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ANNUAL REPORT 2017

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SPECIALIST CENTRE:

FOODS
TOURISM
HOSPITALITY
EVENTS



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Vision, Mission and Values

Vision

To be the first choice educational provider of foods, tourism, hospitality and events locally and internationally.

Mission

To deliver the highest quality specialist vocational and higher education programs to inspire and empower our students while adding value to our industry and community.

Strategic Priorities to 2020

1. Enhance program flexibility
2. Broaden our scope, integration and specialisations
3. Develop and expand international partnerships
4. Develop a national operating network
5. Become a recognised part of higher education
6. Develop an applied research capability
7. Invest in facilities and infrastructure

Institute Values

Personal Responsibility:

Accountable, responsive, with integrity, respect and impartiality and acknowledging human rights

Inspiration:

Passionate, stimulating and optimistic

Empowerment:

Nurturing, encouragement and challenging

Community:

Sharing, partnership and connections

Expertise:

Leadership, innovation and industry practice



Minister for Training and Skills Gayle Tierney announced funding from the Stronger TAFE Fund during a visit to the Melbourne campus in March 2017. Left to right: Dual qualification Commercial Cookery/ Patisserie student Tiffany Farrow, Board Director Matteo Pignatelli, Minister Tierney, Institute Chief Executive Officer Nicholas Hunt, Bachelor of Tourism and Hospitality Management student Iris Duong, and Institute Board Chair Dr Anne Astin PSM.

About William Angliss Institute

About William Angliss Institute

William Angliss Institute is Australia's largest specialist centre for foods, tourism, hospitality and events training. The Institute operates nationally and internationally, delivering industry focused training from youth learning and half day programs through to bachelor and masters degrees, from traditional pub hospitality to five star customer service, from on-campus to the workplace and remote sites.

Established in 1939 by prominent Melbourne businessman and philanthropist Sir William Angliss, as Australia's first trade college dedicated to providing training for the food industry, the Institute is now a renowned specialist education and training Institute offering more than 102 nationally recognised training programs.

Programs

Within its specialisations, the Institute offers a full complement of programs from VCAL and VET in Schools through Certificate, Diploma, Degree and Masters programs. The Institute is delivering training in every State and Territory in Australia.

The Institute continues to develop program offerings internationally. Three partnerships and one joint venture in China, one partnership in Sri Lanka and a Tourism Continuing Education & Training (CET) Centre in Singapore support an international delivery platform. The Institute continues to conduct off-shore project development work with industry, governments and development-aid agencies.

The Institute's programs are delivered to over 20,701 students annually at its Melbourne, Lilydale, Sydney and offshore campuses, as well as various workplaces in Australia and offshore. The 25,523 enrolments in 2017 comprised local and international students based on campus or participating in workplace training.

The Institute provides training in the following specialist sectors:

Foods

- Commercial Cookery
- Meat Processing
- Baking
- Patisserie
- Food Science and Technology
- Culinary Management
- Food Studies
- Food Systems and Gastronomy

Tourism

- Eco Tourism
- Tourism Marketing
- Tour Guiding
- Travel
- Travel and Tourism Management
- Aviation (Cabin Crew)

Hospitality

- Resort and Hotel Management
- Tourism and Hospitality Management
- Hospitality Management
- Hospitality (Angliss International Hotel School)

Events

- Event Management

Locations

Along with the main campus in the centre of Melbourne, William Angliss Institute also delivers training direct to industry partners through a Lilydale campus, a Sydney campus, and offices in Queensland, South Australia, Western Australia and Northern Territory. The Institute has a Singapore campus, three joint venture campuses in China and partnerships in Sri Lanka and Vietnam.

Responsible Body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present William Angliss Institute's Annual Report for the year ending 31 December 2017.



Nicholas Hunt
Chief Executive Officer
26 February 2018

Board Chair's Report



Dr Anne Astin PSM
Board Chair

I am pleased to present to you a summary of our strategic and financial achievements for 2017, on behalf of the Board of William Angliss Institute.

We continue to pursue our key strategies towards continuous improvement and specialisation across our industries including being regionally active and developing our international footprint. This Annual Report provides details of our priorities and educational services delivered throughout the year.

In what continues to be a challenging and competitive marketplace, the Institute has been able to maintain our position and continue to adapt and tailor programs to suit students and meet industry needs.

The Institute has provided a wide range of educational services across vocational and higher education as the specialist centre for foods, tourism, hospitality and events during the past 12 months. Our commitment to excellence, our specialist focus, as well as provision of educational services to support student completion and transition to employment has been at the core of our collective effort in 2017. Close consultation with industry ensures an experience and connection to support opportunity and positive career outcomes for our graduates.

The Institute continues to provide skills development and training services in Melbourne, Sydney and across Australia and will continue to explore future partnerships nationally.

With a record intake of more than 1,800 international students enrolled in 2017 across both our Sydney and Melbourne campuses, international education activities remain a strong component of the Institute's student community.

I would like to acknowledge the contribution and commitment of outgoing board members Beth Schofield and Madelyn-Anne Ring. Their support and contribution to the Board and Board Committees was well received.

The Institute Board extends its appreciation and thanks to the Minister for Training and Skills the Hon. Gayle Tierney and to the staff of the Higher Education Skills Group within the Department of Education (HESG) for their ongoing support.

I would also like to acknowledge the commitment and support of my fellow Board Members, the Executive team and our valuable staff for their commitment to our students' success throughout the year.

A handwritten signature in black ink, appearing to read 'Dr Anne Astin'.

Dr Anne Astin PSM
Board Chair
26 February 2018

CEO's Report



Mr Nicholas Hunt
Chief Executive Officer

In 2017 the Institute sought to further its mission to be a quality specialist vocational and higher education provider offering programs to inspire and empower our students whilst also adding value to our industry and community.

It is pleasing to report that demand in industry remains strong for our graduates across all programs. We do need to acknowledge that there is a challenge for our community and the industry and that is to encourage individuals to recognise, acknowledge and make a commitment to explore business, employment and career opportunities which are available in the visitor economy and services sector.

Through Skills First initiatives the Institute has been able to provide additional services, to enhance and support active engagement with industry enabling a smoother transition to employment. The Skills and Jobs Centre, focused on providing advisory services to individuals interested in training and work placements and conducted 614 individual consultations in 2017.

We continue to take training to industry and provide services nationally and internationally. In Sydney 2017 saw the first year of activity with a strategic alliance with the Accor Group centred on work placement supporting the Diploma of Hospitality Management. Our national training has continued to expand in the Northern Territory and in 2017 we welcomed a new training partnership with CHOICE Hotel Group across Australia.

Higher education programs have continued to expand. During the year the Institute welcomed the first intake for the Bachelor of Resort and Hotel Management as well as the first intake of students at a postgraduate level to undertake the Master of Food Studies and Gastronomy.

Further highlights for 2017 include:

- Angliss second year apprentice Jaymz Harris won the 2017 AUSTAFE Culinary Trophy
- 2017 Learnx Best Budget eLearning Project Platinum Award for the Virtual Coffee Roaster Tour
- Two butchery graduates won the opportunity to represent Australia at the 2018 World Butcher's Challenge in Europe
- Angliss apprentice Stephen Fawcett was runner-up in Thierry Marx Career Development Award 2017 and will work at the Mandarin Oriental Hotel, Paris

I would like to thank the Board, and in particular our Board Chair, Dr Anne Astin, for her continued support and leadership. The Board's team approach and commitment to the Institute has provided sound support and added value to the Executive team throughout the year.

I would also like to thank all staff across the Institute's operations for their loyalty, commitment and hard work to ensure we can provide the best education outcomes for our students. The year provided challenge, change and opportunity. The William Angliss Institute team continued to successfully work in a competitive market and achieve ongoing improvements. It was particularly pleasing that staff satisfaction increased again this year.

It is our staff's passion for our specialist industries and commitment to encourage and develop our students that enables the Institute to lead as a specialist centre for foods, tourism, hospitality and events.

A handwritten signature in black ink, appearing to read 'N. Hunt'.

Mr Nicholas Hunt
Chief Executive Officer
26 February 2018

Overview of Achievements

Local Highlights

Vocational Education and Training (VET)

William Angliss Institute maintains its unique position within the VET Training Sector as Australia's only foods, tourism, hospitality and events specialist training Institute. In the local market, the Institute continues to be regarded as the premier training provider and educator with exceptional industry reach and coverage. Industry experiences which support a smooth transition to employment are a central part of the Institute's vocational programs. During the year students participated in a range of signature industry events.

Over 80 students and staff helped work alongside the Melbourne Food and Wine Festival to provide events, cookery and food and beverage support for the world-famous World's Longest Lunch. Working with Peter Rowland Catering, students participated in this annual event which hosted more than 1,600 visitors at the record 600-metre-long table on Carlton's Lygon Street.

Other student career development opportunities included the annual Careers and Employment Expo and networking events, the Mentoring Program for Higher Education students, a wide range of employers recruiting students on campus, including Disney's Cultural Exchange Program, Atlantic Group for the Spring Racing Carnival and Sheraton Grand Mirage Resort Port Douglas. Students also participated in the City of Melbourne's range of volunteering opportunities at some of Melbourne's major events plus a wide variety of soft skills development workshops, career progression opportunities and one-on-one career advice appointments.

A focus on the globalisation of the Institute's programs saw students and staff from the Institute venture abroad to a number of countries including Hong Kong, France, New Zealand, Thailand, Singapore and the Czech Republic.

Key delivery targets for all VET areas in 2017 have been achieved.

Angliss International Hotel School

In 2017, the Angliss International Hotel School (AIHS), one of Melbourne's first international hotel schools, had 74 students enrolled in the Diploma of Hospitality Management.

During the nine week hotel placement, students were placed in 20 Melbourne properties. Of the 70 student placements, 48 were offered employment at end of their placement.

Part of the Diploma was a study tour of Singapore, with students spending a week in the city learning about sustainability in the luxury hotel industry. Highlights included industry presentations and in-depth front and back of house tours of five-star hotels including Marina Bay Sands, PanPacific and JW Marriott.

Students also attended masterclasses designed to complement the course, including:

- Hotel luxury sales
- Luxury brandy
- Personal branding and nailing the interview
- Professional development

Sydney campus

2017 saw the first Diploma of Hospitality students complete their nine week placement partnership with AccorHotels, and 32 Cookery students compete in the Angliss Burger Challenge in April, with the best burger appearing on the menu at Chur Burger restaurant in Surry Hills and the Waterloo Dining restaurant menu in June.

William Angliss Institute students assisted with the Iron Chef All Stars 2017 Charity Dinner at the Sydney Opera House in August, which raised money for Opportunity International Australia. Over three days, 30 cookery and patisserie students helped the Iron Chefs prepare the special dinner at the Sydney campus, and attended an on-campus interactive masterclass.

The Sydney campus also hosted 40 VET in Hospitality teachers at an Industry Immersion experience organised by the NSW Department of Education in July. With the aim of providing teachers with the knowledge to enhance the delivery of industry-related hospitality courses to Higher School Certificate students the one week training program included learning about emerging trends in tea mixology, edible art molecular gastronomy and food pop-ups.

Lilydale Lakeside campus

In 2017, 90 students enrolled at the Lilydale Lakeside campus. The Institute is delivering professional cookery and patisserie programs and continues to grow its program offering for VET In School, on-campus and work-based specialist training.

Industry Competitions, Events and Awards

The Institute supports competitions and activities that drive students to excel. During the year the Institute hosted, supported and participated in over 20 key industry competitions and nearly 30 events for the foods, tourism, hospitality and events industries.

These included the John Patrick Conway Competition, the Fonterra Proud to be a Chef Program, Virgin Australia Melbourne Fashion Festival, the Nestlé Golden Chef's Hat Award National & Regional Cooking Competition, Food Technology Student Product Launch, the Melbourne Cup Carnival, Melbourne Food and Wine Festival, and the Cocoa Barry Chocolate Competition.

During 2017, the Institute's commitment to education excellence was rewarded with a number of awards including:

- AUSTAFE Culinary Trophy – winner (Jaymz Harris, second year Commercial Cookery apprentice)
- Shared Tables Thierry Marx Career Development Award for Apprentice Chefs – runner up (Stephen Fawcett, Certificate III Commercial Cookery student)
- Learnx Best Budget eLearning Project Platinum Award – winner (Virtual Coffee Roaster Tour)
- Bocuse d'Or New Zealand Selection – winner (Andrew Ballard, cookery teacher)

Higher Education

First intake for new qualifications

In 2017 the first intake of students at a Post Graduate level to the Master of Food Systems and Gastronomy. There was also a first intake for the Bachelor of Resort and Hotel Management, Bachelor of Resort and Hotel Management (Professional Practice) and (International Practice), with 88 students being admitted across the first two semesters.

Study tours and competitions

Students participated in a study tour to London with visits to the Office of the Mayor of London, London Convention Bureau, West End Live and Society of Old London Theatres, event planners for Blenheim Palace and organisers of the Glastonbury Music Festival. Students also experienced lunch at three Michelin-starred Alain Ducasse at The Dorchester, met the Head Chef and his team and took a tour of the kitchen.

Other students flew to Spain to undertake research on Spanish markets, including visits to Mercado La Boqueri, Mercado de Santa Caterina, Mercado Centra Valencia, Mercado Feria Seville, Mercado de Maravillas, Mercado de la Paz and Mercado de San Fernando Madrid. Students explored Barcelona's Gothic Quarter, Picasso Museum, Madrid's Prado Museum and Valencia's Silk Museum and famous Cathedral.

Six final year students from William Angliss Institute travelled to Bali to participate at the 15th Asia Pacific Council on Hotel, Restaurant and Institutional Education (APacCHRIE) Conference and accepted an award for second place in a simulated challenge.

THE-ICE IPoE Forum

William Angliss Institute hosted the 11th International Centre of Excellence in Tourism and Hospitality Education (THE-ICE) International Panel of Experts (IPoE) Forum from 13-16 November 2017. The Forum, with the theme of 'Scholarly Excellence in the Age of Compliance', saw over 50 international guests attending. William Angliss Institute CEO, Nicholas Hunt, was recognised as a fellow of THE-ICE for his outstanding contribution to the organisation and to tourism

and hospitality education. The conference was supported across the Institute with teachers and students from all speciality areas involved in different aspects of the conference. The guests enjoyed a sensory culinary experience with Angliss students and teachers participating in the chocolate lab, a bakery class and making gelato.

Scholarly Practice

In 2017, the Institute launched its Framework for Scholarly Practice, which sets out how scholarship is understood and implemented across the Institute. It involves taking a planned, rigorous and reflective approach to investigating an aspect of practice and using the results to inform and improve learning and teaching. The major activity undertaken under the Scholarly Practice Program in 2017 entailed vocational and higher education staff investigating and documenting innovative teaching or research practice to contribute chapters to a forthcoming book showcasing best practice at the Institute.

Short Courses

During 2017, a total of 9,000 participants completed a short course at William Angliss Institute. Two new short courses were introduced in 2017 – Disability Awareness (in conjunction with the Victorian Institute of Sport and Traveller's Aid) and Allergens Awareness.

The Institute was awarded the Learnx Best Budget eLearning Project Platinum Award for the Virtual Coffee Roaster Tour.

The opportunity to learn from world class instructors extended to short courses with Head Gelato Master from Carpigiani Gelato University, Italy, Luciano Ferrari, facilitated a Gelato Level 2 course in August.

Short courses activity at Lilydale increased 200% on previous year, with 205 participants completing a short course in 2017.

National Training

William Angliss Institute provides customised training solutions for industry clients providing a variety of delivery models to suit their specific needs.

The Institute's partnership with Voyages Indigenous Tourism Australia is in its sixth year, delivering Certificate III programs at Ayers Rock Resort (ARR) in Northern Territory, Mossman Gorge in Far North Queensland and Home Valley Station in Western Australia. The partnership continues to grow with 62 trainees graduating at ARR in 2017. Overall, 295 students have graduated from the program over the last five years. Two new programs were offered for Voyages at ARR in 2017, Certificate III in Business and Certificate III in Retail. Two supervisory programs have also been introduced to encourage graduates from the Certificate III programs to continue their learning pathway. The Step Up is delivered over six months and on completion students progress into the Future Leaders program to complete a Certificate IV in Leadership and Management.

The Certificate III Meat Processing (Retail Butcher) continues to grow in Queensland and delivery has now commenced in Northern Territory for six apprentices who commenced in April.

A 12 week pre-employment program was introduced in South Australia for the Certificate III in Meat Processing (Food Services) qualification with two weeks of industry placement. Two programs were delivered in 2017 and have provided employment for more than 50% of the program's participants.

The Institute has been delivering training for Haigh's Chocolates in South Australia for almost 10 years. In 2017 Haigh's employees undertook training in the Certificate III in Food Processing, Certificate III in Retail and Certificate IV in Leadership & Management.

Choice Hotels formed a new partnership with the Institute in 2017 to provide a variety of training options to more than 100 hotels in their portfolio.

Charcoal Lane had three intakes of Indigenous students for Certificate II in Hospitality which is delivered at the Charcoal Lane premises and all trainees are employed. Other ongoing National Training partners include Mission Australia, Woolworths, Compass Group, Cornerstone and Coles.

Community and Industry Engagement

In 2017, the Angliss Global Network connected graduates and industry representatives through the annual Speed Networking Event as mentors for students and recruitment events such as the annual Careers and Employment Expo. Alumni were invited to attend a range of professional development events including All Things Truffle with Australian Truffle Growers Association President Dr Peter Stahle, Small Business Workshops supported by Business Victoria, an Instagram workshop, an International Women's Day luncheon, and a winetasting workshop with the Institute's in-house wine experts.

International students participated in the Live Projects, a collaborative work experience program under Study Melbourne's LIVE – Lead, Intern, Volunteer, Experience initiative. The project is aimed at enhancing the international student experience in Victoria, particularly around social connectedness, engagement with the wider community and employability.

William Angliss Institute held a range of activities to engage prospective students, including the annual Open Day, Information Evenings, School Holiday Program and Trial-a-Trade events in Melbourne and Sydney, Career Practitioners Day, 153 campus tours and school visits, over 600 one-on-one consultations, and 160 off-campus events across Victoria, New South Wales and Tasmania.

The Institute also hosted the Career Education Association of Victoria's 'Food and Fibre' themed Industry Taster Day and Industry Immersion Day for Year 9 and 10 students in November, attended by over 150 students.

Fifty-six students received grants and travelled the world on international study tours or study abroad programs in 2017, gaining a global outlook and a competitive edge when applying for work. Student grants are made possible with support from the Australian Government's Australia Awards Endeavour Mobility Grants program.

Skills and Jobs Centre

The Skills and Jobs Centre (SJC) is the first point of call for students who are looking to start training, workers needing to reskill, unemployed workers needing support for retraining and work placement, and for employers. The SJC collaborated with other Skills and Jobs Centres to ensure clients received the best advice tailored to their business or individual needs. In 2017, the SJC provided 614 individual consultations.



Foundation and Scholarships

The William Angliss Institute Foundation and William Angliss Institute provides educational opportunities and financial assistance to recognise academic merit and support disadvantaged students in achieving their career ambitions. The Foundation was established in recognition of the pioneering work in the areas of hospitality and foods by the late Sir William Charles Angliss.

In 2017, the following scholarships were offered:

- Sir William Angliss Scholarship (VIC & NSW) – for commencing or continuing domestic students in any study area
- Sir William Angliss International Merit Scholarship (VIC & NSW) – for continuing international students
- The Memorial Fund Scholarship (VIC & NSW) – for continuing international students
- Nestlé Golden Chefs Hat Scholarship (VIC & NSW) – for commencing and continuing students undertaking studies in Commercial Cookery
- Phyllis Budd Scholarship (VIC) – for apprentices and trainees within the Foods area
- The Hostplus 3 Star Scholarship (VIC) – for continuing domestic students in hospitality or foods areas
- The Hostplus Indigenous Scholarship (VIC) – for commencing or continuing Indigenous students in the hospitality or foods areas
- Australian Leisure and Hospitality Group Scholarship (VIC) – for continuing domestic students in hospitality management
- The Savvy Academy Scholarship (VIC) – for continuing domestic and international students in the hospitality or foods areas
- The Schnitz Spencer Outlet Scholarship (VIC) – for continuing domestic students in hospitality management
- UK Scholarship – for cookery apprentices to undertake six weeks work experience at the Michelin-starred St John Restaurant in the United Kingdom

Partnerships

William Angliss Institute values its industry partners and has developed a partnership framework so organisations can add their support to our educational programs for the benefit of our students. Our major sponsors in 2017 included Fonterra, Hostplus, Nestlé Professional, Peerless, Robot Coupe, Cacao Barry and Australian Leisure and Hospitality Group.

The Institute gratefully acknowledges the support industry associations, companies and organisations have provided by means of product, equipment, sponsorships, and technical and curriculum support.

Support Services

William Angliss Institute's Support Services – Disability Services, Counselling and Personal Development and Learning Advisors – provide students with an opportunity to enhance their capacity to achieve success in an accessible, welcoming environment.

Disability Services provides disability support to students with diagnosed disability, medical or mental health conditions to provide equitable access to learning, facilities and services at the Institute. Over 100 students registered for disability support in 2017 and 48 students received in-class support by the Education Access Worker team and Auslan interpreters.

Wellbeing and Counselling Services promotes wellbeing and mental health across the Institute and helps individuals achieve their personal, educational, and career goals by providing professional counselling, referral and practical assistance in a respectful and consultative manner. The program was successfully run with six counsellors, two senior counsellors, four counselling interns on placement completing their Masters program and three interns on an annual placement. One counselling intern was placed in the VCAL department for the year providing targeted support through individual counselling appointments, student workshops and case management.

Learning Advisors offer study and learning advice to all students with the aim of building student skills and enabling success in their studies at the Institute. In 2017, a drop-in service was available daily during the term as well as an after-hours online tutoring service and in-class sessions. The team of Learning Advisors recorded 1,464 unique interactions with students. Learning Advisors also coordinated and reported on 1,843 student literacy and numeracy assessments in 2017. This service provision is only possible through the Community Service Support provided by the State Government.

The Learning Resource Centre (LRC) provides quality information services to all staff and students through relevant collections, in both physical and digital forms, aligned to our teaching areas. There were 287,853 visitors to the LRC in 2017 compared to 180,543 the previous year. A highlight was loading the Special Collections records into the National Library's database.

International Highlights

International Students in Australia

Over 1,800 international students from more than 60 countries complement the Institute's domestic student population. There has been sustained enrolment growth in 2017, in particular to culinary courses and for the Angliss International Hotel School.

The Institute has maintained a low Risk Rating with the Department of Immigration and Border Protection (DIBP). The low risk rating is an indicator that our marketing and admissions strategies, policies and procedures are an industry benchmark.

Global Collaborations

In Singapore, William Angliss Institute Pte Ltd was awarded four year Edutrust certification, on top of the initial certification achieved in 2016. This has enabled the development of Australian qualifications to be delivered in Singapore. These qualifications have now been approved by Skills Future Singapore's Committee for Private Education and delivery is set to commence in 2018. William Angliss Institute Pte Ltd saw the successful graduation of over 80 students who completed full qualifications in 2017, with a large number of our graduates securing industry employment placements upon completion. We have also continued our strong partnership with the Singapore Grand Prix (SGP) and were appointed to train over 2,000 customer service and security staff for the 2017 SGP, our fifth consecutive year as the SGP's preferred training partner. Other large industry training partners include Hanbaobao (McDonalds) Restaurants, Singapore Discovery Centre, Singapore Sports Hub, Scoot Airlines and our newest partner, Facebook Singapore.

The Institute's operation in China continues to lead the field of Australian tourism and hospitality training delivered in country with the introduction of commercial cookery to our campus at Thousand Islands Lake. Enrolment for this program was heavily oversubscribed highlighting the need to expand the program in 2018. The Institute attended the First International Forum on Sustainable Development of Hospitality Education and Industry in October 2017. The forum was held in Hangzhou and jointly hosted by the Tourism College of Zhejiang, New York Institute of Technology and 9First Education.

Since 2014 WAI has partnered with the Colombo Academy of Hospitality Management (CAHM) to deliver internationally recognised tourism and hospitality programs and to provide assessment, curriculum, quality assurance and staff training for CAHM staff. In 2017, this partnership grew to three student intakes and includes international students. There was an increasing number of Sri Lankan students choosing to take advantage of the academic pathways to further their studies and attain a degree at the Melbourne campus. 2017 also saw the introduction of Commercial Cookery programs in the October intake and it is expected that enrolment numbers will continue to grow in both hospitality and cookery streams.

Sixty students graduated with a Certificate II in Hospitality from programs conducted with our partner Dong A University in Danang Vietnam. Students also commenced in Commercial Cookery programs with both program streams supporting the significant growth in the tourism industry in Central Vietnam. Once again our participation in, and sponsorship of, 'The Taste of Australia' event proved enormously successful and we look forward to continuing our leading role in this event. William Angliss Institute was also engaged by the Human Resource Development Centre of Danang to conduct a very successful three day Marine and MICE Industry Seminar for industry and Government. The Institute was also the inaugural speakers at the ASPIRES program in Hanoi presenting to an audience of VET industry decision makers from Government and Education.

The Institute's work for the Secretariat of the Association of South-East Asian Nations (ASEAN) continued in 2017. Projects that were completed in 2017 included the Master Trainer Master Assessor programs inclusive of the agreed guidelines for each category as well as the Toolbox development program for travel agents and tour operations.

2017 saw further growth in skills assessment services for skilled culinary professionals from 10 countries nominated under a Deed with Trades Recognition Australia. These were applicants for a work visa of up to four years to work for approved Australian employers to fill their skills shortages in cookery, bakery and pastry cooking. Skills assessment services for culinary professionals seeking permanent residency were also provided for all nationalities. There was a further increase in applicants from Asian, European and South American countries during the year.

William Angliss Institute was engaged by The Incentive, Conference and Event Society Asia-Pacific (ICESAP) to develop online training programs for the Meetings, Incentives, Conferences and Events sector in 2016. The first program commenced in 2016 with the development and launch of an online learning portal following in 2017. ICESAP has since been purchased by the Professional Convention Management Association (PCMA), the world's largest network of Business Events Strategists headquartered in Chicago, USA.



Overseas Operations

Nature of Strategic and Operational Risks

The William Angliss Institute Strategic Plan identifies the priority of developing and expanding international partnerships. The Institute recognises the inherent risks associated with offshore activity and these risks have been identified and ranked in order of impact as part of the Institute's Board-endorsed Risk Management Plan.

Strategies Established to Manage Risks

The Risk Management Plan outlines specific strategies to mitigate risk in each of the identified areas. The results of each strategy are measured and the strategies adjusted accordingly on an annual basis. Risk management is a priority for the Board and as such the Institute provides:

- Regular reports to the Board regarding the Institute's offshore activities, which are inclusive of targets and actual results
- A quarterly Pipeline Report which identifies each international project from concept to implementation and completion, classifying them as minor, medium and major according to income generated
- A business case outlining each new major international activity to the Board for consideration and approval before the activity commences.

Performance Measures and Targets

The Institute's performance management process commences with the business case submission to the Board for consideration. Once approved, this then becomes part of the annual budget process with monthly identification and reporting of revenue and surplus. Any significant variances are highlighted and discussed through the Institute Board's committee structure.

Achieving Expected Outcomes

The Institute's international activities have been particularly successful in 2017, with performance regularly achieving and exceeding set targets. International operations have contributed significantly to the Institute's commercial targets.

Overseas Visits

In 2017, over 140 overseas visits were undertaken to deliver industry training and assessment programs as well as formal education courses, secure consulting projects, strengthen partnerships, oversee International operations, recruit students and attend conferences and exhibitions.

Governance

Manner of Establishment and the relevant Minister

The Institute is named after the late Sir William Angliss, whose public spirited and generous benefaction enabled the Institute to open as the William Angliss Food Trades School on 14 December 1939. Sir William was elected as the first President of the School Council and remained President until 1954.

The Institute initially provided training in pastry cooking, retail butchery and smallgoods, bread making and baking, cooking and waiting. In the 1960s the school expanded to provide training for the hospitality industry and later to provide training for the tourism industry.

William Angliss Institute was established by an Order in Council under the *Vocational Education and Training Act 1990*, which was incorporated into the *Education and Training Reform Act 2006*. The current Constitution of William Angliss Institute of Technical and Further Education Order 2016 was made on 3 May 2016 and came into operation on 1 July 2016.

During the period 1 January 2017 to 31 December 2017 the relevant office of Minister for Training and Skills was held by the Hon. Gayle Tierney MLC.

The purpose, functions, powers and duties of the Institute are stipulated in the *Education Training Reform Act 2006*, the William Angliss Institute Constitution Order 2016 and the William Angliss Institute Board Charter.

Strategic Themes

William Angliss Institute has established a 10 year vision of its strategic priorities. In looking to 2020, the seven strategic priorities are:

- Enhanced program flexibility
- Broadening our scope, integration and specialisations
- Developing and expanding international partnerships
- Developing a national operating network
- Becoming a recognised part of higher education
- Developing an applied research capability
- Investment in facilities and infrastructure.

The 2018 – 2020 Strategic Plan sits within this 10 year planning horizon.

Business Strategy

- To be the first choice provider of foods, tourism, hospitality and events education, training and industry services
- To use differentiation as a strategy based on William Angliss Institute's specialist expertise, broad range of programs (vocational and higher education), the quality of facilities, our connection to the industry and our corporate experience
- To grow in a manageable and profitable manner working to achieve the owner's target for financial sustainability.

Nature and Range of Service

As a specialist training provider to the foods, tourism, hospitality and events industries, the Institute currently offers a range of educational, training, product development, project management and consultancy services locally, nationally and internationally.

The Institute's areas of delivery are designed to meet the needs of students, employers, clients and industry by responding to industry trends and prevailing market conditions.

These services are funded through:

- A contract with the Department of Education and Training
- Full-fee paying students
- Industry or government client payments.

Activities and Programs

In 2017 course enrolments were 25,523 across the Institute's foods, tourism, hospitality and events programs.

Board Members



Dr Anne Astin PSM

BOARD CHAIR

Anne was the inaugural CEO of the Victorian Government's statutory authority, Dairy Food Safety Victoria. She previously held a number of senior executive positions in the Victorian public sector, working in food policy and regulation, public health, agriculture, minerals and petroleum, natural resources and environment, land administration and forensic science. Prior to this, Anne was a senior tutor at Monash University, working in biomedical research and education.

Anne is currently Chair of The Food Agility Co-operative Research Centre, SafeFish and the Australian Industry Skills Council's Food Beverage and Pharmaceutical Industry Reference Committee. She is the Commonwealth Government's representative on Australia's Health Star Rating Advisory Committee, a member of EnergySafe Victoria's Audit and Risk Committee, a member of New Zealand's Food Safety, Science and Research Centre's International Science Advisory Panel, a Non-Executive Director of the Australian Packaging Covenant Organisation (APCO), a Trustee of Kildare Ministries and a Council member of Catholic Social Services Victoria. Previous positions she has held include CSIRO's Agriculture and Food Advisory Committee, President and Chair of the Australian Institute of Food Science and Technology (AIFST), the immediate past Chair of the Australian and New Zealand Implementation SubCommittee for Food Regulation (ISFR), Chair of Wellsprings for Women Inc., non-Executive Director of Australian Dairy Farmers Ltd, Director of Dairy Australia, Director on the Melbourne Royal Botanic Gardens and Chair of Victoria's Women in Primary Industries Advisory Panel.

In 2011, Anne was awarded the Public Service Medal in the Victorian Division of the Queen's Birthday Honours for her services to the dairy industry, national food regulation and rural women. In 2010, she was inducted into the Victorian Women's Honour Roll for her work in biochemistry and as an advocate of women's leadership. In 2010, she also received the Australian Dairy Industry Council's Outstanding Service Award in recognition of her leadership in, and services to, Australia's dairy industry and in 2016 was awarded the Dairy Industry Association of Australia's John Bryant Gold Medal for outstanding service to the industry.

Anne holds degrees in Ph.D (Biochemistry), B.Sc (Hons) (Biochemistry) and B.Sc (Chemistry). She has a Graduate Diploma in Public Sector Management and is a member of the Australian Institute of Company Directors, a professional member of the Australian Institute of Food Science and Technology and a member of the Dairy Industry Association of Australia.



Vicky McIver

MINISTERIAL DIRECTOR

APPOINTED 1 OCTOBER 2017

Vicky has more than 25 years' experience in developing and implementing new strategic directions in private, public and not for profit sectors.

Vicky worked in the NZ Government in Trade and Industry and State Services Commission during the years of major Government reform and privatisation.

In Australia Vicky worked in Ernst and Young in the Performance Improvement and Information Technology Division and became the accredited expert in Organisational Change Management and led many path-finder change management projects associated with the transformation brought about by new technology.

Vicky is a founding Director of Arrus Knoble (Aus) established in 1999 - a successful boutique consulting practice working on many important and challenging projects across many sectors including the tertiary education sector. She has held several long-term contract Executive roles. In 2015-16 Vicky was part of a State Government appointed TAFE assessment panel.

She has Board experience on Argyle Community Housing Board, the Council of Lauriston Girls' School and Ashwood School Council. She is a member of the Future Building and Infrastructure Committee and the Remuneration Review and Board Membership Committee of William Angliss Institute.

Vicky graduated from Otago University with a BA Honours in Political Studies and has a Masters of Management (Organisational Systems) from Monash and is accredited in several personal and organisational development diagnostic tools. Vicky is AICD qualified and is a member of Women on Boards.



Dean Minett

MINISTERIAL DIRECTOR

Graduating from William Angliss in 1982 with a Certificate of Catering, Dean took on his first General Management role at the age of 22. He has since worked in, managed or consulted to hotels, motels, resorts, restaurants and casinos across all states of Australia and is co-author of two best-selling hospitality & tourism textbooks, "The Road to Hospitality" and "The Road to Tourism".

Dean is the principal of Minett Consulting Pty Ltd, working with hotel and tourism owners, operators and developers. He was previously Country General Manager, Australia/Director for The Ascott Limited, the world's largest owner/operator of serviced residences.

Dean has been actively involved in many aspects of the industry via board or committee membership including the Catering Institute of Australia, The Hospitality Management Guild, Australian Institute of Hospitality Management, Australian Hotel Association, Hotel Motel and Accommodation Association and Victoria University. He was involved with the Victorian Tourism Awards from 2001 to 2005 in the capacity of both judge and Chairman of the Mentor Panel and was recognised as a "Legend of Tourism" by Tourism Training Australia in 2004.

Dean completed his Master of Business (Hospitality & Tourism) in 2007, researching Ethics and Leadership in Hospitality and is a graduate of the Australian Institute of Company Directors.



Hon John Pandazopoulos

MINISTERIAL DIRECTOR

John currently holds the positions of Chair of Destination Phillip Island Regional Tourism Board, one of Australia's best known tourism regions, Chair of the Victorian Government's Visitor Economy Ministerial Advisory Committee and is a Board Director of Parks Victoria.

John is Victoria's longest continuous serving Tourism, Major Events and Gaming Minister with 28 years experience in Public Policy, Government and Governance at International, National, State and Local Government level. Former Minister for Multicultural Affairs, Racing, Major Projects and Employment. Former Member of the 'Cleanevent' Advisory Board, one of Australia's largest Events businesses at the time. Local Councillor and Mayor in the then City of Berwick and Executive of the Municipal Association of Victoria. Former Chair and Deputy Chair Victorian Parliament Environment and Natural Resources Committee.



Matteo Pignatelli

MINISTERIAL DIRECTOR

Matteo Pignatelli graduated with a Diploma of Business in Hospitality Management at William Angliss in 1989, after winning individual awards for Culinary Studies, Food and Beverage Operations and Most Outstanding 2nd year Student. While studying, he complemented his studies by working part-time at fine dining establishments such as Jacques Reymond, Masani's and Tansy's.

After graduation, Matteo worked full time as partner/manager at Fedele's, Glen Waverley. After four years building up his successful business, he opened Matteo's in 1994, in the building once occupied by Mietta's in North Fitzroy. Housed in a Victorian terrace just past the bohemian enclave of Fitzroy's famous Brunswick Street, Matteo's is an elegant restaurant serving contemporary Australian cuisine.

Since opening, Matteo's has built a strong following and a fine reputation. This is not only reflected by its loyal customer base but by the many awards won through Matteo's commitment to a high standard of cuisine and service. He is the Immediate Past President of the Restaurant & Catering Association of Australia, Chairman of Restaurant & Catering Association Victorian Council (since 2008), a Trustee of Restaurant & Catering Association Education Foundation and a Board member of Restaurant & Catering Industrial.



Beth Schofield

MINISTERIAL DIRECTOR

RESIGNED 30 JUNE 2017

Beth Schofield is finance professional with experience across various disciplines in both professional practice and industry. Beth spent 13 years in various advisory roles at Ernst & Young, a global chartered accounting firm, across business services, corporate finance and mergers and acquisitions, providing advice to listed and private companies across a wide range of industries particularly food, financial services and telecommunications.

She left the firm as an Associate Director to take up a role as Chief Financial Officer and company secretary of Patties Foods Limited, an ASX listed public company and market leading manufacturer and marketer of frozen foods nationally and internationally under such iconic brands as Four'N Twenty, Nannas, Herbert Adams, Creative Gourmet and Patties.

Beth currently provides financial consulting and advisory services to clients predominantly looking to expand, restructure or create strategic improvements in their business, providing her the flexibility to concurrently raise a young family. Beth holds a Masters of Applied Finance from Macquarie University, a Bachelor of Commerce from Melbourne University and is a member of the Institute of Chartered Accountants.



Dr David Foster

CO-OPTED DIRECTOR

Dr David Foster has been working in the tourism and leisure industries for over two decades, as an educator, consultant and operator. He began his career in tourism as a planner, since then he has operated a travel agency and tour company and worked as a consultant on a wide range of tourism and park-related projects.

David spent many years involved in tourism education and research. For most of the 1990s he was Associate Professor and Head of Hospitality, Tourism and Leisure at RMIT University and managed a research and consultancy company owned jointly by RMIT and William Angliss Institute.

David has a range of experiences in tourism at the strategic level on a variety of tourism boards (Tourism Accreditation Board of Victoria, PATA Southern Chapter, Victorian Employers Chamber of Commerce and Industry Tourism and Hospitality Group, Tourism Noosa, Tourism Sunshine Coast etc.) and has been a member of several Reference Groups for Tourism Victoria. He was also Chair of a major events committee that was responsible for initiating the celebration of the sesquicentenary of the discovery of gold in Victoria (2001).

David has been a judge in the Victorian Tourism Awards for many years. He has also served as a mentor for those awards and worked with a number of aspiring applicants. He is currently Chair of William Angliss Institute Higher Education Academic Board and Director of the Australian Centre for Tourism and Hospitality.



Madelyn-Anne Ring

CO-OPTED DIRECTOR

RESIGNED 31 JULY 2017

Madelyn-Anne Ring has over 20 years' global experience in communications and human resources. She has worked in Canada, the UK and Australia in various industries including consulting, government, pharmaceuticals, airlines and, more recently, consumer goods. Her experience includes public relations, internal communications, change management, organisational development, learning and development and employment relations.

Madelyn holds a Bachelor of Arts in Organisational Communication, a Postgraduate Certificate in Change Management and a Master of Business Administration. Her current role focuses on developing organizational capability to improve business performance. She is also a board member of Women in Drinks, which is part of the Drinks Association.



Wendy Jones

CO-OPTED DIRECTOR

Wendy Jones is a passionate tourism and hospitality industry practitioner, with a background in association management. She has worked with executive teams and boards across the tourism industry, the environment sector and community. Wendy stepped down from her role as Executive Officer of Goulburn River Valley Tourism in mid-2017, a position she held since July 2013. Previously she was a founding director of its board for three years and remains passionate about the importance of the visitor economy to regional Victoria.

Wendy's tourism and hospitality experience varies from owner-operator to industry association management in both Victoria and the Northern Territory. Her previous roles have included CEO of both the Restaurant & Catering Association of Victoria and Keep Australia Beautiful Victoria. Wendy also spent nearly ten years living in Darwin where she headed up the Northern Territory Tourism Industry Training Council before returning to live in regional Victoria. Wendy has also been a judge for the RACV Victorian Tourism Awards for the past three years.

Wendy holds a Master of Business (Human Resource Management) Charles Sturt University and a Bachelor of Arts University of Melbourne. She is also a graduate of the Australian Institute of Company Directors.



Brenda Richardson

CO-OPTED DIRECTOR

APPOINTED 30 OCTOBER 2017

Brenda Richardson has over twenty-five years' experience in the Manufacturing and Information Technology Industries. As well as IT, her career has included a broad range of roles in Logistics, Process Re-engineering, Change Management and Strategy.

In 1999, she was appointed to the Operating Committee of Ford Australia, as Vice President of Information Technology and Business Initiatives for Ford Australia/New Zealand. She has extensive experience of managing dispersed sites, and bringing together the needs of diverse stakeholders and has held a series of roles with Asia-Pacific and global responsibility.

Brenda has considerable experience in Higher Education, including ten years on the Council of the University of Tasmania. Her board experience also includes roles in Built Environment, Audit and Risk, Community Engagement and advisory committees. She is currently a member of the Geelong Cemeteries Trust (Class A).

Currently self-employed, Brenda specialises in bridging the gap between technical and non-technical communities.

Brenda holds a Bachelor of Science (with Honours) majoring in Mathematics and Computing as well as a Masters of Business Administration. She is a Fellow of the Australian Institute of Company Directors.



Karon Hepner

ELECTED DIRECTOR

Elected Director – The Elected Director is a staff member of the Institute and is elected by the staff of the Institute to the elected director position.

Karon Hepner has over 30 years' experience in the hospitality, events, foods and education industries with positions held in the Human Resources and Learning and Development sectors with the following organisations: Compass Group (Australia) P/L; Delaware North (Australia); Royal Automobile Club Victoria (RACV); Australian Venue Services; Tourism Training Victoria; Hilton Hotels and RMIT.

Prior to joining the Institute in late 2007, she was actively involved in Board and Committee memberships of the following bodies: Holmesglen Institute of TAFE; Box Hill Institute of TAFE; Australian Hospitality Review Panel; La Trobe University Tourism Hospitality and Sports Advisory Board; Service Skills Victoria; VETis Taskforce and VCAA – VCE Exam Industry Vetter.

Karon has been the recipient of a number of industry awards prior to joining the Institute including Tourism Training Australia for Training contribution to the Hospitality and Tourism Industries; Australian Institute of Hospitality Management for contribution to Hospitality Training and Tourism Training Australia – National Trainers Award.

Karon's qualifications include: Graduate Diploma in Education, Degree in Business (Hotel Management), and Diploma of Applied Science.



Nicholas Hunt

MANAGING DIRECTOR

The Managing Director is the Chief Executive Officer of the Institute.

Nicholas Hunt was appointed Chief Executive Officer of William Angliss Institute in 2007. Since joining the Institute Nick has focussed on developing WAI's educational programs, strengthening the Institute's activities in support of industry and leading the Institute's operational changes and strategic development in a period of significant change and reform.

Prior to joining the Institute Nick held a variety of positions in tourism and education development sectors. These include CEO – Tourism Alliance Victoria, CEO – Country Victorian Tourism Council and Executive Director – Tourism Training Victoria.

Outside of the Institute, Nick is Chair of the TAFE Directors Australia Finance and Audit Committee, the national body representing public TAFE providers and Treasurer of the Victorian TAFE Association.

Nick's qualifications include a Master of Education Policy (International), University of Melbourne, Bachelor of Arts (Hons), University of Tasmania and he is also a Graduate of the Australian Institute of Company Directors.

Attendance, Code of Conduct & Committees

Attendance at Board Meetings 2017

| Board Directors | Board Meetings |
|-------------------------|----------------|
| Dr Anne Astin PSM | 7 of 7 |
| Dr David Foster | 7 of 7 |
| Karon Hepner | 7 of 7 |
| Nicholas Hunt | 7 of 7 |
| Wendy Jones | 7 of 7 |
| Vicky Mclver | 2 of 2 |
| Dean Minett | 7 of 7 |
| Hon. John Pandazopoulos | 6 of 7 |
| Matteo Pignatelli | 6 of 7 |
| Brenda Richardson | 2 of 2 |
| Madelyn Ring | 4 of 4 |
| Beth Schofield | 2 of 3 |

The Board met seven times during the year. The Annual Meeting was held on 8 May 2017. During 2017, no Board Members declared a potential pecuniary interest in issues discussed during Board meetings.

Board Composition

The Board comprised ten members:

- Five Ministerial Directors appointed by the relevant Minister
- Three Co-opted Directors
- Elected Director
- Managing Director/CEO

The role of Board Secretary was held by Judy Slevison.

Governance Charter

The Board annually reviews the Board Governance Charter; this was undertaken in May 2017.

Code of Conduct

The Board originally developed and approved its own Code of Conduct in 2006, which is reviewed annually. The Code of Conduct articulates that the Board is committed to the highest standards of good governance, professionalism, principles of transparency and service to all of the Institute's stakeholders. This Code of Conduct compliments the Institute's staff Code of Conduct and the State Government's Code of Conduct for public sector organisations.

Performance and Summary of Activities

The Board annually:

- Approves and submits the Strategic Plan to the relevant Minister
- Approves and submits the Annual Statement of Corporate Intent to the relevant Minister
- Approves the audited annual financial statement
- Meets the required obligations of the Strategic Planning Guidelines and Commercial Guidelines
- Approves an annual budget
- Reviews and approves the Strategic and Risk Management Plans and sets clear annual measures that are in alignment with the Strategic Plan and Risk Management Plan
- Reviews and approves the Financial Delegations Policy by 30 June
- Ensures that appropriate policies and procedures are in place to meet good governance, legislative, regulatory and organisational requirements
- Ensures that Board membership complies with legislative requirements and that Board members comply with the agreed Board Members' Code of Conduct.

Board Committees

Finance, Audit and Risk Management Committee

Committee Members:

Dean Minett (Chair - current) Beth Schofield (Chair to 30 June 2017), Wendy Jones, Hon. John Pandazopoulos, Matteo Pignatelli, Brenda Richardson, Madelyn Ring and Peter Sexton (Co-opted Committee member)

Resignations from the Committee:

Beth Schofield 30 June 2017

Madelyn Ring 31 July 2017

Appointments to the Committee:

Wendy Jones 1 August 2017

Peter Sexton 1 November 2017

The main objective of the Finance, Audit and Risk Management (FARM) Committee is to provide independent assurance and advice to the Board in relation to the Institute's risk, control and compliance framework and its financial reporting responsibilities.

Responsibilities of the Committee are described within the FARM Committee Terms of Reference and include detail relating to the areas of risk management, internal control, financial statements, legislative and policy compliance, internal and external audit and governance.

During 2017 the Finance, Audit and Risk Management Committee held four meetings.

The William Angliss Institute Finance, Audit and Risk Management Committee made a recommendation to the William Angliss Institute Board on 26 February 2018 to authorise the William Angliss Institute Annual Financial Statements for the year ending 31 December 2017.

Remuneration Review and Board Membership Committee

Committee Members:

Dr Anne Astin (Chair), Vicky Mclver, Dean Minett, Hon. John Pandazopoulos, Matteo Pignatelli and Beth Schofield.

Resignations from the Committee:

Beth Schofield 30 June 2017

Dean Minett 21 November 2017

Appointments to the Committee:

Vicky Mclver 27 November 2017

Responsibilities of the Committee are described within the Remuneration Review and Board Membership Committee Terms of Reference and include detail relating to the areas of employment conditions and remuneration for the CEO and Executive team, compliance with the Government Sector Executive Remuneration Panel (GSERP) guidelines and review of Board membership requirements.

During 2017 the Remuneration Review and Board Membership Committee held two meetings.

Future Building and Infrastructure Committee

Committee Members:

Dean Minett (Chair), David Foster, Vicky Mclver, Hon. John Pandazopoulos and Beth Schofield.

Resignations from the Committee:

Beth Schofield 30 June 2017

Appointments to the Committee:

Vicky Mclver 1 January 2017 (Co-opted Committee Member)
1 October 2017 (Committee Member)

Hon. John Pandazopoulos 1 July 2017

In 2017 the Building Fund Committee changed its name to the Future Building and Infrastructure Committee.

The main objective of the Future Building and Infrastructure Committee is to work with management on the development of the WAI Master Plan and advise the Board in relation to the development and maintenance of the Integrated Asset Management Plan which includes a strategy to secure sufficient capital funds for the implementation WAI Master Plan.

During 2017 the Future Building and Infrastructure Committee held two meetings.

Higher Education Academic Board

Board Members:

Dr David Foster (Chair), Professor Kwong Lee Dow, Professor Marcia Devlin, Nicholas Hunt, Wayne Crosbie, Dr Paul Whitelaw, Associate Professor Leonie Lockstone-Binney, Associate Professor Melanie Williams, Dr Larry Foster, Andrew Dolphin, Dr Kim Williams (Staff Representative) and Shontinelle Daji (Student Representative).

Appointments to the Higher Education Academic Board:
Dr Kim Williams (Staff Representative) appointed 8 March 2017
Shontinelle Daji (Student Representative) appointed 8 March 2017

The William Angliss Institute Higher Education Academic Board has delegated responsibility from the William Angliss Institute Board for the academic governance of the Institute's Higher Education courses.

It is responsible for providing advice to the William Angliss Institute Board; maintaining the highest standards of scholarship, teaching and research; developing and monitoring Higher Education courses; and formulating and reviewing policies and procedures in relation to academic matters.

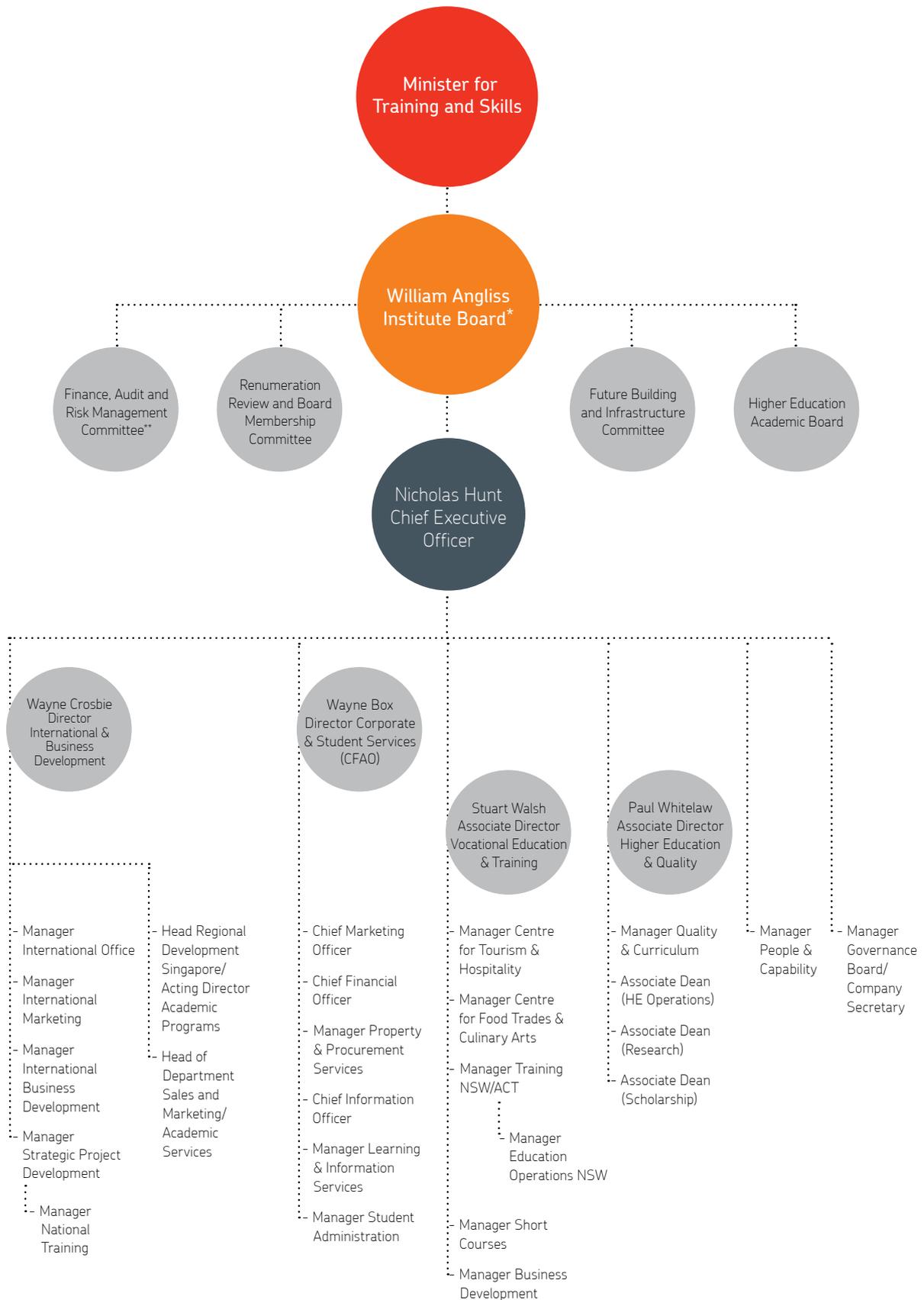
During 2017 the Higher Education Academic Board held four meetings.



William Angliss Institute

LABOURING FOR PINE

Organisational Chart



* For details of governing board members, refer page 18.

** For details of audit committee members, refer page 19.

Executive Team



Wayne Box

DIRECTOR CORPORATE AND STUDENT SERVICES

The Corporate and Student Services Director is responsible for all administrative units of the Institute including financial and business analysis, information technology, marketing and student activities, corporate governance, student learning and information services, student records and enrolments, and property and procurement services.

The Corporate and Student Services Division also provides research, analysis and other data for the Institute's strategic and related planning processes. It prepares and responds to reports for the Executive and the Board as required.

The Corporate and Student Services Director is the Chief Finance and Accounting Officer for the Institute, and chairs the Occupational Health and Safety, Food Safety, Sponsorship, Environmental Sustainability committees, and the Information Technology Change Control Board.

Wayne has extensive strategic financial leadership experience across a range of industries including FMCG, events, media, not-for-profit, arts, education and public sector.

Wayne holds a Bachelor of Business (Accounting), is a Chartered Accountant (CA) and is a Graduate of the Australian Institute of Company Directors (GAICD).



Wayne Crosbie

DIRECTOR INTERNATIONAL AND BUSINESS DEVELOPMENT

Nationally, the Institute establishes relationships and training contracts with key clients within the food service, retail food, hotel, travel, resorts, gaming and other related industry sectors. The division's delivery of work based training programs, through a range of training and assessment strategies, assists with the development of and support to industry and government initiatives, with training also extended to remote locations within Australia and a special focus on Indigenous programs.

The division's International area is responsible for both the recruitment of overseas students into accredited Institute Higher Education Degree and VET programs, for identifying, developing, implementing and managing new offshore opportunities and projects.

Wayne has over 35 years' experience working within the tourism and hospitality industries. Wayne holds a Diploma of Education and a Bachelor of Business.



Stuart Walsh

ASSOCIATE DIRECTOR VOCATIONAL EDUCATION AND TRAINING (VET)

The Associate Director VET is responsible for the delivery of a diverse range of Vocational Education and Training programs offered in four areas: Centre for Tourism and Hospitality; Centre for Food Trades and Culinary Arts; Industry Training Centre- Sydney; and Short Courses, within these areas the vocational training pertaining to the following areas is covered; Cookery, Patisserie, Bakery, Meat, Food Technology, Hospitality, Travel, Tourism, Resorts, Events and the Angliss International Hotel School.

The Associate Director has responsibility for leading and supporting the effective and timely integration of flexible and workplace based delivery practices with campus delivery, across all sites as well as, ensuring the Institute meets internal and external quality reporting requirements with regards to all Vocational Education and Training programs delivered at the Institute

Stuart Walsh is a career educator and chef with 35 years' experience and a wealth of private and public sector experience.

Most recently Stuart held the position Head of School at Le Cordon Bleu (LCB) Ottawa and Senior Academic Director at LCB for the Americas. Previous educational leadership positions have included Dean of the Faculty of Tourism and Hospitality Management at Canberra Institute as well as positions at GippsTAFE, Box Hill Institute and Swinburne University. In the private sector, Stuart was the founder of the Culinary Academy at the Hotel Sofitel Melbourne.



Paul A Whitelaw (PhD)

ASSOCIATE DIRECTOR HIGHER EDUCATION AND QUALITY

The Associate Director Higher Education and Quality is responsible for the delivery of Higher Education courses offered by the Institute. At this stage, this includes five undergraduate degree programs: Bachelor of Tourism and Hospitality Management, Bachelor of Culinary Management, Bachelor of Event Management, Bachelor of Food Studies and Bachelor of Resort and Hotel Management. Plans are underway to expand this with bachelor-level courses in institutional management and professional cookery. Long term, the area will seek permission to accredit and deliver both bachelors and masters level courses.

The role is also responsible for supporting teaching areas to comply with the various State and Commonwealth compliance frameworks by which the Institute is registered to deliver both Vocational and Higher Education courses. This involves establishing, maintaining and documenting policies, procedures and systems that ensure that the Institute's courses are of the highest standard and meet both State and Commonwealth legislative and regulatory requirements.

Prior to joining the Institute, Paul had over 20 years' experience in various teaching and executive roles at the School of Hospitality, Tourism and Marketing in the Faculty of Business at Victoria University, and nearly 15 years' experience in various line and executive positions in the hospitality industry as well as rigorous academic training in finance, accounting and statistics.

Paul completed his PhD on career progression in the hospitality industry, he holds a Masters of Business (Finance), a Bachelor of Business Accounting (Dist.), a Bachelor of Business Catering and Hotel Management (Dist.) and a Certificate of Business Studies (Marketing).

Performance Statement

During 2017 the Institute worked towards achieving key performance targets. The table below provides a snapshot of these measures.

| Key Performance Indicators 2017 | Actual 2016 ¹ | Target 2017 | Actual 2017 ¹ | Variance 2017 Actuals vs. Targets | Variance Explanations 2017 | Strategic Plan Initiatives |
|---|--------------------------|-------------|--------------------------|-----------------------------------|---|---|
| Educational | | | | | | |
| Enrolled Student Contact Hour (SCH) | 4,318,438 | 4,190,447 | 4,106,094 | -84,353 | Sustained marketing and delivery effort across all areas of the operation has resulted in stable educational delivery performance. There has also been an increase in international student enrolments in 2017 which offsets some softness in local market. | Market Leader Review and Improve |
| Course enrolments | 22,280 | 18,300 | 25,523 | 7,223 | Enrolment increase reflects increased activity in short courses and other shorter programs and the impact of some students undertaking dual qualifications. | Market Leader Review and Improve |
| Module load completion rate | 92.23% | 85.00% | 91.81% | 6.81% | Continued strong outcomes for students through improved student engagement and blended delivery models. | Market Leader Review and Improve |
| Student satisfaction | 74.20% | 80 - 90% | 73.90% | -5.80% | WAI continues to work on improved student satisfaction. | Augment Brand Market Leader |
| Industry satisfaction | 69.66% | 78-85% | 72.60% | -8.34% | WAI continues to work with industry to improve training and student experiences with industry which improves results with respect to transition to employment. | Review and Improve |
| Financial | | | | | | |
| Revenue | \$63.941M | \$63.153M | \$63.044M | -\$0.109M | Minimal variance due to increased Government contribution and international student revenue off-setting some softer student revenue as a consequence of market demand and loan fee-caps. | Review and Improve Share and Leverage Regionally Active |
| Surplus/Deficit (excluding Capital Income and Depreciation) | \$8.451M | \$1.509M | \$4.69M | \$3.181M | Variance due to increased Government contribution and international student revenue off-setting some softer student revenue as a consequence of market demand and loan fee-caps. | Review and Improve |
| Working capital ratio | 1.89 | >1:1 | 1.89 | 0.89 | Both improved cash position and lower payables at year end positively impacted the working capital ratio. | Review and Improve |
| Employee costs as a proportion of Training Revenue | 73.1% | <74% | 77.6% | -3.6% | Target is a medium term stretch target, shift away from target is due to investment in new projects and business systems. | Review and Improve |
| Training Revenue per Teaching FTE | \$223K | \$244K | \$217k | -\$27k | Variance reflects market challenges. | Review and Improve |
| Operating Margin % | 9.3% | N/A | 1.5% | N/A | Reduced operating margin reflects market challenges and program demand in some areas despite strong employment outcomes. | Review and Improve |
| Revenue Diversity - Government vs. Non Government Funded Training | 20% vs 80% | 39% vs 61% | 22% vs 78% | N/A | Actual shows beginning of a positive shift towards medium term target increasing government supported place students whilst maintaining revenue diversity. | Regionally Active Share and Leverage |
| People Management | | | | | | |
| Full Time Equivalent (excluding casuals) | 286 | 304 | 292.7 | -11.3 | Staffing levels restrained to support financial targets. | Market Leader Review and Improve |
| Staff satisfaction | 69% | >70% | 75% | 5% | Actual exceeded target reflecting a continuing positive trend. | Market Leader Review and Improve |
| Lost time due to injuries | 26 days | <50 days | 83 days | -33 | Result unfortunately reverses a downward trend, however longer term the result reflects reduced injuries occurring and careful management of OHS processes and practices. | Market Leader Review and Improve |

¹ Actual result is for William Angliss Institute of TAFE Consolidated entity

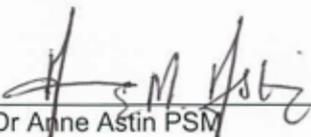
PERFORMANCE STATEMENT FOR 2017

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

In our opinion, the accompanying Statement of Performance of the William Angliss Institute consolidated entity, in respect of the 2017 financial year, is presented fairly in accordance with Departmental guidelines.

The Statement outlines the performance indicators as determined by the responsible Minister, predetermined targets where applicable and the actual results for the year against these indicators.

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



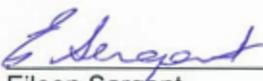
Dr Anne Astin PSM
Board Chair

Date 26/2/2018
Place Melbourne



Nicholas Hunt
Chief Executive Officer

Date 26/2/2018
Place Melbourne



Eileen Sargent
Acting Chief Finance and Accounting Officer

Date 26/2/18
Place Melbourne

Compliance

Freedom of Information

The Institute respects the right of the public under the *Freedom of Information Act 1982* to request access to documented information held by the Institute. Formal applications to request access to information must be made under the *Freedom of Information Act* and in writing to:

The Freedom of Information Officer
William Angliss Institute
555 La Trobe Street
Melbourne VIC 3000

Applications should state that the request is an application for the purposes of the *Freedom of Information Act*, describe the document/s sought after in enough detail to allow the Institute to identify and find the relevant document/s and provide contact details for the Institute to reply to. An application fee will apply and other charges may be incurred in accordance with the *Victorian Freedom of Information (Access Charges) Regulations 2014*.

For the period 1 January 2017 to 31 December 2017 the Institute received one request for information under the Freedom of Information Act.

Compliance with the *Building Act 1993*

The Institute has established policies and mechanisms to ensure that works to existing buildings conform to building standards and statutory obligations, which relate to health and safety matters. All Institute works conform to building regulations and appropriate building permits and compliance certificates were obtained.

Compliance with the *Protected Disclosure Act 2012*

The Institute does not tolerate improper conduct by its employees or officers, nor the taking of reprisals against those who come forward to report such conduct. In accordance with the *Protected Disclosure Act 2012*, the Institute has a policy and procedural framework in place to encourage and facilitate the disclosure of improper conduct within the Institute for reporting and investigative purposes.

Disclosure of improper conduct or detrimental action by the Institute or any of its staff or officers should be reported directly to the Independent Broad-based Anti-corruption Commission (IBAC):

Phone: 1300 735 135

Fax: (03) 8635 6444

Street address: Level 1, North Tower,
459 Collins St,
Melbourne, VIC 3000

Postal address: GPO Box 24234,
Melbourne, VIC 3001

Website: <http://www.ibac.vic.gov.au/>

Email: See the IBAC website for means of electronic contact.

For the period 1 January 2017 to 31 December 2017, the Institute did not become aware of any disclosures made under the *Protected Disclosure Act 2012*.

Competitive Neutrality

William Angliss Institute has established mechanisms to ensure that the National Competition Policy including the requirements of relevant Government Policy Statements ('Competitive Neutrality: Statement of Victorian Government Policy' and 'Victorian Government Timetable for the Review of Legislative Restrictions on Competition' and any subsequent reforms) are appropriately observed.

Compliance with Victorian Public Sector Travel Principles

William Angliss Institute has established policies and procedures to ensure the Institute is compliant with the Victorian Public Sector Travel Principles.

Compliance with the *Carers Recognition Act 2012*

The *Carers Recognition Act 2012* formally acknowledges the significant contribution that carers make to the Australian community. William Angliss Institute considers the carers recognition principles as set out in the Act when developing relevant staff and student policies, procedures and provision of services. These include:

- Flexible working arrangements
- Part-time work opportunities
- Opportunities to purchase leave
- An employee assistance program.

Students with carer responsibilities or those with a disability are also supported at the Institute through:

- Application of special consideration arrangements
- Provision of reasonable accommodation to enable participation
- Provision of additional supports such as access to Wellbeing and Counselling Services and Disability Support Services.

Compliance with other Legislation and Subordinate Instruments

William Angliss Institute complies with all relevant legislation and subordinate instruments, including but not limited to the following:

- *Education and Training Reform Act 2006* (ETRA)
- William Angliss Institute of Technical and Further Education Constitution Order 2016
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- Directions of the Minister for Training and Skills (or predecessors)
- *Financial Management Act 1994*
- *Public Administration Act 2004*
- *Building Act 1993*
- *Protected Disclosure Act 2012*
- *Victorian Industry Participation Policy Act 2003*
- *Freedom of Information Act 1982*

Compliance Attestations

Attestation for Compliance with Ministerial Standing Direction 3.7.1

I, Nicholas Hunt, certify that William Angliss Institute has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes for the period 1 January 2017 – 30 June 2017. The William Angliss Institute Finance, Audit and Risk Management Committee has verified this.



Nicholas Hunt
Chief Executive Officer
26 February 2018

Attestation for Compliance with Ministerial Standing Direction 5.1.4

I, Nicholas Hunt, certify that William Angliss Institute has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions for the period 1 July 2017 – 31 December 2017.



Nicholas Hunt
Chief Executive Officer
26 February 2018

Major Commercial Activities

During the period 1 January 2017 to 31 December 2017 there were no major commercial activities to report.

Capital Projects

During the period 1 January 2017 to 31 December 2017 there were no capital building projects undertaken.

Additional Information Available on Request

Consistent with the *Financial Management Act 1994* and in line with the Institute's Freedom of Information policy, further information on the following is available upon request from the Institute:

- Declarations of pecuniary interest by relevant officers
- Shares held by senior officers
- Publications produced by the Institute
- Changes in prices, fees, charges, rates and levies charged by the Institute
- Major external reviews conducted
- Research and development undertaken
- Promotional public relations and marketing activities undertaken
- Improvements undertaken to the occupational health and safety of employees
- Industrial relations and time lost through industrial accidents and disputes
- Overseas visits undertaken by staff members
- Major committees sponsored by the Institute
- Consultancies and contractors engaged, services provided and expenditure committed to for each engagement
- Financial information relating to international operations.

These requests should be directed to:

The Freedom of Information Officer
William Angliss Institute,
555 La Trobe Street, Melbourne VIC 3000

People & Capability

People

Overall, the Institute workforce increased by 4.1 Equivalent Full-Time (EFT) employees in 2017 compared to the 2016 staffing figures. The following table provides a snapshot of staff numbers as at 31 December 2017.

William Angliss Institute's workforce spans across six Australian states and territories and has international joint campus arrangements with partner education institutions in many countries in the ASEAN region. The Institute remains focused on attracting and retaining staff that are capable of providing quality skills solutions to industry and government.

Reward and Recognition

2017 saw an increase in the nomination of staff demonstrating outstanding achievements across the four key areas of Client Service Excellence, Innovation, Teaching Excellence and Occupational Health and Safety. This culminated in a total of six awards being presented to staff during the year.

Off Shore Opportunities

The Institute has a workforce in Australia that spans Victoria, New South Wales, Queensland, South Australia, Western Australia and Northern Territory. Our international footprint includes joint campus arrangements with partner education institutions in China (Hangzhou, Zhongshan and Nanjing), Vietnam (Danang), Sri Lanka (Colombo), and a stand-alone Tourism Continuing Education and Training (CET) Centre in Singapore. We continue to maintain strong relationships with partner institutes in Malaysia and Thailand.

Learning and Development

The focus on workforce learning and development contributes to the Institute's current position as the State government endorsed Specialist Centre for Foods, Tourism, Hospitality and Events. The Institute offers appealing career prospects in our areas of specialty and continues to attract quality candidates.

In 2017, the Institute offered a wide variety of learning and development activities to ensure all employees acquire the skills and knowledge to meet the current and future requirements of the Institute while assisting employees in their career development. This included:

- Organisation-wide online compliance training
- Technical training including new eLearning technology
- People management training
- Teacher training including compliance, innovation in teaching, eLearning and assessment development.

Another key focus for the year was the provision of leadership capability development across the organisation. A leadership program was conducted over a seven month period for current and emerging leaders at the Institute.

The Institute continued to support a number of staff during the year by providing financial assistance to obtain a formal qualification which enabled staff to perform their role more effectively and better meet the needs of the Institute. Study leave is also offered to enable staff to pursue and attain further educational and vocational qualifications.

The Institute was awarded two grants by the VET Development Centre in 2017. The grants were in the specialist sector and workforce development project categories.

As at 31 December 2017

| Teaching Staff | | F/Time | P/Time | Total | EFT |
|--------------------|--------|--------|--------|-------|-------|
| Ongoing | Female | 36 | 17 | 53 | 46.8 |
| | Male | 45 | 5 | 50 | 48.0 |
| Fixed term | Female | 12 | 5 | 17 | 14.6 |
| | Male | 29 | 1 | 30 | 29.2 |
| Subtotal | | 122 | 28 | 150 | 138.6 |
| Casual** | Female | - | 70 | 70 | 30.2 |
| | Male | - | 66 | 66 | 31.5 |
| Subtotal | | - | 136 | 136 | 61.7 |
| TOTAL | | 122 | 164 | 286 | 200.3 |
| Non-Teaching Staff | | F/Time | P/Time | Total | EFT |
| Executive Officers | Female | 0 | 0 | 0 | 0.0 |
| | Male | 5 | 0 | 5 | 5.0 |
| Subtotal | | 5 | 0 | 5 | 5.0 |
| PACCT* ongoing | Female | 75 | 20 | 95 | 86.7 |
| | Male | 40 | 0 | 40 | 39.7 |
| PACCT fixed term | Female | 10 | 6 | 16 | 14.2 |
| | Male | 6 | 4 | 10 | 8.5 |
| Subtotal | | 131 | 30 | 161 | 149.1 |
| TOTAL | | 136 | 30 | 166 | 154.1 |
| Total Female | | 133 | 118 | 251 | 192.5 |
| Total Male | | 125 | 76 | 201 | 161.9 |
| Grand Total | | 258 | 194 | 452 | 354.4 |

* Professional, Administrative, Clerical, Computing and Technical Staff.

** Casual data based on cumulative annualised labour effort.

Executive staff employed and classified as executive officers under Part 3 of the *Public Administration Act 2004*

| Age | Employee (Headcount) |
|----------|----------------------|
| Under 25 | - |
| 25-34 | - |
| 35-44 | - |
| 45-54 | 3 |
| 55-64 | 2 |
| Over 65 | - |

As at 31 December 2016

| Teaching Staff | | F/Time | P/Time | Total | EFT |
|--------------------|--------|--------|--------|-------|-------|
| Ongoing | Female | 39 | 17 | 56 | 48.3 |
| | Male | 47 | 3 | 50 | 48.8 |
| Fixed term | Female | 13 | 4 | 17 | 15.7 |
| | Male | 21 | 1 | 22 | 21.5 |
| Subtotal | | 120 | 25 | 145 | 134.3 |
| Casual** | Female | - | 71 | 71 | 29.9 |
| | Male | - | 80 | 80 | 34.4 |
| Subtotal | | - | 151 | 151 | 64.3 |
| TOTAL | | 120 | 176 | 296 | 198.6 |
| Non-Teaching Staff | | F/Time | P/Time | Total | EFT |
| Executive Officers | Female | 0 | 0 | 0 | 0 |
| | Male | 5 | 0 | 5 | 5.0 |
| Subtotal | | 5 | 0 | 5 | 5.0 |
| PACCT* ongoing | Female | 74 | 22 | 96 | 88.8 |
| | Male | 39 | 0 | 39 | 39.0 |
| PACCT fixed term | Female | 11 | 2 | 13 | 12.4 |
| | Male | 5 | 3 | 8 | 6.5 |
| Subtotal | | 129 | 27 | 156 | 146.7 |
| TOTAL | | 134 | 27 | 161 | 151.7 |
| Total Female | | 137 | 116 | 253 | 195.1 |
| Total Male | | 117 | 87 | 204 | 155.2 |
| Grand Total | | 254 | 203 | 457 | 350.3 |

* Professional, Administrative, Clerical, Computing and Technical Staff.

** Casual data based on cumulative annualised labour effort.

Executive staff employed and classified as executive officers under Part 3 of the *Public Administration Act 2004*

| Age | Employee (Headcount) |
|----------|----------------------|
| Under 25 | - |
| 25-34 | - |
| 35-44 | - |
| 45-54 | 3 |
| 55-64 | 2 |
| Over 65 | - |

Occupational Health and Safety (OH&S)

The Institute is committed to providing a safe and healthy working environment for its learning community and taking a preventative approach in protecting its staff, students and visitors from exposure to health and safety risks.

The Institute's Safety Improvement Plan for 2017 continues the focus of building a safety culture, preventative strategies and injury management. The plan aims to build skills and capability by requiring supervisor attendance at nominated safety training and related people management training.

In relation to preventative strategies, there was a focus on supporting staff wellbeing and mental health in 2017. The Institute conducted two one-day Resilience Sessions that were well attended by staff. In addition, the Institute participated in a six week app-based Happy at Work Program which provided awareness and tips in relation to lifestyle factors such as sleep, mood and stress.

Ten employees received one-to-one assistance in improving their workstation ergonomics. To support the health of employees, the Institute also provided an annual flu vaccination program with 91 employees receiving vaccination in 2017.

Injury management performance is regularly monitored through a range of performance measures. These include supervisor attendance at mandatory safety training and related people management training, timeliness of incident reporting, lost time due to workplace injury and WorkCover claims costs. Improved safety performance contributes to improvements in workplace culture, employee satisfaction and reduced workers' compensation insurance costs.

During 2017, the Institute experienced a rise in lost time due to two injuries which required lengthy recovery periods. The increased lost time lead to a corresponding increase in claims costs. Despite the rise in claims costs and lost days due to work place injury in 2017, the Institute experienced a low number of both standard and lost time claims. In all cases, active claims management resulted in minimisation of lost time and successful return to work outcomes following injury.

Employment and Conduct Principles

In 2017, the Institute continued to support the employment and conduct principles via the provision of induction information for new staff and training for all staff informing them of their employee rights and responsibilities. Employees have been correctly classified in workforce data collections prepared during the 2017 calendar year.

The Institute reviewed the guidance provided to staff in its Staff Code of Conduct including in relation to conduct with colleagues and students, use of social media and conflict of interest.

The Institute has structured recruitment procedures based on merit and policies and processes to support equal opportunity including return from parental leave, breastfeeding and flexible work arrangements.

Industrial Relations

Negotiations commenced in March 2017 for an enterprise agreement for the William Angliss Institute's Professional, Administrative, Clerical, Computing and Technical (PACCT) staff. Negotiations also commenced at the industry level for a new Multi-Employer Agreement (MEA) for TAFE teachers.

The Institute has a consultative committee for teaching staff for the purpose of implementing and monitoring the teachers' enterprise agreement that meets on a regular basis.

Staff Declaration of Private Interest

In line with the Code of Conduct for Victorian Public Sector Employees, employees are required to declare any private interest that may constitute an actual, potential or perceived conflict of interest.

In 2017, 27 employees declared an actual, potential or perceived conflict of interest.

As at 31 December 2017

| Occupational Health And Safety Measure | | 2015 | 2016 | 2017 |
|--|--|--------|------|---------|
| Incidents | Number of hazards/incidents | 20 | 28 | 23 |
| | Rate per 100 FTE | 7.75 | 9.93 | 7.87 |
| Claims | Number of standard claims | 3 | 0 | 2 |
| | Rate per 100 FTE | 1.16 | 0 | 0.68 |
| | Number of lost time claims | 3 | 2 | 2 |
| | Rate per 100 FTE | 1.16 | 0.7 | 0.68 |
| | Average cost of standard claims | \$4789 | 0 | \$16047 |
| Fatalities | Number of fatality claims | Nil | Nil | Nil |
| Incident Reporting | % reported within 2 days of occurrence | 70% | 84% | 83% |
| Lost time | Number of lost days | 72 | 26 | 83 |
| Training | Manager/Supervisor attendance at mandatory safety and related people management training | 75% | 82% | 97% |

Environmental Impacts & Sustainability

William Angliss Institute has a unique set of challenges in terms of environmental impact. In addition to running lecture theatres and classrooms with computers for theory, teaching cookery specifically requires the running of many large ovens, water supply including supply of hot water for hygiene requirements and some food waste. The Institute continues to introduce sustainable practices to manage these resources and reduce waste. The Sustainability Action Team met twice during the year, and is working on the new Environmental Sustainability Strategy.

In all new building and plant upgrades, energy and water savings are an integral part of the process.

Considerable on-going resource savings have been made with the following projects completed in 2017:

- Major upgrade of lifts in Building A - including lift motors, energy efficient electronics and cart call button activation
- Refurbishment of toilets, Building D ground floor - water saving fittings and fixtures, and LED lighting
- Energy efficient heating unit in Building B servicing the whole building
- Energy saving chiller plant installed in Building A
- Energy and water saving fittings and fixtures installed in Demonstration kitchen E101 refurbishment
- Reduction in waste to landfill with redundant equipment sold through an on line auction. Recycled Conference Centre chairs donated to charity organisations throughout the year
- Reviewed purchasing policy for fleet vehicles, purchasing more fuel efficient vehicles.

Energy

The Institute consumes energy for a number of different uses including: office facilities, theory classrooms, three restaurants, two retail food outlets, Conference Centre, 12 training kitchens, confectionery centre and bakery practical rooms. The data represented below was collected through energy retailer billing information. The Institute is continuing to develop systems to collect data more comprehensively.

| Indicator | 2016 | | | 2017 | | |
|---|---------------|---------------|-------------|---------------|---------------|-------------|
| | Electricity | Natural gas | Green power | Electricity | Natural gas | Green power |
| Total energy usage | 3,097,867 kWh | 14,637,022 MJ | 777.4 MWh | 3,064,553 kWh | 10,970,496 MJ | n/a |
| Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tCO ₂ e) | 4,544 | 935 | 387.60 kWh | 4,496 | 701 | - |
| Percentage of electricity purchased as green power | 11.8% | - | - | - | - | - |
| Units of energy used per Student Contact Hour (MJ/SCH) | 2.58 | 3.38 | - | 2.68 | 2.67 | - |

SCH = 4,104,717

Waste

The waste generated by processes within the Institute is divided into four general streams – general, cardboard, commingle (mixed recycling) and glass.

| Indicator | 2016 | | | | 2017 | | | |
|---|---------|----------------------|-----------|-------|---------|----------------------|-----------|-------|
| | General | Commingled recycling | Cardboard | Glass | General | Commingled recycling | Cardboard | Glass |
| Total units of waste disposed of by destination (kg/yr) | 276,135 | 33,240 | 24,282 | 1880 | 271,785 | 34,200 | 24,145 | 1,500 |
| Units of waste disposed of per FTE by destinations (kg/FTE) | 1000.3 | 120 | 88 | 7 | 922.86 | 116 | 82 | 5 |
| Recycling rate (percentage of total waste) | 17.7% | | | | 18.0% | | | |

Actions Undertaken

- Institute intranet regularly updated with environmental statistical information and the promotion and encouragement of recycling benefits
- Encourage staff to use more effective waste management practices.

FTE =294.5 as at 29 September 2017

Paper

The Institute only purchases paper which is certified to the Australian Forestry Standard, which confirms that it is made with fibre from sustainably managed plantations and forestry operations.

| Indicator | 2016 | 2017 |
|--|-------|-------|
| Total units of copy paper used (reams) | 3,487 | 3,957 |
| Units of copy paper used per FTE (reams/FTE) | 12.63 | 13.43 |
| Percentage of 100% recycled content copy paper purchased | 7.31 | 8.23 |
| Percentage of 75% recycled content copy paper purchased | N/A | N/A |
| Percentage of 50% recycled content copy paper purchased | 0.72 | 1.16 |
| Percentage of FSC Carbon neutral certified purchase | N/A | 90.59 |

Water

The data in the table below is based on water meter readings of the whole site at the Melbourne campus.

| Indicator | 2016 | 2017 |
|---|--------|--------|
| Total units of metered water consumed by usage types (kilolitres) | 22,869 | 19,667 |

Transportation

The data in the table is derived from kilometres and fuel usage from the Institute's 16 vehicle fleet Australia-wide. Increase due to an additional fleet vehicle added in 2017.

| Indicator | 2016 | 2017 |
|---|-----------|-----------|
| Total kilometres travelled from vehicle fleet | 230,317 | 267,950 |
| Total litres used from vehicle fleet | 19,287 | 18,708 |
| Total distance travelled by air (kilometres) | 2,665,062 | 2,593,564 |

Greenhouse Gas Emissions

| Indicator | 2016 | 2017 |
|--|--------|--------|
| Total Greenhouse Gas Emissions associated with energy use (tonnes CO2-e) | 5479 | 5196 |
| Total Greenhouse Gas Emissions from vehicle fleet (tonnes CO2-e) | 44.16 | 42.83 |
| Total Greenhouse Gas Emissions from air travel (tonnes CO2-e) | 650.08 | 632.64 |
| Total Greenhouse Gas Emissions associated with waste disposal (tonnes CO2-e) | 303.89 | 298.96 |

Procurement

The Institute's procurement policy includes, as part of the evaluation criteria, that the engagement of suppliers who are conscious of the environment and are committed to the principles of environmental sustainability are to be considered.

As an example in 2017, whilst evaluating tenders for the cleaning and waste removal for the whole of site, the Institute was able to negotiate:

- The undertaking of a waste audit
- The introduction of solar waste bins
- Introduction of 5 stage recycling program which has the specific objective of reducing the amount of waste being sent to landfill.

Compulsory Student Services and Amenities Fees

William Angliss 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 process for the collection and disbursement of the services and amenities fees are managed by the William Angliss Institute Group and are not paid to any student organisations. Total Student Services and Amenities Fees collected for the William Angliss Institute Group for the year ending 31 December 2017 were \$510,099.

Publications and Research

A broad scope of applied research activities related to the Institute's specialisations of Foods, Tourism, Hospitality and Events, and teaching and learning in these areas, are listed below.

Refereed Journal Articles

- Everingham, N., McLean, D., Mancini, J., Mitton, A., & Williams, M. (2017). Addressing the challenge of scholarship and industry currency in vocational education: a pilot. *International Journal of Training Research*, 1-15. DOI: 10.1080/14480220.2017.1403946
- Haski-Leventhal, D., Meijs, L., Lockstone-Binney, L., Holmes, K., & Oppenheimer, M. (2017). Measuring volunteerability and the capacity to volunteer among non-volunteers: Implications for social policy. *Social Policy & Administration*. DOI: 10.1111/spol.12342.
- James, P., & Rose, N. (2017). Food and the unsettling of the human condition. *Arena Journal*, 47/48, 232-250.
- McWha, M., Frost, W., & Laing, J. (2017). Sustainable travel writing? Exploring the ethical dilemmas of twenty-first-century travel writers. *Journal of Sustainable Tourism*, 25(10), 1401-1417.
- Ong, F., King, B., Lockstone-Binney, L., & Junek, O. (2017). Going global, acting local: Volunteer tourists as prospective community builders. *Tourism Recreation Research*, 1-12. DOI: 10.1080/02508281.2017.1391449
- Rose, N. (2017). Community food hubs: An economic and social justice model for regional Australia. *Rural Society*, 26(3), 225-237. DOI: 10.1080/10371656.2017.1364482
- Winter, C. (2017). The multiple roles of battlefield war museums: A study at Fromelles and Passchendaele. *Journal of Heritage Tourism*, DOI:10.1080/1743873X.2017.1287189.

Refereed Conference Papers

- Fang, M., Armstrong, A., & Nguyen, T. (2017). *Conceptual framework to guide development and evaluation of agile leadership in tourism destinations*. Proceedings of 2017 ANZAM Conference, RMIT, Melbourne.
- Ong, F. (2017). *Akrasia and effective altruism - A philosophical reflection on volunteer tourism*. In Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin. (Winner, Early Career Researcher Bursary Award)

Working Papers and Extended Abstracts

- Abe, Y. (2017). *Major infrastructure and local tourism: Catalyst for development or the beginning of decline?* Proceedings of the Institute of Australian Geographers Conference, The University of Queensland, Queensland.
- Cleary, L. (2017). *Bewitching the senses*. *Canadian Association for Food Studies*. Proceedings of the Canadian Association for Food Studies 12th Annual Assembly, Ryerson University, Toronto.
- Cleary, L. (2017). *Making room for the shadow: Change in the age of strategy*. *Canadian Association for Food Studies*.

- Proceedings of the Canadian Association for Food Studies 12th Annual Assembly, Ryerson University, Toronto.
- Donati, K. (2017). *Witching with microbes: Teaching the history and philosophy of science through fermentation*. Proceedings of the Canadian Association for Food Studies 12th Annual Assembly, Ryerson University, Toronto.
- Fang, M. (2017). *Preliminary evaluation of a tourism-based leadership development program*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin.
- Frost, I. (2017). *Can codification of wine tasting terms assist teaching and learning? A critical reflection*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin.
- Gronow, E., & Morrison, A. (2017). *Accounting in tourism & hospitality degrees: Threshold barriers and threshold conceptions*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin.
- Khattar, A. (2017). *Analysis of hotel websites for environmentally sustainable policies and practices*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin
- Lagos, E. (2017). *Branding Gallipoli as a transformative branding experience*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin.
- McGrath, M., McWha, M., Lockstone-Binney, L., Ong, F., & Whitelaw, P. (2017). *Use of a destination simulation game: Preliminary results for an undergraduate tourism and hospitality program*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin.
- McWha, M. (2017). *Contemporary travel writers' experiences of self: Discovery, transformation and (online) construction*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin.
- McWha, M. (2017). *Can travel writers leverage tourism sustainability through their travel writing?* Proceedings of the Travel and Tourism Research Association, Asia Pacific Chapter 2017 Conference, Hong Kong Polytechnic University, Hong Kong.
- Rose, N. (2017). *Witches, enclosures and commons: Teaching critical food studies*. Proceedings of the Canadian Association for Food Studies 12th Annual Assembly, Ryerson University, Toronto.
- Smith, K., Lockstone-Binney, L., Holmes, K., & Shipway, R. (2017). *Olympic Volunteering: The story from bidding to legacy*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin.
- Taylor, P. (2017). *Applying an evolutionary approach to the sustainable long-term development of cycle trails as tourism attractions: A case study of the Otago Central Rail Trail*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin.

- Tsimiklis, A. (2017). *The rise of the artisans: How participatory action research benefits the development of specialised artisan skills*. Proceedings of 2017 AVERTA conference, William Angliss Institute, Melbourne.
- Williams, K. (2017). *Wine tourism in South Africa: A snapshot of human resource practices of cellar door management* Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin. (Winner, Best Poster Award)
- Williams, M. (2017). *Plausible futures for education and training in food, hospitality, tourism and events*. Proceedings of 2017 CAUTHE Conference, University of Otago, Dunedin.
- Williams, M. (2017). *Addressing the challenge of scholarship and industry currency in vocational education: A pilot*. Proceedings of 2017 AVERTA conference, William Angliss Institute, Melbourne.
- Williams, M. (2017). *Taming the two-headed compliance beast using scholarly practice*. Proceedings of THE-ICE 11th IPoE Forum 2017, William Angliss Institute, Melbourne.
- Wrathall, J., & Berrell, M. (2017). *Infusing employment skills in teaching, learning and curriculum development: An event management perspective*. Proceedings of THE-ICE 11th IPoE Forum 2017, William Angliss Institute, Melbourne.

Book Reviews

- Lagos, E. (2017). *Review of Focus on festivals: Contemporary European case studies and perspectives*. *Tourism Analysis*, 22(4), 591-593.
- Lagos, E. (2017). *Review of Focus on world of festivals: Contemporary case studies and perspectives*. *Journal of Policy Research in Tourism, Leisure and Events*, 9(3), 341-343.

Funded Research Projects

Food systems literacy for flourishing communities: Taking action on obesity and wellbeing

Funding Scheme: RMIT ECP Capability Development Fund - \$20,000, 2017-2018

This project is being conducted by Professor Tania Lewis, RMIT University, and Dr Kelly Donati and Dr Nick Rose, William Angliss Institute.

Cardinia Shire faces major challenges to the health, wellbeing and quality of life of residents, including levels of obesity one-third higher than the Victorian average. Bringing together highly experienced researchers from Sustain: the Australian Food Network, William Angliss Institute and RMIT's Digital Ethnography Research Centre, this study aims to work with Cardinia Council to raise levels of healthy food literacy amongst the community and to translate that literacy into changing practices and behaviours. This study will pilot innovative approaches to translating food literacy into community-led change. It will result in an ARC Linkage application in 2018 with Australian and international partners.

The social and economic sustainability of WA's rural volunteer workforce

Funding Scheme: Bankwest Curtin Economics Centre - \$70,961, 2017

This project is being conducted by Associate Professor Kirsten Holmes and Dr Amanda Davies, Curtin University, together with Associate Professor Leonie Lockstone-Binney, William Angliss Institute.

Volunteering is critical to the survival and success of rural communities. The past two decades have seen an increase in the community services delivered by volunteers and demand on the volunteer workforce has intensified. Yet, over the same period there has been a decline in volunteer participation across Australia resulting in a shortage of volunteer labour. This study uses mixed methods to investigate the role of volunteering in creating a sense of community wellbeing and delivering essential services in rural areas, and identifies the strategies volunteers and voluntary organisations are using to sustain the rural volunteer workforce.

Creating and sustaining a strong future for volunteering in Australia

Funding Scheme: Australian Research Council, Linkage Projects Scheme - \$203,144, 2015-2017

This project is being conducted by Associate Professor Kirsten Holmes, Curtin University, Associate Professor Debbie Haski-Leventhal, Macquarie University and Associate Professor Leonie Lockstone-Binney, William Angliss Institute, Professor Melanie Oppenheimer, Flinders University and Professor Lucas Meijs, Erasmus University.

Volunteering is essential to organisations, communities and societal wellbeing across Australia. Yet, not enough people volunteer in Australia and as such, some services cannot be delivered. The aim of this study is to understand what motivates people to volunteer, what prevents some from doing so, and what can be done to help more people start to volunteer in a range of sectors, including tourism and events.

The project is funded by the Australian Research Council with additional partner funding from William Angliss Institute, Volunteering South Australia/NT, Volunteering Victoria, Volunteering WA and the WA Department of Local Government and Communities

Financial Summary

Summary of Financial Results

| | Consolidated | | | | |
|-------------|----------------|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Revenue | 63,044 | 63,940 | 59,726 | 55,949 | 51,990 |
| Expenditure | 61,867 | 57,786 | 56,707 | 56,887 | 58,113 |
| Assets | 223,370 | 197,657 | 140,181 | 123,483 | 124,333 |
| Liabilities | 14,792 | 13,041 | 15,666 | 15,534 | 15,461 |

Summary of Significant Changes in Financial Position

An increase in assets of \$25.7m resulted from a formal revaluation of land and buildings (\$22.9m) and a net increase in other assets of (\$2.8m). There have been no major changes affecting performance.

Summary of Operational and Budgetary Objectives

The Institute's Strategic Plan for 2015-2017 sought to meet the expectations of all stakeholders. The Institute continues to improve educational quality and be responsive to industry needs across all programs.

An overview of achievements and a performance statement identifying key performance targets is provided earlier in the Annual Report.

Business Consolidation

Consolidated revenue for the year was \$63.1 million. Main revenue streams include Government contracts, commercial revenue and international operations including overseas projects and Singapore and China subsidiaries' operations.

Financial Viability

The consolidated operating profit (including capital and depreciation) for the year was \$1.0 million. Total current assets in 2017 were \$27.0 million with current liabilities of \$14.1 million. Events subsequent to balance date— nil.

Organisational Viability

The Institute's commitment to responsible financial management and planning was maintained in 2017. The continued strength in revenue diversity of non- government funded training has enhanced organisational viability.

The William Angliss Institute's revenue of \$63.1 million (excluding capital contributions) was on target for the year and generated a surplus of \$4.8 million before capital, depreciation and fixed asset write off. The Institute also maintained a working capital ratio of 1.89 at year-end. The Institute's total assets were valued at \$223.4 million, an increase of \$25.7 million from 2016.

Consultants

In 2017, there were six consultancies where the total fees payable to the consultants was \$10,000 or greater. The total expenditure was \$466,127 (ex GST). There were fifteen consultancies where the total fees payable were less than \$10,000. The total expenditure incurred was \$44,478 (ex GST). The following table constitutes compliance with the requirement to make this information publicly available.

| Consultancy valued in excess of \$10,000 | Description | \$ | Future Commitment \$ |
|--|--|---------|----------------------|
| GRAY PUKSAND PTY LTD | Architectural and project services | 293,630 | 155,814 |
| KARBON CONSULTING & ADVISORY PTY LTD | Property surveying | 56,700 | |
| EDWARDS MOORE PTY LTD | Architectural services | 24,925 | |
| OCCORP PTY LTD | Work cover claims - Management Service | 17,724 | |
| STOKES SAFETY PTY LTD | Building safety audit | 15,430 | |
| MBMPL PTY LTD | Quantity surveying | 13,240 | 35,160 |

Expenses are approved as part of the overall budgeting process rather than specific detail of individual expenditure items.

Information and Communication Technology Expenditure

For the 2017 reporting period William Angliss Institute had a total ICT expenditure of \$4.1m with the details shown below.

| Business As Usual (BAU) ICT expenditure (Total) \$'000 | Non-Business As Usual (non-BAU) ICT expenditure (Total = Operational expenditure and Capital Expenditure) \$'000 | Operational Expenditure \$'000 | Capital Expenditure \$'000 |
|--|--|--------------------------------|----------------------------|
| 3,577 | 501 | 209 | 292 |

ICT expenditure refers to the costs in providing business-enabled ICT services. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure. Non BAU ICT expenditure relates to extending or enhancing the current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Disclosures

Disclosures of Ex-Gratia Payments

In 2017 there were no ex-gratia payments made by the Institute.

Disclosures of Remuneration of Executive Officers

Details of remuneration received or due and receivable from the Institute in connection with the management of the Institute, including termination payments and bonuses paid are provided in Note 8.2 of the Annual Financial Statements.

Superannuation

Name and type of Superannuation Scheme:

- Defined benefit fund – Emergency Services Superannuation Scheme – New and Revised Schemes
- Contribution fund – VicSuper Pty Ltd
- Various other contribution funds

Basis for Calculating Superannuation Contributions

The basis for calculating superannuation contributions is as prescribed by law and by the funds themselves where appropriate.

Details of Loans

As at the reporting date, there were no loans made to the Institute from any superannuation fund.

Details of Recognised Superannuation Liabilities

As at the reporting date, there was \$191K of outstanding contributions payable to the above funds.

VAGO Auditor General Letter Statement of Performance



Independent Auditor's Report

To the Board of the William Angliss Institute of TAFE

| | |
|--|--|
| Opinion | <p>I have audited the accompanying performance statement of the William Angliss Institute of TAFE (the institute) which comprises the:</p> <ul style="list-style-type: none">• performance statement for the year ended 31 December 2017 and• declaration by the board chair, chief executive officer and chief finance and accounting officer. <p>In my opinion, the performance statement of the William Angliss Institute of TAFE in respect of the year ended 31 December 2017 presents fairly, in all material respects, in accordance with Department of Education and Training guidelines.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Board's responsibilities for the performance statement | <p>The Board is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of 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 the statement of performance that is free from material misstatement, whether due to fraud or error.</p> |
| Auditor's responsibilities for the audit of the performance statement | <p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to</p> |

influence the decisions of users taken on the basis of this performance statement performance statement.

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

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

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

MELBOURNE
20 March 2018



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

VAGO Auditor General Letter Financial Report



Independent Auditor's Report

To the Board of Directors of William Angliss Institute of TAFE

Opinion

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

- consolidated entity and institute balance sheets as at 31 December 2017
- consolidated entity and institute comprehensive operating statements for the year then ended
- consolidated entity and institute statements of changes in equity for the year then ended
- consolidated entity and institute cash flow statements for the year then ended
- notes to the financial statements, including a summary of significant accounting policies
- Director's, Accountable Officer's and Chief Financial Officer's declaration.

In my opinion the financial report is in accordance with the financial reporting requirements of Standing Direction 5.2 of the Minister for Finance under the *Financial Management Act 1994* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

- giving a true and fair view of the financial position of the institute and the consolidated entity as at 31 December 2017 and their financial performance and cash flows for the year then ended
- complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Basis for Opinion

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

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the institute and the consolidated entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board of Directors' responsibilities for the financial report The Board of Directors of the institute are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Board of Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Directors are responsible for assessing the institute and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

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

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

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

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the institute and the consolidated entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the institute and the consolidated entity. I remain solely responsible for my audit opinion.

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

I also provide the Board of Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
20 March 2018



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Financial Report Declaration

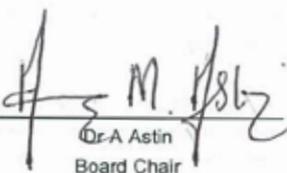
Declaration in the financial statements

The Directors, Accountable Officer and CFO of William Angliss Institute of TAFE (the Institute) declare that:

1. The financial statements and notes are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (a) giving a true and fair view of the Institute's financial position as at 31 December 2017 and of its performance for the year ended on that date, and
 - (b) complying with Australian Accounting Standards and *Australian Charities and Not-for-profits Commission Regulation 2013*; and
2. There are reasonable grounds to believe the Institute will be able to pay its debts as and when they become due and payable.
3. The attached financial statements of the Institute have been prepared in accordance with Directions 5.2 of the Standing Directions of the Minister of Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements.
4. At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 26 February 2018.

This declaration is made in accordance with a resolution of the Board of Directors.


A Astin
Board Chair

Date 26/2/2018

Place Melbourne, VIC


Mr N Hunt
Director & Accountable Officer

Date 26/2/2018

Place Melbourne, VIC


Ms E Sargent
Chief Financial Officer

Date 26/2/2018

Place Melbourne, VIC

Financial Report

William Angliss Institute of TAFE (ABN 66 266 583 978)

How this report is structured

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

| | |
|-----------------------------|---|
| Financial statements | Comprehensive operating statements ¹ |
| | Balance sheets ² |
| | Statements of changes in equity ³ |
| | Cash flow statements ⁴ |

| | |
|--|--|
| Notes to the financial statements | 1. About this report |
| | 1.1 Basis of preparation |
| | 1.2 Compliance |
| | 2. How we earned our funds |
| | 2.1 Government contributions |
| | 2.2 Sale of goods and services |
| | 2.3 Other income |
| | 3. How we expended our funds |
| | 3.1 Employee benefits |
| | 3.2 Superannuation |
| | 3.3 Supplies and services |
| | 3.4 Operating lease payments |
| | 3.5 Other operating expenses |
| | 4. The assets we invested in |
| | 4.1 Property, plant and equipment |
| | 4.2 Intangible assets |
| | 4.3 Investments and other financial assets |
| | 5. Balances from operations |
| | 5.1 Receivables |
| | 5.2 Other non financial assets |
| | 5.3 Payables |
| | 5.4 Other liabilities |
| | 6. How we financed our operations |
| | 6.1 Cash and deposits |
| | 6.2 Contributed equity |
| | 7. Managing risks and uncertainties |
| | 7.1 Financial instruments |
| 7.2 Contingent assets and contingent liabilities | |
| 7.3 Fair value determination | |

8. Governance

- 8.1 Responsible persons
- 8.2 Remuneration of executives
- 8.3 Related parties
- 8.4 Auditors remuneration

9. Other disclosures

- 9.1 Other economic flows included in net result
 - 9.2 Other equity reserves
 - 9.3 Controlled entities
 - 9.4 Events after reporting date
 - 9.5 Application of standards issued but not yet effective
-

1. *The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two represents the net result. The net result is equivalent to profit or loss derived in accordance with Australian Accounting Standards.*

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

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

3. *Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.*

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

William Angliss Institute of TAFE (ABN 66 266 583 978)

FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENTS

For the year ended 31 December 2017

| | Note | Consolidated | | Institute | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Continuing operations | | | | | |
| Income from transactions | | | | | |
| Government contributions | 2.1 | 22,485 | 21,579 | 22,485 | 21,579 |
| Sale of goods and services | 2.2 | 38,643 | 39,957 | 35,237 | 36,577 |
| Interest income | 6.1.2 | 338 | 388 | 285 | 334 |
| Other income | 2.3 | 1,578 | 2,016 | 1,090 | 1,436 |
| Total income from transactions | | 63,044 | 63,940 | 59,097 | 59,926 |
| Expenses from transactions | | | | | |
| Employee benefits | 3.1.1 | 32,277 | 30,383 | 31,173 | 28,987 |
| Depreciation and amortisation | | 3,780 | 2,636 | 3,727 | 2,572 |
| Supplies and services | 3.3 | 20,781 | 19,202 | 19,598 | 18,400 |
| Other operating expenses | 3.5 | 5,029 | 5,565 | 4,211 | 4,584 |
| Total expenses from transactions | | 61,867 | 57,786 | 58,709 | 54,543 |
| Net result from transactions | | 1,177 | 6,154 | 388 | 5,383 |
| Other economic flows included in net result | | | | | |
| Net gain/(loss) on non-financial assets | 4.1.1 | (44) | (253) | (11) | (255) |
| Net gain/(loss) on financial instruments | 7.1.1 | (162) | (41) | (174) | (29) |
| Other gains/(losses) from other economic flows | 9.1 | 31 | (47) | 31 | (47) |
| Total other economic flows included in net result | | (175) | (341) | (154) | (331) |
| Net result from continuing operations | | 1,002 | 5,813 | 234 | 5,052 |
| Net result | | 1,002 | 5,813 | 234 | 5,052 |
| Other economic flows - other comprehensive income | | | | | |
| Items that will not be reclassified to net result | | | | | |
| Changes in physical asset revaluation surplus | 9.2 | 22,946 | 54,317 | 22,946 | 54,317 |
| Items that are or may be reclassified to net result | | | | | |
| Exchange difference on translation of foreign operations | 9.2 | 14 | (29) | - | - |
| Total other economic flows - other comprehensive income | | 22,960 | 54,288 | 22,946 | 54,317 |
| Comprehensive result | | 23,962 | 60,101 | 23,180 | 59,369 |

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

BALANCE SHEETS

As at 31 December 2017

| | Note | Consolidated | | Institute | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 6.1 | 22,134 | 18,600 | 18,122 | 15,330 |
| Receivables | 5.1 | 3,762 | 4,086 | 3,372 | 4,038 |
| Investments and other financial assets | 4.3 | 463 | - | 3,013 | 2,550 |
| Total financial assets | | 26,359 | 22,686 | 24,507 | 21,918 |
| Non-financial assets | | | | | |
| Property, plant and equipment | 4.1.2 | 187,991 | 165,211 | 187,936 | 165,095 |
| Intangible assets | 4.2 | 8,361 | 9,087 | 8,361 | 9,075 |
| Other non financial assets | 5.2 | 659 | 673 | 499 | 410 |
| Total non-financial assets | | 197,011 | 174,971 | 196,796 | 174,580 |
| Total assets | | 223,370 | 197,657 | 221,303 | 196,498 |
| Liabilities | | | | | |
| Payables | 5.3 | 3,574 | 2,366 | 7,038 | 6,061 |
| Employee provisions | 3.1.2 | 5,040 | 4,663 | 5,023 | 4,663 |
| Other liabilities | 5.4 | 6,178 | 6,012 | 6,107 | 5,819 |
| Total liabilities | | 14,792 | 13,041 | 18,168 | 16,543 |
| Net assets | | 208,578 | 184,616 | 203,135 | 179,955 |
| Equity | | | | | |
| Contributed capital | 6.2 | 29,436 | 29,436 | 29,436 | 30,204 |
| Accumulated surplus | | 31,328 | 30,326 | 25,222 | 24,220 |
| Reserves | 9.2 | 147,814 | 124,854 | 148,477 | 125,531 |
| Net worth | | 208,578 | 184,616 | 203,135 | 179,955 |

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2017

| | Physical assets revaluation surplus \$'000 | Foreign currency translation reserve \$'000 | Accumulated surplus \$'000 | Contributions by owner \$'000 | Total \$'000 |
|---|---|--|----------------------------------|-------------------------------------|-----------------|
| Consolidated | | | | | |
| At 1 January 2016 | 71,214 | (648) | 24,513 | 29,436 | 124,515 |
| Net result for the year | - | - | 5,813 | - | 5,813 |
| Other economic flows - other comprehensive income | 54,317 | (29) | - | - | 54,288 |
| Year ended 31 December 2016 | 125,531 | (677) | 30,326 | 29,436 | 184,616 |
| Net result for the year | - | - | 1,002 | - | 1,002 |
| Other economic flows - other comprehensive income | 22,946 | 14 | - | - | 22,960 |
| Year ended 31 December 2017 | 148,477 | (663) | 31,328 | 29,436 | 208,578 |
| Institute | | | | | |
| At 1 January 2016 | 71,214 | - | 19,168 | 30,204 | 120,586 |
| Net result for the year | - | - | 5,052 | - | 5,052 |
| Other economic flows - other comprehensive income | 54,317 | - | - | - | 54,317 |
| Year ended 31 December 2016 | 125,531 | - | 24,220 | 30,204 | 179,955 |
| Net result for the year | - | - | 234 | - | 234 |
| Other economic flows - other comprehensive income | 22,946 | - | - | - | 22,946 |
| Other equity movements | - | - | 768 | (768) | - |
| Year ended 31 December 2017 | 148,477 | - | 25,222 | 29,436 | 203,135 |

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

CASH FLOW STATEMENTS

For the year ended 31 December 2017

| | Note | Consolidated | | Institute | |
|---|-------|-----------------|-----------------|-----------------|-----------------|
| | | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Cash flows from operating activities | | | | | |
| Receipts | | | | | |
| Government contributions | | 25,543 | 23,737 | 24,734 | 23,737 |
| User fees and charges received | | 37,681 | 42,398 | 35,994 | 39,504 |
| Interest received | | 332 | 388 | 233 | 334 |
| Other receipts | | 1,800 | 1,383 | 1,246 | 803 |
| Total receipts | | 65,356 | 67,906 | 62,207 | 64,378 |
| Payments | | | | | |
| Payments to suppliers and employees | | (58,471) | (60,376) | (55,450) | (55,538) |
| Total payments | | (58,471) | (60,376) | (55,450) | (55,538) |
| Net cash flows from/(used in) operating activities | 6.1.1 | 6,885 | 7,530 | 6,757 | 8,840 |
| Cash flows from investing activities | | | | | |
| Receipts from/(Payment to) related entities | | - | - | (600) | (1,008) |
| Purchase of financial assets | | (463) | - | (463) | - |
| Purchase of non-financial assets | | (2,944) | (5,418) | (2,944) | (5,400) |
| Proceeds from sales of non-financial assets | | 42 | 109 | 42 | 103 |
| Net cash provided by/(used in) investing activities | | (3,365) | (5,309) | (3,965) | (6,305) |
| Net (decrease)/increase in cash and cash equivalents | | 3,520 | 2,221 | 2,792 | 2,535 |
| Cash and cash equivalents at the beginning of the financial year | | 18,600 | 16,408 | 15,330 | 12,795 |
| Effect of foreign currency transactions | | 14 | (29) | - | - |
| Cash and cash equivalents at the end of the financial year | 6.1 | 22,134 | 18,600 | 18,122 | 15,330 |

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

ABOUT THIS REPORT

The financial statements cover the William Angliss Institute of TAFE and its controlled entities as an individual reporting entity the 'Consolidated Group'. The Institute is a statutory body corporate, established pursuant to an Act made by the Victorian Government under the *Education and Training Reform Act 2006 Section 3.1.12 4(a)*.

Its registered office and principal address is:

William Angliss Institute of TAFE
555 La Trobe Street
Melbourne VIC 3000

1.1 Basis of preparation

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

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

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

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

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

- the fair value of property, plant and equipment (refer to note 7.3)

The following are the critical judgements apart from those involved estimations that the Institute and the Consolidated Group has made in the process of applying the accounting policies and that have the most significant effect of the amounts recognised in the consolidated financial statements:

- revenue recognition - part of the Institute's and Consolidated Group's revenues are generated from milestone completion and evaluation of the completed training delivery. Managerial judgement is applied to evaluate the extent to which the revenue should be recognised (refer to note 2.1 and 2.2);
- trade and student debtor receivables - the Institute and Consolidated Group monitors and makes estimates of the likelihood that debts will be paid. Managerial judgement is applied to evaluate the level of allowances for estimated losses (refer to note 5.2)

Foreign currency transactions and balances

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

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

1.1 Basis of preparation (continued)

Group entities

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

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date
- Income and expenses are translated at average exchange rates for the period

Exchange differences arising on translation of foreign operations are recognised as a separate component of equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Comprehensive Operating Statement as part of the gain or loss on sale where applicable.

Goods and Services Tax (GST)

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

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

Basis of consolidation

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

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

Funding risk

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

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

The Institute manages funding risk by continuing to diversify and increased funding from commercial activities, both domestically and offshore. The Group delivers training nationally and has increased its training delivery activities overseas.

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

1.2 Compliance information

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

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

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

2. HOW WE EARNED OUR FUNDS

2.1 Government contributions

| | Consolidated | | Institute | |
|--|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Grants and other transfers | | | | |
| State Government - contestable | 10,391 | 9,619 | 10,391 | 9,619 |
| State Government - other contributions | 11,808 | 11,960 | 11,808 | 11,960 |
| Commonwealth Government - other contributions | 136 | - | 136 | - |
| Total Government contributions- operating | 22,335 | 21,579 | 22,335 | 21,579 |
| State-capital | 150 | - | 150 | - |
| Total Government contributions - capital | 150 | - | 150 | - |
| Total Government contributions | 22,485 | 21,579 | 22,485 | 21,579 |

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

During the current year, the Institute received other government contributions as part of various funding programs to support the activities of the Institute. In addition funds were received to further the work of the TAFE Managed Service Entity program and to assist in the development of an Asset Management system.

2. HOW WE EARNED OUR FUNDS

2.2 Sale of goods and services

| | Consolidated | | Institute | |
|---|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Student fees and charges | 7,903 | 9,029 | 7,903 | 9,029 |
| Fee for service - international operations - onshore | 21,023 | 20,123 | 21,023 | 19,506 |
| Fee for service - international operations - offshore | 3,694 | 2,565 | 289 | 694 |
| Fee for service - other | 3,980 | 6,417 | 3,979 | 5,525 |
| Other non-course fees and charges | | | | |
| Sale of goods | 2,043 | 1,823 | 2,043 | 1,823 |
| Total revenue from sale of goods and services | 38,643 | 39,957 | 35,237 | 36,577 |

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 it is recorded as revenue in advance.

Fee for service

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

Revenue from sale of goods

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

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

2. HOW WE EARNED OUR FUNDS

2.3 Other income

| | Consolidated | | Institute | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Rental income | 284 | 338 | 284 | 338 |
| Donations, bequests and contributions | 88 | 82 | - | - |
| Other revenue | 1,206 | 1,596 | 806 | 1,098 |
| Total other income | 1,578 | 2,016 | 1,090 | 1,436 |

Rental income

The Institute receives rental income for certain land and buildings leased out when the buildings are excess to the current requirements.

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

Leases receivable

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

| | Consolidated | | Institute | |
|--|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Receivable: | | | | |
| Within one year | 99 | 97 | 99 | 97 |
| Later than one year but not later five years | 144 | 218 | 144 | 218 |
| Later than five years | 46 | 65 | 46 | 65 |
| Total lease receivables | 289 | 380 | 289 | 380 |
| GST payable on the above | 26 | 35 | 26 | 35 |
| Net operating lease receivables | 263 | 345 | 263 | 345 |

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.

Donations bequests and contribution

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

Other revenue

Other revenue is recognised when the Institute's right to receive payment is established.

3. HOW WE EXPENDED OUR FUNDS

3.1 Employee benefits

3.1.1 Employee benefits in the comprehensive operating statement

| Expense | Consolidated | | Institute | |
|--|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Salaries, wages, overtime and allowances | 25,286 | 24,103 | 24,337 | 22,932 |
| Superannuation | 2,632 | 2,400 | 2,602 | 2,338 |
| Payroll tax | 1,473 | 1,298 | 1,461 | 1,273 |
| Worker's compensation | 163 | 156 | 158 | 149 |
| Long service leave | 644 | 578 | 638 | 560 |
| Annual leave | 2,009 | 1,794 | 1,977 | 1,735 |
| Other | 70 | 54 | - | - |
| Total employee benefits | 32,277 | 30,383 | 31,173 | 28,987 |

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 is employer contributions that are paid or payable during the reporting period.

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

3.1.2. Employee benefits in the balance sheet

| | Consolidated | | Institute | |
|--|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Current provisions | | | | |
| Employee benefits - Annual leave | | | | |
| Unconditional and expected to wholly settle within 12 months | 754 | 709 | 744 | 709 |
| Unconditional and expected to wholly settle after 12 months | 268 | 249 | 264 | 249 |
| Employee benefits - Long service leave | | | | |
| Unconditional and expected to wholly settle within 12 months | 303 | 245 | 303 | 245 |
| Unconditional and expected to wholly settle after 12 months | 2,345 | 2,169 | 2,345 | 2,169 |
| Employee benefits - Other | | | | |
| Unconditional and expected to wholly settle within 12 months | 80 | 80 | 80 | 80 |
| Provisions for on-costs | | | | |
| Unconditional and expected to wholly settle within 12 months | 161 | 145 | 159 | 145 |
| Unconditional and expected to wholly settle after 12 months | 406 | 368 | 405 | 368 |
| Total current provisions for employee benefits | 4,317 | 3,965 | 4,300 | 3,965 |
| Non-current provisions | | | | |
| Employee benefits | 626 | 606 | 626 | 606 |
| Employee benefits on-costs | 97 | 92 | 97 | 92 |
| Total non-current provisions | 723 | 698 | 723 | 698 |
| Total employee provisions | 5,040 | 4,663 | 5,023 | 4,663 |

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

3. HOW WE EXPENDED OUR FUNDS

3.1 Employee benefits (continued)

Reconciliation of movements in on-cost provision

| | Consolidated | Institute |
|---|--------------|-----------|
| | \$'000 | \$'000 |
| Carrying amount at the start of the year | 605 | 605 |
| Additional provisions recognised | 338 | 335 |
| Reductions arising from payments/other sacrifices of future economic benefits | (279) | (279) |
| Carrying amount at the end of the year | 664 | 661 |

Wages, salaries and annual leave

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

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

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

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

The components of the current LSL liability are measured at:

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

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

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

3. HOW WE EXPENDED OUR FUNDS

3.2 Superannuation

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

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Institute. The name and details of the major employee superannuation funds and contributions made by the Institute are as follows:

| | Consolidated | | Institute | |
|---|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Paid Contribution for the Year | | | | |
| Defined benefit plans: | | | | |
| ESS Superannuation Fund - new and revised | 116 | 114 | 116 | 101 |
| Defined contribution plans: | | | | |
| VicSuper Pty Ltd | 972 | 955 | 972 | 924 |
| Other | 1,541 | 1,103 | 1,508 | 1,102 |
| Total paid contribution for the year | 2,629 | 2,172 | 2,596 | 2,127 |
| Contribution outstanding at year end | | | | |
| Defined benefit plans: | | | | |
| ESS Superannuation Fund - new and revised | 10 | 10 | 10 | 9 |
| Defined contribution plans: | | | | |
| VicSuper Pty Ltd | 78 | 81 | 78 | 79 |
| Other | 103 | 97 | 103 | 97 |
| Total contribution outstanding at year end | 191 | 188 | 191 | 185 |

Defined contribution plans

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

Defined benefit plans

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

3. HOW WE EXPENDED OUR FUNDS

3.3 Supplies and services

| | Note | Consolidated | | Institute | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Purchase of supplies and consumables | | 2,723 | 2,714 | 2,708 | 2,708 |
| Communication expenses | | 374 | 363 | 347 | 335 |
| Contract and other services | | 3,160 | 2,949 | 3,109 | 2,896 |
| Cost of goods sold/distributed (ancillary trading) | | 2,430 | 2,270 | 2,416 | 2,265 |
| Building repairs and maintenance | | 679 | 1,305 | 679 | 1,305 |
| Operating lease payments | 3.4 | 2,555 | 1,828 | 1,973 | 1,264 |
| Bank charges | | 124 | 117 | 121 | 114 |
| Fees and charges | | 8,736 | 7,656 | 8,245 | 7,513 |
| Total supplies and services | | 20,781 | 19,202 | 19,598 | 18,400 |

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

Other expenditure commitments

Commitments for future operating expenditure in existence at reporting date but not recognised as liabilities

| | Consolidated | | Institute | |
|---|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Payable: | | | | |
| Within one year | 429 | 1,054 | 353 | 991 |
| Later than one year but not later than five years | 13 | 91 | 13 | 91 |
| Total other expenditure commitments | 442 | 1,145 | 366 | 1,082 |
| GST reclaimable on the above | 35 | 98 | 33 | 98 |
| Net other expenditure commitments | 407 | 1,047 | 333 | 984 |

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

3. HOW WE EXPENDED OUR FUNDS

3.4 Operating lease payments

| | Consolidated | | Institute | |
|---------------------------------|--------------|--------|-----------|--------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating lease rental expenses | 2,555 | 1,828 | 1,973 | 1,264 |

Non-cancellable operating lease commitments payable

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

| | Consolidated | | Institute | |
|---|---------------|--------------|--------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Payable: | | | | |
| Within one year | 2,159 | 2,044 | 1,559 | 1,739 |
| Later than one year but not later than five years | 4,878 | 1,451 | 4,164 | 1,402 |
| Later than five years | 3,486 | - | 3,486 | - |
| Total operating lease commitments | 10,523 | 3,495 | 9,209 | 3,141 |
| GST reclaimable on the above | 922 | 293 | 837 | 280 |
| Net operating lease commitments | 9,601 | 3,202 | 8,372 | 2,861 |

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

3.5 Other operating expenses

| | Consolidated | | Institute | |
|---|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| General expenses | 1,351 | 1,575 | 1,149 | 1,430 |
| Marketing and promotional expenses | 871 | 1,197 | 855 | 1,180 |
| Utilities | 772 | 714 | 750 | 693 |
| Audit fees and services | 228 | 304 | 146 | 262 |
| Staff development | 315 | 205 | 315 | 199 |
| Travel and motor vehicle expenses | 1,132 | 1,369 | 771 | 634 |
| Consumables | 253 | 201 | 225 | 186 |
| Undeductible GST and other tax expenses | 107 | - | - | - |
| Total other operating expenses | 5,029 | 5,565 | 4,211 | 4,584 |

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

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

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment

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

| Consolidated | Gross carrying amount | | Accumulated depreciation | | Net carrying amount | |
|----------------------------|-----------------------|----------------|--------------------------|-----------------|---------------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Land | 131,148 | 120,356 | - | - | 131,148 | 120,356 |
| Buildings | 52,274 | 44,831 | (237) | (3,884) | 52,037 | 40,947 |
| Assets under construction | 221 | 216 | - | - | 221 | 216 |
| Plant and equipment | 18,547 | 16,289 | (14,465) | (13,225) | 4,082 | 3,064 |
| Motor vehicles | 481 | 441 | (154) | (125) | 327 | 316 |
| Leasehold improvements | 168 | 167 | (113) | (71) | 55 | 96 |
| Library collection | 1,196 | 1,157 | (1,075) | (941) | 121 | 216 |
| Net carrying amount | 204,035 | 183,457 | (16,044) | (18,246) | 187,991 | 165,211 |

| Institute | Gross carrying amount | | Accumulated depreciation | | Net carrying amount | |
|----------------------------|-----------------------|----------------|--------------------------|-----------------|---------------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Land | 131,148 | 120,356 | - | - | 131,148 | 120,356 |
| Buildings | 52,274 | 44,831 | (237) | (3,884) | 52,037 | 40,947 |
| Assets under construction | 221 | 196 | - | - | 221 | 196 |
| Plant and equipment | 18,149 | 15,892 | (14,067) | (12,828) | 4,082 | 3,064 |
| Motor vehicles | 481 | 441 | (154) | (125) | 327 | 316 |
| Leasehold improvements | - | - | - | - | - | - |
| Library collection | 1,196 | 1,157 | (1,075) | (941) | 121 | 216 |
| Net carrying amount | 203,469 | 182,873 | (15,533) | (17,778) | 187,936 | 165,095 |

Initial recognition

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

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

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 is valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

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

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

4.1 Property, plant and equipment (continued)

For the Institute's specialised and unspecialised buildings, the current replacement cost method is used, adjusting for the associated depreciation.

The fair value of plant and equipment, motor vehicles, leasehold improvements and library collection is normally determined by reference to the asset's current replacement cost.

Revaluations of non-financial physical assets

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

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

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

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. 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 | Depreciation rate |
|---------------------|-----------------------------|
| Buildings | 2% - 14% (2016: 1% - 14%) |
| Plant and Equipment | 5% - 33% (2016: 5% - 33%) |
| Motor Vehicles | 20% (2016: 20%) |
| Library Collection | 10% - 20% (2016: 10% - 20%) |

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 whenever there is an indication that the asset may be impaired.

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

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

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

4.1.1 Gain/loss on non-financial assets

| | Consolidated | | Institute | |
|--|--------------|--------------|-------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Net gain/(loss) on disposal of property, plant and equipment | (14) | (240) | 6 | (240) |
| Net foreign exchange gain/(loss) arising from non-financial assets | (30) | (13) | (17) | (15) |
| Total net gain/(loss) on non-financial assets | (44) | (253) | (11) | (255) |

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

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

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment (continued)

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

Reconciliation of Level 3 fair value movements

| | Land | | Buildings | | Assets under Construction | | Plant and equipment | | Motor vehicles | | Leasehold Improvement | | Library | | Total | |
|--------------------------------------|----------------|----------------|----------------|----------------|---------------------------|----------------|---------------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Consolidated | | | | | | | | | | | | | | | | |
| Opening balance | 120,356 | 66,039 | 40,947 | 39,344 | 216 | 100 | 3,064 | 1,956 | 316 | 238 | 96 | 134 | 216 | 226 | 165,211 | 108,037 |
| Additions | - | - | 632 | 2,597 | 224 | 216 | 1,913 | 1,979 | 136 | 207 | - | 5 | 39 | 10 | 2,944 | 5,014 |
| Revaluations | 10,792 | 54,317 | 12,154 | - | - | - | - | - | - | - | - | - | - | - | 22,946 | 54,317 |
| Disposals | - | - | - | - | (20) | (100) | - | (193) | (36) | (56) | - | - | - | - | (56) | (349) |
| Transfer between asset classes | - | - | (618) | - | (199) | - | 671 | - | - | - | - | - | - | - | (146) | - |
| Depreciation | - | - | (1,078) | (994) | - | - | (1,566) | (672) | (89) | (73) | (41) | (42) | (134) | (20) | (2,908) | (1,801) |
| Effects of movement in exchange rate | - | - | - | - | - | - | - | (6) | - | - | - | (1) | - | - | - | (7) |
| Closing balance | 131,148 | 120,356 | 52,037 | 40,947 | 221 | 216 | 4,082 | 3,064 | 327 | 316 | 55 | 96 | 121 | 216 | 187,991 | 165,211 |
| Institute | | | | | | | | | | | | | | | | |
| Opening balance | 120,356 | 66,039 | 40,947 | 39,344 | 196 | 87 | 3,064 | 1,956 | 316 | 238 | - | - | 216 | 226 | 165,095 | 107,890 |
| Additions | - | - | 632 | 2,597 | 224 | 197 | 1,913 | 1,979 | 136 | 207 | - | - | 39 | 10 | 2,944 | 4,990 |
| Revaluations | 10,792 | 54,317 | 12,154 | - | - | - | - | - | - | - | - | - | - | - | 22,946 | 54,317 |
| Disposals | - | - | - | - | (88) | - | (199) | (36) | (56) | - | - | - | - | - | (36) | (343) |
| Transfer between asset classes | - | - | (618) | - | (199) | - | 671 | - | - | - | - | - | - | - | (146) | - |
| Depreciation | - | - | (1,078) | (994) | - | - | (1,566) | (672) | (89) | (73) | - | - | (134) | (20) | (2,867) | (1,759) |
| Effects of movement in exchange rate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 131,148 | 120,356 | 52,037 | 40,947 | 221 | 196 | 4,082 | 3,064 | 327 | 316 | - | - | 121 | 216 | 187,936 | 165,095 |

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment

4.1.3. Capital commitments

There are no capital commitments as at 31 December 2017 (2016: Nil).

4. THE ASSETS WE INVESTED IN

4.2 Intangible assets

The Institute has capitalised software development expenditure for the SMS - Student Management System software. The asset is amortised over its useful life of 15 years and will be fully amortised by 2028. Maintenance and upgrade costs are expensed as incurred. Other software acquired is capitalised and amortised over its useful life of 3-5 years.

| | Consolidated | | Institute | |
|--|----------------|----------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Software | | | | |
| Gross carrying amount | | | | |
| Opening balance | 14,382 | 13,972 | 14,297 | 13,887 |
| Additions | - | 410 | - | 410 |
| Transfers from property, plant and equipment | 146 | - | 146 | - |
| Closing balance | 14,528 | 14,382 | 14,443 | 14,297 |
| Accumulated amortisation and impairment | | | | |
| Opening balance | (5,295) | (4,460) | (5,222) | (4,409) |
| Amortisation charge | (872) | (835) | (860) | (813) |
| Impairment | - | - | - | - |
| Disposal | - | - | - | - |
| Closing balance | (6,167) | (5,295) | (6,082) | (5,222) |
| Net carrying amount at end of the year | 8,361 | 9,087 | 8,361 | 9,075 |

Initial recognition

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

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

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

Subsequent measurement

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

Impairment

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.

4. THE ASSETS WE INVESTED IN

4.3 Investments and other financial assets

| | Consolidated | | Institute | |
|---|--------------|----------|--------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current investment and other financial assets | | | | |
| Australian dollar term deposits greater than three months | 463 | - | 463 | - |
| Non-current investments and other financial assets | | | | |
| Investment in subsidiaries | - | - | 2,550 | 2,550 |
| Total investments and other financial assets | 463 | - | 3,013 | 2,550 |

Ageing analysis of investments and other financial assets

| | Carrying amount \$'000 | Not past due and not impaired \$'000 | Past due but not impaired | | | |
|----------------------|---------------------------|---|--------------------------------|--------------------------------|---|---------------------|
| | | | Less than 1 month \$'000 | 1-3 months | | 1-5 years \$'000 |
| | | | | 3 months – 1 year \$'000 | | |
| Consolidated | | | | | | |
| 2017 - Term deposits | 463 | 463 | - | - | - | - |
| 2016 - Term deposits | - | - | - | - | - | - |
| Institute | | | | | | |
| 2017 - Term deposits | 463 | 463 | - | - | - | - |
| 2016 - Term deposits | - | - | - | - | - | - |

Interest income

| | Consolidated | | Institute | |
|----------------------------------|--------------|------------|------------|------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Interest income on term deposits | 338 | 388 | 285 | 334 |
| Total interest income | 338 | 388 | 285 | 334 |

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

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

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

5. BALANCES FROM OPERATIONS

5.1 Receivables

| | Consolidated | | Institute | |
|--|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Contractual | | | | |
| Trade receivables | 3,868 | 4,095 | 3,183 | 2,441 |
| Provision for doubtful contractual receivables | (508) | (346) | (508) | (334) |
| Other amount owing from William Angliss Institute Pte Ltd | - | - | 83 | 1,607 |
| Other amount owing from Angliss (Shanghai) Education Technology Co Ltd | - | - | 228 | - |
| Other receivables | 54 | 3 | 49 | 3 |
| Total contractual | 3,414 | 3,752 | 3,035 | 3,717 |
| Statutory | | | | |
| GST input tax credit recoverable | 348 | 334 | 337 | 321 |
| Total receivables | 3,762 | 4,086 | 3,372 | 4,038 |
| Represented by | | | | |
| Current receivables | 3,762 | 4,086 | 3,372 | 4,038 |

Receivables consist of:

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

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

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

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

| | Consolidated | | Institute | |
|---|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Movement in the provision for doubtful contractual receivables | | | | |
| Balance at the beginning of the year | (346) | (305) | (334) | (305) |
| Reversal of unused provision recognised in net result | 82 | 216 | 76 | 216 |
| Increase in provision recognised in net result | (353) | (346) | (353) | (334) |
| Reversal of provision for uncollectable receivables written off during the year | 109 | 89 | 103 | 89 |
| Balance at the end of the year | (508) | (346) | (508) | (334) |

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 | | | |
|---------------------|-----------------|-------------------------------|---------------------------|------------|-------------------|-----------|
| | | | Less than 1 month | 1-3 months | 3 months – 1 year | 1-5 years |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Consolidated | | | | | | |
| 2017 | | | | | | |
| Trade receivables | 3,868 | 2,899 | 501 | 154 | 314 | - |
| Other receivables | 54 | 54 | - | - | - | - |
| Total | 3,922 | 2,953 | 501 | 154 | 314 | - |
| 2016 | | | | | | |
| Trade receivables | 4,095 | 1,908 | 1,609 | 458 | 120 | - |
| Other receivables | 3 | 3 | - | - | - | - |
| Total | 4,098 | 1,911 | 1,609 | 458 | 120 | - |
| Institute | | | | | | |
| 2017 | | | | | | |
| Trade receivables | 3,184 | 2,536 | 180 | 154 | 314 | - |
| Other receivables | 360 | 360 | - | - | - | - |
| Total | 3,544 | 2,896 | 180 | 154 | 314 | - |
| 2016 | | | | | | |
| Trade receivables | 2,441 | 1,908 | - | 413 | 120 | - |
| Other receivables | 1,610 | 1,610 | - | - | - | - |
| Total | 4,051 | 3,518 | - | 413 | 120 | - |

Note: The disclosures above excludes statutory payables (e.g., amounts arising to Victorian Government and GST taxes payable).

The average credit period on sales of goods is 30 days. No interest is charged on receivables. A provision has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

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.

The average credit period on sales of goods is 21 days. No interest is charged on receivables.

5. BALANCES FROM OPERATIONS

5.2 Other non financial assets

| | Consolidated | | Institute | |
|---|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Current | | | | |
| Inventories | 75 | 68 | 75 | 68 |
| Prepayments | 584 | 605 | 424 | 342 |
| Total other non financial assets | 659 | 673 | 499 | 410 |

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

Inventories held-for-distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost for all inventory is measured on the basis of weighted average cost.

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

5. BALANCES FROM OPERATIONS

5.3 Payables

| | Consolidated | | Institute | |
|--|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Contractual | | | | |
| Supplies and services | 3,133 | 2,155 | 2,878 | 2,005 |
| Other amount owing to Angliss Consulting Pty Ltd | - | - | 3,758 | 3,861 |
| Statutory | | | | |
| GST payable | 276 | 211 | 274 | 195 |
| FBT Payable | 14 | - | 14 | - |
| Other taxes payable | 151 | - | 114 | - |
| Total payables | 3,574 | 2,366 | 7,038 | 6,061 |
| Represented by | | | | |
| Current payables | 3,574 | 2,366 | 7,038 | 6,061 |

Payables consist of:

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

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

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

Maturity Analysis of contractual payables

| | Carrying 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 |
|-----------------------|---------------------------|--------------------------|-----------------------------|----------------------|-----------------------------|---------------------|--------------------|
| Consolidated | | | | | | | |
| 2017 | | | | | | | |
| Supplies and services | 3,133 | 3,133 | 2,166 | 942 | 23 | - | - |
| Other payables | - | - | - | - | - | - | - |
| Total | 3,133 | 3,133 | 2,166 | 942 | 23 | - | - |
| 2016 | | | | | | | |
| Supplies and services | 2,155 | 2,155 | 1,392 | 763 | - | - | - |
| Other payables | - | - | - | - | - | - | - |
| Total | 2,155 | 2,155 | 1,392 | 763 | - | - | - |
| Institute | | | | | | | |
| 2017 | | | | | | | |
| Supplies and services | 2,878 | 2,878 | 1,913 | 942 | 23 | - | - |
| Other payables | 3,758 | 3,758 | - | - | 3,578 | - | - |
| Total | 6,636 | 6,636 | 1,913 | 942 | 3,601 | - | - |
| 2016 | | | | | | | |
| Supplies and services | 2,005 | 2,005 | 1,340 | 665 | - | - | - |
| Other payables | 3,861 | 3,861 | - | - | 3,861 | - | - |
| Total | 5,866 | 5,866 | 1,340 | 665 | 3,861 | - | - |

Note: The disclosures above excludes statutory payables (e.g., amounts arising to Victorian Government and GST taxes payable).

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

5. BALANCES FROM OPERATIONS

5.4 Other liabilities

| | Consolidated | | Institute | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Current | | | | |
| Revenue received in advance | 5,683 | 6,012 | 5,612 | 5,819 |
| Lease straight line liability | 495 | - | 495 | - |
| Total other liabilities | 6,178 | 6,012 | 6,107 | 5,819 |

Revenue received in advance

Any fees received 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.

6. HOW WE FINANCED OUR OPERATIONS

6.1 Cash and deposits

| | Consolidated | | Institute | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Cash at bank and on hand | 6,920 | 4,423 | 5,959 | 3,659 |
| Deposits at call | 15,214 | 14,177 | 12,163 | 11,671 |
| Total cash and deposits | 22,134 | 18,600 | 18,122 | 15,330 |

Cash received by the Institute from the generation of income is generally paid into the Institute's bank accounts. Similarly, any Institute expenditure, including those in the form of cheques drawn by the Institute for the payment of goods and services to its suppliers and creditors are made via the Institute's bank accounts.

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

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

| | Consolidated | | Institute | |
|---|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Net result for the year | 1,002 | 5,813 | 234 | 5,052 |
| Non cash movements | | | | |
| Depreciation & amortisation of non-financial assets | 3,780 | 2,636 | 3,727 | 2,572 |
| (Gain)/loss on disposal of non-financial assets | 14 | 240 | (6) | 240 |
| Bad and doubtful debts | 162 | 41 | 174 | 29 |
| Total non cash movements | 3,956 | 2,917 | 3,895 | 2,841 |
| Movements in assets and liabilities | | | | |
| Decrease/(increase) in receivables | 162 | 1,417 | (1,770) | 2,293 |
| Decrease/(increase) in other assets | 14 | (10) | (89) | 14 |
| Increase/(decrease) in payables | 1,208 | (2,823) | 3,839 | (1,576) |
| Increase/(decrease) in employee benefits | 377 | 216 | 360 | 216 |
| Increase/(decrease) in other liabilities | 166 | - | 288 | - |
| Total movements in assets and liabilities | 1,927 | (1,200) | 2,628 | 947 |
| Net cash flows from/(used in) operating activities | 6,885 | 7,530 | 6,757 | 8,840 |

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

6.1.2 Interest income

| | Consolidated | | Institute | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Interest on bank deposits | 338 | 388 | 285 | 334 |
| Total interest income | 338 | 388 | 285 | 334 |

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

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

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

6. HOW WE FINANCED OUR OPERATIONS

6.2 Contributed equity

| | Consolidated | | Institute | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Contributed capital | | | | |
| Balance at 1 January | 29,436 | 29,436 | 30,204 | 30,204 |
| Prior year correction | - | - | (768) | - |
| Balance at 31 December | 29,436 | 29,436 | 29,436 | 30,204 |

Contributed capital

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

The prior year correction adjusts for a previous consolidation entry error.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments

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

Categories of financial instruments

| | Consolidated | | Institute | |
|--|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | |
| Loans and receivables and cash | | | | |
| Cash and deposits | 22,134 | 18,600 | 18,122 | 15,330 |
| Trade receivables (net of provisions) | 3,360 | 3,749 | 2,675 | 2,107 |
| Other receivables | 54 | 3 | 360 | 1,610 |
| Term deposits | 463 | - | 463 | - |
| Total contractual financial assets | 26,011 | 22,352 | 21,620 | 19,047 |
| Financial liabilities | | | | |
| Loans and payables and cash | | | | |
| Supplies and services | 3,133 | 2,155 | 2,878 | 2,005 |
| Other payables | - | - | 3,758 | 3,861 |
| Total contractual financial liabilities | 3,133 | 2,155 | 6,636 | 5,866 |

Categories of financial instruments

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

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

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

- payables (excluding statutory payables).

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Institute concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

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

Reclassification of financial instruments: Subsequent to initial recognition and under rare circumstances, nonderivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

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

| Net holding gain/(loss) on financial instrument by category | Impairment loss | | Total | |
|--|-----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Consolidated | | | | |
| Financial assets – loans and receivables | (162) | (41) | (162) | (41) |
| Total net holding gain/(loss) on financial instrument | (162) | (41) | (162) | (41) |
| Institute | | | | |
| Financial assets – loans and receivables | (174) | (29) | (174) | (29) |
| Total net holding gain/(loss) on financial instrument | (174) | (29) | (174) | (29) |

Net gain/ (loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

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

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

Financial risk management objectives and policies

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

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

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

Risk management is carried out by the Finance department of the Institute under policies approved by the Board. The Finance department identifies, evaluates and hedges financial risks in close co-operation with the Institute's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing the Institute's financial risks or the methods used to measure the risk from the previous reporting period.

Credit risk

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

Credit risk is measured at fair value and is monitored on a regular basis by the Financial Audit and Risk Management (FARM) Committee. The FARM Committee monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

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

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

The trade receivables balance at 31 December 2017 and 31 December 2016 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

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

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

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

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

| | Financial Institutions (AA- rating) | Government agencies (AAA rating) | Other counterparty | Total |
|---|-------------------------------------|----------------------------------|--------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Consolidated | | | | |
| 2017 | | | | |
| Cash and deposits | 6,920 | 15,214 | - | 22,134 |
| Receivables ¹ | - | - | 2,953 | 2,953 |
| Investments and other financial assets | 463 | - | - | 463 |
| Total contractual financial assets | 7,383 | 15,214 | 2,953 | 25,550 |
| 2016 | | | | |
| Cash and deposits | 4,423 | 14,177 | - | 18,600 |
| Receivables ¹ | - | - | 1,911 | 1,911 |
| Total contractual financial assets | 4,423 | 14,177 | 1,911 | 20,511 |
| Institute | | | | |
| 2017 | | | | |
| Cash and deposits | 5,959 | 12,163 | - | 18,122 |
| Receivables ¹ | - | - | 2,896 | 2,896 |
| Investments and other financial assets | 463 | - | 2,550 | 3,013 |
| Total contractual financial assets | 6,422 | 12,163 | 5,446 | 24,031 |
| 2016 | | | | |
| Cash and deposits | 3,659 | 11,671 | - | 15,330 |
| Receivables ¹ | - | - | 3,518 | 3,518 |
| Investments and other financial assets | - | - | 2,550 | 2,550 |
| Total contractual financial assets | 3,659 | 11,671 | 6,068 | 21,398 |

Notes:

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

Liquidity risk

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

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

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

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

- maintaining an adequate short term reserves and banking facilities that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial market; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Institute's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Market risk

The Institute in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse effect on the operating result and /or net worth of the Institute. These market risks primarily relate to foreign currency and interest rate risk.

The Institute's exposures to market risk are primarily through foreign currency risk, equity price risk and interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

Foreign currency risk

The Institute is exposed to foreign currency risk mainly through the delivery of services in currencies other than the Australian dollar, and payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of transactions denominated in foreign currencies and a relatively short timeframe between commitment and settlement.

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

At the reporting date, if the exchange rate moves by 10% higher/lower against the RMB and SGD from the year-end rate of 5.0842 and 1.0424 respectively (2016: 5.0286 and 1.0465), while all other variables remains constant:

- the Consolidated Group's result and equity would have been \$87 thousand higher/\$45 thousand lower (2016: \$369 thousand higher/\$410 thousand lower); and
- the Institute's result and equity would have been \$23 thousand higher/\$28 thousand lower (2016: \$53 thousand higher/\$59 thousand lower).

Equity price risk

The Institute is not exposed to equity price risk in respect of changes to the market price of investments.

Interest rate risk

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

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

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

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

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

Interest rate exposure of financial instruments

| | Weighted average effective rate | | Total carrying amount per balance sheet | | Floating interest rate | | Fixed interest rate | | Non-interest bearing | |
|--|---------------------------------|--------|---|---------------|------------------------|--------------|---------------------|---------------|----------------------|--------------|
| | 2017 % | 2016 % | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Consolidated | | | | | | | | | | |
| Cash at bank and on hand | 1.240 | 1.600 | 22,134 | 18,600 | 6,920 | 4,423 | 15,214 | 14,177 | - | - |
| Receivables | | | | | | | | | | |
| Trade receivables (net of provisions) | | | 3,360 | 3,749 | - | - | - | - | 3,360 | 3,749 |
| Other receivables | | | 54 | 3 | - | - | - | - | 54 | 3 |
| Investments and other financial assets | | | | | | | | | | |
| Term deposits | 2.500 | | 463 | - | - | - | 463 | - | - | - |
| Total contractual financial assets | | | 26,011 | 22,352 | 6,920 | 4,423 | 15,677 | 14,177 | 3,414 | 3,752 |
| Supplies and services | | | 3,133 | 2,155 | - | - | - | - | 3,133 | 2,155 |
| Total contractual financial liabilities | | | 3,133 | 2,155 | - | - | - | - | 3,133 | 2,155 |
| Institute | | | | | | | | | | |
| Cash at bank and on hand | 1.400 | 1.800 | 18,122 | 15,330 | 5,959 | 3,659 | 12,163 | 11,671 | - | - |
| Receivables | | | | | | | | | | |
| Trade receivables (net of provisions) | | | 2,675 | 2,107 | - | - | - | - | 2,675 | 2,107 |
| Other receivables | | | 360 | 1,610 | - | - | - | - | 360 | 1,610 |
| Investments and other financial assets | | | | | | | | | | |
| Term deposits | 2.500 | | 463 | - | - | - | 463 | - | - | - |
| Investment in subsidiary | | | 2,550 | 2,550 | - | - | - | - | 2,550 | 2,550 |
| Total contractual financial assets | | | 24,170 | 21,597 | 5,959 | 3,659 | 12,626 | 11,671 | 5,585 | 6,267 |
| Supplies and services | | | 2,878 | 2,005 | - | - | - | - | 2,878 | 2,005 |
| Other payables | | | 3,758 | 3,861 | - | - | - | - | 3,758 | 3,861 |
| Total contractual financial liabilities | | | 6,636 | 5,866 | - | - | - | - | 6,636 | 5,866 |

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

Interest rate risk sensitivity

A reasonably possible change of 100 basis points (2016: 100 basis points) in interest rates at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

| | Carrying amount | | -100 basis points | | | | +100 basis points | | | |
|---------------------|-----------------|-------------|-------------------|-------------|-------------|-------------|-------------------|-------------|-------------|-------------|
| | | | Result | | Equity | | Result | | Equity | |
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Consolidated | | | | | | | | | | |
| Cash and deposits | 6,920 | 4,423 | (69) | (44) | (69) | (44) | 69 | 44 | 69 | 44 |
| Total impact | | | (69) | (44) | (69) | (44) | 69 | 44 | 69 | 44 |
| Institute | | | | | | | | | | |
| Cash and deposits | 5,959 | 3,659 | (60) | (37) | (60) | (37) | 60 | 37 | 60 | 37 |
| Total impact | | | (60) | (37) | (60) | (37) | 60 | 37 | 60 | 37 |

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.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

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.

There were no contingent assets or contingent liabilities for the current or previous year except for letters of financial support for one of the Institute's subsidiaries.

The Institute has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts at 31 December 2017 (31 December 2016: None).

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 the Institute.

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

The following assets and liabilities are carried at fair value:

- land, buildings, plant and equipment, motor vehicles, library collection and leasehold 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.

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

Fair value estimation

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

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

The Institute 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.

Fair value determination of financial assets and liabilities

The Institute currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2018 reporting period.

Financial assets measured at fair value

The Institute did not have any financial instruments that are measured at fair value subsequent to initial recognition as at 31 December 2017 (31 December 2016: None).

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

(b) Fair value determination of non-financial assets

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

Fair value measurement hierarchy

| | Consolidated | | | Carrying amount at 31 December | Institute | | |
|-----------------------------------|--------------------------|---------------------------------------|-----------------------------------|--------------------------------------|--------------------------|---------------------------------------|-----------------------------------|
| | Level 1 Quoted prices | Level 2 Observable price inputs | Level 3 Unobservable inputs | | Level 1 Quoted prices | Level 2 Observable price inputs | Level 3 Unobservable inputs |
| Carrying amount at 31 December | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2017 | | | | | | | |
| Non specialised land | 12,000 | - | 12,000 | 12,000 | - | 12,000 | - |
| Specialised land | 119,148 | - | 119,148 | 119,148 | - | - | 119,148 |
| Total land at fair value | 131,148 | - | 12,000 | 131,148 | - | 12,000 | 119,148 |
| Non specialised buildings | 332 | - | 332 | 659 | - | - | 659 |
| Specialised buildings | 51,705 | - | 51,705 | 51,378 | - | - | 51,378 |
| Total buildings at fair value | 52,037 | - | 52,037 | 52,037 | - | - | 52,037 |
| Plant and equipment | 4,082 | - | 4,082 | 4,082 | - | - | 4,933 |
| Motor vehicles | 327 | - | 327 | 327 | - | - | 344 |
| Leasehold improvements | 55 | - | 55 | - | - | - | - |
| Library collection | 121 | - | 121 | 121 | - | - | 121 |
| Total other assets at fair value | 4,585 | - | 4,585 | 4,530 | - | - | 5,398 |
| 2016 | | | | | | | |
| Non specialised land | 11,090 | - | 11,090 | 11,090 | - | 11,090 | - |
| Specialised land | 109,266 | - | 109,266 | 109,266 | - | - | 109,266 |
| Total land at fair value | 120,356 | - | 11,090 | 120,356 | - | 11,090 | 109,266 |
| Non specialised buildings | 305 | - | 305 | 305 | - | - | 305 |
| Specialised buildings | 40,642 | - | 40,642 | 40,642 | - | - | 40,642 |
| Total buildings at fair value | 40,947 | - | 40,947 | 40,947 | - | - | 40,947 |
| Plant and equipment | 3,064 | - | 3,064 | 3,064 | - | - | 3,064 |
| Motor vehicles | 316 | - | 316 | 316 | - | - | 316 |
| Library collection | 216 | - | 216 | 216 | - | - | 216 |
| Leasehold improvements | 96 | - | 96 | - | - | - | - |
| Total other assets at fair value | 3,692 | - | 3,692 | 3,596 | - | - | 3,596 |

The land and buildings of the Institute are primarily used as an education training facility and as such are classified as specialised land and buildings.

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. An independent valuation of the TAFE's land and buildings was performed by the Valuer General Victoria resulting in an upward revaluation of both land and buildings. The fair value of all other asset classes was materially similar to carrying value.

Land and buildings

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

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

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

An independent valuation of the Institute's land and buildings was performed by the Valuer General Victoria. The valuation was performed using the approach described above. The effective date of the valuation is 31 December 2017.

Motor vehicles are valued using the current replacement cost method. The Institute acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Institute who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment is 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 plant and equipment, depreciated cost is the fair value for these types of assets. The valuation of plant and equipment is based on significant unobservable inputs and accordingly is classified as Level 3 assets.

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.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

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

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

Reconciliation of Level 3 fair value movements

| | Land | | Buildings | | Plant and equipment | | Motor vehicles | | Library collection | | Leasehold improvements | |
|--------------------------------------|----------------|----------------|----------------|----------------|---------------------|----------------|----------------|----------------|--------------------|----------------|------------------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Consolidated | | | | | | | | | | | | |
| Opening balance | 109,266 | 59,294 | 40,947 | 39,344 | 3,064 | 1,956 | 316 | 238 | 216 | 226 | 96 | 134 |
| Purchases (sales) | - | - | 632 | 2,597 | 1,913 | 1,786 | 100 | 151 | 39 | 10 | - | 5 |
| Transfers in (out) of Level 3 | - | - | (618) | - | 671 | - | - | - | - | - | - | - |
| Depreciation | - | - | (1,078) | (994) | (1,566) | (672) | (89) | (73) | (134) | (20) | (41) | (42) |
| Revaluation | 9,882 | 49,972 | 12,154 | - | - | - | - | - | - | - | - | - |
| Effects of movement in exchange rate | - | - | - | - | - | (6) | - | - | - | - | - | (1) |
| Closing Balance | 119,148 | 109,266 | 52,037 | 40,947 | 4,082 | 3,064 | 327 | 316 | 121 | 216 | 55 | 96 |
| Institute | | | | | | | | | | | | |
| Opening balance | 120,356 | 66,039 | 40,947 | 39,344 | 3,064 | 1,956 | 3,064 | 1,956 | 316 | 238 | 216 | 226 |
| Purchases (sales) | - | - | 632 | 2,597 | 1,913 | 1,780 | 1,913 | 1,780 | 100 | 151 | 39 | 10 |
| Transfers in (out) of Level 3 | - | - | (618) | - | 671 | - | - | - | - | - | - | - |
| Depreciation | - | - | (1,078) | (994) | (1,566) | (672) | (1,566) | (672) | (89) | (73) | (134) | (20) |
| Revaluation | 10,792 | 54,317 | 12,154 | - | - | - | - | - | - | - | - | - |
| Closing Balance | 131,148 | 120,356 | 52,037 | 40,947 | 4,082 | 3,064 | 3,411 | 3,064 | 327 | 316 | 121 | 216 |

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 ¹ |
| Specialised buildings | Current replacement cost | Direct cost per square metre Useful life of specialised buildings |
| Motor Vehicles | Current replacement cost | Cost per unit Useful life of vehicles |
| Plant and equipment | Current replacement cost | Cost per unit Useful life of plant and equipment |
| Library collection | Current replacement cost | Cost per unit Useful life of library collection |
| Leasehold improvements | Current replacement cost | Cost per unit Useful life of leasehold improvements |

The disclosure above assume that the non-financial assets held by the Institute are held primarily for their current service potential rather than to generate net cash inflows. Additional disclosure is required if the non-financial assets are for cash generating purposes, entities should refer to AASB 13 for detailed disclosure requirements.

Notes:

1. A CSO adjustment of 20% was applied to reduce the market approach value for the Institute's specialised land.

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 for the reporting period.

The persons who held the positions of Minister and Accountable Officer for the Institute are as follows:

| Position | Name |
|---|------------------------|
| Minister of Training and Skills | The Hon. Gayle Tierney |
| Chief Executive Officer (Accountable Officer) | Mr Nicholas Hunt |

Members of the Board of William Angliss Institute of TAFE are:

| Position | Name |
|----------------------------------|---|
| Ministerial Director/Board Chair | Dr A Astin PSM |
| Ministerial Director | Ms V McIver (Appointed 1 October 2017) |
| Ministerial Director | Mr D Minett |
| Ministerial Director | Hon J Pandazopoulos |
| Ministerial Director | Mr M Pignatelli |
| Ministerial Director | Ms B Schofield (Resigned 30 June 2017) |
| Co-opted Director | Dr D Foster |
| Co-opted Director | Ms W Jones |
| Co-opted Director | Ms B Richardson (Appointed 30 October 2017) |
| Co-opted Director | Ms M Ring (Resigned 31 July 2017) |
| Elected Director | Ms K Hepner |

Unless otherwise stated, all responsible persons have been in office for the year.

The number of responsible persons of William Angliss Institute whose remuneration fell within the following bands was:

| Income Band | Consolidated | | Institute | |
|-------------------|--------------|------|-----------|------|
| | 2017 | 2016 | 2017 | 2016 |
| \$ | | | | |
| 0 - 9,999 | 2 | 1 | 2 | 1 |
| 10,000 - 19,999 | 2 | 1 | 2 | 1 |
| 20,000 - 29,999 | 1 | 3 | 1 | 3 |
| 30,000 - 39,999 | 4 | 3 | 4 | 3 |
| 50,000 - 59,999 | 1 | 1 | 1 | 1 |
| 130,000 - 140,000 | 1 | 1 | 1 | 1 |
| 270,000 - 279,999 | - | 1 | - | 1 |
| 320,000 - 330,000 | 1 | 0 | 1 | 0 |

The compensation detailed above excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members' Interests which is completed by each member of the Parliament.

8. GOVERNANCE DISCLOSURES

8.2 Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

| | Consolidated | | Institute | |
|---|--------------------|---------------------|--------------------|---------------------|
| | Total remuneration | | Total remuneration | |
| Remuneration | 2017 | 2016 ⁽ⁱ⁾ | 2017 | 2016 ⁽ⁱ⁾ |
| Short-term employee benefits | 771,465 | - | 771,465 | - |
| Post-employment benefits | 67,849 | - | 67,849 | - |
| Other long-term benefits | 11,158 | - | 11,158 | - |
| Termination benefits | - | - | - | - |
| Total remuneration | 850,472 | - | 850,472 | - |
| Total number of executives | 4 | - | 4 | - |
| Total annualised employee equivalents⁽ⁱⁱ⁾ | 4 | - | 4 | - |

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

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

8. GOVERNANCE DISCLOSURES

8.3 Related parties

Related parties of the Institute and its Consolidated group include:

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

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

Compensation of Key management personnel

Key management personnel of the Institute includes the individuals as mentioned in Note 8.1 Responsible persons and Note 8.2 Remuneration of Executives.

| | Consolidated | | Institute | |
|------------------------------|--------------------|---------------------|--------------------|---------------------|
| | Total remuneration | | Total remuneration | |
| Remuneration | 2017 | 2016 ⁽ⁱ⁾ | 2017 | 2016 ⁽ⁱ⁾ |
| Short-term employee benefits | 1,429,927 | - | 1,429,927 | - |
| Post-employment benefits | 121,444 | - | 121,444 | - |
| Other long-term benefits | 20,070 | - | 20,070 | - |
| Termination benefits | - | - | - | - |
| Total remuneration | 1,571,441 | - | 1,571,441 | - |

(i) As 2017 is the first year of implementation, no comparatives are available.

Loans between the Institute and other related parties

| | Parent entity balances outstanding as at 31 December | |
|--|--|--------------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Loans provided by subsidiary | | |
| Angliss Consulting Pty Ltd | (3,757,579) | (3,860,566) |
| Loans provided to subsidiary | | |
| William Angliss Institute Pte Ltd | 82,650 | 1,606,616 |
| Angliss (Shanghai) Education Technology Co Ltd | 227,530 | - |
| Net Total | (3,447,399) | (2,253,950) |

Transactions between the Institute and other related parties

| Counterparties | Nature of relationship | Details of transaction | 2017 Total Value of Transactions |
|----------------------------|------------------------|---------------------------------------|----------------------------------|
| | | | \$ |
| | | | 2017 |
| Angliss Consulting Pty Ltd | Subsidiary | Service charges payable to subsidiary | 111,690 |

*No comparatives are required by AASB124 Related Party Disclosures as this is the first year of application.

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Unless otherwise stated, transactions with related parties were made under normal commercial terms and conditions.

8. GOVERNANCE DISCLOSURES

8.4 Auditors remuneration

| | Consolidated | | Institute | |
|--|----------------|----------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Remuneration of the Victorian Auditor-General's Office for: | | | | |
| Audit and review of financial statements | 145,850 | 65,400 | 93,500 | 45,800 |
| Remuneration of other auditors: | | | | |
| Audit and review of financial statements | 51,500 | 36,000 | - | - |
| Total remuneration of other auditors | 51,500 | 36,000 | - | - |
| Total remuneration of auditors | 197,350 | 101,400 | 93,500 | 45,800 |

The Victorian Auditor-general's office is not allowed to provide non-audit services.

9. OTHER DISCLOSURES

9.1 Other economic flows included in net result

| | Consolidated | | Institute | |
|--|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Other gains/(losses) from other economic flows | | | | |
| Net gain/(loss) arising from revaluation of long service leave liability | 29 | (61) | 29 | (61) |
| Net gain/(loss) arising from revaluation of annual leave liability | 2 | 14 | 2 | 14 |
| Total other gains/(losses) from other economic flows | 31 | (47) | 31 | (47) |

Net gain/(loss) from revaluation of long service leave liability and annual liability are changes arising due to changes in bond rates and wage indexation rates.

'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 disclosed above; and
- fair value changes of financial instruments (refer to Note 7.3).

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

9. OTHER DISCLOSURES

9.2 Other equity reserves

| | Consolidated | | Institute | |
|---|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Physical asset revaluation surplus ¹ | | | | |
| Balance at 1 January | 125,531 | 71,214 | 125,531 | 71,214 |
| Revaluation increment on non-current asset | 22,946 | 54,317 | 22,946 | 54,317 |
| Balance at 31 December | 148,477 | 125,531 | 148,477 | 125,531 |
| Foreign currency translation reserve ² | | | | |
| Balance at 1 January | (677) | (648) | - | - |
| Revaluation movement on translation of foreign subsidiary | 14 | (29) | - | - |
| Balance at 31 December | (663) | (677) | - | - |
| Total reserves | 147,814 | 124,854 | 148,477 | 125,531 |

Note:

1. The physical asset revaluation surplus arises on the revaluation of land and buildings.
2. Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Foreign currency translation reserve

Foreign exchange differences arising from translation of foreign operations are recognised in other economic flows and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

9. OTHER DISCLOSURES

9.3 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities:

| Controlled entities | Country of Incorporation | Class of Shares | 2017 % | 2016 % |
|--|---------------------------------|------------------------|---------------|---------------|
| Angliss Consulting Pty Ltd | Australia | Ordinary | 100 | 100 |
| William Angliss Institute Foundation | Australia | Ordinary | 100 | 100 |
| Angliss Solutions Pty Ltd | Australia | Ordinary | 100 | 100 |
| Angliss Multimedia Pty Ltd | Australia | Ordinary | 100 | 100 |
| William Angliss Institute Pte Ltd | Singapore | Ordinary | 100 | 100 |
| Angliss (Shanghai) Education Technology Co Ltd | China | - | 100 | - |

* Angliss (Shanghai) Education Technology Co Ltd has no issued shares

William Angliss Institute Pte Ltd

The company is a wholly owned subsidiary of The Institute and was established to support the delivery of a contract with the Singapore Workforce Development Agency.

William Angliss Institute Foundation

The William Angliss Institute Foundation (the "Foundation") was established in 2010 with the sole objective and purpose of raising funds, partly from public donations, to be invested and distributed to current and future students of the Institute in the form of scholarships. It is a company limited by guarantee and the Institute is the sole member of the Foundation.

As a tax deductible gift recipient, the Foundation's constitution requires that funds raised must only be used for the stated purpose of providing scholarships, and that upon winding up, the reserves remaining in the Foundation would need to be distributed to another gift recipient educational institution. The Institute is also a registered gift recipient educational institution.

The Institute currently, however, is the sole member of the Foundation. It controls the day to day operations of the Foundation within the stated purpose and it gains a substantial portion of the benefit of funds distributed through the courses undertaken at the Institute.

Angliss Consulting Pty Ltd

The company has been established to manage overseas operations.

Angliss (Shanghai) Education Technology Co Ltd

This company is a wholly owned subsidiary of Angliss Consulting Ltd and was established to support the Institute's operations in China.

Angliss Solutions Pty Ltd

The company is a wholly owned subsidiary of Angliss Consulting Pty Ltd and has never traded.

Angliss Multimedia Pty Ltd

The company is a wholly owned subsidiary of Angliss Consulting Pty Ltd and has never traded.

9. OTHER DISCLOSURES

9.4 Events after reporting date

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Institute and the Consolidated group, the results of those operations or the state of affairs of the Institute and the Consolidated group 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 the Institute and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and are considered to be of material interest.

9. OTHER DISCLOSURES

9.5 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 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) | <p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> • The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. | 1-Jan-18 | <p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI).</p> <p>Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge.</p> <p>For entities with significant lending activities, an overhaul of related systems and processes may be needed.</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. |

9. OTHER DISCLOSURES

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

| Standard/ Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|---|--|--|---|
| AASB 15 Revenue from Contracts with Customers | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. | 1-Jan-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 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 | Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably. | 1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018 | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 | This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018. | 1-Jan-18 | This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 | This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: <ul style="list-style-type: none"> • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). | 1-Jan-18 | The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above. |

9. OTHER DISCLOSURES

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

| Standard/ Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|---|---|---|--|
| AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for- Profit Entities | This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019. | 1-Jan-19 | This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period. |
| AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for- Profit Entities | This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: <ul style="list-style-type: none"> • require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15. | 1-Jan-19 | The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above. |
| AASB 16 Leases | The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet. | 1-Jan-19 | The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors. |
| AASB 1058 Income of Not-for-Profit Entities | This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives. | 1-Jan-19 | The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change. |

9. OTHER DISCLOSURES

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

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

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

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| 14 | FRD 22G | Summary of the financial results for the year including previous 4 year comparisons | 36 |
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| 20 | FRD 22G | Significant factors affecting performance | 24 |
| 21 | FRD 22G | Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included | n/a |
| 22 | FRD 22G | Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from (a) – (d) in the FRD | n/a |
| 23 | FRD 22G | Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i> | 26-27 |
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| 26 | FRD 22G and FRD 24C | Summary of Environmental Performance including a report on office based environmental impacts | 31-33 |
| 27 | FRD 22G | <p>Consultants: Report of Operations must include a statement disclosing each of the following</p> <ol style="list-style-type: none"> Total number of consultancies of \$10,000 or more (excluding GST) Location (eg website) of where details of these consultancies over \$10,000 have been made publicly available Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period <p>AND for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing:</p> <ul style="list-style-type: none"> Consultant engaged Brief summary of project Total project fees approved (excluding GST) Expenditure for reporting period (excluding GST) Any future expenditure committed to the consultant for the project | <p>36</p> <p>The Annual Report will be available on Institute website once approved</p> |

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| 28 | FRD 22G | Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012 (Carers Act)</i> , and the actions that were taken during the year to comply with the Carers Act | 26-27 |
| 29 | FRD 22G | List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at (a) – (l) in the FRD) | 27 |
| 30 | FRD 22G | An entity shall disclose the following in the report of operations: a) Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and b) Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: (i) Operational expenditure (OPEX); and (ii) Capital expenditure (CAPEX). | 36 |
| 31 | FRD 25B | Victorian Industry Participation Policy Disclosures | n/a |
| 32 | FRD 26A | Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004 | n/a |
| 33 | FRD 29A | Workforce Data Disclosures on the public service employee workforce. Note: TAFEs <u>must</u> report on a calendar year basis (ie not financial year basis). | 29 |
| 34 | SD 3.7.1 | The Responsible Body must ensure that the Agency applies the Victorian Government Risk Management Framework. | 27 |
| 35 | FRD 22G | An entity's report of operations shall contain general and financial information, including other relevant information, outlining and explaining an entity's operations and activities for the reporting period. | 1-37 |
| 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. | 43 |
| 37 | SD 5.2.3 | The Report of Operations must be signed and dated by a member of the Responsible Body | 3 |
| 38 | CG 10 (clause 27) | Major Commercial Activities | 27 |
| 39 | CG 12 (clause 33) | Controlled Entities | 90 |
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| FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE <i>FINANCIAL MANAGEMENT ACT 1994</i> | | | |
| 40 | SD 5.2.2(b) | The financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards. | 43 |
| OTHER REQUIREMENTS UNDER STANDING DIRECTION / <i>FINANCIAL MANAGEMENT ACT 1994 (FMA)</i> | | | |
| 41 | SD 5.2.2(a) and FMA s 49 | An Agency's financial statements must include a signed and dated declaration by: <ul style="list-style-type: none"> • The Accountable Officer; • Subject to Direction 5.2.2(c), the CFO; and • For Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body. | 43 |
| 42 | FRD 30C | Rounding of amounts | 50 |
| 43 | SD 3.2.1.1(c) | The Responsible Body must establish an Audit Committee to: <ul style="list-style-type: none"> • Review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister. | 19 |
| OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS | | | |
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| 45 | FRD 21B | Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report | 85-87 |
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| 47 | FRD 103F | Non-financial physical assets | 61-63, 68 |
| 48 | FRD 104 | Foreign currency | 48, 49, 78, 89 |
| 49 | FRD 105A | Borrowing costs | n/a |
| 50 | FRD 106 | Impairment of assets | 74 |
| 51 | FRD 107A | Investment properties | n/a |
| 52 | FRD 109 | Intangible assets | 64 |
| 53 | FRD 110 | Cash flow statements | 49 |
| 54 | FRD 112D | Defined benefit superannuation obligations | 57 |

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| 55 | FRD 113A | Investment in subsidiaries, jointly controlled entities and associates | 65, 90 |
| 56 | FRD 114A | Financial instruments – general government entities and public non-financial corporations | 73-79 |
| 57 | FRD 119A | Transfers through contributed capital | 48, 72 |
| 58 | FRD 120I | Accounting and reporting pronouncements applicable to the reporting period | 50-91 |
| COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES | | | |
| 59 | Legislation | <p>The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, (and which should be listed in the Report) including, but not limited to, the following:</p> <ul style="list-style-type: none"> • <i>Education and Training Reform Act 2006 (ETRA)</i> • TAFE institute constitution • Directions of the Minister for Training and Skills (or predecessors) • TAFE institute Commercial Guidelines • TAFE institute Strategic Planning Guidelines • <i>Public Administration Act 2004</i> • <i>Financial Management Act 1994</i> • <i>Freedom of Information Act 1982</i> • <i>Building Act 1993</i> • <i>Protected Disclosure Act 2012</i> • <i>Victorian Industry Participation Policy Act 2003</i> | 27 |
| 60 | ETRA s3.2.8 | Statement about compulsory non-academic fees, subscriptions and charges payable in 2017 | 33 |
| 61 | Policy | Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles | 26 |
| 62 | Key Performance Indicators | <p>Institutes to report against:</p> <ul style="list-style-type: none"> • KPIs set out in the annual Statement of Corporate Intent; and • Employment costs as a proportion of training revenue; • Training revenue per teaching FTE; • Operating margin percentage; • Training Revenue diversity. | 24 |
| OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES | | | |
| 63 | PAEC and VAGO (June 2003 Special Review item 3.110) | <ul style="list-style-type: none"> • Financial and other information on initiatives taken or strategies relating to the institute's overseas operations • Nature of strategic and operational risks for overseas operations • Strategies established to manage such risks of overseas operations • Performance measures and targets formulated for overseas operations • The extent to which expected outcomes for overseas operations have been achieved. | 10-11 |

ANNUAL REPORT 2017



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