



# ANNUAL REPORT 2017

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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.

The Box Hill Institute Group Strategic Plan 2017 – 2020 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 four 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

Embedded in the Adult, Community and Further Education (ACFE) (Part 3.3.26) of the Educational and Training Reform Act 2006 as an Adult Education Institution, the Centre for Adult Education (CAE) exists to provide learning to the community through a wide range of pre-accredited and vocational programs and services. Additionally, the CAE is one of the largest providers of VCE for adults in Victoria, assisting those who would like to return and study in a flexible environment.

## Programs

The CAE is a leading provider of adult and community education in Victoria. It has a strong focus on delivering pre-accredited programs, senior secondary school curriculum, nationally recognised and accredited training as well as non-accredited short courses. Through these services and programs, we connect with the community through socially inclusive practices that recognise diversity and creativity.

CAE provides programs and services in the following areas:

- > Over 30 pre-accredited ACFE programs that range from business and computer skills, to preparation to study and employment courses designed to assist disadvantaged learners to return to study, improve reading, writing and maths skills, gain a qualification, get a job or learn something new
- > the Victorian Certificate of Education (VCE) for adult learners to provide new opportunities for work, further study or personal enrichment
- > the Reconnect program offers one on one wrap around supports for early school leavers or people who have been out of work for more than a year
- > Department of Foundation Studies offer CAE cornerstone courses such as visual arts, professional writing and editing and general education diplomas and certificates
- > Adult Migrant English Program commenced in July 2017
- > CAE provides programs and services in vocational education and higher education and training in partnership with Box Hill Institute at CAE campuses, including nursing, community services, business, library studies, ICT, commerce, fashion merchandising disability support, training and assessment, ranging from beginner to advanced levels and degrees

## Locations

Located in the heart of Melbourne's thriving CBD café district, CAE delivers the majority of its courses from three locations. In 2017, courses were delivered at 253 and 278 Flinders Lane, and 21 Degrares Street. Courses were also held at the Ola Cohn Centre in East Melbourne, offsite at industry locations and at other Box Hill Institute Group campuses in Box Hill and Lilydale Lakeside. The CAE deliver courses in partnership with other organisations throughout Melbourne.

## History

CAE was founded in 1947 as the Council of Adult Education under Victorian Government legislation, with the broad charter to provide adult education to the Melbourne community. In 2001, Victorian Parliament passed an amendment to the Adult Community and Further Education Act 1991, which established CAE as an adult education institution with reporting responsibility to the Adult, Community and Further Education Board and the Victorian Parliament. The functions, powers and duties of CAE are detailed in the Education and Training Reform Act 2006.

In November 2012, an amendment to the Education and Training Reform Act was passed to enable CAE operations to be governed by the Box Hill Institute Group Board. While Box Hill Institute and CAE continue to operate as separate legal entities, under legislation the Box Hill Institute Group Board became the CAE Board, with 2017 the fifth year of joint operations. In this report, the Box Hill Institute Group refers to Box Hill Institute, Centre for Adult Education and controlled entities.

## Relevant Minister

The relevant Minister in 2017 was The Hon Gayle Tierney MP, Minister for Training and Skills.



Despite a challenging environment and declining vocational education and training (VET) sector, 2017 has been a successful year for our organisation and we have maintained market share in our principal region.

We are proud of our achievements and remain committed to serving our communities through quality, innovative education, training and lifelong learning to meet the needs of students, industry, government, and stakeholders.

The Victorian Government announced its Skills First reforms of the Victorian training and TAFE sector in 2017, placing renewed focus and priority on the VET Sector. Box Hill Institute Group strongly supports and shares the Government's vision for a better managed TAFE sector with the central aim of improved employment outcomes for students.

In 2017, we continued to focus on strengthening our community links while building a strong foundation for a sustainable future. This future will be achieved through the responsible management of our business and delivery of our 2017 - 2020 Strategic Plan. Our Strategic Plan focuses on leveraging our existing strengths to build on our established reputation for academic quality, maintain and grow our market share, and ensure financial sustainability through a diversified delivery framework.

We continued to develop quality education programs both domestically and internationally, growing and expanding our global reach and retaining our market share domestically. Our focus on innovation and growth through diversification has resulted in a number of strategic partnerships including our agreement with Epworth Eastern to develop a new health and education precinct in Box Hill, a two year sponsorship with Reece Plumbing, and agreements with iconic Sing Sing Studios and Schwarzkopf for our Music and Hair and Beauty Departments respectively.

During 2017, Box Hill Institute Group continued to expand our Lilydale Lakeside Campus as an education precinct. Across our campus, the Yarra Ranges Tech School commenced operations, we opened the Point of View café and the Lilydale Library was relocated to our campus. Community engagement is a key feature of our Lilydale operations and we will continue to work alongside the local community to realise this vision.

Our CAE campus is considered a Melbourne institution and this year celebrated 70 years of operations. The CAE is an important community resource, supplying lifelong learning, access for students of all ages to study VCE, and language courses for tourists and professionals. In 2017, the CAE delivered courses from our Lilydale Lakeside campus, giving the Yarra Ranges community access to flexible, accessible, and up-to-date quality learning previously unavailable in the area.

On a sad note, the Box Hill Institute Group suffered a great loss in October when our staff-elected Board member, Susan Fenton, passed away unexpectedly. Susan was elected to the Board in July 2016 and was a valued member of our organisation. She is missed by all.

We look forward to continuing our work within our community and in collaboration with our partners and stakeholders to provide meaningful skills, education and employment outcomes for students, adult learners, employers, industry, and government.

On behalf of the Board, I thank Norman Gray AM for his leadership of the Box Hill Institute Group over the last year and the dedication and commitment of his management team and employees.

A handwritten signature in dark ink, reading 'Jack Diamond'.

**Jack Diamond**  
Board Chair

29 March 2018

**Growth and change is the best way to describe 2017 for Box Hill Institute Group. It's a situation we expect to continue as external realities such as technology and future skill gaps materialise.**



During the year, we also welcomed the Government's focus on TAFE as a trusted provider under the auspices of Skills First and look forward to playing a key role in growing the Victorian vocational education and training (VET) sector.

For the second year running we won the Large Business Award at the Whitehorse Excellence in Business Awards and two staff members won significant industry awards – Susan Morris (Building and Engineering Studies) won the VET Teacher/Trainer of the Year at the Victorian Training Awards, while Jennifer Oliver (Executive Director Academic Affairs (VET & Higher Ed)) was awarded the Dr Werner Kubsch Award for outstanding achievement in international education by the Community Colleges for International Development (CCID) at a ceremony in Houston, Texas.

Our flexible and innovative approaches to the design and delivery of international education programs helped us to expand our offshore delivery network and attract applications from students seeking to study at our Victorian campuses. Within the international market, we secured agreements to establish three new, large, delivery campuses in China and one in Vietnam.

Our campus modernisation program remains a key focus for providing industry-standard facilities for our students. We are particularly excited about the coming health and education precinct and music and fashion hub at our Nelson campus. New facilities for our fashion programs opened this year and as we move into 2018, we will progressively open our new music facility. This facility will include the best recording studios in the southern hemisphere, supported by a strong industry partnership with the iconic Sing Sing Studios.

In 2017, local school groups started attending classes at the Yarra Ranges Tech School hosted at our Lilydale Lakeside campus, the first in the country and a model highly regarded by Australia's Chief Scientist, Dr Alan Finkel.

We continue to enhance our reputation for innovation and new education solutions, playing a driving role in the creation of a national solution for the critical shortage of cyber security technicians. A national TAFE agreement, signed by VET and TAFE providers from across Australia, is the first of its kind, delivering an established, work-integrated delivery model developed in close partnership with industry. The combination of resources and synchronisation of delivery Australia-wide will provide work ready graduates with technical skills in a critical industry area.

Box Hill Institute Group integration across our campuses enabled us to provide a diverse offering of courses and programs in locations and with facilities best suited to our students. In 2017, we started a number of new courses at the Lilydale Lakeside campus, including short courses run by the CAE. Lilydale Lakeside is fast becoming a key community hub for local groups, educators and businesses and it has been rewarding to watch the campus establish a community presence.

The CAE celebrated its 70th anniversary in 2017 with a well-received and well-attended function in Melbourne's Federation Square. The CAE is a key platform in our delivery to learners of all ages, helping our students achieve their learning and employment outcomes.

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

A stylized, handwritten signature in dark ink, likely belonging to Mr Norman Gray AM.

**Mr Norman Gray AM**  
Chief Executive Officer

29 March 2018

# KEY INITIATIVES AND PROJECTS 2017

## Continued Service Delivery to the Community

In 2017, CAE continued to deliver quality education and lifestyle programs to over 12,000 students. Highlights include the delivery of more than 1,158 short courses to 5,934 students and language courses to 2,931 students. There were 369 language courses delivered in 2017.

## CBD Skills and Jobs Centre

While the numbers continue to grow in 2017, retrenched workers were a major focus in the CBD. Working with the Department of Economic Development, Jobs, Transport and Resources, the Centre presented at 10 onsite groups sessions in workplaces and saw 110 individuals at the Centre as a result. The Centre also engaged with a number of Schools presenting Studying with your Health not Against it for Ronald McDonald House; Jobs of the Future at Melbourne University High School; Career Planning at St Aloysius Catholic Girls College; and was the Guest Speaker at a Girls in STEM event held at Engineers Australia. While the Centre staff continued to support many CBD marketing events, they also provided support to the other Centres in peak times.

## Languages Centre of Excellence

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

LCE runs an extensive language short course program, offering 24 different languages from beginner to advanced levels. Our commitment is to support students to enhance their language skills and achieve their desired level to gain linguistic and cultural competence in the languages of their choice. Almost 3,000 students enrolled in LCE courses in 2017 alone.

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



## Department of Foundation Studies 2017 Success

The CAE VCE program offers timetable and subject choices to allow mature age learners to combine part or full-time study with work and home commitments. The program gives graduates the opportunity to transition into a wide range of certificate, diploma and bachelor programs, and is a great avenue for mature learners looking to return to education for a career change or after a study break or to support their personal interest.

In 2017, CAE delivered education programs to 392 VCE learners, including 200 students sitting the VCE Year 12 final exams. The highest ATAR score achieved was 96.3 and six students achieved an ATAR score of 90 or above.

Additional CAE highlights during 2017 include:

- > A 70th anniversary event hosted at Melbourne's Federation square, with over 3,000 attendees participating in workshops, food tastings, taking walking tours, examining course information and other activities
- > Reviewing and refreshing the CAE brand. The Keep Growing tagline is a platform to base further recruitment and commercial campaigns
- > The CAE's Book Groups continued to thrive, with 5,619 members across 533 Groups

## Audit Compliance

During 2017, CAE successfully completed a number of important audits by our national and state regulators. The 2017 successful audits included:

### **External Audits**

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

### **Change of Delivery Sites**

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

### **VET Reaccreditation**

Certificate II in Applied Languages submitted to ASQA (accredited)

The Centre for Adult Education (CAE) is governed by a board established under the Constitution of the Box Hill Institute and Centre for Adult Education Order 2016 (the Constitution) and the Education Training and Reform Act 2016 (the Act). The Board is comprised of members who have experience in government, industry and the community. Its role is to oversee and govern the CAE and take all reasonable steps for the advancement of the objectives of the CAE under the Act and the Constitution and CAE objectives, and operate in accordance with the economic and social objectives and public sector management policy established from time to time by the Government of Victoria.

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.

The Board is ultimately responsible to the Victorian Government for the governance and management of the CAE.

## Board Members

Board members are either appointed by the Minister, co-opted by the Board, or elected by staff. The CEO is an ex officio director.

The following Directors served on the Board during 2017:

- > Mr Allan Moore
- > Ms Amanda Brook
- > Ms Claire Filson
- > Ms Helen Buckingham
- > Mr Jack Diamond (Chairperson)
- > Prof John Rosenberg
- > Ms Julie Eisenbise
- > Mr Norman Gray AM (CEO – ex officio)
- > Mr Phillip Davies
- > Ms Susan Fenton (Staff Elected – passed away October 2017)
- > Ms Tracey Cooper
- > Dr Zena Burgess

In October 2017, Box Hill Institute Group suffered the unexpected death of staff member and Board member, Susan Fenton. Susan joined Box Hill Institute Group in 2011 as a teacher in the School of Foundation and Adult Learning and became a member of the Board in July 2016. She was an experienced engineer and teacher who excelled in facilitation and communicating with people from all walks of life.

Susan worked in the vocational sector for 17 years at Box Hill and Holmesglen Institutes, teaching, developing training packages, and partnering with industries. She enjoyed encouraging, teaching, listening and supporting students and vocational teachers to achieve their best. She also dedicated 35 years of her life to volunteering, which was recognised when she was awarded the Caroline Chisholm Award, named after the humanitarian known for her involvement with the welfare and political rights of women and children in the 19th century.

## Committees

In 2017, the following Board Committees assisted the Board in fulfilling its duties:

- > Audit, Finance and Risk Committee
- > Asset Management Committee
- > Education Quality Committee
- > Nominations Committee
- > Remuneration Committee

### 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 met.

The financial statements in the Annual Report have been reviewed by the members of the Audit, Finance and Risk Committee, were formally adopted by the Institute's Board, and have been authorised by the Board to release to the Parliament as included in the Annual Report. Committee Membership during 2017 included:

- > Mr Allan Moore (Committee Chair) (from 1 July 2017)
- > Ms Claire Filson (Committee Chair) (until 30 June 2017)
- > Ms Julie Eisenbise

- > Mr Phillip Davies
- > Ms Susan Fenton (until 30 June 2017)
- > Ms Tracey Cooper
- > Dr Zena Burgess

#### **Asset Management Committee**

The objective of the Asset Management Committee is to assist the Board in ensuring that plans and projects relating to the use of the Institute's assets align to the approved annual Asset Management Plan and that the Board is fully informed of the processes and options being considered.

Membership during 2017 included:

- > Ms Amanda Brook (from 1 June 2017)
- > Mr Allan Moore (from 1 December 2017)
- > Ms Claire Filson
- > Ms Helen Buckingham
- > Mr Phillip Davies
- > Ms Tracey Cooper (Committee Chair)

#### **Nominations Committee**

The Nominations Committee assists 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 Co-opted Directors.

Membership during 2017 included:

- > Mr Allan Moore
- > Ms Amanda Brook
- > Ms Claire Filson
- > Mr Jack Diamond (Chairperson)
- > Prof John Rosenberg
- > Ms Julie Eisenbise
- > Ms Helen Buckingham
- > Mr Norman Gray AM (CEO)
- > Mr Phillip Davies
- > Ms Susan Fenton  
(Staff Elected – passed away in October 2017)
- > Ms Tracey Cooper
- > Dr Zena Burgess

#### **Education Quality Committee**

The Education Quality Committee assists the Board in fulfilling its responsibilities to oversee the maintenance of quality, 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 2017 included:

- > Ms Amanda Brook (until 31 May 2017)
- > Ms Claire Filson (from 1 July 2017)
- > Ms Helen Buckingham (Committee Chair)
- > Prof John Rosenberg
- > Ms Julie Eisenbise
- > Ms Susan Fenton (until October 2017)

#### **Remuneration Committee**

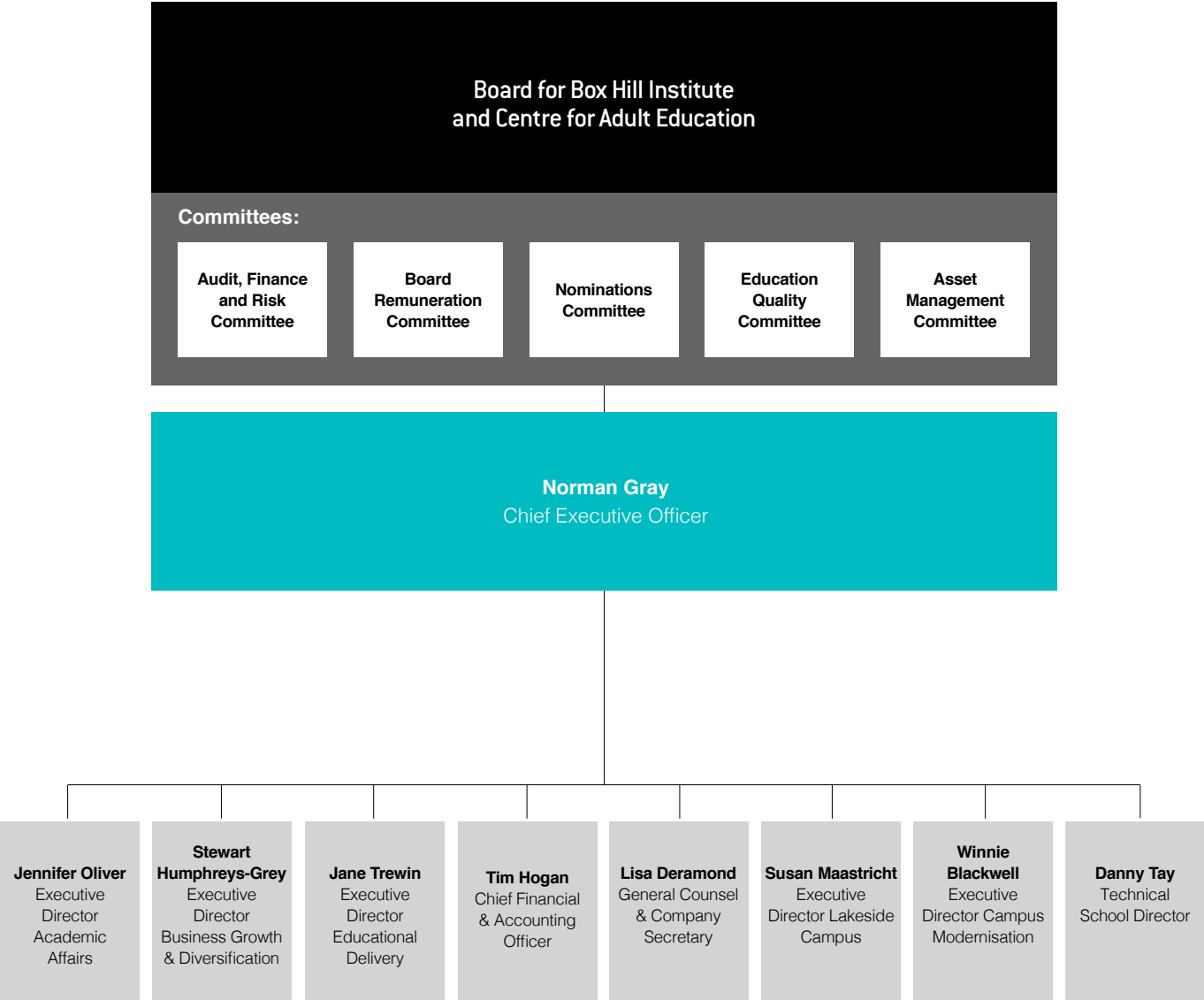
The Remuneration Committee assists the Board in ensuring that remuneration practices for the CEO and Executive Officers are in accordance with government policy relating to public sector employment administered by the State Services Authority and Ministerial directions.

Membership during 2017 included:

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

# EXECUTIVE MANAGEMENT STRUCTURE 2017

Organisational Chart as at 31 December 2017



Board and Committee members are listed in the Governance section.

## Five Year CAE Financial Summary

YEAR ENDED 31 DECEMBER	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
<b>Summary of Financial Performance</b>					
Total Income from Transactions	8,461	8,518	16,247	15,006	19,264
Total Expenses from Transactions	-11,881	-12,916	-15,302	-18,822	-19,829
Other Economic Flows and Discontinued Operations	1,066	203	832	836	3,904
<b>Net result</b>	<b>-2,354</b>	<b>-4,195</b>	<b>1,777</b>	<b>-2,980</b>	<b>3,339</b>
<b>BALANCE SHEET PERFORMANCE:</b>					
Assets	13,618	13,059	12,174	10,971	15,907
Liabilities	11,499	9,671	4,837	5,642	7,598
<b>NET WORTH</b>	<b>2,119</b>	<b>3,388</b>	<b>7,337</b>	<b>5,329</b>	<b>8,309</b>

The Centre for Adult Education recorded a net loss of \$2.354 million (2016: \$4.196 million loss) compared to a Board approved operating budget of \$3.174 million loss.

## Comprehensive Operating Statement / Balance Sheet

The favourable result in 2017 compared with 2016 is due to:

- > Expenses reduced due to ongoing refinement of operations to maximise efficiencies (\$0.763 million employee expenses and \$0.883 million non-salary expenses)
- > Increase in liabilities relates to an inter-company balance with BHI (2017: \$8.216 million, 2016: \$6.181 million).
- > Increase in reserves due to changes in physical assets revaluation (2017: \$1.246 million, 2016 \$0.247 million).

The net loss has reduced the Centre of Adult Education's overall net worth.

## Risk Management and Attestation Statement

For the period 1 January 2017 – 30 June 2017, I, Mr Jack Diamond, on behalf of the Board of Directors, certify that the Centre for Adult Education has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes, including the Insurance requirements. For the period 1 July 2017 – 31 December 2017, I Mr Jack Diamond, on behalf of the Board of Directors, certify that the Centre for Adult Education has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

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



**Jack Diamond**  
Board Chairperson

8 March 2018

## Statements of Pecuniary Interests

The Box Hill Institute Group (which includes CAE) has policies and procedures that require relevant officers of CAE 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  
Box Hill Institute  
Private Bag 2014  
Box Hill, VIC 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

The 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 and related legislation.

## Freedom of Information

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

The CAE may levy a charge for information provided that is the subject of a Freedom of Information request in accordance with the relevant requirements. There were no formal requests for information under the Freedom of Information Act during the 2017 reporting period.

Students may access their personal records by applying to:

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

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

General Manager Human Resources  
Box Hill Institute  
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 2017

were \$1,104,000. Student Services and Amenities Fees collected for Box Hill Institute were \$1,040,000. Student Services and Amenities Fees collected for CAE were \$64,000.

### **Protected Disclosure Act**

The purpose of the Protected Disclosure Act 2012 is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to persons who make disclosures in accordance with the Act.

The Box Hill Institute Group has policies and procedures to promote the protection of persons who make a protected disclosure under the Act, which can be accessed at on the Institute's website at [www.boxhill.edu.au/about-us/policies-and-procedures](http://www.boxhill.edu.au/about-us/policies-and-procedures) or from the Protected Disclosure Coordinator at [protecteddisclosure@bhi.edu.au](mailto:protecteddisclosure@bhi.edu.au).

Officers, members, employees and contractors of the Institute as well as members of the public, may make a disclosure of improper conduct or detrimental action under the Act to the Independent Broad-based Anti-corruption Commission (IBAC) online at [www.ibac.vic.gov.au/report-corruption-or-misconduct/online-form](http://www.ibac.vic.gov.au/report-corruption-or-misconduct/online-form):

The group's Protected Disclosure Coordinator cannot receive disclosures. They must be made directly to IBAC. The Coordinator is responsible for coordinating disclosures and the welfare of disclosers.

### **Carers Recognition Act**

The Box Hill Institute Group meets its obligations under the Carers Recognition Act 2012 by ensuring a carer friendly workplace, the implementation of and adherence to policies and services to better support care relationships, and by developing programs and services for supporting care relationships where needed.

### **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, the CAE and all its controlled entities, and takes into account the Victorian Public Sector Travel Principles issued by the Department of Premier and Cabinet and the Department of Education and Early Childhood Development Policy and Guidelines.

### **Occupational Health and Safety**

A continued overarching commitment to Occupational Health and Safety (OHS) at Box Hill Institute Group, incorporating the Centre for Adult Education has achieved an increase in safety participation, reporting, training and health and wellbeing activities during 2017.

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

For CAE, ongoing review of and consultation on OHS results during 2017 has confirmed the effectiveness of ongoing proactive risk management strategies and initiatives. As a result, there was an increase in the reporting and rectifying of workplace hazards. Over 400 individual reports were received during 2017, equating to 669.41 hazards reported per 100 FTE. This is a substantial increase from the 41.9 reported hazards per FTE in 2016 and 37.14 per FTE in 2015 and is due to a proactive campaign to identify hazards.

At the CAE, this positive trend was supported by a continued decrease in the number of injuries, WorkCover claims and the average cost of WorkCover claims reported during 2017. There were no WorkCover claims reported in 2017 or 2016 for CAE operations, a substantial decrease from the average claim costs of \$129,498.72 in 2015.

This positive progress was also reflected in a reduction in lost time days for CAE operations during 2017. There were zero lost time standard claims in 2017 and 2016 contributing to a lost time injury frequency rate of zero, well below the 2017 target of 5.0. The report lost time injury frequency rate was 2.15 in 2015.

During 2017, there was one WorkSafe notifiable incident reported and no WorkSafe notices issued for CAE operations.

## Environmental Performance

Energy Use		2016	2017
Total energy usage, segmented by primary source	Electricity	3,830,748 MJ	2,882,428 MJ
	Natural Gas	491,069 MJ	217,887 MJ
	Total Energy	4,321,817 MJ	3,100,315 MJ
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets		0 tonnes	0 tonnes
Percentage of electricity purchased as Green Power		0%	0%
Total greenhouse gas emissions associated with energy use		1,753.3 tonnes	822 tonnes
Units of energy used (per effective full time employee)		56,650 MJ	47,275 MJ
Units of energy used per unit of building area (per m2)		321.16 MJ	230.39 MJ

Waste Production		2016	2017
Total units of office waste disposed of by destination (kg per year)	General Waste (landfill)	101,400	84,600
	Wood (recycling)	3,920	n/a
	Paper and Cardboard (recycling)	3,920	11,232
	Comingled (recycling)	n/a	n/a
	Steel (recycling)		
	Grease Trap Product (recycling)		
	TOTAL	109,240	95,832
Units of office waste disposed per full time employee by destination (per effective full time employee)		Landfill 1,329 kg Recycling 103 kg	Landfill 1,290 kg Recycling 171 kg
Recycling rate (% of total waste by weight)		7.1%	11.7%

Water Consumption		2016	2017
Total units of metered water consumed by water source		1745 KL (Mains Water)	1,219 KL (Main Water)
Units of metered water consumed in offices (per effective full time employee)		22.87 KL	18.59 KL
Units of metered water consumed in offices per unit building area (per m <sup>2</sup> )		0.13 KL	0.09 KL

Paper Use		2016	2017
Total units of A4 equivalent copy paper used		1,273 reams	786 reams
Units of equivalent copy paper used per full-time employee		11.82 reams	11.98 reams
Percentage of recycled content in copy paper purchased		10%	10%

CAE is committed to reducing its environmental footprint with initiatives established to reduce energy, water and paper usage. In an effort to reduce general waste to landfill, institutional recycling initiatives will continue into 2018.



In 2017, there were fewer employees based at the CAE resulting in an expected increase in units of energy used per effective full time employee and a decrease in total water units consumed. Overall water and energy usage was decreased. In the same year, we exceeded our target for reducing paper use by introducing shared printers and raising awareness of wasting paper. For 2018, we continue to aim for reductions across energy and water use, and for increased recycling rates.

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

In relevant Requests for Tender, Box Hill Institute Group requires tenderers to provide information on environmental accreditation and the environmental sustainability of the product or service being procured. During 2017, we included sustainability clauses in tenders relating to the procurement of products and services including cleaning services, sanitary services, catering products and grounds services.

## **Future Environmental Targets**

CAE has targeted year on year reductions, which we pursue through a range of initiatives. These initiatives aim to decrease each environmental aspect year on year if possible. Our works at Nelson Campus includes installation of LED lighting. The two mechanical plants at Lilydale Lakeside campus have also been replaced with more energy efficient systems to reduce energy use. A continuous focus on recycling initiatives with more recycling stations and the inclusion of demolition and building waste in recycling assessments is aimed at reducing our waste production.

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

## Building Services

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

## ICT Expenditure

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

BAU ICT Expenditure Total (\$'m)	Non-BAU ICT Expenditure (\$'m)	Operational Expenditure (\$'m)	Capital Expenditure (\$'m)
Total	Total = A + B	A	B
0.11			

## 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 Minister of Training and Skills 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 2017, 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

Nil.

## 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  
465 Elgar Road  
Box Hill, VIC 3128  
Telephone: (03) 9286 9222

## Campaigns

There were no campaigns of more than \$100,000 for the CAE in 2017.

## Consultancies over \$10,000

Nil.

## Consultancies under \$10,000

Number of Engagements		1
Total Fees Incurred		6,435

TEACHING STAFF									
Employment Status		Full Time 2017	Full Time 2016	Part Time 2017	Part Time 2016	Total 2017	Total 2016	EFT 2017	EFT 2016
On-going	Female	1	2	10	10	11	12	5.85	7.12
On-going	Male	1	0	5	6	6	6	2.28	3.58
Fixed Term	Female	1	1	0	1	1	2	0.08	0.51
Fixed Term	Male	0	0	0	0	0	0	0	0
Casual/Tutor, Sessional	Female			196	189	196	189	20.91	20
Casual/Tutor, Sessional	Male			93	90	93	90	5.99	9.78
<b>SUB-TOTAL</b>	<b>Female</b>	<b>2</b>	<b>3</b>	<b>206</b>	<b>200</b>	<b>208</b>	<b>203</b>	<b>26.84</b>	<b>27.63</b>
<b>SUB-TOTAL</b>	<b>Male</b>	<b>1</b>	<b>0</b>	<b>98</b>	<b>96</b>	<b>99</b>	<b>96</b>	<b>8.27</b>	<b>13.36</b>
ADMINISTRATIVE and NON-TEACHING STAFF									
Employment Status		Full Time 2017	Full Time 2016	Part Time 2017	Part Time 2016	Total 2017	Total 2016	EFT 2017	EFT 2016
Executive Officers	Female	0	0	0	0	0	0	0	0
Executive Officers	Male	0	0	0	0	0	0	0	0
Management	Female	2	1	0	0	2	1	1.07	1
Management	Male	0	0	0	0	0	0	0	0
General On-going	Female	12	16	5	8	17	24	11.3	14.14
General On-going	Male	12	16	4	1	16	17	13.55	15.12
General Fixed Term	Female	1	0	1	1	2	1	1.03	1.29
General Fixed Term	Male	0	0	1	1	1	1	0.42	0.55
General Casual	Female			30	37	30	37	2.73	3.1
General Casual	Male			14	10	14	10	0.37	0.09
<b>SUB-TOTAL</b>	<b>Female</b>	<b>15</b>	<b>17</b>	<b>36</b>	<b>46</b>	<b>51</b>	<b>63</b>	<b>16.13</b>	<b>19.53</b>
<b>SUB-TOTAL</b>	<b>Male</b>	<b>12</b>	<b>16</b>	<b>19</b>	<b>12</b>	<b>31</b>	<b>28</b>	<b>14.34</b>	<b>15.76</b>
<b>TOTAL</b>	<b>Female</b>	<b>17</b>	<b>20</b>	<b>242</b>	<b>246</b>	<b>259</b>	<b>266</b>	<b>42.97</b>	<b>47.16</b>
<b>TOTAL</b>	<b>Male</b>	<b>13</b>	<b>16</b>	<b>117</b>	<b>108</b>	<b>130</b>	<b>124</b>	<b>22.61</b>	<b>29.12</b>
<b>GRAND TOTAL</b>		<b>30</b>	<b>36</b>	<b>359</b>	<b>354</b>	<b>389</b>	<b>390</b>	<b>65.58</b>	<b>76.28</b>

## Employment and Conduct Principles

Box Hill Institute Group recruits and promotes the most suitably qualified, experienced and capable employees through an open, transparent, and 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 2017

# Independent Auditor's Report

## To the Board of Centre for Adult Education

<b>Opinion</b>	<p>I have audited the financial report of Centre for Adult Education (the centre) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 31 December 2017</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including a summary of significant accounting policies</li> <li>• declaration by the board chair, chief executive officer and chief financial officer.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the centre as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the centre in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the centre is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the centre's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

---

**Auditor's  
responsibilities  
for the audit  
of the financial  
report**

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


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

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

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

---

MELBOURNE  
20 February 2018

  
Charlotte Jeffries  
*as delegate for the Auditor-General of Victoria*

## How this report is structured

Centre for Adult Education (CAE) has presented its audited general purpose financial statements for the financial year ended 31 December 2017 in the following structure to provide users with information about the stewardship of resources entrusted to it.

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

In our opinion the attached financial statements for the Centre for Adult Education (CAE) have been prepared in accordance with Standing Direction 5.2 of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

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

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

The Board Chair, Chief Executive Officer and Chief Financial Officer sign this declaration in accordance with a resolution of the Board of CAE.



**Jack Diamond**  
Board Chair  
8 February 2018  
Box Hill, Melbourne



**Norman Gray AM**  
Chief Executive Officer  
8 February 2018  
Box Hill, Melbourne



**Tim Hogan**  
Chief Financial Officer  
8 February 2018  
Box Hill, Melbourne

# CENTRE FOR ADULT EDUCATION

## COMPREHENSIVE OPERATING STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Government contributions	2.1	2,589	2,338
Sale of goods and services	2.2	3,501	3,216
Other income	2.3	2,371	2,964
<b>Total income from transactions</b>		<b>8,461</b>	<b>8,518</b>
<b>Expenses from transactions</b>			
Employee benefits	3.1.1	4,944	5,675
Depreciation and amortisation	4.3	747	691
Supplies and services	3.2	5,708	5,936
Other operating expenses	3.3	482	614
<b>Total expenses from transactions</b>		<b>11,881</b>	<b>12,916</b>
<b>Net result from transactions</b>		<b>(3,420)</b>	<b>(4,398)</b>
<b>Other economic flows included in net result</b>			
Gains/(losses) from other economic flows	9.1	1,066	203
<b>Total other economic flows included in net result</b>		<b>1,066</b>	<b>203</b>
<b>Net result</b>		<b>(2,354)</b>	<b>(4,195)</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	4.1.1	1,246	247
<b>Comprehensive result</b>		<b>(1,108)</b>	<b>(3,948)</b>

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

# CENTRE FOR ADULT EDUCATION

## BALANCE SHEET

### AS AT 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.1	666	1,038
Receivables	5.1	1,383	936
Investments and other financial assets		1,402	1,344
<b>Total financial assets</b>		<b>3,451</b>	<b>3,318</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	10,091	9,264
Intangible assets	4.2	22	45
Other non-financial assets	5.2	54	432
<b>Total non-financial assets</b>		<b>10,167</b>	<b>9,741</b>
<b>Total assets</b>		<b>13,618</b>	<b>13,059</b>
<b>Liabilities</b>			
Payables	5.3	10,203	8,299
Employee provisions	3.1.3	815	1,055
Revenue in advance		481	317
<b>Total liabilities</b>		<b>11,499</b>	<b>9,671</b>
<b>Net assets</b>		<b>2,119</b>	<b>3,388</b>
<b>Equity</b>			
Contributed capital		7,618	7,618
Accumulated surplus/(deficit)		(9,299)	(6,784)
Reserves		3,800	2,554
<b>Net worth</b>		<b>2,119</b>	<b>3,388</b>

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

# CENTRE FOR ADULT EDUCATION

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2017

	Physical assets revaluation surplus \$'000	Accumulated surplus \$'000	Contributions by owner \$'000	Total \$'000
<b>At 1 January 2016</b>	2,307	(2,588)	7,618	7,337
Net result for the year	-	(4,196)	-	(4,196)
Other comprehensive income	247	-	-	247
<b>Year ended 31 December 2016</b>	<b>2,554</b>	<b>(6,784)</b>	<b>7,618</b>	<b>3,388</b>
Net result for the year	-	(2,354)	-	(2,354)
Adjustment to lease incentive	-	(161)	-	(161)
Other economic flows - other comprehensive income	1,246	-	-	1,246
<b>Year ended 31 December 2017</b>	<b>3,800</b>	<b>(9,299)</b>	<b>7,618</b>	<b>2,119</b>

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

# CENTRE FOR ADULT EDUCATION

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government contributions - operating		2,589	2,429
User fees and charges received		4,028	4,437
Other receipts		2,371	2,964
<b>Total receipts</b>		<b>8,988</b>	<b>9,830</b>
<b>Payments</b>			
Payments to suppliers and employees		(11,874)	(14,923)
Net GST paid		(70)	17
<b>Total payments</b>		<b>(11,944)</b>	<b>(14,906)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.1.1	<b>(2,956)</b>	<b>(5,076)</b>
<b>Cash flows from investing activities</b>			
Purchase of non-financial assets		(305)	(1,840)
Payments received from investment in associate		889	642
<b>Net cash provided by/(used in) investing activities</b>		<b>584</b>	<b>(1,198)</b>
<b>Cash flows from financing activities</b>			
Advances from related party		2,000	6,181
<b>Net cash flows from/(used in) financing activities</b>		<b>2,000</b>	<b>6,181</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(372)</b>	<b>(93)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>1,038</b>	<b>1,131</b>
<b>Cash and cash equivalents at the end of the financial year</b>	6.1	<b>666</b>	<b>1,038</b>

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

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1. ABOUT THIS REPORT

##### 1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of Centre for Adult Education (CAE), and have been prepared in accordance with the historical cost convention unless a different measurement basis is specifically disclosed in the notes associated with the item measured on that different basis. Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

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

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

Management have made a number of judgements and incorporated a range of estimates in applying the Australian Accounting Standards (AAS). These have significant effects on the financial statements, and relate to the following areas:

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

##### **Goods and Services Tax (GST)**

Income, expenses, assets and liabilities 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.

##### 1.2 Compliance information

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

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

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

## 2. HOW WE EARNED OUR FUNDS

### Introduction

CAE's overall objective is to perform its functions for the public benefit through education delivery, building community capacity and enriching the lives of young people and adults through lifelong learning.

To enable CAE to fulfil its objective and provide training outputs as described in Section 3, it receives income comprising Government contributions, student tuition fees and charges. CAE also generates training revenue from contractual arrangements with commercial clients and industry partners.

### 2.1 Government contributions

	2017 \$'000	2016 \$'000
<b>Grants and other transfers</b>		
State government - contestable	1,707	1,710
State government - other contributions	882	628
<b>Total Government contributions</b>	<b>2,589</b>	<b>2,338</b>

Government contributions are recognised as revenue in the period when CAE obtains control of the contributions or the right to receive the contribution, the economic benefits comprising the contribution will flow to CAE and the amount of the contribution can be measured reliably.

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 2. HOW WE EARNED OUR FUNDS

### 2.2 Sale of goods and services

	2017 \$'000	2016 \$'000
Student fees and charges	335	296
Fee for service - government	340	-
Fee for service - other	2,651	2,760
<b>Other non-course fees and charges</b>		
Sale of goods	175	160
<b>Total fees and charges</b>	<b>3,501</b>	<b>3,216</b>

#### Student fees and charges

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

#### Fee for service

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

#### Revenue from sale of goods

Revenue from sale of goods is recognised by CAE when:

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

#### Revenue received in advance

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



## 2. HOW WE EARNED OUR FUNDS

### 2.3 Other income

	2017 \$'000	2016 \$'000
Rental income	2,158	2,778
Other revenue	213	186
<b>Total other income</b>	<b>2,371</b>	<b>2,964</b>

#### Rental income

CAE receives rental income for certain land and buildings leased out to the general public during the semester break period and when the buildings are excess to the current requirement.

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

#### Other revenue

Other revenue includes interest income, which is recognised in the period that it is earned.

#### Leases receivable

	2017 \$'000	2016 \$'000
Receivable:		
Within one year	1,409	2,278
Later than one year but not later than five years	2,325	3,660
<b>Total lease receivables</b>	<b>3,734</b>	<b>5,938</b>
GST payable on the above	(339)	(534)
<b>Net operating lease receivables</b>	<b>3,395</b>	<b>5,404</b>

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

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 given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 3. HOW WE EXPENDED OUR FUNDS

### 3.1 Employee benefits

#### *Significant judgement and estimates: Provision for employee benefits*

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

- Employee tenure period
- Future salary growth rate
- Discount rates for changes in the value of money over time

#### 3.1.1 Employee benefits in the comprehensive operating statement

	2017	2016
Expense	\$'000	\$'000
Salaries, wages, overtime and allowances	4,049	4,956
Superannuation	386	427
Payroll tax	478	253
Termination benefits	31	39
<b>Total employee benefits</b>	<b>4,944</b>	<b>5,675</b>

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

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

Provision is also made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

#### 3.1.2. Superannuation

Employees of CAE are entitled to receive superannuation benefits and CAE contributes to both defined benefit and defined contribution plans. Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of CAE.

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

The defined benefit plan(s) provides benefits based on years of service and final average salary. The expenses recognised represent the contributions made by CAE to the superannuation plans in respect of current services of current CAE staff which are based on the relevant rules of each plan. The total amount of defined benefit plan payments made by the CAE in 2017 was \$22k (2016, \$22k).

CAE does not recognise any defined benefit liabilities in respect of the plan(s) because it 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.

## 3. HOW WE EXPENDED OUR FUNDS

### 3.1 Employee benefits (continued)

#### 3.1.3. Employee benefits in the balance sheet

	2017	2016
	\$'000	\$'000
<b>Current provisions</b>		
<b>Employee benefits - Annual leave</b>		
Unconditional and expected to wholly settle within 12 months	131	175
Unconditional and expected to wholly settle after 12 months	20	37
<b>Employee benefits - Long service leave</b>		
Unconditional and expected to wholly settle within 12 months	123	147
Unconditional and expected to wholly settle after 12 months	414	334
<b>Employee benefits - Other</b>		
Unconditional and expected to wholly settle within 12 months	-	138
<b>Provisions for on-costs</b>		
Unconditional and expected to wholly settle within 12 months	22	56
Unconditional and expected to wholly settle after 12 months	83	53
<b>Total current provisions for employee benefits</b>	<b>793</b>	<b>940</b>
<b>Non-current provisions</b>		
Employee benefits	19	99
Employee benefits on-costs	3	16
<b>Total non-current provisions</b>	<b>22</b>	<b>115</b>
<b>Total employee provisions</b>	<b>815</b>	<b>1,055</b>

#### Wages, salaries and annual leave

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

Depending on the expectation of the timing of settlement, these liabilities are measured at:

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

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

The components of the current LSL liability are measured at:

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

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

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

#### Ex gratia expenses

A total of \$3k in ex-gratia payments were made to departing staff during 2017 (2016, \$2k)

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 3. HOW WE EXPENDED OUR FUNDS

### 3.2 Supplies and services

	2017	2016
	\$'000	\$'000
Purchase of supplies and consumables	278	200
Contract and other services	797	934
Building repairs and maintenance	220	178
Operating lease payments	4,172	4,347
Other supplies and services	118	116
Fees and charges	123	161
<b>Total supplies and services</b>	<b>5,708</b>	<b>5,936</b>

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

#### 3.2.1 Non-cancellable operating lease commitments payable

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

	2017	2016
	\$'000	\$'000
<b>Payable:</b>		
Within one year	4,063	4,048
Later than one year but not later than five years	18,186	19,178
Later than five years	23,891	26,961
<b>Total operating lease commitments</b>	<b>46,140</b>	<b>50,187</b>
GST reclaimable on the above	(4,195)	(4,562)
<b>Net operating lease commitments</b>	<b>41,945</b>	<b>45,625</b>

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

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

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

### 3. HOW WE EXPENDED OUR FUNDS

#### 3.3 Other operating expenses

	2017	2016
	\$'000	\$'000
Marketing and promotional expenses	242	335
Utilities	127	171
Audit fees and services	16	45
Staff development	2	6
Travel and motor vehicle expenses	3	3
Other expenses	92	54
<b>Total other operating expenses</b>	<b>482</b>	<b>614</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

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

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 4. THE ASSETS WE INVESTED IN

##### 4.1 Property, plant and equipment

###### *Fair value measurement*

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

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

	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
Land	3,666	2,311	-	-	3,666	2,311
Buildings	78	77	-	(10)	78	67
Plant and equipment	41	36	(12)	(14)	29	22
Leasehold improvements	13,337	13,086	(7,409)	(6,719)	5,928	6,367
Artwork	328	456	-	-	328	456
Computers	152	108	(90)	(67)	62	41
Carrying amount	17,602	16,074	(7,511)	(6,810)	10,091	9,264

###### **Initial recognition**

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is recorded as the asset's fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The cost of a leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

###### **Subsequent measurement**

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

Non-specialised land, non-specialised buildings and artworks are valued using the market approach, whereby physical assets are compared to recent comparable sales or sales of comparable assets.

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

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

## 4. THE ASSETS WE INVESTED IN

### 4.1 Property, plant and equipment (continued)

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

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

#### Revaluations of non-financial physical assets

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance (refer to Note 7.3 for additional information on fair value determination of property, plant and equipment).

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

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

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

Class of assets	Useful Life
Buildings	2 - 60 years (2016: 2 - 60 years)
Plant and Equipment	3 - 25 years (2016: 3 - 25 years)
Computers	2 - 10 years (2016: 2 - 10 years)
Leasehold Improvements	5 - 20 years (2016: 5 - 20 years)

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

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

#### Impairment

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

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

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

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

#### Net gain/(loss) on 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, less costs to sell.

CENTRE FOR ADULT EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment (continued)

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

	Land		Buildings		Construction in progress		Plant and equipment		Leasehold imp.		Artwork		Computers		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	2,311	2,064	67	75	-	32	22	74	6,367	5,070	456	456	41	69	9,264	7,840
Additions	-	-	-	-	261	1,810	-	30	-	-	-	-	44	-	305	1,840
Revaluations	1,355	247	19	-	-	-	-	-	-	-	(128)	-	-	-	1,246	247
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from/(to)	-	-	-	-	(261)	(1,842)	-	(79)	261	1,921	-	-	-	-	-	-
Depreciation	-	-	(8)	(8)	-	-	(3)	(3)	(690)	(624)	-	-	(23)	(28)	(724)	(663)
<b>Closing balance</b>	<b>3,666</b>	<b>2,311</b>	<b>78</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>22</b>	<b>5,938</b>	<b>6,367</b>	<b>328</b>	<b>456</b>	<b>62</b>	<b>41</b>	<b>10,091</b>	<b>9,264</b>

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## 4. THE ASSETS WE INVESTED IN

### 4.2 Intangible assets

	2017 \$'000	2016 \$'000
<b>Gross carrying amount</b>		
Opening balance	218	218
Additions	-	-
<b>Closing balance</b>	<b>218</b>	<b>218</b>
<b>Accumulated amortisation and impairment</b>		
Opening balance	(173)	(145)
Amortisation charge	(23)	(28)
Impairment	-	-
<b>Closing balance</b>	<b>(196)</b>	<b>(173)</b>
<b>Net carrying amount at end of the year</b>	<b>22</b>	<b>45</b>

#### Initial recognition

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

#### Subsequent measurement

Intangible assets with finite lives are amortised on a straight basis over their useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

#### Impairment

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Comprehensive Operating Statement. Impairment of goodwill is not reversed.

### 4.3 Depreciation and amortisation

	2017 \$'000	2016 \$'000
Buildings	8	8
Plant and equipment	3	31
Leasehold imp.	690	624
Computers	23	-
Intangible assets	23	28
<b>Total depreciation and amortisation</b>	<b>747</b>	<b>691</b>

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 5. BALANCES FROM OPERATIONS

### 5.1 Receivables

	2017 \$'000	2016 \$'000
<b>Current receivables</b>		
<b>Contractual</b>		
Sale of goods and services	1,375	1,294
Provision for doubtful contractual receivables	(30)	(451)
Revenue receivable	-	20
<b>Total contractual</b>	<b>1,345</b>	<b>863</b>
<b>Statutory</b>		
Amount receivable from Victorian Government	39	32
Other receivables	(1)	41
<b>Total statutory</b>	<b>38</b>	<b>73</b>
<b>Total current receivables</b>	<b>1,383</b>	<b>936</b>
<b>Non-current receivables</b>		
Current receivables	1,383	936
Non-current receivables	-	-
<b>Total receivables</b>	<b>1,383</b>	<b>936</b>

**Receivables** consist of:

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

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

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

#### **Doubtful debts**

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

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

Bad debts considered as written off are classified as an expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result. Refer to Note 9.1

## 5. BALANCES FROM OPERATIONS

### 5.1 Receivables (continued)

#### Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	
Consolidated							
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	1,345	991	175	273	-	-	(153)
<b>Total</b>	<b>1,345</b>	<b>991</b>	<b>175</b>	<b>273</b>	<b>-</b>	<b>-</b>	<b>(153)</b>
2016							
Trade receivables	816	285	42	81	859	-	(451)
<b>Total</b>	<b>816</b>	<b>285</b>	<b>42</b>	<b>81</b>	<b>859</b>	<b>-</b>	<b>(451)</b>

The average credit period on sales of goods is 30 days. No interest is charged on receivables.

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

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 5. BALANCES FROM OPERATIONS

### 5.2 Other non-financial assets

	2017 \$'000	2016 \$'000
<b>Current</b>		
Prepayments	54	432
<b>Total other non-financial assets</b>	<b>54</b>	<b>432</b>

**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.

**Inventories** include goods held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations.

Inventories held-for-distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value.

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

**Deferred expenditure** relates to costs incurred in relation to the sale of property, which will be reflected in profit and loss at the time that the relevant sale transaction occurs.

## 5. BALANCES FROM OPERATIONS

### 5.3 Payables

	2017 \$'000	2016 \$'000
<b>Contractual</b>		
Supplies and services	218	80
Related party payable	8,218	6,181
Accrued expenses	184	311
Lease incentive liabilities	1,583	1,727
<b>Total contractual</b>	<b>10,203</b>	<b>8,299</b>
<b>Statutory</b>		
GST payable	-	-
<b>Total statutory</b>	<b>-</b>	<b>-</b>
<b>Total payables</b>	<b>10,203</b>	<b>8,299</b>
Current payables	10,203	8,299
Non-current payables	-	-
<b>Total payables</b>	<b>10,203</b>	<b>8,299</b>

**Payables** consist of:

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

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 (e.g. amounts owing to Victorian Government and GST payable).

#### Maturity Analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
<b>2017</b>							
Supplies and services	218	218	218	-	-	-	-
Accrued expenses	184	184	184	-	-	-	-
<b>Total</b>	<b>402</b>	<b>402</b>	<b>402</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2016</b>							
Supplies and services	80	80	80	-	-	-	-
Accrued expenses	311	311	311	-	-	-	-
<b>Total</b>	<b>391</b>	<b>391</b>	<b>391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The average credit period is 30 days. No interest is charged on the other payables. Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 6. HOW WE FINANCED OUR OPERATIONS

### 6.1 Cash and deposits

	2017	2016
	\$'000	\$'000
Cash at bank and on hand	666	1,038
<b>Total cash and deposits</b>	<b>666</b>	<b>1,038</b>

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

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

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

	2017	2016
	\$'000	\$'000
<b>Net result for the year</b>	<b>(2,354)</b>	<b>(4,195)</b>
<b>Non cash movements</b>		
Depreciation & amortisation of non-financial assets	747	691
Share of profits of associates and joint venture	(947)	(639)
Decrease/(increase) in receivables	(447)	695
Decrease/(increase) in other assets	378	(253)
Increase/(decrease) in payables	(93)	(1,375)
Increase/(decrease) in provisions	(240)	-
<b>Net cash flows from/(used in) operating activities</b>	<b>(2,956)</b>	<b>(5,076)</b>

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

## 7. MANAGING RISKS AND UNCERTAINTIES

### 7.1 Financial instruments

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

#### 7.1.1 Categories of financial instruments

	2017	2016
	\$'000	\$'000
<b>Contractual financial assets</b>		
<b>Loans and receivables and cash</b>		
Cash and deposits	666	1,038
Trade receivables	1,345	843
<b>Total contractual financial assets</b>	<b>2,011</b>	<b>1,881</b>
<b>Contractual financial liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Supplies and services	218	6,234
Other payables (lease incentive liabilities)	1,583	1,727
Accrued expense	184	311
<b>Total contractual financial liabilities</b>	<b>1,985</b>	<b>8,272</b>

#### Categories of financial instruments

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

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

#### Impairment of financial assets

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

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

## 7. MANAGING RISKS AND UNCERTAINTIES

### 7.1 Financial instruments (continued)

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

##### Loans and receivables and cash

Holding gains on contractual financial assets are limited to interest income on cash and deposits (0.27% - 0.64% during 2017), and provisions for doubtful debts recognised in relation to trade and other receivables (refer Note 5.1).

##### Financial liabilities at amortised cost

There are no holding gains or losses associated with the CAE's contractual financial liabilities. Interest is not charged on the CAE's payables, and the related party payable balance is held on interest-free terms.

#### 7.1.3 Financial risk management objectives and policies

CAE is exposed to a variety of financial risks, market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. CAE's risk management program seeks to manage these risks and the associated volatility of its financial performance.

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

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

##### Credit risk

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

Credit risk is measured at fair value and is monitored on a regular basis by the Audit, Finance and Risk Management Committee through reporting provided by management on the ageing of trade receivables. Refer to Note 5.1 for an ageing analysis of CAE's receivables at balance date.

The trade receivables balance at 31 December 2017 and 31 December 2016 do not include any counterparties with external credit ratings.

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

CAE's transactional cash holdings are held with commercial authorised deposit-taking institutions with AA-credit ratings. Short-term investments and term deposits are held with Government agencies that are AAA-rated.



## 7. MANAGING RISKS AND UNCERTAINTIES

### 7.1 Financial instruments (continued)

#### Liquidity risk

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

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

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

The Box Hill Institute Group manages CAE's liquidity risk by maintaining adequate short term cash reserves in CAE banking facilities, by careful planning of its financial obligations based on forecasts of future cash flows, and by advancing funds from the parent entity (Box Hill Institute) as required to meet CAE's payment obligations.

#### Foreign currency risk

CAE's exposure to foreign currency risk relates to the delivery of services in currencies other than the Australian dollar, and payables relating to purchases of supplies and consumables from overseas. CAE's foreign currency risk is minimal as there are a limited amount of transactions denominated in foreign currencies and a relatively short timeframe between commitment and settlement. CAE does not have any bank accounts denominated in foreign currency at 31 December 2017.

CAE manages its exposure to foreign currency risk by predominantly transacting in \$AUD. Based on past and current assessment of economic outlook, it is deemed unnecessary for CAE to enter into any hedging arrangements to manage foreign currency risk.

#### 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.

CAE's exposure to interest rate risk is limited, as its cash and deposits are held in short-term facilities with floating interest rates and its borrowings are held on interest-free terms.

The carrying amount of CAE's financial assets and financial liabilities that are exposed to interest rate risk are presented in Section 7.1.1

The weighted average effective rate for cash at bank for 2017 was 0.5% (2016, 1.5%)

The weighted average effective rate for lease incentive liabilities for 2017 was 7.9% (2016, 7.9%)

A reasonably possible increase of 50 basis points (2016: 50 basis points) in interest rates at the reporting date would have increased equity and net result by \$3k (2016, \$5k). This analysis assumes that all other variables remain constant. Given current interest rate levels, a decrease in the applicable rate is not considered to be probable, and has not been modelled.

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 7. MANAGING RISKS AND UNCERTAINTIES

### 7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

	2017	2016
	\$'000	\$'000
<b>Quantifiable contingent liabilities</b>		
Bank guarantees	431	431
<b>Total contingent liabilities</b>	431	431

#### Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

## 7. MANAGING RISKS AND UNCERTAINTIES

### 7.3 Fair value determination

*Significant judgement: Fair value measurements of assets and liabilities*

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

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

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result;
- available-for-sale financial assets; and
- land, buildings, plant and equipment, lease hold improvements.

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

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

#### **Fair value estimation**

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

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

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

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 7. MANAGING RISKS AND UNCERTAINTIES

### 7.3 Fair value determination (continued)

#### Fair value measurement hierarchy

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

	Carrying amount at 31 December	Level 1	Level 2	Level 3
		Quoted prices	Observable price inputs	Unobservable inputs
	\$'000	\$'000	\$'000	\$'000
<b>2017</b>				
Non specialised land	-	-	-	-
Specialised land	3,666	-	-	3,666
Buildings used for Education purposes	78	-	-	78
Plant and equipment	29	-	-	29
Artworks	328	-	328	-
Computers	62	-	-	62
Leasehold improvements	5,928	-	-	5,928
<b>Total property, plant and equipment at fair value</b>	<b>10,091</b>	<b>-</b>	<b>328</b>	<b>9,763</b>
<b>2016</b>				
Non specialised land	-	-	-	-
Specialised land	2,311	-	-	2,311
Buildings used for Education purposes	67	-	-	67
Plant and equipment	22	-	-	22
Artworks	456	-	-	456
Leasehold improvements	6,367	-	-	6,367
Computers	41	-	-	41
<b>Total property, plant and equipment at fair value</b>	<b>9,264</b>	<b>-</b>	<b>-</b>	<b>9,264</b>

There were no changes in valuation techniques throughout the period to 31 December 2017, with the exception of artwork as explained above. This change in valuation technique resulted in a transfer between Level 3 and Level 2 for BHI's artwork during 2017.

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

#### Description of significant unobservable inputs to Level 3 valuations

2017 and 2016	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment Heritage Registration
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of buildings
Motor Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Leasehold improvements	Depreciated replacement cost	Cost per unit Useful life of leasehold improvements
Artworks (2016 only)	Market approach	Historical significance & artist's reputation
Computers	Depreciated replacement cost	Cost per unit Useful life of computers

## 7. MANAGING RISKS AND UNCERTAINTIES

### 7.3 Fair value determination (continued)

#### Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2017 for all classes of assets. In accordance with Financial Reporting Direction 103F *Non-financial Physical Assets*, which scheduled the "Education" purpose group for a revaluation in the current year, all land and buildings were subject to an external valuation conducted by the Valuer-General Victoria. All other assets were subject to managerial valuations, which determined that fair value was materially similar to carrying value.

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

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

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

#### Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) 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.

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

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

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

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

#### Artwork

An independent valuation of CAE's artwork was performed by the Valuer-General Victoria. The valuation was performed using the market approach, with the value of these items determined with reference to sales evidence and unit of value by comparative basis. The effective date of the valuation was 31 December 2017.

This valuation technique is different from the previous methodology, which determined fair value by taking into consideration the historical significance, age and condition of the artworks, as well as the artist's reputation.

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 8. GOVERNANCE DISCLOSURES

### 8.1 Responsible persons

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

Position	Name	Dates of appointment
Minister for Training and Skills	The Hon. Gayle Tierney MLC	1 January 2017 to 31 December 2017
Chair	Mr Jack Diamond	1 January 2017 to 31 December 2017
CEO	Mr Norman Gray	1 January 2017 to 31 December 2017
Board Member	Mr Allan Moore	1 January 2017 to 31 December 2017
Board Member	Ms Amanda Brook	1 January 2017 to 31 December 2017
Board Member	Ms Claire Filson	1 January 2017 to 31 December 2017
Board Member	Ms Helen Buckingham	1 January 2017 to 31 December 2017
Board Member	Prof. John Rosenberg	1 January 2017 to 31 May 2017
Board Member	Prof. John Rosenberg	26 June 2017 to 31 December 2017
Board Member	Ms Julie Eisenbise	1 January 2017 to 31 December 2017
Board Member	Mr Phillip Davies	1 January 2017 to 31 December 2017
Board Member	Ms Susan Fenton	1 January 2017 to 5 October 2017
Board Member	Ms Tracey Cooper	1 January 2017 to 31 December 2017
Board Member	Dr Zena Burgess	1 January 2017 to 31 December 2017

### 8.2 Related parties

A number of CAE key management personnel and the Accountable officer are also key management of Box Hill Group. None of the BHI key personnel have received any remuneration from CAE for this reporting period (2016 - Nil).

## 8. GOVERNANCE DISCLOSURES

### 8.3 Auditors remuneration

	2017 \$'000	2016 \$'000
Remuneration of the Victorian Auditor-General's Office for:		
Audit of the financial statements	18	39
<b>Total Remuneration of auditors</b>	<b>18</b>	<b>39</b>

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 9. OTHER DISCLOSURES

### 9.1 Gains/(losses) from other economic flows

	2017 \$'000	2016 \$'000
<b>Net gain/(loss) on financial instruments</b>		
Impairment of loans and receivables	122	(525)
Net FX gain/(loss) arising from financial instruments	(1)	-
<b>Total net gain/(loss) on financial instruments</b>	<b>121</b>	<b>(525)</b>
<b>Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service leave liability	(2)	89
Share of net profit of associates excluding dividends	947	639
<b>Total other gains/(losses) from other economic flows</b>	<b>945</b>	<b>728</b>
<b>Total gains/(losses) from other economic flows</b>	<b>1,066</b>	<b>203</b>

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

- gains and losses from disposals of non-financial assets (refer to Note 4.1);
- revaluations and impairments of non-financial physical and intangible assets (refer to Note 4.1 and Note 4.2);
- remeasurement arising from employee benefits due to changes in bond rates; and
- fair value changes of financial instruments, including impairment of loans and receivables



## 9. OTHER DISCLOSURES

### 9.2 Events after reporting date

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

The policy in connection with recognising subsequent events is as follows: where events occur between the end of the reporting period and the date when the financial statements are authorised for issue:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions which existed at the reporting date; and/or
- disclosure is made where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

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

### 9.3 Economic dependency

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

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

The CAE enjoys the benefit of corporate support provided by management and administrative staff that are employed by Box Hill Institute.

# CENTRE FOR ADULT EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

## 9. OTHER DISCLOSURES

### 9.4 Application of standards issued but not yet effective

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	<p>The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.</p> <p>While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.</p>
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1-Jan-19	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase.</p> <p>Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>No change for lessors.</p>
AASB 1058 Income of Not-for-Profit Entities	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1-Jan-19	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
<b>REPORT OF OPERATIONS</b>			
<b>Charter and Purpose</b>			
1	FRD 22H	Manner of establishment and the relevant Minister	2-3
2	FRD 22H	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	1-7
3	FRD 22H	Nature and range of services provided including communities served	1-7
<b>Management and Structure</b>			
4	FRD 22H	Organisational structure and chart, including responsibilities and details of the accountabilities of an entity's main activities	10
5	FRD 22H	Names of Board and committee members	8
<b>Financial and Other Information</b>			
6	FRD 03A	Accounting for Dividends	n/a
7	FRD 07B	Early adoption of authoritative accounting pronouncements	56
8	FRD 10A	Disclosure Index	57-60
9	FRD 17B	Long Service leave and annual leave for employees	33
10	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 February 2004	n/a
11	FRD 22H	Operational and budgetary objectives, performance against objectives and achievements	11
12	FRD 22H	Occupational health and safety statement including performance indicators, performance against those indicators. Reporting must be on the items listed at 5.10(a) to (e) in the FRD	13
13	FRD 22H	Workforce data for current and previous reporting period including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections (see <b>Attachment B</b> for details of the Department's required reporting approach to all workforce data).	18
14	FRD 22H	Summary of the financial results, with comparative information for the preceding four reporting periods	11
15	FRD 22H	Summary of significant changes in financial position	11
16	FRD 22H	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	6-7
17	FRD 22H	Post-balance sheet date events likely to significantly affect subsequent reporting periods	55
18	FRD 22H	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	12
19	FRD 22H	Discussion and analysis of operating results and financial results	11
20	FRD 22H	Significant factors affecting performance	11
21	FRD 22H	Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included	n/a
22	FRD 22H	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from 5.16(a) – (d) in the FRD	17
23	FRD 22H	Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i>	16
24	FRD 22H	Statement, where applicable, on the implementation and compliance with the National Competition Policy	12
25	FRD 22H	Summary of application and operation of the <i>Protected Disclosure Act 2012</i>	13
		DELETED BY STATE	n/a

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
REPORT OF OPERATIONS (Continued)			
26	FRD 22H and FRD 24C	Summary of Environmental Performance including a report on office based environmental impacts	14-15
27	FRD 22H	<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 (e.g. website) of where details of these consultancies over \$10,000 have been made publicly available</li> <li>3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period</li> </ol> <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>	17
28	FRD 22H	Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act), and the actions that were taken during the year to comply with the Carers Act	13
29	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at 5.19(a) – (l) in the FRD)	17
30	FRD 22H	<p>An entity shall disclose the following in the report of operations:</p> <ol style="list-style-type: none"> <li>a) Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and</li> <li>b) Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: <ol style="list-style-type: none"> <li>(i) Operational expenditure (OPEX); and</li> <li>(ii) Capital expenditure (CAPEX).</li> </ol> </li> </ol>	16
31	FRD 25C	Victorian Industry Participation Policy Disclosures	n/a
32	FRD 26B	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	n/a
33	FRD 29B	<p>Workforce Data Disclosures on the public service employee workforce.</p> <p><b>Note:</b> TAFEs <i>must</i> report on a calendar year basis (i.e. not financial year basis).</p>	18
34	SD 3.7.1	The Responsible Body must ensure that the Agency applies the <i>Victorian Government Risk Management Framework</i> .	12
35	FRD 22H	An entity's report of operations shall contain general and financial information, including other relevant information, outlining and explaining an entity's operations and activities for the reporting period.	1-18

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
<b>REPORT OF OPERATIONS (Continued)</b>			
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.	23
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.	23
38	CG 10 (clause 27)	Register of Major Commercial Activities and Report	17
39	CG 12 (clause 33)	TAFE Institute Controlled Entities	n/a
<b>FINANCIAL REPORT</b>			
<b>Financial Statements Required Under Part 7 of the Financial Management Act 1984</b>			
40	SD 5.2.2(b)	<p>The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons:</p> <ul style="list-style-type: none"> <li>&gt; the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and</li> <li>&gt; the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.</li> </ul>	23
<b>Other Requirements Under Standing Direction / Financial Management Act 1994</b>			
41	SD 5.2.2(a) and FMA s49	<p>An Agency's financial statements must include a signed and dated declaration by:</p> <p>the Accountable Officer;</p> <p>subject to Direction 5.2.2(c), the CFO; and</p> <ul style="list-style-type: none"> <li>&gt; for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body.</li> </ul>	23
42	FRD 30D	Rounding of amounts	28
43	SD 3.2.1.1(c)	<p>The Responsible Body must establish an Audit Committee to:</p> <ul style="list-style-type: none"> <li>&gt; 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</li> </ul>	8
<b>Other Requirements as per Financial Reporting Directions in Notes to the Financial Statements</b>			
44	FRD 11A	Disclosure of ex-gratia payments	25, 33
45	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	52
46	FRD 102A	Inventories	n/a
47	FRD 103F	Non-financial physical assets	36-56
48	FRD 105B	Borrowing costs	n/a
49	FRD 106A	Impairment of assets	45
50	FRD 107B	Investment properties	n/a
51	FRD 109A	Intangible assets	39
52	FRD 110A	Cash flow statements	27
53	FRD 112D	Defined benefit superannuation obligations	32
54	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	27, 45

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>			
55	FRD 114B	Financial instruments – general government entities and public non-financial corporations	43
56	FRD 119A	Transfers through contributed capital	26
57	FRD 120K	Accounting and reporting pronouncements applicable to the reporting period	28-51
<b>Compliance with Other Legislation, Subordinate Instruments and Policies</b>			
58	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; <i>Public Administration Act 2004</i></li> <li>&gt; <i>Financial Management Act 1994</i></li> <li>&gt; <i>Freedom of Information Act 1982</i></li> <li>&gt; <i>Building Act 1993</i></li> <li>&gt; <i>Protected Disclosure Act 2012</i></li> <li>&gt; <i>Victorian Industry Participation Policy Act 2003</i></li> </ul>	16
59	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2017	12-13
60	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	13
61	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>	n/a
<b>Overseas Operations of Victorian Tafe Institutes</b>			
62	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>	n/a



## Centre for Adult Education

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