

# 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

**Box Hill Institute is one of Australia's leading vocational and higher education providers, offering certificates, diplomas, bachelor degrees and postgraduate qualifications.**

Accordingly, the Institute is licensed and registered to operate across the secondary, vocational education and training (VET), and higher education sectors. We pride ourselves on our ability to successfully deliver a broad range of quality vocational education and training services, and we are one of the largest providers in Victoria with over 30,000 enrolments in 2016.

## **Programs**

In 2016, Box Hill Institute delivered around 340 courses including many delivered internationally and with industry.

## **Services**

Box Hill Institute offers a range of services including industry consultancy, project management, skills recognition and employment services.

## **Locations**

Box Hill Institute is located in Victoria with sites in Box Hill and in Melbourne's central business district, where the Institute is co-located with the Centre for Adult Education (CAE). In 2015, the Institute commenced course delivery at a new campus in John Street, Lilydale and in 2016, we opened the Lilydale Lakeside Campus in Jarlo Drive, Lilydale.

In 2016, the Institute delivered offshore training and services around the world including China, Dominican Republic, Kuwait, Vanuatu, Vietnam, Indonesia, Saudi Arabia, and Zambia. It also delivered training and services to the Department of Defence, in eight Corrections Victoria facilities and across many workplace locations.

## **Specialist Centres**

Box Hill Institute is home to Specialist Centres and Centres for Excellence delivering industry-focused training solutions:

- > BioSkills, the Specialist Centre for Biotechnology
- > Biosecurity Training Centre of Excellence
- > Specialist Centre for Cyber Security Training
- > Specialist Centre for Small to Medium Enterprises
- > Specialist Centre for Information and Communications Technology
- > Specialist Centre for Nursing
- > Refrigeration and Climate Control Centre of Excellence

## Training Workplaces

During 2016, Box Hill Institute operated a large number of authenticated training workplaces including:

- > Aveda Day Spa
- > Flowers on Elgar
- > Fountains Restaurant
- > InnovaBio  
– a student-run  
biotechnology  
enterprise
- > Lilydale Lakeside  
Children's Centre
- > Lighting and  
Sound Hire
- > Music Industry  
Business Office
- > Pets at Lilydale
- > Pets on Elgar
- > Hair and Beauty  
Salon on Elgar

## History

Box Hill Institute is the descendant of two Box Hill area technical schools. Box Hill Technical School for Girls and Women was opened on 4 September 1924 and on 2 February 1943, the Box Hill Technical School for Boys was established. The Girls Technical School was renamed Whitehorse Technical School in 1971.

Around this time, the Boys Technical School separated its tertiary technical offerings from its secondary offerings with the tertiary section becoming Box Hill Technical School. Both schools were declared colleges of Technical and Further Education in late 1981.

Whitehorse Technical School and Box Hill Technical School merged to become Box Hill College of TAFE, which was established by an Order in Council dated 25 January 1984 under the Victorian Post-secondary Education Act 1978 following an amalgamation with the Whitehorse College of TAFE.

The Governor in Council approved orders changing the name of Box Hill College of TAFE to Box Hill Institute of TAFE on the 12 September 1995. The name was changed again in a new Constitution (10 April 2013) to Box Hill Institute. The functions, powers and duties of the Institute are detailed in the Education and Training Reform Act 2006 and the new Constitution of Box Hill Institute (3 May 2016).

In November 2012, an amendment to the Education and Training Reform Act was passed to enable the operations of CAE to be governed by the Box Hill Institute Board. In this report, Box Hill Institute Group refers to Box Hill Institute, Centre for Adult Education and controlled entities.

## Relevant Ministers

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 the centre of a 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 dark ink, reading 'Jack Diamond'.

**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'd 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 stylized, handwritten signature in black ink, appearing to read 'N Gray'.

**Mr Norman Gray AM**  
Chief Executive Officer

23 March 2017

# KEY INITIATIVES AND PROJECTS 2016

## Lilydale

In 2015, Box Hill Institute Group opened the Lilydale Community Campus in John Street, Lilydale, delivering a range of training opportunities. In October 2015, the Victorian Government announced that Box Hill Institute had been awarded the tender to reopen the former Swinburne Campus at Lilydale. In February 2016, Box Hill Institute opened the larger campus, although the John Street facilities continue to be used, with further development of facilities and services planning over coming years.

Refurbishments in campus buildings LB and LC have been made to teaching facilities, the kitchens and restaurant for William Angliss Institute and Box Hill Institute Group catering, the Deakin Learning Centre, the Children's Centre, the Biosecurity Centre of Excellence laboratories, Animal Studies facilities, nursing laboratories, the interim Trade Training Centre, the accommodation units, the LC auditorium and conference facilities.

The Yarra Ranges Council will relocate its Lilydale Library premises to the campus in early 2017 and the Yarra Ranges Tech School will be ready for the 2017 academic year.

## Yarra Ranges Tech School

Scheduled to officially open in the first term of 2017, the Yarra Ranges Tech School will be accessed by 20 secondary schools in the Yarra Ranges region to provide science, technology, engineering and mathematics project and activity based learning for students to advance their skills and expand their horizons.

A partnership approach between the Box Hill Institute Group, Deakin University, industry and local government and non-government schools will support a model directly linking secondary school curricula and pathways into vocational education and training and higher education opportunities.

The Tech School will build interest in environmental and technical careers and emerging industries among early-secondary students, identifying career pathways and addressing anticipated future skills gaps within the Victorian economy. It will be an inspiring learning hub, engaging students in pioneering technologies using innovative techniques such as 3D printing technologies and robotics.

## Partnerships

In 2016, Box Hill Institute Group further diversified its income through new partnerships and grants. A new partnership with SOAR Aviation was entered into to facilitate the delivery of the Diploma of Aviation. We also have a partnership with disability support provider NADRASCA for the delivery of work and transit education programs. This year, we also successfully launched training programs across eight Corrections Victoria facilities. In addition, grants were obtained for the New Enterprise Incentive Scheme / Australian Small Business Advisory Services program and the Reconnect initiative ensuring ongoing support for these programs across the next two years.

The Institute's track record of delivering quality teaching, innovation and our significant capability in online and technology-based learning saw the continuation and expansion of the Institute's contract with the Department of Defence.

## Skills and Jobs Centres

After being awarded a grant in December 2015 by the Victorian Government for a Skills and Jobs Centre in Lilydale, the Box Hill Institute Group opened three Skills and Jobs Centres in early 2016.

## Box Hill

The Box Hill Skills and Jobs Centre opened its doors on 22 February 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 continued to expand its service delivery, establishing a memorandum of understanding with the Whitehorse-Manningham Library Service and mutually beneficial relationships with local Community Houses and Learn Local Employment Services. Providing a central point for employers to source apprentices and new employees from completing Box Hill Institute students, the Centre has been an excellent extension to our service delivery.



## **CBD**

The CBD Skills and Jobs Centre opened its doors on 2 March 2016 providing similar services to the Box Hill Centre but with a much larger and diverse catchment area. 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.

## **Lilydale**

Located in the John Street annex of the Lilydale Lakeside campus, the Lilydale Skills and Jobs Centre opened its doors to the local community on 7 March 2016. The Centre has assisted many individual clients and established contact with 55 employers in the region. It has built ongoing relationships with 50 community organisations, the local Centrelink office, and the Yarra Ranges Council. Centre employees have represented the Centre at range of forums, marketing events, network meetings, career and employment expos, and they were interviewed on community radio station, Yarra Valley FM.

## **Teaching and Learning College**

Box Hill Institute's internal professional development program, the Teaching and Learning College is indicative of our commitment to support quality, innovative teaching. It is Australia's only internal TAFE teacher-trainer facility, which provides an individual coaching and mentoring program for its teachers with access to further training online and face-to-face.

For the past 15 years, Box Hill Institute Group has held an annual Teaching and Learning Symposium; a professional development activity offered to teaching and administration staff. In 2016, the Symposium was at Lilydale Lakeside Campus and 18 presentations were streamed to nearly 300 participants across CAE and Box Hill Institute campuses.

## **Participation**

The Women in Non-Traditional Trade Areas (WINTA) Program provides a unique blend of support, skills development and role modelling for women training or pursuing a career in trades or non-traditional areas. The Institute saw strong interest and received positive feedback in 2016.

In 2017, the priority will be to 'close the gap – STEM and Trades', promoting mentoring support to students enrolled in STEM related courses as well as delivering taster programs, master classes and school visits.

## **Accreditation Audit Compliance**

During 2016, Box Hill Institute Group successfully completed a number of stringent and important audits by our national and state regulators including:

Higher Education and Skills Group (HESG) Victorian Training Guarantee 2015 Contract Compliance - Evidence of Participation Audit

### ***TEQSA Higher Education reaccreditations:***

- > Bachelor of Early Childhood
- > Bachelor of Hospitality Management
- > Associate Degree of Hospitality Management

### ***Professional accreditations***

- > Bachelor of Early Childhood – Australian Children's Education and Care Quality Authority
- > Bachelor of Community Services – Australian Community Workers Association
- > Bachelor of Commerce – CPA Australia and Chartered Accountants Australia and New Zealand

### ***ASQA VET Re-accreditation***

- > Certificate IV in Training and Assessment submitted to ASQA (outcome pending)
- > Diploma of VET submitted to ASQA (outcome pending)

## **Information & Enrolment Days**

Elgar Campus opened its doors to more than 4,000 visitors on Sunday, 27 August 2016. The Open Day provided prospective students with demonstrations, workshops, campus tours, information sessions and virtual reality experiences. More than 16,000 people attended the Group's events in 2016.

# KEY INITIATIVES AND PROJECTS 2016

## **Campus Modernisation**

During 2016, a range of campus modernisation initiatives were implemented at our Whitehorse and Nelson Campuses.

The design and construction of a new fitness training facility, higher education and foundation studies area and a new library were commenced at our Nelson Campus. The new higher education and foundation studies area will be used to deliver courses and accommodate staff relocated from our Whitehorse Campus.

Refurbishment of Whitehorse Campus Building 2 and Building 3 has been completed to allow for the future delivery of English Language courses. The refurbishment of the Nelson Campus has been undertaken to create modern, fit for purpose teaching and learning spaces. The expected completion date for all course delivery at the campus is late 2017.

# AWARDS AND ACHIEVEMENTS

In line with developing our reputation for academic success, Box Hill Institute Group, our staff and students received or were shortlisted for many awards during 2016, including:

- > Australian Training Awards – Large Training Provider of the Year
- > Victorian Training Awards – Large Training Provider of the Year
- > LearnX Impact Awards – Platinum Winner for Best eLearning design - video
- > Victorian International Education Awards – Alumni of the Year, Kashif Bouns
- > Whitehorse Excellence in Business Award – Large Business / Organisation
- > Learn Local Awards – Outstanding Practitioner finalist, Josie Rose
- > Banksia Sustainability Awards – Sustainable Cities – finalist
- > Karen Heffernan won the AusTAFE Culinary Cook-Off – 3rd Year Overall Victorian
- > Jess Barker won the Veterinary Nurses Council of Australia's (VCNA) 2016 Student Vet Nurse of the Year
- > Paul Morgan won the coveted Drafting Excellence by a Student award at the Building Designers Association of Victoria's 2016 Building Design Awards
- > Trinh Quyen won a Silver Medal in the culinary student category National Apprentice Competition
- > Emma Cook was a finalist in the national Les Toques Blanches Award for Excellence
- > Joseph Speziale won the Australian Information Security Association's Cyber Security Trainee of the Year

### **Nature of Strategic and Operational Risks for Overseas Operations**

In its Strategic Plan, Box Hill Institute Group has identified growth through diversification as one of the priorities. The Group and the Board consider all risks as part of the Risk Management Plan, including those associated with delivery overseas.

#### **Strategies Established to Manage Such Risks of Overseas Operations**

Strategies to mitigate risk are reviewed on a regular basis with the Executive, the Board and the relevant sub-committees. The appropriate management of offshore operations is a priority and as such, the Group prepares:

- > A monthly project status report for each international project
- > A monthly Business Development Pipeline Report for the Board
- > Monthly financial reports to the Board including the Group's delivery overseas showing targets and actual results
- > A business case to outline each new major international activity to the Board for consideration and approval before the activity commences, as applicable.

#### **Performance Measures and Targets Formulated for Overseas Operations**

Box Hill Institute Group's delivery overseas is part of the annual budget process with monthly identification and reporting of revenue and surplus. Any significant variances are highlighted and discussed with the Executive, the Board and the relevant sub-committees.

#### **The Extent to which Expected Outcomes for Overseas Operations Have Been Achieved**

The Group's international activities have been successful in 2016 and have contributed significantly to its commercial targets, enabling us to reduce our reliance on Government funding. In 2016, a number of overseas visits were undertaken to deliver industry training and assessment programs as well as formal education courses, secure consulting projects, strengthen partnerships, oversee international operations, recruit students, and attend conferences and exhibitions.

### **Transnational Delivery**

In 2016, transnational delivery focussed on supporting the Box Hill Institute Strategic Plan 2015-2018, education quality and compliance with further consolidation in the transnational network.

Box Hill Institute has a long history in the transnational education and consulting market and works in partnership with colleges based in China, Vietnam, Malaysia and the Middle East delivering accredited and non-accredited training to students. The Institute's strong relationship with partners ensures the delivery of quality education, offering students future study and employment pathways.

The Australian Skills Quality Authority (ASQA) conducted a successful review audit at our partner institution Shanghai DianJi University in November 2015. Under our offshore quality monitoring framework, the Institute conducted internal audits at partner institutes Zhejiang Institute of Mechanical and Electrical Engineering in China and Box Hill College Kuwait with other transnational education partner audits scheduled.

In 2016, Box Hill Institute representatives participated in a number of other conferences and meetings internationally including:

- > CEO Norman Gray AM was invited to participate in the Victorian Premier's mission to China and presented the State's new Tech School initiative to our counterparts in China
- > CEO Norman Gray AM was invited to present at the China Annual Conference for International Education on Box Hill Institute's quality framework monitoring. Box Hill Institute was the only Australian vocational education and training provider invited to present at the conference.
- > CEO Norman Gray AM met with key representatives from the Ministry of Education and the quality regulator for transnational education in VET-China Education Association for International Exchange to discuss national policy and future direction in China

## **International Inbound Students**

In 2016, Box Hill Institute managed the smooth transition from Streamlined Visa Processing to the Simplified Student Visa Framework while re-establishing the overseas education agent network and continuing efforts to consolidate the global presence. Applications from prospective international students increased significantly from 2015 with applications received from over 50 countries.

Following his success at the 2015 Victorian International Education Awards, where he received the award for Excellence in International Education, international alumnus Kashif Bouns won International Alumnus of the Year at 2016 Victorian International Education Awards, and international alumnus Houng Dang was nominated as a finalist.

## **Skills for Economic Growth (Vanuatu)**

The Skills for Economic Growth Vanuatu TVET Sector Strengthening Program is an Australian Aid Government funded program delivered in partnership with the Vanuatu Government. The program supports economic growth through targeted skill development services that build the capacity of local training providers to deliver courses focused on employment and income-generation outcomes within a nationally recognised framework. The program commenced in 2010 and Box Hill Institute managed Phase III from 2013 until its completion in June 2016.

# 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**

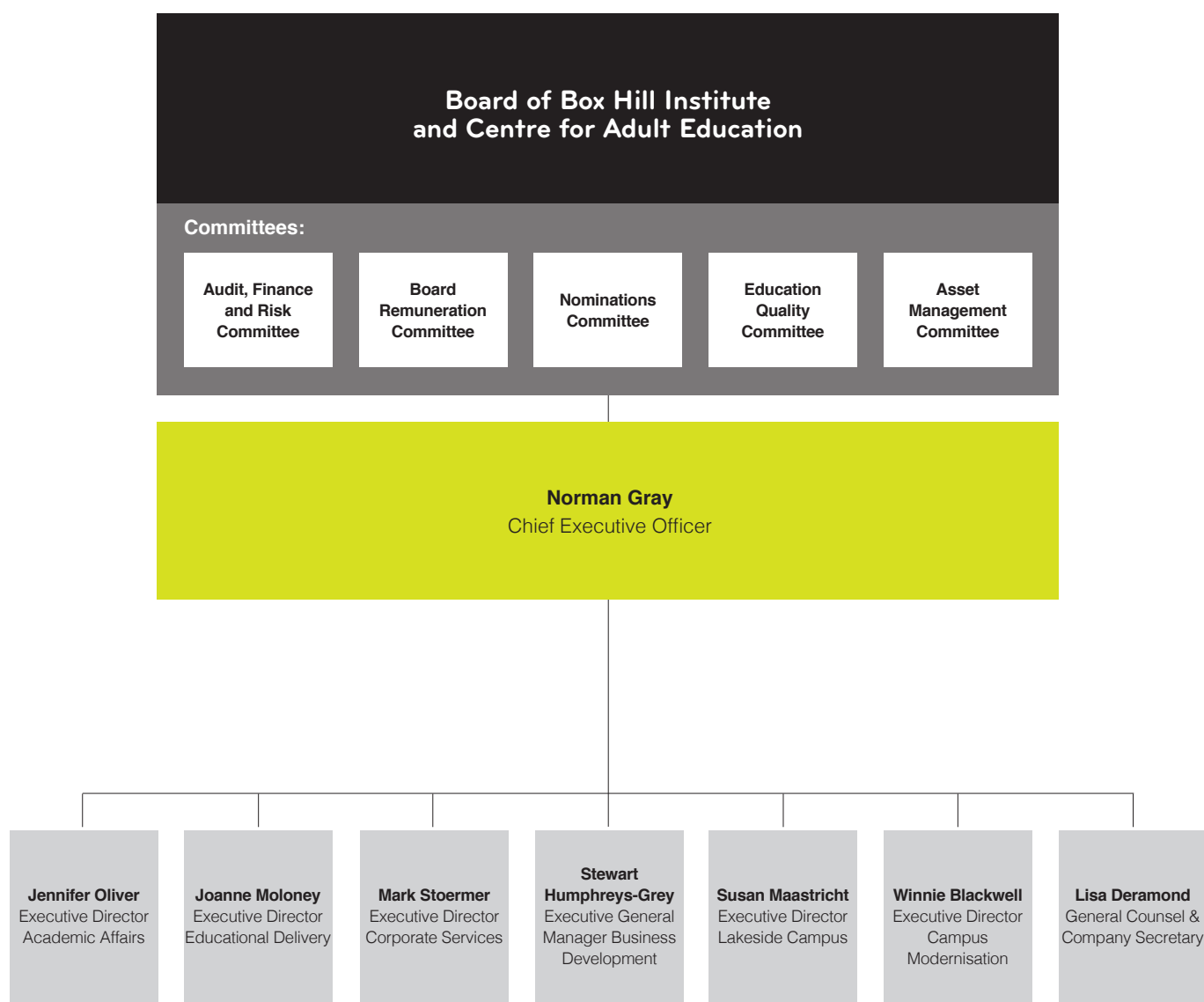
The names and relevant details of the directors in office as of 31 December 2016 are:

- > 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.

# FINANCIAL PERFORMANCE 2016

## Five Year Consolidated Financial Summary

YEAR ENDED 31 DECEMBER	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
<b>Summary of Financial Performance</b>					
Government Contributions - Operating	46,675	44,979	34,323	43,441	69,113
Sale of goods and services	50,884	50,691	62,968	66,273	64,710
Other Revenue	4,975	6,282	4,830	5,430	7,352
<b>TOTAL INCOME FROM TRANSACTIONS (Excluding Capital Grants)</b>	<b>102,534</b>	<b>101,952</b>	<b>102,121</b>	<b>115,144</b>	<b>141,175</b>
<b>TOTAL EXPENSES FROM TRANSACTIONS (Excluding Depreciation and Expenditure from capital contributions)</b>	<b>(103,390)</b>	<b>(97,046)</b>	<b>(108,765)</b>	<b>(116,572)</b>	<b>(132,352)</b>
<b>EARNINGS BEFORE DEPRECIATION, CAPITAL GRANTS AND OTHER ECONOMIC FLOWS</b>	<b>(856)</b>	<b>4,906</b>	<b>(6,644)</b>	<b>(1,428)</b>	<b>8,823</b>
Government Contributions - Capital	12,100	10,000	730	3,950	5,038
Depreciation and Amortisation	(8,218)	(7,118)	(6,915)	(5,766)	(6,030)
Expenditure using government contributions - capital	-	-	-	(285)	(1,204)
Other economic flows included in net result	(590)	304	5,117	227	5,053
Net result from discontinued operations	-	-	-	3,466	1,360
<b>Net result</b>	<b>2,436</b>	<b>8,092</b>	<b>(7,712)</b>	<b>163</b>	<b>13,040</b>

## Balance Sheet

YEAR ENDED 31 DECEMBER	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
<b>Summary of Balance Sheet Performance</b>					
Assets	293,000	262,811	259,926	268,469	277,161
Liabilities	(35,024)	(21,551)	(27,057)	(27,891)	(36,675)
<b>NET ASSETS</b>	<b>257,976</b>	<b>241,260</b>	<b>232,869</b>	<b>240,578</b>	<b>240,485</b>
Accumulated Surplus	103,876	100,020	89,949	97,483	90,778
Reserves	126,985	114,116	115,796	115,971	122,583
Contributed Capital	27,124	27,124	27,124	27,124	27,124
<b>NET WORTH</b>	<b>257,976</b>	<b>241,260</b>	<b>232,869</b>	<b>240,578</b>	<b>240,485</b>

The Box Hill Institute Group, comprising Box Hill Institute, Centre for Adult Education and Box Hill Enterprises Limited, recorded a Net Result surplus of \$2.436 million (2015: \$8.092 million surplus) compared with a Board approved operating budget of \$7.975 million surplus.

### Comprehensive Operating Statement

The lower result for 2016 compared with 2015 was primarily driven by a reduction in average revenue per student and an increase in expenditure due to additional contracted delivery and the opening of Lilydale campus.

- > Revenue from government contributions – operating including \$24.225 million of transitional grants to support increased investments in TAFEs, which represented an increase from \$17.982 million in 2015 (2016: \$46.675 million, 2015: \$44.979 million)
- > Capital grant contributions relating to Tech School at Lilydale campus and enhancing campus at Box Hill (2016: \$12.100 million, 2015: \$10.000 million)
- > Employee expenses increased primarily due to delivering new contracts and the opening of Lilydale campus (2016: \$72.970 million, 2015 \$67.192 million).

Demand for fee for service Vocational programs and commercial work is on par with 2015 (2016: \$50.884 million, 2015: \$50.691 million) with the addition of a significant new project in 2016 (2016: \$6.924 million, 2015: nil) offsetting the finalisation of other contracted delivery projects.

### Balance Sheet

The Box Hill Institute Group's overall net worth increased by \$16.716 million as a result of the recorded Net Result surplus in 2016 plus purchase of Lilydale site and land revaluations.

- > Cash balances have decreased by \$19.387 million predominantly due to the purchase of Lilydale campus in January 2016
- > Property, plant and equipment have increased by \$46.926 million (\$24.000 million due to the purchase of Lilydale Campus, increase in land valuation of \$14.129 million and investment in campus upgrades including Tech School at Lilydale)

# COMPLIANCE

## 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 the Box Hill Institute Group for the year ending 31 December 2016 were \$972,048. Student Services and Amenities Fees collected for Box Hill Institute were \$907,267. Student Services and Amenities Fees collected for CAE 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](http://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 continual overarching commitment to Occupational Health and Safety (OHS) across the Box Hill Institute Group 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 of and emphasis on health and safety. A proactive focus on injury and illness prevention and physical and psychological wellbeing continues to form an integral component of our organisation and teaching cultures.

For Box Hill Institute only, ongoing review of and consultation on OHS results during 2016 confirmed the effectiveness of proactive risk management strategies and initiatives. As a result, there was a significant increase in the reporting and rectifying of workplace hazards, with a total of 136.37 hazard reports per 100 FTE reported during 2016. This is a substantial increase compared to the 35.83 reported in 2015 and 11.70 reported in 2014.

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. The 2016 average claim cost was \$2,884.20, a substantial decrease from \$25,045.69, and \$4,799.45 in 2015 and 2014 respectively.

This positive progress was also reflected in a reduction in lost time days across the Institute during 2016.

There were three lost time standard claims in 2016, contributing to a lost time injury frequency rate for the Group 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.

Box Hill Institute had two WorkSafe notifiable incidents in 2016, and two WorkSafe notices issued during 2016. Both notices were identified through participation in a WorkSafe proactive prevention of injury project and were satisfactorily rectified within timeframes, resulting in no injuries or damage to plant.

For information about CAE, please refer to CAE Annual Report 2016.

**Box Hill Institute Environmental Performance<sup>1</sup>**

Energy Use		2016	2015	2014
Total energy usage, segmented by primary source	Electricity	26,632,227 MJ	27,980,121 MJ	23,846,492 MJ
	Natural Gas	24,376,286 MJ	19,973,564 MJ	19,153,911 MJ
	Total Energy	51,008,513 MJ	47,953,685 MJ	43,000,403 MJ
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets		Not applicable	10,331 Tonnes	7,296 Tonnes
Percentage of electricity purchased as Green Power		0%	0%	0%
Total greenhouse gas emissions associated with energy use		9,531.2 tonnes	8,953 tonnes	7,296 Tonnes
Units of energy used (per effective full time employee)		67,535.00 MJ	59,506.26 <sup>2</sup> MJ	56,878.84 MJ
Units of energy used per unit of building area (per m <sup>2</sup> )		406.1 MJ	508.9 MJ	461.8 MJ

Waste Production		2016	2015	2014
Total units of office waste disposed of by destination (kg per year)	General Waste (landfill)	212,420 kg	219,000 kg	232,170 kg
	Wood (recycling)	58,320 kg	66,500 kg	108,000 kg
	Comingled (recycling)	19,860 kg	15,840 kg <sup>3</sup>	15,140 kg
	Paper (recycling)	31,710 kg	36,420 kg	25,080 kg
	Cardboard (recycling)	5,690 kg	16,160 kg	48,943 kg
	Steel (recycling)	7,790 kg	5,900 kg	6,310 kg
	Grease Trap Product (recycling)	16,640 kg	20,005 kg	20,245 kg
	TOTAL	352,430 kg	483,985 kg	455,888 kg
Units of office waste disposed per full time employee by destination (per effective full time employee)		Landfill 281 kg	Landfill 339 kg	Landfill 307 kg
		Recycling 185 kg	Recycling 257 kg	Recycling 296 kg
Recycling rate (% of total waste by weight)		40%	42%	48%

Water Consumption		2016	2015	2014
Total units of metered water consumed by water source		20,157 KL (Mains Water)	23,682 KL (Mains Water)	20,227 KL (Mains Water)
Units of metered water consumed in offices (per effective full time employee)		26.7 KL	29.16 KL	26.76 KL
Units of metered water consumed in offices per unit building area (per m <sup>2</sup> )		0.16 KL	0.26 KL	0.22 KL

1. The tabled results represent data for the Box Hill Institute only. For information about CAE, please refer to CAE Annual Report 2016.

2. This figure was incorrectly reported in the 2015 Box Hill Institute Group Annual Report. The data reported in this table is accurate.

3. This figure was incorrectly reported in the 2015 Box Hill Institute Group Annual Report. The data reported in this table is accurate.

Paper Use	2016	2015	2014
Total units of A4 equivalent copy paper used	7,654 reams	10, 556 reams	9,103 reams
Units of equivalent copy paper used per full-time employee	10.13 reams	10.4 reams	12.04 reams
Percentage of recycled content in copy paper purchased	10%	10%	9%

Box Hill Institute 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.

Following the opening of the Lilydale Lakeside campus in 2016, Box Hill Institute saw an increase in energy usage per full time effective employee and in the amount of gas energy used.

In the same year, we exceeded our target for reducing paper use by introducing shared printers and raising awareness of wasting paper. Water and energy usage was also reduced. For 2017, we continue to aim for reductions across energy and water use, and for increased recycling rates. In 2013, organic recycling was trialled but discontinued in 2014 due a lack of viable quantities.

In results that are materially consistent with previous years, Box Hill Institute's total energy consumption by its 15 vehicles, segmented by vehicle type was 330,771.12 megajoules in 2016. Total vehicle travel associated with entity operations and segmented by vehicle type was 98,509 kilometres, and the greenhouse gas emissions from the vehicle fleet measured 43.13 tonnes CO<sub>2</sub>-e, 0.44 per 1,000 kilometres.

In relevant Requests for Tender, across the Box Hill Institute Group requires tenderers to provide information on their 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

Box Hill Institute 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.

Box Hill Institute Group's reliance on its vehicles is being countered by the use of video and audio equipment to promote online conferencing and Skype meetings, and we promote the use of public transport by employees where possible.

## 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 Box Hill Institute Group'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
4.55	2.72	1.50	1.22

## 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 Box Hill Institute Group undertook the following major commercial activity:

- > Entered into a contract agreement with Swinburne University on 23 December 2015 for the acquisition of the Lilydale Lakeside Campus. The settlement of this contract happened on 18 January 2016.



## 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

Campaigns More than \$100k									
Campaign Name	Summary	Start Date	End Date	Advertising (Media) Exp 2016 (excl. GST)	Creative & Campaign Dev. Exp 2016 (excl. GST)	Research & evaluation Exp 2016 (Excl. GST)	Print & Colateral Exp 2016 (Excl. GST)	Other Campaign Exp 2016 (Excl. GST)	Total (Excl. GST)
2016 Lilydale Lakeside - Phase 2	Brand awareness campaign for new campus	1/01/2016	8/02/2016	\$52,393.91	\$42,417.84	\$ -	\$7,041.37	\$10,345.65	\$112,198.77
2016 VTAC & Direct Entry - Phase 2	Student recruitment campaign VTAC & Direct Entry	1/01/2016	22/02/2016	\$114,723.46	\$1,799.60	\$ -	\$751.87	\$ -	\$117,274.93
				\$167,117.37	\$44,217.44	\$ -	\$7,793.24	\$10,345.65	\$229,473.70

## Consultancies over \$10,000

In 2016, there were 18 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2016 in relation to these consultancies is \$2.7 million (excl. GST). Details of individual consultancies can be viewed at [www.boxhill.edu.au](http://www.boxhill.edu.au).

Consultants	Number of Engagements	Total fees Paid	Particulars of Projects involved	Estimated Future Commitments
Ashurst Australia	3	83,551	Provision of legal advice pertaining to property and contracts	11,496
Bastion Insights Pty Ltd	1	17,416	Provision of brand research services	
Capire Consulting Group Pty Ltd	1	14,754	Provision of engagement and communication strategy for Campus Modernisation developments	
Converge International	1	10,125	Provision of HR support	21,693
Dragoman Pty Ltd	1	316,715	Provision of international business development advisory services	
Eric Decker Stocker	2	20,800	Provision of CRM development	2,160
Gadens Lawyers	3	12,742	Provision of legal advice pertaining to student complaints	
HAK Investments	1	103,088	Provision of international advisory services	192,800
Matryx Pty Ltd	1	32,185	Provision of security review	
Mertons	2	32,490	Provision of function reviews	
Moores Legal	5	36,482	Provision of legal advice pertaining to property and contracts	12,120
Navire Advisory Pty Ltd	1	60,000	Provision of financial modelling for Campus Modernisation developments	
Persian Heights	1	52,000	Provision of course development for commercial projects	34,654
Reassign Pty Ltd	1	17,850	Provision of procurement review	
Sanston Securities Australia Pty Ltd	1	68,125	Provision of corporate advisory for proposed joint venture	6,611
Six O'Clock Advisory Pty Ltd	1	20,000	Provision of communication plan and strategy	
SMS Consulting Group Ltd	1	152,255	Provision of student process review	5,345
Tectura Pty Ltd	3	1,670,543	Architecture services for Campus Modernisation projects at Box Hill and Lilydale	

## Consultancies under \$10,000

In 2016, there were seven 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 \$44,915 (excl. GST).

Number of Engagements		7
Total Fees Incurred		44,915

# WORKFORCE DATA

## Workforce Data - Box Hill Institute

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	38	32	35	43	73	75	55.25	53.3
On-going	Male	74	59	12	16	86	75	72.36	64.2
Fixed Term	Female	22	27	18	10	40	37	18.50	16.7
Fixed Term	Male	51	44	4	8	55	52	35.05	34.0
Casual	Female			269	220	269	220	79.43	52.4
Casual	Male			242	208	242	208	74.88	54.7
<b>SUB-TOTAL</b>	<b>Female</b>	<b>60</b>	<b>59</b>	<b>322</b>	<b>273</b>	<b>382</b>	<b>332</b>	<b>153.19</b>	<b>122.4</b>
<b>SUB-TOTAL</b>	<b>Male</b>	<b>125</b>	<b>103</b>	<b>258</b>	<b>232</b>	<b>383</b>	<b>335</b>	<b>182.29</b>	<b>152.9</b>
PACCT 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	9	10	0	0	9	10	7.76	7.4
Executive Officers	Male	7	6	0	0	7	6	4.21	5.0
Management	Female	53	72	3	6	56	78	47.44	57.9
Management	Male	44	68	2	0	46	68	40.99	52.3
General Staff On-going	Female	118	121	44	41	162	162	139.85	124.5
General Staff On-going	Male	72	69	6	4	78	73	68.39	57.3
General Staff Fixed Term	Female	72	33	14	17	86	50	48.98	26.3
General Staff Fixed Term	Male	44	26	5	5	49	31	26.64	17.8
General Staff Casual	Female			154	121	154	121	26.45	16.4
General Staff Casual	Male			73	63	73	63	9.12	7.3
<b>SUB-TOTAL</b>	<b>Female</b>	<b>252</b>	<b>236</b>	<b>215</b>	<b>185</b>	<b>467</b>	<b>421</b>	<b>270.47</b>	<b>232.5</b>
<b>SUB-TOTAL</b>	<b>Male</b>	<b>167</b>	<b>169</b>	<b>86</b>	<b>72</b>	<b>253</b>	<b>241</b>	<b>149.35</b>	<b>139.7</b>
<b>TOTAL</b>	<b>Female</b>	<b>312</b>	<b>295</b>	<b>537</b>	<b>458</b>	<b>849</b>	<b>753</b>	<b>423.66</b>	<b>354.9</b>
<b>TOTAL</b>	<b>Male</b>	<b>292</b>	<b>272</b>	<b>344</b>	<b>304</b>	<b>636</b>	<b>576</b>	<b>331.64</b>	<b>292.6</b>
<b>GRAND TOTAL</b>		<b>604</b>	<b>567</b>	<b>881</b>	<b>762</b>	<b>1485</b>	<b>1329</b>	<b>755.29</b>	<b>647.5</b>

Total EFT for the Box Hill Institute Group in 2016 was 831.58. The data above includes Box Hill Institute only. For information on the CAE, please refer to the CAE Annual Report 2016.

## Employment and Conduct Principles

Box Hill Institute 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





Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000

Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## INDEPENDENT AUDITOR'S REPORT

To the Board of the Box Hill Institute of TAFE

### Opinion

I have audited the consolidated financial report of the Box Hill Institute of TAFE (the institute) and its controlled entities (together the consolidated entity), which comprises the:

- consolidated entity and institute balance sheets as at 31 December 2016
- consolidated entity and institute comprehensive operating statements for the year then ended
- consolidated entity and institute statements of changes in equity for the year then ended
- consolidated entity and institute cash flow statements for the year then ended
- notes including 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 positions of the consolidated entity and the institute as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards and the financial reporting requirements of Part 7 of the *Financial Management Act 1994*.

### Basis for opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under that Act and those standards 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 institute and the consolidated entity 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 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 institute and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

## 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 institute and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the institute and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the institute and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the institute and the consolidated entity. I remain solely responsible for my audit opinion.

## Independent Auditor's Report (continued)

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### **Auditor's responsibilities for the audit of the financial report (continued)**

I communicate with the Directors 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.

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MELBOURNE  
23 March 2017



Simone Bohan

*as delegate for the Auditor-General of Victoria*



# BOX HILL INSTITUTE GROUP FINANCIAL REPORT 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 the Box Hill Institute and the consolidated entity 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 the Institute and the consolidated entity 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 the Institute 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 Box Hill Institute.



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	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>Income from transactions</b>					
Government contributions	2(a)	58,775	54,979	56,436	49,143
Sale of goods and services	2(b)	50,884	50,691	47,668	44,290
Other income	2(c)	4,975	6,282	7,939	3,567
<b>Total income from transactions</b>		<b>114,634</b>	<b>111,952</b>	<b>112,043</b>	<b>97,000</b>
<b>Expenses from transactions</b>					
Employee expenses	3(a)	72,970	67,192	67,090	59,308
Depreciation and amortisation	3(b)	8,218	7,118	7,527	6,487
Supplies and services	3(c)	16,100	12,542	14,859	10,921
Other operating expenses	3(d)	14,320	17,312	9,214	11,206
<b>Total expenses from transactions</b>		<b>111,608</b>	<b>104,164</b>	<b>98,690</b>	<b>87,922</b>
<b>Net result from transactions (net operating balance)</b>		<b>3,026</b>	<b>7,788</b>	<b>13,353</b>	<b>9,078</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on non-financial assets	4(a)	455	929	455	1,246
Net gain/(loss) on financial instruments	4(b)	(1,128)	(424)	(601)	(3,202)
Share of net profit of associates excluding dividends	4(c)	639	597	-	-
Other gains/(losses) from other economic flows	4(d)	(556)	(798)	(645)	(1,215)
<b>Total other economic flows included in net result</b>		<b>(590)</b>	<b>304</b>	<b>(791)</b>	<b>(3,171)</b>
<b>Net result from continuing operations</b>		<b>2,436</b>	<b>8,092</b>	<b>12,562</b>	<b>5,907</b>
<b>Net result</b>		<b>2,436</b>	<b>8,092</b>	<b>12,562</b>	<b>5,907</b>
<b>Other economic flows - other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in physical asset revaluation surplus	15	14,129	(1,863)	13,882	(2,094)
<b>Total other economic flows - other comprehensive income</b>		<b>14,129</b>	<b>(1,863)</b>	<b>13,882</b>	<b>(2,094)</b>
<b>Comprehensive result</b>		<b>16,565</b>	<b>6,229</b>	<b>26,444</b>	<b>3,813</b>

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	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	5	26,034	45,421	24,718	36,602
Receivables	6	7,990	6,602	13,147	4,939
Investments accounts for using the equity method	7	1,344	1,347	-	-
<b>Total financial assets</b>		<b>35,368</b>	<b>53,370</b>	<b>37,865</b>	<b>41,541</b>
<b>Non-financial assets</b>					
Non-financial assets classified as held-for-sale	8	10,648	904	10,648	904
Property, plant and equipment	9	241,571	204,389	232,306	196,547
Intangible assets	10	2,655	2,994	2,610	2,920
Other non-financial assets	11	2,758	1,154	2,326	965
<b>Total non-financial assets</b>		<b>257,632</b>	<b>209,441</b>	<b>247,890</b>	<b>201,336</b>
<b>Total assets</b>		<b>293,000</b>	<b>262,811</b>	<b>285,755</b>	<b>242,877</b>
<b>Liabilities</b>					
Payables	12	13,770	10,854	11,476	5,743
Provisions	13	11,254	10,697	10,196	9,645
Borrowings	14	10,000	-	10,000	-
<b>Total liabilities</b>		<b>35,024</b>	<b>21,551</b>	<b>31,672</b>	<b>15,388</b>
<b>Net assets</b>		<b>257,976</b>	<b>241,260</b>	<b>254,083</b>	<b>227,489</b>
<b>EQUITY</b>					
Contributed capital		27,124	27,124	27,124	27,124
Accumulated surplus/(deficit)		103,867	100,020	100,473	86,501
Physical asset revaluation surplus	15	125,600	112,681	125,101	112,429
Restricted funds reserve	15	1,385	1,435	1,385	1,435
<b>Net Worth</b>		<b>257,976</b>	<b>241,260</b>	<b>254,083</b>	<b>227,489</b>
Commitments for expenditure	17	50,459	52,151	4,834	6,810
Contingent liabilities	18	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

Consolidated	Notes	Physical asset revaluation surplus \$'000	Foreign currency translation reserve \$'000	Restricted reserve fund \$'000	Accumulated surplus \$'000	Contributions by owners \$'000	Total \$'000
<b>Balance at 1 January 2015</b>		114,544	(68)	1,320	89,949	27,124	232,869
Net result for the year		-	68	-	8,092	-	8,160
Other comprehensive income		(1,863)	-	-	-	-	(1,863)
Transfers from physical asset revaluation surplus	15	-	-	-	2,094	-	2,094
Transfers from accumulated surplus		-	-	115	(115)	-	-
<b>Balance at 31 December 2015</b>		<b>112,681</b>	<b>-</b>	<b>1,435</b>	<b>100,020</b>	<b>27,124</b>	<b>241,260</b>

<b>Balance at 1 January 2016</b>		112,681	-	1,435	100,020	27,124	241,260
Net result for the year		-	-	-	2,436	-	2,436
Other comprehensive income		14,129	-	-	-	-	14,129
Transfers from physical asset revaluation surplus	15	(1,210)	-	-	1,210	-	-
Transfers from accumulated surplus		-	-	(50)	50	-	-
Adjustment to prior year expenses		-	-	-	151	-	151
<b>Balance at 31 December 2016</b>		<b>125,600</b>	<b>-</b>	<b>1,385</b>	<b>103,867</b>	<b>27,124</b>	<b>257,976</b>

Institute	Notes	Physical asset revaluation surplus \$'000	Restricted reserve fund \$'000	Accumulated surplus \$'000	Contributions by owners \$'000	Total \$'000
<b>Balance at 1 January 2015</b>		114,523	1,320	78,693	27,124	221,660
Net result for the year		-	-	5,907	-	5,907
Other comprehensive income		(2,094)	-	-	-	(2,094)
Transfers from physical asset revaluation surplus	15	-	-	2,094	-	2,094
Transfers from accumulated surplus		-	115	(115)	-	-
Adjustment to prior year expenses		-	-	(78)	-	(78)
<b>Balance at 31 December 2015</b>		<b>112,429</b>	<b>1,435</b>	<b>86,501</b>	<b>27,124</b>	<b>227,489</b>

<b>Balance at 1 January 2016</b>		112,429	1,435	86,501	27,124	227,489
Net result for the year		-	-	12,562	-	12,562
Other comprehensive income		13,882	-	-	-	13,882
Transfers from physical asset revaluation surplus	15	(1,210)	-	1,210	-	-
Transfers from accumulated surplus		-	(50)	50	-	-
Adjustment to prior year expenses		-	-	150	-	150
<b>Balance at 31 December 2016</b>		<b>125,101</b>	<b>1,385</b>	<b>100,473</b>	<b>27,124</b>	<b>254,083</b>

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	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Government contributions - operating		45,416	44,826	42,986	40,026
Government contributions - capital		12,100	10,000	12,100	10,000
User fees and charges received		61,337	65,530	53,986	55,559
Interest received		264	748	199	554
Distribution received		287	-	6,287	-
<b>Total receipts</b>		<b>119,404</b>	<b>121,104</b>	<b>115,558</b>	<b>106,139</b>
<b>Payments</b>					
Payments to suppliers and employees		(106,097)	(106,998)	(89,745)	(92,197)
Goods and services tax paid to ATO		(3,116)	(3,091)	(3,133)	(2,580)
<b>Total payments</b>		<b>(109,213)</b>	<b>(110,089)</b>	<b>(92,878)</b>	<b>(94,777)</b>
<b>Net cash inflow from operating activities</b>	<b>16(b)</b>	<b>10,191</b>	<b>11,015</b>	<b>22,680</b>	<b>11,362</b>
<b>Cash flows from investing activities</b>					
Purchases of non-financial assets		(41,890)	(8,386)	(40,053)	(8,004)
Proceeds from sale of non-financial assets		1,670	2,703	1,670	2,703
Payments received from investment of associate		642	554	-	-
<b>Net cash (outflow) from investing activities</b>		<b>(39,578)</b>	<b>(5,129)</b>	<b>(38,383)</b>	<b>(5,301)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		10,000	-	10,000	-
Advances to related party		-	-	(6,181)	-
<b>Net cash inflow from financing activities</b>		<b>10,000</b>	<b>-</b>	<b>3,819</b>	<b>-</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(19,387)</b>	<b>5,886</b>	<b>(11,884)</b>	<b>6,061</b>
Cash and cash equivalents at the beginning of the financial year		45,421	39,535	36,602	30,541
<b>Cash and cash equivalents at end of period</b>	<b>5</b>	<b>26,034</b>	<b>45,421</b>	<b>24,718</b>	<b>36,602</b>

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 Box Hill Institute and controlled entities ('Consolidated Group'), and the separate financial statements and notes of Box Hill Institute as an individual parent entity ('Parent Entity').

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 the Institute 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, the Institute 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, the Institute 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.

## 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, the Institute 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, the Institute 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 the Institute's independent valuation agency.

The Institute, 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 Box Hill Institute as an individual reporting entity. The Institute 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:  
Box Hill Institute  
465 Elgar Road, VIC 3128

The financial statements include all the controlled activities of the entity.

### (d) Basis of consolidation

In accordance with AASB 10 Consolidated Financial Statements:

- the consolidated financial statements of the Institute include all reporting entities controlled by the Institute as at 31 December 2016 ; and
- the consolidated financial statements exclude bodies that are not controlled by the Institute, and therefore are not consolidated.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group are eliminated in full on consolidation.

If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Entities consolidated into the Institute's reporting entity include:

- Box Hill Enterprises Ltd
- Centre for Adult Education

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Institute.

## **Statement of significant accounting and policies**

### **(d) Basis of consolidation (continued)**

#### **Associated entities (associates)**

Associates are those entities over which the Institute 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, the Institute'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.

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 the Institute 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'.



## Statement of significant accounting and policies

### (f) Subsequent events

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 the Institute's major activities as follows:

#### Government contributions

Government contributions are recognised as revenue in the period when the Institute 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.

#### 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) Sale of goods

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

- (a) the significant risks and rewards of ownership of the goods have transferred to the buyer;
- (b) the Institute 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 the Institute; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## **Statement of significant accounting and policies**

### **(h) Income from transactions (continued)**

#### **Other income**

##### **(i) Dividend revenue**

Dividend revenue is recognised when the right to receive payment is established. The institute does not recognise dividends received or receivable from its associates and joint venture as income. Instead, dividends from associates and joint ventures are adjusted directly against the carrying amount of the investments using the equity method.

##### **(ii) Interest income**

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

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

##### **(iii) Rental income**

Rental income is recognised on a time proportional basis and is brought to account when the Institute'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 the Institute to the superannuation plan in respect of current services of current Institute staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The Institute does not recognise any deferred liability in respect of the plan(s) because the Institute 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.

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

## Statement of significant accounting and policies

### (i) Expenses from transactions (continued) Depreciation and amortisation (continued)

Class of asset	Method	2016	2015
		Rates	Rates
Buildings including components	Straight	1.64% -50%	1.64% -50%
Plants & equipment	Straight	4%-33.3%	4%-33.3%
Leasehold improvements	Straight	5%-20%	5%-20%
Computers	Straight	10%-50%	10%-50%
Motor vehicle	Straight	33.3% (Residual of 40%)	33.3% (Residual of 40%)

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 Comprehensive Operating Statement, 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.

## **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/(losses) of associates and joint entities, excluding dividends**

Investments in associates are accounted for in the financial statements using the equity method. Under this method, the Institute'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 the Institute'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.

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

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

#### Impairment of financial assets

At the end of each reporting period, the Institute 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.

## **Statement of significant accounting and policies**

### **(l) Financial assets (continued)**

#### **Impairment of financial assets (continued)**

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.

### **(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**

##### **Institute as lessor**

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

##### **Institute 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**

#### **Inventories**

Inventories include goods held either for sale or for consumption in the ordinary course of business operations.

Inventories are measured at the lower of cost and net realisable value.

#### **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 relation 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.

## Statement of significant accounting and policies

### (n) Non-Financial Assets (continued)

#### 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.

#### 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.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows - other comprehensive income', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'other economic flows - other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows - other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

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. The asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

#### 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
Software	3-5 years	3-5 years
Capitalised software development costs	10 years	10 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.



## **Statement of significant accounting and policies**

### **(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 the Institute prior to the end of the financial year that are unpaid, and arise when the Institute becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

#### **Provisions**

Provisions are recognised when the Institute 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 the Institute does not have an unconditional right to defer settlements of these liabilities.

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

- undiscounted value - if the Institute expects to wholly settle within 12 months; or
- present value - if the Institute 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 the Institute 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 as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

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



## Statement of significant accounting and policies

### (o) Liabilities (continued)

#### Employee benefits (continued)

##### (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.

#### Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition is at amortised cost. Any difference between the initial recognised amount and its redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the borrowing. Box Hill Institute determines the classification of its borrowing at initial recognition.

#### Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the 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 18) 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) Foreign currency translation

#### Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The Institute's financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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

## Statement of significant accounting and policies

### (s) Foreign currency translation (continued)

#### Group entities

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- (a) assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
  - (b) income and expenses are translated at average exchange rates on a monthly basis.
- Exchange differences arising on translation of foreign operations are recognised initially in other comprehensive income and accumulated in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale where applicable.

### (t) 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.

### (u) Rounding of amounts

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

### (v) 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 2016 reporting period. The Institute has chosen to apply this early adoption. For fair value measurements that have been categorised within Level 3 of the fair value hierarchy, the Institute is no longer required to provide quantitative information about the 'significant unobservable inputs' used in determining the fair value measurement.

### (w) 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 the Institute) had been issued but were not mandatory for financial year ending 31 December 2016. The Institute has not, and does not intend to, adopt these standards early.

<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	<p>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.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>

## Statement of significant accounting and policies

### (w) 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 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.
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.

**Statement of significant accounting and policies**

**(w) 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 2014-10 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"> <li>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</li> <li>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.</li> </ul>	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.

## Statement of significant accounting and policies

### (w) 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

### (x) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Institutes 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

The Institute 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 the Institutes assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability the Institute uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Institute 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 9.

### **Statement of significant accounting and policies**

#### **(x) Critical accounting judgements and key sources of estimation uncertainty (continued)**

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.

- 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).

#### **(y) Comparative information**

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

## 2 Income from transactions

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>(a) Grants and other transfers (other than contributions by owners)</b>				
<b>(i) Government contributions - operating</b>				
State Government recurrent	20,913	25,861	19,203	21,745
Other contributions by State Government	25,762	19,118	25,133	17,398
<b>Total government contributions - operating</b>	<b>46,675</b>	<b>44,979</b>	<b>44,336</b>	<b>39,143</b>
<b>(ii) Government contributions - capital</b>				
State capital	12,100	10,000	12,100	10,000
<b>Total government contributions</b>	<b>58,775</b>	<b>54,979</b>	<b>56,436</b>	<b>49,143</b>
<b>(b) Sales of goods and services</b>				
Student fees and charges	12,048	10,264	11,752	9,790
<b>Rendering of services</b>				
Fee for services - Government	12,185	4,959	12,185	4,720
Fee for services - international operations onshore	4,178	4,033	4,178	2,653
Fee for services - international operations offshore	4,450	9,500	4,450	9,469
Fee for services - other	13,769	18,338	11,009	14,140
<b>Total rendering of services</b>	<b>34,582</b>	<b>36,830</b>	<b>31,822</b>	<b>30,982</b>
<b>Other non-course fees and charges</b>				
Sales of Goods	4,254	3,597	4,094	3,518
<b>Total sales of goods and services</b>	<b>50,884</b>	<b>50,691</b>	<b>47,668</b>	<b>44,290</b>
<b>(c) Other income</b>				
Dividends from Controlled Entity	-	-	6,000	-
Rental income	3,372	2,642	594	349
Other revenue	1,603	3,640	1,345	3,218
<b>Total other income</b>	<b>4,975</b>	<b>6,282</b>	<b>7,939</b>	<b>3,567</b>

**BOX HILL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3 Expenses from transactions**

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Employee expenses</b>				
Salaries, wages, overtime and allowances	57,298	52,837	52,609	46,793
Superannuation	5,629	5,180	5,202	4,625
Payroll tax	3,213	2,941	2,960	2,473
Worker's compensation	359	230	311	167
Long service leave	1,183	1,063	1,087	951
Annual leave	4,174	3,426	3,847	3,092
Termination benefits	1,016	1,500	977	1,194
Other	98	15	97	13
<b>Total employee expenses</b>	<b>72,970</b>	<b>67,192</b>	<b>67,090</b>	<b>59,308</b>
<b>(b) Depreciation and amortisation</b>				
<b>Depreciation of non-financial assets</b>				
Buildings	4,795	4,378	4,787	4,372
Plant and equipment	1,266	1,175	1,262	1,164
Motor vehicles	13	60	13	60
Computer Equipment	735	433	708	411
<b>Total depreciation</b>	<b>6,809</b>	<b>6,046</b>	<b>6,770</b>	<b>6,007</b>
<b>Amortisation of non-financial physical and intangible assets</b>				
Leasehold improvements	1,004	995	380	404
Software	405	77	377	76
<b>Total amortisation</b>	<b>1,409</b>	<b>1,072</b>	<b>757</b>	<b>480</b>
<b>Total depreciation and amortisation</b>	<b>8,218</b>	<b>7,118</b>	<b>7,527</b>	<b>6,487</b>
<b>(c) Supplies and services</b>				
Purchase of supplies and consumables	3,581	2,544	3,400	2,171
Contract and other services	3,917	3,398	3,188	2,628
Cost of goods sold/distributed (ancillary trading)	1,281	561	1,281	561
Building repairs and maintenance	2,203	1,777	2,025	1,574
Other supplies and services	1,314	1,143	1,219	966
Fees and charges	3,804	3,119	3,746	3,021
<b>Total supplies and services</b>	<b>16,100</b>	<b>12,542</b>	<b>14,859</b>	<b>10,921</b>
<b>(d) Other operating expenses</b>				
<b>General expenses</b>				
Marketing and promotional expenses	3,394	4,402	3,058	3,397
Occupancy expenses	1,495	1,580	1,323	1,268
Travels and motor vehicle expenses	1,520	2,281	1,518	2,257
Other expenses	2,857	3,132	2,608	2,256
<b>Total general expenses</b>	<b>9,266</b>	<b>11,395</b>	<b>8,507</b>	<b>9,178</b>
<b>Operating lease rental expenses:</b>				
Lease payments	5,054	5,917	707	2,028
<b>Total operating lease rental expenses</b>	<b>5,054</b>	<b>5,917</b>	<b>707</b>	<b>2,028</b>
<b>Total other operating expenses</b>	<b>14,320</b>	<b>17,312</b>	<b>9,214</b>	<b>11,206</b>



#### 4 Other economic flows included in net result

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)</b>				
Impairment of non-financial assets	(8)	(328)	(8)	(11)
Write off of intangible and property, plant & equipment assets	(108)	(36)	(108)	(36)
Net gain/(loss) on disposal of physical assets	571	1,293	571	1,293
<b>Total net gain/(loss) on non-financial assets</b>	<b>455</b>	<b>929</b>	<b>455</b>	<b>1,246</b>
<b>(b) Net gain/(loss) on financial instruments</b>				
Impairment of loans and receivables <sup>1</sup>	(1,119)	(340)	(592)	(3,153)
Net FX gain/(loss) arising from financial instruments	(9)	(84)	(9)	(49)
<b>Total net gain/(loss) on financial instruments</b>	<b>(1,128)</b>	<b>(424)</b>	<b>(601)</b>	<b>(3,202)</b>
<b>(c) Share of net profits/(losses) of associates excluding dividends</b>				
Share of net profits/(losses) of associates excluding dividend	639	597	-	-
<b>Total share of net profit/(loss) of associates excluding dividends</b>	<b>639</b>	<b>597</b>	<b>-</b>	<b>-</b>
<b>(d) Other gains/(losses) from other economic flows</b>				
Net gain/(loss) arising from revaluation of long service leave liability <sup>2</sup>	(556)	(798)	(645)	(1,215)
<b>Total other gains/(losses) from other economic flows</b>	<b>(556)</b>	<b>(798)</b>	<b>(645)</b>	<b>(1,215)</b>

#### Notes:

<sup>1</sup> Including increase/(decrease) in provision for doubtful debts and bad debts from other economic flows - refer to Note 1.

<sup>2</sup> Revaluation gain/(loss) due to changes in inflation and discount rates.

#### 5 Cash and deposits

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
Cash at bank and on hand	17,383	5,396	16,067	3,510
Deposits - at call with TCV	8,651	40,025	8,651	33,092
<b>Total cash and cash equivalents</b>	<b>26,034</b>	<b>45,421</b>	<b>24,718</b>	<b>36,602</b>

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**6 Receivables**

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current receivables</b>				
<b>Contractual</b>				
Trade receivables	<b>6,393</b>	6,267	<b>5,232</b>	4,767
Provision for doubtful contractual receivables	<b>(1,251)</b>	(375)	<b>(800)</b>	(375)
Revenue receivable	<b>882</b>	649	<b>862</b>	490
Amounts receivable from related parties	-	-	<b>5,961</b>	5
<b>Total contractual</b>	<b>6,024</b>	<b>6,541</b>	<b>11,255</b>	<b>4,887</b>
<b>Statutory</b>				
Amounts owing from Victorian Government	<b>1,590</b>	-	<b>1,557</b>	-
Other statutory receivables	<b>329</b>	14	<b>288</b>	5
<b>Total statutory</b>	<b>1,919</b>	<b>14</b>	<b>1,845</b>	<b>5</b>
<b>Total current receivables</b>	<b>7,943</b>	<b>6,555</b>	<b>13,100</b>	<b>4,892</b>
<b>Non-current receivables</b>				
Security deposits	<b>47</b>	47	<b>47</b>	47
<b>Total non-current receivables</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>Total receivables</b>	<b>7,990</b>	<b>6,602</b>	<b>13,147</b>	<b>4,939</b>

**(a) Movement in the provision for doubtful contractual receivables**

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of the year	<b>(375)</b>	(142)	<b>(375)</b>	(126)
Reversal of unused provision recognised in the net result	<b>161</b>	38	<b>161</b>	23
Increase in provision recognised in the net result	<b>(1,250)</b>	(375)	<b>(799)</b>	(375)
Reversal of provision as payment collected	<b>131</b>	20	<b>123</b>	20
Reversal of provision for receivables written off during the year as uncollectible	<b>82</b>	84	<b>90</b>	83
<b>Balance at end of the year</b>	<b>(1,251)</b>	<b>(375)</b>	<b>(800)</b>	<b>(375)</b>

**(b) Ageing analysis of contractual receivables**

Please refer to Note 21 (ii) for the ageing analysis of contractual receivables.

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

Please refer to Note 21 (ii) for the nature and extent of credit risk arising from contractual receivables.

## 7 Investments accounted for using the equity method

The consolidated group 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

	<b>Consolidated 2016 \$'000</b>	2015 \$'000	<b>Institute 2016 \$'000</b>	2015 \$'000
At the beginning of the financial year	<b>1,347</b>	1,304	-	-
Share of operating profit of equity accounted investments	<b>639</b>	597	-	-
Payment received for share of operating profit	<b>(642)</b>	(554)	-	-
<b>Total investments accounted for using the equity method</b>	<b>1,344</b>	<b>1,347</b>	-	-
	<b>Ownership interests 2016 %</b>	2015 %	<b>Published fair value 2016 \$'000</b>	2015 \$'000
Cambridge Boxhill Language Assessment Unit Trust (incorporated in Australia)	<b>30</b>	<b>30</b>	-	-

### (i) Summarised financial information of associates

	<b>Consolidated 2016 \$'000</b>	2015 \$'000	<b>Institute 2016 \$'000</b>	2015 \$'000
Current assets	<b>3,204</b>	2,633	-	-
Non-current assets	<b>3,650</b>	3,380	-	-
<b>Total assets</b>	<b>6,854</b>	<b>6,013</b>	-	-
Current liabilities	<b>(2,206)</b>	(1,505)	-	-
Non-current liabilities	<b>(166)</b>	(19)	-	-
<b>Net assets</b>	<b>4,482</b>	<b>4,489</b>	-	-
<b>Share of associates' net assets (30%)</b>	<b>1,344</b>	<b>1,347</b>	-	-
Total income	<b>12,116</b>	10,171	-	-
Profit/(loss) from continuing operations	<b>2,130</b>	1,988	-	-
Total comprehensive income	<b>2,130</b>	1,988	-	-
<b>Share of associates' net profits (30%)</b>	<b>639</b>	<b>597</b>	-	-

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**8 Non-financial assets classified as held-for-sale**

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Non-current assets:				
Freehold land & buildings held-for-sale <sup>1</sup>	<b>10,648</b>	<b>904</b>	<b>10,648</b>	<b>904</b>

<sup>1</sup> The eastern part of the Whitehorse campus (land and buildings) has been classified as held for sale at 31 December 2016, in accordance with AASB 5 (*Assets Held for Sale and Discontinued Operations*). In the prior year one parcel of land at 103 Victoria Crescent, Mont Albert was auctioned and sold on 18 November 2015, with settlement on 18 January 2016.

**(a) Fair value measurement of non financial physical assets held for sale**

The following tables provide the fair value measurement hierarchy of the non financial physical assets held-for-sale in 2016 and 2015.

	<b>Carrying amount as at 31 December 2016 \$'000</b>	<b>Level 1 Quoted prices \$'000</b>	<b>Level 2 Observable price inputs \$'000</b>	<b>Level 3 Un- observable inputs \$'000</b>
<b>Consolidated and Institute</b>				
Freehold land & buildings held-for-sale	<b>10,648</b>	-	-	<b>10,648</b>
	<b>Carrying amount as at 31 December 2015 \$'000</b>	<b>Level 1 Quoted prices \$'000</b>	<b>Level 2 Observable price inputs \$'000</b>	<b>Level 3 Un- observable inputs \$'000</b>
<b>Consolidated and Institute</b>				
Freehold land & buildings held-for-sale	<b>904</b>	-	<b>904</b>	-

Freehold land & buildings held-for-sale are reported at the lower of carrying amount or fair value less costs to sell. Refer to Note 9(c) (Valuations of property, plant and equipment) for the valuation technique applied to non specialised land.

## 9 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

Consolidated	Land \$'000	Buildings \$'000	Work in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Artworks \$'000	Computers \$'000	Total \$'000
<b>At 1 January 2015</b>									
Cost	-	31,373	1,161	2,832	196	13,636	-	1,096	50,294
Valuation	57,158	109,493	-	5,463	489	-	456	727	173,786
Accumulated depreciation	-	(7,484)	-	(2,154)	(246)	(7,010)	-	(610)	(17,504)
<b>Net book amount</b>	<b>57,158</b>	<b>133,382</b>	<b>1,161</b>	<b>6,141</b>	<b>439</b>	<b>6,626</b>	<b>456</b>	<b>1,213</b>	<b>206,576</b>
<b>Year ended 31 December 2015</b>									
Opening net book amount	57,158	133,382	1,161	6,141	439	6,626	456	1,213	206,576
Additions	-	2,423	1,327	973	-	878	-	72	5,673
Disposal	-	-	-	-	(100)	-	-	-	(100)
Net revaluation increments/ decrements	231	-	-	-	-	-	-	-	231
Transfers from/(to)	-	128	(1,449)	1,003	-	154	-	164	-
Transfers to non-financial assets held-for-sale (note 8)	(904)	-	-	-	-	-	-	-	(904)
Impairment loss through profit and loss <sup>1</sup>	-	-	-	(2)	(8)	-	-	-	(10)
Depreciation and amortisation expense	-	(4,378)	-	(1,175)	(60)	(995)	-	(433)	(7,041)
Write off	-	-	-	(36)	-	-	-	-	(36)
<b>Closing net book amount</b>	<b>56,485</b>	<b>131,555</b>	<b>1,039</b>	<b>6,904</b>	<b>271</b>	<b>6,663</b>	<b>456</b>	<b>1,016</b>	<b>204,389</b>
<b>At 31 December 2015</b>									
Cost	-	33,870	1,039	4,950	85	13,889	-	1,334	55,167
Valuation	56,485	109,542	-	5,166	393	-	456	728	172,770
Accumulated depreciation	-	(11,857)	-	(3,212)	(207)	(7,226)	-	(1,046)	(23,548)
<b>Net book amount</b>	<b>56,485</b>	<b>131,555</b>	<b>1,039</b>	<b>6,904</b>	<b>271</b>	<b>6,663</b>	<b>456</b>	<b>1,016</b>	<b>204,389</b>

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**Property, plant and equipment**

Consolidated	Land \$'000	Buildings \$'000	Work in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Artworks \$'000	Computers \$'000	Total \$'000
<b>At 1 January 2016</b>									
Cost	-	33,870	1,039	4,950	85	13,889	-	1,334	55,167
Valuation	56,485	109,542	-	5,166	393	-	456	728	172,770
Accumulated depreciation	-	(11,857)	-	(3,212)	(207)	(7,226)	-	(1,046)	(23,548)
<b>Net book amount</b>	<b>56,485</b>	<b>131,555</b>	<b>1,039</b>	<b>6,904</b>	<b>271</b>	<b>6,663</b>	<b>456</b>	<b>1,016</b>	<b>204,389</b>
<b>Year ended 31 December 2016</b>									
Opening net book amount	56,485	131,555	1,039	6,904	271	6,663	456	1,016	204,389
Additions	16,430	7,566	14,100	1,614	-	10	-	2,104	41,824
Disposal	-	-	-	(152)	(41)	-	-	-	(193)
Net revaluation increments/ decrements	14,129	-	-	-	-	-	-	-	14,129
Transfers from/(to)	-	6,184	(8,025)	(79)	-	1,920	-	-	-
Transfers to non-financial assets held-for-sale (note 8)	(6,197)	(4,451)	-	-	-	-	-	-	(10,648)
Impairment loss through profit and loss <sup>1</sup>	-	-	-	-	(8)	-	-	-	(8)
Depreciation and amortisation expense	-	(4,795)	-	(1,266)	(13)	(1,004)	-	(735)	(7,813)
Write off	-	-	-	(109)	-	-	-	-	(109)
<b>Closing net book amount</b>	<b>80,847</b>	<b>136,059</b>	<b>7,114</b>	<b>6,912</b>	<b>209</b>	<b>7,589</b>	<b>456</b>	<b>2,385</b>	<b>241,571</b>
<b>At 31 December 2016</b>									
Cost	-	47,681	7,114	6,361	85	15,820	-	3,438	80,499
Valuation	80,847	102,988	-	4,797	302	-	456	720	190,110
Accumulated depreciation	-	(14,610)	-	(4,246)	(178)	(8,231)	-	(1,773)	(29,038)
<b>Net book amount</b>	<b>80,847</b>	<b>136,059</b>	<b>7,114</b>	<b>6,912</b>	<b>209</b>	<b>7,589</b>	<b>456</b>	<b>2,385</b>	<b>241,571</b>

<sup>1</sup> 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).

**Property, plant and equipment**

Institute	Land \$'000	Buildings \$'000	Work in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Computers \$'000	Total \$'000
<b>At 1 January 2015</b>								
Cost	-	31,373	1,160	2,788	196	2,540	1,036	39,093
Valuation	55,325	109,440	-	5,453	489	-	711	171,418
Accumulated depreciation	-	(7,435)	-	(2,129)	(246)	(1,505)	(589)	(11,904)
<b>Net book amount</b>	<b>55,325</b>	<b>133,378</b>	<b>1,160</b>	<b>6,112</b>	<b>439</b>	<b>1,035</b>	<b>1,158</b>	<b>198,607</b>
<b>Year ended 31 December 2015</b>								
Opening net book amount	55,325	133,378	1,160	6,112	439	1,035	1,158	198,607
Additions	-	2,345	1,297	884	-	808	67	5,401
Disposal	-	-	-	-	(100)	-	-	(100)
Transfers from/(to)	-	128	(1,449)	1,003	-	154	164	-
Transfers to non-financial assets held-for-sale (note 8)	(904)	-	-	-	-	-	-	(904)
Impairment loss through profit and loss <sup>1</sup>	-	-	-	(2)	(8)	-	-	(10)
Depreciation and amortisation expense	-	(4,372)	-	(1,164)	(60)	(404)	(411)	(6,411)
Write off	-	-	-	(36)	-	-	-	(36)
<b>Closing net book amount</b>	<b>54,421</b>	<b>131,479</b>	<b>1,008</b>	<b>6,797</b>	<b>271</b>	<b>1,593</b>	<b>978</b>	<b>196,547</b>
<b>At 31 December 2015</b>								
Cost	-	33,792	1,008	4,846	85	2,724	1,269	43,724
Valuation	54,421	109,489	-	5,130	393	-	709	170,142
Accumulated depreciation	-	(11,802)	-	(3,179)	(207)	(1,131)	(1,000)	(17,319)
<b>Net book amount</b>	<b>54,421</b>	<b>131,479</b>	<b>1,008</b>	<b>6,797</b>	<b>271</b>	<b>1,593</b>	<b>978</b>	<b>196,547</b>

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**Property, plant and equipment**

Institute	Land \$'000	Buildings \$'000	Work in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Computers \$'000	Total \$'000
<b>At 1 January 2016</b>								
Cost	-	33,792	1,008	4,846	85	2,724	1,269	43,724
Valuation	54,421	109,489	-	5,130	393	-	709	170,142
Accumulated depreciation	-	(11,802)	-	(3,179)	(207)	(1,131)	(1,000)	(17,319)
<b>Net book amount</b>	<b>54,421</b>	<b>131,479</b>	<b>1,008</b>	<b>6,797</b>	<b>271</b>	<b>1,593</b>	<b>978</b>	<b>196,547</b>
<b>Year ended 31 December 2016</b>								
Opening net book amount	54,421	131,479	1,008	6,797	271	1,593	978	196,547
Additions	16,430	7,566	12,291	1,615	-	10	2,073	39,985
Disposal	-	-	-	(152)	(41)	-	-	(193)
Net revaluation increments/ decrements	13,882	-	-	-	-	-	-	13,882
Transfers from/(to)	-	6,185	(6,185)	-	-	-	-	-
Transfers to non-financial assets held-for-sale (note 8)	(6,197)	(4,451)	-	-	-	-	-	(10,648)
Impairment loss through profit and loss <sup>1</sup>	-	-	-	-	(8)	-	-	(8)
Depreciation and amortisation expense	-	(4,787)	-	(1,262)	(13)	(380)	(708)	(7,150)
Write off	-	-	-	(109)	-	-	-	(109)
<b>Closing net book amount</b>	<b>78,536</b>	<b>135,992</b>	<b>7,114</b>	<b>6,889</b>	<b>209</b>	<b>1,223</b>	<b>2,343</b>	<b>232,306</b>
<b>At 31 December 2016</b>								
Cost	-	47,604	7,114	6,312	85	2,734	3,342	67,191
Valuation	78,536	102,989	-	4,786	302	-	704	187,317
Accumulated depreciation	-	(14,601)	-	(4,209)	(178)	(1,511)	(1,703)	(22,202)
<b>Net book amount</b>	<b>78,536</b>	<b>135,992</b>	<b>7,114</b>	<b>6,889</b>	<b>209</b>	<b>1,223</b>	<b>2,343</b>	<b>232,306</b>

<sup>1</sup> 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).



## Property, plant and equipment

### (b) Consolidated - 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 2016 \$'000	Level 1 Quoted Prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000
Land at fair value:				
- Non specialised land	26,599	-	26,599	-
- Specialised land	54,248	-	-	54,248
<b>Total of land at fair value</b>	<b>80,847</b>	<b>-</b>	<b>26,599</b>	<b>54,248</b>
Buildings used for Education purposes	136,059	-	-	136,059
<b>Total buildings at fair value</b>	<b>136,059</b>	<b>-</b>	<b>-</b>	<b>136,059</b>
Plant & Equipment	6,912	-	-	6,912
Motor vehicles	209	-	-	209
Leasehold improvements	7,589	-	-	7,589
Artworks	456	-	-	456
Computers	2,385	-	-	2,385
<b>Total plant, equipments, motor vehicles, leasehold improvements, artworks and computers at fair value</b>	<b>17,551</b>	<b>-</b>	<b>-</b>	<b>17,551</b>
	<b>234,457</b>	<b>-</b>	<b>26,599</b>	<b>207,858</b>

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
Land at fair value:				
- Non specialised land	7,081	-	7,081	-
- Specialised land	49,404	-	-	49,404
<b>Total of land at fair value</b>	<b>56,485</b>	<b>-</b>	<b>7,081</b>	<b>49,404</b>
Buildings used for Education purposes	131,555	-	-	131,555
<b>Total buildings at fair value</b>	<b>131,555</b>	<b>-</b>	<b>-</b>	<b>131,555</b>
Plant & Equipment	6,904	-	-	6,904
Motor Vehicles	271	-	-	271
Leasehold improvements	6,663	-	-	6,663
Artworks	456	-	-	456
Computers	1,016	-	-	1,016
<b>Total plant, equipment, motor vehicles, leasehold improvements, artworks and computers at fair value</b>	<b>15,310</b>	<b>-</b>	<b>-</b>	<b>15,310</b>
	<b>203,350</b>	<b>-</b>	<b>7,081</b>	<b>196,269</b>

## **Property, plant and equipment**

### **(b) Consolidated - Fair value measurement hierarchy for assets (continued)**

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 the Institute used the Valuer General's land indices to establish if these values had moved materially. The compounded land indices had increased by 19.8% since the last formal valuation therefore a managerial valuation had been performed in 2016.

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, the Institute used the Valuer General's building indices to establish if these building values had materially moved and used the Valuer General to assist in establishing whether the plant and equipment values had moved materially. No material movement was observed in either instance.

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

### **Specialised land and specialised buildings**

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

The CSO and heritage registration 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 and heritage registration are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

An independent valuation of the Institute's 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 and heritage registration. As at 31 December 2016 the Institute used the Valuer General's land indices to establish if these values had moved materially. The compounded land indices had increased by 19.8% since the last formal valuation therefore a managerial valuation had been performed in 2016.

## Property, plant and equipment

### (d) Consolidated reconciliation of Level 3 fair value

	Specialised Land \$'000	Specialised Buildings \$'000	Plant & equipment \$'000	Motor vehicle \$'000	Leasehold improvements \$'000	Artworks \$'000	Computers \$'000
<b>Opening balance at 1 January 2016</b>	49,404	131,555	6,904	271	6,663	456	1,016
Purchases/(sales)	-	7,566	1,614	-	10	-	2,104
Disposals	-	-	(152)	(41)	-	-	-
Net revaluation increments/(decrements)	11,041	-	-	-	-	-	-
Transfers from/(to)	-	6,184	(79)	-	1,920	-	-
Transfer to assets held for sale	(6,197)	(4,451)	-	-	-	-	-
Impairment loss	-	-	-	(8)	-	-	-
Depreciation	-	(4,795)	(1,266)	(13)	(1,004)	-	(735)
Write off	-	-	(109)	-	-	-	-
<b>Closing balance at 31 December 2016</b>	<b>54,248</b>	<b>136,059</b>	<b>6,912</b>	<b>209</b>	<b>7,589</b>	<b>456</b>	<b>2,385</b>
	Specialised Land \$'000	Specialised Buildings \$'000	Plant & equipment \$'000	Motor vehicle \$'000	Leasehold improvements \$'000	Artworks \$'000	Computers \$'000
<b>Opening balance at 1 January 2015</b>	49,173	133,382	6,141	439	6,626	456	1,213
Purchases/(sales)	-	2,423	973	-	878	-	72
Disposals	-	-	-	(100)	-	-	-
Transfers from/(to)	-	128	1,003	-	154	-	164
Impairment loss	-	-	(2)	(8)	-	-	-
Depreciation	-	(4,378)	(1,175)	(60)	(995)	-	(433)
Write off	-	-	(36)	-	-	-	-
Gains/(losses) recognised in other comprehensive income	231	-	-	-	-	-	-
<b>Closing balance at 31 December 2015</b>	<b>49,404</b>	<b>131,555</b>	<b>6,904</b>	<b>271</b>	<b>6,663</b>	<b>456</b>	<b>1,016</b>

**Property, plant and equipment**

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

The disclosures below are for both 2015 and 2016.

	<b>Valuation Technique</b>	<b>Significant unobservable input(s)</b>
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
Motor vehicles	Depreciated replacement cost	Useful life of motor vehicles
Leasehold improvements	Depreciated replacement cost	Useful life of leasehold improvements
Artworks	Market approach	Market price per item
Computers	Depreciated replacement cost	Useful life of computers

## 10 Intangible assets

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>Intangible assets at cost</b>				
<b>Gross carrying amount</b>				
Opening balance	4,582	1,865	4,206	1,554
Additions	66	2,717	67	2,652
<b>Closing balance</b>	<b>4,648</b>	<b>4,582</b>	<b>4,273</b>	<b>4,206</b>
<b>Accumulated amortisation and impairment</b>				
Opening balance	(1,588)	(1,511)	(1,286)	(1,210)
Amortisation	(405)	(77)	(377)	(76)
<b>Closing balance</b>	<b>(1,993)</b>	<b>(1,588)</b>	<b>(1,663)</b>	<b>(1,286)</b>
<b>Net book value at end of financial year</b>	<b>2,655</b>	<b>2,994</b>	<b>2,610</b>	<b>2,920</b>

## 11 Other non-financial assets

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>Current other non-financial assets</b>				
Prepayments	2,421	945	1,989	756
Deferred Expenditure	151	10	151	10
Inventories	186	199	186	199
<b>Total other non-financial assets</b>	<b>2,758</b>	<b>1,154</b>	<b>2,326</b>	<b>965</b>

## 12 Payables

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>Current</b>				
<b>Contractual</b>				
Supplies and services <sup>1</sup>	3,056	1,430	3,101	1,126
Accrued expenses	4,247	4,366	3,952	3,742
Lease incentive liabilities	294	276	-	-
Revenue in Advance	4,740	2,544	4,423	506
<b>Statutory</b>				
Amount owing to government and agencies	-	331	-	207
GST payable	-	179	-	162
<b>Total current payables</b>	<b>12,337</b>	<b>9,126</b>	<b>11,476</b>	<b>5,743</b>
<b>Non-current</b>				
Lease incentive liabilities	1,433	1,728	-	-
<b>Total non-current payables</b>	<b>1,433</b>	<b>1,728</b>	<b>-</b>	<b>-</b>
<b>Total payables</b>	<b>13,770</b>	<b>10,854</b>	<b>11,476</b>	<b>5,743</b>

<sup>1</sup> 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.

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**Payables**

**(a) Maturity analysis of contractual payables**

Please refer to Note 21 (iii) for the maturity analysis of contractual payables.

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

Please refer to Note 21 (iii) for the nature and extent of risks arising from contractual payables.

**13 Provisions**

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current provisions</b>				
<b>Employee benefits (Note 13(a))<sup>1</sup></b>				
<b>Annual leave (Note 13(a))</b>				
Unconditional and expected to wholly settle within 12 months	<b>1,853</b>	1,256	<b>1,681</b>	1,158
Unconditional and expected to wholly settle after 12 months	<b>261</b>	899	<b>224</b>	734
	<b>2,114</b>	2,155	<b>1,905</b>	1,892
<b>Long service leave (Note 13(a))</b>				
Unconditional and expected to wholly settle within 12 months	<b>1,788</b>	1,887	<b>1,640</b>	1,719
Unconditional and expected to wholly settle after 12 months	<b>4,240</b>	4,237	<b>3,905</b>	3,938
	<b>6,028</b>	6,124	<b>5,545</b>	5,657
<b>Provisions for on costs (Note 13(a) and Note 13(b))</b>				
Unconditional and expected to wholly settle within 12 months	<b>618</b>	310	<b>561</b>	283
Unconditional and expected to wholly settle after 12 month	<b>677</b>	697	<b>624</b>	648
	<b>1,295</b>	1,007	<b>1,185</b>	931
<b>Other provisions</b>	<b>772</b>	334	<b>631</b>	222
<b>Total current provisions</b>	<b>10,209</b>	<b>9,620</b>	<b>9,266</b>	<b>8,702</b>
<b>Non-current provisions</b>				
Long service leave (Note 13(a)) <sup>1</sup>	<b>712</b>	742	<b>613</b>	627
On costs (Note 13(a))	<b>113</b>	122	<b>97</b>	103
Other	<b>220</b>	213	<b>220</b>	213
<b>Total non-current provisions</b>	<b>1,045</b>	<b>1,077</b>	<b>930</b>	<b>943</b>
<b>Total provisions</b>	<b>11,254</b>	<b>10,697</b>	<b>10,196</b>	<b>9,645</b>

**Notes:**

<sup>1</sup> 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<sup>1</sup>

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>Current employee benefits</b>				
Annual leave	2,114	2,155	1,905	1,892
Long service leave	6,028	6,124	5,545	5,657
On costs	1,295	1,007	1,185	931
<b>Total current employee benefits</b>	<b>9,437</b>	<b>9,286</b>	<b>8,635</b>	<b>8,480</b>
<b>Non-current employee benefits</b>				
Long service leave	712	742	613	627
On costs	113	122	97	103
<b>Total non-current employee benefits</b>	<b>825</b>	<b>864</b>	<b>710</b>	<b>730</b>
<b>Total employee benefits</b>	<b>10,262</b>	<b>10,150</b>	<b>9,345</b>	<b>9,210</b>

#### Notes:

<sup>1</sup> 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.

### (b) Movement in provisions

			\$'000 2016
<b>Consolidated</b>	<b>Employee benefits</b>	<b>Other</b>	<b>Total</b>
Opening balance	10,150	547	10,697
Reductions arising from payments	(5,289)	(334)	(5,623)
Increase/(decrease) resulting from re-measurement	174	779	953
Additional provisions recognised	5,227	-	5,227
<b>Closing balance</b>	<b>10,262</b>	<b>992</b>	<b>11,254</b>
Current	9,437	772	10,209
Non-current	825	220	1,045
	<b>10,262</b>	<b>992</b>	<b>11,254</b>
<b>Institute</b>	<b>Employee benefits</b>	<b>Other</b>	<b>Total</b>
Opening balance	9,210	435	9,645
Reductions arising from payments	(4,941)	(222)	(5,163)
Reductions resulting from re-measurement	158	638	796
Additional provisions recognised	4,918	-	4,918
<b>Closing balance</b>	<b>9,345</b>	<b>851</b>	<b>10,196</b>
Current	8,635	631	9,266
Non-current	710	220	930
	<b>9,345</b>	<b>851</b>	<b>10,196</b>

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## 14 Borrowings

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Advances from government <sup>1</sup>	<b>10,000</b>	-	<b>10,000</b>	-

<sup>1</sup> In September 2016, the Department of Education and Training provided a \$15 million interest-free unsecured loan facility to support Box Hill Institute's working capital management. The loan is repayable by 1 January 2018.

### (a) Maturity analysis of borrowings

Refer to note 21 (iii) for the maturity analysis of borrowings.

### (b) Nature and extent of risk arising from borrowings

Refer to note 21 (iii) for the nature and extent of risks arising from borrowings, (c) Default and breaches

### (c) Default and breaches

During the current year, there were no defaults and breaches of any of the loans.

## 15 Reserves

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
Notes	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Physical asset revaluation surplus<sup>1</sup></b>				
Balance at 1 January	<b>112,681</b>	114,544	<b>112,429</b>	114,523
Revaluation increments/(decrements)	<b>14,129</b>	231	<b>13,882</b>	-
Transfers from/(to) accumulated surplus	<b>(1,210)</b>	(2,094)	<b>(1,210)</b>	(2,094)
<b>Balance 31 December</b>	<b>125,600</b>	<b>112,681</b>	<b>125,101</b>	<b>112,429</b>
<b>(b) Foreign currency translation reserve<sup>2</sup></b>				
Balance at 1 January	-	(68)	-	-
De-consolidation of Box Hill Singapore	-	36	-	-
Exchange differences arising on translating the net assets of foreign operations	-	32	-	-
<b>Balance 31 December</b>	-	-	-	-
<b>(c) Restricted funds reserve<sup>3</sup></b>				
Balance at 1 January	<b>1,435</b>	1,320	<b>1,435</b>	1,320
Transfer from/(to) accumulated surplus	<b>(50)</b>	115	<b>(50)</b>	115
<b>Balance 31 December</b>	<b>1,385</b>	<b>1,435</b>	<b>1,385</b>	<b>1,435</b>
<b>Net changes in reserves</b>	<b>126,985</b>	<b>114,116</b>	<b>126,486</b>	<b>113,864</b>

<sup>1</sup> The physical assets revaluation surplus arises on the revaluation of property, plant and equipment assets outlined in note 9.

<sup>2</sup> The foreign currency translation reserve is used to accumulate exchange differences relating to the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian Dollars).

<sup>3</sup> This reserve reflects net surpluses derived from donations by external parties which can only be applied to restricted purposes.



## 16 Cash flow information

### (a) Reconciliation of cash and cash equivalents

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
Cash and deposits	26,034	45,421	24,718	36,602

### (b) Reconciliation of net result for the period

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
Net result for the year	2,436	8,092	12,562	5,907
<b>Non-cash movements</b>				
Depreciation and amortisation of non-current assets	8,218	7,118	7,527	6,487
Net (gain)/ loss on sale of non-current assets	(571)	(1,293)	(571)	(1,293)
Fair value of assets received free of charge	-	-	-	(49)
Write off of property, plant & equipment	108	36	108	36
Impairment and forgiveness of loans and receivables	1,119	340	592	3,153
Impairment of non-current assets	8	328	8	11
Adjustment to prior year expenses	150	-	150	-
<b>Total non-cash flows in operating result</b>	<b>9,032</b>	<b>6,529</b>	<b>7,814</b>	<b>8,345</b>
Share of profits of associates and joint venture	(639)	(597)	-	-
<b>Total movements included in investing and financing activities</b>	<b>(639)</b>	<b>(597)</b>	<b>-</b>	<b>-</b>
<b>Change in operating assets and liabilities:</b>				
Decrease/(increase) in trade receivables	(2,507)	2,464	(2,619)	1,237
Decrease/(increase) in other non financial assets	(1,604)	287	(1,361)	215
Increase/(decrease) in payables	2,916	(3,194)	5,733	(2,095)
Increase/(decrease) in provisions	557	(2,566)	551	(2,247)
<b>Total change in operating assets and liabilities</b>	<b>(638)</b>	<b>(3,009)</b>	<b>2,304</b>	<b>(2,890)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>10,191</b>	<b>11,015</b>	<b>22,680</b>	<b>11,362</b>

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**17 Commitments for expenditure**

**(a) Capital commitments**

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Capital expenditure contracted for at the reporting date but not recognised as liabilities are as follows:</b>				
Property, Plant and Equipment Payable:				
Within one year	<b>3,035</b>	5,185	<b>3,035</b>	5,150
GST reclaimable on the above	<b>(276)</b>	(471)	<b>(276)</b>	(468)
<b>Net capital expenditure commitments</b>	<b>2,759</b>	<b>4,714</b>	<b>2,759</b>	<b>4,682</b>

**(b) Non-cancellable operating leases**

**Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable<sup>1</sup>:**

Within one year	<b>4,676</b>	4,410	<b>628</b>	488
Later than one year but not later than five years	<b>20,221</b>	20,131	<b>1,042</b>	1,226
Later than five years	<b>27,573</b>	27,640	<b>612</b>	627
	<b>52,470</b>	<b>52,181</b>	<b>2,282</b>	<b>2,341</b>
GST payable on the above	<b>(4,770)</b>	(4,744)	<b>(207)</b>	(213)
<b>Net commitments non-cancellable operating leases</b>	<b>47,700</b>	<b>47,437</b>	<b>2,075</b>	<b>2,128</b>

<b>Total commitments for expenditure</b>	<b>50,459</b>	<b>52,151</b>	<b>4,834</b>	<b>6,810</b>
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<sup>1</sup> The Institute leases motor vehicles, property, digital multifunction devices and associated services and digital document systems under non-cancellable operating leases expiring within one to three years. The leases have varying terms, escalation clauses and renewal rights. Also the Institute leases a bridge over Elgar Road. This lease is due to expire in 28 years.

## 18 Contingent liabilities

	Consolidated 2016 \$'000	2015 \$'000	Institute 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 Pty Ltd	238	238	-	-
Mutual Consolidated Investments Pty Ltd	193	186	-	-
<b>Total estimated contingent liabilities</b>	<b>431</b>	<b>424</b>	<b>-</b>	<b>-</b>

## 19 Leases

### (a) Operating leases - Institute as lessee

Refer to Note 17

### (b) Operating leases - Institute as lessor

Leasing arrangements

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

	Consolidated 2016 \$'000	2015 \$'000	Institute 2016 \$'000	2015 \$'000
<b>Non-cancellable operating lease receivables</b>				
<b>Payments due</b>				
Within one year	2,410	2,574	132	8
Later than one year but not later than five years	3,734	5,703	73	-
<b>Total non-cancellable operating leases receivables</b>	<b>6,144</b>	<b>8,277</b>	<b>205</b>	<b>8</b>
GST payable on the above	(553)	(750)	(19)	-
<b>Net operating leases receivables</b>	<b>5,591</b>	<b>7,527</b>	<b>186</b>	<b>8</b>

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## 20 Superannuation

Employees of the Institute are entitled to receive superannuation benefits and the Institute 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.

The Institute 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 the Institute.

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

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Paid Contribution for the Year</b>				
<b>Defined benefit plans:</b>				
State Superannuation Fund - revised and new	343	470	322	449
<b>Total defined benefits plans</b>	<b>343</b>	<b>470</b>	<b>322</b>	<b>449</b>
<b>Defined contribution plans:</b>				
VicSuper	2,985	2,640	2,715	2,314
Other	2,301	2,070	2,165	1,862
<b>Total defined contribution plans</b>	<b>5,286</b>	<b>4,710</b>	<b>4,880</b>	<b>4,176</b>
<b>Total paid contribution for the year</b>	<b>5,629</b>	<b>5,180</b>	<b>5,202</b>	<b>4,625</b>
<b>Contribution Outstanding at Year End</b>				
<b>Defined benefit plans</b>				
State Superannuation Fund - revised and new	16	16	15	15
<b>Total defined benefits plans</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>15</b>
<b>Defined contribution plans:</b>				
VicSuper	177	97	162	84
Other	123	74	116	68
<b>Total defined contribution plans</b>	<b>300</b>	<b>171</b>	<b>278</b>	<b>152</b>
<b>Total</b>	<b>316</b>	<b>187</b>	<b>293</b>	<b>167</b>

## 21 Financial Instruments

### (i) Financial risk management objectives and policies

The Institute'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.

The Institute'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.

The Institute'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.

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

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

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

	<b>Consolidated</b>	2015	<b>Institute</b>	2015
	<b>2016</b>	\$'000	<b>2016</b>	\$'000
	<b>\$'000</b>		<b>\$'000</b>	
<b>Carrying amount of financial instruments by category:</b>				
<b>(a) Financial assets</b>				
<b>Cash and deposits (Note 5 )</b>	26,034	45,421	24,718	36,602
<b>Receivables<sup>1</sup></b>				
Trade receivables (Note 6)	5,142	5,892	4,432	4,392
Revenue receivable (Note 6)	882	649	862	490
Amount receivables from related parties (Note Receivables)	-	-	5,961	5
Security deposits (Note 6)	47	47	47	47
<b>Total financial assets</b>	<b>32,105</b>	<b>52,009</b>	<b>36,020</b>	<b>41,536</b>
<b>(b) Financial liabilities at amortised cost</b>				
<b>Payables<sup>1</sup></b>				
Supplies and services (Note 12)	3,056	1,430	3,101	1,126
Accrued expenses	4,247	4,366	3,952	3,742
Lease incentive liabilities	1,727	2,004	-	-
<b>Borrowings (Note 14)</b>	10,000	-	10,000	-
<b>Total financial liabilities</b>	<b>19,030</b>	<b>7,800</b>	<b>17,053</b>	<b>4,868</b>

<sup>1</sup> 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) and related parties.

## Financial Instruments

The net holding gains or losses of the Institute'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)

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets - loans and receivables	264	748	199	554
<b>Total interest income</b>	<b>264</b>	<b>748</b>	<b>199</b>	<b>554</b>

### (b) Impairment loss

	<b>Consolidated</b>		<b>Institute</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets - loans and receivables	(1,119)	(340)	(592)	(3,153)
<b>Total interest expense</b>	<b>(1,119)</b>	<b>(340)</b>	<b>(592)</b>	<b>(3,153)</b>

### (ii) Credit risk

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

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.

The Institute 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.

The Institute does not undertake credit checks on students who apply for loans. As at 31 December 2016, student loans total \$0.75m.

In addition, the Institute does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. The Institute deals 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 the Institute'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 the Institute 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 Institute'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

Consolidated	Financial institutions (AA- rating) \$'000	Gov't agencies (AAA rating) \$'000	Other counter-party \$'000	Total
<b>2016</b>				
Cash and deposits	17,366	8,651	17	26,034
Receivables	-	1,492	4,579	6,071
<b>Total contractual financial assets 2016</b>	<b>17,366</b>	<b>10,143</b>	<b>4,596</b>	<b>32,105</b>

<b>2015</b>				
Cash and deposits	5,386	40,025	10	45,421
Receivables	-	1,712	4,876	6,588
<b>Total contractual financial assets 2015</b>	<b>5,386</b>	<b>41,737</b>	<b>4,886</b>	<b>52,009</b>

Institute	Financial Institutions (AA -rating) \$'000	Gov't agencies (AAA rating) \$'000	Other counter-party \$'000	Total \$'000
<b>2016</b>				
Cash and deposits	16,052	8,651	15	24,718
Receivables	-	1,468	9,834	11,302
<b>Total contractual financial assets 2016</b>	<b>16,052</b>	<b>10,119</b>	<b>9,849</b>	<b>36,020</b>

<b>Institute</b>				
<b>2015</b>				
Cash and deposits	3,502	33,092	8	36,602
Receivables	-	1,512	3,422	4,934
<b>Total contractual financial assets 2015</b>	<b>3,502</b>	<b>34,604</b>	<b>3,430</b>	<b>41,536</b>

<sup>1</sup> 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 the Institute's financial assets.

**BOX HILL INSTITUTE**  
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**Financial Instruments**

<b>Consolidated</b>	<b>Carrying amount \$'000</b>	<b>Not past due and not impaired \$'000</b>	<b>Less than 1 month \$'000</b>	<b>1-3 months \$'000</b>	<b>3 months - 1 year \$'000</b>	<b>1-5 years \$'000</b>	<b>Impaired financial assets \$'000</b>
<b>2016 Financial assets</b>							
<b>Receivables</b>							
Trade receivables	5,142	4,721	1,371	123	178	-	(1,251)
Revenue receivables	882	882	-	-	-	-	-
Security bonds	47	47	-	-	-	-	-
<b>Total 2016 financial assets</b>	<b>6,071</b>	<b>5,650</b>	<b>1,371</b>	<b>123</b>	<b>178</b>	<b>-</b>	<b>(1,251)</b>

<b>2015 Financial assets</b>							
<b>Receivables</b>							
Trade receivables	5,892	3,860	382	345	1,675	5	(375)
Revenue receivables	649	649	-	-	-	-	-
Security bonds	47	47	-	-	-	-	-
<b>Total 2015 financial assets</b>	<b>6,588</b>	<b>4,556</b>	<b>382</b>	<b>345</b>	<b>1,675</b>	<b>5</b>	<b>(375)</b>

<b>Institute</b>	<b>Carrying amount \$'000</b>	<b>Not past due and not impaired \$'000</b>	<b>Less than 1 month \$'000</b>	<b>1-3 months \$'000</b>	<b>3 months - 1 year \$'000</b>	<b>1-5 years \$'000</b>	<b>Impaired financial assets \$'000</b>
<b>2016 Financial assets</b>							
<b>Receivables</b>							
Trade receivables	4,432	3,827	1,329	42	34	-	(800)
Revenue receivables	862	862	-	-	-	-	-
Amount receivables from related parties	5,961	5,961	-	-	-	-	-
Security bonds	47	47	-	-	-	-	-
<b>Total 2016 financial assets</b>	<b>11,302</b>	<b>10,697</b>	<b>1,329</b>	<b>42</b>	<b>34</b>	<b>-</b>	<b>(800)</b>

<b>2015 Financial assets</b>							
<b>Receivables</b>							
Trade receivables	4,392	2,846	332	226	1,363	-	(375)
Revenue receivables	490	490	-	-	-	-	-
Amount receivables from related parties	5	5	-	-	-	-	-
Security bonds	47	47	-	-	-	-	-
<b>Total 2015 financial assets</b>	<b>4,934</b>	<b>3,388</b>	<b>332</b>	<b>226</b>	<b>1,363</b>	<b>-</b>	<b>(375)</b>

**(iii) Liquidity risk**

Liquidity risk is the risk that the Institute would be unable to meet its financial obligations as and when they fall due. The Institute operates under payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Institute'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 18.

The responsibility for liquidity risk management rests with the Institute'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. The Institute 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;



## Financial Instruments

- holding investments and other contractual financial assets that are readily trade-able in the financial markets; 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.

The Institute'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 18), represents the Institute's maximum exposure to liquidity risk.

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

Consolidated	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	Over 5 years \$'000
<b>2016 Financial liabilities</b>							
<b>Payables<sup>1</sup></b>							
Supplies and services	3,056	3,056	3,056	-	-	-	-
Accrued expenses	4,245	4,245	4,245	-	-	-	-
Finance lease liabilities	1,727	1,727	-	48	246	1,033	400
Borrowings	10,000	10,000	-	-	-	10,000	-
<b>Total 2016 financial liabilities</b>	<b>19,028</b>	<b>19,028</b>	<b>7,301</b>	<b>48</b>	<b>246</b>	<b>11,033</b>	<b>400</b>

### 2015 Financial liabilities

<b>Payables<sup>1</sup></b>							
Supplies and services	1,430	1,430	1,418	9	1	2	-
Accrued expenses	4,366	4,366	4,366	-	-	-	-
Finance lease liabilities	2,004	2,004	19	55	202	1,278	450
<b>Total 2015 financial liabilities</b>	<b>7,800</b>	<b>7,800</b>	<b>5,803</b>	<b>64</b>	<b>203</b>	<b>1,280</b>	<b>450</b>

Institute	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	Over 5 years \$'000
<b>2016 Financial liabilities</b>							
<b>Payables<sup>1</sup></b>							
Supplies and services	3,101	3,101	3,101	-	-	-	-
Accrued expenses	3,950	3,950	3,950	-	-	-	-
Borrowings	10,000	10,000	-	-	-	10,000	-
<b>Total 2016 financial liabilities</b>	<b>17,051</b>	<b>17,051</b>	<b>7,051</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>-</b>

### 2015 Financial liabilities

<b>Payables<sup>1</sup></b>							
Supplies and services	1,126	1,126	1,126	-	-	-	-
Accrued expenses	3,742	3,742	3,742	-	-	-	-
<b>Total 2015 financial liabilities</b>	<b>4,868</b>	<b>4,868</b>	<b>4,868</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## **Financial Instruments**

### **(iv) Market risk**

The Institute 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 the Institute. e.g. an adverse movement in interest rates or foreign currency exchange rates.

The Institute's 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 the Institute's business strategy and within the risk tolerance of the Institute. Regular risk reports are presented to the Board.

There has been no significant change in the Institute'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.

### **Foreign currency risk**

The Institute is exposed to foreign currency risk mainly through the delivery of services in currencies other than the Australian Dollar (AUD) and payables relating to purchases of supplies and consumables from overseas. The risk is minimal due to the limited amount of transactions, the majority of which are denominated in Australian currency and a relatively short time frame between commitment and settlement.

The Institute's exposures are mainly against the Chinese Yuan (CNY) and are managed through continuous monitoring of movements in exchange rates against the CNY, and by ensuring availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Institute to enter into any hedging arrangements to manage foreign currency risk.

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. The Institute does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

The Institute 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 the Institute'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 the Institute's year end result.

The Institute'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

## Financial Instruments

### Interest rate exposure

Consolidated	Weighted average effective rate	Total Carrying Amount per Balance Sheet \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest bearing \$'000
<b>2016</b>					
<b>Financial assets</b>					
<b>Cash and deposits</b>					
Cash at bank and on hand	1.50%	17,383	17,366	-	17
Deposits (at call)	1.76%	8,651	8,651	-	-
<b>Receivables</b>					
Trade receivables		5,142	-	-	5,142
Revenue receivables		882	-	-	882
Security bond paid		47	-	-	47
<b>Total financial assets</b>		<b>32,105</b>	<b>26,017</b>	<b>-</b>	<b>6,088</b>
<b>Financial liabilities</b>					
<b>Payables</b>					
Supplies and services		3,056	-	-	3,056
Accrued expenses		4,245	-	-	4,245
Lease incentive liabilities	7.90%	1,727	-	1,727	-
<b>Borrowings</b>		<b>10,000</b>	<b>-</b>	<b>-</b>	<b>10,000</b>
<b>Total financial liabilities</b>		<b>19,028</b>	<b>-</b>	<b>1,727</b>	<b>17,301</b>

### Interest rate exposure

Consolidated	Weighted average effective rate	Total Carrying Amount per Balance Sheet \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest bearing \$'000
<b>2015</b>					
<b>Financial assets</b>					
<b>Cash and deposits</b>					
Cash at bank and on hand	2.00%	5,396	5,312	-	84
Deposits (at call)	2.18%	40,025	40,025	-	-
<b>Receivables</b>					
Trade receivables		5,892	-	-	5,892
Revenue receivables		649	-	-	649
Security bond paid		47	-	-	47
<b>Total financial assets</b>		<b>52,009</b>	<b>45,337</b>	<b>-</b>	<b>6,672</b>
<b>Financial liabilities</b>					
<b>Payables</b>					
Supplies and services		1,430	-	-	1,430
Accrued expenses		4,366	-	-	4,366
Lease incentive liabilities	7.90%	2,004	-	2,004	-
<b>Total financial liabilities</b>		<b>7,800</b>	<b>-</b>	<b>2,004</b>	<b>5,796</b>

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**Financial Instruments**

<b>Institute</b>	<b>Weighted average effective rate</b>	<b>Total Carrying Amount per Balance Sheet \$'000</b>	<b>Floating interest rate \$'000</b>	<b>Fixed interest rate \$'000</b>	<b>Non- interest bearing \$'000</b>
<b>2016</b>					
<b>Financial assets</b>					
<b>Cash and deposits</b>					
Cash at bank and on hand	1.50%	16,067	16,052	-	15
Deposits (at call)	1.76%	8,651	8,651	-	-
<b>Receivables</b>					
Trade receivables		4,432	-	-	4,432
Revenue receivables		862	-	-	862
Related receivables from related parties		5,961	-	-	5,961
Security bond paid		47	-	-	47
<b>Total financial assets</b>		<b>36,020</b>	<b>24,703</b>	<b>-</b>	<b>11,317</b>
<b>Financial liabilities</b>					
<b>Payables</b>					
Supplies and services		3,101	-	-	3,101
Accrued expenses		3,948	-	-	3,948
<b>Borrowings</b>		<b>10,000</b>	<b>-</b>	<b>-</b>	<b>10,000</b>
<b>Total financial liabilities</b>		<b>17,049</b>	<b>-</b>	<b>-</b>	<b>17,049</b>

<b>Institute</b>	<b>Weighted average effective rate</b>	<b>Total Carrying Amount per Balance Sheet \$'000</b>	<b>Floating interest rate \$'000</b>	<b>Fixed interest rate \$'000</b>	<b>Non- interest bearing \$'000</b>
<b>2015</b>					
<b>Financial assets</b>					
<b>Cash and deposits</b>					
Cash at bank and on hand	2.00%	3,510	3,502	-	8
Deposits (at call)	2.18%	33,092	33,092	-	-
<b>Receivables</b>					
Trade receivables		4,392	-	-	4,392
Revenue receivables		490	-	-	490
Related receivables from related parties		5	-	-	5
Security bond paid		47	-	-	47
<b>Total financial assets</b>		<b>41,536</b>	<b>36,594</b>	<b>-</b>	<b>4,942</b>
<b>Financial liabilities</b>					
<b>Payables</b>					
Supplies and services		1,126	-	-	1,126
Accrued expenses		3,742	-	-	3,742
<b>Total financial liabilities</b>		<b>4,868</b>	<b>-</b>	<b>-</b>	<b>4,868</b>

**Sensitivity analysis and assumptions**

The Institute'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. The Institute'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); and

## Financial Instruments

- proportional exchange rate movement of 15 per cent down (2015: 15 per cent, depreciation of AUD) and 15 per cent up (2015: 15 per cent, appreciation of AUD) against the CNY, from the year-end rate.

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

Consolidated 31 December 2016	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-50 bps Result \$'000	-50 bps Equity \$'000	+50 bps Result \$'000	+50 bps Equity \$'000	-15% Result \$'000	-15% Equity \$'000	+15% Result \$'000	+15% Equity \$'000
<b>Contractual financial assets</b>									
Cash and deposits	26,034	(130)	(130)	130	130	-	-	-	-
Receivables	5,141	-	-	-	-	-	-	-	-
Revenue receivable	882	-	-	-	-	-	-	-	-
Security deposits	47	-	-	-	-	-	-	-	-
<b>Total impact</b>		<b>(130)</b>	<b>(130)</b>	<b>130</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual financial liabilities</b>									
Supplies and services	3,056	-	-	-	-	-	-	-	-
Accrued expenses	4,245	-	-	-	-	-	-	-	-
Leases incentives liabilities	1,727	-	-	-	-	-	-	-	-
Borrowings	10,000	-	-	-	-	-	-	-	-
<b>Total impact</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

		Interest rate risk				Foreign exchange risk			
	Carrying amount	-50 bps Result	-50 bps Equity	+50 bps Result	+50 bps Equity	-15% Result	-15% Equity	+15% Result	+15% Equity
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2015									
<b>Contractual financial assets</b>									
Cash and deposits	45,421	(227)	(227)	227	227	(1)	(1)	1	1
Receivables	5,892	-	-	-	-	-	-	-	-
Revenue receivable	649	-	-	-	-	-	-	-	-
Security deposits	47	-	-	-	-	-	-	-	-
<b>Total impact</b>		<b>(227)</b>	<b>(227)</b>	<b>227</b>	<b>227</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>	<b>1</b>
<b>Contractual financial liabilities</b>									
Supplies and services	1,430	-	-	-	-	-	-	-	-
Accrued expenses	4,366	-	-	-	-	-	-	-	-
Leases incentives liabilities	2,004	-	-	-	-	-	-	-	-
<b>Total impact</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**Financial Instruments**

Institute 31 December 2016	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-50 bps Result \$'000	-50 bps Equity \$'000	+50 bps Result \$'000	+50 bps Equity \$'000	-15% Result \$'000	-15% Equity \$'000	+15% Result \$'000	+15% Equity \$'000
<b>Contractual financial assets</b>									
Cash and deposits	24,718	(124)	(124)	124	124	-	-	-	-
Receivables	4,432	-	-	-	-	-	-	-	-
Revenue receivable	862	-	-	-	-	-	-	-	-
Amount receivables from related parties	5,961	-	-	-	-	-	-	-	-
Security deposits	47	-	-	-	-	-	-	-	-
<b>Total impact</b>		<b>(124)</b>	<b>(124)</b>	<b>124</b>	<b>124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Contractual financial liabilities</b>									
Supplies and services	3,101	-	-	-	-	-	-	-	-
Accrued expenses	3,950	-	-	-	-	-	-	-	-
Borrowings	10,000	-	-	-	-	-	-	-	-
<b>Total impact</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Institute 31 December 2015	Carrying amount \$'000	Interest rate risk				Foreign exchange rate			
		-50 bps Result \$'000	-50 bps Equity \$'000	+50 bps Result \$'000	+50 bps Equity \$'000	-15% Result \$'000	-15% Equity \$'000	+15% Result \$'000	+15% Equity \$'000
<b>Contractual Financial assets</b>									
Cash and deposits	36,602	(183)	(183)	183	183	-	-	-	-
Receivables	4,392	-	-	-	-	-	-	-	-
Revenue receivable	490	-	-	-	-	-	-	-	-
Amount receivables from related parties	5	-	-	-	-	-	-	-	-
Security deposits	47	-	-	-	-	-	-	-	-
<b>Total impact</b>		<b>(183)</b>	<b>(183)</b>	<b>183</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Contractual Financial liabilities</b>									
Supplies and services	1,126	-	-	-	-	-	-	-	-
Accrued expenses	3,742	-	-	-	-	-	-	-	-
<b>Total impact</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(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 the Institute 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).

## Financial Instruments

- 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).

The Institute 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.

The Institute's 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))

## 22 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.

#### (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



## Key management personnel disclosures

Remuneration of the chief executive officer and board members in connection with the management of the Institute are disclosed below.

	2016 No.	2015 No.
Income range		
Less \$10,000	-	3
\$10,000-\$19,999	-	1
\$20,000-\$29,999	7	-
\$30,000-\$39,999	1	-
\$40,000-\$49,999	5	5
\$50,000-\$59,999	1	-
\$70,000-\$79,999	-	1
\$350,000-\$359,999	1	1
<b>Total number of responsible persons</b>	<b>15</b>	<b>11</b>
<b>Total remuneration of responsible person (\$'000)</b>	<b>813</b>	<b>661</b>

### (iii) Executive Officers

#### Remuneration of executive officers

The number of executive officers and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

The total annualised employee equivalent provides a measure of full time equivalent executive offices over the reporting period.

	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
Income range				
The number of executive officers whose total remuneration from the Institute exceeded \$100,000, separately identifying base remuneration and total remuneration, disclosed within the income band of \$10,000 in a table format:				
\$30,000-\$39,999	-	-	1	-
\$100,000-\$109,999	1	-	2	-
\$110,000-\$119,999	1	-	1	-
\$140,000-\$149,999	-	1	-	1
\$150,000-\$159,999	1	-	1	-
\$160,000-\$169,999	-	1	3	1
\$170,000-\$179,999	4	-	-	-
\$190,000-\$199,999	-	-	-	2
\$200,000-\$209,999	-	3	1	2
\$210,000-\$219,999	1	2	1	1
\$220,000-\$229,999	1	1	1	2
\$230,000-\$239,999	1	-	-	-
\$240,000-\$249,999	-	2	3	1
\$250,000-\$259,999	-	-	-	-
\$260,000-\$269,999	1	-	-	-
\$270,000-\$279,999	2	-	-	-
\$280,000-\$289,999	1	-	-	-
<b>Total number of executive officers</b>	<b>14</b>	<b>10</b>	<b>14</b>	<b>10</b>
<b>Total annualised employee equivalent (AEE)</b>	<b>11.3</b>	<b>9.8</b>	<b>11.3</b>	<b>9.8</b>
<b>Total amount of remuneration (\$'000)</b>	<b>2,847</b>	<b>2,052</b>	<b>2,376</b>	<b>2,009</b>

### (iv) Payments to other personnel

There is one contractor charged with significant management responsibilities, to whom the total expenses paid by the Institute exceeded \$300,000. He is responsible for planning, directing or controlling, directly or indirectly, the Institute's activities.

## 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.

## 23 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy in Note 1(d).

Name	Country of incorporation	Class of Shares	Equity holding	
			2016	2015
Box Hill Enterprises Ltd	Australia	Limited by guarantee	100%	100%
Centre for Adult Education	Australia	-	100%	100%

## 24 Remuneration of auditors

	Consolidated		Institute	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Remuneration of Victorian Auditor General's Office for:</b>				
Audit of the financial statements	129	87	83	44
<b>Total remuneration of Victorian Auditor General's Office</b>	<b>129</b>	<b>87</b>	<b>83</b>	<b>44</b>
<b>Remuneration of other auditors</b>				
Other assurance services	135	44	135	44
<b>Total remuneration of other auditors</b>	<b>135</b>	<b>44</b>	<b>135</b>	<b>44</b>
<b>Total Remuneration of auditors</b>	<b>264</b>	<b>131</b>	<b>218</b>	<b>88</b>

## 25 Ex-gratia expenses

	Consolidated		Institute	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Ex-gratia expenses</b>				
Ex-gratia payments on termination of employment <sup>1</sup>	139	158	137	120
<sup>1</sup> Included in Note3(a) under employee expenses				

## 26 Subsequent events

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

## 27 Economic dependency

As identified in the Comprehensive Operating Statement, a significant volume of income from transactions is generated through the Institute's performance and service agreements with State and Commonwealth Governments.

# PERFORMANCE STATEMENT





Victorian Auditor-General's Office

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of the Box Hill Institute of TAFE

#### Opinion

I have audited the accompanying performance statement for 2016 of the Box Hill Institute of TAFE (the institute) which comprises the:

- performance statement and
- management certification.

In my opinion, the performance statement of the Box Hill Institute of TAFE in respect of the year ended 31 December 2016 presents fairly, in all material respects.

#### Basis for opinion

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

The Auditor-General's independence is established by the *Constitution Act 1975*. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance statement in Australia and 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 performance statement

The Board of the institute is responsible for the preparation and fair presentation of the performance statement and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

## Independent Auditor's Report (continued)

### **Auditor's responsibilities for the audit of the performance statement**

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

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

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 Institute's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether the performance statement represents the underlying events and results in a manner that achieves fair presentation.

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

MELBOURNE  
23 March 2017


  
Simone Bohan  
as delegate for the Auditor-General of Victoria

# BOX HILL INSTITUTE PERFORMANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016


In our opinion, the accompanying Statement of Performance of Box Hill Institute and the consolidated entity in respect of the 2016 financial year is presented fairly in accordance with the *Financial Management Act*.

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


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



Jack Diamond  
Chair of the Board  
Date: 23 March, 2017



Norman Gray AM  
Chief Executive Officer  
Date: 23 March, 2017



Patrik Valsinger  
Interim Chief Finance Officer  
Date: 23 March, 2017

**Box Hill Institute**  
**Performance Statement for the year ended 31 December 2016**

Indicator title	Description and methodology	Metric	2016 Target	2016 Actual	Explanation of variances	Prior year result
Training Revenue diversity	Breakdown of training revenue split by Government funded and Fee for Service	Percentage	37%	33%	Mix of training revenue was consistent with 2016 targets	36%
	<i>Training revenue split by:</i> <ul style="list-style-type: none"> <li>Victorian Training Guarantee</li> <li>Fee for Service (FFS)</li> </ul>		63%	68%		64%
Employment costs as a proportion of training revenue	Employment and Third Party training delivery costs as a proportion of training revenue (VTG and FFS)  <i>Employment costs + 3rd party training delivery costs / Training Revenue</i>	Percentage	82%	107%	Although employment costs were consistent with budget, a shortfall in training revenue due to a reduction in average course length per student resulted in this outcome.	89%
Training revenue per teaching FTE	Training Revenue (excl. revenue delivered by third parties) per Teaching FTE  <i>Training Revenue (excl. revenue delivered by 3rd parties) / Teaching FTE</i>	\$'000s	\$156.5	\$156.3	2016 target was set lower than 2015 due to commencement of Lilydale Campus with expected low student numbers in first year of operation.	\$217.4
Operating margin percentage	Operating margin %  <i>EBIT (excluding Capital Contributions) / Total Revenue (excluding Capital Contributions)</i>	Percentage	(8.2%)	(8.8%)	Performance in line with target	(2%)
Enrolment targets	VTG % change from 2015	Percentage	10%	6%	VTG and FFS student enrolment numbers have increased from 2015.	
	FFS % change from 2015		5%	14%		
Financial Position	EBITDA excl. capital contributions	\$ million	> 0	(\$0.9)	Immaterial variance	\$4.9

# DISCLOSURE INDEX

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
<b>REPORT OF OPERATIONS</b>			
<b>Charter and Purpose</b>			
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	1-11
3	FRD 22G	Nature and range of services provided including communities served	1-11
<b>Management and Structure</b>			
4	FRD 22G	Organisational structure and chart, including responsibilities	15
5	FRD 22G	Names of Board members	12
<b>Financial and Other Information</b>			
6	FRD 03A	Accounting for Dividends	n/a
7	FRD 07B	Early adoption of authoritative accounting pronouncements	48-51
8	FRD 10A	Disclosure Index	94-97
9	FRD 17B	Long Service leave and annual leave for employees	46-47, 68
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	1-17, 89-93
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	19
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).	26
14	FRD 22G	Summary of the financial results for the year including previous 4 year comparisons	16
15	FRD 22G	Summary of significant changes in financial position	17
16	FRD 22G	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	6-9
17	FRD 22G	Post-balance sheet date events likely to significantly affect subsequent reporting periods	88
18	FRD 22G	Summary of application and operation of the Freedom of Information Act 1982	18
19	FRD 22G	Discussion and analysis of operating results and financial results	17
20	FRD 22G	Significant factors affecting performance	17
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	24
23	FRD 22G	Statement of compliance with building and maintenance provisions of the Building Act 1993	22
24	FRD 22G	Statement, where applicable, on the implementation and compliance with the National Competition Policy	18
25	FRD 22G	Summary of application and operation of the Protected Disclosure Act 2012	19



Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
<b>REPORT OF OPERATIONS (Continued)</b>			
26	FRD 22G and FRD 24C	Summary of Environmental Performance including a report on office based environmental impacts	20-21
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"> <li>1. Total number of consultancies of \$10,000 or more (excluding GST)</li> <li>2. Location (eg website) of where details of these consultancies over</li> <li>3. \$10,000 have been made publicly available</li> </ol> <p>Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period</p> <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"> <li>&gt; Consultant engaged</li> <li>&gt; Brief summary of project</li> <li>&gt; Total project fees approved (excluding GST)</li> <li>&gt; Expenditure for reporting period (excluding GST)</li> <li>&gt; Any future expenditure committed to the consultant for the project</li> </ul>	25
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	19
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)	23
30	FRD 22G	<p>An entity shall disclose the following in the report of operations:</p> <ul style="list-style-type: none"> <li>&gt; Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and</li> <li>&gt; 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"> <li>(i) Operational expenditure (OPEX); and</li> <li>(ii) Capital expenditure (CAPEX).</li> </ul> </li> </ul>	22
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.	18
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.	1-26

# DISCLOSURE INDEX

## CONTINUED

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.	31
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.	31
38	CG 10	Major Commercial Activities	22
39	CG 12 (clause 33)	Controlled Entities	88
FINANCIAL REPORT			
Financial Statements Required Under Part 7 of the Financial Management Act 1984			
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.	31
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:	31
		> 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.	
42	FRD 30C	Rounding of amounts	48
43	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to:	31
		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	
Other Requirements as per Financial Reporting Directions in Notes to the Financial Statements			
44	FRD 11A	Disclosure of ex-gratia payments	88
45	FRD 21B	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	86-87
46	FRD 102	Inventories	67
47	FRD 103F	Non-financial physical assets	44-45, 59-66
48	FRD 104	Foreign currency	80
49	FRD 105B	Borrowing costs	n/a
50	FRD 106	Impairment of assets	42
51	FRD 107B	Investment properties	n/a
52	FRD 109	Intangible assets	45, 67
53	FRD 110	Cash flow statements	35
54	FRD 112D	Defined benefit superannuation obligations	74
55	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	88
56	FRD 114B	Financial instruments – general government entities and public non-financial corporations	75-85

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
<b>Other Requirements as per Financial Reporting Directions in Notes to the Financial Statements (Continued)</b>			
57	FRD 119A	Transfers through contributed capital	34, 47
58	FRD 120I	Accounting and reporting pronouncements applicable to the reporting period	36-52
<b>Compliance with other Legislation, Subordinate Instruments and Policies</b>			
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"> <li>&gt; Education and Training Reform Act 2006 (ETRA)</li> <li>&gt; TAFE institute constitution</li> <li>&gt; Directions of the Minister for Training and Skills (or predecessors)</li> <li>&gt; TAFE institute Commercial Guidelines</li> <li>&gt; TAFE institute Strategic Planning Guidelines</li> <li>&gt; Public Administration Act 2004</li> <li>&gt; Financial Management Act 1994</li> <li>&gt; Freedom of Information Act 1982</li> <li>&gt; Building Act 1983</li> </ul>	22
60	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2016	19
61	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	19
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"> <li>&gt; KPIs set out in the annual Statement of Corporate Intent; and</li> <li>&gt; Employment costs as a proportion of training revenue;</li> <li>&gt; Training revenue per teaching FTE;</li> <li>&gt; Operating margin percentage;</li> <li>&gt; Training Revenue diversity.</li> </ul>	89-93
<b>Overseas Operations of Victorian Tafe Institutes</b>			
63	PAEC and VAGO June 2003 Special Review item 3.110)	<ul style="list-style-type: none"> <li>&gt; Financial and other information on initiatives taken or strategies relating to the institute's overseas operations</li> <li>&gt; Nature of strategic and operational risks for overseas operations</li> <li>&gt; Strategies established to manage such risks of overseas operations</li> <li>&gt; Performance measures and targets formulated for overseas operations</li> <li>&gt; The extent to which expected outcomes for overseas operations have been achieved.</li> </ul>	10



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