the environmental sustainability of the product or service being sought. During 2016, we included sustainability clauses in tenders relating to the procurement of products and services including cleaning services, sanitary services, catering products and grounds services.

Future Environmental Targets

CAE has targeted year on year reductions, which we pursue through a range of initiatives. These initiatives aim to decrease each environmental aspect by five per cent in 2017. We have installed LED lighting and a more energy efficient mechanical plant at our Elgar and Lilydale Lakeside campuses to reduce energy use. An increased focus on recycling initiatives with more recycling stations and the inclusion of demolition and building waste in recycling assessments is aimed at reducing our waste production.

Water consumption is being reduced through the installation of flow restriction devices in washroom refurbishments, and our paper use continues to decrease with the installation of shared printers and the removal of personal printers.

Building Services

Box Hill Institute Group has established policies and mechanisms to ensure that works to existing buildings conform with building standards and with statutory obligations arising from the Building Act 1993, which relate to health and safety measures. We place a strong emphasis on the provision and maintenance of high quality buildings that meet regulatory requirements of OHS standards. All Box Hill Institute Group building works conform to building regulations.

ICT Expenditure

A summary of the CAE's information and communication technology expenditure is included below.

BAU ICT Expenditure Total (\$'m)	Non-BAU ICT Expenditure (\$'m)	Operational Expenditure (\$'m)	Capital Expenditure (\$'m)
Total	Total = A + B	A	B
0.14	-	-	-

Compliance With Other Legislation

Box Hill Institute Group complies with the requirements of relevant legislation and subordinate instruments, including the following:

- > Building Act 1993
- > Directions of the Education Minister for the State of Victoria through the Secretary of the Department of Education and Training and the Higher Education and Skills Group
- > Education and Training Reform Act 2006
- > Financial Management Act 1994
- > Freedom of Information Act 1982
- > Occupational Health & Safety Act 2004
- > Privacy & Data Protection Act 2014
- > Protected Disclosure Act 2012
- > Public Administration Act 2004
- > TAFE Institute Commercial Guidelines
- > TAFE Institute Strategic Planning Guidelines
- > The Constitution of the Box Hill Institute and the Centre for Adult Education
- > Victorian Industry Participation Policy Act 2003
- > Working with Children Act 2005

During 2016, the Institute developed and implemented a Child Safe strategy, including a policy and procedure in line with Victoria's compulsory minimum standards for organisations, which provide services for children, including Victorian schools and non-school secondary providers.

Major Commercial Activities

In accordance with the Commercial Guidelines – TAFE Institutes, in 2016 CAE undertook no major commercial activities.

Additional Information available on request

Consistent with Financial Management Act 1994, Box Hill Institute Group has also prepared material, details of which are available on request and in accordance with the organisation's Freedom of Information Policies:

- a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- c) details of publications produced by the entity about itself, and how these can be obtained
- d) details of changes in prices, fees, charges, rates and levies charged by the entity
- e) details of any major external reviews carried out on the entity
- f) details of major research and development activities undertaken by the entity
- g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- h) details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services
- i) details of assessments and measures undertaken to improve the occupational health and safety of employees
- j) a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes
- k) a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved
- l) details of all consultancies and contractors including:
 - i. consultants/contractors engaged
 - ii. services provided
 - iii. expenditure committed to for each engagement

Enquiries should be addressed to:

The Freedom of Information Officer
Box Hill Institute Group
465 Elgar Road
Box Hill VIC 3128

Telephone: (03) 9286 9222

Campaigns

There were no campaigns of more than \$100,000 for the CAE in 2016.

Consultancies Over \$10,000

There were no consultancies of more than \$10,000 for the CAE in 2016.

Consultancies Under \$10,000

In 2016, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2016 in relation to these consultancies is \$17,616 (excl. GST).

Number of Engagements	
Total Fees Incurred	2
	17,616

WORKFORCE DATA

CAE Workforce Data

Teaching Staff									
Employment Status		Full Time 2016	Full Time 2015	Part Time 2016	Part Time 2015	Total 2016	Total 2015	EFT 2016	EFT 2015
On-going	Female	2	5	10	17	12	22	7.12	13.2
On-going	Male	0	2	6	6	6	8	3.58	5.5
Fixed Term	Female	1	1	1	1	2	2	0.51	1.4
Fixed Term	Male	0	0	0	0	0	0	0.00	0.0
Casual/Tutor, Sessional	Female			189	236	189	236	20.00	28.3
Casual/Tutor, Sessional	Male			90	112	90	112	9.78	13.1
SUB-TOTAL	Female	3	6	200	254	203	260	27.63	42.9
SUB-TOTAL	Male	0	2	96	118	96	120	13.36	18.6
Administrative and non-teaching staff									
Employment Status		Full Time 2016	Full Time 2015	Part Time 2016	Part Time 2015	Total 2016	Total 2015	EFT 2016	EFT 2015
Executive Officers	Female	0		0	0	0	0	0.00	0.0
Executive Officers	Male	0	0	0	0	0	0	0.00	0.0
Management	Female	1	1	0	0	1	1	1.00	1.0
Management	Male	0	1	0	0	0	1	0.00	0.5
General On-going	Female	16	19	8	8	24	27	14.14	19.9
General On-going	Male	16	19	1	2	17	21	15.12	15.0
General Fixed Term	Female	0	7	1	1	1	8	1.29	2.0
General Fixed Term	Male	0	2	1	1	1	3	0.55	0.4
General Casual	Female			37	66	37	66	3.10	5.9
General Casual	Male			10	19	10	19	0.09	1.5
SUB-TOTAL	Female	17	27	46	75	63	102	19.54	28.8
SUB-TOTAL	Male	16	22	12	22	28	44	15.76	17.4
TOTAL	Female	20	33	246	329	266	362	47.16	71.7
TOTAL	Male	16	24	108	140	124	164	29.12	36
GRAND TOTAL		36	57	354	469	390	526	76.29	107.7

This table reflects CAE data only. For information on Box Hill Institute Group data, please refer to the Box Hill Institute Group Annual Report 2016.

Employment and Conduct Principles

CAE recruits and promotes the most suitably qualified, experienced and capable employees through an open and transparent, merit based selection process that complies with relevant legislative requirements. All employees are expected to conduct themselves in a manner consistent with the Box Hill Institute Group Code of Conduct. All employees have been correctly classified in workforce data collections.

**FINANCIAL
STATEMENTS**
31 DECEMBER
2016



INDEPENDENT AUDITOR'S REPORT

To the Board of the Centre for Adult Education

Opinion

I have audited the financial report of the Centre for Adult Education (the centre) which comprises the:

- balance sheet as at 31 December 2016
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes comprising a summary of significant accounting policies
- declaration by Board Chair, Chief Executive Officer and Interim Chief Finance Officer.

In my opinion the financial report presents fairly, in all material respects, the financial position of the centre as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

The Auditor-General's independence is established by the *Constitution Act 1975*. My staff and I are independent of the centre in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

The Board of the centre is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the centre'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.

Independent Auditor's Report (continued)

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 our 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 centre'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 centre'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 centre 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.

MELBOURNE
23 March 2017



Simone Bohan
as delegate for the Auditor-General of Victoria

BOX HILL INSTITUTE GROUP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

In our opinion the attached financial statements for Centre for Adult Education have been prepared in accordance with Standing Direction 5.2.2(b) of the *Financial Management Act 1994*, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2016 and financial position of Centre for Adult Education as at 31 December 2016.

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


The Board Chair, Chief Executive Officer and Interim Chief Finance Officer sign this declaration in accordance with a resolution of, the Board of the Centre for Adult Education.



Jack Diamond
Board Chair

23 March 2017

Melbourne



Norman Gray AM
Chief Executive Officer

23 March 2017

Melbourne



Patrik Valsinger
Interim Chief Finance Officer

23 March 2017

Melbourne

BOX HILL INSTITUTE

COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$'000	2015 \$'000
Income from transactions			
Government contributions - operating	2(a)	2,338	5,835
Sale of goods and services	2(b)	3,216	5,051
Other income	2(c)	2,964	5,361
Total income from transactions		8,518	16,247
Expenses from transactions			
Employee expenses	3(a)	5,882	7,488
Depreciation and amortisation	3(b)	691	625
Supplies and services	3(c)	1,239	1,536
Other operating expenses	3(d)	5,105	5,653
Total expenses from transactions		12,917	15,302
Net result from transactions (net operating balance)		(4,399)	945
Other economic flows included in net result			
Net gain/(loss) on financial instruments	4(a)	(525)	12
Share of net profit of associates accounted for using the equity method	4(b)	639	597
Other gains/(losses) from other economic flows	4(c)	89	223
Total other economic flows included in net result		203	832
Net result from continuing operations		(4,196)	1,777
Net result		(4,196)	1,777
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	13	247	231
Total other economic flows - other comprehensive income		247	231
Comprehensive result		(3,949)	2,008

The above Comprehensive Operating Statement should be read in conjunction with the accompanying notes.

BOX HILL INSTITUTE

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 \$'000	2015 \$'000
Assets			
Financial assets			
Cash and deposits	5	1,038	1,131
Receivables	6	909	1,604
Investments accounts for using the equity method	7	1,344	1,347
Total financial assets		3,291	4,082
Non-financial assets			
Property, plant and equipment	8	9,264	7,840
Intangible assets	9	45	73
Other non-financial assets	10	432	179
Total non-financial assets		9,741	8,092
Total assets		13,032	12,174
Liabilities			
Payables	11	8,589	3,783
Provisions	12	1,055	1,054
Total liabilities		9,644	4,837
Net assets		3,388	7,337
EQUITY			
Contributed capital		7,618	7,618
Accumulated surplus/(deficit)		(6,784)	(2,588)
Physical asset revaluation surplus	13	2,554	2,307
Net Worth		3,388	7,337
Commitments for expenditure	15	45,625	45,304
Contingent liabilities	16	431	424

The above Balance Sheet should be read in conjunction with the accompanying notes.

BOX HILL INSTITUTE

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Physical asset revaluation surplus \$'000	Accumulated surplus \$'000	Contributions by owners \$'000	Total \$'000
Balance at 1 January 2015	2,076	(4,365)	7,618	5,329
Net result for the year	-	1,777	-	1,777
Other comprehensive income	231	-	-	231
Balance at 31 December 2015	2,307	(2,588)	7,618	7,337
Balance at 1 January 2016	2,307	(2,588)	7,618	7,337
Net result for the year	-	(4,196)	-	(4,196)
Other comprehensive income	247	-	-	247
Balance at 31 December 2016	2,554	(6,784)	7,618	3,388

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BOX HILL INSTITUTE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts			
Government contributions - operating		2,429	4,800
User fees and charges received		7,396	11,444
Interest received		5	7
Total receipts		9,830	16,251
Payments			
Payments to suppliers and employees		(14,923)	(15,947)
Goods and services tax paid to the ATO		17	(433)
Total payments		(14,906)	(16,380)
Net cash (outflow) from operating activities	14(b)	(5,076)	(129)
Cash flows from investing activities			
Purchases of non-financial assets		(1,840)	(334)
Payments received from investment of associate		642	554
Net cash (outflow) inflow from investing activities		(1,198)	220
Cash flows from financing activities			
Advances from parent company		6,181	-
Net cash inflow from financing activities		6,181	-
Net (decrease) increase in cash and cash equivalents		(93)	91
Cash and cash equivalents at the beginning of the financial year		1,131	1,040
Cash and cash equivalents at end of period	5	1,038	1,131

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

BOX HILL INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Statement of significant accounting and policies

The annual financial statements represent the audited general purpose financial statements for Centre for Adult Education (CAE).

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2016 and the comparative information presented for the year ended 31 December 2015.

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

(a) Statement of Compliance

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

For the purposes of preparing financial statements, CAE 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.

(b) Basis of accounting preparation and measurement

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

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

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

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

Exceptions to the historical cost convention include:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value; and
- the fair value of an asset other than land is generally based on its depreciated replacement value.

Consistent with AASB 13 Fair Value Measurement, CAE determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments and for non-recurring fair value measurements in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

BOX HILL INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of significant accounting and policies

(b) Basis of accounting preparation and measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For the purpose of fair value disclosures, CAE has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, CAE determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

The Valuer General Victoria (VGV) is CAE's independent valuation agency.

CAE, in conjunction with VGV (and other external valuers, if applicable), monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

(c) Reporting entity

The financial statements cover CAE and is a statutory body corporate, established pursuant to the act/order made by the Victorian Government under the Enacted Act 2006.

Its principal address is:
Centre for Adult Education
253 Flinders Lane, Melbourne 3000

(d) Basis of consolidation

The financial statements include all the activities of CAE. CAE has no controlled entities.

Associated entities (associates)

Associates are those entities over which CAE exercises significant influence, but not control, generally accompanying shareholding and voting rights of between 20% and 50%.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under this method, CAE's share of the post-acquisition profits or losses of associates is recognised in net result and its share of post-acquisition movements in reserves is recognised in reserves (non-owner equity) in both the statement of comprehensive income and the statement of changes in equity. The cumulative post-acquisition movements are adjusted against the cost of the investment.

(e) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows - other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

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

- gains and losses from disposals of non-financial assets;
- revaluations and impairments of non-financial physical and intangible assets;
- remeasurement arising from defined benefit superannuation plans;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non-produced) from their use or removal.

Statement of significant accounting and policies

(e) Scope and presentation of financial statements (continued)

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

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if CAE does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows. For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet.

Statement of changes in equity

The statement of changes in equity presents reconciliation of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

(f) Events after reporting date

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

(g) Goods and Services Tax (GST)

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

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

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

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

(h) Income from transactions

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

Government contributions

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

BOX HILL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of significant accounting and policies

(h) Income from transactions (continued)

Sale of goods and services

(i) Student fees and charges

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

(ii) Fee for Service

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

(iii) Revenue from sale of goods

Revenue from sale of goods is recognised by CAE when:

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

Other income

Rental income

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

(i) Expenses from transactions

Employee benefits

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

Retirement benefit obligations

(i) Defined contribution plan

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

(ii) Defined benefit plans

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

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

Depreciation and amortisation

Depreciation

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

Statement of significant accounting and policies

(i) Expenses from transactions (continued)

Depreciation and amortisation (continued)

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

Class of asset	Method	2016	2015
		Rates	Rates
Buildings including components	Straight	10%-50%	10-50%
Plants & equipment	Straight	6.7%-33.3%	6%-33.3%
Leasehold improvements	Straight	5%-11%	5%-11%

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis. The comparative rates in the table above have been updated to accurately reflect the underlying fixed asset records.

Amortisation

Intangible assets with finite lives are amortised on a straight line basis over the assets useful lives. 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. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Grants and other transfers

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

Other operating expenses

Supplies and services

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

(j) Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

Disposal of non-financial assets

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

Impairment of non-financial assets

Non-financial assets are assessed annually for indications of impairment, except for inventories.

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

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

BOX HILL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of significant accounting and policies

(j) Other economic flows included in net result (continued)

Impairment of non-financial assets (continued)

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

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

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments at fair value and impairment and reversal of impairment for financial instruments at amortised cost.

Impairment of financial assets

Financial assets have been assessed for impairment in accordance with Australian Accounting Standards. Where a financial asset's fair value at balance date has reduced by 10 per cent or more than its cost price the financial instrument is treated as impaired.

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

Share of net profits of associates accounted for using the equity method

Investments in associates are accounted for in the financial statements using the equity method. Under this method, CAE's share of post acquisition profits or losses of associates is recognised in the net result as other economic flows.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

(k) 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 non-derivative financial instruments:

Loans and receivables

Loans and receivables 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, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 5), term deposits with maturity greater than three months, trade receivables and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

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

Financial instrument liabilities measured at amortised cost include all of CAE's contractual payables and advances received.

Statement of significant accounting and policies

(I) Financial assets

Cash and deposits

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

Receivables

Receivables consist of:

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

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

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

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

Derecognition of financial assets

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

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

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

Impairment of financial assets

At the end of each reporting period, CAE assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 90 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

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

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

BOX HILL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
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Statement of significant accounting and policies

(m) Leases

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

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

Operating

CAE as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

CAE as lessee

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

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

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

(n) Non-Financial Assets

Property, plant and equipment

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

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

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

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. Existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

For accounting policy on impairment of non-financial physical assets, refer to note (j) on impairment of non-financial assets.

Leasehold improvements

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

Statement of significant accounting and policies

(n) Non-Financial Assets (continued)

Revaluations of non-financial physical assets

Non-financial physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

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

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

Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Institute.

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

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

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

	2016	2015
Capitalised computer software	3-9 years	3-9 years

Prepayments

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

(o) Liabilities

Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to CAE prior to the end of the financial year that are unpaid, and arise when CAE 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.

BOX HILL INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of significant accounting and policies

(o) Liabilities (continued)

Payables (continued)

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

Provisions

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

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

Employee benefits

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

(i) Wages and salaries, and annual leave

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

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

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

(ii) Long service leave

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

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

The components of this current liability are measured at:

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

Conditional LSL is disclosed a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow.

(iii) Employee benefits on-costs

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Statement of significant accounting and policies

(o) Liabilities (continued)

Derecognition of financial liabilities (continued)

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

(p) Commitments

Commitments for future expenditure include operating and capital commitments arising from non-cancellable contracts. These commitments are disclosed by way of note at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(q) Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 16) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

(r) Equity

Contributed capital

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

(s) Materiality

In accordance with Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Error, when an Australian Accounting Standard specifically applies to a transaction, other event or condition, the accounting policies applied to that item shall be determined by applying the Standard, unless the effect of applying them is immaterial.

Accounting policies will be considered material if their omission or misstatement could, either individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

(t) Rounding of amounts

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

(u) Change in accounting policy

There were no changes in accounting policy during the year.

AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value

Disclosure of Not-for-Profit Public Sector Entities:

The Minister for Finance has approved the early adoption of AASB 2015-7. This enables Victorian not-for-profit public sector entities to benefit from some limited scope exemptions in relation to the fair value disclosure for the 2015-16 reporting period. CAE has chosen to apply this early adoption. For fair value measurements that have been categorised within Level 3 of the fair value hierarchy, CAE is no longer required to provide quantitative information about the 'significant unobservable inputs' used in determining the fair value measurement.

(v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting period. As at 31 December 2016 the following standards and interpretations (applicable to CAE) had been issued but were not mandatory for financial year ending 31 December 2016. CAE has not, and does not intend to, adopt these standards early.

BOX HILL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of significant accounting and policies

(v) New accounting standards and interpretations (continued)

<i>Standard/ Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.
AASB 15 Revenue from <i>Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.

Statement of significant accounting and policies

(v) New accounting standards and interpretations (continued)

<i>Standard/ Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
AASB 2014- 1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014- 10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]	AASB 2015-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: <ul style="list-style-type: none"> • a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and • a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. 	1-Jul-18	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015- 6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of <i>AASB 124 Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1-Jul-16	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2016 -4 Amendments to Australian Accounting Standards - Recoverable Amount of Non Cash- Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1-Jan-17	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.

BOX HILL INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of significant accounting and policies

(v) New accounting standards and interpretations (continued)

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

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments
- AASB 2014 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2015)
- AASB 2014 8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2015) - Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]
- AASB 2015 2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015 2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015 3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2016 -2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
- AASB 2016 -3 Amendments to Australian Accounting Standards - Clarifications to AASB 15

(w) Critical accounting judgements and key sources of estimation uncertainty

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

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

Provision for doubtful debts

CAE has a large number of low value trade and contractual receivables, which are reviewed periodically for impairment in the context of Note 1(l). As at 31 December 2016, Management made an assessment of low-value receivables that had been outstanding for an extended period of time. The assessment was that certain items were unlikely to be collectable, and as a result a provision has been raised. Refer also to Note 6.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation processes

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is summarised below and at note 8.

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

Statement of significant accounting and policies

(w) Critical accounting judgements and key sources of estimation uncertainty (continued)

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

(x) Comparative information

Where practicable comparative amounts are presented and classified on a basis consistent with the current year.

BOX HILL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 Income from transactions

	2016	2015
	\$'000	\$'000
(a) Grants and other transfers (other than contributions by owners)		
Government contributions - operating		
State Government recurrent	<u>2,338</u>	5,835
Total government contributions	<u>2,338</u>	<u>5,835</u>
(b) Sales of goods and services		
Student fees and charges	296	474
Rendering of services		
Fee for services - Government	-	239
Fee for service - International operations - onshore	-	60
Fee for service - other	<u>2,760</u>	4,198
Total rendering of services	<u>2,760</u>	4,497
Other non-course fees and charges		
Sales of Goods	<u>160</u>	80
Total sales of goods and services	<u>3,216</u>	<u>5,051</u>
(c) Other income		
Rental income	2,778	2,292
Other revenue	<u>186</u>	3,069
Total other income	<u>2,964</u>	<u>5,361</u>

3 Expenses from transactions

	2016 \$'000	2015 \$'000
(a) Employee expenses		
Salaries, wages, overtime and allowances	4,956	5,744
Superannuation	428	524
Payroll tax	253	446
Worker's compensation	48	61
Long service leave	96	104
Annual leave	61	298
Termination benefits	39	309
Other	1	2
Total employee expenses	5,882	7,488
(b) Depreciation and amortisation		
Depreciation of non-current assets		
Buildings	8	6
Plant and equipment	31	27
Total depreciation	39	33
Amortisation of non-current physical and intangible assets		
Leasehold improvements	624	590
Software	28	2
Total amortisation	652	592
Total depreciation and amortisation	691	625
(c) Supplies and services		
Purchase of supplies and consumables	181	339
Communication expenses	70	143
Contract and other services	728	750
Building repairs and maintenance	178	203
Minor equipment	25	25
Fees and charges	57	76
Total supplies and services	1,239	1,536
(d) Other operating expenses		
General expenses		
Marketing and promotional expenses	336	873
Occupancy expenses	171	312
Other expenses	251	569
Total general expenses	758	1,754
Operating lease rental expenses:		
Lease payments	4,347	3,899
Total operating lease rental expenses	4,347	3,899
Total other operating expenses	5,105	5,653

BOX HILL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4 Other economic flows included in net result

	2016	2015
	\$'000	\$'000
(a) Net gain/(loss) on financial instruments		
Impairment of loans and receivables	(525)	12
(b) Share of net profit of associates accounted for using the equity method		
Share of net profits/(losses) of associates excluding dividend	639	597
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	89	223

5 Cash and deposits

	2016	2015
	\$'000	\$'000
Cash at bank and on hand	1,038	1,131

6 Receivables

	2016	2015
	\$'000	\$'000
Current receivables		
Contractual		
Trade receivables	1,267	1,484
Provision for doubtful contractual receivables	(451)	-
Revenue receivable	-	120
Statutory		
Other statutory receivables	93	-
Total receivables	909	1,604

(a) Movement in the provision for doubtful contractual receivables

	2016	2015
	\$'000	\$'000
Balance at beginning of the year	-	(16)
Reversal of unused provision recognised in the net result	-	15
Increase in provision recognised in the net result	(451)	-
Reversal of provision as payment collected	8	-
Reversal of provision for receivables written off during the year as uncollectible	(8)	1
Balance at end of the year	(451)	-

(b) Aging analysis of contractual receivables

Please refers to Note 19(ii) for the ageing analysis of contractual receivables.

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

Please refers to Note 19(ii) for the nature and extent of credit risk arising from contractual receivables.

7 Investments accounted for using the equity method

CAE has an investment in an associate entity, Cambridge Boxhill Language Assessment Unit Trust. The main business activities include conducting occupational English tests.

(a) Movements in carrying amounts

	2016 \$'000	2015 \$'000
At the beginning of the financial year	1,347	1,304
Share of operating profit of equity accounted investments	639	597
Payment received for share of operating profit	(642)	(554)
Total investments accounted for using the equity method	1,344	1,347

(b) Summarised financial information of associates

	Ownership interests	
	2016 %	2015 %
Cambridge Boxhill Language Assessment Unit Trust (incorporated in Australia)	30	30
	2016 \$'000	2015 \$'000
Current assets	3,204	2,633
Non-current assets	3,650	3,380
Total assets	6,854	6,013
Current liabilities	(2,206)	(1,505)
Non-current liabilities	(166)	(19)
Net assets	4,482	4,489
Share of associates' net assets (30%)	1,344	1,347
Total income	12,116	10,171
Profit/(loss) from continuing operations	2,130	1,988
Total comprehensive income	2,130	1,988
Share of associates' net profits (30%)	639	597

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NOTES TO THE FINANCIAL STATEMENTS
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8 Property, plant and equipment

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

(a) Property, plant and equipment movements

	Land \$'000	Buildings \$'000	Work in progress \$'000	Plant and equipment improvements \$'000	Leasehold improvements \$'000	Artworks \$'000	Total \$'000
At 1 January 2015							
Cost	-	-	-	75	11,096	-	11,171
Valuation	1,833	53	-	27	-	456	2,369
Accumulated depreciation	-	(49)	-	(24)	(5,505)	-	(5,578)
Net book amount	1,833	4	-	78	5,591	456	7,962
Year ended 31 December 2015							
Opening net book amount	1,833	4	-	78	5,591	456	7,962
Additions	-	77	32	92	69	-	270
Net revaluation increments/ decrements	231	-	-	-	-	-	231
Depreciation and amortisation expense	-	(6)	-	(27)	(590)	-	(623)
Closing net book amount	2,064	75	32	143	5,070	456	7,840
At 31 December 2015							
Cost	-	77	32	167	11,165	-	11,441
Valuation	2,064	53	-	27	-	456	2,600
Accumulated depreciation	-	(55)	-	(51)	(6,095)	-	(6,201)
Net book amount	2,064	75	32	143	5,070	456	7,840

Property, plant and equipment

	Land \$'000	Buildings \$'000	Work in progress \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Artworks \$'000	Total \$'000
At 1 January 2016							
Cost	-	77	32	167	11,165	-	11,441
Valuation	2,064	53	-	27	-	456	2,600
Accumulated depreciation	-	(55)	-	(51)	(6,095)	-	(6,201)
Net book amount	2,064	75	32	143	5,070	456	7,840
Year ended 31 December 2016							
Opening net book amount	2,064	75	32	143	5,070	456	7,840
Additions	-	-	1,810	30	-	-	1,840
Net revaluation increments/ decrements	247	-	-	-	-	-	247
Transfers from/(to)	-	-	(1,842)	(79)	1,921	-	-
Depreciation and amortisation expense	-	(8)	-	(31)	(624)	-	(663)
Closing net book amount	2,311	67	-	63	6,367	456	9,264
At 31 December 2016							
Cost	-	77	-	118	13,086	-	13,281
Valuation	2,311	-	-	27	-	456	2,794
Accumulated depreciation	-	(10)	-	(82)	(6,719)	-	(6,811)
Net book amount	2,311	67	-	63	6,367	456	9,264

¹ The useful lives of assets as stated in Note 1 are used in the calculation of depreciation and amortisation as shown in note 3(b).

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Property, plant and equipment

(b) Fair value measurement hierarchy for assets

Classified in accordance with the fair value hierarchy, see Note 1.

Fair value hierarchy

	Carrying amount as at 31 December 2015 \$'000	Level 1 Quoted Prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000
Specialised land	2,064	-	-	2,064
Buildings used for education purpose	75	-	-	75
Plant & Equipment	143	-	-	143
Leasehold improvements	5,070	-	-	5,070
Artworks	456	-	-	456
	7,808	-	-	7,808

Fair value hierarchy

	Carrying amount as at 31 December 2016 \$'000	Level 1 Quoted Prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000
Specialised land	2,311	-	-	2,311
Buildings used for education purpose	67	-	-	67
Plant & Equipment	63	-	-	63
Leasehold improvements	6,367	-	-	6,367
Artworks	456	-	-	456
	9,264	-	-	9,264

There were no transfers between Levels during the year.

(c) Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2016 for all classes of assets. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for this purpose will be conducted in 2017.

The fair value of land was determined after applying the fair value derived by the Valuer General as at 31 December 2012. The Valuer General adopted the market approach whereby subject land was compared to recent comparable land sales or sales of land with no added or nominal improvement value. Valuation of the subject land was determined by analysing land sales in comparable proximity to the subject property and allowing for shape, size, topography, location and other relevant factors specific to the land being valued. From the sales analysed, an appropriate rate per square metre had been applied to the subject property. As at 31 December 2016 CAE used the Valuer General's land indices to establish if these values had moved materially. The compounded land indices had increased by 26% since the last formal valuation therefore a managerial valuation had been performed in 2016.

Property, plant and equipment

(c) Valuations of property, plant and equipment (continued)

The fair value of buildings (excluding works in progress), plant and equipment (excluding leasehold improvements) was determined after applying the fair value derived by the Valuer General as at 31 December 2012. The Valuer General in determining this adopted the cost approach whereby subject assets were valued at replacement cost of assets after applying the appropriate depreciation rate, on a useful life basis after making adjustments for condition and general maintenance. This approach was used as market approach was considered not suitable as the assets are rarely sold except as part of a continuing business, or alternatively, the improvements are of a specialised nature and the market buying price would differ materially to the market selling price as the asset is normally bought as a new asset but could only be sold for its residual value. As at 31 December 2016, CAE used the Valuer General's building indices to establish if these building values had moved materially. No material movement was observed in either instance.

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

The fair value of artworks was determined consideration the historical significance, age and condition of artworks as well as the artists reputation. CAE considers that the carrying amount represents a fair approximation of fair value for artworks as at 31 December 2016.

Specialised land and 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.

An independent valuation of CAE specialised land was performed by the Valuer General Victoria. The valuation was performed as at 31 December 2012 using the market approach adjusted for CSO. As at 31 December 2016 CAE used the Valuer General's land indices to establish if these values had moved materially. The compounded land indices had increased by 26% since the last formal valuation therefore a managerial valuation had been performed in 2016.

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Property, plant and equipment

(d) Reconciliation of Level 3 fair value

	Specialised Land \$'000	Buildings \$'000	Plant & equipment \$'000	Leasehold improvements \$'000	Artwork \$'000
Opening balance 1 January 2015	1,833	4	78	5,591	456
Purchases/(sales)	-	77	92	69	-
Net revaluation increments/(decrements)	231	-	-	-	-
Depreciation	-	(6)	(27)	(590)	-
Closing balance 31 December 2015	2,064	75	143	5,070	456

	Specialised Land \$'000	Specialised Buildings \$'000	Plant & equipment \$'000	Leasehold improvements \$'000	Artwork \$'000
Opening balance 1 January 2016	2,064	75	143	5,070	456
Purchases/(sales)	-	-	30	1,810	-
Net revaluation increments/(decrements)	247	-	-	-	-
Transfers from/(to)	-	-	(79)	111	-
Depreciation	-	(8)	(31)	(624)	-
Closing balance 31 December 2016	2,311	67	63	6,367	456

(e) Description of significant unobservable inputs to Level 3 valuations

The disclosures below are for both 2015 and 2016.

	Valuation Technique	Significant unobservable input(s)
Specialised Land	Market approach	Community Service Obligation (CSO) adjustment
		Heritage Registration
Buildings	Depreciated replacement cost	Direct cost per square metre
		Useful life of buildings
Plant & equipment	Depreciated replacement cost	Useful life of plant & equipment
Leasehold improvements	Depreciated replacement cost	Useful life of leasehold improvements
Artworks	Market approach	Market price per item

9 Intangible assets

	2016 \$'000	2015 \$'000
Intangible assets at cost		
Gross carrying amount		
Opening balance	218	154
Additions	-	64
Closing balance	<u>218</u>	<u>218</u>
Accumulated amortisation and impairment		
Opening balance	(145)	(143)
Amortisation	(28)	(2)
Closing balance	<u>(173)</u>	<u>(145)</u>
Net book value at the end of the financial year	<u>45</u>	<u>73</u>

10 Other non-financial assets

	2016 \$'000	2015 \$'000
Current other non-financial assets		
Prepayments	432	179
Total other non-financial assets	<u>432</u>	<u>179</u>

11 Payables

	2016 \$'000	2015 \$'000
Current		
Contractual		
Supplies and services ¹	53	309
Accrued expenses	311	532
Lease incentive liabilities	294	276
Revenue in Advance	317	808
Related party payable	6,181	-
Statutory		
Other statutory payables	-	131
Total current payables	<u>7,156</u>	<u>2,056</u>
Non-current		
Lease incentive liabilities	1,433	1,727
Total non-current payables	<u>1,433</u>	<u>1,727</u>
Total payables	<u>8,589</u>	<u>3,783</u>

¹ The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of the invoice. Thereafter, interest is charged at various percentage rates per year on the outstanding balance.

(a) Maturity analysis of contractual payables

Please refer to Note 19 (iii) for the maturity analysis of contractual payables.

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NOTES TO THE FINANCIAL STATEMENTS
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Payables

(b) Nature and extent of risk arising from contractual payables.

Please refer to Note 19 (iii) for the nature and extent of risks arising from contractual payables.

12 Provisions

	2016	2015
	\$'000	\$'000
Current provisions		
Employee benefits (Note 12(a))¹		
Annual leave (Note 12(a))		
Unconditional and expected to wholly settle within 12 months	172	98
Unconditional and expected to wholly settle after 12 month	37	165
Total non-current provisions	<u>209</u>	<u>263</u>
Long service leave (Note 12(a))		
Unconditional and expected to wholly settle within 12 months	147	169
Unconditional and expected to wholly settle after 12 month	334	299
Total non-current provisions	<u>481</u>	<u>468</u>
Provisions for on costs (Note 12(a) and 12(b))		
Unconditional and expected to wholly settle with 12 months	56	27
Unconditional and expected to wholly settle after 12 month	53	48
Total non-current provisions	<u>109</u>	<u>75</u>
Other provisions	141	113
Total current provisions	<u>940</u>	<u>919</u>
Non-current provisions		
Long service leave (Note 12(a)) ¹	99	116
On costs (Note 12(a))	16	19
Total non-current provisions	<u>115</u>	<u>135</u>
Total provisions	<u>1,055</u>	<u>1,054</u>

¹ Employee benefits consist of annual leave, long service leave and on costs accrued by employees. On costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

	Provisions	
(a) Employee benefits	2016	2015
	\$'000	\$'000
Current employee benefits		
Annual leave	209	263
Long service leave	481	468
On costs	109	75
Total current employee benefits	799	806
Current employee benefits		
Long service leave	99	116
On costs	16	19
Total non-current employee benefits	115	135
Total employee benefits	914	941

(b) Movement in provisions

	\$'000		
	2016		
	Employee	Other	Total
	benefits		
Opening balance	941	113	1,054
Reductions arising from payments	(347)	(113)	(460)
Increase/(decrease) resulting from re-measurement	15	-	15
Additional provisions recognised	305	141	446
Closing balance	914	141	1,055
Current	799	141	940
Non-current	115	-	115
	914	141	1,055

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13 Reserves

	Notes	2016 \$'000	2015 \$'000
Physical asset revaluation surplus¹			
Balance at 1 January		2,307	2,076
Revaluation increments/(decrements)	8	247	231
Total reserves		2,554	2,307

¹ The physical assets revaluation surplus arises on the revaluation of property, plant and equipment assets outlined in note 8.

14 Cash flow information

(a) Reconciliation of cash and cash equivalents

	2016 \$'000	2015 \$'000
Cash and deposits	1,038	1,131

(b) Reconciliation of operating result to net cash

	2016 \$'000	2015 \$'000
Net result for the year	(4,196)	1,777
Non-cash movements		
Depreciation and amortisation of non-current assets	691	625
Share of profits of associates and joint venture	(639)	(597)
Total movements included in investing and financing activities	52	28
Change in operating assets and liabilities:		
Decrease/(increase) in trade receivables	695	(1,138)
Decrease/(increase) in other non financial assets	(253)	10
Increase/(decrease) in payables	(1,375)	(767)
Increase/(decrease) in provisions	1	(39)
Total change in operating assets and liabilities	(932)	(1,934)
Net cash flows from/(used in) operating activities	(5,076)	(129)

15 Commitments for expenditure

	2016 \$'000	2015 \$'000
Non-cancellable operating lease commitments payable		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable¹:		
Within one year	4,048	3,916
Later than one year but not later than five years	19,178	18,905
Later than five years	26,961	27,013
Total minimum lease payments in relation to non-cancellable operating leases	50,187	49,834
	(4,562)	(4,530)
Net commitments operating leases	45,625	45,304

¹ CAE leases properties under non-cancellable operating leases expiring within one to sixteen years. The leases have varying terms, escalation clauses and renewable rights.

16 Contingent liabilities

	2016 \$'000	2015 \$'000
Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the accounts, are as follows:		
Contingent liabilities		
In respect of business undertakings:		
Bank guarantee held at reporting date:		
271 Collins Street Pty Ltd	238	238
Mutual Consolidated Investments Pty Ltd	193	186
Total estimated contingent liabilities	431	424

17 Leases

(a) Operating leases - CAE as lessee

Refer to Note 15

(b) Operating leases - CAE as lessor

Leasing arrangements

CAE sub leases out space in certain leased buildings in Melbourne (253 Flinders Lane, 271 Collins Street, 21 Degraves Street and 40-44 Degraves Street) at current market rates.

	2016 \$'000	2015 \$'000
Non-cancellable operating lease receivables		
Payments due		
Within one year	2,278	2,565
Later than one year but not later than five years	3,660	5,704
Total non-cancellable operating leases receivables	5,938	8,269
GST payable on the above	(534)	(750)
Net operating leases receivables	5,404	7,519

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NOTES TO THE FINANCIAL STATEMENTS
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18 Superannuation

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

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

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

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

	2016	2015
	\$'000	\$'000
Paid Contribution for the Year		
Defined benefit plans:		
State Superannuation Fund - revised and new	22	21
Total defined benefit plans	22	21
Defined contribution plans:		
VicSuper	270	313
Other	136	190
Total defined contribution plans	406	503
Total paid contribution for the year	428	524
Contribution Outstanding at Year End		
Defined benefit plans		
State Superannuation Fund - revised and new	1	-
Defined contribution plans:		
VicSuper	15	13
Other	7	7
Total contribution outstanding at year end	23	20

(1) The bases for contributions are determined by the various schemes.

(2) The above amounts were measured as at 31 December each year.

19 Financial Instruments

(i) Financial risk management objectives and policies

CAE's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and lease payables.

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

CAE's activities expose it to a variety of financial risks, market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

CAE's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute.

CAE 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 to determine market risk.

Risk management is carried out by a section within the Finance Centre of CAE under policies approved by the Board.

The carrying amounts of the CAE's contractual financial assets and financial liabilities by category are disclosed below:

	2016 \$'000	2015 \$'000
Carrying amount of financial instruments by category:		
(a) Financial assets		
Cash and deposits (Note 5)	1,038	1,131
Receivables¹		
Trade receivables (Note 6)	816	1,484
Revenue receivable (Note 6)	-	120
Total financial assets	1,854	2,735
(b) Financial liabilities at amortised cost		
Payables¹		
Supplies and services (Note 11)	53	309
Accrued expenses (Note 11)	311	532
Lease incentive liabilities (Note 11)	1,727	2,003
Related Party Payable - Parent Entity (Note 11)	6,181	-
Total financial liabilities	8,272	2,844

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

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NOTES TO THE FINANCIAL STATEMENTS
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Financial Instruments

The net holding gains or losses of CAE's contractual financial assets and financial liabilities by category are disclosed below:

Net holding gains/(loss) on financial instruments by category

(a) Interest income/(expense)

	2016	2015
	\$'000	\$'000
Financial assets - loans and receivables	<u>5</u>	<u>7</u>
Total interest income	<u>5</u>	<u>7</u>

(b) Impairment loss

	2016	2015
	\$'000	\$'000
Financial assets - loans and receivables	<u>(525)</u>	<u>12</u>
Total impairment loss	<u>(525)</u>	<u>12</u>

(ii) Credit risk

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

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

- all potential customers over \$25,000 are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Institute's strict credit policies may only purchase in cash or using recognised credit cards.

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

The trade receivables balance at 31 December 2016 and 31 December 2015 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

CAE does not undertake credit checks on students who apply for loans. As at 31 December 2016, student loans are minimal.

In addition, CAE 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. CAE's policy is to deal with banks in accordance with government policy.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Institute will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

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

There are no material financial assets which are individually determined to be impaired. Currently CAE does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

Financial Instruments

	Financial institutions (AA- rating) \$'000	Gov't agencies (AAA rating) \$'000	Other counter-party \$'000	Total
2016				
Cash and deposits	1,036	-	2	1,038
Receivables	-	27	789	816
Total contractual financial assets 2016	1,036	27	791	1,854
2015				
Cash and deposits	1,129	-	2	1,131
Receivables	-	160	1,444	1,604
Total contractual financial assets 2015	1,129	160	1,446	2,735

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

Ageing analysis of financial assets

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

	Carrying amount \$'000	Not past due and not impaired \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	Impaired financial assets \$'000
2016 Financial assets							
Receivables							
Trade receivables	816	285	42	81	859	-	(451)
Total 2016 financial assets	816	285	42	81	859	-	(451)
2015 Financial assets							
Receivables							
Trade receivables	1,484	1,006	50	119	304	5	-
Revenue receivables	120	120	-	-	-	-	-
Total 2015 financial assets	1,604	1,126	50	119	304	5	-

(iii) Liquidity risk

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

CAE's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 16.

The responsibility for liquidity risk management rests with CAE's governing body, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. CAE manages liquidity risk by:

- maintaining an adequate level of reserves and uncommitted funds that can be drawn at short notice to meet its short-term obligations and
- careful maturity planning of its financial obligations by matching the maturity profiles of financial assets and liabilities, and continuously monitoring forecast and actual cash flows.

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Financial Instruments

CAE's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from cash deposits held with the Treasury Corporation of Victoria.

Maturity analysis of financial liabilities

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements, is \$431,000 (2015: \$424,000) in relation to financial guarantees (refer to Note 16), represents CAE's maximum exposure to liquidity risk.

The following table discloses the contractual maturity analysis for CAE's financial liabilities.

2016 Financial liabilities	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
Payables¹							
Supplies and services	53	53	53	-	-	-	-
Accrued expenses	311	311	311	-	-	-	-
Lease incentive payables	1,727	1,727	-	48	246	1,033	400
Related party payable	6,181	6,181	-	-	6,181	-	-
Total 2016 financial liabilities	8,272	8,272	364	48	6,427	1,033	400

2015 Financial liabilities

Payables¹							
Supplies and services	309	309	309	-	-	-	-
Accrued expenses	532	532	532	-	-	-	-
Lease incentive payables	2,003	2,003	18	55	202	1,278	450
Total 2015 financial liabilities	2,844	2,844	859	55	202	1,278	450

¹ Payables disclosed here exclude statutory payables (e.g. amounts owing to Victorian Government and taxes payable).

(iv) Market risk

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

CAEs exposures to market risk are primarily through foreign currency risk and interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

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

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

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

Interest rate risk

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

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

Financial Instruments

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

CAE manages cash flow interest rate risk through having amounts of financial instruments at floating rate.

Management monitors movement in interest rates on monthly basis.

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

Interest rate movements have not been sufficiently significant during the year to have an impact on CAE's year end result.

CAE's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are set out in the financial instrument composition and maturity analysis table below.

Financial instrument composition and interest rate exposure

Interest rate exposure					
	Weighted average effective rate	Total Carrying Amount per Balance Sheet \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest Bearing \$'000
2016					
Financial assets					
Cash and deposits	1.50%	1,038	1,036	-	2
Receivables					
Trade receivables		816	-	-	816
Total financial assets		1,854	1,036	-	818
Payables ¹					
Supplies and services		53	-	-	53
Accrued expenses		311	-	-	311
Lease incentive liabilities	7.90%	1,727	-	1,727	-
Related party payable		6,181	-	-	6,181
Total financial liabilities		8,272	-	1,727	6,545

Interest rate exposure					
	Weighted average effective rate	Total Carrying Amount per Balance Sheet \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest Bearing \$'000
2015					
Financial assets					
Cash and deposits	1.00%	1,131	1,129	-	2
Receivables					
Trade receivables		1,484	-	-	1,484
Revenue receivables		120	-	-	120
Total financial assets		2,735	1,129	-	1,606

BOX HILL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Financial Instruments

Interest rate exposure

	Weighted average effective rate	Total Carrying Amount per Balance Sheet \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest Bearing \$'000
Payables ¹					
Supplies and services		309	-	-	309
Accrued expenses		532	-	-	532
Lease incentive liabilities	7.90%	2,003	-	2,003	-
Total financial liabilities		2,844	-	2,003	841

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

Sensitivity analysis and assumptions

CAE's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. CAE's Finance Centre cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 50 basis points up and down(2015:50 basis points up and down) in market interest rates (AUD).

The following tables show the impact on CAE's net result and equity for each category of financial instrument held by CAE at the end of the reporting period as presented to key management personnel, if the above movements were to occur.

	Carrying amount \$'000	Interest rate risk			
		-50 bps Result \$'000	-50 bps Equity \$'000	+50 bps Result \$'000	+50 bps Equity \$'000
31 December 2016					
Contractual financial assets					
Cash and deposits	1,038	(5)	(5)	5	5
Receivables	816	-	-	-	-
Total impact		(5)	(5)	5	5
Contractual financial liabilities					
Supplies and services	53	-	-	-	-
Accrued expenses	311	-	-	-	-
Lease incentive liabilities	1,727	-	-	-	-
Related party payables	6,181	-	-	-	-
Total impact		-	-	-	-

Financial Instruments

31 December 2015	Interest rate risk				
	Carrying amount \$'000	-50 bps Result \$'000	-50 bps Equity \$'000	+50 bps Result \$'000	+50 bps Equity \$'000
Contractual financial assets					
Cash and deposits	1,131	(6)	(6)	6	6
Receivables	1,604	-	-	-	-
Total impact		(6)	(6)	6	6
Contractual financial liabilities					
Supplies and services	309	-	-	-	-
Accrued expenses	532	-	-	-	-
Lease incentive liabilities	2,003	-	-	-	-
Total impact		-	-	-	-

(v) Fair value estimation

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

Fair values of financial instrument asset and liabilities are determined using the fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels based on the degree to which the fair value is observable.

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

CAE 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 and the expectation that they will be paid in full.

CAE contractual financial liabilities are measured at amortised costs; non of the classes of financial liabilities are readily traded on organised markets in standardised form; hence the fair value disclosure are not required. (see Note 1(k))

BOX HILL INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

20 Key management personnel disclosures

Responsible persons related disclosures

In accordance with the directions of the Minister for Finance under the Financial Management Act 1994, the following disclosures are made for the responsible Ministers and responsible Members of Council.

On 10 April 2013, the Box Hill Institute and CAE constitution was updated and a Board was established to govern both entities. The Chief Executive Officer and each of the Board members were employed/contracted by Box Hill Institute and therefore no remuneration was paid by CAE in connection with their services.

(i) Minister

The relevant Minister was the Hon. Steve Herbert MP, Minister for Training and Skills from 1 January 2016 to 9 November 2016. The Hon. Gayle Tierney MLC, was appointed as Minister for Training and Skills on 9 November 2016. Remuneration of the Ministers is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the Parliament.

(ii) Members of the board

In 2016, the Government made changes to the governance structures of TAFEs. As part of the new governance structures, the terms of appointment for current board members expired on 30 June 2016 and a new Board was appointed commencing 1 July 2016.

Before the change

Name	Category of Appointment	Relevant Period
Ms Suzanne Ewart (Board Chair)	GIC Appointed	01/01/2016-30/06/2016
Mr Greg Malone	Board Nominee	01/01/2016-30/06/2016
Mr Phillip Davies	Ministerial Nominee	01/01/2016-30/06/2016
Ms Helen Buckingham	Ministerial Nominee	01/01/2016-30/06/2016
Mr Allan Moore	Board Nominee	01/01/2016-30/06/2016
Ms Mary Beth Bauer	Ministerial Nominee	01/01/2016-30/06/2016
Mr Jack Diamond	Ministerial Nominee	01/01/2016-30/06/2016
Ms Tracey Cooper	Board Nominee	01/01/2016-30/06/2016
Ms Julie Elsenbise	Board Nominee	01/01/2016-30/06/2016

After the change

Name	Category of Appointment	Relevant Period
Mr Phillip Davies	Board Co-opted	01/07/2016-31/12/2016
Ms Helen Buckingham	Ministerial Appointment	01/07/2016-31/12/2016
Mr Allan Moore	Board Co-opted	01/07/2016-31/12/2016
Mr Jack Diamond (Board Chair)	Ministerial Appointment	01/07/2016-31/12/2016
Ms Tracey Cooper	Board Co-opted	01/07/2016-31/12/2016
Ms Julie Elsenbise	Board Co-opted	01/07/2016-31/12/2016
Ms Amanda Brook	Ministerial Appointment	01/07/2016-31/12/2016
Dr Zena Burgess	Ministerial Appointment	01/07/2016-31/12/2016
Ms Claire Filson	Ministerial Appointment	01/07/2016-31/12/2016
Prof. John Rosenberg	Ministerial Appointment	01/07/2016-31/12/2016
Ms Susan Fenton	Elected Director	01/07/2016-31/12/2016
Mr Norman Gray	Director - CEO	01/07/2016-31/12/2016

(iii) Executive Officers

Remuneration of executive officers

There are no executive officers whose total remuneration from CAE exceeded \$100,000.

(iv) Payments to other personnel

There is no contractor charged with significant management responsibilities, to whom the total expenses paid by CAE exceeded \$100,000 per person.

Key management personnel disclosures

(v) Other transactions

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

21 Related parties

A number of CAE key management personnel and the Accountable Officer are also key management of the Box Hill Group. None of the BHI key personnel have received any remuneration from the CAE for the reporting period (2015 - Nil).

22 Remuneration of auditors

	2016 \$'000	2015 \$'000
Remuneration of Victorian Auditor General's Office for:		
Audit of the financial statements	39	36
Total Remuneration of auditors	39	36

23 Ex-gratia expenses

	2016 \$'000	2015 \$'000
Ex-gratia payments on termination of employment ¹	2	38

¹ Included in Note3(a) under employee expenses

24 Subsequent events

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of CAE, the results of those operations or the state of affairs of CAE or economic entity in subsequent financial years.

25 Economic dependency

As an adult education institution, CAE provides training on behalf of the Adults, Community and Further Education (ACFE) and Higher Education Skills Group (HESG). The CAE is dependant on the ACFE Board and Higher Education Skills Group (HESG) for a significant volume of revenue and financial support. The contribution from ACFE Board and Higher Education Skills Group (HESG) represents 27% (2015:36%) of the CAE's total revenue.

Box Hill Institute, its' holding company, has undertaken to provide financial support to CAE so that it can meet its obligations and liabilities as and when they fall due.

DISCLOSURE INDEX

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
REPORT OF OPERATIONS			
Charter and Purpose			
1	FRD 22G	Manner of establishment and the relevant Minister	2-3
2	FRD 22G	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	1-7
3	FRD 22G	Nature and range of services provided including communities served	1-7
Management and Structure			
4	FRD 22G	Organisational structure and chart, including responsibilities	10
5	FRD 22G	Names of Board members	8
Financial and Other Information			
6	FRD 03A	Accounting for Dividends	n/a
7	FRD 07B	Early adoption of authoritative accounting pronouncements	38-40
8	FRD 10A	Disclosure Index	66
9	FRD 17B	Long Service leave and annual leave for employees	36, 52
10	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	n/a
11	FRD 22G	Operational and budgetary objectives, performance against objectives and achievements	11
12	FRD 22G	Occupational health and safety statement including performance indicators, performance against those indicators. Reporting must be on the items listed at (a) to (e) in the FRD	13
13	FRD 22G	Workforce data for current and previous reporting period including a statement on employment and conduct principles and that employees have been correctly classified in the workforce data collections (see Attachment B for details of the Department's required reporting approach to all workforce data contained in Annual Reports from 2016 onwards).	18
14	FRD 22G	Summary of the financial results for the year including previous 4 year comparisons	11
15	FRD 22G	Summary of significant changes in financial position	11
16	FRD 22G	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	6-7
17	FRD 22G	Post-balance sheet date events likely to significantly affect subsequent reporting periods	65
18	FRD 22G	Summary of application and operation of the Freedom of Information Act 1982	12
19	FRD 22G	Discussion and analysis of operating results and financial results	11
20	FRD 22G	Significant factors affecting performance	11
21	FRD 22G	Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included	n/a
22	FRD 22G	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from (a) – (d) in the FRD	17
23	FRD 22G	Statement of compliance with building and maintenance provisions of the Building Act 1993	16
24	FRD 22G	Statement, where applicable, on the implementation and compliance with the National Competition Policy	12
25	FRD 22G	Summary of application and operation of the Protected Disclosure Act 2012	13

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
REPORT OF OPERATIONS (Continued)			
26	FRD 22G and FRD 24C	Summary of Environmental Performance including a report on office based environmental impacts	14
27	FRD 22G	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following</p> <ol style="list-style-type: none"> 1. Total number of consultancies of \$10,000 or more (excluding GST) 2. Location (eg website) of where details of these consultancies over 3. \$10,000 have been made publicly available 4. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period <p>AND for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing:</p> <ul style="list-style-type: none"> > Consultant engaged > Brief summary of project > Total project fees approved (excluding GST) > Expenditure for reporting period (excluding GST) > Any future expenditure committed to the consultant for the project 	17
28	FRD 22G	Statement, to the extent applicable, on the application and operation of the Carers Recognition Act 2012 (Carers Act), and the actions that were taken during the year to comply with the Carers Act	13
29	FRD 22G	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at (a) – (l) in the FRD)	17
30	FRD 22G	<p>An entity shall disclose the following in the report of operations:</p> <ul style="list-style-type: none"> > Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and > Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: <ul style="list-style-type: none"> (i) Operational expenditure (OPEX); and (ii) Capital expenditure (CAPEX). 	16
31	FRD 25B	Victorian Industry Participation Policy Disclosures	n/a
32	FRD 26A	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	n/a
33	FRD 29A	Workforce Data Disclosures on the public service employee workforce. Note: TAFEs must report on a calendar year basis (ie not financial year basis).	n/a
34	SD 3.7.1	The Responsible Body must ensure that the Agency applies the Victorian Government Risk Management Framework.	12
35	FRD 22G	An entity's report of operations shall contain general and financial information, including other relevant information, outlining and explaining an entity's operations and activities for the reporting period.	1-18

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
REPORT OF OPERATIONS (Continued)			
36	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, these Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.	22
37	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	22
38	CG 10 (clause 27)	Major Commercial Activities	16
39	CG 12 (clause 33)	Controlled Entities	n/a
FINANCIAL REPORT			
40	SD 5.2.2(b)	The financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.	22
Other Requirements Under Standing Direction / Financial Management Act 1994 (Fma)			
41	SD 5.2.2(a) and FMA s 49	An Agency's financial statements must include a signed and dated declaration by: <ul style="list-style-type: none"> > the Accountable Officer; > subject to Direction 5.2.2(c), the CFO; and > for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body. 	22
42	FRD 30C	Rounding of amounts	37
43	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to: <ul style="list-style-type: none"> review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister 	22
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44	FRD 11A	Disclosure of ex-gratia payments	65
45	FRD 21B	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	64
46	FRD 102	Inventories	n/a
47	FRD 103F	Non-financial physical assets	34-35, 46-50
48	FRD 104	Foreign currency	n/a
49	FRD 105B	Borrowing costs	n/a
50	FRD 106	Impairment of assets	31-33
51	FRD 107B	Investment properties	n/a
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54	FRD 112D	Defined benefit superannuation obligations	56
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56	FRD 114B	Financial instruments – general government entities and public non-financial corporations	57-63

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58	FRD 120I	Accounting and reporting pronouncements applicable to the reporting period	27-41
Compliance with other Legislation, Subordinate Instruments and Policies			
59	Legislation	<p>The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, (and which should be listed in the Report) including, but not limited to, the following:</p> <ul style="list-style-type: none"> > Education and Training Reform Act 2006 (ETRA) > TAFE institute constitution > Directions of the Minister for Training and Skills (or predecessors) > TAFE institute Commercial Guidelines > TAFE institute Strategic Planning Guidelines > Public Administration Act 2004 > Financial Management Act 1994 > Freedom of Information Act 1982 > Building Act 1983 > Protected Disclosure Act 2012 > Victorian Industry Participation Policy Act 2003 	16
60	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2016	12
61	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	13
62	Key Performance Indicators	<p>See table on page 6 of the guidelines for required formatting.</p> <p>Institutes to report against:</p> <ul style="list-style-type: none"> > KPIs set out in the annual Statement of Corporate Intent; and > Employment costs as a proportion of training revenue; > Training revenue per teaching FTE; > Operating margin percentage; > Training Revenue diversity. 	n/a
Overseas Operations of Victorian Tafe Institutes			
63	PAEC and VAGO (June 2003 Special Review item 3.110)	<ul style="list-style-type: none"> > Financial and other information on initiatives taken or strategies relating to the institute's overseas operations > Nature of strategic and operational risks for overseas operations > Strategies established to manage such risks of overseas operations > Performance measures and targets formulated for overseas operations > The extent to which expected outcomes for overseas operations have been achieved. 	n/a



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