



# 2019 ANNUAL REPORT

Bendigo Kangan Institute



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## Report objectives

This Annual Report is the principal medium through which Bendigo Kangan Institute (BKI) communicates its accountability to the Victorian Parliament and stakeholders, and provides a summary of the Institute's operations, achievements and financial affairs for the 2019 calendar year.

The BKI Board has implemented and maintained a process to ensure this Annual Report is prepared in accordance with the relevant directions, instructions and applicable Australian accounting standards, including but not limited to the following:

- Education and Training Reform Act 2006 (ETRA)
- Constitution of the Bendigo Kangan Institute Order 2016
- Directions of the Minister for Training and Skills and Minister for Higher Education (or predecessors)
- Commercial Guidelines – TAFE institutes
- Strategic Planning Guidelines – TAFE institutes - 2013
- Public Administration Act 2004
- Financial Management Act 1994
- Freedom of Information Act 1982
- Building Act 1983
- Protected Disclosure Act 2012
- Local Jobs First Act 2003

The financial statements in the Annual Report have been approved by the BKI Board following their review and endorsement by the Board's Audit and Risk Management Committee.

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# Contents

<b>Introduction</b>	
Our business units and strategic intent: BKI2020.....	2
Board Chair’s welcome .....	3
CEO’s report .....	4
Performance statement for 2019.....	6
Victorian Auditor-General’s report – Performance statement.....	7
Performance statement – key performance indicators.....	8
Financial summary .....	9
<b>Our organisation</b>	
Our Organisation.....	10
Board and governance .....	11
Organisation chart .....	14
Our TAFE students.....	15
Overseas operations .....	17
Workforce data.....	18
Occupational health and safety.....	21
<b>Compliance information</b>	
Freedom of information .....	23
Protected disclosures.....	23
Financial management compliance attestation .....	23
Compliance with Carers Recognition Act .....	24
Compliance with Child Safe Standards.....	24
National competition policy.....	24
Compulsory non-academic fees, subscriptions and charges .....	24
Building and maintenance .....	25
Environmental performance and impacts .....	25
Local Jobs First – Victoria Industry Participation Policy .....	26
Overseas and domestic travel.....	27
Major commercial activities.....	27
Advertising expenditure.....	27
Consultancies expenditure.....	27
Information communication technology expenditure .....	27
<b>Financial report</b>	
Victorian Auditor-General’s report.....	29
Declaration by the Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer.....	30
Financial statements and notes.....	31
<b>Disclosure index</b>	
Disclosure index.....	73

# Introduction

Encompassing a history of over 165 years of education and training, the Bendigo Kangan Institute (BKI) Group is an organisation that comprises of the following strategic business units:

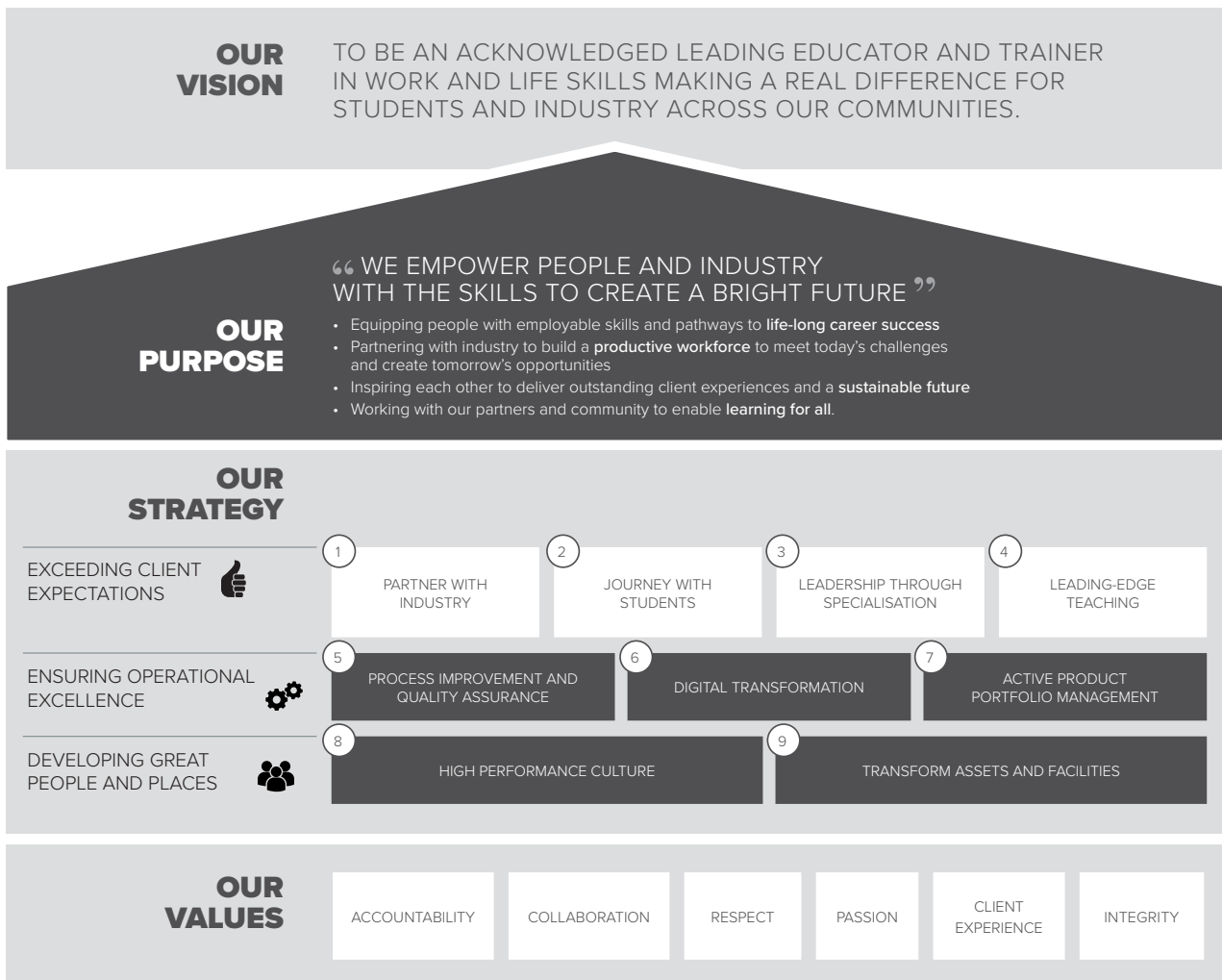
1. Kangan Institute (centred in Broadmeadows) and Bendigo TAFE (centred in Bendigo): prominent providers of vocational education and training (VET) for metropolitan and regional Victoria respectively.
2. VETASSESS: a leading Australian Assessing Authority and independent assessment-only registered training organisation for clients nationally and internationally.
3. eWorks: an e-learning hosting, content and consultancy specialist.

With its strong commitment to TAFE by the Victorian Government through its *Skills First* policy, and with the continued support by our industry partners and advisory boards, BKI has worked energetically to achieve the Government’s strategic goal for TAFE of improving workforce participation in training and skills development which is so critical to underpinning Victoria’s ongoing economic growth.

Striving to be acknowledged as a leader in work and life skills, we employ over 1,000 staff servicing over 42,000 student enrolments plus skills assessments each year. We are committed to minimising our environmental impact and supporting social initiatives that benefit our local communities, while providing quality training and development programs to both our local and international students.

## Our Strategic Intent: BKI2020

Our Strategic Intent outlines our overall vision, purpose, strategic goals and values together with identifying key strategic directions aimed at developing and improving our training services that reflect both industry and student needs while ensuring the Institute is financially sustainable.



# Board Chair's welcome



I am pleased to present the 2019 Annual Report for the Bendigo Kangan Institute (BKI).

The year was one of consolidation centred around the first full year of operation of our two new Food & Fibre and Health & Community Centres of Excellence in Bendigo, finalising the planning of the Government's major investment of \$59.9 million in the revitalisation of the Bendigo City Campus (set for completion in 2021), as well as the redevelopment and upgrading of vital student and operational systems and infrastructure.

Reviews were commissioned of the most appropriate operating and governance models for BKI's two key businesses VETASSESS and eWorks. VETASSESS remains a leading Australian skills assessment authority while eWorks is a leading eLearning delivery and consultancy service for both TAFEs and private providers of training. Both businesses are seen as vital components of BKI's future operations.

Significant energy was spent in implementing the Government's Free TAFE for Priority Courses program, which provides government subsidised training for eligible students, with over 3,600 enrolments participating in a range of priority TAFE courses across BKI's metropolitan and regional campuses.

Like other TAFEs BKI continues to face some challenging market conditions, yet reported a positive net cashflow for 2019. In finalising its 2020-2025 Strategic Plan, the Board has sought to identify the critical strategic priorities that are necessary to build upon past successes as well as to respond to changing training market conditions. A central focus is to ensure that course offerings reflect local and regional employer demand and properly support disadvantaged and second chance students. The Board with support from the Government has commissioned the development of an Asset Management Plan to review that the facilities of its ten campuses are fit for purpose over the next decade.

Significant reviews of the vocational educational and training sector are afoot both at a State and Federal level that will impact upon the future system architecture for TAFEs in Victoria. Hence it is important that BKI continues as an active member of the Victorian TAFE Network working closely with the Department of Education and Training in building a real future for our TAFE system.

In April 2019 Trevor Schwenke resigned as BKI's CEO. While an extensive executive search process was undertaken, Phill Murphy, a senior executive in BKI, assumed the role as interim CEO and provided strong leadership to the Institute until the Board appointed Sally Curtin in October 2019. Sally has a wealth of experience at a senior level both within the Victorian Public Sector and in local government. The Board looks forward to working closely with Sally as she provides the necessary leadership and direction at this important time in BKI's evolution.

On behalf of the Board, I would like to acknowledge and thank the Executive Leadership team for their tireless efforts and our fantastic staff who strive every day to ensure our students are provided with the best experience and outcomes.

Finally I would like to thank the members of the Board for their support, commitment, wisdom and strategic guidance. It is a privilege to be working with such a dedicated group. I would especially like to thank outgoing Board members John Hartigan and Joe Ballato while welcoming new Board members Katrina Lai and Ajay Ahir.

As we close this annual document off we are in the initial throes of responding to the COVID-19 pandemic. Its full impact is yet to be known, but will undoubtedly present challenges and opportunities for the year ahead.

A handwritten signature in black ink, appearing to read 'Peter Harmsworth'.

**Peter Harmsworth AO**

Board Chair  
17 April 2020



# CEO's report



What we do today has the potential to change lives – and communities.

Whether our contribution is to an individual's journey, to industry or our institution, every one of us makes a difference.

So, as we reflect on the success of 2019, we know 2020 will bring just as many exciting opportunities and great outcomes for our students, staff and communities.

That success comes from commitment. It comes from passion. And it comes from a drive to make a real difference to people and industry where we live and thrive. What we do for students today has potential to make a lasting impact within our wider community.

We know that commitment to the ability and capability of TAFE education is strong. Through support from the Victorian Government's Skills First policy, Free TAFE for Priority Courses initiative and close collaboration with industry, we provided quality training through more than 42,000 student and apprentice enrolments at Bendigo TAFE and Kangan Institute. This includes a 49 per cent increase in overseas training delivery compared with what we achieved in 2018. Implementing the Free TAFE for Priority Courses initiative was a priority for the organisation, with 3,665 Free TAFE enrolments.

Through our provision of vocational education we are proud to maintain a strong student and employer-training satisfaction rating, with increases in the proportion of VET students and employers who were satisfied with training. Our students were acknowledged through awards at WorldSkills, Victorian Training Awards, 7News' Victorian Young Achiever Awards and more.

We also continued to strengthen our collaboration with industry and launched new training partnership programs, including Australia's first-ever Global Apprentice Program with Jaguar Land-Rover, and building and construction training with

Henley and ABN Group.

Our VETASSESS and eWorks business arms also achieved outstanding results. Skills assessed for migration purposes through VETASSESS reached an all-time high, while eWorks established an eTeacher Centre of Excellence to exclusively deliver eFacilitation skills training for the Australian and New Zealand VET sector from 2020.

Against the backdrop of these successes, our organisation also took significant steps to improve the student and staff experience at our campuses. Our Student Journey Transformation Program involved a review of systems and processes to improve our digital capacity to enable online enrolments, streamline course setup, as well as improve monitoring of attendance and reporting outcomes. We elevated our commitment to child safety through the introduction of mandatory Working With Children Checks, Child Safe Policies and Procedures, and reporting to our Board on Child Safety and young people.

Everything we do involves teamwork, and investing in the skills and capability development of our staff remains a priority. I am proud that many teachers are leading the way in their specialist areas and we continue to celebrate the achievements of Marina McGrath and Ryan Andrijich, who were awarded 2019 International Specialised Skills (ISS) Higher Education and Skills Fellowships.

We also supported more than 600 teachers, assessors and their leaders to meet new national training and assessment (TAE) credential requirements by the 1 July 2019 deadline, and participated in the pilot of the Chisholm Professional Educator Passport project. This enabled teachers to assess their capabilities and undertake quality professional development opportunities. Our innovative program the "make it series" to support successful change implementation was also implemented across the organisation.

In 2019, we implemented changes following the approval of the Victorian TAFE Teaching Staff Agreement 2018 and the Bendigo Kangan Institute PACCT Staff Enterprise Agreement 2018 resulting in a positive shift in our workforce composition. With employees being eligible for conversion to permanent roles our total permanent workforce has increased to 63 per cent in December 2019 as compared to 47 per cent permanent workforce in December 2018. Our staff have responded positively to this change and to the opportunity to continue their careers with Bendigo Kangan Institute (BKI).

In addition to our campus based delivery, we also take great pride to have delivered critical education services across seven correctional facilities. In 2019 this involved delivering 26,000 units to 7,000 students.

Among the efforts to strengthen and deepen ties with our community, our Aboriginal and Torres Strait Islander staff and students took the lead to introduce the BKI Wurreeker Program and formation of the Reconciliation Action Plan Committee. I am confident that both of these initiatives will strengthen participation, engagement of and positive outcomes within our community.

During the year we renewed our partnership as major and naming rights sponsor of Kelly Racing, 7News Young Achievers Awards and Bendigo Easter Festival. We formed a new partnership with City of Greater Bendigo as the sponsors of the Bendigo Braves and Bendigo Spirit (WNBL1 and NBL1 Basketball teams) and Bendigo Stadium.

These partnerships allow us to communicate with a broader section of the local community.

Across all of our activities, we engage with people who have an interest in what we do and who we are. Our stakeholders are many and varied, and our connections with them are based on principles which align to our values of accountability, collaboration, respect, passion and client excellence.

Our stakeholders include the Victorian Department of Education and Training through the Higher Education and Skills Group (HESG), the Victorian Minister for Training and Skills and Minister for Higher Education, Federal Minister for Education and Training, Students City of Greater Bendigo and Hume City Council, industry, community leaders and our alumni.

The quality of these relationships impacts significantly on how well we deliver on the objectives set out in our Strategic Plan. We are committed to engaging with stakeholders in an effective, timely and transparent way. This means we listen to what our stakeholders have to say, we keep them informed, and we are clear about how their contributions are being used.

In 2020, we will see our footprint in Central Victoria significantly change, as the Bendigo City Campus revitalisation project ramps up. We appointed the main building contractor in December 2019 and we are well on track to meet expected completion next year.

As we closed an exciting year of staff and student successes, while reporting a net positive cashflow, the organisation reported a net overall deficit. This was predominantly due to a change in income recognition of capital grants, increased employment costs and depreciation expenses. It is notable that we improved our training revenue by more than 10 per cent in response to the strong performance of VETASSESS, increased student contact hours and administrative

improvements resulting from the Student Journey Transformation Program.

However, it is important that we continue to future-proof our organisation so we can remain responsive to evolving market conditions. We will achieve this through the new BKI 2020-2025 Strategic Plan, which includes the development of an institute-wide asset master plan. A component of the asset master plan is a business case to redevelop Broadmeadows campus.

Success in our ability to support our students, industry and communities is not possible without the support of many. This includes the Victorian Government, the Victorian TAFE network and the dedication of our leadership team and staff.

Thank you to the Board, former CEO Trevor Schwenke, interim CEO Phill Murphy, the executive team and staff for your passion and dedication that has impressed me since I joined the BKI team last October.

With the continued support of the Victorian Government and our people, I am confident BKI will continue to provide high-quality and relevant vocational training, skill assessments and e-learning services that meet and exceed the needs of our communities.

At the time of signing the 2019 financial statements, COVID-19 was just starting to take effect. We are impacted by the public health measures associated with it and have introduced several measures to assist those affected, including moving to online digital delivery of our courses and providing ongoing advice and support to our staff and students. We will continue to monitor the impacts of COVID-19 on our operations as the situation continues to evolve.



**Sally Curtain**  
Chief Executive Officer  
17 April 2020

# Performance Statement

## PERFORMANCE STATEMENT FOR 2019

In our opinion, the accompanying statement of performance of Bendigo Kangan Institute in respect to the 2019 financial year is presented fairly in accordance with the key performance measures developed in the annual statement of corporate intent.

The statement outlines the predetermined targets, performance indicators, and actual results for the year against these indicators. and an explanation of any significant variance between actual results and targets.

At the date of signing, we are not aware of any circumstance that would render any particulars included in the statement to be misleading or inaccurate.



Peter Harmsworth AO  
Board Chair  
Date: 9 April 2020  
Place: Melbourne



Sally Curtain  
Chief Executive officer  
Date: 9 April 2020  
Place: Melbourne



Melissa Chalker  
Chief Finance and  
Accounting Officer (Acting)  
Date: 9 April 2020  
Place: Melbourne

**Bendigo Kangan Institute**  
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# Independent Auditor's Report

## Independent Auditor's Report



### To the Board of the Bendigo Kangan Institute

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

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

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether 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  
17 April 2020

Charlotte Jeffries  
as delegate for the Auditor-General of Victoria

# Performance Statement – Key Performance Indicators

Performance statement - key performance indicators						
Indicator title	Description and methodology	Metric	2019 Actual	2019 Target	Explanation of variances	Prior year result
Training revenue diversity	Breakdown of training revenue split by Government funded and Fee for Service  <i>Training revenue split by:</i>	Percentage			- Training revenue outperformed targets in 2019  - VTG revenue outperformed targets due to increased student contact hours and enhanced administration of the student journey, this resulted in revenue diversity being weighted towards VTG revenue.  - Although diversity of revenue is skewed towards VTG, FFS revenue targets were achieved and recorded growth versus prior year.	
	• <i>Victorian Training Guarantee (VTG)</i>		46.7%	45.9%		44.3%
	• <i>Fee for Service (FFS)</i>		44.1%	45.2%		46.4%
	• <i>Student Fees &amp; Charges</i>		9.2%	8.9%		9.3%
Employment costs as a proportion of training revenue	Employment and Third Party training delivery costs as a proportion of training revenue (VTG and FFS)  <i>Employment costs + 3rd party training delivery costs / Training Revenue</i>	Percentage	79.8%	87.2%	- Decreased employment costs as a percentage of training revenue driven by a combination of higher training revenue versus targets and lower employment costs due to vacancies during 2019	84.1%
Training revenue per teaching FTE*	Training Revenue (excl. revenue delivered by third parties) per Teaching FTE*  <i>Training Revenue (excl. revenue delivered by 3rd parties) / Teaching FTEs*</i>	Dollars	\$285,595	\$268,986	- Higher revenue per Teaching FTE driven by a combination of higher training revenue versus targets and lower employment costs due to vacancies during 2019	\$244,153
Operating margin percentage	Operating margin %  <i>EBIT excluding Capital Contributions) / Total Revenue (excl Capital Contributions)</i>	Percentage	-6.4%	-11.4%	- Combination of higher training revenue and reduced costs versus targets has resulted in an improved net profit margin	-3.4%

# Financial Summary

<b>Net results</b>						
	Year ending					
	2019	2018	2017	2016	2015	2014
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
The Institute has reported a net loss of \$8.52 million in the current financial year. The Institute is committed to its goal of financial sustainability with a structured approach focusing on improving TAFE financial performance whilst growing other revenue streams and maintaining cost control initiatives.						
Total income from transactions	164,365	161,231	167,194	140,883	147,472	87,228
Total expenses from transactions	172,117	-159,444	-156,497	-137,272	-143,687	-90,236
Total other economic flows	-820	397	-2,551	229	-588	-8,698
Net results	-8,572	2,184	8,146	3,840	3,197	-11,706
Asset revaluations	<b>2,270</b>	-	<b>76,926</b>	<b>11,897</b>	-	-
Comprehensive result	<b>-6,302</b>	<b>2,184</b>	<b>85,072</b>	<b>15,737</b>	<b>3,197</b>	<b>-11,706</b>
Total assets	482,177	456,248	456,694	361,570	350,584	344,281
Total liabilities	77,331	40,100	42,730	32,678	37,429	34,323
Net assets	<b>404,846</b>	<b>416,148</b>	<b>413,964</b>	<b>328,892</b>	<b>313,155</b>	<b>309,958</b>
Notes:	<ul style="list-style-type: none"> <li>The net result for 2019 was deficit of \$8.5 million compared to surplus of \$2.1 million for the year ended 31 December 2018.</li> <li>BKI grew its training revenue by 9.2% in 2019 versus prior year, which was offset by lower one-off grant revenue received in 2019, higher employment costs driven by negotiated increases for teaching and PACCT staff and increased depreciation expense due to the opening of the Health and Community Centre of Excellence and the Food and Fibre Centre of Excellence and amortisation of Right of Use assets.</li> </ul> <p>At 31 December 2019, BKI's net assets were \$404.8 million (2018: \$416.1 million). The decrease in net assets was due to:</p> <ul style="list-style-type: none"> <li>The unfavourable trading result for the year;</li> <li>The increase in contract liability of \$21 million due to the first time application of new accounting standard (AASB 1058, Income for not-for-profit entities) in relation to Government Grants; and</li> <li>The recognition of lease liabilities and make good liabilities of \$71 million due to the application of AASB 16, leases.</li> </ul> <p>The decline in net asset position due to the above was offset by the following:</p> <ul style="list-style-type: none"> <li>increased cash position of \$94.2 million (2018: \$75.2 million) which was due to the receipt of \$19.5 million grant milestone payment in December 2019 in relation to Bendigo City Campus Revitalisation project; and</li> <li>recognition of Right of Use (ROU) assets of \$6.3 million due to the first time application of AASB 16, leases.</li> </ul>					

# Our Organisation

## TAFE OPERATIONS

Bendigo Kangan Institute (BKI) has significant footprints in both Victorian regional and metropolitan areas through its TAFE trading brands: Bendigo TAFE and Kangan Institute. Our TAFE operations offer over 350 courses across key training disciplines including automotive and trades, business and information technology, food and fibre, hair and beauty, health and community services, creative, culinary and hospitality, as well as specialised Indigenous and foundation courses.

BKI operates three Centres of Excellence, which provide leading edge training in state-of-the-art facilities. The Automotive Centre of Excellence (ACE) leads in developing state-wide automotive training approaches and practices based on industry driven tailored training initiatives. The ACE model has seen BKI recognised as the lead automotive provider in the TAFE network nationally and internationally. ACE is presently working with India's State Government of Gujarat and international consultant Maruti Suzuki as the knowledge partner to develop the first International Automobile Centre of Excellence (i-ACE) in India.

In order to break down barriers in accessing education and employment pathways, our TAFE operations received Community Service Obligation (CSO) funding from the Victorian Government. CSO funding is targeted to ensure the delivery of student support services to disadvantaged students, to develop a new multi-cultural host volunteer program and to underwrite our two Skills and Job Centres. The funding also assisted projects relating to the Indigenous Education Centre; Foundation and Pathways programs; library services; counselling and other community based services.

BKI is amongst three TAFE providers offering vocational education and training to the expanding Victorian prison system. Bendigo TAFE and Kangan Institute delivered training at public and private prisons, and forensic mental health facilities in 2019 including Loddon Prison, Middleton Annex, Tarrengower Prison, Fulham Correctional Centre, Port Philip Prison, Ravenhall Correctional Centre and Thomas Embling Forensicare Hospital.

### Regional footprint

Through Bendigo TAFE, our regional footprint encompasses campuses at Bendigo (3), Echuca and Castlemaine. Dedicated specialist facilities include the Health and Community Centre of Excellence at the Bendigo City Campus and the Food and Fibre Centre of Excellence at the Bendigo Charleston Road campus.

Ties with Be.Bendigo, Council City of Greater Bendigo, C4EM in Echuca, Regional Engineering and Advanced Manufacturing Advisory Group and many group training organisations and schools ensure that products and training services remain relevant and responsive to the needs of the community and local industry.

In 2019 the Victorian Government announced the allocation of

\$59.9 million for the revitalisation of the Bendigo City Campus. Plans are underway for the commencement of the re-building program for 2020 which is projected to be complete in 2021.

### Metropolitan footprint

Through Kangan Institute, our metropolitan footprint encompasses campuses in Broadmeadows, Docklands, Essendon, Moonee Ponds and Richmond. Specialist training facilities and capabilities include the award-winning ACE facility at Docklands, the Indigenous Education Centre at Broadmeadows and the Centre for Fashion and Creative Industries at Richmond.

Vocational courses and training services are provided to individuals and businesses, with students and apprentices ranging from school leavers to mature age learners. Kangan Institute works closely with industry to upskill workforces and enhance training services. Across the Institute strong links have been built with industry partners such as Toyota, Renault, Jaguar-Land Rover, Metricon, Henley, ABN Group, Australian Red Cross, L'Oréal Australia and more.

## VETASSESS

A leading Australian assessment provider, VETASSESS offers skills assessments for migration purposes delivered across a range of trade and general professional occupations to the Federal Government's Departments of Education and Training, and Home Affairs. VETASSESS also provides occupational and course entry tests, and consultancy services in assessment and training to governments across Australia and internationally.

VETASSESS is located in Melbourne and it maintains offices through contracts with partners in India, China and the Philippines.

For 2020 its five key strategic areas of focus will be:

- Growth in skills assessments for migration
- Growth in assessments for trade certification
- Provision of educational services
- Undertaking educational consultancy
- Governance arrangements and organisational capabilities

Please refer to page 17 for information about VETASSESS' operations in 2019.

## eWORKS

Established in 1998, eWorks is one of Australia's leading e-learning delivery and consultancy specialists. eWorks offers a range of products and services to help training providers maximise the benefits of using technology to enhance training delivery including:

- Consultancy services to promote best practices in online delivery.
- Development of interactive and engaging digital course content.
- Learning management solutions (LMS) tailored to the VET sector, including reporting for compliance purposes such as adherence to copyright laws.
- Advice regarding the establishment and maintenance of e-learning technical standards and accessibility requirements.

With a strong foundation in servicing the national VET system and government organisations, eWorks prides itself on delivering high-quality, reliable online delivery solutions.

In-depth understanding of the VET sector structure and compliance requirements, alongside relationships with key bodies and organisations within the sector, makes eWorks a valuable partner for all training delivery organisations.

In 2019, eWorks received approval from BKI's Business Board to establish an eTeacher Centre of Excellence from 2020 that will exclusively deliver eFacilitation skills training for the VET sector in Australia and New Zealand. This will enable eWorks to offer a complete business model to its clients, from technology platforms and services, to customised courseware development, and eFacilitation skills for teachers.

In 2019 eWorks also launched a new partnership with the Institute for Drone Technology which will see the development of online modules of drone pilot skills as well as mobile first immersive learning that utilises drones, virtual reality, augmented reality, mixed reality and 360-degree video.

## Board and governance

BKI is governed by the BKI Board established under the Education Training and Reform Act 2006. It reports to the Minister for Training and Skills and Minister for Higher Education.

The Board provides both a strategic and stewardship role in ensuring BKI operates efficiently and effectively. It sets the overall strategic direction of BKI and oversees senior management in carrying out the strategic direction. The BKI Board also ensures that BKI meets its statutory obligations and that its operations and policies reflect public sector values and employment principles.

The Board oversees management of BKI but does not participate in day-to-day management which is the responsibility of the CEO and executive team. Reporting directly to the Board, the CEO is accountable for directing BKI's operations and leading activities to achieve the Institute's strategic goals.

In 2019 BKI's Board members were:

- Peter Harmsworth AO (Chair)
- Margaret O'Rourke (Deputy Chair)
- Trevor Schwenke (until 5 April 2019)

- Phill Murphy (until 20 October 2019)
- Sally Curtain (commenced 21 October 2019)
- Michael McCartney
- Katrina Lai (commenced 1 September 2019)
- Ajay Ahir (commenced 1 July 2019)
- Anne Brosnan
- Dr Margaret Salter
- Cheryl Woollard (commenced 1 March 2019)
- Prof. Hal Swerissen
- John Hartigan (until 31 August 2019)
- Joe Ballato (until 30 June 2019)

## Board and standing committees

The Board has established the following standing committees for the purpose of overseeing critical functions:

- Audit and Risk Management Committee
- Finance and Resource Management Committee
- People, Performance and Remuneration Committee
- Education Committee
- VETASSESS Committee

Each committee operates in accordance with its Charter as approved by the Board.

### Audit and Risk Management Committee (ARMC)

In compliance with the *Standing Directions of the Assistant Treasurer 2016 under the Financial Management Act 1994* (FMA) updated June 2016 (the Directions), the Audit and Risk Management Committee provides independent assurance on BKI's financial and performance reporting responsibilities, risk oversight and management, and system of internal control.

The ARMC assists the Board to fulfil its governance responsibilities and obligations relating to:

- **Annual Report Production** – overseeing the production of the Institute's Annual Report and ensuring statutory financial statements have been prepared accurately.
- **Risk Management** – overseeing the development and monitoring of the Institute's risk management program.
- **Internal Controls** – ensuring the development and monitoring of internal controls and processes of the Institute's financial affairs.
- **Internal Audit Function** – oversee the development and monitoring of the annual strategic audit program.
- **External Audit** – oversee the interactions and responses to the Institute's external auditors.
- **Legal Compliance** - oversee the Institute's compliance with the FMA, laws, regulations, codes, internal policies and industry standards.

### Finance and Resource Management Committee (FRMC)

The Finance and Resource Management Committee supports the Board in discharging its responsibilities to oversee aspects of BKI's activities relating to commercial activities, budget planning and setting, financial systems, asset management, procurement, administrative support and student management record systems and information technology.

The FRMC assists the Board to fulfil its governance responsibilities and obligations relating to:

- **Budget Planning and Setting** – reviewing the annual budget setting process, reviewing annual budgets and reviewing performance against approved budgets.
- **Financial Management** – ensuring BKI's financial systems are appropriately developed and managed and are designed to ensure consistency, accuracy and reliability of financial reporting to the Board.
- **Asset Management** – oversee the development and implementation of BKI's Strategic Asset Management Plan to ensure BKI's campus facilities reflect Strategy Plan priorities and facilities are developed and maintained to an appropriate standard.
- **Procurement** – develop and oversee procurement policies, controls and procedures ensuring consistency with government purchasing and supply policies.
- **Commercial Activities** – oversee commercial activities pursued by BKI including industry and regional development plans, marketing and communication and the development and implementation of BKI's international education strategies. In this respect, the FRMC will liaise with the BKI Business Board and receive regular reports from the Business Board of any new business initiatives.
- **Administrative Support and Back of House Systems** – oversee the development and management of BKI's support and back of house systems and processes including the Institute's computer-based student management systems.
- **Information Technology** – oversee the development and implementation of a BKI Information and Communication Technology (ICT) strategy designed to improve the overall efficiency and effectiveness of BKI's operations.

### People, Performance and Remuneration Committee (PPRC)

The People, Performance and Remuneration Committee supports the Board in discharging its responsibilities to oversee aspects of BKI's human resource activities, and advising the Board on matters of accountability and internal control.

The PPRC assists the Board to fulfil its governance responsibilities and obligations relating to:

- **CEO Performance** - establishing key performance indicators for the assessment of the performance of the CEO.
- **Executive Remuneration** - reviewing of the remuneration of the Executive, and making recommendations on approvals of the remuneration to the Board. An Executive is defined in accordance with the Victorian Independent Remuneration Tribunal (VIRT) guidelines.
- **Succession Planning** - reviewing succession planning arrangements for the CEO and Executive and make recommendations to the Board.
- **People Management** - providing advice on BKI people management strategies and policies relating to the employment of staff.
- **CEO Support** - provide performance advice and counsel to the CEO.



### Education Committee (EC)

The Education Committee provides independent assurance and integrity of BKI's core education activities of learning, teaching and scholarship and, in particular, the governance, structures, policies and processes that ensure quality academic outcomes. The EC will liaise closely and receive reports from the BKI Board of Studies (BOS).

The EC assists the Board to fulfil its governance responsibilities and obligations relating to:

- **BKI Operating Model** – oversee the development and implementation of BKI's Operating Model in relation to training and education program focus, academic governance arrangements, delivery modes, campus plans and associated physical and human resourcing requirements.
- **Academic Strategic Directions** - advise the Board on the strategic directions and policy for curriculum, teaching and learning across the Institute.
- **Quality Assurance** – oversee the development and implementation of an educational quality framework and processes designed to assure educational quality and integrity in course/product design, of learner experience, of teachers and how they teach, of teacher training and development; as well as the achievement of prescribed standards of educational and training programs delivered across the Institute.
- **Delivery Platforms** – oversee the development and implementation of a strategy to ensure BKI makes optimum use of innovative teaching and learning technologies designed to advance both the student and employer experience with each BKI program offering.
- **Student Experience** – oversee the development and implementation of policies and procedures to ensure BKI meets its responsibilities to students, including the provision of information, support, services, equitable treatment and a safe working environment.

### VETASSESS Committee (VC)

The VETASSESS Committee provides independent assurance and advice to the Board regarding VETASSESS commercial activities; strategy planning and setting; financial management and fee setting; risk management and marketing.

The VC assists the Board to fulfil its governance responsibilities and obligations relating to:

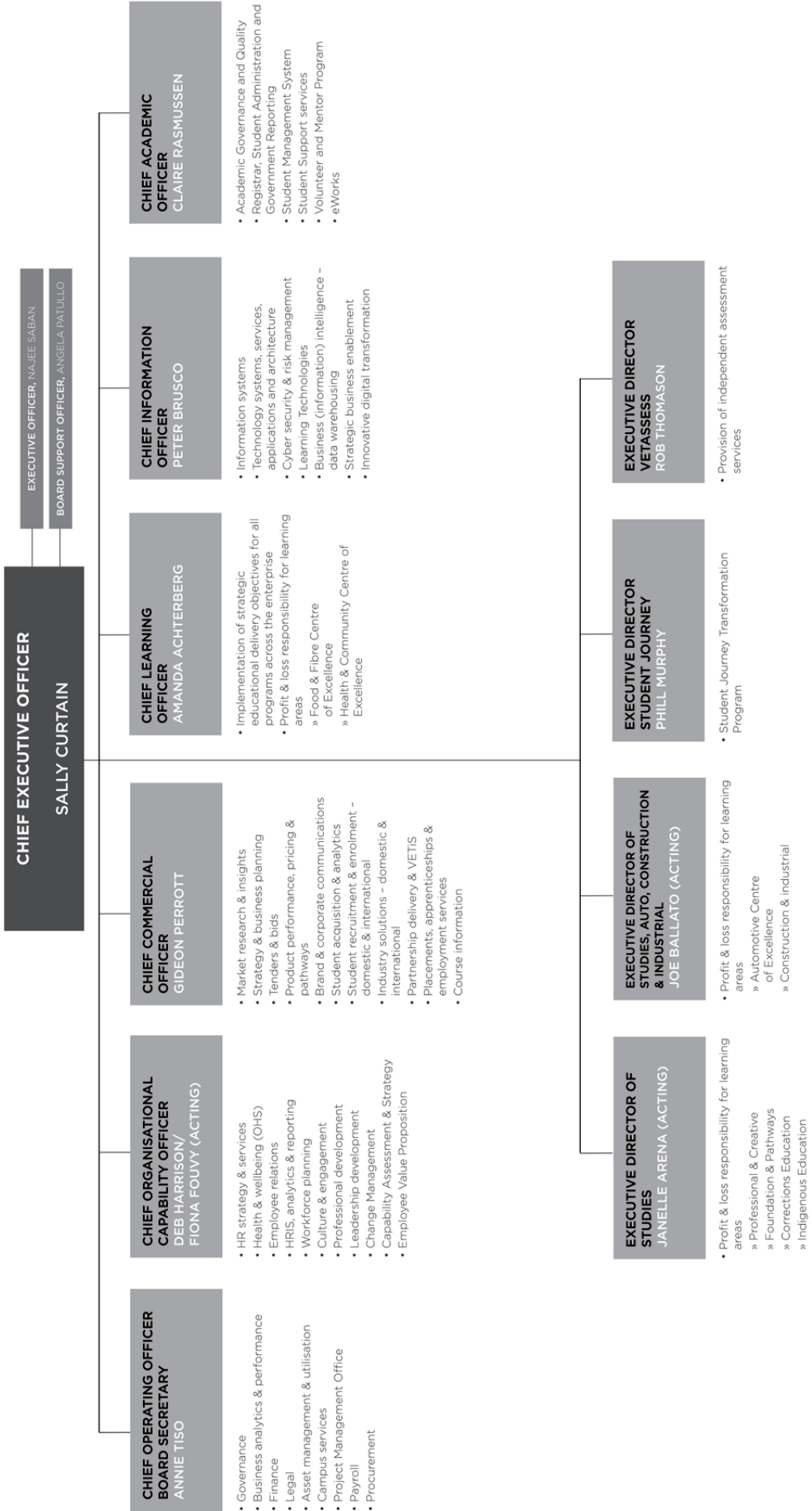
- **Commercial Activities** – oversee commercial activities pursued by VETASSESS including the occupational and industry assessment development plans, marketing and communication and the development and implementation of VETASSESS' international skills assessment strategies;
- **Strategy Planning** –oversee the commercial development functions of VETASSESS and the preparation of strategy and operational plans.
- **Budget Planning and Setting** –review the annual budget setting process, review annual budgets and review performance against approved budgets.
- **Financial Management** – ensure VETASSESS' financial systems are appropriately developed and managed, and are designed to ensure consistency, accuracy and reliability of financial reporting to the Board.
- **Administrative Support and Back of House Systems** – provides advice on the infrastructure requirements for VETASSESS to operate efficiently and preparation and oversight of a memo of understanding of services provided between VETASSESS and the BKI Group.
- **Quality and Regulatory compliance** – Monitor and review VETASSESS' assessment processes to maintain quality certification and regulatory compliance.

### BOARD OF DIRECTORS

<p><sup>1</sup>PETER HARMSWORTH AO (Chair)</p> <p><sup>1</sup>MARGARET O'ROURKE (Deputy Chair)</p> <p><sup>3</sup>SALLY CURTAIN</p> <p><sup>1</sup>MICHAEL MCCARTNEY</p> <p><sup>1</sup>KATRINA LAI</p> <p><small><sup>1</sup>Ministerial appointment <sup>2</sup>Board appointment <sup>3</sup>Staff appointment</small></p>	<p><sup>2</sup>AJAY AHIR</p> <p><sup>1</sup>ANNE BROSNAN</p> <p><sup>1</sup>MARGARET SALTER</p> <p><sup>2</sup>CHERYL WOOLLARD</p> <p><sup>1</sup>HAL SWERISSEN</p>
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### AUDIT AND RISK COMMITTEE MEMBERS

<p>DR MARGARET SALTER (Chair)</p> <p>PETER HARMSWORTH AO</p> <p>PROF HAL SWERISSEN</p>	<p>KATRINA LAI</p> <p>AJAY AHIR</p>
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## OUR TAFE STUDENTS

Spanning across 10 metropolitan and regional campuses, a number of onshore and offshore sites and working within the Victorian prison system, 2019 listed over 42,000 enrolments including training for 5,525 apprentices and trainees.

Out of the 350+ courses offered across diverse study areas through Bendigo TAFE and Kangan Institute, Certificate III in Light Vehicle, Carpentry, Electrotechnology and Diploma of Community Services were the most popular courses pursued in 2019.

Our students come from all walks of life and diversity is one of our proudest hallmarks. Welcoming students of all cultures and nationalities is a priority for us. Over 800 international students, both onshore and offshore, hail from a variety of countries including the Philippines, China, South Korea and India.

We are a flexible, innovative and friendly place of learning, with a dynamic multicultural atmosphere. Our principles, processes and practices are reflective of an egalitarian and social cohesive Australian society, ensuring that we offer an appreciation of the cultural heritage and experiences of Indigenous people, in addition to an appreciation of Australia's diversity as a multicultural society, endeavouring to support intercultural understandings.

### Unique student numbers\* across campuses and locations

Regional and metro	Student numbers
Auspice**	594
Bendigo	2,574
Broadmeadows	8,565
Castlemaine	97
Charleston Rd	2,633
Docklands	4,146
Echuca	317
Essendon	398
Moonee Ponds	703
Myers St	134
Richmond	873
Satellite***	41
<b>Total</b>	<b>21,075</b>

International	Student numbers
Off Shore	304
On Shore	511
<b>Total</b>	<b>815</b>

Gender breakdown	
<b>External delivery</b>	<b>635</b>
Female	79
Male	548
Unspecified	8
<b>International</b>	<b>815</b>
Female	339
Male	457
Unspecified	19
<b>Metro</b>	<b>14,685</b>
Female	4,791
Male	9,818
Unspecified	76
<b>Regional</b>	<b>5,755</b>
Female	2,616
Male	3,103
Unspecified	36
<b>Total</b>	<b>21,890</b>

\*Unique student number represents the number of students enrolled and does not represent the total number of enrolments. A student may have enrolled in multiple programs that will indicate a higher number of student enrolments.

\*\* Third party delivery

\*\*\* Remote delivery



## Awards and achievements

Bendigo TAFE and Kangan Institute students continue to support our vision to inspire success and transform lives. With ongoing support by the Victorian Government and industry in vocational education, the 2019 international and state award wins showcased our commitment to improving student outcomes and implementing innovative training initiatives.

Some student achievements include:

- Bendigo TAFE’s plumbing apprentice Patrick Keating wins bronze medal at 2019 WorldSkills International Championships in Kazan, Russia
- Kangan Institute’s justice and community services graduate Rachael Hilder named Vocational Student of the Year at 2019 Victorian Training Awards
- Kangan Institute’s automotive apprentice Amber Gabelich wins People’s Choice Award for Apprentice of the Year at 2019 Victorian Training Awards
- Bendigo TAFE’s community services student Lwe Pree wins Inspirational TAFE Student Award at the 2019 Seven News Victorian Young Achiever award
- Bendigo TAFE’s electrotechnology apprentice Joel Handcock named 2019 Global Apprenticeship Network (GAN) Australia’s International Apprentice Scholarship recipient



The 2019 Bendigo TAFE and Kangan Institute Industry Excellence Awards Ceremonies and International Graduation Ceremonies also recognised the outstanding achievements of our students.

The award winners include:

- 2019 Bendigo TAFE Vocational Student of the Year: Brittany Maskell, Diploma of Beauty Therapy (SHB50115)
- 2019 Bendigo TAFE Apprentice of the Year: Joel Handcock, Certificate III in Electrotechnology Electrician (UEE30811)
- 2019 Kangan Institute Vocational Student of the Year: Bethany Peele, Diploma of Applied Fashion Design and Merchandising (MST50116)
- 2019 Kangan Institute Apprentice of the Year: Christine Daoud, Certificate III in Hairdressing (SHB30416)
- 2019 Outstanding International Student – Automotive: Seungyul Ahn, from South Korea
- 2019 Outstanding International Student – Automotive: Fredrick Milal Onaput, from Papua New Guinea
- 2019 Outstanding International Student – Community Services: Erika Rose Macapagal, from Philippines
- 2019 Outstanding International Student – Community Services: Vienna Ednilan, from Philippines
- 2019 Outstanding International Student – Professional Industries: David Moore, from United Kingdom
- 2019 Outstanding International Student – Creative Industries: Nadine Aurin, from Germany

## Student support

We are committed to providing a range of free and confidential student support services. This includes counselling, welfare and disability support. In 2019, our Student Support Services provided these supports to 1,476 students across our metropolitan and regional campuses.

## Overseas operations

This section outlines BKI's 2019 international offshore and onshore activities and performance undertaken by its TAFE operations and VETASSESS.

Year 2019	International enrolment	Revenue
International onshore (international students + study groups)	606 (466 + 140)*	\$4.7 million
International offshore (exc. VETASSESS)	350	\$0.7 million
<b>TOTAL TAFE international revenue</b>		<b>\$5.4 million</b>

\*The information provided on international student numbers is based on enrolment numbers and not students. For the GOE Study Group, 51 students had two enrolments.

### International Onshore (includes Study Tours revenue)

Bendigo TAFE and Kangan Institute saw 163 new students commence in 2019, a 27.5 per cent decrease compared to 2018. Reasons for this decrease include:

- An increase in visa refusals in India, Nepal and the region attributed to changes to in-country legislation and procedures regarding migration and international studies – resulting in an increase to Bendigo TAFE and Kangan Institute risk rating and subsequent decrease in student enrolment.
- A reduction in the number of programs with higher education pathways.
- An increase in visa processing time.

### International Offshore

Bendigo TAFE and Kangan Institute saw an increase in offshore enrolment in 2019, a 49 per cent increase compared to 2018, due to increased Chinese partner acquisition.

### Overseas Operations Risks

Transnational delivery requires partners to deliver Bendigo TAFE and Kangan Institute training in line with domestic delivery. Risks exist around partner teaching qualification (TAE), evidence of delivery in English and facilities.

#### Strategies established to manage risks:

- creation of the transnational project working group and audits for compliance of transnational
- withdrawal of a series of Co-operation Agreements (not yet started)
- focus on existing agreement compliance and internal audit
- use of business board process to test new business opportunities
- stringent entry requirements for admissions of international students

- process improvement strategies around student engagement and retention
- process improvement to ensure compliant enrolment processes for both onshore and offshore
- selective partnership with education agents and ongoing agent training regarding changes in processes/ requirements.

Performance measures and targets for overseas operations are set according to the Co-Operation agreements with partners. These are contractual agreements that specify a minimum and maximum student number and the contract is costed accordingly.

All transnational contracts are invoiced according to the agreements and have performed in line with agreements.

Through partnerships in India, China and the Philippines, VETASSESS' overseas activities primarily involve the provision of skilled migration assessments but have also included consultancy work on the development of assessment tools and standards.

#### VETASSESS is:

- A gazetted Assessing Authority for skills migration assessments for general professional occupations. In 2019, VETASSESS received applications for skills assessments across 365 occupations. Applications received increased by 13.3 per cent compared to 2018.
- A contracted provider of trades skills assessments for the Overseas Skills Assessment Program, the Trades Recognition Service and Job Ready program (all Commonwealth). In 2019, VETASSESS received applications for skilled trades assessment from 33 countries across 29 trade occupations. Growth in Job Ready assessments was particularly strong, with applications increasing by 96 per cent compared to 2018. Assessments were conducted in Australia and offshore in twelve countries where agreements are in place to use facilities of local providers.

#### Other 2019 highlights included:

- Nearly 1,000 technical and practical assessments conducted offshore, particularly in automotive (non-licensed) and electrical (licensed) trades.
- The introduction of new visa types supported by VETASSESS skills assessments, including Designated Area Migration Agreements (DAMAs) and category 407 visas.
- An increased number of occupations assessed by VETASSESS to support regional migration visa applications.
- Strong demand for professional and trades skills assessment.

In accordance with Australian Skills Quality Authority's (ASQA) quality measures, VETASSESS implemented a Risk Management Plan in 2019 which outlined specific strategies to mitigate risk in identified areas.

**Strategies include:**

- Rigorous due diligence of all new business opportunities.
- Upfront payment clauses and partnering with reputable institutes.
- Overseeing and auditing offshore activities while regularly gaining local intelligence.
- Maintaining certification against the International Standards Organisation (ISO) quality standards (ISO 9001:2015).
- Maintenance of a strong program of internal audits.
- Thorough investigation of complaints and feedback from customers.
- Verification of assessment outcomes in general professional occupations.

The results of each strategy are monitored and adjusted on a yearly basis.

**Workforce Developments**

BKI is committed to equal opportunity (including equal employment opportunity) as well as inclusive and fair processes in all human resource management procedures. All policies, procedures and associated documentation are readily accessible to all staff via the staff portals.

**Organisational values and staff code of conduct**

We actively promote a values-based culture that benefits the organisation, our employees and external clients. Our core values are: Accountability; Collaboration; Respect; Passion; Integrity and Client Experience. The new standalone value of Integrity was introduced in January 2019, and embedded throughout the year. Our employees use the values in everyday language, with 88 per cent agreeing they've seen communication or heard about them in the past 12 months (People Matter Survey 2019).

The staff code of conduct is promoted regularly and reinforced through compulsory compliance training (80 per cent have seen communication about the code of conduct in past 12 months). Our People Matter Survey 2019 indicates that our organisation is committed to diversity and inclusion (71 per cent agreement), providing equal employment opportunities (73 per cent agreement) and promoting Human Rights (70 per cent agreement).

**Employee engagement**

BKI is focused on sustaining a highly professional, efficient and engaged workforce. An overwhelming 70 per cent of our people participated in the annual People Matter Survey. Employee engagement was 59 per cent which is a 4 percentage point decrease compared to 2018.

Living by our values is important to us and in 2019 we embarked on a cultural journey to embed our value of Integrity, a focus area we continue to prioritise.

Supporting our senior leaders through regular communications and workshops was also a priority in 2019. A three-year plan to strengthen our employee value proposition and improve our approach to recognise our employees on achieving key milestones was also initiated. Our people play an active role in sharing feedback and identifying improvements required in the workplace through our annual People Matter Survey and roadshows.

We also focused on building our change management maturity by introducing a unified change methodology across the organisation called the 'Make-it' series toolkit. As part of our capability plan, we are also building the change agility and resilience of our organisation, with 90 leaders and individual contributors now trained in Change Management and a Community of Practice who meet regularly to share insights and solutions. Building on key initiatives from 2018, we also invested in developing our frontline leaders through the launch of a new Lead Educator Program.

**Selection on merit**

Our organisation's recruitment and selection processes are grounded in the application of the principles of merit and equity, relevant award and statutory requirements and best practice public sector approaches.

**Issue resolution**

Our organisation has policies and procedures in place specifically for the management of employee grievances and complaints as well as for disciplinary matters. These processes provide focus on early intervention and informal resolution wherever practicable and provide for escalation where necessary. Based on the principles of natural justice and procedural fairness, our processes seek to achieve effective resolution of issues that contribute to improvements in the employer/employee relationship.

Comprehensive policies and procedures addressing legislative requirements in the areas of bullying, harassment and discrimination, occupational health and safety and other areas of government policy governing employment terms and conditions are in place and adhered to.

To encourage all employees to raise concerns of suspected fraud and corruption and feel safe in doing so, an independent hotline service 'SpeakUp' was launched in 2019. We also introduced measures to increase education and awareness of fraud and corruption through an online training module. We will continue our journey to embed our value of 'Integrity' – focusing our strategies on establishing a strong ethical culture based on transparency, accountability and responsiveness.



## Professional learning and development

Our organisation is committed to developing great people who are passionate about our purpose, committed to our vision, engaged in continuous improvement and capable of delivering value to our customers. Throughout 2019 there were 2,761 individual attendances across our Professional Development program, which is equivalent to 2.9 attendance per ongoing/contracted employee. Professional development attendance is categorised across the following training areas: Leadership, Professional, Teaching and Process/Systems.

In 2019, there was a significant focus on upgrading all teachers to meet the new Training and Education (TAE) requirements from 1 July 2019 and continued professional development of teachers.

By 1 July 2019, 99 per cent of our teachers met the upgraded requirements. To achieve this result, our organisation supported 591 teachers, assessors and their leaders to assess their individual status, establish their action plan and monitor their progress. 327 teachers needed to upgrade their qualifications. To ensure the upgrade supported different teacher needs and circumstances, we provided three learning options:

- face-to-face learning delivered by our in-house specialist TAE teaching team
- online learning pathway
- third party provider.

### Completion numbers across three options

Face-to-face	Online learning pathway	Third party provider	Total
227	53	47	<b>327</b>

We also participated in a pilot of the Chisholm Professional Educator Passport involving an end-to-end capability development process for teachers, co-funded by Skills First. Although the Skills-First funded pilot concluded in June 2019, following the success of the program, the Educator Passport continued throughout 2019, and will continue in 2020.

As at 30 September 2019, 253 teachers have registered to join the Educator Passport program (54 per cent of our organisation's teachers), enabling them to participate in a range of high quality professional development opportunities based on an assessment of their development needs. Throughout 2019, the Educator Passport delivered 43 Professional Development sessions, with 470 attendances and 88 per cent positive ratings to change practice as a result of the professional development.

## Workforce data for 2019

The following tables detail our workforce data for 2019, with all employees classified in line with the directions from the Department of Education and Training.

Performance and Accountability Framework FTE Table (December 2018 – December 2019)							
	December 2018						
	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	213	190	38.6	44.2	NA	33.4	519.2
Executive	11				NA		11
Other		1			NA	6.7	7.7
Teacher	184	118	42.2	59.3	93.2	NA	496.7
<b>Total</b>	<b>408</b>	<b>309</b>	<b>80.8</b>	<b>103.5</b>	<b>93.2</b>	<b>40.1</b>	<b>1034.6</b>

	December 2019						
	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	277.9	112.0	50.7	35.2	NA	27.9	503.7
Executive	11.1			0.3	NA		11.4
Other	0.3	1.8			NA	0.8	2.9
Teacher	241.1	73.0	66.0	36.9	94.9	NA	511.9
<b>Total</b>	<b>530.4</b>	<b>186.8</b>	<b>116.7</b>	<b>72.4</b>	<b>94.9</b>	<b>28.7</b>	<b>1,029.9</b>

Workforce Disclosures (December 2018 – December 2019)							
	December 2018						
	All employees		Ongoing		Fixed term and casual		
	Number (Headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
<b>Gender</b>							
Women Executives	9	6	9	0	6	0	0
Women (total staff)	814	576.2	193	75	260.2	546	316
Men Executives	8	5	8	0	5	0	0
Men (total staff)	605	458.4	200	29	228.6	376	229.8
Self-described	0	0	0	0	0	0	0
<b>Age</b>							
15-24	49	26.2	6	0	5	43	21.2
25-34	243	177	40	2	56.6	201	120.4
35-44	291	212.7	66	16	83.6	209	129.1
45-54	392	303.9	137	37	171.1	218	132.8
55-64	347	263	126	33	147.9	188	115.1
Over 64	97	51.8	18	16	24.6	63	27.2
<b>Total employees</b>	<b>1419</b>	<b>1034.6</b>	<b>393</b>	<b>104</b>	<b>488.8</b>	<b>922</b>	<b>545.8</b>

	December 2019						
	All employees		Ongoing		Fixed term and casual		
	Number (Headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
<b>Gender</b>							
Women Executives	10	6.5	9	1	6.5	0	0
Women (total staff)	862	472.7	337	170	297.5	355	175.2
Men Executives	6	4.9	4	1	4.6	1	0.3
Men (total staff)	665	557.2	346	72	349.5	247	207.7
Self-described	0	0	0	0	0	0	0
<b>Age</b>							
15-24	45	23.2	16	7	10.3	22	12.9
25-34	251	164.9	116	21	88.0	114	76.9
35-44	328	220.6	149	44	131.5	135	89.1
45-54	410	294.0	207	62	196.7	141	97.3
55-64	373	265.0	162	84	183.2	127	81.8
Over 64	120	62.2	33	24	37.3	63	24.9
<b>Total employees</b>	<b>1527</b>	<b>1029.9</b>	<b>683</b>	<b>242</b>	<b>647</b>	<b>602</b>	<b>382.9</b>

Note:

- All figures reflect employment levels for 2019 in accordance with the general reporting requirements detailed in FRD22H.
- Employees have been correctly classified in the workforce data collections.
- 2019 saw a slight decrease in FTE compared to 2018.
- 2019 saw a significant shift in our workforce composition following a review of fixed term, casual and sessional arrangements for staff who may be entitled to a conversion in line with our enterprise agreement obligations.
- Our headcount shows a significant increase which is attributed to an increase in the number of flexible (part time) work arrangements.

## Occupational health and safety

BKI is committed to providing a safe workplace and learning environment that supports and enhances health and wellbeing, within its premises and activities for its students, employees, contractors, visitors and industry partners.

This is underpinned by our organisation's values of Accountability, Collaboration, Respect, Client Experience, Passion and Integrity.

The organisation complies with the Occupational Health and Safety (OHS) legislation as a minimum standard and strives to fully integrate health and safety into all aspects of its activities through continuous improvement approach.

This is accomplished through:

- Identifying and complying with applicable health and safety legislation, compliance codes, Australian standards and other requirements.
- Eliminating risks to health, safety and wellbeing; or where elimination is not possible, reduce the risk so far as reasonably practicable.
- Setting measurable targets and objectives to monitor and continuously improve health, safety and wellbeing performance and the Occupational Health, Safety and Wellbeing (OHSW) management system.
- Providing appropriate information and training for managers, supervisors and employees to enable them to perform their health, safety and wellbeing roles and responsibilities.
- Allocating adequate resources, including instruction and training to provide an environment where everyone is enabled and supported to apply safe systems of work and fulfil their health and safety responsibilities.
- Reporting, recording and investigating accidents, incidents and hazards including non-compliances, applying the learnings and acting to prevent reoccurrence.
- Ensuring a systematic approach to managing health and safety supported by our organisation's OHS model, proactively identifying and managing health and safety risks and actively supporting and promoting wellbeing.
- Implementing arrangements so that students, workers and their representatives are consulted and actively participate in health, safety and wellbeing matters, issues and risks.
- Providing return to work programs that will support sustainable and timely return to work of those people impacted by injury or illness.
- Holding all levels of management accountable for the health and safety of employees, students, visitors and industry partners under their management control.

During 2019 an updated Occupational Health, Safety and Wellbeing Policy was implemented across our organisation, embedding an increased focus and commitment to wellbeing, return to work and proactive hazard management.

## Highlights

In 2019, claims and an early intervention approach to reporting and return to work continued to be a focus, returning positive results with continued reporting of low claims numbers and a significant reduction in overall premium costs of \$832,000.

Our organisation continued to focus on OHS compliance improvements relative to ISO45001 Occupational Health and Safety Management Systems, which is the International Standard on occupational health and safety introduced by the International Organisation for Standardisation (ISO) in 2018. In April 2019 an OHS Compliance Verification Audit was completed. This audit reported significant progress towards compliance having been made across our organisation since the initial audit in 2018.

Work continued in 2019 to encourage proactive reporting of incidents and hazards, and offer prevention opportunities with the focus shifting to delivering actions to prevent recurrence. A new initiative to develop a bespoke program supporting our Health, Safety and Wellbeing (HSW) Visible and Capable Leaders was undertaken throughout 2019 for delivery in 2020. This program is aimed at supporting the development of leader led health, safety and wellbeing at our organisation, providing the foundation for sustainable positive safety and wellbeing culture.

2019 saw the delivery of a bespoke Victorian Certificate of Applied Learning (VCAL) Wellbeing 'Walk with Me' Psychosocial Risk Reduction Pilot Program in partnership with Cogent Thinking and Monash University. The Resultant Report identified 11 key wellbeing recommendations to support the delivery of a positive workplace wellbeing culture. These recommendations have been incorporated into individual wellbeing plans for VCAL and also the draft Workplace Wellbeing Strategy 2020-2022.

The following data is based on 2019 with some comparative data utilised from 2017 and 2018.

### Reported hazards and incidents

In 2018/2019 a focus of the organisation was to rectify confirmed incident under reporting and also encourage uplift in proactive reporting of near miss incidents and hazards. This saw our reporting of incidents increase from 234 in 2018 to 265 in 2019, with the primary uplift occurring in the Hazard Near Miss categories which supports the organisation in taking a more proactive approach.

Programs in 2020 will continue to focus on proactive reporting opportunities. In total there were 268 reported incidents consisting 77 relating to staff and 82 relating to students, including presenting personal illness cases reported and managed. Additionally, there were 108 reported hazards and near miss incidents recorded in 2019. In total there were 185 incidents and hazards relating to staff representing 18.5 reported incident and hazards per 100 full-time equivalent (FTE) staff.

There were seven Lost Time Incidents reported during 2019,

resulting in a final Lost Time Injury Frequency Rate (LTIFR) of 4.07 in 2019, down from a reported LTIFR of 4.69 in 2018 and up from the 0 LTIs reported for 2017.

Total Recordable Injury Frequency Rate (TRIFR) has also been added as a measure over the last two years and in 2019 TRIFR was reported as 6.32, which is marginally ahead of the reported 2018 TRIFR of 5.78.

### **WorkCover claims**

In 2019, fifteen new standard claims (equivalent to 1.5 claims per 100 FTE staff) were received resulting in 11 additional incurred cost and Lost Time Claims during 2019.

Average cost per claim in 2019 was \$85,803 compared to 2018 which reported an average claims cost of \$58,000. The increase in average claims cost was not even across all claims, but rather 20 per cent of the claims contributed to 70 per cent of the claims increase with these being complex claims with a psychosocial component. This has led to the increased focus on Health and Wellbeing in 2019 which will continue and increase throughout 2020 and beyond.

### **Financial Sustainability**

BKI is aiming to be financially sustainable (EBITDA) by 2021 and achieve a net profit surplus by 2023 which removes the reliance on government capital funding. Achieving financial sustainability is a challenge due to a number of factors including declining VET market across our cohorts (apprentices/trainees), significant MEA/EA wage increases and high depreciation expense due to the large footprint.

The Board and Management have taken a structured approach with a focus on improving the financial performance whilst maintaining and improving other revenue streams. As part of this a number of strategies are being developed. These will include both revenue growth and cost controls initiatives and investment to realise short and long term revenue growth.

### **2020 and future outlook**

The 2020 Budget is the first year in a multi-year strategy to enable BKI to achieve financial sustainability excluding government capital grants.

The 2020 Budget aims to deliver revenue growth within VETASSESS and our TAFEs improve offerings, environment and experience for students, clients and staff whilst investing in systems and infrastructure.

BKI is aiming to achieve sustainability through the application of a number of strategies which need to be tested against our community, industry and government expectations and obligations.

BKI will continue to innovate and source new revenue streams whilst continuing with its core activity of training students.

To enable transformational change at the level required for us to achieve financial sustainability, a significant investment in technology, campuses, people, courseware and curriculum is required. A brief overview listed below:

1. Investment in ICT
2. Investment in new student management system
3. Review course offerings with a view to potentially exit those not aligned to the community or government objectives
4. Rationalise and rebuild campus footprint

# Compliance Information

## Freedom of Information

BKI is subject to the provisions of the Freedom of Information (FOI) Act 1982. The Act gives a right of access (subject to exemptions and exceptions) to information held in the form of a document by the Institute.

It is BKI's policy to facilitate, subject to privacy and confidentiality provisions, access to information without recourse to the provisions of the Act.

In 2019, the Institute received four requests for information under the FOI Act.

### Information available on request

Consistent with the requirements of the Financial Management Act 1994, BKI has prepared material on the following items, details of which are available on request:

- Statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Publications and where they can be obtained.
- Changes in prices, fees, charges, rates and levies.
- Details of major external reviews.
- Major research and development activities.
- Overseas visits undertaken.
- Major promotional and marketing activities.
- Measures undertaken to improve the occupational health and safety of employees
- Industrial relations issues and details of time lost through industrial accidents and disputes.
- Major committees sponsored by the Institute.
- Details of all consultancies and contractors.

All enquiries should be directed to:

### Freedom of Information Officer

Bendigo Kangan Institute  
PO Box 170  
Bendigo VIC 3552

## Protected disclosures

The Protected Disclosure Act 2012 encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for disclosed matters to be investigated and rectifying action taken.

BKI has provided guidance on its internal and external websites to encourage and facilitate the making of protected disclosures of improper conduct by its officers and employees.

This procedure notes that protection and support will be made available for people who have made a disclosure. BKI is unable to accept a Protected Disclosure, and will instead refer any Disclosures to the Independent Broad-based Anti-corruption Commission (IBAC).

### Financial management compliance attestation statement

I, Peter Harmsworth AO, on behalf of the Responsible Body, certify that the Bendigo Kangan Institute has complied with the applicable Standing Directions made under the Financial Management Act 1994 and Instructions.



### Peter Harmsworth AO

Chair,  
Bendigo Kangan Institute Board  
28 February 2020

## Compliance with Carers Recognition Act 2012

BKI ensures that the rights and interests articulated in the Carers Recognition Act 2012 are considered when delivering its services to clients in a care relationship. Our organisation has taken all practical measures to comply with its obligations under the Act.

## Compliance with Child Safe Standards

In 2019, BKI raised the profile of Child Safe Standards (the Standards) to ensure that we are not only meeting requirements, but are also adopting best practices.

In accordance with the Standards, our organisation is committed to being a child safe organisation. We are committed to providing opportunities for children and young people to participate in education within a safe environment and empowerment of all children under 18 years of age.

In line with our commitment to the Child Safe Standards, a Child Safety Officer was appointed within the Student Engagement and Retention team. All concerns regarding safety and dealings with students under 18 years of age can be addressed by the Child Safety Officer. BKI has raised the profile of Child Safe Standards to ensure that all staff and students understand their roles and responsibilities. The Board and relevant sub committees receive reports on the status of initiatives. We continue to review our practices as required and implement new strategies and initiatives. Of significance is the recent requirement for all staff to hold a Working with Children Card.

In addition to the Child Safety Officer, a number of steps have been taken to ensure compliance with the standards, including:

- Development and implementation of our organisation's Child Safety Policy.
- Distribution of Four Critical Actions signage and Child Safety Incident Report across our organisation.
- Staff and student induction sessions highlighting the Standards and its principles.
- Exposure to and exploration of the Standards is incorporated into all direct and online orientation processes delivered by the Student Engagement and Retention team.
- Information about the Standards and Child Safety Officer made available to students and staff.
- Application of the Standards addressed via professional network discussions.
- Provision of ongoing support, both internal and external, to students and staff exposed to child abuse, with referrals to appropriate external agencies for support.
- Recruitment processes that promote the safety of children and young people.
- Regular reports on progress and changes related to the Standards provided to senior staff to ensure continuous awareness and compliance that drives a culture of child safety.

## National competition policy

BKI provides education and training in a contestable market. BKI and its trading businesses implement a pricing model and policy that is consistent with maintaining commercial competitiveness in the marketplace with competitive neutrality principles outlined in Victoria's competitive neutrality policy.

The pricing policy and approach demonstrates how BKI meets legislative requirements and government guidelines in the determination of prices for the sale of its programs, products and services.

The policy addresses the particular requirements of:

- The national competition policy.
- Victorian Government policies on competitive neutrality.
- Ministerial directions on fees and charges.
- Legislation on the introduction of the goods and services tax (GST).
- Guidelines, rulings and interpretations made by the Australian competition and consumer commission on the national competition policy, fair trading and the implementation of GST.

## Compulsory non-academic fees, subscriptions and charges

BKI charges compulsory non-academic student services fees to support the range of additional services provided to students in addition to the delivery of training and assessment services. Services include additional student support services, amenities, activities and information technology infrastructure.

The 2019 student services and amenities fees were calculated on the basis of \$0.40 per student contact hour for students that enrolled more than 125 hours, with a maximum fee of \$200 and minimum fee of \$60.

Concession card holders, apprentices, trainees, work based students (100 per cent off-campus delivery) and full online delivery (100 per cent off-campus) were charged a flat fee of \$60.

In 2019 student services fees generated \$1,167,922 in revenue.

A number of engagement and support services were provided to students in 2019 and funded by the student services and amenities fees and government programs, including but not limited to on-campus events for students, counselling and welfare services, disability support services, student orientation programs, new upgraded library maintenance, upgraded online support portal and student employment centre.



## Building and maintenance

BKI ensures that all works requiring building approval are approved and certified by an independent and qualified building surveyor. BKI requires all building practitioners engaged to carry out major works show current registration and insurance before commencing works.

All buildings are maintained to a level of prescribed performance as specified in the essential safety measures maintenance manual. Mandatory periodical checks and tests are undertaken with records of these inspections kept under the requirements and provisions of the Building Act 1993, Building Regulations 2006, Building Code of Australia, Australian standards and other codes, the Minister's guidelines and any subsequent amendments of these.

## Environmental performance and impacts

BKI is committed to being an innovative provider of quality education, training and services while maintaining a strong commitment to an environmentally sustainable future. The organisation ensures that staff and students work together to identify and reduce environmental impacts, carry out a proactive response to environmental best practices and achieve innovative solutions.

This section presents BKI's reports on energy use, water use, greenhouse gas emissions, transportation, paper use, waste production and procurement.

## Energy use

The table below charts the energy use across all campuses and sites, including associated greenhouse gas emissions. Energy performance has fluctuated throughout the year depending on student term break periods which usher in a reduction of energy use across all sites.

In 2019 BKI continued to upgrade lighting as well as mechanical plant and equipment to modernise its systems and improve energy efficiencies across all sites.

Energy use							
	Electricity				Gas		
	Megajoules	Co2 tonne	Per FTE	Per m2	Megajoules	Per FTE	Per m2
<b>Bendigo City</b>	2,557,625,825	1488	2483614	159602	3,623,313	3518	226
<b>Broadmeadows</b>	4,154,630,515	2405	4034405	172284	5,674,045	5510	235
<b>BTEC</b>	424,555	124	412	264	155,851	151	97
<b>Castlemaine</b>	143,598	N/A	139	360	N/A	N/A	N/A
<b>Charleston Road</b>	1,477,758,848	852	1434996	125463	2,412,241	4993	205
<b>Docklands</b>	5,305,830	1604	5152	353	5,746,900	5581	383
<b>Echuca</b>	428,692	138	416	178	435,462	423	181
<b>Essendon</b>	984,346	308	956	369	378,383	367	142
<b>Maryborough</b>	23,798	N/A	23	80	N/A	N/A	N/A
<b>Richmond</b>	3,819,4578	797	37089	4783	2,420,549	2350	303

Notes:

- Total greenhouse gas emissions associated with energy use:
  - No Co2 information on Castlemaine and Maryborough electricity invoices.
- Final year gas invoices not received for all sites. Averages used to calculate figures in above table.
- FTE figures are based on 1029.8
- The percentage of electricity purchased as Green Power is not metered at BKI sites.

## Waste production

BKI continued to improve recycling across all sites. The focus for 2019 was to introduce commingle recycling to new areas across the sites to increase recycling and reduce landfill. This will continue to be the focus across 2020.

This table outlines:

		Total	Total units (KG) by FTE	Recycling rate %	Co2 (Tonne)
• Total units of office waste disposed of by destination (kg per year)	<b>Bendigo City</b>	25500	24.76	23	23.7
	<b>Broadmeadows</b>	104400	101	28	90.7
• Units of office waste disposed of per FTE by destination (kg per FTE)	<b>Charleston Road</b>	37000	35.92	11	39.4
	<b>Docklands</b>	24800	24.08	18	24.5
• Recycling rate (% of total waste by weight)	<b>Echuca</b>	2700	2.62	4	3.1
	<b>Essendon</b>	5300	5.15	21	5.1
	<b>Richmond</b>	9200	8.93	23	8.5

Note:

- No data provided for BTEC, Maryborough and Castlemaine due to different waste contractors.

## Water consumption

The table below charts BKI water consumption across campuses and sites. In 2020 BKI will continue to conduct a review of all plumbing purchases to ensure where possible that water saving products are utilised.

	Kilolitres	per FTE
<b>Bendigo City</b>	5432	5.27
<b>Broadmeadows</b>	21523	22.9
<b>BTEC</b>	1,648	1.6
<b>Castlemaine</b>	47	0.05
<b>Charleston Road</b>	11,340	11
<b>Docklands</b>	1,673	1.6
<b>Echuca</b>	772	.75
<b>Essendon</b>	955	.93
<b>Maryborough</b>	28.5	.03
<b>Richmond</b>	4,061	3.9

Note:

- FTE figures are based on 1029.8.
- Final year water invoices not received for Docklands, Broadmeadows, Richmond, Essendon, Castlemaine, Maryborough and Charleston Road. Averages used to calculate figures in the above table.

## Transportation

The table below charts transportation use across the organisation, including associated greenhouse gas emissions. BKI continues to encourage organisational-wide use of video conferencing as an alternative to driving to meetings. This will continue to be the focus in 2020.

Vehicle type	Distance travelled (KM)	Co2 (Tonnes)
Car	1646027	288.13
LC	792089	83.18
HC	N/A	N/A
Air travel domestic	80266	7790.7
Air travel international	459295	28935.9

Note:

- Data for total energy consumption and use of public transportation is not available.

## Local Jobs First - Victorian Industry Participation Policy

The Local Jobs First - Victorian Industry Participation Policy (VIPP) focuses on local industry development and improves opportunities for local suppliers to compete for work on all types of government contracts, helping to create and sustain opportunities for Victorian businesses and workers.

The policy requires government departments and agencies to consider competitive local suppliers, including small and medium enterprises, when awarding contracts valued at \$1 million or more in regional Victoria or \$3 million or more in metropolitan Melbourne or for state-wide activities.

Our organisation had three disclosures in 2019, as follows:

Project Name	Project Value (in \$m, ex GST)	Start Date	Completion Date
<b>Cleaning Waste and Pest Control</b> <i>The contestability information provided for the Cleaning Waste and Pest Control tender was reviewed by Industry Capability Network (ICN). ICN acknowledged local jobs first VIPP plan was not required for this tender.</i>	Approx. \$5 million	18/03/2019	17/03/2022
<b>Security Services</b> <i>The contestability information provided for the Security Services tender was reviewed by ICN. ICN determined the tender to be non-contestable. However in keeping with the Local Jobs First Policy requirements, Local Industry Development Plans (LIDPs) were required for this tender.</i>  <i>The successful tenderer provided a compliant LIDP plan.</i>	Approx. \$4 million	17/08/2019	19/08/2022
<b>Bendigo City Campus Revitalisation Main Works</b> <i>The contestability information provided for the Bendigo City Campus Revitalisation Main Works was reviewed by ICN. ICN determined the tender to be contestable. ICN acknowledged that local Industry Development plans (LIDPs) were required.</i>	Approx. \$55 million	26/02/2020	30/06/2021

## Overseas and domestic travel

All overseas and domestic travel by employees of BKI during the reporting year was compliant with the Victorian Public Service Travel Policy updated November 2017 by the Department of Treasury and Finance.

## Major commercial activities

There were no major commercial activities for the 2019 reporting period.

## Advertising expenditure

This section details BKI's government advertising expenditure in 2019 for campaigns with a media spend of \$100,000 or greater.

Name of campaign	Campaign summary	Start/End date	Advertising (Media) expenditure 2019-20 (excluding GST)	Creative and campaign development expenditure 2019-20 (excluding GST)	Research and evaluation expenditure 2019-20 (excluding GST)	Print and collateral expenditure 2019-20 (excluding GST)	Other campaign expenditure 2019-20 (excluding GST)
Semester one	Acquisition campaign	1/1/2019 – 30/4/2019	\$1,206,872.44	0	0	0	0
Semester two	Acquisition campaign	1/5/2019 – 15/7/2019	\$419,299	0	0	\$7,015.65	0
Semester 1 2020	Acquisition campaign	1/09/2019 – 31/12/2019	\$559,670.36	0	0	\$14,990	0

## Consultancies expenditure

BKI engages consultants for services for which the Institute does not have the required specialist skills. The total consultancy costs incurred during 2019 was \$4.85 million (excl. GST).

There were 12 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019 in relation to these consultancies was \$67,000 (excl. GST).

There were 40 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019 in relation to these consultancies was \$4.79 million (excl. GST).

Details about these consultancies are publicly available on the Bendigo TAFE and Kangan Institute websites.

## Information communication technology expenditure

In 2019 BKI invested a total of \$16.8 million in information communication technology (ICT).

Continued enhancement of digital platforms and improvement ICT equipment and infrastructure were priorities in 2019. This included a major investment in computer refresh with over 1,000 computers deployed to students and staff.

BKI also commenced a major investment into transforming the student experience through the development of a new Student Journey Platform, a project which will continue in 2020 and beyond.

Business as usual (BAU) ICT expenditure	Non-business as usual (non-BAU) ICT expenditure	
	Operational	Capital
\$11,565,576	\$3,244,211	\$1,996,910

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# Financial Report

## How this report is structured

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

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### Financial statements

Comprehensive operating statement.....	31
Balance sheet.....	32
Statement of changes in equity.....	33
Cash flow statement.....	34

### Notes to the financial statements

#### 1. About this report

1.1 Basis of preparation.....	35
1.2 Compliance information.....	35

#### 2. How we raised our funds

2.1 Government contributions.....	36
2.2 Sales from Contracts with Customers.....	38
2.3 Other income.....	41

#### 3. How we expended our funds

3.1 Employee benefits.....	42
3.2 Supplies and services.....	43
3.3 Other operating expenses.....	44
3.4 Leases.....	44

#### 4. The assets we invested in

4.1 Property, plant and equipment.....	48
4.2 Intangible assets.....	50
4.3 Depreciation and amortisation.....	51
4.4 Investments and other financial assets.....	52

#### 5. Balances from operations

5.1 Receivables.....	53
5.2 Payables.....	55
5.3 Other provisions.....	57

#### 6. How we financed our operations

6.1 Cash and deposits.....	58
6.2 Government borrowings.....	59

### 7. Managing risks and uncertainties

7.1 Financial instruments.....	60
7.2 Contingent assets and contingent liabilities.....	65
7.3 Fair value determination.....	66

### 8. Governance disclosures

8.1 Responsible persons.....	69
8.2 Remuneration of executives.....	70
8.3 Related parties.....	71

### 9. Other disclosures

9.1 Other economic flows included in net result.....	71
9.2 Other equity reserve.....	72
9.3 Events after reporting date.....	72
9.4 Application of standards issued but not yet effective.....	72



**Independent Auditor's Report**

To the board of the Bendigo Kangan Institute

<b>Opinion</b>	<p>I have audited the financial report of the Bendigo Kangan Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 31 December 2019</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• Declaration by the Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the institute as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Emphasis of Matter - subsequent events COVID-19 pandemic</b>	<p>I draw attention to Note 9.3 of the financial report, which describes the effects of the COVID-19 pandemic as a material subsequent event. My opinion is not modified with respect to this matter.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Level 31 / 35 Collins Street, Melbourne Vic 3000  
 T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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

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

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

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

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

MELBOURNE  
 17 April 2020

Charlotte Jeffries  
 as delegate for the Auditor-General of Victoria

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2019

**Declaration by the Board Chair  
Chief Executive Officer and  
Chief Finance and Accounting Officer**

We certify that the attached financial statements for Bendigo Kangan Institute have been prepared in accordance with the Standing Directions of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

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

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

The Board Chair and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Bendigo Kangan Institute.



Peter Harmsworth AO  
Board Chair  
Date: 9 April 2020  
Place: Melbourne



Sally Curtin  
Chief Executive officer  
Date: 9 April 2020  
Place: Melbourne



Melissa Chalker  
Chief Finance and  
Accounting Officer (Acting)  
Date: 9 April 2020  
Place: Melbourne

**Bendigo Kangan Institute**  
PO Box 170, Bendigo VIC 3552 | Private Bag 299, Somerton VIC 3062

ABN 74 802 942 886 | Trading as Bendigo TAFE and Kangan Institute RTO No 3077 CRICOS Provider No. 01218G



BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

## Comprehensive operating statement

	Note	2019 \$'000	2018 \$'000
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Government contributions	2.1	87,545	86,696
Sales from contracts with customers	2.2	73,831	71,554
Interest income	4.4	1,235	1,583
Other income	2.3	1,754	1,398
<b>Total income from transactions</b>		<b>164,365</b>	<b>161,231</b>
<b>Expenses from transactions</b>			
Employee benefits	3.1	110,417	105,327
Depreciation and amortisation	4.3	13,604	10,178
Supplies and services	3.2	29,431	30,166
Other operating expenses	3.3	18,637	13,773
Finance costs		28	-
<b>Total expenses from transactions</b>		<b>172,117</b>	<b>159,444</b>
<b>Net result from transactions</b>		<b>(7,752)</b>	<b>1,787</b>
<b>Other economic flows included in net result</b>			
Net gain on disposal of non-financial assets	4.1	32	57
Net gains / (losses) on financial instruments	5.1	(433)	459
Other gains / (losses) from other economic flows	9.1	(419)	(119)
<b>Total other economic flows included in net result</b>		<b>(820)</b>	<b>397</b>
<b>Net result</b>		<b>(8,572)</b>	<b>2,184</b>
<b>Other economic flows - other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus	9.2	2,270	-
<b>Comprehensive result</b>		<b>(6,302)</b>	<b>2,184</b>

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

# Balance sheet

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.1	94,264	42,779
Receivables	5.1	16,373	19,695
Investments and other financial assets	4.4	-	32,500
<b>Total financial assets</b>		<b>110,637</b>	<b>94,974</b>
<b>Non-financial assets</b>			
Inventories		-	162
Prepayments		2,000	1,927
Property, plant and equipment	4.1	355,430	354,463
Right of use assets	3.4	6,357	-
Intangible assets	4.2	7,753	4,722
<b>Total non-financial assets</b>		<b>371,540</b>	<b>361,274</b>
<b>Total assets</b>		<b>482,177</b>	<b>456,248</b>
<b>Liabilities</b>			
Payables	5.2	16,216	21,072
Contract liabilities	2.1, 2.2	33,423	-
Employee provisions	3.1	17,735	15,769
Other provisions	5.3	1,831	357
Lease liabilities	3.4	5,352	-
Government borrowings	6.2	2,774	2,902
<b>Total liabilities</b>		<b>77,331</b>	<b>40,100</b>
<b>Net assets</b>		<b>404,846</b>	<b>416,148</b>
<b>Equity</b>			
Contributed capital		246,762	246,762
Accumulated surplus		20,889	34,461
Reserves		137,195	134,925
<b>Net worth</b>		<b>404,846</b>	<b>416,148</b>

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

## Statement of changes in equity

	Note	Physical assets revaluation surplus	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2018</b>		134,925	32,277	246,762	413,964
Net result for the year		-	2,184	-	2,184
Other economic flows - other comprehensive income		-	-	-	-
<b>Year ended 31 December 2018</b>		<b>134,925</b>	<b>34,461</b>	<b>246,762</b>	<b>416,148</b>
Net result for the year		-	(8,572)	-	(8,572)
Impact of change in accounting policy - Government contributions	2.1	-	(5,000)	-	(5,000)
Other economic flows - other comprehensive income		2,270	-	-	2,270
<b>Year ended 31 December 2019</b>		<b>137,195</b>	<b>20,889</b>	<b>246,762</b>	<b>404,846</b>

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

# Cash flow statement

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government contributions - Operating		94,321	91,051
Government contributions - Capital		19,500	7,000
Fees and charges received		83,005	83,166
Goods and services tax recovered		149	512
Interest received		1,364	2,282
Other receipts		1,939	1,637
<b>Total receipts</b>		<b>200,278</b>	<b>185,648</b>
<b>Payments</b>			
Payments to suppliers and employees		(162,255)	(169,917)
Goods and services tax paid		(3,609)	(2,486)
Fringe benefits tax paid		(132)	-
Short-term, low value and variable lease payments		-	-
Interest paid - lease liability		(190)	-
<b>Total payments</b>		<b>(166,186)</b>	<b>(172,403)</b>
<b>Net cash flows from operating activities</b>	6.1	<b>34,092</b>	<b>13,245</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		-	(55,500)
Proceeds from sale of investments		32,500	45,000
Purchase of non-financial assets		(13,633)	(12,775)
Proceeds from sale of non-financial assets		33	152
<b>Net cash generated from / (used in) investing activities</b>		<b>18,900</b>	<b>(23,123)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings (net)		(128)	(120)
Payment of lease liabilities		(1,379)	
<b>Net cash used in financing activities</b>		<b>(1,507)</b>	<b>(120)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>51,485</b>	<b>(9,998)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>42,779</b>	<b>52,777</b>
<b>Cash and cash equivalents at the end of the financial year</b>	6.1	<b>94,264</b>	<b>42,779</b>

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.

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

# 01 About this report

Bendigo Kangan Institute ("the TAFE") 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:

Bendigo Kangan Institute  
 62-104 Charleston Road  
 Bendigo, VIC 3550

## 1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of the TAFE, 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 land, buildings, infrastructure, plant and equipment (refer to note 7.3)
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 3.1); and
- judgment relating to sales contracts with with customer (refer to note 2.2).

These financial statements cover Bendigo Kangan Institute as an individual reporting entity. Bendigo Kangan Institute had no controlled entities for the period ended 31 December 2019.

### Transactions and balances

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

at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Foreign currency translation differences are recognised in Comprehensive Operating Statement, in the period in which they arise.

### 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.

### Funding risk

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

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

The TAFE manages funding risk by continuing to diversify and increased funding from commercial activities, both domestically and offshore.

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

### Comparative information

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## 1.2 Compliance information

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

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

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

## 02 How we raised our funds

### 2.1 Government contributions

	2019	2018
	\$'000	\$'000
<b>Grants and other transfers</b>		
State Government grant - contestable	62,801	54,149
State Government grant - other contributions	21,996	25,547
<b>Total Government contributions- operating</b>	<b>84,797</b>	<b>79,696</b>
State Government grant - capital	2,748	7,000
<b>Total Government contributions</b>	<b>87,545</b>	<b>86,696</b>

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

#### Operating grants

The TAFE receives numerous Operating grants to assist with its operations. Grants such as Stronger TAFE, Community Service Funding and other grants assist the TAFE with operational costs such as Maintenance and Asset Management, and assist the TAFE in servicing the community by providing funding to assist with the cost of hiring Community Service Officers.

The TAFE recognises income immediately in the comprehensive operating statement when control is achieved over the funds and the contract is not enforceable or the performance obligations are not sufficiently specific.

Where performance obligations are sufficiently specific, the asset and related liability are recognised with the residual being directly recognised in the comprehensive operating statement.

#### Capital Grants

The TAFE is also eligible for a \$59.9 million capital works grant to be paid from 2018 - 2021 for the revitalisation of the Bendigo City Campus as approved in the 2018-19 State Budget. During the current year, the TAFE received \$19.5 million government contribution upon successful completion of milestones as specified in the grant agreement.

Where the entity receives a financial asset to construct or acquire a non-financial asset which is to be retained and used by the entity, the asset and the related amount is recognised on the balance sheet and any residual is recognised immediately as income. When the contractual obligations are satisfied, additional income is recognised.

	2019
	Note \$'000
Opening balance	-
Adjustment - Impact of change in accounting policy	5,000
Revised opening balance	5,000
Grants received	19,500
Less: income recognised in the period	(2,748)
<b>Contract Liabilities - Government contributions</b>	<b>21,752</b>

The TAFE recognises that the performance obligation associated with capital grants is the completion of capital works. Income is recognised based on the costs already incurred in completing the construction. The TAFE expects to complete the performance obligation in 2021, when the building is expected to be complete.

The TAFE, in applying this method, has significantly judged the amount and timing of income to be dependent on the costs incurred and the percentage of completion of the construction.

As the TAFE completes the construction over time, the recognition of income is limited to the construction costs incurred during the period. This method is appropriate as the incurrence of costs and the gradual recognition of a non-financial asset to the limit of cost incurred constitutes the gradual satisfaction of the performance obligation associated with the capital grant, which is to generate a capital asset using the funds granted.

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

## AASB 15 Disclosures

### Satisfaction of performance obligations

The TAFE has determined that for Government contributions recognised in line with AASB 15 and received under contract with the State Government, the Department of Education and Training controls the level of funding provided until the performance obligations are met. The TAFE satisfies its performance obligations for Government contributions upon the completion of milestones for Operating grants, and as services are rendered for the delivery of teaching services.

### Significant payment terms

Payments for contestable Government contributions are generally made around the 10th day of the following month, with the consideration transferred derived from the payment file issued based on the acceptance or rejection of the TAFE's submitted teaching delivery. Payments made for operational grants are made after the milestone due date.

### Nature of Goods and Services promised

The delivery of teaching services and the completion of funding milestones determining funding.

### Unsatisfied performance obligations as at the end of reporting period

As Government contributions are paid upon satisfaction of performance obligations, there are no unsatisfied or partially unsatisfied obligations at the end of the reporting period. Revenue is recognised at the end of the reporting period based on the payment files issued by the Department of Education and Training.

### Timing of recognition of disclosed amount as revenue

The TAFE is expected to recognise the revenue disclosed upon receiving the payment file from the Department of Education and Training. The payment file is determined by the submission of teaching hours and student attendance and is the basis of payment for teaching delivery.

### Judgements applied in determining revenue under the Standard

The TAFE exercised professional judgement in applying AASB 15 in relation to government contributions. The TAFE recognises revenue from the payment file issued by the Department of Education and Training. The payment file is derived from successful teaching delivery claims made by the TAFE at the end of each reporting period, and successful claims are paid based on the agreed transaction price under the HESG and HESG Concession government contribution schemes.

### Disclosures for performance obligations satisfied over time

For performance obligations that the TAFE satisfies over time, revenue is accrued based on the payment files issued by the Department of Education and Training, which determine the amount payable by the Department of Education and Training for delivery of teaching services.

This method provides a faithful depiction of the transfer of teaching services in lieu of HESG and HESG Concession contributions, as the Department of Education and Training determines the eligibility of teaching delivery claims made by the TAFE and pays upon successful delivery of teaching services to HESG and HESG Concession eligible students.

### Disclosures for performance obligations satisfied at a point in time

For performance obligations satisfied at a point in time, such as government contributions from operating grants, the TAFE determined that it obtains control of the promised operating grant funding upon satisfaction of the milestones as outlined in the contract.

### Methods, Inputs and Assumptions

Transaction prices are determined based on the agreed transaction price under the HESG and HESG Concession government contribution schemes and the payment files submitted. The TAFE does not estimate variable consideration as the revenue is recognised based on the payment file. As the payment file dictates the amount payable for teaching delivery from the Department of Education and Training, there is no variable element of consideration arising from the recognition of income.



**2.2 Sales from Contracts with Customers**

	2019	2018
	\$'000	\$'000
Student fees and charges	12,519	11,579
Fee for service - government	18,231	17,545
Fee for service - international operations - onshore	4,678	5,056
Fee for service - international operations - offshore	9,239	9,569
Fee for service - other	28,650	25,898
<b>Other non-course fees and charges</b>		
Sale of goods	513	1,907
<b>Total revenue</b>	<b>73,831</b>	<b>71,554</b>

**Revenue by timing of revenue recognition**

	2019	2018
	\$'000	\$'000
Revenue recognised over time	64,078	60,079
Revenue recognised at a point in time	9,753	11,476
<b>Total revenue</b>	<b>73,831</b>	<b>71,554</b>

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

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

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

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

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

**Revenue for Contracts with Customers**

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

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Note	2019	2018
		\$'000	\$'000
Account receivables		12,552	13,621
Loss allowance		(3,862)	(3,429)
Accrued income		6,078	7,773
Loss allowance		-	-
		<b>14,767</b>	<b>17,965</b>
Contract liabilities - Student fees		5,312	8,746
Contract liabilities - Fee for service		6,359	3,275
<b>Contract Liabilities - Contracts with customers</b>		<b>11,671</b>	<b>12,021</b>

**Significant changes in contract assets and liabilities**

There were no significant movements noted in the TAFE's assets and liabilities relating to contracts.

**Revenue recognised in relation to contract liabilities**

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

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

	2019
	\$'000
Revenue recognised from contract liabilities in previous periods - Student fees	8,746
Revenue recognised from contract liabilities in previous periods - Fee For Service	3,275
	<b>12,021</b>

**Transaction price allocated to remaining performance obligations**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

	2020	2021	2022
	\$'000	\$'000	\$'000
Revenue expected to be recognised	10,294	1,377	-

**2.2 Sales from Contracts with Customers (continued)****Student fees and charges**

Revenue is recognised over time as the services are provided with the stage of completion determined with reference to the training hours provided as a percentage of total expected training hours.

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

Payment terms may vary based on the type of student. Generally, student fees are paid upfront upon enrolment. However, students may be able to enter into a payment plan where a fixed amount is deducted weekly and paid to the TAFE via a collection agency.

International students may enter into a payment plan arranged between the TAFE and the student, which involves the TAFE determining the amount to deposit before commencing studies, and the amount payable during the students' courses. The Due Date for these payments are set in the middle and end of each teaching semester, with half of the course fees being payable on each Due Date.

Should a student terminate their course before completion, the TAFE is obligated to issue a refund if the student if:

- The TAFE cancels the course
- The student cancels before the CRM date
- The student did not commence or complete their studies due to being ineligible for study

**Significant judgement**

The TAFE uses the percentage completion to recognise student fees and charges revenue over time, as this accurately depicts the delivery of teaching services as students study throughout the teaching semester. As the teaching semester progresses, the TAFE makes significant judgment on the control of its teaching materials, consumables, and delivery associated with the coursework, and believe that it is gradually passed on to the student throughout the teaching semester.

**Fee for service**

The TAFE also generates revenue from teaching services delivered to Industry Partners through the performance of contractual obligations. The TAFE holds fee for service contracts with a range of Industry partners in the Health, Fashion, Community, Automotive, Construction, Electrical, Corrections and Hospitality sectors. The TAFE may also perform contracted teaching services for overseas Institutions.

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. Revenue recognised is determined based on the teaching hours delivered and the achievement of key performance indicators required by the contractual agreement.

Revenue is recognised to the extent that it is highly probable a reversal will not occur. 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 contract liability.

Performance obligations within Fee For Service contracts are satisfied upon delivery of teaching services as per the requirements of the contractual agreement.

Payment terms for Fee For Service contracts with Industry Partners are 30 days from invoice.

**Revenue from sale of goods**

Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. Sales are recognised based on the contractual price, net of any discounts. Payment of transaction price is due immediately when the customer purchases goods from the TAFE.

**Policy applicable prior to 1 July 2019**

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

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

**Impacts on the financial statements**

The following tables summarise the impacts of adopting AASB 15 and 1058 on the TAFE's financial statements for the year ending 31 December 2019.

	As reported	Adjustments (AASB 15 & 1058)	Balance without adoption of AASB 15, 1058
Receivables	8,689	-	8,689
Contract assets	6,078	-	6,078
Revenue	161,375	16,752	178,128
Contract Liabilities	33,423	(21,752)	11,671
Accumulated surplus	20,889	21,752	42,641

## 02 How we raised our funds

### 2.3 Other income

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

	2019	2018
	\$'000	\$'000
Rental income	433	933
Donations, bequests and contributions	148	57
Other revenue	1,173	408
<b>Total other income</b>	<b>1,754</b>	<b>1,398</b>

#### Rental income

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

#### Donations bequests and contribution

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

#### Other revenue

Other income includes income from car park, salon, bakery etc.

Other income is recognised when the TAFE's right to receive payment is established.

## 03 How we expended our funds

The present value of employee benefit obligations including annual leave, long service leave and on-costs are determined using various assumptions that may differ from actual developments in the future. These include future salary growth rate, future discount rates, tenure of existing staff and patterns of leave claims.

All assumptions are reviewed at each reporting date.

<b>3.1 Employee benefits</b>		
<b>Employee benefits in the comprehensive operating statement</b>		
	2019	2018
	\$'000	\$'000
<b>Expense</b>		
Salaries, wages, overtime and allowances	86,143	82,113
Superannuation	8,306	8,161
Payroll tax	4,780	4,731
Worker's compensation	946	987
Long service leave	2,304	1,932
Annual leave	7,191	7,004
Termination benefits	747	399
Other	-	-
<b>Total employee benefits</b>	<b>110,417</b>	<b>105,327</b>
Employee expenses include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation disclosed above are employer contributions that are paid or payable during the reporting period.		
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The TAFE recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.		
<b>Employee benefits in the balance sheet</b>		
	2019	2018
	\$'000	\$'000
<b>Leave obligations</b>		
<b>Current</b>	15,518	13,925
<b>Non-current</b>	2,217	1,844
	<b>17,735</b>	<b>15,769</b>
The leave obligations cover the TAFE's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits.		
The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$15,518,000 (2018 - \$13,925,000) is presented as current, since the TAFE does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, TAFE does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.		
<b>Current leave obligations expected to be settled after 12 months</b>	8,504	7,555

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

### 3.2 Supplies and services

	Note	2019 \$'000	2018 \$'000
Purchase of supplies and consumables		7,381	5,314
Communication expenses		1,803	1,645
Contract and other services		17,259	17,649
Cost of goods sold (ancillary trading)		59	661
Building repairs and maintenance		2,158	603
Operating lease payments		-	2,516
Fees and charges		771	1,778
<b>Total supplies and services</b>		<b>29,431</b>	<b>30,166</b>

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

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

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

##### Payable:

Within one year	10	13
Later than one year but not later than five years	-	
<b>Total operating lease commitments</b>	<b>10</b>	<b>13</b>

#### Other expenditure commitments

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

##### Payable:

Within one year	3,370	350
Later than one year but not later than five years	4,366	104
<b>Total other expenditure commitments</b>	<b>7,736</b>	<b>454</b>

**3.3 Other operating expenses**

	2019	2018
	\$'000	\$'000
Marketing and promotional expenses	3,748	4,313
Occupancy expenses	2,669	2,732
Audit fees and services	262	217
Staff development	697	691
Travel and motor vehicle expenses	1,938	1,757
Grants and other transfers	1,578	1,960
Equipment below capitalisation threshold	2,207	597
Interest on lease liabilities	190	-
Variable lease payments not included in the measurement of lease liability	-	-
Income from sub-leasing ROUA	-	-
Expenses relating to short-term leases	735	-
Expenses relating to low-value leases	892	-
Reclamation of Funds	2,101	-
Other	1,620	1,506
<b>Total other operating expenses</b>	<b>18,637</b>	<b>13,773</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised as and when they are incurred and reported in the financial year to which they relate to.

Audit fees and services include \$65,000 (2018: \$61,000) remuneration to the Victorian Auditor General's office for the audit of the financial statements.

Reclamation of funds relate to repayment of training revenue overpaid by the Department of Education and Training (DET) in the previous years based on an agreement between the Tafe and DET.

Please refer to note 3.4 for further information on lease-related expenses.

**3.4 Leases**

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

**Policy applicable before 1 January 2019**

As a lessee, the TAFE classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to TAFE.

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

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

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

**Policy applicable after 1 January 2019**

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

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

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

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



## 03 How we expended our funds

Stand alone prices – when splitting out lease and non- lease payments from a service contract, it is important to determine the stand alone prices of the lease components. One method is to try and obtain additional information from the lessor in relation to the allocation of the payment across the service components and therefore understanding what payment is related to the lease versus the service.

### As a lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate as provided by Treasury Corporation of Victoria (TCV). Generally, TAFE uses an appropriate incremental borrowing rate as the discount rate.

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

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

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

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

### Real estate leases

The TAFE leases land and buildings for its occupancy and educational purposes. The leases of Albert street, East Melbourne typically run for a period of 5 years, and leases of Moonee Ponds for 2 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

### Peppercorn leases

The TAFE has elected to apply the temporary option available under AASB 16 which allows not-for-profit entities to not measure right of use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Following are the peppercorn leases held by the Tafe:

	Term valid until (incl options)
1. Land: Docklands Centre of Excellence - Stage 1	Year 2087
2. Land: Docklands Centre of Excellence - Stage 2	Year 2104
3. Basketball Stadium, Dimboola Road, Broadmeadows	Year 2034

**3.4 Leases (continued)**

**Right of use assets**

	Property \$'000	Vehicles \$'000	Total \$'000
Balance at 1 January 2019	8,180	27	8,207
Additions	-	-	-
Amortisation charge	(1,838)	(12)	(1,850)
<b>Balance at 31 December 2019</b>	<b>6,342</b>	<b>15</b>	<b>6,357</b>

**Lease liabilities**

	<b>2019</b> \$'000
Maturity analysis - contractual undiscounted cash flows	\$'000
Less than one year	1,618
One to five years	4,002
More than five years	-
<b>Total undiscounted lease liabilities as at 31 December:</b>	<b>5,620</b>
Lease liabilities included in the Balance Sheet at 31 December:	
Current	1,480
Non-current	3,872
<b>Total lease liabilities</b>	<b>5,352</b>

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

#### Short-term and low value leases

The TAFE has elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than AUD\$10,000), including IT equipment. The TAFE recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### i. Leases classified as operating leases under AASB 117

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

The TAFE applied this approach to all other leases.

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

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

#### Impact on financial statements

On transition to AASB 16, TAFE recognised \$8,207,000 of right-of-use assets and \$6,732,000 of lease liabilities.

When measuring lease liabilities, TAFE discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3.73%.

	2019
	\$'000
Operating lease commitment at 31 December 2018 as disclosed in BKI's financial statements	5,405
Discounted using the incremental borrowing rate at 1 January 2019	-
Finance lease liability recognised as at 31 December 2018	-
Additional leases recognised in 2019 due to contract extensions	1,412
Recognition exemption for:	
• Short term leases	
• Leases of low-value assets	(85)
• Extension and termination options reasonably certain to be exercised	
• Variable lease payments based on an index or a rate	
• Residual value guarantees	
• Lease liabilities recognised as at 1 January 2019	6,732

## 04 The assets we invested in

The TAFE has made the judgement that certain depreciation expense of plant and equipment used during construction of a new building is recognised in the comprehensive operating statement.

### Fair value measurement

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

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

### 4.1 Property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	109,037	106,887	-	-	109,037	106,887
Buildings	246,293	245,384	(15,487)	(7,691)	230,806	237,692
Construction in progress	3,453	478	-	-	3,453	478
Plant and equipment	44,127	38,650	(32,294)	(29,696)	11,832	8,954
Motor vehicles	2,260	2,383	(2,140)	(2,230)	120	153
Leasehold improvements	506	506	(356)	(331)	150	175
Library	1,983	1,983	(1,951)	(1,859)	32	124
<b>Total</b>	<b>407,658</b>	<b>396,270</b>	<b>(52,228)</b>	<b>(41,807)</b>	<b>355,430</b>	<b>354,463</b>

### 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.

### 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.

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

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

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

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

### Revaluations of non-financial physical assets

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

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

<b>Gain/loss on property, plant and equipment</b>	2019	2018
	\$'000	\$'000
Net gain on disposal of property, plant and equipment	32	57

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 nonfinancial 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.

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Land		Buildings		Construction of assets in progress		Plant and equipment		Motor vehicles		Leasehold improvements		Library		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Opening balance	106,887	106,887	237,693	239,320	478	23	8,953	7,969	153	231	175	201	124	191	354,463	354,822
Additions	-	-	-	1,333	4,354	5,247	5,037	3,027	30	96	-	-	-	-	9,421	9,703
Revaluations	2,150	-	120	-	-	-	-	-	-	-	-	-	-	-	2,270	-
Disposals	-	-	-	(38)	-	-	-	(621)	(153)	(80)	-	-	-	-	(153)	(739)
Depreciation write-back	-	-	-	4	-	-	-	581	152	59	-	-	-	-	152	644
Transfers	-	-	789	4,769	(1,229)	(4,792)	440	23	-	-	-	-	-	-	-	0
Depreciation	-	-	(7,795)	(7,695)	-	-	(2,599)	(2,026)	(62)	(153)	(25)	(26)	(92)	(67)	(10,573)	(9,967)
Write-off	-	-	-	-	(150)	-	-	-	-	-	-	-	-	-	(150)	-
<b>Closing balance</b>	<b>109,037</b>	<b>106,887</b>	<b>230,807</b>	<b>237,693</b>	<b>3,453</b>	<b>478</b>	<b>11,831</b>	<b>8,953</b>	<b>120</b>	<b>153</b>	<b>150</b>	<b>175</b>	<b>32</b>	<b>124</b>	<b>355,430</b>	<b>354,463</b>

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

Capital commitments	2019 \$'000	2018 \$'000
<b>Payable:</b>		
Within one year	53,161	3,036
Later than one year but not later than five years	35,256	-
<b>Total capital expenditure commitments</b>	<b>88,417</b>	<b>3,036</b>

## 4.2 Intangible assets

TAFE has capitalised expenditure for the Development of Online Learning Modules. During the year \$3.2 million of Online Course Development expenditure was capitalised.

During the year TAFE has also capitalised development expenditure in relation to its Digital Student Records System.

The carrying amounts of various development expenses and softwares at 31 December 2019 and their useful lives are as follows:

	Useful life		
Banner Student management system: \$0.62m (2018: \$0.98 million)	3 Years		
HRIS Payroll system: \$0.5 million (2018: \$0.7 million)	5 Years		
Content development: \$3.6 million (2018: \$1.7 million)	5 Years		
Blackboard platform: \$0.2 million (2018: \$0.3 million)	3 Years		
Digital Student Records: \$0.9 million (2018: \$0.2 million)	5 Years		
Student Management System \$0.7m (2018: \$Nil)	Development in progress - amortisation not commenced yet		

2019	2018
\$'000	\$'000

### Software and Development expenses

Opening balance	4,722	1,860
Additions from internal developments	4,212	3,072
Amortisation	(1,181)	(210)
Impairment	-	-
<b>Closing balance</b>	<b>7,753</b>	<b>4,722</b>

### 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.

## 04 The assets we invested in

### 4.3 Depreciation and amortisation

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

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

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

Class of assets	Useful Life
Buildings	40 - 50 years (2018: 40 - 50 years)
Plant and Equipment	3 - 10 years (2018: 3 - 10 years)
Motor Vehicles	5 - 10 years (2018: 5 - 10 years)
Library collections	5 years (2018: 5 years)
Leasehold Improvements	30 - 50 years (2018: 30 - 50 years)
Right of use assets	Lease term

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.

Depreciation and amortisation	2019 \$'000	2018 \$'000
Buildings	7,796	7,696
Plant and equipment	2,598	2,026
Motor vehicles	63	153
Library collections	92	67
Leasehold improvements	25	25
<b>Total depreciation</b>	<b>10,574</b>	<b>9,967</b>
Amortisation and impairment of intangible assets		
Software - amortisation	1,181	210
Software - impairment	-	-
Total amortisation of intangible	1,181	210
Amortisation of Right of use assets	1,849	-
<b>Total depreciation and amortisation</b>	<b>13,604</b>	<b>10,178</b>



**4.4 Investments and other financial assets**

	2019	2018
	\$'000	\$'000
<b>Current investment and other financial assets</b>		
Term deposits with TCV	-	32,500
<b>Total investments and other financial assets</b>	<b>-</b>	<b>32,500</b>
<b>Interest income</b>		
	2018	2017
	\$'000	\$'000
Interest income on term deposit	1,235	1,583
<b>Total interest income</b>	<b>1,235</b>	<b>1,583</b>

**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.

## 05 Balances from operations

<b>5.1 Receivables</b>		
	2019	2018
	\$'000	\$'000
<b>Contractual</b>		
Trade receivables	12,552	13,621
Allowance for credit losses	(3,862)	(3,429)
Other receivables	866	1,126
Accrued income	6,078	7,773
<b>Total contractual</b>	<b>15,634</b>	<b>19,091</b>
<b>Statutory</b>		
Amount receivable from Victorian Government	-	-
GST input tax credit recoverable	740	604
<b>Total receivables</b>	<b>16,373</b>	<b>19,695</b>
Represented by		
Current receivables	16,373	19,695
Non-current receivables	-	-
<b>Receivables consist of:</b>		
<ul style="list-style-type: none"> <li>• statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and</li> <li>• contractual receivables, which include mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.</li> </ul>		
<p>Receivables other than sale of goods and services are stated exclusive of the amount of GST receivable. Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.</p> <p>Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. TAFE holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.</p> <p>Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.</p>		
<b>Impairment</b>		
<p>TAFE measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit-losses. Credit losses are measured as the present value of all cash shortfalls.</p> <p>The movement in the allowance for impairment in respect of trade receivables during the year was as follows.</p>		

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

### 5.1 Receivables (continued)

Movement in loss allowance for contractual receivables	2019 \$'000	2018 \$'000
Balance at the beginning of the year under AASB 139	-	(3,888)
Adjustment on initial application of AASB 9	-	-
Balance at the beginning of the year under AASB 9	(3,429)	(3,888)
Amounts written-off	-	-
Net remeasurement of loss allowance	(433)	459
<b>Balance at the end of the year</b>	<b>(3,862)</b>	<b>(3,429)</b>

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

#### Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Less than 1 month	Past due but not impaired		
				1-3 months	3 months – 1 year	Impaired financial asset
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>						
Trade receivables	8,690	6,040	1,298	676	676	-
Other receivables	866	866	-	-	-	-
Accrued income	6,078	6,078	-	-	-	-
<b>Total</b>	<b>15,634</b>	<b>12,984</b>	<b>1,298</b>	<b>676</b>	<b>676</b>	<b>-</b>
<b>2018</b>						
Trade receivables	10,192	7,351	1193	439	1209	-
Other receivables	1,126	1,126	-	-	-	-
Accrued income	7,773	7,773	-	-	-	-
<b>Total</b>	<b>19,091</b>	<b>16,250</b>	<b>1,193</b>	<b>439</b>	<b>1,209</b>	<b>-</b>

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 31 days. No interest is charged on receivables.

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

## 05 Balances from operations

<b>5.2 Payables</b>			
	Note	2019 \$'000	2018 \$'000
<b>Contractual</b>			
Supplies and services		13,942	7,070
Income in advance		-	12,021
Other payable		491	176
<b>Statutory</b>			
GST payable		1,063	762
FBT Payable		24	30
Other taxes payable		696	1,013
<b>Total payables</b>		<b>16,216</b>	<b>21,072</b>
Represented by			
Current payables		16,216	21,072
Non-current payables		-	-
Payables consist of:			
<ul style="list-style-type: none"> <li>contractual payables, such as accounts payable, and income received in advance (applicable for 2018). Accounts payable represent liabilities for goods and services provided to the TAFE prior to the end of the financial year that are unpaid, and arise when the TAFE becomes obliged to make future payments in respect of the purchase of those goods and services. Any fees received by the TAFE during the current financial year in respect of services to be provided in the following financial years are classified as liability and recognised as income received in advance. In 2019 any income received in advance relating to contracts are recognised as contract liabilities. refer note 2.2 Sales from Contracts with Customers; and</li> <li>statutory payables, such as goods and services tax and fringe benefits tax payables.</li> </ul>			
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.			
The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.			

**5.2 Payables (continued)**

**Maturity Analysis of contractual payables**

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
<b>2019</b>							
Supplies and services	13,942	13,942	13,942	-	-	-	-
Other payables	491	491	491	-	-	-	-
<b>Total</b>	<b>14,432</b>	<b>14,432</b>	<b>14,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2018</b>							
Supplies and services	7,070	7,070	6,871	183	16	-	-
Revenue in advance	12,021	12,021	10,031	882	1108	-	-
Other payables	176	176	176	-	-	-	-
<b>Total</b>	<b>19,267</b>	<b>19,267</b>	<b>17,078</b>	<b>1,065</b>	<b>1,124</b>	<b>-</b>	<b>-</b>

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

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.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## 05 Balances from operations

<b>5.3 Other provisions</b>		
	2019	2018
	\$'000	\$'000
<b>Current provisions</b>		
<b>Total current provisions</b>	-	-
<b>Non-current provisions</b>		
Make-good provision	1,831	357
<b>Total non-current provisions</b>	<b>1,831</b>	<b>357</b>
<b>Total other provisions</b>	<b>1,831</b>	<b>357</b>
<p>Other provisions are recognised when the TAFE has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.</p> <p>Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.</p>		
<b>Reconciliation of movements in other provisions in the current year</b>		
	Make-good	Total
<b>Opening balance</b>	357	357
Additional provisions recognised	1,474	1,474
<b>Closing balance</b>	<b>1,831</b>	<b>1,831</b>
<p>When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.</p> <p>The make-good provision is recognised in accordance with the lease agreement over the lab facilities. The TAFE must remove any leasehold improvements from the leased lab and restore the premises to its original condition at the end of the lease term.</p>		

## 06 How we financed our operations

### 6.1 Cash and deposits

	2019	2018
	\$'000	\$'000
Cash at bank and on hand	94,264	42,779
Deposits at call	-	-
<b>Total cash and deposits</b>	<b>94,264</b>	<b>42,779</b>

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.

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

<b>Net result for the year</b>	<b>(8,572)</b>	<b>2,184</b>
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#### Non cash movements

Depreciation & amortisation of non financial assets	13,604	10,178
Net gain on sale of non-financial assets	(32)	(57)
Write-off of work in progress	150	-

#### Movements in assets and liabilities

Decrease in receivables	3,322	3,463
Decrease in inventories	159	233
Increase in other assets	(72)	(245)
Decrease in payables	(4,857)	(3,776)
Increase in provisions	1,967	1,265
	-	-
Increase in contract liabilities	28,423	-
<b>Net cash flows from operating activities</b>	<b>34,092</b>	<b>13,245</b>

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



BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

## 6.2 Government borrowings

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Grant repayable	2,500	2,500
Energy performance contract	146	146
	<b>2,646</b>	<b>2,646</b>
<b>Non-Current</b>		
Energy performance contract	128	256
<b>Total Government borrowings</b>	<b>2,774</b>	<b>2,902</b>

### Borrowings

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

The fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see note 7) due to the use of unobservable inputs, including own credit risk.

## 07 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	2019	2018
	\$'000	\$'000
<b>Contractual financial assets</b>		
<b>Financial assets measured at amortised cost</b>		
Cash and deposits	94,264	42,779
Trade receivables	8,689	10,192
Other receivables	866	1,126
Accrued income	6,078	7,773
<b>Investments at cost</b>		
Term deposits	-	32,500
<b>Total contractual financial assets</b>	<b>109,897</b>	<b>94,370</b>
<b>Contractual financial liabilities</b>		
<b>Payables</b>		
Supplies and services	13,942	7,070
Contract liability/income in advance	33,423	12,021
Other payables	491	176
<b>At amortised cost</b>		
Advances from Government	2,774	2,902
<b>Total contractual financial liabilities</b>	<b>50,630</b>	<b>22,169</b>

#### Categories of financial instruments

##### Classification of financial assets at amortised cost

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

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

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

TAFE recognises the following financial assets in this category:

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

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. TAFE recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

## 7.1 Financial instruments (continued)

### Financial risk management objectives and policies

The TAFE 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.

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

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

Primary responsibility for the identification and management of financial risks rests with the Audit and Risk Committee of the TAFE with oversight by the Board.

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

### Credit risk

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

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

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

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

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

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

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
<b>2019</b>				
Cash and deposits	94,264	-	-	94,264
Receivables	-	-	9,556	9,556
Accrued income	-	-	6,078	6,078
Investments and other financial assets	-	-	-	-
<b>Total contractual financial assets</b>	<b>94,264</b>	<b>-</b>	<b>15,634</b>	<b>109,897</b>
<b>2018</b>				
Cash and deposits	42,779	-	-	42,779
Receivables	-	-	11,318	11,318
Accrued income	-	-	7,773	7,773
Investments and other financial assets	-	32,500	-	32,500
<b>Total contractual financial assets</b>	<b>42,779</b>	<b>32,500</b>	<b>19,091</b>	<b>94,370</b>

Notes:

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

### 7.1 Financial instruments (continued)

The following table provides information about the estimated exposure to credit risk and ECLs for trade and other receivables as at 1 January 2019. Under AASB 9, loss allowances are measured on either of the following bases:

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

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

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

Trade receivables are written off (ie derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the TAFE on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

## 07 Managing risks and uncertainties

### 7.1 Financial instruments (continued)

	Estimated gross carrying amount	Weighted average loss rate	Estimated loss allowance	Credit impaired
<b>31-Dec-19</b>	<b>\$'000</b>		<b>\$'000</b>	
Current (not past due)	8,000	0%	-	No
1–30 days past due	2,000	0%	-	No
31–60 days past due	1,000	0%	-	No
61–90 days past due	1,000	0%	-	No
More than 90 days past due	4,500	85%	3,825	No
	<b>16,500</b>		<b>3,825</b>	
<b>31-Dec-18</b>	<b>\$'000</b>		<b>\$'000</b>	
Current (not past due)	15,000	7%	1,050	No
1–30 days past due	1,500	9%	135	No
31–60 days past due	1,000	11%	110	No
61–90 days past due	500	15%	75	No
More than 90 days past due	4,000	60%	2,400	No
	<b>22,000</b>		<b>3,770</b>	

Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and TAFE's view of economic conditions over the expected lives of the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the TAFE, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Of the above impairment losses, \$3,862,000 (2018 – \$3,429,000) relate to receivables arising from contracts with customers.

#### Liquidity risk

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

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

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

The TAFE manages liquidity risk by:

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

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

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

**7.1 Financial instruments (continued)****Market risk**

TAFE 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 TAFE. These market risks primarily relate to foreign currency and interest rate risk.

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

The TAFE's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage this risk is disclosed below.

**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 TAFE 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 TAFE has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

The TAFE 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 rates on monthly basis.

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

**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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	1.60%	2.05%	94,264	42,779	94,264	42,779	-	-	-	-
Receivables										
Trade receivables			8,689	10,192	-	-	-	-	8,689	10,192
Contract receivable			6,078	7,773	-	-	-	-	6,078	7,773
Other receivables			866	1,126	-	-	-	-	866	1,126
Term deposits	-	2.40%	-	32,500	-	-	-	32,500	-	-
<b>Total financial assets</b>			<b>109,897</b>	<b>94,370</b>	<b>94,264</b>	<b>42,779</b>	<b>-</b>	<b>32,500</b>	<b>15,633</b>	<b>19,091</b>
Supplies and services			13,942	7,070	-	-	-	-	13,942	7,070
Contract liability/income in advance			33,423	12,021	-	-	-	-	33,423	12,021
Other payables			491	176	-	-	-	-	491	176
Advances from Government			2,774	2,902	-	-	-	-	2,774	2,902
<b>Total contractual financial liabilities</b>			<b>50,630</b>	<b>22,169</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,630</b>	<b>22,169</b>

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

## 7.1 Financial instruments (continued)

### Interest rate risk sensitivity

A reasonably possible change of 50 basis points (2018: 50 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.

	-50 basis points				+50 basis points						
	Carrying amount		Result		Equity		Result		Equity		
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	94,264	42,779	(209)	(209)	(209)	(209)	209	209	209	209	209
Term deposits	-	32,500	(162)	(162)	(162)	(162)	162	162	162	162	162
<b>Total impact</b>			<b>(371)</b>	<b>(371)</b>	<b>(371)</b>	<b>(371)</b>	<b>371</b>	<b>371</b>	<b>371</b>	<b>371</b>	<b>371</b>

## 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.

	2019	2018
	\$'000	\$'000
<b>Quantifiable contingent assets</b>		
Funding arrangements - <sup>(i)</sup>	34,500	54,000

### Note

<sup>(i)</sup> The TAFE has entered into funding agreements with the Department of Education and Training for revitalisation of the Bendigo City Campus. The release of these funds is contingent on the TAFE demonstrating that the agreed milestones have been achieved.

	2019	2018
	\$'000	\$'000
<b>Quantifiable contingent liabilities</b>		
Bank guarantees <sup>(i)</sup>	377	377

<sup>(i)</sup> The amount disclosed comprises bank guarantees for the purposes of securing supply of rental premises from third parties on normal terms and conditions

### Other contingent liabilities

Due to a pending investigation it is possible that additional future claims may be made against BKI, in the absence of the investigation being concluded it is currently not practicable to make a sufficiently reliable estimate of the value of the possible obligation and its potential financial effect.

### 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.

## 07 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 TAFE.

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

The following assets and liabilities are carried at fair value:

- land, buildings, plant and equipment, vehicles and lease hold improvements

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

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

#### **Fair value estimation**

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

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

The TAFE determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. A summary of changes between levels can be found in table 7.3 (a).

#### **Fair value determination of financial assets and liabilities**

The TAFE currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full. There is no reportable difference between the carrying amount and fair value for the year ended 31 December 2019.



BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

### 7.3 Fair value determination (continued)

#### (a) Fair value determination of non-financial assets

The TAFE 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	Carrying amount at 31 December	Level 1	Level 2	Level 3
		Quoted prices	Observable price inputs	Unobservable inputs
<b>2019</b>	\$'000	\$'000	\$'000	\$'000
Specialised land	109,037	-	-	109,037
<b>Total land at fair value</b>	<b>109,037</b>	-	-	<b>109,037</b>
Specialised buildings	230,806	-	-	230,806
<b>Total buildings at fair value</b>	<b>230,806</b>	-	-	<b>230,806</b>
Plant, equipment and leasehold improvements	11,982	-	-	11,982
Vehicles	120	-	-	120
Library assets	32	-	32	-
<b>Total other assets at fair value</b>	<b>12,134</b>	-	<b>32</b>	<b>12,102</b>
<b>2018</b>				
Specialised land	106,887	-	-	106,887
<b>Total land at fair value</b>	<b>106,887</b>	-	-	<b>106,887</b>
Specialised buildings	237,692	-	-	237,692
<b>Total buildings at fair value</b>	<b>237,692</b>	-	-	<b>237,692</b>
Plant, equipment and leasehold improvements	9,129	-	-	9,129
Vehicles	153	-	-	153
Library assets	124	-	124	-
<b>Total other assets at fair value</b>	<b>9,406</b>	-	<b>124</b>	<b>9,282</b>

Note: There were no transfers between levels during the year.

#### Impairment

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

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

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

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

## 07 Managing risks and uncertainties

### 7.3 Fair value determination (continued)

#### (b) Valuations of property, plant and equipment

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

**Specialised land** is valued using the market approach and then adjusting for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

Under the market valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset.

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 either Level 2 or Level 3 assets.

**Specialised and heritage buildings** are valued using the depreciated replacement cost method for all but some minor exceptions. This represents the highest and best use when the market approach is not suitable. The replacement costs assessment is based on replacement of the existing building with a modern equivalent standard, and where heritage buildings are involved, a cost loading to reflect the likely need to replace any destroyed buildings with closely similar (ie heritage) architecture, then adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings and heritage buildings are classified as either Level 2 or Level 3 in the fair value hierarchy.

**Vehicles** are valued using the depreciated replacement cost method. The TAFE 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 TAFE who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

**Plant and equipment** is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. The TAFE is required to elect the AASB 116 revaluation model option for their ROU assets that relate to a class of property, plant and equipment.

**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.

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

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

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

2019 and 2018	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre
Vehicles	Depreciated replacement cost	Useful life of vehicles
Plant and equipment	Depreciated replacement cost	Useful life of vehicles

## 08 Governance disclosures

### 8.1 Responsible persons

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

The persons who held the positions of Ministers and Accountable Officers in the TAFE are as follows:

Position	Name	Date of appointment / termination
Minister for Training and Skills and Minister for Higher Education	Hon. Gayle Tierney MP	
Board Chair	Mr Peter Harmsworth AO	
Board Member	Mr Joe Ballato	(term expired 30 June 2019)
Board Member	Ms Anne Brosnan	
Board Member	Mr John Hartigan	(term expired 31 August 2019)
Board Member	Mr Michael McCartney	
Board Member	Ms Margaret O'Rourke	
Board Member	Dr Margaret Salter	
Chief Executive Officer (Accountable Officer)	Mr Trevor Schwenke *	(terminated 5 April 2019)
Chief Executive Officer (Accountable Officer)	Mr Phill Murphy	(appointed 8 April 2019, terminated 20 October 2019)
Chief Executive Officer (Accountable Officer)	Ms Sally Curtain	(appointed 21 October 2019)
Board Member	Mr Ajay Ahir	(appointed 1 July 2019)
Board Member	Ms Katrina Lai	(appointed 1 September 2019)
Board Member	Prof Hal Swerissen	
Board Member	Cheryl Woolard	(appointed 1 March 2019)

The above named directors and responsible persons held office during and since the end of the financial period unless otherwise noted.

### Remuneration

Remuneration received or receivable by the chief executive officers in connection with the management of the TAFE during the period was in the range as follows:

Trevor Schwenke: 2019: \$210,000 - \$220,000; (2018: \$330,000 - \$339,999).

Phill Murphy: 2019: \$180,000 - \$190,000 (2018: Nil).

Sally Curtain: 2019: \$70,000 - \$80,000 (2018: Nil).

	2019 \$'000	2018 \$'000
<b>Remuneration</b>		
Short-term benefits	766	754
Post-employment benefits	76	68
Termination benefits *	102	-
Total remuneration	944	822
<b>Total number of executive officers at year end</b>	<b>10</b>	<b>9</b>
<b>Total annualised employee equivalent (AEE)</b>	<b>10</b>	<b>9</b>

\* Termination benefit paid to the Chief Executive Officer (Trevor Schwenke) terminated during the year.

### 8.1 Responsible persons (continued)

#### Income Range

The number of board members whose total remuneration from the institute was within the specified income bands is as follows:

	2019 No.	2018 No.
\$10,000 - \$19,999	1	
\$20,000 - \$29,999	2	
\$30,000 - \$39,999	5	4
\$40,000 - \$49,999		2
\$60,000 - \$69,999	1	1
\$70,000 - \$79,999	2	
\$90,000 - 99,999	1	
\$180,000 - \$189,999	1	
\$190,000 - \$199,999		1
\$210,000 - \$219,999	1	
\$320,000 - \$329,999		1
<b>Total numbers</b>	<b>14</b>	<b>9</b>
<b>Total remuneration (\$'000)</b>	<b>944</b>	<b>822</b>

### 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.

	Total remuneration	
	2019	2018
<b>Remuneration</b>		
Short-term employee benefits	2,055	1,403
Post-employment benefits	198	117
Other long-term benefits	-	-
Termination benefits	279	88
<b>Total remuneration</b>	<b>2,532</b>	<b>1,608</b>
<b>Total number of executives</b>	<b>11</b>	<b>10</b>
<b>Total annualised employee equivalents <sup>(1)</sup></b>	<b>10.4</b>	<b>6.3</b>

<sup>(1)</sup> Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

### 8.3 Related parties

Related parties of the TAFE include:

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

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

Key management personnel of the TAFE include the Minister for Higher Education and Minister for Training and Skills, the members of the Board, Chief Executive Officer, and members of the Executive Committee. The compensation detailed below excludes the salary and benefits received by the Minister for Training and Skills and Minister for Higher Education. The Minister's remuneration and allowances is reported within the Department of Parliamentary Services' Financial Report.

#### Compensation of Key management personnel

	Total remuneration	
	2019	2018
	\$'000	\$'000
<b>Remuneration</b>		
Short-term employee benefits	2,821	2,157
Post-employment benefits	274	185
Other long-term benefits	-	-
Termination benefits	381	88
<b>Total remuneration</b>	<b>3,476</b>	<b>2,430</b>

#### Transactions with related parties

There were no other transactions nor loans between the TAFE and responsible persons and their related parties during the financial year.

#### Transactions and balances with key management personnel and other related parties

Other related transactions and loan requiring disclosure under the Directions of the Assistant Treasurer have been considered and there are no matters to report.

## 09 Other disclosures

### 9.1 Other economic flows included in net result

	2019	2018
	\$'000	\$'000
<b>Other gains/(losses) from other economic flows</b>		
Net (loss) / gain arising from revaluation of long service leave liability <sup>(i)</sup>	(410)	(118)
Net (loss) / gain arising from revaluation of annual leave liability <sup>(i)</sup>	(9)	(1)
<b>Total other (losses) / gains from other economic flows</b>	<b>(419)</b>	<b>(119)</b>
<b>Total other economic flows included in net result</b>	<b>(419)</b>	<b>(119)</b>

Note: <sup>(i)</sup> Revaluation gain/(loss) due to changes in bond 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 (3.1); 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.

## 9.2 Other equity reserves

	2019	2018
	\$'000	\$'000
<b>Physical asset revaluation surplus <sup>1</sup></b>		
Balance at 1 January	134,925	134,925
Revaluation increment on non-current asset	2,270	-
<b>Balance at 31 December</b>	<b>137,195</b>	<b>134,925</b>

Note: <sup>1</sup> The physical asset revaluation surplus arises on the revaluation of land and buildings.

## 9.3 Events after reporting date

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

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

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

Apart from the items noted above, no matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the TAFE, the results of those operations or the state of affairs of the TAFE in subsequent financial years.

## 9.4 Application of standards issued but not yet effective

### AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

#### Nature of the change

AASB 2018-6 amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

#### Effective date

1 January 2020

### AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

#### Nature of the change

AASB 2018-7 principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

#### Effective date

1 January 2020

### AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

#### Nature of the change

AASB 2019-1 amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the revised Conceptual Framework for Financial Reporting (Conceptual Framework).

#### Effective date

1 January 2020

# Disclosure index

Item No.	Source	Summary Of Reporting Requirement	Page Number	Item No.	Source	Summary Of Reporting Requirement	Page Number
<b>REPORT OF OPERATIONS</b>				<b>12.</b>	FRD 22H 5.11 a	Summary of the financial results, with comparative information for the preceding four reporting periods	9
<b>CHARTER AND PURPOSE</b>				<b>13.</b>	FRD 22H 5.11 b	Summary of significant changes in financial position	9
<b>1.</b>	FRD 22H 5.4	Manner of establishment and the relevant Minister	11-13	<b>14.</b>	FRD 22H 5.7	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	3-5, 11, 18, 19, 21
<b>2.</b>	FRD 22H 5.4	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	2-5, 10-16	<b>15.</b>	FRD 22H 5.11 d	Post-balance sheet date events likely to significantly affect subsequent reporting periods	71, 72
<b>3.</b>	FRD 22H	Nature and range of services provided including the communities served	2-5, 10	<b>16.</b>	FRD 22H 5.18 a	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	23
<b>MANAGEMENT AND STRUCTURE</b>				<b>17.</b>	FRD 22H 5.12	The report of operations shall provide a discussion and analysis of the entity's operating results and financial position and include details about significant factors that affect the entity's performance	3-5, 9
<b>4.</b>	FRD 22H 5.6	Organisational structure and chart, detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities	14	<b>18.</b>	FRD 22H 5.9	TAFE workforce inclusion policy (where a TAFE has one), including a measurable target and report on the progress towards the target	N/A
<b>FINANCIAL AND OTHER INFORMATION</b>				<b>19.</b>	FRD 22H 5.16	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST).	27
<b>5.</b>	FRD 03A	Accounting for Dividends	N/A	<b>20.</b>	FRD 22H 5.18 e	Statement, where applicable, on the implementation and compliance with the National Competition Policy, including compliance with the requirements of Victoria's Competitive Neutrality Policy and any subsequent reform	24
<b>6.</b>	FRD 07B	Early adoption of authoritative accounting pronouncements	N/A	<b>21.</b>	FRD 22H 5.18 g	Statement on the application and operation of the Carers Recognition Act 2012 (Carers Act), and the actions that were taken during the year to comply with the Carers Act	24
<b>7.</b>	FRD 10A	Disclosure Index	73-76	<b>22.</b>	FRD 22H 5.18 c	Summary of application and operation of the Protected Disclosure Act 2012 including disclosures required by the Act	23
<b>8.</b>	FRD 17B	Long Service leave and annual leave for employees	42	<b>23.</b>	FRD 22H 5.18 h & FRD 24D	Summary of Environmental Performance.	25-26
<b>9.</b>	FRD 22H 5.11 c	Operational and budgetary objectives, including performance against objectives and achievements	2-5, 17-18				
<b>10.</b>	FRD 22H 5.10	Occupational health and safety statement including performance indicators, performance against those indicators.	21				
<b>11.</b>	FRD 22H 5.8	Workforce data for current and previous reporting period including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections	18-20				

Item No.	Source	Summary Of Reporting Requirement	Page Number	Item No.	Source	Summary Of Reporting Requirement	Page Number
24.	FRD 22H 5.13 5.14 5.15	Consultants: Report of Operations must include a statement disclosing each of the following:	27	27.	FRD 25D	Local Jobs First	26
		<ol style="list-style-type: none"> <li>1. Total number of consultancies of \$10,000 or more (excluding GST)</li> <li>2. Location (e.g. website) of where the schedule with the below details of the consultancies over \$10,000 has been made publicly available <ul style="list-style-type: none"> <li>• Consultant engaged</li> <li>• Brief summary of project</li> <li>• Total project fees approved (excluding GST)</li> <li>• Expenditure for reporting period (excluding GST)</li> <li>• Any future expenditure committed to the consultant for the project</li> </ul> </li> <li>3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period</li> </ol>		28.	AASB 16	Leases	44-47
25.	FRD 22H 5.19	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	23	29.	SD 5.1.4	Financial Management Compliance Attestation Statement  The Responsible Body must attest to compliance with applicable requirements in the FMA, the Standing Directions and the Instructions, and disclose all Material Compliance Deficiencies.	23
		26.		FRD 22H 5.17	An entity shall disclose the following in the report of operations:	27	30.
26.	FRD 22H 5.17	<ol style="list-style-type: none"> <li>a. Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and</li> <li>b. Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: <ol style="list-style-type: none"> <li>i. Operational expenditure (OPEX); and</li> <li>ii. Capital expenditure (CAPEX).</li> </ol> </li> </ol>	27	31.	SD 5.2.1(a)		The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, the Standing Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.
		27.		CG 10 Clause 27	Summary of Major Commercial Activities	27	
				32.	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	3, 4
				33.	CG 12 Clause 33	TAFE Institute Controlled Entities.	N/A



# Disclosure index

Item No.	Source	Summary Of Reporting Requirement	Page Number	Item No.	Source	Summary Of Reporting Requirement	Page Number
<b>FINANCIAL REPORT</b>				<b>OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS</b>			
<b>FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1984</b>				<b>39.</b>	FRD 11A	Disclosure of ex-gratia payments	N/A
<b>35.</b>	SD 5.2.2(b)	<ul style="list-style-type: none"> <li>The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons:</li> <li>the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and</li> <li>the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.</li> </ul>	30	<b>40.</b>	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report	69, 70
<b>OTHER REQUIREMENTS UNDER STANDING DIRECTIONS / FINANCIAL MANAGEMENT ACT 1994</b>				<b>41.</b>	FRD 102A	Inventories	32
<b>36.</b>	SD 5.2.2(a) and FMA s49	<p>An Agency's financial statements must include a signed and dated declaration by:</p> <ul style="list-style-type: none"> <li>the Accountable Officer;</li> <li>subject to Direction 5.2.2(c), the CFO; and</li> <li>for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body.</li> </ul>	30	<b>42.</b>	FRD 103H	Non-financial physical assets	48-49
<b>37.</b>	FRD 30D	Rounding of Amounts	35	<b>43.</b>	FRD 105B	Borrowing costs	N/A
<b>38.</b>	SD 3.2.1(c)	<p>The Responsible Body must establish an Audit Committee to:</p> <ul style="list-style-type: none"> <li>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</li> </ul>	Inner front cover, 11	<b>44.</b>	FRD 106B	Impairment of assets	50
				<b>45.</b>	FRD 107B	Investment properties	N/A
				<b>46.</b>	FRD 109A	Intangible assets	50
				<b>47.</b>	FRD 110A	Cash flow statements	34, 58
				<b>48.</b>	FRD 112D	Defined benefit superannuation obligations	N/A
				<b>49.</b>	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	N/A
				<b>50.</b>	FRD 114C	Financial instruments	60-68
				<b>51.</b>	FRD 120M	Accounting and reporting pronouncements applicable to the reporting period	35-72

Item No.	Source	Summary Of Reporting Requirement	Page Number
<b>COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES</b>			
52.	Legislation	<p>The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Education and Training Reform Act 2006 (ETRA)</li> <li>• TAFE institute constitution</li> <li>• Directions of the Minister for Training and Skills (or predecessors)</li> <li>• TAFE institute Commercial Guidelines</li> <li>• TAFE institute Strategic Planning Guidelines</li> <li>• Public Administration Act 2004</li> <li>• Financial Management Act 1994</li> <li>• Freedom of Information Act 1982</li> <li>• Building Act 1993</li> <li>• Protected Disclosure Act 2012</li> <li>• Local Jobs First Act 2003</li> </ul>	Inner front cover
53.	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2019	24
54.	Policy	Statement that the TAFE institute complies with the Victorian Public Service Travel Policy	27
55.	Key Performance Indicators	<p>See table on page 6 of the TAFE Institute 2019 Annual Report Guidelines for required formatting. Institutes to report against:</p> <ul style="list-style-type: none"> <li>• Employment costs as a proportion of training revenue;</li> <li>• Training revenue per teaching FTE;</li> <li>• Operating margin percentage;</li> <li>• Training revenue diversity.</li> </ul>	8

Item No.	Source	Summary Of Reporting Requirement	Page Number
<b>OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES</b>			
56.	PAEC and VAGO (June 2003 Special Review – Recommendation 11)	<ul style="list-style-type: none"> <li>• Financial and other information on initiatives taken or strategies relating to the institute's overseas operations</li> <li>• Nature of strategic and operational risks for overseas operations</li> <li>• Strategies established to manage such risks of overseas operations</li> <li>• Performance measures and targets formulated for overseas operations</li> <li>• The extent to which expected outcomes for overseas operations have been achieved.</li> </ul>	17, 18

# Campus locations

## **Broadmeadows**

Pearcedale Parade  
BROADMEADOWS VIC 3047

## **Docklands**

(Automotive Centre of Excellence)  
1 Batmans Hill Drive  
DOCKLANDS VIC 3008

## **Essendon**

38 Buckley Street  
ESSENDON VIC 3040

## **Moonee Ponds**

Level 1, 21-31 Hall Street  
MOONEE PONDS VIC 3039

## **Richmond**

85 Cremorne Street  
RICHMOND VIC 3121

## **Bendigo City**

23 Mundy Street  
BENDIGO VIC 3550

## **Bendigo Charleston Road**

Charleston Road  
BENDIGO VIC 3550

## **Bendigo Technical Education**

College (BTEC)  
21 St Andrews Avenue  
BENDIGO VIC 3550

## **Castlemaine**

65-67 Templeton Street  
CASTLEMAINE VIC 3450

## **Echuca**

Corner Hare and Darling Streets  
ECHUCA VIC 3564

## **VETASSESS**

Level 5, 478 Albert Street  
EAST MELBOURNE VIC 3002  
Phone: +61 3 9655 4801  
Visit: [vetassess.com.au](http://vetassess.com.au)

## **eWorks**

85 Cremorne Street  
RICHMOND VIC 3121  
Phone: +61 3 9661 8700  
Visit: [eworks.edu.au](http://eworks.edu.au)

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## **Your feedback**

If you would like to provide feedback about this annual report, please email [enquiries@kangan.edu.au](mailto:enquiries@kangan.edu.au) or [info@bendigotafe.edu.au](mailto:info@bendigotafe.edu.au).

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Institute  
RTO identifier 3077  
CRICOS provider no. 01218G

T/A VETASSESS  
RTO identifier 21097

T/A eWorks