



2018 Annual Report

**the
Gordon**

The Annual Report 2018

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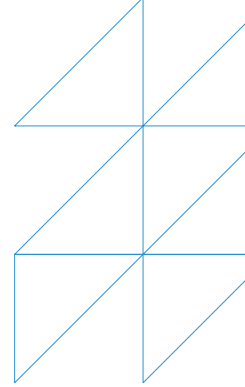
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Board Chair's Welcome

The Gordon Annual Report 2018

Dear Minister

We are pleased to present The Gordon's 2018 Annual report. The report comprises commentary on the operations of the Institute, highlights areas of achievement and includes detailed, audited financial statements.

2018 has been a year which The Gordon has seen a number of major milestones achieved. We have built upon the success of 2017 in winning the Victorian and Australian Large Training Provider of the Year awards. We have ensured training is aligned with the needs of industry and the regional economy, that student and industry requirements are met, and that skills outcomes support Government objectives for economic productivity and growth.

Funding has been an important focus, with a number of major initiatives commencing in the first year of our new four-year Strategic Plan which will position the Institute for growth and expansion in support of the Victorian Government's Education State and Skills First objectives.

We have achieved an operating surplus for 2018, delivered through the positive efforts of staff and support from the Victorian Government. I would also like to acknowledge your continued support of The Gordon, along with Christine Couzens MP.

A highlight of the year was the opening of the new Geelong Tech School. This outstanding new facility will be the catalyst for future campus development and will bring thousands of new students to The Gordon and provide important STEM education pathways. Our Facilities Master Plan has now been completed. It identifies priorities for future investment, as rapid advancements in technology begin to dramatically reshape the workforce and change the drivers of employment growth and skills demand.

In addition to working collaboratively as a key member of the Victorian TAFE network, the Institute has focused on delivering priority initiatives to meet local needs. These included providing training and employment advice at Skills and Jobs Centres located in Geelong and Wyndham; working in partnership with Deakin University and the Victorian Government through the Skilling the Bay project to prepare Geelong for the jobs of the future; and developing innovative new training programs in partnership with employers, such as The Gordon's Design Centre of Excellence, assisted by Skills First funding programs.

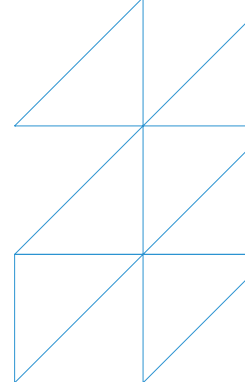
We would like to acknowledge the excellent work of Gordon staff and the achievements of our students. A significant milestone achieved this year has been the finalisation and implementation of the Victorian TAFE Teaching Agreement 2018. The many fantastic student, community and industry outcomes delivered are the result of the skill and dedication of our staff.

We are confident that The Gordon will continue to improve its operating performance, financial position, and learner and employer outcomes, as well as contributing to the advancement of the TAFE network. We have a sound strategic direction which is focused on building sustainability and maximising our contribution to the growth and prosperity of the communities in which we operate.



Justin Giddings
Board Chair
March 2019

The Organisation



Overview

History

'The Gordon' name was inspired by the heroic exploits of British Major General Charles Gordon, who died during the Siege of Khartoum in Africa in 1885. The people of Geelong decided to build a memorial in his honour, and as he was a man devoted to civic duty and especially to the education of the disadvantaged, The Gordon was established.

Established in 1887 to meet the local technical training needs of the new industrial era, The Gordon originated as a mechanics Institute and night school for tradespeople seeking technical training. Its first building was a single-storey hall on Fenwick Street used for lectures and exhibitions. This building still stands today and houses the Davidson Restaurant, run by cookery students at The Gordon Culinary School.

The Gordon today

Today, The Gordon is the largest regional TAFE in Victoria operating as a public education and training organisation under Victorian Government legislation.

Serving Geelong and the surrounding communities for over 130 years, The Gordon's role continues to be the delivery of quality education and training, aimed at meeting the needs of current and future workforces, as well as providing clear pathways to further study.

In 2018, The Gordon offered more than 200 nationally accredited qualifications, 80 other accredited training products, a range of VCE and VCAL programs, and almost 100 accredited and non-accredited specialist short courses. The Gordon provides an extensive range of study options for students, offering qualifications from Certificate I through to the Advanced Diploma level. Program delivery occurred across campuses in Geelong, Wyndham and Colac.

The Geelong Tech School, located at Geelong City Campus, was officially opened by the Hon. James Merlino, Deputy Premier and Minister for Education, and the Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education. In the final months of the year, a number of STEM events and programs were delivered to secondary students and key stakeholders in this innovative, dynamic new learning space hosted at The Gordon.

The Gordon registered nearly 15,000 enrolments in 2018, equating to more than 13,500 students studying via a range of modes including on-campus, off-campus, full and part-time, online, and industry-based. More than 3,000 apprenticeships and traineeships Australia-wide were also managed by The Gordon in 2018.

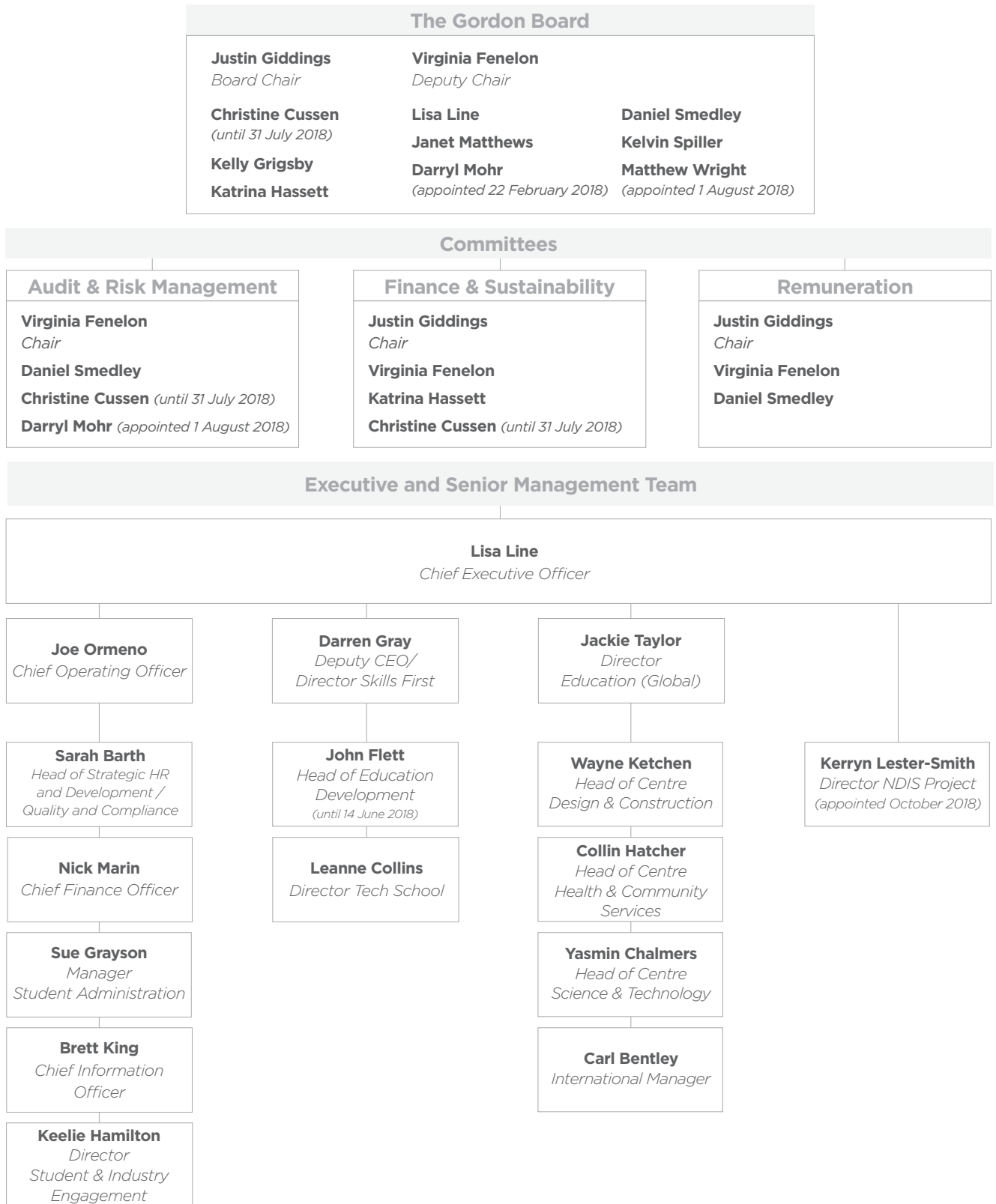
With more than 600 staff and approximately 60 per cent of students coming from the wider Geelong region, The Gordon plays a key leadership role in assisting the region's economic and social development.

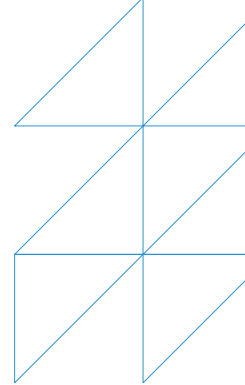
The Gordon works in partnership with secondary schools, universities, employers and the community, to deliver positive learning outcomes. The Gordon also continues to focus on building its onshore and offshore international delivery.

The Gordon's objectives, powers and functions are set out in the Constitution, which was revised as part of the Education Legislation Amendment (TAFE and University Governance Reform) Act 2015. The Gordon reports to Parliament through the Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education.



Organisational Chart





Board and Governance

Role and responsibilities of the Board

The Board is responsible to the Victorian Government for the overall strategy, governance and performance of The Gordon's functions. The Board's business is consistent with the role, and responsibilities, and powers as detailed in the Constitution and Board Charter. The role of the Board includes the following:

Strategic direction

- Provide strategic direction and assist management to develop and monitor both strategic and performance objectives.
- Oversee performance indicators and targets, and review The Gordon's performance against those targets.
- Guide the preparation of the strategic plan and obtain approval of the plan from the Minister for Training and Skills and the Minister for Higher Education.

Financial management and governance

- Ensure best practice financial management and governance policies and procedures (that comply with the legal requirements of Victorian public sector bodies) are established and maintained.
- Develop and implement procurement policies and procedures for letting contracts or authorising expenditure on the supply of goods or services, or the carrying out of works for the Institute.

Risk management

- Ensure an effective framework is developed to identify, assess, monitor and manage the significant business risks that The Gordon is exposed to in the course of its activities and responsibilities.

Powers of the Board

In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

Reviewing and ratifying

- risk management processes and systems of internal control and compliance with codes of conduct and legal compliance
- financial and audited financial annual reports
- major capital expenditure, capital management, and acquisition and disposal of assets
- formation of partnership(s), trust(s), or joint venture(s)
- a decision to undertake or participate in, any major commercial activity.

Approving

- the strategic plan, at least annually
- the Minister for Training and Skills and the Minister for Higher Education's Annual Statement of Corporate Intent, at least annually

- the budget, at least annually
- the appointment of Board Secretary
- significant changes to organisational structure
- the acquisition, establishment, disposal or cessation of any significant business of the Institute.

Values of the Board

The values of the Board are reflected in the Board Code of Conduct which is consistent with The Gordon Code of Conduct. As a values-based organisation, The Board has developed its own trademark behaviours which demonstrate its values. The 2018-2021 Strategic Plan sets out the Institute's strategic direction and strategic priorities.

Summary of training

The Board held a planning workshop in October with a focus on 2019 Institute planning. A recap of the 2018 - 2021 Strategic Plan was provided along with an overview of the Skills First, Role of TAFE Expectations. More specific discussion around the 2019 Key Initiatives was held. New Board members undertook governance training provided by the VTA, where appropriate.

Summary of the performance and activities for the Board

Key priorities and major decisions during 2018 included:

- ensured all Governance obligations were met by the Board, including the review of all policies, procedures and Committee Charters
- oversight of the first year of 2018 - 2021 Strategic Plan and alignment with government expectations
- delivered the Geelong Tech School project and Stage 1 of the Campus Revitalisation Program
- oversight of the performance indicators and targets, and reviewed The Gordon's performance against those targets
- progressed the Institute's Wyndham Growth Strategy
- oversight of the overall risk management framework; the management of business risks by ensuring an effective framework is in place to identify, assess, monitor and manage the significant financial risks that The Gordon is exposed to in the course of its activities and responsibilities
- monitored the Institute's involvement in the Skilling the Bay Project
- closely monitored the financial performance, and in particular, the cash flow management of the Institute given the demand-driven funding model
- continuous improvement of the Institute's Occupational Health and Safety performance, with appropriate strategies
- monitoring of staff agreements

Board Members

Christine Cussen (until 31 July 2018)

DipAppSc, PGDipMktg, GAICD

Christine has several decade's international business experience as Managing Director and Chief Executive Officer in both global pharmaceutical, and entrepreneurial ASX listed biotechnology start-ups in Australia, North America, Europe and Asia.

More recently she has worked with international investment and corporate advisory group AFG Venture Group. She has diverse industry and commercial experience across the pharmaceuticals, biotechnology, industrials, medical technology, digital, utilities and cleantech sectors in both the corporate and government environments.

Christine is a Graduate Member of the Australian Institute of Company Directors and has business and science qualifications from Swinburne University of Technology and Monash University. She is also currently completing the Senior Executive MBA at Melbourne University and is Non-Executive Director of Goulburn Valley Water, The Victorian Fisheries Authority and Muscle Bone and Joint Health (MOVE) Australia.

Virginia Fenelon

DipFLM, HDTS, MEd, MAICD

Virginia is an education and training consultant specialising in VET Auditing. She has extensive experience as a director on education boards at state, regional and local levels across all sectors, and was a director on the Ballarat Health Services Board from 2009 - 2016. Virginia has also held senior teaching and management roles over a 25 year period at the University of Ballarat and SMB TAFE, which followed a 14 year career as a Victorian secondary school teacher.

Justin Giddings

AdvDipMgt, BCom (Economics and Accounting), MBA, GAICD

Justin joined the Board in 2012. He is currently the CEO of Avalon Airport and was previously the Commercial and Operations Manager at Essendon Airport for seven years. He is also currently a board member of the Committee for Geelong and holds advisory roles on various boards and committees for both the Victorian Government and local education sector. Justin is also a fully qualified Aircraft Maintenance Engineer.

Kelly Grigsby

DipComServ, GDipDevStu, MIntlComDev, CPP

Kelly has been the Chief Executive Officer of Wyndham City Council since September 2015, having initially commenced as the Director Community Development in 2012. She has worked at various levels of local government for more than 15 years within the human services, community development, strategic and statutory planning areas, across a number of municipalities. She has also worked in the Solomon Islands as an Organisational Management Advisor.

Katrina Hassett

DipPM, BBus

Katrina is currently the Manager of Student Support Services at The Gordon. During her 13 years with the Institute, she has held various senior team and management roles, with extensive knowledge of operations and a strong focus on customer service. She is currently undertaking postgraduate study in business administration and strategic customer service.

Lisa Line

PGDipPersonnelMgt, FCPHR, Chartered FCIPD

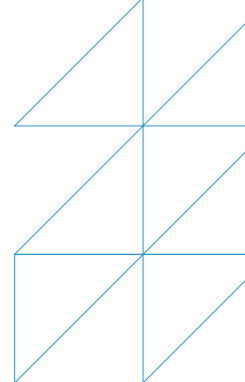
Lisa has held the CEO position since December 2013 and is a board member of the VET Development Centre. She was previously the Acting CEO and Deputy CEO/Chief Operating Officer and has held various senior positions at The Gordon, including Director Organisation Development, Acting Executive Director Corporate Services and Senior Manager Human Resources. Lisa's former roles also include Chief Operating Officer at Plymouth University, UK, Group HR Manager Victoria/Tasmania with the Just Group, and several senior HR and general management roles with the John Lewis Partnership (UK).

Janet Matthews

BA, GDipEd, MA (IntIRIns)

Janet is the Principal of Grovedale College and has held a number of roles during her 29 year tenure. She has been a positive advocate for The Gordon over many years and has been involved in the Institute's VET in Schools and Tertiary Taster programs. She was also involved in the Community Consultation Forum as part of the Skilling the Bay project and was previously a Board member in 2016.

Janet holds a Bachelor of Arts with Honours in History, a Master of Arts in International Relations and a Graduate Diploma of Education.



Darryl Mohr

BBus (Accounting), CPA, GAICD

Darryl joined the Commonwealth Bank in 2013 and as the General Manager is responsible for the Bank's regional Business and Agribusiness customers across regional Victoria and Tasmania. His team consists of 130 staff located in 15 locations across the two states. Darryl has over 25 years' experience within the financial services industry, has undertaken a broad range of roles, including customer relationship roles, people and leadership roles, along with targeted strategy & project assignments. Darryl is also a Committee member of Regional Development Australia (Barwon South West region), a joint Federal and State Government initiative to support economic development in Regional Australia.

Darryl holds a Bachelor of Business degree, is a CPA Australia graduate, an Australian Institute of Company Directors graduate, a Lean Six Sigma graduate and Cranlana alumni. Additionally, Darryl has completed the Harvard Business School Global Agribusiness seminar in Boston USA (2012) and in Shanghai (2014).

Daniel Smedley

BCom, LLB, MTax

Daniel joined the Board in 2016. Daniel is a lawyer involved in business and commercial law. He is the Executive Chair of The Lantern Legal Group Pty Ltd which comprises the law firms Harwood Andrews and Sladen Legal. He is a Chartered Tax Advisor with The Tax Institute, accredited as a specialist in Taxation Law with the Law Institute of Victoria, and Chair of the Law Institute of Victoria's Taxation and Revenue Law Committee.

Kelvin Spiller

AssocDipBusStu (LocalGov), GDipMgt, Master of Management, Certificate of Management Studies (Oxford, UK), FAICD

Kelvin is an experienced CEO, director and executive coach with over 35 years' experience in building, leading, managing and developing professional teams in complex service organisations. He is currently the CEO of his consultancy business Leadership Thinking Australia.

His previous career appointments include working as a CEO for the Mornington Shire Council, City of Greater Geelong, Endeavour Foundation in Queensland, Preston City Council, Darebin City Council, Maroochy Shire Council (Queensland), AquaGen Water & Power (Queensland), and the Rural City of Wangaratta, and held other executive positions for the Shires of Corio, South Barwon, Bannockburn and City of Newtown (prior to the 1994 Amalgamations).

Kelvin has been a member of over 30 boards/committees in government, industry and community in 12 different industry sectors in Victoria, Queensland and the Northern Territory.

Matthew Wright

BA, PGDipHRMandIR

Matthew is the Branch Manager of Strategic Engagement at the NDIA. Matthew has over 20 years' experience in the disability sector. He was previously the Chief Executive Officer of the Australian Federation of Disability Organisations and Murray Human Services, and a senior manager with Oakleigh Centre and Able Australia. Matthew was an adviser diversity at National Australia Bank, developing the NAB's Disability Action Plan.

Matthew has represented Australians with disability at the UN Conference of State Parties, has been a member of the AHRC Reference Panel on the National Enquiry into Employment Discrimination, IAC's Housing Innovations Working Group, the Australian Law Reform Commission's Disability Advisory Committee, the National Disability Workforce Strategy Committee, the Victorian Government's NDIS Implementation Task Force, and was one of the three members of the National Disability and Carers Alliance.

Matthew holds a Bachelor of Arts and Post-Graduate Diploma in HRM and IR from the University of Melbourne. He is a fellow of the Williamson Community Leadership Program with Leadership Victoria and has a severe hearing loss from birth and identifies as part of the Deaf community.



Sub-committees

Audit and Risk Management Committee

The Audit and Risk Management Committee acts primarily as an advisory and oversight committee to the Board. Committee members must obtain an understanding of The Gordon's business, operations and risks, including governance practices.

The purpose of the Committee is to protect the interests of stakeholders and others by overseeing, on behalf of the Board:

- the risk management function
- the external audit function
- the internal audit function
- compliance with the Board's corporate governance framework
- compliance with the organisation's legislative requirements and ethical standards.

Membership

Virginia Fenelon - *Chair*

Daniel Smedley

Christine Cussen (*until 31 July 2018*)

Darryl Mohr (*appointed 1 August 2018*)

Finance and Sustainability Committee

The purpose of the Finance and Sustainability Committee is to assist the Board in its consideration, approval and ongoing oversight of matters pertaining to:

- monitoring the financial performance of The Gordon
- key strategic initiatives, specifically: Fee-for-Service growth, learning delivery opportunities, increased international and interstate delivery, partnerships and collaborations, asset maximisation, and income diversification
- obtaining external information for the purpose of identifying industry needs and emerging patterns of demand
- undertaking strategic reviews relating to potential opportunities for Institute development and growth, and making recommendations to the Board
- assessing and evaluating the performance of program areas using the Strategic Course Review tool and identifying efficiencies where possible
- reviewing options for increasing market share and business scale, with due diligence on mergers/acquisitions, including proposals which may have a material impact.

Membership

Justin Giddings - *Chair*

Virginia Fenelon

Katrina Hassett

Christine Cussen (*until 31 July 2018*)

Remuneration Committee

The Remuneration Committee's purpose is to:

- implement the remuneration principles and procedures in line with the Ministerial Directions as required by the Victorian Public Sector Commission
- within the limits of legislation, government policy and industrial awards, make recommendations, where permitted, on matters of remuneration of the CEO and other Executive Officer positions
- provide assurance to the Board regarding the effectiveness, integrity and compliance of the Institute's executive remuneration policies and practices
- approve the CEO's remuneration and remuneration of all other Executive Officer positions
- approve performance-related incentive payments for the CEO and all other Executive Officer positions
- oversee the application of the remuneration policy across the Institute
- ensure the disclosure in the Annual Report of Director and Executive Remuneration in accordance with regulatory requirements and good governance practices
- advise the CEO on other remuneration matters, as appropriate.

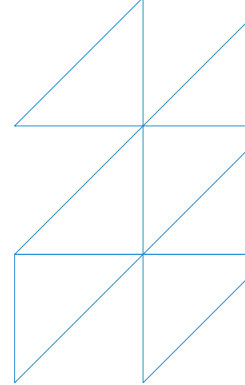
Membership

Justin Giddings - *Chair*

Virginia Fenelon

Daniel Smedley





Executive and Senior Management

Chief Executive Officer

Lisa Line

PGDipPersonnelMgt, FCPHR, Chartered FCIPD

Lisa has held the CEO position since December 2013 and is a board member of the VET Development Centre. She was previously the Acting CEO and Deputy CEO/Chief Operating Officer and has held various senior positions at The Gordon, including Director Organisation Development, Acting Executive Director Corporate Services and Senior Manager Human Resources. Lisa's former roles also include Chief Operating Officer at Plymouth University, UK, Group HR Manager Victoria/Tasmania with the Just Group, and several senior HR and general management roles with the John Lewis Partnership (UK).

Chief Operating Officer

Joe Ormeno

BCom (FinAcc), CPA

Joe was appointed to the Chief Operating Officer role in July 2014. Joe joined The Gordon in February 2009 as Chief Finance Officer, a role he continued until December 2014, alongside his new appointment. Prior to The Gordon, Joe spent five years as General Manager Finance and Administration with St. Laurence Community Services. He has also held various executive roles in corporate services within the private and not-for-profit sectors.

Deputy Chief Executive Officer/ Director Skills First

Darren Gray

DipPM, BA, BEd, MBA

Darren has held the Deputy Chief Executive position since April 2014. He joined The Gordon in January 2009 and has held senior positions at the Institute for nine years, including Director of Education and Head of Innovation and Strategy. Prior to The Gordon, Darren worked in a variety of roles within local government. His responsibilities included the delivery of strategic projects focused on economic and community development within regional communities, primarily in the Geelong region. Darren is a member of the Board of Directors, Geelong Connected Communities. Darren holds Bachelor of Arts, Bachelor of Education and Master of Business Administration degrees with his MBA specialisation being Leadership and Communication.

Director of Education (Global)

Jackie Taylor

BA, PGDipLeadership

Jackie joined The Gordon in 2016 with 20 years of experience in the international education sector. She has a special interest in internationalisation, with a focus on student mobility and has been a driving force in this field in Australia for the past 10 years. She has made a significant contribution to the Australian Government's Best Practice Student Mobility Guide and played a key role in increasing student participation in the awareness of the importance of student mobility in the Australian higher education sector.

Director NDIS Project (appointed October 2018)

Kerryn Lester-Smith

BAppSc, Masters Health and Human Services Management

Kerryn joined The Gordon in October 2018 to lead the TAFE Network's response to the National Disability Insurance Scheme (NDIS). Kerryn has 13 years of experience in the health and disability sectors with a particular focus on enhancing programs and services for people with disabilities. In 2013, Kerryn led the LEAD Barwon Project (Leading, Educating, Advocating for Disability) a leadership and advocacy development program for the first participants of the NDIS and their carers. With a background as an Occupational Therapist, she has also held various roles in the social insurance sector across TAC, WorkSafe and the National Disability Insurance Agency.

Director Student and Industry Engagement

Keelie Hamilton

DipPM, BA, ACEcD

Keelie commenced in her role as the Director Industry Engagement in March 2016. Keelie has a 20 year background in community, business and industry engagement, substantively in Local Government. Previous roles include Manager Enterprise Geelong, Co-ordinator Armstrong Creek Urban Growth, and Co-ordinator Ancillary Services in the Aged and Disability area. Committee roles include Winning From Second Committee Judge Geelong Business Excellence awards, previous Deputy Chair of the G21 Economic Development Pillar, Deputy Chair GRIIF Taskforce, and Chair of the Land 400 Steering Group. Keelie is also the Patron of the Geelong Life Activities Club, a role she has held for 15 years.

Director Tech School

Leanne Collins

BEd, CertIVTrainAssess

Leanne commenced her role as Director of the Geelong Tech School with The Gordon in January 2017 from her previous role in Outreach Engineering at Deakin University. Leanne has an extensive working history in education in a variety of roles and educational settings, with the emphasis on broadening students' outlook and increasing aspiration. Previous employment has been at Deakin University, LaTrobe University, Goulburn Ovens TAFE, The Australian Sports Commission, Life Education and in secondary schools as a teacher. These roles ranged from working closely with 'disengaged' students through to working with highly focused learners in the primary, secondary and tertiary sectors of education. Leanne is also passionate about sport having represented Victoria in hockey and basketball, represented Australia in junior basketball, and contributed to local sport through coaching and committee membership.

Chief Finance Officer

Nick Marin

BCom

Nick was appointed to the Chief Finance Officer role in July 2017. Nick commenced with The Gordon in April 2006 working within the Finance department in the roles of Financial Analyst and Management Accountant. Prior to The Gordon, Nick worked in the health insurance sector as the Management Accountant for GMHBA. Nick has also held Financial Accountant and Auditor roles within the superannuation sector and chartered accounting field.

Chief Information Officer

Brett King

BIS

Brett has recently joined The Gordon as the organisation's first Chief Information Officer (CIO). Brett brings to the organisation significant recent experience in the information technology and vocational education industries with his previous role as a Student Management System vendor where he held the Australasia Director of Operations role. Previous to this, Brett has over 15 years' experience in Australia and the UK in business intelligence and analytics and more broadly in consulting management and general management of IT businesses. Brett is an active member of the Geelong business community previously holding roles within ICT Geelong, Committee for Geelong and currently as the Chairman of Brand Geelong.

Manager Student Administration

Sue Grayson

BA, DipProjMgmt, CertIVFrontMgmt

Sue joined The Gordon in July 2003 and was appointed to the Manager Student Administration role in 2017. During her 15 years with The Gordon, Sue has held a number of senior positions including Team Leader Customer Service, Team Leader Client Services team, Academic Manager and acting Head of Student Support.

Head of Strategic Human Resources and Development | Quality and Compliance

Sarah Barth

HNDip (BiomedSci), ProfDipHR

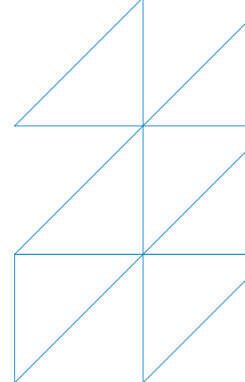
Sarah joined The Gordon in 2009 as Senior Manager, Human Resources. During her tenure, Sarah has overseen and been part of a number of key changes and projects within the Institute. Prior to joining The Gordon, Sarah held a number of senior HR positions in the UK, the most recent as Assistant Director of Human Resources in a large, acute National Health Service (NHS) hospital. Sarah also represents the Australian Human Resources Institute (AHRI) as Co-Convenor and Committee member of the regional AHRI Geelong network.

Head of Centre for Design and Construction

Wayne Ketchen

Cert IV TAA, Cert IV TAE, Dip Project Management, Dip VET, Bach. Arch (hons)

Wayne joined the Gordon as a sessional teacher in 2009 after a career in Architecture both locally and overseas. He was appointed Program Manager, Advanced Design & Building in 2013 and was Acting Enterprise Manager for Constructing Futures from May 2017 until May 2018 when he was appointed Head of Centre for Design and Construction. Wayne is committed to lifelong learning through his current Masters of Leadership and Management in Education with the University of Newcastle.



Head of Centre for Health and Community Services

Colin Hatcher

Master of Legal Studies (Int'l Law) (ANU), PGDip in Practitioner Research in Education (IOE, London), Postgraduate Certificate in Management (Melbourne Business School), BA (UQ)

Colin joined The Gordon in 2018 with 20 years of experience in the vocational and higher education sectors in Australia, the United States, Mexico, Brazil, India and The Netherlands. Prior to joining The Gordon, he worked as GM Health Services Development for Cobaw Community Health. He has held a range of executive roles including Executive Director Train@CQUniversity, GM Health Skills Australia (Navitas), Co-founder and Director Corporate Strategy for Endeavour Learning Group and Associate VP Education Operations for Apollo International. Colin is passionate about the TAFE sector's lead role in improving educational and service sector outcomes in regional Victoria and beyond.

Head of Centre for Science and Technology

Dr Yasmin Chalmers

PhD, Grad Cert HELT, B Appl Sci (Hons), Cert IV TAE

Yasmin joined The Gordon in 2018 with an extensive background in horticultural research and development/higher education programs. Previously, she was Director of Postgraduate Agribusiness Studies, Marcus Oldham College, Manager of the National Centre for Sustainability, SuniTAFE and Senior Research Scientist, Department Primary Industries. Having worked with Government agencies, industry and leading higher education and VET providers across many rural regions of Australia, Yasmin is committed to developing the educational and skill needs of our future students.

International Manager

Carl Bentley

AssDipEng, DipFLM

Carl joined The Gordon in 1999 and was appointed as the International Relations Manager in 2018. During his nineteen years with The Gordon, Carl has held a number of senior positions including Enterprise Manager for Creative Business (5 years), Senior Manager Quality Assurance and Risk Management, (3 Years) and Senior Manager International Education (9 Years).

Carl has managed multiple Gordon Projects during his tenure at The Gordon including the highly awarded \$1m NBN Interactive Design Program.

Head of Education Development

John Flett (until 14 June)

CertIVTrainAssess, DipBusAdmin, DipBusMgt, BAgSc(Hons), GradCertOrgChange, GradDipEd, PhD

John has over 18 years of senior management experience in the VET sector and joined The Gordon in October 2009 as a Centre Manager. John moved into the role of Manager of Teaching Excellence and Design and Chair of the Board of Studies in 2012. In 2014, he was appointed Head of Innovation & Strategy and responsible for leading The Gordon's Teaching Excellence and Design, Business Innovation, and Marketing teams, before transitioning into the new Head of Education Development role in 2016. Key objectives for Education Development are overseeing the quality and development of the Institute's educational resources and blended learning projects, course transitions, development of new courses, teacher continuing professional development programs, higher education pathways, and management of the Institute's Library resources.



The Year in Review

CEO's Message

There have been many outstanding achievements throughout the year as we continued to deliver positive outcomes for our students, community and industry partners, building on the success of 2017 in winning the Victorian and Australian Large Training Provider of the Year awards.

The Institute ended the year with a positive operating result which is an excellent achievement. The Gordon's financial reserves remain strong, with plans for additional investment, aligned with the Institute's new 2018 – 2021 Strategic Plan and in support of the Victorian Government's Education State and Skills First objectives. I would like to acknowledge the tremendous support of both the Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education, and our local member Christine Couzens, MP.

The opening of the new Geelong Tech School at the Geelong City Campus in October was a particular highlight; a wonderful new facility that will provide thousands of local secondary school students with insight and inspiration into future careers, and will be the benchmark for further development of our campuses and facilities.

In terms of training delivery, our student and employer outcome measures remain above sector benchmarks. There has been significant work undertaken by our teaching staff throughout the year to complete the requirements of the TAE upgrade, which will further enhance delivery capability. The ensuring of consistent, high quality teaching and learning is fundamental to achieving our vision and serves to build on our standing as one of Australia's leading VET providers.

We received over \$5.5 million in Skills First funding under programs such as the Workforce Training Innovation Fund. Funding to establish a Design Centre of Excellence was announced in August. The Centre will strengthen the Institute's applied research capability, provide pathways from the new Geelong Tech School for local secondary school students, create new partnerships with industry and help develop the skills required for Geelong to thrive as a City of Design. There is a range of other exciting projects under development which will be progressed in 2019.

The Gordon is leading in building TAFE sector capability to support implementation of the NDIS. The NDIS, as well as being a major investment in community development, will be a key economic driver which will create thousands of jobs. The TAFE Network will play a pivotal role in Victoria's response to the NDIS. The project team, located at The Gordon, is working across the TAFE network on priority initiatives.

A focus of our Strategic Plan is to increase the scale of operations and diversify our revenue base by expanding into new markets locally, nationally and internationally, particularly the fast-growing Wyndham region and international education markets. It is pleasing to note that our international education strategy is progressing well and our Wyndham growth has exceeded expectations.

Our Facilities Master Plan has been updated. This important work provides a conceptual layout to guide future development and growth of our campuses. Investment in leading-edge equipment, technology and infrastructure will assist our students to develop the skills necessary for the jobs of the future, promote new partnerships with industry and support regional priorities.

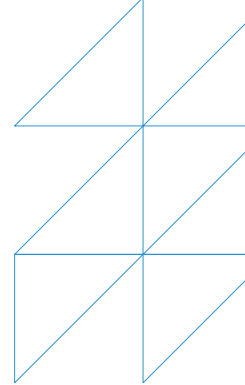
We have also been preparing for the implementation of Free TAFE and have added new courses to our scope of registration in support of this important initiative. The skills developed by students completing these courses, which are aligned with priority industry sectors, will be critical for the future development of our region and, indeed, Victoria.

I would like to acknowledge the achievements of our students and staff in 2018. The positive student outcomes achieved have been made possible by the skill and dedication of our teaching and specialist support teams. A significant milestone this year has been the finalisation of the Victorian TAFE Teaching Agreement. I thank all staff for their tremendous contribution in what has been an excellent year. I would like to acknowledge The Gordon Board members, and thank them for their direction and guidance. The Gordon has also continued to receive outstanding support from our local community throughout the year.

In closing, 2018 has been a foundation year for our Strategic Plan. The Plan aims to reposition The Gordon in an era where rapid advancements in technology, increased globalisation and shifting demographics are changing the drivers of employment growth and skills demand. We remain committed to maximising our contribution to the growth and prosperity of our community.



Lisa Line
CEO
March 2019



2018 – 2021 Strategic Plan: Year One

The 2018 - 2021 Strategic Plan aims to position The Gordon to effectively meet changing skills needs brought about by rapid advancements in technology, globalisation and demographic shifts, whilst strengthening the Institute's financial position and fostering organisational resilience in a constantly changing and highly competitive market.

Vision

The first choice for skills | learning, inspiring, transforming.

Mission

The Gordon, as a public training provider since 1887 is committed to:

- Providing an enriching student experience that promotes pathways for further study and employment;
- Leading the skilling of industries and communities; and
- Ensuring Institute success through sound financial management, strategic partnerships and commercial innovation.

Values

The achievement of our vision will be built on the drive, dedication and creativity of our staff. The shared values which provide the structure for how we work together and with stakeholders is critical for the implementation of our Strategic Plan.

Operating as a values-based organisation, we demonstrate our values through our behaviours. The Gordon has identified and adopted a set of Trademark Behaviours that provides a framework for us to model, reward and challenge behaviour in support of our strategic objectives. These behaviours guide everything we do, creating a positive workplace environment where staff and students have the means to reach their potential. The Trademark Behaviours are:

- **Step up and take a risk**
- **Show respect**
- **Take responsibility**
- **Always positive**

Our Trademark Behaviours are underpinned by the staff Code of Conduct, the Charter of Student Rights and Responsibilities, and specific provisions for teachers detailed in the Teachers' Handbook.

The following is a summary of the Plan's four strategic priority areas, including an overview of major initiatives completed in 2018. A complete list of Key Performance Indicators (KPIs), targets and results are presented on page FIN 60.



Strategic Plan | 2018 - 2021

Strategic Priority 1: Student, Industry and Community Engagement

Maintaining positive, long-term relationships with students, industry and community is fundamental to realising The Gordon's vision for the future. Equity of educational opportunity is a core principle underpinning the Institute's Strategic Plan. This focus is aligned with the Victorian Government's Education State vision and addresses the distinct role for TAFE expressed under Skills First. By improving access to education and building pathways to employment and further study, we can assist more individuals to realise their potential or change their life circumstances, while also providing increased skills and a diversity of talents for a changing economy.

Objectives

- 1.1 Enhance access to education and pathways for students**
- 1.2 Develop partnerships with industry to identify current and emerging skills needs**
- 1.3 Support community priorities through training and re-skilling**

Major initiatives in 2018:

The Gordon, with the Victorian Government, recognises the important role the Institute plays in delivering vital supports that keep students engaged and on track for education and employment outcomes. In 2018, the Minister for Training and Skills and the Minister for Higher Education provided \$2.69 million of Skills First TAFE Community Service funding to The Gordon in recognition of the Institute's role in meeting the educational, social and economic objectives that underpin the role of TAFEs in the Victorian economy.

Programs supported by the funding focus on inclusion, engagement, pathways and educational support, and include investment in the Skills and Jobs Centre; study support and learning spaces; personal counselling; disability support; literacy and numeracy support; and career counselling. These services were central to meeting the education and training needs of learners – particularly in addressing disadvantage and disengagement.

The Gordon increased its engagement with Learn Local organisations during the year, facilitating a planning workshop in June to begin developing an integrated regional approach to supporting disengaged learners, young people and culturally and linguistically diverse cohorts to pathway into accredited training and work.

Work placements are critical to ensuring job-ready graduates and improved employment status after training for students. A revised Institute-wide approach to the coordination of work placements was introduced in 2018 to maximise work placement opportunities for students, and enhance the supply of placements in key industry sectors.

The Skilling the Bay partnership has continued to deliver initiatives that facilitate the regional economic transition, raise education attainment levels and increase workforce participation rates for disadvantaged learners. Phase three funding has been secured, with a particular focus on building regional STEM capability and linking with the new Geelong Tech School.

The Skills and Jobs Centre continued to provide high-quality training and employment advice in Geelong and Wyndham in support of local communities, including the provision of specialist automotive employment expertise from the Geelong centre for transitioning auto workers.

A series of Industry Round Tables were held during the year with employers from priority industry sectors to identify current and emerging skills needs, to inform Institute planning and receive feedback on current delivery. Sector roundtables included: NDIS, Health and Community Services, along with monthly skills panels hosted by the Skills and Jobs Centre.

The Gordon is leading a TAFE Network Working Group to support NDIS workforce development and provide training and services that increase access to education for people with disabilities, leading to improved outcomes.

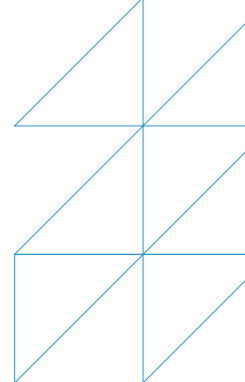
The projects include:

- Assessment of TAFE NDIS market opportunities;
- TAFEs as best practice disability inclusive workplaces; and
- Enhancing TAFE capability to support learners with a disability.

Priorities for 2019

Priorities for 2019 include:

- Develop collaborative partnerships with Learn Locals providers to enhance access to education for disengaged cohorts.
- Enhance opportunities for students that have completed a course to continue their studies at a higher level, building expertise and job readiness in priority industry sectors.
- Develop innovative industry partnerships to increase access to apprenticeships and retention of apprentices.
- Utilise the Skills and Jobs Centre to facilitate Industry Reference Groups and Industry Panels to identify future skills needs of employers and develop work placement opportunities for students.



Strategic Priority 2: Excellence in Teaching and Learning

The Gordon is committed to delivering an exceptional student experience centred on inspirational teaching and learning opportunities. Achieving excellence in teaching and learning opportunities is a clear strategic priority and aligns with the Skills First objective of TAFE being the benchmark for quality learning in the VET sector. Emphasis on introducing new programs that support skills development in priority industry sectors crucial to the region's future and aligned with Government priorities. Specialist centres will be established in partnership with industry to ensure a skilled workforce for a changing economy. The development of STEM programs, linked with the new Geelong Tech School, is a priority to ensure there are a range of pathways for young people to the careers of the future.

Objectives

- 2.1 Deliver high-quality teaching and learning**
- 2.2 Lead development of flexible and innovative delivery**
- 2.3 Develop areas of excellence to support priority industry sectors**

Major initiatives in 2018:

The Gordon's Teaching Excellence program continued in 2018, supporting teaching teams to develop teaching and learning resources, with a focus on approximately 30 courses transitioning to new training packages. This program has contributed to the Regional TAFE Alliance project which aims to enhance and streamline course development across regional TAFEs.

The Institute secured over \$5.5 million in Skills First funding to progress development of innovative teaching and learning projects and to build the capability to service priority sectors, in partnership with major employers and industry peak bodies. Workforce Training Innovation Fund initiatives announced in 2018 included The Gordon's Design Centre of Excellence, New Energy Technology Systems, and Civil Skills Cadetship projects led by industry peak bodies in partnership with The Gordon.

The Geelong Tech School was officially opened in October by the Hon. James Merlino MP, Deputy Premier and Minister for Education and the Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education. The Geelong Tech School delivers programs focused on STEM education; more than 18,000 students from 23 partner schools will access specialist programs linked with major employers in key industry growth sectors. Extensive work has been undertaken to add new courses to the Institute's scope of registration for 2019, with a focus on courses connected with the Free TAFE initiative, NDIS rollout and Victorian Government priority sectors, including Construction Technologies, Digital Technologies, International Education, Professional Services, Medical Technologies and the Visitor Economy.

Priorities for 2019

Priorities for 2019 include:

- Review progress of the Teaching Excellence Program and implement enhancements.
- Secure funding through Government programs to enable the development of flexible and innovative delivery models focused on priority industry sectors.
- Develop new STEM education pathways, particularly relating to the new Geelong Tech School.
- Continue work to establish Specialist Centres to support skills development in priority industry sectors, with a particular focus on supporting the transitioning Geelong and Wyndham economies.

Strategic Priority 3: Business Growth and Financial Sustainability

The Gordon is committed to enhancing its financial position in order to reinvest in the communities in which it operates. Operational effectiveness is a priority, to ensure the best possible alignment of resources with operational and strategic priorities, as is increasing the scale of operations and diversifying revenue. Business partnerships, acquisitions and joint ventures are being actively pursued, particularly those that improve the alignment of training delivery with emerging areas of community and industry need and assist in achieving growth targets. The Institute's campuses and facilities are significant assets that provide the learning environment necessary for students to develop job-ready skills. Evolving training delivery to meet new skills requirements brought about by a changing economy will require additional investment in infrastructure, equipment and technology.

Objectives

- 3.1 Maximise operational efficiency**
- 3.2 Optimise revenue, diversify income, build self-sufficiency**
- 3.3 Invest in leading-edge infrastructure, equipment and technology**

Major initiatives in 2018:

Implementation of business systems, processes and monitoring improvements to enhance utilisation to sharpen operational effectiveness and deliver high-quality training that meets learner and industry needs have been a focus.

A significant outcome has been the development of partnerships that provide an opportunity for business growth and diversification, whilst delivering enhanced outcomes to key stakeholders. A range of new partnerships have progressed, including joint tender submissions, partnership agreements with major employers, TAFE network collaborations and sector-wide initiatives led by the Victorian TAFE Association.

In 2018, \$3 million was allocated via the Institute's Capital Expenditure Program to enhance infrastructure, equipment and technology assets in line with strategic objectives. Two highlights of the program in 2018 were delivery of a new state of the art Composite Materials training room, along with the creation of a Heavy Vehicle training Centre of Excellence.

The Gordon's Facilities Master Plan was completed during the year. This important work provides a conceptual layout to guide future campus growth and development. Master Plan priorities have been identified for future investment in partnership with Government and other stakeholders.

Key initiatives in the Institute's International Education Growth Strategy were implemented, which has resulted in continued growth in international student enrolments, building on work of the previous year. The Institute has played a key role in the TAFE International Education Working Group which aims to secure new opportunities for the sector, aligned with the Victorian Government's International Education Strategy.

Priorities for 2019

Priorities for 2019 include:

- Undertake a detailed review of key operational effectiveness measures and implement best practice business processes.
- Develop a strategy to further increase market share in Geelong and Wyndham, and plan for future infrastructure, equipment and technology requirements.
- Continue to Implement the Institute's International Education Growth Strategy, in support of the Victorian Government's International Education Strategy.

Strategic Priority 4: A High Performing Institute

Central to The Gordon's success will be its ability to attract, retain and develop a high calibre workforce. Technological advances and the changing economy, will mean teachers and specialist support staff will need to learn new skills and become proficient in new fields. The Institute's Professional Development Program will ensure capability is aligned with the changing requirements of learners, the evolving skills needs of industry, and that it supports organisational growth and change. The Institute has been collaborating as part of the TAFE network to build sector capability and realise new opportunities aligned with Government priorities. The Gordon is committed to providing a collegiate and rewarding professional environment where both individuals and the organisation thrive. Enhancing our customer service capabilities and harnessing entrepreneurial proficiency will assist in creating a competitive advantage in an era where innovation is disrupting traditional models of service delivery.

Objectives

4.1 Develop and retain a high performing workforce

4.2 Maintain a values-based Institute

4.3 Achieve excellence in customer service and innovation

Major initiatives in 2018:

A series of initiatives were implemented during the year to further strengthen organisational values and culture.

The Gordon has identified and adopted a set of Trademark Behaviours that provides a framework to model, reward and address behaviours in support of strategic priorities. Guided by the Institute's Professional Development Policy and Framework introduced in 2017, a range of programs were run to increase alignment of organisational capability, with the changing requirements of learners and the evolving skills needs of industry, whilst also supporting organisational growth and change objectives.

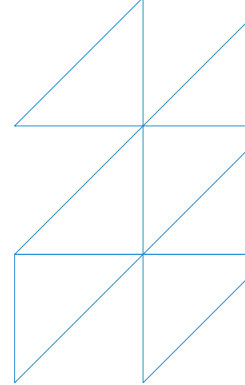
The principal focus for professional development in 2018 has been in supporting teachers to attain the TAE40116 upgrade by 1 April 2019. All teachers are undertaking professional development in the knowledge and practice of assessment, including competency based training and assessment in line with the National Standards for VET Regulators.

Further training and support are in place for early 2019, with the majority of teachers having completed the upgrade. The Gordon's leadership group completed a Design Thinking training program, as part of a broader innovation program.

Priorities for 2019:

Priorities for 2019 include:

- Implement actions to enhance staff capability and retention (as per Organisational Capability Development Plan).
- Implement strategies to reaffirm commitment to being a values-based Institute.
- Develop and implement a program to advance innovation across the Institute, including performance measures.



Teaching and Learning Highlights

Student satisfaction

Independent assessment shows The Gordon continues to exceed sector results for student outcomes. The 2018 National Centre for Vocational Education and Research's annual Student Outcomes Survey highlights include:

- 87.6% of Gordon graduates were satisfied with teaching.
- 86.7% of Gordon graduates were satisfied with the overall quality of training.
- 58.9% of Gordon graduates had an improved employment status after training.
- 92% of Gordon graduates would recommend their training provider to others.

Source: The Social Research Centre 2018, Australian vocational education and training statistics: Government-funded student outcomes: 2018 Gordon Institute of TAFE report, The Social Research Centre, Melbourne. Sector average relates to 'Government-funded VET Providers Victoria' and 'Government-funded VET Providers Australia'.

Design Centre of Excellence

In August, \$1 million of funding from the Workforce Training Innovation Fund was announced to establish The Gordon's Design Centre of Excellence. The project is being led by The Gordon in partnership with Cotton On Group, Austeng Engineering, 3iD Architecture, and Goop Digital. Students from a range of design disciplines will come together to work on real-world design challenges in partnership with industry, utilising leading-edge technology. The project also includes curriculum and training resources, the establishment of four new accredited units and the development of new opportunities for applied research projects and industry mentoring for students. The Centre will link with the new Geelong Tech School in providing pathway opportunities for secondary school students and assisting in providing the skills required for Geelong to thrive as a UNESCO City of Design.

New Energy Systems Project

The Gordon is a key partner in a \$2.3 million Workforce Training Innovation Fund grant announced in October. This funding will develop new courses in renewable energy technology, specifically battery storage system installation. The New Energy Technology Systems Project is being led by Future Energy Skills with consortium members including the Clean Energy Council, Electrical Trades Union, National Electrical Contractors Association, Gippsland Solar, Advanced Power Systems, Energy Storage Council, Energy Safe Victoria, Holmesglen Institute and Federation Training. The project is supported by the Victorian Skills Commission and is seen as critical for skills development in the fast growing renewable energy sector.

Building teacher capability

The development of a highly skilled and qualified workforce is critical for successful student outcomes. Two Institute-wide Professional Development days were held in 2018. The Institute's Continuing Professional Development program provides a framework for staff to maintain and update their qualifications, vocational teaching skills, and industry currency. In 2018, teaching staff have focused on completing the TAEAASS502 'Design and develop assessment tools' unit from the Certificate IV Training and Assessment qualification which will be a requirement for all VET teachers by April 2019.

Course in Introduction to the National Disability Insurance Scheme

The 'Course in Introduction to the National Disability Insurance Scheme' was launched at The Gordon in June. This new short course is an exclusive offering, jointly promoted and delivered by the TAFE Network, with support from the Victorian Government and Victorian Skills Commission. The course is targeted at new entrants to the sector and provides pathways to further NDIS related qualifications.

The Gordon has played a key role in the TAFE NDIS Working Group throughout the year which aims to support NDIS workforce development and provide training and services which will increase access to education for people with disabilities, which will, in turn, lead to improved outcomes.

Plumbing Industry Climate Action Centre collaboration

In 2017, The Gordon, Chisholm Institute and the Plumbing Industry Climate Action Centre (PICAC) signed a collaboration agreement. PICAC is an industry partnership supported by the Plumbing and Pipe Trades Employees Union, Master Plumbers and Mechanical Services Association of Australia, National Fire Industry Association and the Air Conditioning and Mechanical Contractors Association. A range of collaborative projects were identified by the partnership during 2018, including increasing the number of specialist plumbing teachers to meet the growing demand brought about by the high levels of construction and infrastructure development activity across the state.

Civil Skills Cadetship Program

In July 2018, a \$1.9 million Workforce Training Innovation Fund project was announced in partnership with the Civil Contractors Federation (CCF). The project, led by the CCF, will train 120 cadets in civil construction, in order to meet the growing need for skilled workers on major infrastructure projects. Industry mentors will support students through their work placements on key infrastructure projects as they study for their Certificate III in Civil Construction. Cadets will also have the opportunity to undertake a civil construction apprenticeship.

Strengthening Education Pathways

Apprenticeships, traineeships and work placements

Apprenticeships, traineeships and work placements required as part of a qualification is an important, highly valued aspect of The Gordon's training delivery and provide invaluable learning experiences and pathways to skilled employment. The Gordon works in partnership with employers, group training organisations, Australian apprenticeship network providers, secondary schools and other agencies, to support work-based training options for students. In 2018, there were 1968 new apprentices and trainees commencing training at The Gordon, with more than 952 of those being in the building trades, 592 in health, science, engineering and automotive courses. More than 1,600 students undertook structured work placements in non-apprenticeship/traineeship courses throughout the year. Establishing additional options for Free TAFE courses has been a particular focus in preparation for 2019.

Pathways to university

In 2018, The Gordon continued to develop university pathway options in partnership with Deakin University. Work has also progressed on a reverse articulation model with Deakin's School of Psychology students undertaking skills sets in Community Services. Pathway agreements are also in place with Federation University and Victoria University, providing specific pathway opportunities for Gordon students.

University of Melbourne Veterinary and Agricultural Sciences - Werribee Campus

Now in its third year, The Gordon's partnership with the University of Melbourne provides important learning experiences and industry work placements for Gordon students studying Animal Studies and Veterinary Nursing at both the campus and Animal Hospital.

VET Delivered to Secondary Students

VET Delivered to Secondary Students (VETDSS) provides the opportunity for secondary school students to attain a nationally recognised qualification while undertaking VCE or VCAL. The Gordon's VETDSS program has been operating for more than 20 years and serves to enhance job outcomes for students when combined with senior secondary schooling.

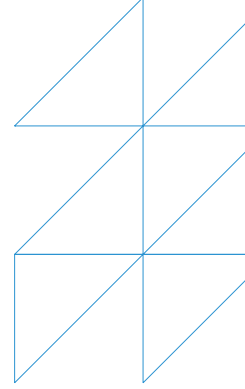
In 2018, The Gordon offered 32 VETDSS programs, each providing pathways into higher level Certificate and Diploma courses. More than 1,200 students took part in programs during the year, which were conducted in partnership with 84 secondary schools. An additional 700 Year 9 students also participated in the Geelong Tertiary Futures Program. The Gordon continued its partnership with local secondary schools as the appointed training provider for the delivery of VETDSS programs at Trade Training Centres in Wyndham, Colac, Ballarat St Joseph's College and Sacred Heart College, as well as at The Gordon's Geelong City, East Geelong, Werribee and Hoppers Crossing campuses.

School liaison

The Gordon continued to work with secondary schools across Geelong, Wyndham and regional Victoria to promote vocational education and training pathways to students. The school liaison program incorporates a range of activities including attendance at career expos and Tertiary Information Service events, campus tours and presentations, career activities and resources, and a strong collaboration with the Geelong Career Teachers' Association. In 2018, The Gordon engaged with almost 46,000 students. More than 140 events were supported, including 85 Gordon tours and 20 career expos.



GEELONG TECH SCHOOL



The building

'We are very lucky to have such a magnificent building. The external presence is most impressive and the architecture gives a real third-millennium feel. The entrance and steps up into the building give a light and airy feel and the internal rooms provide a good variety of learning spaces.'

Bob Tilbury, Ford Australia

'It's a great school, very light and airy, like it is breathing.'

Monika Schott, Boral Industries

Opening

With much anticipation and excitement, the Geelong Tech School was officially opened on 9 October 2018 by the Hon. James Merlino MP, Deputy Premier and Minister for Education and the Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education. Along with invited guests, industry representatives attended to discuss their involvement in program development, along with over 50 students and teachers from 9 of the 23 partner schools who participated in program trials. In each learning space, students modelled their project and chatted to the Deputy Premier about the technologies and the skills developed while working towards solutions for the project brief.

Highlights included the support and enthusiasm towards the range of programs that had been developed, the Minister for Training and Skills and the Minister for Higher Education's interaction with students and the students showcasing what the Tech School can achieve.

A special mention to some very talented students from our partner schools - Sophie Skuza (St Ignatius) and Ebony Storrar (Geelong High), the MCs for the official proceedings and also to Maggie Trotter (Sacred Heart) and Mark Trezise (Oberon High) who acted as guides for the official tour.

Programs

Tech School programs will impact on future subject selection and pathway decisions, as students and teachers in Geelong secondary schools become better informed about future workplaces and opportunities beyond school. Accessing technology and expertise at the Geelong Tech School to complement work undertaken at school in an applied learning STEM environment will allow students and teachers to connect their knowledge and skills for practical use in the real world. Over the previous 18 months, there has been significant investment in collaborating and working with the 23 partner secondary schools and industry in Geelong, to ensure that the programs on offer meet the needs of schools, connect with industry in this region and develop skills using technologies.

Initial offerings include three major program types: Core programs, Tech Tasters and Teacher Professional Development.

Core programs – Immersion, Engagement

Core programs are based around a scenario developed by local industry who provide a project brief. They provide extended experience using technologies as a vehicle to investigate solutions through learning programs linked to secondary school curriculum outcomes. Designed for facilitation both in the Geelong Tech School and in the home school by the teacher, core programs will build confidence and a capacity in our schools to develop skills that will be in demand in the future. The core programs are:

Water Reality Check – Barwon Water: design, 360 video, VR software

Bot Rescue – SES: robotics, design, coding

The Last Mile – Ford Australia: physics, design, prototyping

Future Bricks – Austeng: materials design, electronics, data analysis

Backed up to the Future – Barwon Water: robotics, design, coding

Tech Tasters - Exposure, Inspiration

Tech Tasters provide teachers and students with a one day experience designed to inspire the use of technologies through a practical/hands-on experience. We aim to help participants understand how accessible technologies can be and the enormous range of possibilities for their educational use. The tech tasters are:

Intro to Robotics – Robotics, design, coding

Intro to VR – Design, 360 video, VR software

Tinkertime – Design, electronics, coding

Teacher PD - Exposure, Inspiration, Building capacity

Programs designed to enthuse and build confidence in teacher capacity to use technologies to achieve a range of outcomes in schools. As well as Intro to Robotics, Intro to VR and Tinkertime, the Core Program PD covered skills and knowledge aligned with the core program facilitation.

Schools participation

The Geelong Tech School operated for the final six weeks of 2018, during which the following programs and events were offered:

- Representatives from 17 of the 23 partner schools engaged in a Geelong Tech School programs. This included 780 students, along with their teachers, who participated in both Tech Tasters and trials of the core programs.
- A total of 38 teachers from partner schools participated in full-day Professional Development programs.
- Numerous tours for DET representatives, partner school teaching staff, Gordon staff, industry representatives and interested community groups were also conducted.

Industry and Community Engagement

White Night

The Gordon was a proud site host of the inaugural Geelong White Night. With live performances from the balcony of the City Campus courtyard and The Gordon Gallery open to an innovative illumination, the Institute was a key site of activity.

Victorian Seniors Festival Geelong

The Gordon held walking tours hosted by General Gordon, aka Colin Mockett. Showcasing the 130 year history of The Gordon, key people of influence and its benefactors, over 120 people joined in and learned about the history of The Gordon and the projected opportunity for the future.

Student Support Fund

The Gordon is a proud supporter of the Student Support Fund, benefiting students since the close of International Harvester. As an independent charity, the Student Support Fund provides much needed financial support to students struggling to meet the pressures that can be associated with the cost of studying and living. The Gordon hosted the annual dinner in the Davidson Restaurant, raising \$11,750 for the fund. With the food donated by The Gordon and prepared and served by Gordon students, this annual event is a highlight of the events calendar at The Gordon.

Drought relief

The Gordon was proud to support the drought relief efforts, hosting a car rally from the East Geelong Campus. \$3,000 was raised in total.

VET Scholarship

Though our partnership with the WynBay LLEN, The Gordon proudly supported a scholarship for a Year 11 student studying Vocational Education and Training Delivered in Secondary Schools. The scholarship recipient, Ikanga Djembe, a Werribee Secondary College Student had fled war-torn Congo and was separated from all but one sibling in his homeland. The recipient of the inaugural Youth Potential Scholarship will assist Ikanga with the cost of his Year 12 VET studies.

The Future Leaders of the West Program

The Future Leaders of the West (FLOW) Program is a partnering of the Committee for Wyndham and The Gordon. This partnership facilitates the delivery of an accredited 12 month program where participants work in a collaborative environment on projects for the benefit of the Wyndham region. The FLOW program cultivates and builds important leadership skills aimed at improving business and industry in the community, as well as supporting community development.

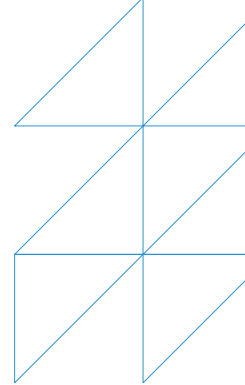
The Girls Big Day Out

Girls Big Day Out is an annual event that occurs at The Gordon and introduces trade and other non-traditional career options to Year 9 students from surrounding Geelong secondary schools. Girls Big Day Out is an invaluable tool for emphasising the importance of women in trades. The girls are provided advice and direction from specialist Gordon educators in a range of construction trade activities. These hands-on experiences offer insight into the possible career paths for young women and the potential for a successful future career gained through education and training.

Sponsorship, fundraising and scholarships

In 2018, The Gordon injected \$150,775 into the Geelong and Wyndham communities through sponsorship of 15 local organisations, community projects, sporting clubs and charity initiatives. Gordon staff also participated in numerous fundraising initiatives and events for not-for-profit organisations during the year. In particular, \$10,703 was raised through the Give Where you Live Workplace Giving program, where staff donate a proportion of their salary to support the local community through this umbrella organisation. Staff also supported Anamcara Geelong, Barwon Health, Buy a Bale Rural Aid, Geelong Mums, Genes for Genes, Cancer Council's Biggest Morning Tea, RU OK, Prostate Cancer Foundation of Australia and the Australian Red Cross Blood Service.

In 2018, over \$109,000 was awarded to 81 recipients through The Gordon's scholarship program. There are 27 different named scholarships (each offering differing amounts and numbers of scholarships) over four categories; open, age specific, access/equity and course/industry specific. These scholarships are provided through generous contributions made by business and industry benefactors, as well as charitable trust funds.



Awards for Excellence

Australasian Young Designer Wool Awards

- Briana Holman - 2nd place

Belmont Rotary Club Bert Fagg Apprenticeship Award

- Claire O'Callaghan - Winner

Fonterra Proud to be a Chef

- Triston Gili - Finalist

Lara Food and Wine Festival Fashion Display

- Aimee Kingsland and Kylah Palis (VETDSS)

Master Builders Association of Victoria Awards

- Kieran Cope - Regional Apprentice of the Year

Shared Tables' Thierry Marx Career Development Award

- Sequoia Lewien - Finalist

Victorian Training Awards

- Abbey Halton, School-based Apprentice or Trainee of the Year - Finalist
- Skilling the Bay, Industry Collaboration Award - Finalist

WorldSkills National Championships

- Thomas Neave, Joinery - Winner
- Andrew Manson, Landscape Construction - Winner
- Ben Wilson, Landscape Construction - Winner



Skilling THE BAY



Throughout 2018, Skilling the Bay (STB) continued to play an active and positive role to support the economic transition of Geelong from traditional manufacturing to a knowledge-based economy. Led by The Gordon and delivered in partnership with Deakin University and the Victorian Government, STB is leading a collaborative effort that brings together education providers, community organisations and industry to deliver targeted initiatives which enable the community to prepare for work now and into the future.

STB is responsible for the delivery of a number of integrated projects to achieve education, employment and skills outcomes that have been recognised as priorities for the region. These critical priorities include raising education attainment levels, increasing workforce participation through training and re-skilling and growing existing and emerging industries through targeted skills development.

During 2018, a formal independent evaluation was concluded, Stage 2 projects completed and new initiatives developed to support regional developments. An example of which was the introduction of the Geelong Tech School.

The evaluation confirmed that the cumulative work of STB has made a positive impact on the Geelong region. Project outcomes demonstrated that many of the performance indicators had been met or exceeded, there were clear examples of 'spin-off' projects that occurred and overall program success was attributed to factors such as strong governance, operational efficiency, effective partnerships and broad stakeholder engagement and consultation.

Evidence of tangible outcomes included new pathways to further study or employment; new courses and non-accredited programs; increased course enrolments; new employment; and increased STEM and digital technologies competence for students and teachers.

Collective program impact to date

- **1,680** adult participants
- **8,478** student participants
- **205** jobs created
- **300+** industry partnerships
- **123** programs delivered

2018 program highlights and outcomes

Careers in Community Services and Health Program

Recognised as one of three finalists in the Victorian Training Awards – Industry Collaboration category, this program is an example of outstanding collaboration between industry, schools, training organisations and the Geelong Region Local Learning and Employment Network (GRLLLEN) who manage the program; 210 Geelong region students enrolled in targeted VET Delivered to Secondary Students and School-based Traineeships in the Community Services and Health sector, and a further 124 students participated in non-accredited programs. With an 87% retention rate and 82% students indicating they intend to pursue a career in health and community services, the program is proving to be an effective pathway into the sector, building an early entry pipeline of talent. Data indicates the Geelong region School-Based Apprenticeship and Traineeships (SBAT) enrolments account for 44% of all Victorian SBAT enrolments in this growing sector.

Geelong Tertiary Futures Program

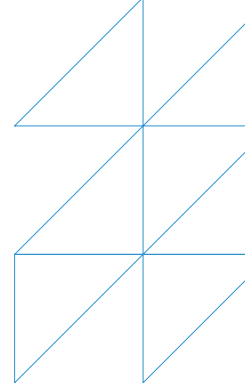
In 2018, 415 Year 9 students, from four regional schools, have undertaken a unique 10-week program, combining vocational taster classes at The Gordon with two units from the Certificate I in Employment Pathways. As a result, 88.6% of students reported a better understanding of the variety of tertiary options available to them, and 83% have an improved understanding of what employers want.

Northern Futures

In 2018, 81 students facing long-term unemployment from Geelong's Northern suburbs were enrolled in a range of training programs, with an average 70% completion rate. Through the comprehensive services provided, in a partnership between The Gordon and Northern Futures, participants are matched with employers and supported into sustainable employment. This approach has assisted 52% of participants transition to employment to date, and 18% going onto further training or education.

Returnships

The Returnships Program was a pilot initiative to assist those experiencing multiple barriers to employment to re-enter the workforce. Designed to support priority cohorts, including retrenched workers and their families, women returning to work, new migrants and youth, the program was delivered by the Skills and Jobs Centre and jointly funded by the Commonwealth Government and STB. Overall, 43 program participants undertook a paid work placement with one of the 31 host employers. As a result, 24 participants gained employment, one participant started an apprenticeship and one undertook further study; 12 industry sectors were represented, 100% of employers indicated the program had benefited their organisation and all wanted to be involved in further programs.



STEM and digital technologies programs

Teacher capability building programs

STB provided scholarships for regional Primary and Secondary School teachers to attend the biennial STEM Education Conference at Deakin University, Waurn Ponds. This support directly assisted 44 teachers from the Geelong and Barwon region to attend over two days. This professional development was designed to highlight teaching practices both regional and worldwide to improve STEM teaching capability in schools and strengthen school/industry connections.

Six Digital Technologies Teacher Professional Development sessions were delivered throughout 2018 in collaboration with the Victorian Curriculum and Assessment Authority, providing specific programs to support the introduction of the digital technologies curriculum in schools.

Student capability and awareness raising programs

Building on the success of the program introduced in 2017, 38 Year 9 and 10 students completed a four week (1 day per week) Internet of Things (IoT) program delivered by The Gordon's ICT teaching team. In 2018, a new 'Gaming with Python' program was introduced, with 53 students from across the region attending a four-week program onsite at The Gordon.

D-Tech Skills Builder

This project is a collaboration between Newcomb Secondary College, The Gordon and Skilling the Bay. It combines the best of industry, school curricula and vocational digital technologies for students in Years 7 to 10, with a focus on web design, coding and robotics and the Internet of Things. New blended learning resources are being developed for each year level, providing skills for 21st century jobs and student choices regarding the digital tech skills they would wish to pursue. In 2018, 170 students and 7 teachers directly participated.

Upstart entrepreneurial challenge

To inspire the next generation of entrepreneurs and small business owners, this program is designed to encourage Year 7 to 12 students to think about small business and entrepreneurship as a viable career pathway, as well as the development of transferable enterprise skills for the workplace. In 2018, the Upstart Entrepreneurial Challenge attracted 210 students from across the Geelong region who submitted 75 'Big Idea' entries. Winners of the competition were invited to develop their ideas with industry mentors and pitch them to industry and community leaders across the region.

Plans and opportunities

The diversity and breadth of the projects delivered to date have resulted in valuable learnings that have the capacity to inform and improve future program design and delivery. STB will continue to liaise with Government to share and utilise the learning systems and frameworks established to support other regions across Victoria to develop place-based approaches to growing the economy.



Marketing and Promotion

A year of engagement

Recognition as Australia's best large training provider in late 2017 meant The Gordon was able to utilise extremely positive messaging throughout 2018. We had strong engagement with our target market and grew lead generation by 19% compared to the previous year.

Geelong Cats

The Gordon strengthened our relationship with the Geelong Cats in 2018, growing sponsorship to include Cats Women as they prepare for their first season of AFLW. This agreement will deliver promotional, networking and ambassadorial benefits. The Gordon continued to have a number of Cats' players study with us, including Scott Selwood who discussed his experience at The Gordon in a glowing article in the AFL Record. Short video clips were created of other student players in situ, studying and discussing The Gordon. These were shared via our e-newsletter and on social media.

TVC

Our television commercial produced in late 2017 was shown across multiple networks in January and February 2018, including placement in the busy tennis coverage.

Institute events

Information nights

The Gordon trialed a coordinated approach for all information sessions across the Institute, scheduling them to occur on the same nights on campus. This allowed us to have welcoming staff on hand and also present generic information about life at The Gordon before attendees went into their program specific sessions. Held in January, May, October and December at each campus, the Institute showcase was vibrant, professional and supportive. Attendance was excellent and staff support ensured a positive experience.

Big Day of Design

Created to showcase the creative futures possible by studying at The Gordon, the inaugural BDD was held at Geelong City campus in September; 48 secondary students participate in taster sessions for Fashion, Interior Design, Building Design, Floristry, Graphic Design, Visual Arts, Specialist make-up, and Digital Interactive Media. This event was geared towards Year 9 students to encourage VET in School participation; 80% of students were interested in a career in design after participating in the day.

The Gordon Rescue

The Gordon partnered with local radio station Bay93.9 again in 2018 to deliver our most successful backyard makeover to date. The winning family was extremely worthy and the Geelong community embraced the project. Along with Institute-wide support, 22 local businesses provided materials. The project work was integrated into the student curriculum for maximum hands-on experience and learning outcomes.

Real Skills Afternoon Tea

Our Real Skills Afternoon Tea at the home of the Geelong Cats has become an annual event for local secondary schools. This year the Institute partnered with Read the Play, a not-for-profit that focuses on raising mental health awareness by working with youth sporting groups. This partnership added considerable substance to the event as we discussed real skills for life. Approximately 100 local VCE students took part in a facilitated activity to raise awareness and understanding of mental health issues. Students then heard from a panel discussion between Cats player Mark Blicavs, The Gordon Marketing Manager and a Read the Play facilitator. Balancing education/work/sports requirements with downtime was a key theme.



International Operations

With over 43 countries represented in the international student cohort, The Gordon continues to go from strength to strength in engaging and supporting study in Australia. 71 incoming international students undertook various study tours including Airport Operations, Nursing and English Language. This included students from China, Japan, Hong Kong to study in Geelong. This is a new activity for International in 2018 and has gone some way in supporting program diversity.

A new partnership to deliver the Advanced Diploma of Building and Design was established with Chongqing Jianzhu Vocational College, with 27 students enrolling in the course in September and six Chongqing Jianzhu Vocational College teachers enrolling and studying their required teacher training at The Gordon.

International highlights

After a competitive tender process, The Gordon was selected to be an official test centre for Pearson PTE Academic. The Centre opened in June 2018 and drew many external visitors to The Gordon to undertake the Pearson English Language test and the CPA exam. Since operations commenced in June, the centre has hosted 1661 test takers. The revenue from the centre has contributed to the expansion of Fee-for-Service international activities as well as providing excellent exposure to The Gordon to a broader range of prospective students.

As of October 2018, The Gordon was granted an official standalone Evidentiary Level (EL) 2, as opposed to the default AL2 rating. The Gordon's EL rating impacts on the amount of evidence applicants have to provide when applying for a visa. Advanced English and the Diploma of Hospitality Management gained CRICOS accreditation for Geelong City Campus. The Diploma of Community Services, Early Childhood Education and Care, and Remedial Massage, as well as all ELICOS courses, were also CRICOS accredited for delivery in Werribee in 2018.

These newly accredited CRICOS courses increased the number of courses available to international students. In 2018, The Gordon offered 31 award courses and 5 English Language courses for international students.

Risk management

- New agent management requirements in the 2018 National Code.
- Quality agent representation is required to minimise the risk of visa refusals.
- Pathways to university are a central pillar in minimising the risk of visa refusal.
- Limited pathways for courses on the Skilled Occupation list.

Risk mitigation strategies

- Updating The Gordon's agent management agreements and annual performance reviews using PRISMs agent data.
- Europe, South America and Cambodia were added to the emerging market list for 2018 to offset visa risks. Recruitment outcomes have flowed through into English Language courses in 2018 and will pathway into award courses in 2019.
- A review of the International Student Academic Progress and Attendance Monitoring Policy and Procedures, with subsequent recommendations accepted and implemented to address any compliance risks.
- New pathways to Higher Education in Nursing, Engineering and Accounting have been finalised and planning and preparation for pathways for Construction Management, Fashion, ICT, Commerce and Hospitality have commenced.



The Statistics

Summary of Operating Results

Increased training revenue and continued government support has enabled The Gordon to achieve a strong net result for the year. Government-funded delivery was at similar levels to 2017 which is a positive result given the challenges associated with the declining VET participation rates in Victoria. Strong growth in fee for service (FFS) revenue was evident in 2018. The FFS increase was primarily derived from growth in international student activity. Cost restraint also contributed to the positive result for 2018. This was against the backdrop of the implementation of the Victorian TAFE Teaching Agreement. From a Balance Sheet perspective, the reduction in net working capital in 2018 was primarily due to The Gordon's contribution to the Tech School/Gordon Rejuvenation capital project at the Geelong City Campus. Continued government support along with a strong working capital position leaves The Gordon well placed to drive growth. To continue to provide high-quality training that is aligned with industry and workforce needs, to promote excellence and innovation in training, and help disadvantaged students and communities who need additional support to engage in education.

Consultants

In 2018, 15 consultants were used with fees payable to each of \$10,000 or more. The combined amount for these services was \$1,111,786 (ex GST). Consultancy details are made available on the Institute's website thegordon.edu.au/about/organisational-information/quality-and-compliance. Two other consultants were utilised during the year with fees payable under \$10,000, representing a total of \$10,750 (ex GST).

ICT Expenditure

For the 2018 reporting period, The Gordon had total ICT expenditure of \$6,737,292 made up of the following:

Summary of Operating Results	\$'000 2018	\$'000 2017	\$'000 2016	\$'000 2015	\$'000 2014	\$'000 2013
Working Capital						
Current Assets	61,436	71,015	68,367	64,721	65,399	64,990
Less: Current Liabilities	15,077	14,253	11,730	10,308	12,340	10,216
Net Working Capital	46,359	56,762	56,637	54,413	53,059	54,774
Net Working Capital Ratio	4.07	4.98	5.83	6.28	5.50	6.36
Financial Results						
Operating Revenue *	71,480	70,666	67,567	58,896	79,313	73,532
Operating Expenditure **	70,398	67,640	66,477	59,863	79,786	74,101
Operating Surplus/(Deficit) ***	1,082	3,026	1,090	(967)	(14,650)	(569)
Operating Surplus/(Deficit) excluding Abnormal and Extraordinary Items ****	1,082	3,026	1,844	(967)	(349)	(569)
Contact Hours						
Total Funded SCH '000	2,581	2,614	2,472	2,539	6,319	6,598
Fee for Service \$'000	5,278	4,808	4,905	5,618	5,236	5,056

* Operating Revenue includes net gain/(loss) on disposal of non-financial assets.

** Operating Expenditure includes Depreciation and Long Service Leave expenses that are both unfunded liabilities of the Institute. For consistency and comparability, the Long Service Leave has been calculated using the Department of Treasury and Finance Present Value Model. Includes other gains/(losses) from other economic flows.

*** Operating Surplus (Deficit) including Abnormal and Extraordinary items (the 2014 result included the write-down of the Student Management System and the 2016 result included the write off of Building works).

**** Operating Surplus (Deficit) excluding Abnormal and Extraordinary items.

Consultant	Purpose of consultancy	Total approved project fee \$ (exc. GST)	Expenditure 2018 \$ (exc. GST)	Future expenditure \$ (exc. GST)
Aurorasdc	Strategic Education Review	\$13,224	\$13,224	\$-
Davidsons Accounting	Business Advisory Services	\$10,700	\$10,700	\$-
FG Advisory	Engineering Services	\$1,660,109	\$181,565	\$1,478,544
Foresight Lane	Industry Research and Scoping	\$21,600	\$21,600	\$-
IPSOS Public Affairs	Preparation of Design Centre of Excellence Funding Application	\$45,582	\$45,582	\$-
ISSA & Associates Architects	Architectural Services	\$23,016	\$23,016	\$-
Ludowyk Evaluation	Program Evaluation	\$24,840	\$24,840	\$-
Mercer Australia	Business Advisory Services	\$11,800	\$11,800	\$-
Synergistiq Pty Ltd	Project Evaluation	\$22,475	\$22,475	\$-
TSA Management	Project Management	\$464,304	\$253,128	\$1,072
Unified Technology	IT Services	\$199,058	\$199,058	\$-
Vincent Chrisp Architects	Architectural Services	\$1,058,002	\$168,278	\$44,982
Wells Advisory	Business Advisory Services	\$60,000	\$60,000	\$-
Worner Consulting	NDIS Program Development	\$25,000	\$25,000	\$-
WT Partnership	Quantity Surveying	\$149,320	\$51,520	\$4,600
15		\$3,789,030	\$1,111,786	\$1,529,198
< \$10K:				
David Brooks Consulting	Technical School Strategic Plan	\$1,600	\$1,600	\$-
Melissa Kalemis	Preparation of WTIF Grant Funding Applications	\$9,150	\$9,150	\$-
2		\$10,750	\$10,750	\$-

Business As Usual (BAU) ICT expenditure (Total)	Non-Business As Usual (non-BAU) ICT expenditure (Total = Operational expenditure and Capital Expenditure)	Operational Expenditure	Capital Expenditure
4,868,355	1,868,937	1,064,130	804,807

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

Enrolment Statistics

As at 12 December 2018:

Totals		
Enrolments	Students	SCH
14,961	13,407	3,295,893

Enrolments vs Students	Full-time	Part-time	Total
Students	3,653	9,754	13,407
Enrolments	4,449	10,512	14,961

Enrolments by Age & Status	Full-time	Part-time	Total
0 - 15		166	166
15 - 18	883	2,421	3,304
19 - 25	1,985	3,030	5,015
26 - 35	751	1,493	2,244
36+	830	3,402	4,232
Total	4,449	10,512	14,961

Enrolments by Gender & Status	Full-time	Part-time	Total
Male	2,178	6,375	8,553
Female	2,271	4,137	6,408
Total	4,449	10,512	14,961

Students by Gender & Status	Full-time	Part-time	Total
Male	1,784	5,831	7,615
Female	1,869	3,923	5,792
Total	3,653	9,754	13,407

Enrolments by Funding & AQF Level				
Sum of SCH Funding	AQF Level 0-1-2	AQF Level 3-4	AQF Level 5-6+	Total
Profile	1,077	2,473	796	4,346
Trade Apprentices	1	3,214		3,215
Fee-for-Service and Other	4,634	2,064	216	6,914
Other Trainees	73	360	53	486
Total	5,785	8,111	1,065	14,961

Student Contact Hours by Funding & AQF Level				
Enrolments Funding	AQF Level 0-1-2	AQF Level 3-4	AQF Level 5-6+	Total
Profile	391,555	905,485	457,192	1,754,232
Trade Apprentices	81	852,485		852,566
Fee-for-Service and Other	266,335	173,946	71,945	512,226
Other Trainees	22,345	126,525	27,999	176,869
Total	680,316	2,058,441	557,136	3,295,893

VCE and VCAL Outcomes

The Centre for Language and Further Education delivers VCE (Year 11 and 12) programs for 16 to 19-year-olds seeking to complete their secondary schooling in an alternative education setting, as well as adults wishing to return to study.

The Geelong Technical Education Centre (GTEC) delivers an integrated three-part program to a youth cohort of 16 to 19-year-olds who have completed Year 10 and wish to undertake senior secondary studies alongside vocational/trade training in a chosen career field. The program comprises:

- Victorian Certificate of Applied Learning (VCAL) Foundation, Intermediate, and Senior levels incorporating units from a Certificate III in Manufacturing Technology/CAD drafting.
- Certificate II or III level training in areas such as Building and Construction, Regulated and Mechanical Trades, Animal Studies, Community Services, Creative Design, Hair and Beauty, Events and Hospitality, and Information Technology.
- Regular on-the-job work skills training with employers through Structured Workplace Learning placements, School-based Apprenticeships or Traineeships.

Participation & Completion	Language and Further Education Program		Geelong Technical Education Centre	
	VCE Year 11	VCE Year 12	VCAL Intermediate (Year 11)	VCAL Senior (Year 12)
Participation	60*	48 (8 part-time)	82	58
Completion	39	30	34	38
Completion rate %	65%	62.5%	41%	65%

* Includes 15 VCE Preparation students. VCE Preparation is a Youth Access program designed for students who intend to transition into VCE. Students undertake a selection of four Year 11 units in semester 2 and transition into full Year 11 VCE in the subsequent year.

Student outcomes	Language and Further Education Program		Geelong Technical Education Centre	
	VCE Year 11	VCE Year 12	VCAL Intermediate (Year 11)	VCAL Senior (Year 12)
Achieved year level and further study pathway	25	17	24***	11****
Achieved year level and employment	4	10	8	25
Achieved year level (pathway unknown)	0	0	2	2
Further study with non-completion	17*	5**	18	1
Employment with non-completion	1	3	4	1
Withdrawn in 2018	13	13	23	14
Other/Unknown	0	0	3	4
Total	60	48	82	58

* 13 from VCE Preparation returning to complete VCE Year 11.

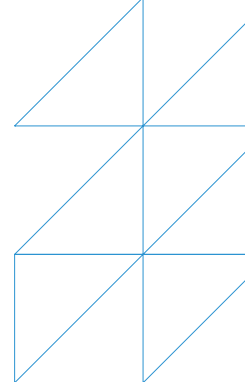
** Includes 3 students who studied part-time in 2018 and will return to complete VCE Year 12 in 2019.

*** Includes 8 students who finished Year 11 achieving a Foundation outcome.

**** Includes 7 students who finished Year 11 achieving an Intermediate outcome.

GTEC notes:

- GTEC also provides two mid-year Programs for Year 10 and 11 students as a pathway to further study at GTEC. 17 students participated in Foundation (Year 10) VCAL with 13 (76%) returning to study Intermediate VCAL at GTEC in 2019. 13 students participated in Intermediate (Year 11) VCAL with 9 (69%) returning to study Senior VCAL at GTEC in 2019.
- 13 Intermediate VCAL students secured employment through a School Based Apprenticeship. Achieved Year Level further study pathway (6). Further study with non-completion (7).
- 20 Intermediate VCAL students attained full-time apprenticeships (which includes further study). These have been counted in the employment outcomes, with some completing the year level and some non-completing.
- 18 Senior VCAL students attained full-time apprenticeships (which includes further study). These have been counted in both completion and non-completion outcomes.
- 10 Senior VCAL students withdrew early to pursue fulltime apprenticeships (3) or fulltime paid work (7).



Workforce and Employment

The Gordon is committed to providing a collegiate and rewarding professional environment where both individuals and the organisation can thrive. Underpinning our strategic priority to become a high performing Institute are our organisational values and the commitment to ensure high levels of staff engagement as we work towards achieving our strategic objectives.

People Matter Survey

In 2018, the survey was opened to all staff, with a response rate of 39%. Staff provided feedback demonstrating an improvement (76%) in managers encouraging behaviours consistent with the public sector values. Of note were the strong responses relating to providing client satisfaction (86%) and general enjoyment of the work and role (82%).

Survey feedback has also provided the stimulus for The Gordon to review the current Equal Opportunity Contact Officer role. This role now has an expanded remit to provide staff with additional sources of support and information to assist with more general workplace issues and positive resolutions.

Health and Wellbeing

The Gordon continued to provide staff with the opportunity to participate in a range of activities and initiatives in 2018. These ranged from the sporty e.g. Surf Coast Trek, yoga and pilates to fundraising for Give Where You Live. In addition, The Gordon became an early supporter of the Active Geelong initiative, with Movement Maker status. This builds on the work previously undertaken in line with the Healthy Together Program.

Carers Recognition Act 2012

The Gordon refreshed its Inclusion and Diversity strategy in 2018, recognising nine pillars that support an inclusive and positive workplace where staff can thrive. Pillar 1 – Work/Life Flexibility aims to increase the range of support available at The Gordon to ensure individuals have balanced and productive careers. We are committed to providing workplace flexibility arrangements that support both women and men to balance family and caring responsibilities, and work participation.

Protected Disclosure Act 2012

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.

Guidance is available on our 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.

Victorian Public Sector Travel Principles

The Gordon's travel policy adheres to the Principles.

Employer of Choice

The Gordon's recruitment and selection processes are based on the application of the principles of merit and equity, relevant award and statutory requirements, and best practice public sector approaches.

In addition, The Gordon continues to promote its Code of Conduct through induction and ensures it is available to staff on the intranet.

Workforce data reporting by FTE*

2018	Full-time		Part-time		Casual	
	Ongoing	Fixed term	Ongoing	Fixed term	Teacher	Other
PACCT	101.50	23.60	30.50	17.70	0.00	29.10
Executive	0.00	5.00	0.00	0.00	0.00	0.00
Other	6.40	4.20	0.00	0.20	0.00	0.70
Teacher	129.70	24.10	26.90	24.50	105.30	0.00

2017						
PACCT	93.00	21.00	35.79	14.06	0.00	27.84
Executive	0.00	6.00	0.00	0.00	0.00	0.00
Other	8.00	4.00	0.00	0.00	0.00	0.00
Teacher	134.00	22.00	31.20	17.10	108.32	0.00

* All employees have been correctly classified in the workforce data collections.

Workforce Disclosures (December 2017 - December 2018)

		December 2017						
		All employees		Ongoing		Fixed-term & Casuals		
		Number (Headcount)	FTE	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
Demographic dates	Gender							
	Women Executives	4	4	0	0	0	4	4
	Women (total staff)	502	273.6	96	86	150.13	320	123.51
	Men Executives	2	2	0	0	0	2	2
	Men (total staff)	366	242.67	139	23	151.86	204	90.81
	Self-described	0	0	0	0	0	0	0
	Age							
	15-24	10	1.55	0	0	0	10	1.55
	25-34	79	42.51	11	4	12.86	64	29.65
	35-44	157	91.35	32	30	50.97	95	40.38
	45-54	333	204.57	91	41	115.89	201	88.68
	55-64	241	159	90	30	108.73	121	50.27
	Over 64	54	23.33	11	4	13.54	39	9.79
Total employees	874	522.31	235	109	301.99	530	220.32	

		December 2018						
		All employees		Ongoing		Fixed-term & Casuals		
		Number (Headcount)	FTE	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
Demographic dates	Gender							
	Women Executives	2	2	0	0	0	2	2
	Women (total staff)	592	285.95	108	79	146.86	405	139.09
	Men Executives	2	2	0	0	0	2	2
	Men (total staff)	368	239.49	140	23	148.14	205	91.35
	Self-described	0	0	0	0	0	0	0
	Age							
	15-24	16	2.59	0	0	0	16	2.59
	25-34	83	33.95	11	2	10.30	70	23.65
	35-44	173	91.03	33	25	46.23	115	44.8
	45-54	329	194.49	89	35	105.49	205	89
	55-64	295	175.85	101	32	114.58	162	61.27
	Over 64	68	31.53	14	8	18.4	46	13.13
Total employees	964	529.4	248	102	295	614	234.4	



Environmental Performance

As a leading community-focused organisation, The Gordon has a strong commitment to improving its environmental performance and employed a number of strategies in 2018 to support this goal.

Greener Government Buildings

The Gordon joined the Greener Government Buildings Program in 2017. This program continues into early 2019, with scheduled completion due towards the end of May. Works include the replacement of non-efficient lighting with LED fittings and the installation of 99kWh solar arrays to both the East Geelong and City Campus.

Water

The Gordon installed an additional 35,000L water tank to L Building at East Campus.

The water harvested will support sustainable delivery of Horticulture and Turf Management courses.

Fleet

The Gordon continues to revitalise its vehicle fleet, with the inclusion of two new hybrids, diesel and smaller economical petrol vehicles. This replacement strategy is helping to decrease our emissions and ensure a more considered approach to mobile delivery.



2018 Environmental data

Base performance		Measurement	Result
Geelong City Campus		Useable Floor Area (UFA)	22,804.11
East Geelong Campus - UFA		Useable Floor Area (UFA)	26,423.23
Werribee Campus		Useable Floor Area (UFA)	1,106.00
Hoppers Crossing Trades Campus		Useable Floor Area (UFA)	837.90
Skills and Jobs Centre		Useable Floor Area (UFA)	192.00
Total UFA			51,363.24
Total FTE			531
Gas & Electricity			
E1	Total energy usage segmented by primary source (including Green Power).	Megajoules - Gas	7,058,966
		Megajoules - Electricity	12,035,980
		Megajoules - Green Power	630,609
E2	Greenhouse gas emissions associated with energy use, segmented by primary source and offsets.	Tonnes CO2-e - Gas	363
		Tonnes CO2-e - Electricity	3,778
E3	Percentage of electricity purchased as Green Power.	%	10
E4	Units of energy per FTE.	Megajoules/FTE	37,260
E5	Units of energy per unit office space (UFA m2 used as base).	Megajoules/m2	384
Waste Production			
Ws1	Total units of office waste disposed of by destination.	Landfill (kg)	470,718
		Recycled (kg)	140,738
		Greenwaste (kg)	3,708
Ws2	Units of office waste disposed of per FTE by destination.	Landfill (kg/FTE)	889
		Recycled (kg/FTE)	154
Ws3	Recycling rate (% of total waste by weight).	%	24.40%
Ws4	Greenhouse gas emissions associated with waste disposal.	Tonnes CO2-e	664
Water Consumption			
W1	Total units of metered water consumed by water source.	Potable (kL)	8,132
		Rainwater (kL)	830
W2	Units of metered water consumed in offices per FTE.	kL/FTE	17
W3	Units of metered water consumed in offices per unit of office space.	kL/m2	0.17
Transportation			
T1	Total energy consumption by operational vehicles segmented by vehicle type (MJ).	ULP	1,238
		LPG	0
		Diesel	368
		Hybrid	437
T2	Total vehicle travel associated with entity operations segmented by vehicle type (km).	ULP	339,501
		LPG	0
		Diesel	97,519
		Hybrid	217,729
T3	Greenhouse gas emissions associated with operational vehicle fleet by vehicle type (Tonnes CO2-e).	ULP	83
		LPG	0
		Diesel	26
		Hybrid	29
T4	Greenhouse gas emissions from vehicle fleet per 1,000km segmented by vehicle type (Tonnes CO2-e/1,000km).	ULP	0.246
		LPG	0
		Diesel	0.264
		Hybrid	0.135
T5	Total distance travelled by air.	Kilometres	389,360
T6	Percentage of employees regularly (>75% of work attendance days) using public transport, cycling, walking, or car pooling to and from work or working from home by locality type.	% of total employees	10
Greenhouse Gas Emissions			
G1	Total greenhouse gas emissions associated with energy use.	Tonnes CO2-e	4,140
G2	Total greenhouse gas emissions associated with vehicle fleet.	Tonnes CO2-e	139
G3	Total greenhouse gas emissions associated with air travel.	Tonnes CO2-e	0
G4	Total greenhouse gas emissions associated with waste production.	Tonnes CO2-e	664
G5	Greenhouse gas emissions offsets purchased.	Tonnes CO2-e	0
G6	Total greenhouse gas emissions: energy, waste, vehicle.	Tonnes CO2-e	4,943

Occupational Health and Safety

OHS strategy

The Gordon is committed to providing a safe and healthy environment for staff, students, contractors and visitors. The Gordon's OHS Strategy identifies three key areas for continuous improvement: safety culture and leadership, OHS risk management incident management

Safety culture and leadership

The Gordon's Health and Safety Committee meets on a bi-monthly basis to consider and consult on all matters relevant to OHS and consists of 13 elected Health and Safety Representatives (HSRs) and four management representatives.

In 2018, safety culture improvement initiatives included:

- Partnered with WorkSafe Victoria to deliver on campus student focused 2018 WorkSafe month initiatives
- Planning and designing 2019 leadership group safety culture training initiative
- Realignment of health and safety representatives and designated work groups to new corporate structure
- Review of emergency management and critical incident policies and procedures

OHS risk management

The Gordon is committed to proactive risk management through hazard identification and teaching of safe work methods, to both staff and students. Regular workplace inspections are undertaken and supported by formal risk management processes.

In 2018 OHS risk management initiatives included:

- Geelong Tech School hazard identification and risk management strategies
- Elimination of Medium Density Fibre Board (MDF) products within our Geelong Technical Education Centre (GTEC)
- Workplace monitoring for exposure to noise, hardwood dust, and air quality – mold
- Review of dangerous goods and hazardous substance storage and handling framework
- Capital Expenditure hazard identification and risk management initiatives
- Institute-wide steel pallet racking compliance and safety audits

Incident management

The Gordon is focused on reducing the number, and minimising the impact, of staff and student injuries. Where appropriate, injuries and near misses are investigated to establish a root cause. Solutions are then recommended and followed through for implementation.

Incident management improvement initiatives included:

- Institute-wide hazard awareness and education initiative focusing on the reduction of slip-trip and fall incidents
- Enhanced PPE requirements (safety gloves) for all trade based VETiS, pre-apprenticeship and taster program students
- Review of Structured Workplace Learning (SWL) incident management policies and procedures

As a result of an awareness campaign by the OHS Manager to encourage reporting of hazards, near misses and minor incidents. The campaign led to an increase in the number of hazards and incidents being reported, particularly those reported by staff. In doing so, risks could be properly assessed and hazards, wherever practicable, eliminated before they resulted in a serious injury to a staff member, student or campus visitor.

There was a minor increase in the number of injuries for students which resulted in medical treatment, however, there was no increase in the severity of those injuries nor costs of claims.

There were no fatalities in 2018.

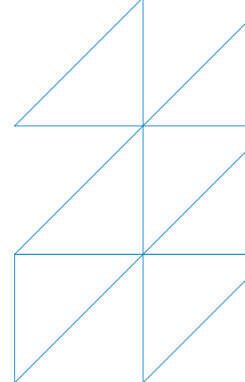
Key Performance Indicators	2016	2017	2018
Number of staff hazards/ incidents per 100 FTE	3.5	4.9	7.2
Number of student hazards/ incidents per 100 students	0.5	0.5	0.6
Number of staff lost time injury claims per 100 FTE	1.17	1.15	0.8
Number of student serious injury claims per 100 students	0.007	0.022	0.006
Average cost per staff lost time claim	\$12,223	\$34,961	\$15,815.64

Risk management attestation statement

I, Justin Giddings, on behalf of the Responsible Body, certify that for the period 1 January 2018 to 31 December 2018, The Gordon has complied with Ministerial Standing Direction 3.7.1 - Risk Management Framework and Processes.



Justin Giddings
Board Chair
27 February, 2019



Fees and Charges

In 2018, fees payable by enrolling students were made up of three components:

1. Tuition contributions

Tuition contributions were charged at an hourly rate which varied from course to course. A large portion of the tuition was subsidised by the Victorian Government, as part of the Victorian Skills First Program.

The fees were calculated based on the number of hours of enrolment, at a rate that varied depending on the course.

All hourly rates were set and approved by The Gordon as part of the budget process.

Those students eligible for concession fees paid 20 per cent of the published standard hourly rate.

Those students who did not meet the eligibility criteria for the Skills First Program were charged a fee-for-service rate.

2. Resource or materials fees

Resource or materials fees are charged to cover the costs of materials and other incidentals. This fee varied according to the course being undertaken.

Additional service charges

In addition to the general fees and student services fees, The Gordon made the following charges to students for services provided at times other than the completion of the academic year, or completion of a student's course:

Student ID card replacement	\$10
Fee receipt replacement	FREE
Official Statement of Results	FREE
Archive result search	\$40
Replacement Statement of Attainment, Participation or Completion	\$25
Replacement certificate	\$40
Archive result search and replacement certificate	\$80

Compulsory fees

There were no compulsory non-academic fees charged in 2018.



Further Compliance Information

Relevant legislation

The Gordon complies with all relevant legislation and subordinate instruments including, but not limited to, the following:

- National Vocational Education and Training Regulator Act 2011
- Education and Training Reform Act 2006 (ETRA)
- Education Legislation Amendment (Governance) Act 2015
- Standards for Registered Training Organisations (RTOs) 2015
- TAFE Institute constitution
- Directions of the Minister for Training and Skills and the Minister for Higher Education (or predecessors)
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- Education Services for Overseas Students (ESOS) Act 2000
- National Code of Practice for Providers of Education and Training to Overseas Students 2007
- Higher Education Support Act 2003
- Occupational Health and Safety Act 2004
- Workplace Injury & Rehabilitation Compensation Act 2013
- Public Administration Act 2004
- Equal Opportunity Act 2010
- Charter of Human Rights & Responsibilities Act 2006 (Vic)
- Financial Management Act 1994
- Freedom of Information Act 1982
- Building Act 1983
- Copyright Act 1968
- Privacy and Data Protection Act 2014
- Public Records Act 1973
- Protected Disclosure Act 2012
- Independent Broad-Based Anti-Corruption Commission Act 2011
- Victorian Industry Participation Policy Act 2003
- Working With Children Act 2005
- Appointment and Remuneration Guidelines
- Child Safety and Wellbeing Act 2005 (Child Safety Standards)

The following external reviews/audits of The Gordon were completed in 2018:

- Victorian Auditor-General audit of financial statements
- Continuous audit program by BDO
- Department of Education and Training Victoria - TAFE Quality Review
- WorkSafe Victoria - Accredited courses training program audit

Freedom of Information Act 1982

It is The Gordon's policy to facilitate, subject to privacy and confidentiality provisions, access to information without recourse to the provisions of the Freedom of Information Act 1982, wherever it is practicable. In 2018, The Gordon received one application for the release of information under freedom of information

National Competition Policy

The Gordon has implemented a strategy ensuring each appropriate segment of operations, that is not recurrently funded, is required to recover full overheads, including an allowance for net competitive advantages, where they exist. Internal support services of a non-administrative nature that could potentially be outsourced, are also subject to recouping overheads consistent with the competition guidelines. Competitive tendering policy forms part of the overall purchasing policy, following the Competitive Neutrality Pricing Principles.

Compliance with the Building Act 1993

The Gordon considers that new buildings constructed after the effective date of the Building Act 1993, conform to the relevant requirements of the Act. Buildings in existence prior to the Building Act 1993, comply with the relevant building regulations existent at that time. The Gordon's ongoing maintenance programs and any improvements or alterations to buildings are completed in a manner compliant with the relevant requirements of the Building Act 1993.

Register of Major Commercial Activities

The register is required to comply with Commercial Guideline 10. The Board is responsible for oversight of the register. The Gordon's policy mandates compulsory reporting of activities that are in excess of 5% of total revenue, and compulsory reporting of any activity that exposes The Gordon to significant risk. In 2018, no activity has been reported.

Victorian Industry Participation Policy Disclosures

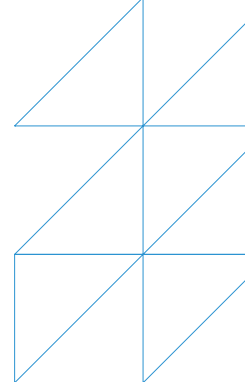
No projects were undertaken in 2018 that required compliance with the Victorian Industry Participation Policy.

Significant events since balance date

There have been no events since balance date which will have a significant effect on the operations of The Gordon in future years.

Ex-gratia payments

The Gordon did not make any ex-gratia payments during 2018.



Audit Committee review and recommendation

The financial statements were reviewed and recommended by the Audit and Risk Management Committee at the meeting held on 26 February 2019.

Information available on request

The Gordon has prepared material on the following items, further details of which are available on request from the Accountable Officer, and subject to the provisions of the Freedom of Information Act 1982:

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

Finance attestation statement

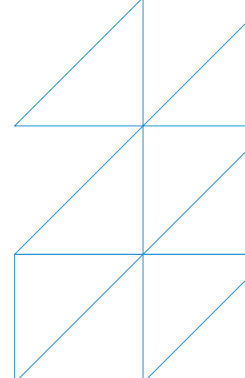
I, Justin Giddings, on behalf of the Responsible Body, certify that for the period 1 January 2018 to 31 December 2018, The Gordon has complied with the applicable Standing Directions of the Assistant Treasurer under the Financial Management Act 1994 and Instructions.

Justin Giddings
Board Chair
27 February, 2019

Disclosure Index

The Gordon's Annual Report is prepared in accordance with all Victorian legislation. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

Item No	Source reference	SUMMARY OF REPORTING REQUIREMENT	
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
1	FRD 22H	Manner of establishment and the relevant Minister.	3
2	FRD 22H	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements.	3, 12-25
3	FRD 22H	Nature and range of services provided including communities served.	3, 12-25
MANAGEMENT AND STRUCTURE			
4	FRD 22H	Organisational structure and chart, detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities.	4-11
FINANCIAL AND OTHER INFORMATION			
5	FRD 03A	Accounting for Dividends.	N/A
6	FRD 07B	Early adoption of authoritative accounting pronouncements.	FIN 58
7	FRD 10A	Disclosure Index.	38-39
8	FRD 17B	Long Service leave and annual leave for employees.	FIN 15-17
9	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 February 2004.	N/A
10	FRD 22H	Operational and budgetary objectives, performance against objectives and achievements.	13-15, FIN 60
11	FRD 22H	Occupational health and safety statement including performance indicators, performance against those indicators.	34
12	FRD 22H	Workforce data for current and previous reporting period including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections.	29
13	FRD 22H	Summary of the financial results, with comparative information for the preceding four reporting periods.	26
14	FRD 22H	Summary of significant changes in financial position.	26
15	FRD 22H	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future.	13-25
16	FRD 22H	Post-balance sheet date events likely to significantly affect subsequent reporting periods.	37, FIN 57
17	FRD 22H	Summary of application and operation of the <i>Freedom of Information Act 1982</i> .	36
18	FRD 22H	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	26, FIN 60
19	FRD 22H	TAFE workforce inclusion policy (where a TAFE has one), including a measurable target and report on the progress towards the target.	N/A
20	FRD 22H	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST).	24
21	FRD 22H	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.	36
22	FRD 22H	Statement, to the extent applicable, on the application and operation of the Carers Recognition Act 2012 (Carers Act), and the actions that were taken during the year to comply with the Carers Act.	29
23	FRD 22H	Summary of application and operation of the Protected Disclosure Act 2012 including disclosures required by the Act.	29
24	FRD 22H and FRD 24D	Summary of Environmental Performance.	32-33
25	FRD 22H	Consultants: Report of Operations must include a statement disclosing each of the following: 1. Total number of consultancies of \$10,000 or more (excluding GST). 2. Location (e.g. website) of where details of these consultancies over \$10,000 have been made publicly available. • Consultant engaged • Brief summary of project • Total project fees approved (excluding GST) • Expenditure for reporting period (excluding GST) • Any future expenditure committed to the consultant for the project. 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period.	26
26	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer.	37
27	FRD 22H	An entity shall disclose the following in the report of operations: a) Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and b) Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: (i) Operational expenditure (OPEX); and (ii) Capital expenditure (CAPEX).	26
28	FRD 25C	Victorian Industry Participation Policy Disclosures.	36
29	FRD 26B	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004.	N/A
30	SD 5.1.4	Financial management compliance attestation - The Responsible Body must attest to compliance with applicable requirements in the FMA, the Standing Directions of the Assistant Treasurer and the Instructions, and disclose all Material Compliance Deficiencies.	37
31	FRD 119A	Transfers through contributed capital.	FIN 33
32	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.	FIN 7
33	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	2, FIN 61
34	CG 10 (clause 27)	Register of Major Commercial Activities and Report.	36
35	CG 12 (clause 33)	TAFE Institute Controlled Entities.	FIN 12, FIN 52



Item No	Source reference	SUMMARY OF REPORTING REQUIREMENT	
FINANCIAL REPORT			
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1984			
36	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: <ul style="list-style-type: none"> the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards. 	FIN 7
OTHER REQUIREMENTS UNDER STANDING DIRECTION / FINANCIAL MANAGEMENT ACT 1994 (FMA)			
37	SD 5.2.2(a) and FMA s49	An Agency's financial statements must include a signed and dated declaration by: <ul style="list-style-type: none"> the Accountable Officer subject to Direction 5.2.2(c), the CFO for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body. 	FIN 7
38	FRD 30D	Rounding of amounts.	FIN 12
39	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to: <ul style="list-style-type: none"> review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister. 	8, 37, FIN 7
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
40	FRD 11A	Disclosure of ex-gratia payments.	FIN 57
41	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report.	4, FIN 50-54
42	FRD 102A	Inventories.	FIN 56
43	FRD 103G	Non-financial physical assets.	FIN 9, FIN 22-28, FIN 45
44	FRD 105B	Borrowing costs.	FIN 19
45	FRD 106B	Impairment of assets.	FIN 22-24, FIN 42, FIN 55
46	FRD 107B	Investment properties.	N/A
47	FRD 109A	Intangible assets.	FIN 26-27, FIN 55
48	FRD 110A	Cash flow statements.	FIN 11, FIN 33
49	FRD 112D	Defined benefit superannuation obligations.	FIN 15-18
50	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates.	FIN 12, FIN 52
51	FRD 114B	Financial instruments – general government entities and public non-financial corporations.	FIN 34-49
52	FRD 120L	Accounting and reporting pronouncements applicable to the reporting period.	FIN 58
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
53	Legislation	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: <ul style="list-style-type: none"> <i>Education and Training Reform Act 2006 (ETRA)</i> TAFE Institute constitution Directions of the Minister for Training and Skills and the Minister for Higher Education (or predecessors) TAFE Institute Commercial Guidelines TAFE Institute Strategic Planning Guidelines <i>Public Administration Act 2004</i> <i>Financial Management Act 1994</i> <i>Freedom of Information Act 1982</i> <i>Building Act 1993</i> <i>Protected Disclosure Act 2012</i> <i>Victorian Industry Participation Policy Act 2003.</i> 	36, FIN 7
54	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2018.	35
55	Policy	Statement that the TAFE Institute complies with the Victorian Public Sector Travel Policy.	29
56	Key Performance Indicators	See table on page 6 of the guidelines for required formatting - Institutes to report against: <ul style="list-style-type: none"> Employment costs as a proportion of training revenue Training revenue per teaching FTE Operating margin percentage Training Revenue diversity. 	FIN 60
OVERSEAS OPERATIONS OF VICTORIAN TAFE Institutes			
57	PAEC and VAGO (June 2003 Special Review Recommendation 11)	<ul style="list-style-type: none"> Financial and other information on initiatives taken or strategies relating to the Institute's overseas operations. Nature of strategic and operational risks for overseas operations. Strategies established to manage such risks of overseas operations. Performance measures and targets formulated for overseas operations. The extent to which expected outcomes for overseas operations have been achieved. 	25

The Financial Report

Gordon Institute of TAFE

ABN 27 241 053 246

**Financial Report
for the Year Ended 31 December 2018**

Gordon Institute of TAFE ABN 27 241 053 246

Financial Report - 31 December 2018

How this report is structured

The Gordon TAFE has presented its audited general purpose financial statements for the financial year ended 31 December 2018 in the following structure to provide users with the information about the TAFE's stewardship of resources entrusted to it.

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	Balance Sheet ²	FIN - 9
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9.8	Events after reporting date	FIN - 57
9.9	Application of standards issued but not yet effective	FIN - 58
	Key Performance Indicators	FIN - 60
	Statement of Performance Directors' Declaration	FIN - 61

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

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

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

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

4 *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.*

Independent Auditor's Report

To the Board of the Gordon Institute of TAFE

Opinion	<p>I have audited the financial report of the Gordon Institute of TAFE (the institute) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 December 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the Board Chair, Chief Operating Officer and Chief Finance Officer. <p>In my opinion the financial report is in accordance with Standing Direction 5.2 of the Financial Management Act 1994 and Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"> • presenting fairly, in all material respects, the financial position of the institute as at 31 December 2018 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>.
Basis for Opinion	<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 auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, <i>Standing Direction 5.2 of the Financial Management Act</i> and the <i>Australian Charities and Not-for-profits Commission Act 2012</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>

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.

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



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

MELBOURNE
19 March 2019

Auditor-General's Independence Declaration

To the Board, the Gordon Institute of TAFE

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the Gordon Institute of TAFE for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.



Charlotte Jeffries

as delegate for the Auditor-General of Victoria

MELBOURNE
19 March 2019

Financial Report for the Year Ended 31 December 2018

DECLARATION BY THE BOARD CHAIR CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

We certify that the attached financial statements for the Gordon Institute of TAFE have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards, *Australian Charities and Not-for-profits Commission Act 2012* 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 2018 and financial position of the Gordon Institute of TAFE as at 31 December 2018.

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 Gordon Institute of TAFE will be able to pay its debts as and when they become due and payable.

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



Justin Giddings
Board Chair
05/03/2019
Geelong



Lisa Line
Chief Executive Officer
05/03/2019
Geelong



Nicholas Marin
Chief Finance Officer
05/03/2019
Geelong

**Gordon Institute of TAFE
Comprehensive Operating Statement
For the year ended 31 December 2018**

		TAFE 2018 \$'000	2017 \$'000
	Notes		
Continuing operations			
Income from transactions			
Government contributions	2.1	55,891	56,174
Sale of goods and services	2.2	13,543	12,656
Interest income	4.3	1,009	905
Other income		920	865
Total income from transactions		71,363	70,600
Expenses from transactions			
Employee benefits	3.1.1	46,635	46,332
Depreciation and amortisation		4,295	3,618
Supplies and services	3.3	12,375	12,133
Other operating expenses	3.5	6,663	5,610
Total expenses from transactions		69,968	67,693
Net result from transactions		1,395	2,907
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets	4.1.1	117	66
Other gains/(losses) from other economic flows	9.1	(430)	53
Total other economic flows included in net result		(313)	119
Net result from continuing operations		1,082	3,026
Net result		1,082	3,026
Other economic flows - other comprehensive items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	9.2	-	3,595
Comprehensive result		1,082	6,621

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

**Gordon Institute of TAFE
Balance Sheet
As at 31 December 2018**

	Notes	TAFE 2018 \$'000	2017 \$'000
Assets			
Financial assets			
Cash and deposits	6.1	25,816	64,266
Receivables	5.1	5,506	5,370
Investments and other financial assets	4.3	28,968	-
Total financial assets		60,290	69,636
Non-financial assets			
Inventories		229	221
Prepayments		917	1,158
Property, plant and equipment	4.1	123,247	111,633
Intangible assets	4.2	2,541	2,663
Total non-financial assets		126,934	115,675
Total assets		187,224	185,311
Liabilities			
Payables	5.2	4,474	4,722
Employee provisions	3.1.2	10,504	9,803
Borrowings		-	27
Other provisions		176	171
Other liabilities	5.3	1,253	872
Total liabilities		16,407	15,595
Net assets		170,817	169,716
Equity			
Accumulated surplus/(deficit)		69,398	68,316
Reserves	9.2	73,690	73,671
Contributed capital	6.2	27,729	27,729
Net worth		170,817	169,716

The Balance Sheet should be read in conjunction with the accompanying notes to the financial statements.

Gordon Institute of TAFE
Statement of Changes in Equity
For the year ended 31 December 2018

TAFE	Physical asset revaluation surplus \$'000	Special and general purpose reserves \$'000	Accumulated surplus \$'000	Contributed capital \$'000	Total \$'000
At 1 January 2017	68,753	1,346	65,288	27,729	163,116
Net result for the year	-	-	3,026	-	3,026
Other economic flows - other comprehensive income	3,595	(23)	2	-	3,574
Year ended 31 December 2017	72,348	1,323	68,316	27,729	169,716
Net result for the year	-	-	1,082	-	1,082
Other economic flows - other comprehensive income	-	19	-	-	19
Year ended 31 December 2018	72,348	1,342	69,398	27,729	170,817

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

Gordon Institute of TAFE
Cash Flow Statement
For the year ended 31 December 2018

		TAFE	
	Notes	2018 \$'000	2017 \$'000
Cash flow from operating activities			
Receipts			
Government contributions		60,434	57,708
User fees and charges received		12,965	12,902
Interest received		1,010	905
Other receipts		819	1,153
Total receipts		75,228	72,668
Payments			
Payments to suppliers and employees		(68,634)	(63,305)
Goods and services tax paid		(296)	(1,369)
Other payments		(85)	(108)
Total payments		(69,015)	(64,782)
Net cash flows provided by/(used in) operating activities	6.1.1	6,213	7,886
Cash flows from investing activities			
Purchase of investments		9,468	(37,466)
Proceeds from sale of investments		(38,436)	37,466
Purchase of non-financial assets		(15,838)	(6,571)
Proceeds from sale of non-financial assets		170	145
Net cash provided by/(used in) investing activities		(44,636)	(6,426)
Cash flows from financing activities			
Repayment of finance leases		(27)	(29)
Net cash from/(used in) financing activities		(27)	(29)
Net (decrease) increase in cash and cash equivalents		(38,450)	1,431
Cash and cash equivalents at the beginning of the financial year		64,266	62,835
Cash and cash equivalents at end of the financial year	6.1	25,816	64,266

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

Note 1 About this report

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:

The Gordon Institute of TAFE
2 Fenwick Street
Geelong Victoria 3220

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, plant, equipment, vehicles and cultural assets (refer to note 7.1); and
- 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).

These financial statements cover the TAFE. All transactions related to the operation of its controlled entity Gotec Limited are reported separately and are not consolidated based on materiality.

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.

Basis of consolidation

In accordance with AASB 10 *Consolidated Financial Statements*, control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The TAFE operates one controlled entity whose operations are reported separately and not consolidated based on materiality.

Note 1 About this report (continued)

1.1 Basis of preparation (continued)

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.

1.2 Compliance information

These general purpose Financial Statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)*, *Australian Charities and Not-for-profits Commission Act 2012* and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

For the purposes of preparing Financial Statements, the 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.

Note 2 How we earned our funds

2.1 Government contributions

	TAFE	
	2018	2017
	\$'000	\$'000
Government contributions - operating		
State Government - contestable	30,579	30,635
State Government - other contributions	20,461	19,492
Commonwealth Government - other contributions	101	47
Total Government contributions - operating	51,141	50,174
Government contributions - capital		
Government Grants State Capital	4,750	6,000
Total Government contributions - capital	4,750	6,000
Total Government contributions	55,891	56,174

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

Note 2 How we earned our funds (continued)

2.2 Sale of goods and services

	TAFE	
	2018	2017
	\$'000	\$'000
Student fees and charges	5,989	5,848
Fee for service - government	2,262	1,659
Fee for service - international operations - onshore	1,355	790
Fee for service - international operations - offshore	72	195
Fee for service - other	1,589	2,164
Other non-course fees and charges		
Sale of goods	2,276	2,000
Total fees and charges	13,543	12,656

Student fees and charges

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

Fee for service

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

Revenue from sale of goods

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

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

Note 3 How we expended our funds

3.1 Employee benefits

Significant judgement and estimates: Provision for employee benefits

The present value of employee benefit obligations including annual leave, long service leave and on-costs are determined using the model prescribed by the Department of Treasury and Finance.

3.1.1 Employee benefits in the comprehensive operating statement

	TAFE	
	2018	2017
	\$'000	\$'000
Salaries, wages, overtime and allowances	40,952	39,596
Superannuation	3,792	3,774
Payroll tax	1,309	1,855
Worker's compensation	181	146
Long service leave	(90)	1,022
Annual leave	416	(124)
Other	75	63
Total employee benefits	46,635	46,332

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.

Note 3 How we expended our funds (continued)

3.1 Employee benefits (continued)

3.1.2 Employee benefits in the balance sheet

	TAFE 2018 \$'000	2017 \$'000
Current provisions		
Employee benefits - Annual leave		
Unconditional and expected to wholly settle within 12 months	2,341	1,949
Unconditional and expected to wholly settle after 12 months	-	-
Employee benefits - Long service leave		
Unconditional and expected to wholly settle within 12 months	519	641
Unconditional and expected to wholly settle after 12 months	5,420	4,918
Employee benefits - Other		
Unconditional and expected to wholly settle within 12 months	-	55
Provision for on-costs		
Unconditional and expected to wholly settle within 12 months	366	380
Unconditional and expected to wholly settle after 12 months	704	689
Total current provisions for employee benefits	9,350	8,632
Non-current provisions		
Employee Benefits ¹	1,020	1,024
Employee benefits on-costs	134	147
Total non-current provisions	1,154	1,171
Total employee provisions	10,504	9,803

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

Notes

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

Note 3 How we expended our funds (continued)

3.1 Employee benefits (continued)

3.1.2 Employee benefits in the balance sheet (continued)

Reconciliation of movements in on-cost provision

	TAFE	
	2018	2017
	\$'000	\$'000
Carrying amount at the start of the year	1,216	1,171
Additional provisions recognised	-	45
Additions due to transfer in	-	-
Reductions arising from payments/other sacrifices of future economic benefits	(12)	-
Unwind of discount and effect of changes in the discount rate	-	-
Carrying amount at the end of the year	1,204	1,216

Wages, salaries and annual leave

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

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

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

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

The components of the current LSL liability are measured at:

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

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

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

Note 3 How we expended our funds (continued)

3.2 Superannuation

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

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the TAFE. The name and details of the major employee superannuation funds and contributions made by the TAFE are as follows:

	TAFE	
	2018	2017
	\$'000	\$'000
Paid Contribution for the Year		
Defined benefit plans:		
State Superannuation Fund - revised and new	184	198
Defined contribution plans:		
VicSuper	2,000	1,879
Other	1,545	1,346
Total paid contribution for the year	3,729	3,423
Defined contribution plans:		
VicSuper	36	204
Other	27	146
Total contribution outstanding at year end	63	350

Defined contribution plans

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

Defined benefit plans

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

Note 3 How we expended our funds (continued)

3.3 Supplies and services

	TAFE 2018 \$'000	2017 \$'000
Purchases of supplies and consumables	2,320	2,388
Communication expenses	362	396
Contract and other services	2,596	2,454
Cost of goods sold/distributed (ancillary trading)	1,578	1,694
Building repairs and maintenance	1,796	1,356
Operating lease payments	948	932
Borrowing costs	25	16
Minor equipment purchases	1,941	1,702
Fees and charges	809	1,195
Total supplies and services	12,375	12,133

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

Other expenditure commitments

Commitments for future contract cleaning services in existence at reporting date but not recognised as liabilities

	TAFE 2018 \$'000	2017 \$'000
Payable:		
Within one year	1,118	1,057
Later than one year but not later than five years	-	2,204
Total other expenditure commitments	1,118	3,261
GST reclaimable on the above	102	297
Net expenditure commitments	1,016	2,964

Note 3 How we expended our funds (continued)

3.4 Operating lease payments

	TAFE	
	2018	2017
	\$'000	\$'000
Operating lease rental expenses	948	932

Non-cancellable operating lease commitments payable

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

	TAFE	
	2018	2017
	\$'000	\$'000
Payable:		
Within one year	590	673
Later than one year but not later than five years	1,168	1,759
Later than five years	-	-
Total operating leases commitments	1,758	2,432
GST reclaimable on the above	176	243
Net operating lease commitments	1,934	2,675

Non-cancellable operating leases in existence include leased training facilities in Werribee and Hoppers Crossing. A shop front lease in Westfield Geelong supports a Skills and Job Centre. Furthermore photocopiers have also been secured via lease.

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

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

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

Note 3 How we expended our funds (continued)

3.5 Other operating expenses

		TAFE	
		2018	2017
		\$'000	\$'000
Marketing and promotional expenses		1,583	1,387
Audit fees and services	8.4	128	137
Staff development		328	317
Travel and motor vehicle expenses		970	948
Utilities		886	744
General expenses		2,454	1,853
Bad debts from transactions		314	224
Total other operating expenses		6,663	5,610

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

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

Training and delivery has been reclassified from Staff development to General Expenses.

Note 4 The assets we invested in

4.1 Property, plant and equipment

Fair value measurement

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

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

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Land	23,780	23,780	-	-	23,780	23,780
Buildings	87,946	78,100	(2,814)	(171)	85,132	77,929
Construction in progress	8,937	4,970	-	-	8,937	4,970
Plant and equipment	16,734	15,637	(13,400)	(12,728)	3,334	2,909
Plant and equipment in progress	107	26	-	-	107	26
Motor vehicles	1,411	1,271	(634)	(660)	777	611
Leasehold improvements	1,567	1,569	(713)	(488)	854	1,081
Library	3,467	3,430	(3,322)	(3,288)	145	142
Works of art	185	185	(4)	-	181	185
Net carrying amount	144,134	128,968	(20,887)	(17,335)	123,247	111,633

Initial recognition

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

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

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

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

Note 4 The assets we invested in (continued)

4.1 Property, plant and equipment (continued)

Subsequent measurement

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

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

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.

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

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

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

Class of Assets	Useful Life
Buildings	50 years (2017: 50 years)
Plant & equipment	4 - 12.5 years (2017: 4 - 12.5 years)
Motor vehicles	5 years (2017: 5 years)
Library collections	4 - 10 years (2017: 4 - 10 years)
Works of Art	50 years (2017: 50 years)
Leasehold improvements	10 - 12.5 years (2017: 10 - 12.5 years)

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

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

Note 4 The assets we invested in (continued)

4.1 Property, plant and equipment (continued)

Impairment

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

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

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

The recoverable amount for most assets is measured at the higher of 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.

4.1.1 Gain/loss on property, plant and equipment

	TAFE	
	2018	2017
	\$'000	\$'000
Net gain on disposal of property plant and equipment	117	66
Total net gain/(loss) on non-financial assets	117	66

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.

Note 4 The assets we invested in (continued)

4.1 Property, plant and equipment (continued)

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

	Land		Buildings		Construction in progress		Plant and equipment		Plant and equipment in progress		Motor Vehicles		Leasehold improvement		Library		Work of Art		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	23,780	16,070	77,929	83,843	4,970	39	2,909	2,641	26	36	611	568	1,081	1,453	142	160	185	164	111,633	104,974
Additions	-	-	93	-	15,292	4,931	331	890	727	190	344	283	-	-	37	31	-	2	16,824	6,327
Revaluations	-	7,710	-	(4,138)	-	-	-	-	-	-	-	-	-	-	-	-	-	23	-	3,595
Disposals	-	-	-	-	-	-	-	-	-	-	(53)	(62)	-	-	-	-	-	-	(53)	(62)
Reclassification of WIP as expenditure	-	-	-	70	(1,276)	-	-	(20)	-	-	-	-	-	(50)	-	-	-	-	(1,276)	-
Transfers into/(out of) assets under construction	-	-	9,752	-	(10,049)	-	881	200	(646)	(200)	62	-	-	-	-	-	-	-	-	-
Depreciation	-	-	(2,642)	(1,846)	-	-	(787)	(802)	-	-	(187)	(178)	(227)	(322)	(34)	(49)	(4)	(4)	(3,881)	(3,201)
Closing balance	23,780	23,780	85,132	77,929	8,937	4,970	3,334	2,909	107	26	777	611	854	1,081	145	142	181	185	123,247	111,633

Note 4 The assets we invested in (continued)

4.1 Property, plant and equipment (continued)

4.1.3 Capital expenditure commitments payable

	TAFE	
	2018	2017
	\$'000	\$'000
Payable:		
Within one year	4,013	15,966
Later than one year but not later than five years	-	-
Total capital expenditure commitments	4,013	15,966
GST reclaimable on the above	(365)	(1,451)
Net capital expenditure commitments	3,648	14,515

These capital commitments are recorded above at their nominal value and inclusive of GST.

4.2 Intangible assets

	2018	2017
	\$'000	\$'000
Software		
Gross carrying amount		
Opening balance	6,409	6,214
Additions	292	245
Disposal	-	(50)
Closing balance	6,701	6,409
Accumulated amortisation and impairment		
Opening balance	(3,746)	(3,359)
Amortisation charge	(414)	(419)
Impairment	-	-
Disposal	-	32
Closing balance	(4,160)	(3,746)
Net carrying amount at end of the year	2,541	2,663

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;

Note 4 The assets we invested in (continued)

4.2 Intangible assets (continued)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

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

Impairment

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

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Comprehensive Operating Statement.

4.3 Investments and other financial assets

	TAFE	
	2018	2017
	\$'000	\$'000
Current investment and other financial assets		
Australian dollar term deposits > three months	28,968	-
Total investments and other financial assets	28,968	-

Ageing analysis of investments and other financial assets

	Carrying amount	Not past due and not impaired	Less than 1 month	1-3 months	3 months-1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018-Term deposit	28,968	28,968	-	-	-	-
Total investments and other financial assets	28,968	28,968	-	-	-	-

Note 4 The assets we invested in (continued)

4.3 Investments and other financial assets (continued)

Interest income

	TAFE	
	2018	2017
	\$'000	\$'000
Interest from financial assets not at fair value through P/L:		
Interest income	1,009	905
Net interest income	1,009	905

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.

Note 5 Balances from operations

5.1 Receivables

	TAFE 2018 \$'000	2017 \$'000
Current receivables		
Contractual		
Sale of goods and services	3,248	2,462
Impairment loss on trade receivables	(872)	(664)
Other receivables	484	466
Total contractual	2,860	2,264
Statutory		
Accounts owing from Victorian Government	2,646	3,106
Total receivables	5,506	5,370

Receivables

Receivables consist of:

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

Receivables 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.

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

Note 5 Balances from operations (continued)

5.1 Receivables (continued)

Impairment

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.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

5.1.1 Movement in the provision for doubtful contractual receivables

	TAFE 2018 '000
Balance at the beginning of the year under AASB 139	664
Adjustment on initial application of AASB 9	-
Balance at the beginning of the year under AASB 9	664
Net remeasurement of loss allowance	308
Reversal of uncollectable receivables written off during the year	(100)
Balance at the end of the year	872

5.1.2 Aging analysis of contractual receivables

	Carrying amount \$'000	Not past due and not impaired \$'000	Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	Impaired financial assets \$'000
2018							
Receivables:							
Trade receivables	2,376	118	593	513	1,152	-	-
Other receivables	484	484	-	-	-	-	-
Total	2,860	602	593	513	1,152	-	-
2017							
Trade receivables	1,798	167	474	526	631	-	-
Other receivables	466	466	-	-	-	-	-
Total	2,264	633	474	526	631	-	-

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

The average credit period on commercial 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.

Note 5 Balances from operations (continued)

5.2 Payables

	TAFE 2018 \$'000	2017 \$'000
Current		
Contractual		
Supplies and services	4,349	4,704
Statutory		
GST payable	108	(4)
FBT payable	17	22
	125	18
Total payables	4,474	4,722

Payables consist of:

- contractual payables, such as accounts payable, and unearned income. 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; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

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

Maturity Analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
2018 Financial liabilities							
Payables:							
Supplies and services	4,349	4,349	4,235	90	24	-	-
Total 2018 financial liabilities	4,349	4,349	4,235	90	24	-	-

2017 Financial liabilities

Payables:							
Supplies and services	4,704	4,704	4,215	145	258	86	-
Lease liabilities	27	27	-	7	20	-	-
Total 2017 financial liabilities	4,731	4,731	4,215	152	278	86	-

Notes: The average credit period is 30 days. No interest is charged on the other payables. Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency. The disclosures above excludes statutory payables (e.g., amounts arising to Victorian Government and GST taxes payable).

Note 5 Balances from operations (continued)

5.3 Other liabilities

	TAFE	
	2018	2017
	\$'000	\$'000
Current		
Revenue in advance	1,253	872

Revenue received in advance

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

Note 6 How we financed our operations

6.1 Cash and deposits

	TAFE	
	2018	2017
	\$'000	\$'000
Cash at bank and in hand	14,398	16,476
Australian currency deposits at call	1,861	9,994
Deposits - at call with TCV	9,557	37,796
Total cash and deposits	25,816	64,266

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.

Note 6 How we financed our operations (continued)

6.1 Cash and deposits (continued)

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

	TAFE	
	2018	2017
	\$'000	\$'000
Net result for the year	1,082	3,026
Non cash movements:		
(Gain)/loss on sale or disposal of non current assets	(117)	(65)
Depreciation and amortisation of non current assets	4,295	3,620
Transfers (to)/from equity	18	(22)
Movements in assets and liabilities		
Decrease / (increase) in trade receivables	(211)	(833)
Decrease / (increase) in inventories	(8)	40
Decrease / (increase) in other assets	241	(424)
Increase / (decrease) in payables	212	1,684
Increase / (decrease) in provisions	701	860
Net cash flows from/(used in) operating activities	6,213	7,886

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

6.2 Contributed equity

	TAFE	
	2018	2017
	\$'000	\$'000
Contributed capital		
Balance as at 1st January	27,729	27,729
Issued for cash	-	-
Balance as at 31st December	27,729	27,729

Contributed capital

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

Note 7 Managing risks and uncertainties

7.1 Financial instruments

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

Categories of financial instruments

	2018	2017
	Carrying	Carrying
	Amount	amount
	\$'000	\$'000
Financial assets		
Loans and receivables and cash		
Cash and deposits	25,816	64,266
Trade receivables	2,376	1,798
Other receivables	484	466
Investments and other financial assets	28,968	-
Total contractual financial assets	57,644	66,530
Financial liabilities		
Loans and payables and cash		
Supplies and services	4,349	4,704
Lease liabilities	-	27
Total contractual financial liabilities	4,349	4,731

Categories of financial instruments

Financial assets measured at amortised cost are financial instruments which meet both of the following criteria and are not designated at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

TAFE recognises the following financial assets in this category:

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

Financial assets measured at fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes TAFE's debt securities and derivatives.

On initial recognition of an equity instrument, TAFE may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. TAFE has not elected to present changes in the fair value of its investments in equity and managed investment schemes in other comprehensive income. As such, they are measured at fair value through profit or loss.

On initial recognition, TAFE may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. As at balance sheet date, TAFE did not have any financial assets designated at fair value through profit or loss.

Note 7 Managing risks and uncertainties (continued)

7.1 Financial instruments (continued)

Financial liabilities at fair value through profit or loss are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition.

Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

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

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

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

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

Derecognition of financial assets

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

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

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

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, revenue receivable and term deposits.

Note 7 Managing risks and uncertainties (continued)

7.1 Financial instruments (continued)

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.

TAFE measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

Financial risk management objectives and policies

The TAFE is exposed to a variety of financial risks, market risk (including interest rate risk), credit risk and liquidity risk.

The 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 of TAFE. 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.

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

Note 7 Managing risks and uncertainties (continued)

7.1 Financial instruments (continued)

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 Audit and Risk Management Committee monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

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

The trade receivables balance at 31 December 2018 and 31 December 2017 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

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.

Note 7 Managing risks and uncertainties (continued)

7.1 Financial instruments (continued)

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

	Financial institutions (AA rating) \$'000	Government agencies (AAA rating) \$'000	Other counter- party \$'000	Total \$'000
2018				
Cash and deposits	16,259	9,557	-	25,816
Receivables	-	-	2,860	2,860
Term deposits	-	28,968	-	28,968
Total contractual financial assets 2018	16,259	38,525	2,860	57,644
2017				
Cash and deposits	26,470	37,796	-	64,266
Receivables	-	-	2,264	2,264
Total contractual financial assets 2017	26,470	37,796	2,264	66,530

Notes:

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

The following table provides information about the estimated exposure to credit risk and ECLs for trade and other receivables as at 31 December 2018.

	Estimated gross carrying amount \$	Weighted average loss rate %	Estimated loss allowance \$	Credit impaired
Current (not past due)	127	7	9	No
1–30 days past due	662	10	69	No
31–60 days past due	562	23	132	No
61–90 days past due	199	58	116	No
90–120 days past due	178	40	70	No
More than 120 days past due	1,520	29	476	No
Total	3,248		872	

Loss rates are based on actual credit loss experience over the past two years. 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.

Note 7 Managing risks and uncertainties (continued)

7.1 Financial instruments (continued)

Liquidity risk

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

The 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.

The 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 level of reserves and uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations by matching the maturity profiles of financial assets and liabilities, and continuously monitoring forecast and actual cash flows.

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

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.

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

Foreign currency risk

The TAFE has an immaterial foreign currency risk.

Equity price risk

The TAFE has no exposure to equity price risk.

Interest rate risk

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

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.

Note 7 Managing risks and uncertainties (continued)

7.1 Financial instruments (continued)

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 rate on a 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.

Note 7 Managing risks and uncertainties (continued)

7.1 Financial instruments (continued)

Interest rate exposure of financial instruments

2018	Weighted average effective rate \$'000	Total Carrying Amount per Balance Sheet \$'000	Floating interest rates \$'000	Fixed interest rate \$'000	Non- Interest Bearing \$'000
Financial assets					
Cash and deposits	1.04%	25,816	16,259	9,557	-
Term deposits	2.05%	28,968	-	28,968	-
Receivables¹:					
Trade receivables		2,376	-	-	2,376
Other receivables		484	-	-	484
Total financial assets		57,644	16,259	38,525	2,860
Financial liabilities					
Payables¹:					
Supplies and services		4,349	-	-	4,349
Total financial liabilities		4,349	-	-	4,349
2017	Weighted average effective rate %	Total Carrying Amount per Balance Sheet \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non- Interest Bearing \$'000
Financial assets					
Cash and deposits	1.83%	64,266	26,470	37,796	-
Receivables¹:					
Trade receivables		1,798	-	-	1,798
Other receivables		466	-	-	466
Total financial assets		66,530	26,470	37,796	2,264
Financial liabilities					
Payables¹:					
Supplies and services		4,704	-	-	4,704
Borrowings					
Lease liabilities	15.10%	27	-	27	-
Total financial liabilities		4,731	-	27	4,704

Note

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

Note 7 Managing risks and uncertainties (continued)

7.1 Financial instruments (continued)

Interest rate risk sensitivity

A reasonably possible change of 100 basis points (2017: 100 basis points) in interest rates at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

31 December 2018	Carrying amount \$'000	Interest rate risk			
		- 100 basis points Result \$'000	Equity \$'000	+ 100 basis points Result \$'000	Equity \$'000
Contractual financial assets					
Cash and deposits	25,816	(258)	-	258	-
Term deposits	28,968	(289)	-	289	-
Total impact	54,784	(547)	-	547	-

31 December 2017	Carrying amount \$'000	Interest rate risk			
		- 100 basis points Result \$'000	Equity \$'000	+ 100 basis points Result \$'000	Equity \$'000
Contractual financial assets					
Cash and deposits	64,266	(642)	-	642	-
Total impact	64,266	(642)	-	642	-

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.

There were no contingent assets or liabilities at balance date.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

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

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

Note 7 Managing risks and uncertainties (continued)

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 values 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, 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.

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 by the end of the 2018 reporting period.

Note 7 Managing risks and uncertainties (continued)

7.3 Fair value determination (continued)

Fair value of financial instruments measured at amortised cost

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are disclosed below:

	2018		2017	
	Carrying Amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial assets				
Cash and deposits	25,816	25,816	64,266	64,266
Investments and other financial assets	28,968	28,968	-	-
Receivables:				
Trade receivables	2,376	2,376	1,798	1,798
Other receivables	484	484	466	466
Total financial assets	57,644	57,644	66,530	66,530
Financial liabilities				
Payables:				
Supplies and services	4,349	4,349	4,704	4,704
Borrowings				
Lease liabilities	-	-	27	27
Total financial liabilities	4,349	4,349	4,731	4,731

The TAFE did not have any financial instruments that are measured subsequent to initial recognition at fair value as at 31 December 2017 and 2018.

Note 7 Managing risks and uncertainties (continued)

7.3 Fair value determination (continued)

Fair value determination of non-financial assets

Below is the fair value hierarchy information of non-financial assets measured at fair value.

Fair value measurement hierarchy for assets as at 31 December 2018	Carrying amount as at 31 Dec 2018 \$'000	Fair value hierarchy		
		Level 1 Quoted Prices \$'000	Level 2 Observable Price Inputs \$'000	Level 3 Un-observable Inputs \$'000
Land at fair value:				
Non specialised land	12,279	-	12,279	-
Specialised land	12,355	-	-	12,355
Total land at fair value	24,634	-	12,279	12,355
Buildings at fair value:				
Specialised buildings	94,069	-	-	94,069
Total of buildings at fair value	94,069	-	-	94,069
Plant, equipment and vehicles at fair value:				
Vehicles	777	-	777	-
Plant and equipment	3,586	-	-	3,586
Total of plant, equipment and vehicles at fair value	4,363	-	777	3,586
Cultural assets at fair value:				
Artwork	181	-	181	-
Total of cultural assets at fair value	181	-	181	-
Total of assets	123,247	-	13,237	110,010

There were no transfers between Levels during the year.

Note 7 Managing risks and uncertainties (continued)

7.3 Fair value determination (continued)

Fair value measurement hierarchy for assets as at 31 December 2017	Carrying amount as at 31 Dec 2017 \$'000	Fair value hierarchy		
		Level 1 Quoted Prices \$'000	Level 2 Observable Price inputs \$'000	Level 3 Un-observable Input \$'000
Land at fair value:				
Non specialised land	12,506	-	12,506	-
Specialised land	12,355	-	-	12,355
Total of land at fair value	24,861	-	12,506	12,355
Buildings at fair value:				
Specialised buildings	82,899	-	-	82,899
Total of buildings at fair value	82,899	-	-	82,899
Plant, equipment and vehicles at fair value:				
Vehicles	611	-	611	-
Plant and equipment	3,077	-	-	3,077
Total of plant, equipment and vehicles at fair value	3,688	-	611	3,077
Cultural assets at fair value:				
Artwork	185	-	185	-
Total of cultural assets at fair value	185	-	185	-
Total of assets	111,633	-	13,302	98,331

There were no transfers between Levels during the year.

Valuations of Land and Buildings

An independent valuation was performed by the Valuer General Victoria with an effective date of 31 December 2017. Fair value assessments were performed for asset classes Land and Buildings. This assessment demonstrated that the fair value of land and buildings was materially different to carrying value, and therefore a revaluation by the Valuer General Victoria was carried out.

Non specialised land and non specialised buildings

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

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

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

Note 7 Managing risks and uncertainties (continued)

7.3 Fair value determination (continued)

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. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

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

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

Motor vehicles

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.

Heritage assets

Heritage assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

An independent valuation of the Institute's heritage assets was performed by the Valuer General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation was 31 December 2017.

Plant and equipment

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

Leasehold improvements

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 deemed to be 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.

Note 7 Managing risks and uncertainties (continued)

7.3 Fair value determination (continued)

There were no changes in valuation techniques throughout the period to 31 December 2018.

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

Reconciliation of Level 3 fair value as at 31 December 2018	Specialised land \$'000	Specialised buildings \$'000	Plant and equipment \$'000
Opening balance	12,355	82,899	3,077
Purchases (sales)	-	14,109	1,095
Transfers in (out) of Level 3	-	(298)	235
Gains or losses recognised in net result	-	-	-
Depreciation	-	(2,641)	(821)
Impairment loss	-	-	-
Subtotal	12,355	94,069	3,586
Revaluation	-	-	-
Closing balance	12,355	94,069	3,586

Reconciliation of Level 3 fair value as at 31 December 2017	Specialised land \$'000	Specialised buildings \$'000	Plant and equipment \$'000
Opening balance	4,570	83,882	2,838
Purchases (sales)	-	4,931	1,110
Transfers in (out) of Level 3	-	70	(20)
Gains or losses recognised in net result	-	-	-
Depreciation	-	(1,846)	(851)
Impairment loss	-	-	-
Subtotal	4,570	87,037	3,077
Revaluation	7,785	(4,138)	-
Closing balance	12,355	82,899	3,077

Note 7 Managing risks and uncertainties (continued)

7.3 Fair value determination (continued)

Description of significant unobservable inputs to Level 3 valuations

2018 and 2017	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

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

Note 8 Governance

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	Dates of appointment
Minister for Training and Skills and the Minister for Higher Education	The Hon. Gayle Tierney MP	9 November 2016 to 31 December 2018
Board Chair	Justin Giddings	1 July 2016 to 31 December 2018
Deputy Chair	Virginia Fenelon	1 July 2016 to 31 December 2018
Chief Executive Officer	Lisa Line	1 July 2016 to 31 December 2018
Board Member	Darryl Mohr	22 February 2018 to 31 December 2018
Board Member	Kelly Grigsby	15 December 2016 to 31 December 2018
Board Member	Janet Matthews	1 October 2017 to 31 December 2018
Board Member	Kelvin Spiller	1 July 2016 to 31 December 2018
Board Member	Daniel Smedley	5 September 2018 to 31 December 2018
Board Member	Matthew Wright	1 August 2018 to 31 December 2018
Board Member	Christine Cussen	1 July 2016 to 31 July 2018
Staff representative	Katrina Hassett	1 July 2016 to 31 December 2018

8.1.1 Remuneration

Remuneration received or receivable by the chief executive officer in connection with the management of the TAFE during the reporting period was in the range: \$340 000 - \$349 999 [2017: \$310 000 - \$319 999].

	TAFE	
	2018	2017
	\$	\$
Remuneration		
Short-term benefits	537	507
Post-employment benefits	45	45
Other long-term benefits	9	8
Total remuneration	591	560
Total number of executive officers	11	10
Total annualised employee equivalent (AEE)	9	10

Note 8 Governance (continued)

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	
	2018	2017
	\$'000	\$'000
Remuneration		
Short-term employee benefits	902	823
Post-employment benefits	82	73
Other long-term benefits	22	20
Termination benefits	-	-
Total remuneration	1,006	916
Total number of executives	5	5
Total annualised employee equivalents	5	5

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

8.3 Related parties

Related parties of the TAFE include:

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

The following entities have not been consolidated into the TAFE's financial statements in accordance with AASB 10 as previously state:

- Gotec Ltd

Significant transactions with related entities

There were no significant transactions entered into with related parties during the current financial year.

Note 8 Governance (continued)

8.3 Related parties (continued)

	TAFE 2018 \$'000	2017 \$'000
Related party transactions		
Sale of goods and services		
City of Greater Geelong	55	59
Total sale of goods and services	55	59
Purchase of goods and services		
City of Greater Geelong	52	118
Total purchase of goods	52	118
Non-current receivables (loans)		
Commonly controlled entities - Gotec Ltd ¹	41	41
Total non-current receivables	41	41
Current payables (purchase of goods)		
City of Greater Geelong	50	-
Total Current payables	50	-

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

Sales to and purchases from related parties have been made in arm's length transactions both at normal market prices and on normal commercial terms.

Note

- 1 Gotec Ltd is a 100% owned and controlled subsidiary of The Gordon Institute of TAFE.

Note 8 Governance (continued)

8.3 Related parties (continued)

Key management personnel of the TAFE includes the Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education, Board members, and members of the Senior Executive Team.

Board Members

Christine Cussen
Virginia Fenelon
Justin Giddings
Kelly Grigsby
Katrina Hassett
Lisa Line
Janet Matthews
Darryl Mohr
Daniel Smedley
Kelvin Spiller
Matthew Wright

Senior Executive Team:

Chief Operating Officer, Joe Ormeno
Deputy Chief Executive Officer, Darren Gray
Director of Education, Jackie Taylor
Director of Student and industry Engagement, Keelie Hamilton

Total remuneration of key management personnel of the TAFE and the Board of Directors is shown in the table below.

Compensation of Key management personnel

	Total Remuneration	
	2018	2017
	\$'000	\$'000
Remuneration		
Short-term employee benefits	1,280	1,193
Post-employment benefits	113	106
Other long-term benefits	27	25
Termination benefits	-	-
Total remuneration	1,420	1,324

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.

Note 8 Governance (continued)

8.4 Auditors remuneration

	TAFE	
	2018	2017
	\$'000	\$'000
Remuneration of Victorian Auditor General's Office for:		
Audit of the financial statements	92	82
Total remuneration of Victoria Auditor General's Office	92	82
Remuneration of internal auditors		
BDO	36	55
Total remuneration of other auditors	36	55
Total remuneration for audit and other assurance services	128	137

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

Note 9 Other disclosures

9.1 Other economic flows included in net result

Other gains/(losses) from other economic flows

	2018	2017
	\$'000	\$'000
Net gain/(loss) arising from revaluation of long service leave liability ¹	(430)	53
Total other gains/(losses) from other economic flows	(430)	53

Notes

- 1 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;
- revaluations and impairments of non-financial physical and intangible assets (refer to Note 4.1);
- remeasurement arising from employee benefits disclosed above; and
- fair value changes of financial instruments (refer to Note 7.3).

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

9.2 Other equity reserves

9.2.1 Physical asset revaluation surplus

	TAFE	
	2018	2017
	\$'000	\$'000
Balance at 1 January	72,348	68,753
Revaluation increments/(decrements)	-	3,595
Balance at 31 December	72,348	72,348

9.2.2 Special and General Purpose Reserves

Balance at 1 January	1,323	1,346
Transfers from accumulated surplus	19	(23)
Balance at 31 December	1,342	1,323

Total reserves	73,690	73,671
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Net changes in reserves	(19)	23
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The physical assets revaluation surplus arises on the revaluation of land and buildings.

Note 9 Other disclosures (continued)

9.3 Other income

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

Fair value of assets received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

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

Scholarship is recognised when the relevant conditions attached have been fulfilled.

Other revenue includes income from sources other than Fee for Service commercial trading activities, student fees and charges and donations and contributions.

9.4 Prepayments

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

9.5 Inventories

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

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

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

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

Note 9 Other disclosures (continued)

9.6 Other provisions

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.

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.

9.7 Ex-gratia expenses

The TAFE made no ex-gratia payments during 2018 (2017: NIL) related to departing employees.

9.8 Events after reporting date

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

Note 9 Other disclosures (continued)

9.9 Application of standards issued but not yet effective

9.9.1 New and revised AASBs in issue but not yet effective

Standard/Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. Initial impact assessment indicates no material impact under AASB15.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors. On initial recognition as at 1 Jan 2019 right of use assets and lease liability will increase by \$2,262,408.
AASB 1058 Income of Not-for-Profit Entities	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1-Jan-19	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

KEY PERFORMANCE INDICATORS

TAFE Sector Standard Key Performance Indicators

Indicator title	Description and methodology	Metric	2018 Target	2018 Actual	Explanation of variances	Prior year
Training Revenue Diversity	Breakdown of training revenue split by Government funded and Fee for Service. <i>Training revenue split by:</i> • Government Funded (GF) • Fee for Service (FFS) • Student fees and charges (SFC)	Percentage	73.7%	74.1%	GF - 2018 result largely consistent with budget. Slight reduction on 2017, however, a positive result given declining VET participation rates in Victoria.FFS - Increase in Overseas Inbound student income in 2018 which is a focus area for growth.F&C - Slight increase on 2017 following a review of fee charges to be levied prior to commencement of 2018. Less than budget in 2018, however, increased students eligible for fee concessions results in increased fee concession recoveries income. This is classified within GF.	75.9%
			11.9%	12.1%		10.9%
			14.4%	13.8%		13.2%
Employment costs as a proportion of training revenue	Employment and Third Party training delivery costs as a proportion of training revenue.	Percentage	107.0%	107.1%	Consistent with budget data. Prior year variance impacted by the implementation of the new Victorian TAFE Teaching Staff Agreement 2018 and the associated salary increases.	104.6%
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	\$141,963	\$140,177	Consistent with budget and prior year data.	\$141,714
Operating margin	Operating margin % <i>EBIT (excluding Capital Contributions) / Total Revenue (excl Capital Contributions)</i>	Percentage	(20.20%)	(5.0%)	\$9.6m in non-budgeted once off support / transition grant funding was received in 2018.	(4.5%)

**Gordon Institute of TAFE
Statement of Performance Directors' Declaration
31 December 2018**

In our opinion, the accompanying Statement of Performance of Gordon Institute of TAFE in respect of the Financial Year is presented in accordance with the *Financial Management Act 1994*.

The Statement outlines the performance indicators that form part of the Institute's Statement of Corporate Intent, pre-determined targets and the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets in accordance with ministerial directions.

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

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



Justin Giddings
Board Chair
05/03/2019
Geelong



Lisa Line
Chief Executive Officer
05/03/2019
Geelong



Nicholas Marin
Chief Finance Officer
05/03/2019
Geelong

Independent Auditor's Report

To the Board of the Gordon Institute of TAFE

Opinion	<p>I have audited the accompanying performance statement of the Gordon Institute of TAFE (the institute) which comprises the:</p> <ul style="list-style-type: none"> • performance statement for the year ended 31 December 2018 • the management certification. <p>In my opinion, the performance statement of the Gordon Institute of TAFE in respect of the year ended 31 December 2018 presents fairly, in all material respects.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. 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 APES 110 <i>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>
Board's responsibilities for the performance statement	<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>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.</p>

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 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
19 March 2019



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

GOTEC Limited

ABN 49 006 410 671

**Financial Report
for the Year Ended 31 December 2018**

GOTEC Limited ABN 49 006 410 671
Financial Report - 31 December 2018

How this report is structured

Gotec Limited has presented its audited general purpose financial statements for the financial year ended 31 December 2018 in the following structure to provide users with the information about the Company's stewardship of resources entrusted to it.

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

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

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

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

4 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.

Independent Auditor's Report

To the Directors of GOTEK Limited

Opinion	<p>I have audited the financial report of GOTEK Limited (the company) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 December 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cashflow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the directors of the company. <p>In my opinion the financial report is in accordance with Standing Direction 5.2 of the <i>Financial Management Act 1994</i> and the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> • giving a true and fair view of the financial position of the company as at 31 December 2018 and its financial performance and cash flows for the year then ended • complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<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 company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and 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>
Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards, Standing Direction 5.2 of the <i>Financial Management Act</i> and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company'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>

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 company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors'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 company'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 company 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 Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

MELBOURNE
15 March 2019



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Auditor-General's Independence Declaration

To the Directors, GOTEC Limited

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for GOTEC Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.



Charlotte Jeffries

as delegate for the Auditor-General of Victoria

MELBOURNE
15 March 2019

Directors' Report for the Year Ended 31 December 2018

The directors of Gotec Limited present the following report together with the financial statements of Gotec Limited for the year ended 31 December 2018 and the auditor's report thereon.

Principal activities

The principal activities of the company were to conduct educational activities on behalf of the Gordon TAFE. No activities were conducted this year and income relates to investment earnings.

Objectives

The objective of Gotec is to support the Gordon TAFE in commercial activities as they arise. These opportunities are considered by reference to the Gordon TAFE Strategic Objectives.

Directors

The names of directors in office at any time during or since the end of the year are Ms Lisa Line, Mr Justin Giddings and Mr Daniel Smedley.

Directors' qualifications, experience and special responsibilities

The directors have a variety of qualifications suitable to discharge their duties, including commercial and legal experience. As Gotec is largely dormant, the Directors meet once a year.

Director liability

In the event that the company was wound up each member would be liable for a maximum amount of \$10. With a total of 3 members on the board the maximum contribution would be \$30.

Review of operations and results of operations

The operating profit for the year is \$347 (2017: \$239).

Auditor's Independence Declaration

In accordance with the provisions of section 307C of the *Corporations Act 2001*, the Directors of the company have obtained an independence declaration by the company's auditor. A copy of the declaration forms part of this report.

Signed in accordance with a resolution of the Directors.



Lisa Line
Director
05/03/2019
Geelong

Financial Report for the Year Ended 31 December 2018

DECLARATION BY THE DIRECTORS OF THE COMPANY

The directors of the company declare that the attached financial statements for Gotec Limited have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards, *Corporations Act 2001* 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 2018 and financial position of Gotec as at 31 December 2018.

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 Company will be able to pay its debts as and when they became due and payable.

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



Lisa Line
Director
05/03/2019
Geelong



Justin Giddings
Director
05/03/2019
Geelong

GOTEC Limited
Comprehensive Operating Statement
For the year ended 31 December 2018

	2018	2017
Notes	\$	\$
Continuing operations		
Income from transactions		
Interest income	451	445
Total income from transactions	451	445
Expenses from transactions		
Other operating expenses	104	206
Total expenses from transactions	104	206
Net result from transactions	347	239
Other economic flows included in net result	-	-
Net result from continuing operations	347	239
Net result	347	239
Other economic flows - other comprehensive income	-	-
Comprehensive result	347	239

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

GOTEC Limited
Balance Sheet
As at 31 December 2018

	Notes	2018 \$	2017 \$
Assets			
Financial assets			
Cash and deposits ¹	4.1	<u>45,102</u>	44,755
Total financial assets		<u>45,102</u>	<u>44,755</u>
Total assets		<u>45,102</u>	<u>44,755</u>
Liabilities			
Payables	3.1	<u>41,345</u>	41,345
Total current liabilities		<u>41,345</u>	<u>41,345</u>
Total liabilities		<u>41,345</u>	<u>41,345</u>
Net assets		<u>3,757</u>	<u>3,410</u>
Equity			
Accumulated surplus		<u>3,757</u>	3,410
Net worth		<u>3,757</u>	<u>3,410</u>

Notes

1 No investment or other financial assets held as non-current, all classified as Cash and Deposits

The Balance Sheet should be read in conjunction with the accompanying notes to the financial statements.

GOTEC Limited
Statement of Changes in Equity
For the year ended 31 December 2018

	Accumulated surplus \$	Total \$
At 1 January 2017	3,171	3,171
Net result for the year	239	239
Year ended 31 December 2017	3,410	3,410
Net result for the year	347	347
Year ended 31 December 2018	3,757	3,757

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

GOTEC Limited
Cash Flow Statement
For the year ended 31 December 2018

	2018	2017
Notes	\$	\$
Cash flow from operating activities		
Receipts		
Interest received	451	445
Total receipts	451	445
Payments		
Other payments	(104)	(206)
Total payments	(104)	(206)
Net cash flows from /(used in) operating activities	347	239
Net increase in cash and cash equivalents	347	239
Cash and cash equivalents at the beginning of the financial year	44,755	44,516
Cash and cash equivalents at end of the financial year	45,102	44,755

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

Note 1 Principal activities

Gotec Limited's principal objective was to provide vocationally orientated training to meet specific needs of business, industry, government and individuals. From January 1996 the operations of Gotec Limited were transferred to the Gordon Institute of TAFE and it currently has no employees.

Note 2 About this report

Gotec Limited is a company limited by guarantee. The controlling entity of Gotec Limited is The Gordon Institute of TAFE. The financial statements cover Gotec Limited as an individual reporting entity.

Its principal address is:
Gordon Institute of TAFE
2 Fenwick Street
Geelong Victoria 3220

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

2.1 Basis of preparation

These Financial Statements are presented in Australian dollars, the functional and presentation currency of the Company, and have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

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.

There have been no critical judgements made by management in the application of AASs that have had a significant effect on the financial statements.

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 which 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.

Note 2 About this report (continued)

2.1 Basis of preparation (continued)

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 Company currently has no substantial economic dependency other than reliance on its parent entity funding.

There has been no significant change in the Company'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.

2.2 Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)*, *Corporations Act 2001* 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 Company is classed as a company limited by guarantee and a not for profit entity. Where appropriate, those AAS paragraphs applicable to not for profit 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 financial statement line item is disclosed.

Note 3 Balances from operations

3.1 Payables

	2018	2017
	\$	\$
Current		
Contractual		
Loan GIT Gotec	41,345	41,345
Total payables	41,345	41,345

The Gordon TAFE agrees it will not recall this amount with the next 12 months. This liability is at call and is non-interest bearing.

Note 4 How we financed our operations

4.1 Cash and deposits

	2018	2017
	\$	\$
Cash at bank and on hand	45,102	44,755
Total cash and deposits	45,102	44,755

Cash and deposits comprises cash at bank.

Reconciliation of operating result to net cash flows from operating activities

	2018	2017
	\$	\$
Net result for the year	347	239
Net cash flows from/(used in) operating activities	347	239

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.

Note 5 Managing risks and uncertainties

5.1 Financial instruments

Gotec Limited's principal financial instruments comprise cash assets and payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 2 of the financial statements.

The Company's main exposure to financial risks are interest rate risk and liquidity risk.

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

	Notes	2018 \$	2017 \$
Financial assets measured at amortised cost			
Cash and deposits	4.1	<u>45,102</u>	44,755
Total financial assets		<u>45,102</u>	<u>44,755</u>
Financial liabilities:			
Payables¹:			
Related party payable	3.1	<u>41,345</u>	41,345
Total financial liabilities		<u>41,345</u>	<u>41,345</u>

Note

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

The net holding gains or losses of the Company's contractual financial assets and financial liabilities by category are disclosed below.

	2018 \$	2017 \$
Net holding gain/(loss) on financial instruments by category		
Interest income/(expense)		
Financial assets - cash	<u>451</u>	445
Total interest income/(expense)	<u>451</u>	<u>445</u>

Note 5 Managing risks and uncertainties (continued)

Credit risk

Credit risk arises from the contractual financial assets of the Company which comprise cash and deposits. The Company's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Company. The company has no material credit risk.

Market risk

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

The Company's exposures to market risk is primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

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

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

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.

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

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

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

The Company's cash and deposits are on a floating interest rate, with a weighted average effective rate of 1% (2017: 1%).

Sensitivity analysis and assumptions

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

- a movement of 100 basis points up and down (2017: 100 basis points up and down) in market interest rates (AUD)

Note 5 Managing risks and uncertainties (continued)

Market risk (continued)

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

	Carrying amount	Interest rate risk			
		- 100 basis points	+ 100 basis points		
		Result	Equity	Result	Equity
	\$	\$	\$	\$	\$
31 December 2018					
Contractual financial assets					
Cash and deposits	45,102	(451)	(451)	451	451
Total increase/(decrease) in financial assets		(451)	(451)	451	451
	Carrying amount	- 100 basis points	+ 100 basis points		
	\$	Result	Equity	Result	Equity
	\$	\$	\$	\$	\$
31 December 2017					
Contractual financial assets					
Cash and deposits	44,755	(447)	(447)	447	447
Total increase/(decrease) in financial assets		(447)	(447)	447	447

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 result for the current year and future years.

There has been no significant change in the Company'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.

Note 6 Governance

6.1 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 Company are:

Position	Name	Date of appointment
Minister for Training and Skills and the Minister for Higher Education	The Hon. Gayle Tierney MP	9 November 2016
Director	Lisa Line	20 December 2013
Director	Justin Giddings	30 November 2017
Board Member	Daniel Smedley	30 November 2017

The directors did not receive any remuneration from the company in 2018 (2017: Nil). There are no other key management personnel in Gotec Limited apart from the members of the board.

6.1.1 Ultimate parent entity

The ultimate parent entity is The Gordon Institute of TAFE.

6.2 Related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Related party transactions	2018	2017
	\$	\$
Current payables (loans)		
The Gordon Institute of TAFE	41,345	41,345
Total current payables	41,345	41,345

6.3 Auditors Remuneration

Gotec Ltd is reliant upon the parent entity for financial support for payment of its annual audit fees. In 2018, \$6,900 (2017: \$6,500) was paid for the external audit of the annual report.

Note 7 Other disclosures

7.1 Interest income

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

7.2 Contingent assets and 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.

There are no contingent assets or liabilities at balance date.

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities are:

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

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

7.3 Events after reporting date

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

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

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

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

Note 7 Other disclosures (continued)

7.4 Application of standards issued but not yet effective

Standard/Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	As the company does not trade there will be no impact.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: • require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1-Jan-19	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	As the company has no leases there will be no impact.

A photograph of a modern, multi-story building with a dark facade and large windows. The building is set against a sky with soft, pinkish-orange clouds, suggesting a sunset or sunrise. The building's name, 'the Gordon', is visible in white lettering on the upper part of the facade.

the
Gordon

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East Geelong Campus

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Werribee Campus

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