

Annual Report 2010



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Contents

Report objectives

As the principal medium through which Kangan Institute communicates its accountability to parliament, government and stakeholders, this annual report forms part of the Institute's planning process.

The annual report fulfils the reporting requirements of Kangan Institute to:

- Jacinta Allan, Minister for Skills and Workforce Participation (January 1, 2010 to January 19, 2010)
- Bronwyn Pike, Minister for Skills and Workforce Participation (January 20, 2010 to December 1 2010)
- Peter Hall, Minister for Higher Education and Skills and Minister responsible for the Teaching Profession from December 2 2010)

This report provides a summary of the Institute's operations and achievements during 2010.

This annual report also describes the Institute's performance in the key priority areas identified in Kangan Institute's 2011-2018 strategic plan.

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Introduction

Mission

We provide education and services that help enterprises grow, communities prosper and individuals reach their full potential

Values

- Integrity
- Collaboration
- Respect
- Responsiveness
- Accountability

Vision

By 2018 we will operate locally, nationally and internationally as:

- An Australian leader in innovative and customised learning products and services
- The first choice for customers in our target markets
- A leading lean and vibrant professional services organisation with a passion for excellence



Objectives, strategies and directions

Kangan Institute's strategic plan aligns the organisation to a balanced strategy for:

- Understanding and identifying measurable outcomes in the on-going transformation of our Institute to being a leader in customised services and products, the number one choice for our target markets, and the leading 'lean' streamlined professional services organisation.
- Recognising that every single daily engagement of our teaching and consultancy staff with learners and enterprises; and every interaction of our support staff with their internal and external customers; is pivotal to our success.
- A commitment to making a real contribution through the transformational role of vocational education and training and our own corporate environmental and social commitments
- Adapting to a business environment which changes rapidly and meeting the expectations of those who pay for our services by being customer centred, differentiating ourselves from the competition and adding tangible value for all our clients.

Our story

With a history which stretches back to 1925, Kangan Institute combines extensive experience in the vocational education and training sector with a fresh look for the future.

Established in 1997 following the amalgamation of John Batman Institute of TAFE (formerly Batman Automotive College) and Kangan Institute of TAFE (formerly Broadmeadows College of TAFE), Kangan Institute features a range of specialist training facilities and capabilities which reflect these historical links including the award-winning Automotive Centre of Excellence, the Aviation Industry Training Centre and the Centre of Fashion set in Melbourne's fashion and retail heart.

From hats to hammers and plastics to planes, we deliver training to more than 40,000 students each year and are a major training provider for the automotive, aerospace, polymer and transport industries.

As one of the state's largest providers of traineeship and apprenticeship training, we have strong relationships with many businesses and are a popular choice for students seeking industry-relevant training in a wide range of disciplines.

Kangan Institute contributes to and supports many communities. Our community engagement program provides links with a range of charities and non-profit groups, matching staff donations and encouraging positive community involvement at all levels of the organisation. You can read about our community activities on pages 39 and 40.

Equally as important, Kangan Institute's partnerships with industry and enterprise drive course development and customised training.

Specialist facilities

We deliver training and educational programs across Australia and globally via e-learning options and international partnerships, while maintaining a strong face-to-face element between staff, industry representatives and students.

Locally, we deliver training to students at eight specialist campuses in and around metro and northern Melbourne, with our ninth campus – a purpose-built health training facility in Moonee Ponds – set to open in mid-2011. Our campuses are located in:

- Broadmeadows, incorporating the Aviation Industry Training Centre (AITC)
- Richmond, incorporating the Centre of Fashion
- Melbourne city (English Language Centre)
- Docklands (the Automotive Centre of Excellence, or ACE)
- Essendon
- Moreland
- Coburg
- Craigieburn

Our Institute also manages two business arms – VETASSESS and e-Works – bringing an added dimension to the organisational structure of Kangan Institute while providing valuable non-government funding from fee-for-service products.

Training delivery

With more than 250 qualifications and a wide range of short courses, Kangan Institute's training covers everything from automotive and aviation through to millinery and massage.

Our training centres include:

- Automotive Centre of Excellence
- Centre for Youth
- Centre for Corrections Education
- Language Studies
- Indigenous Education Centre
- Centre for Better Living
- Centre of Business
- Hospitality, Travel and Tourism
- Information Communications Technology
- Fashion and Retail
- Aviation, Engineering and Security
- Built and Natural Environments
- Centre for Competitive Operations

President's welcome

The past 12 months have brought with them many opportunities for growth and development. It has also been a year of change and challenge, as Kangan Institute continues to implement the Victorian Government's policy reform for the vocational education and training sector.



On behalf of the Kangan Institute Board, I proudly present our strategic and financial achievements in this 2010 annual report.

The past 12 months have brought with them many opportunities for growth and development. It has also been a year of change and challenge, as Kangan Institute continues to implement the Victorian Government's policy reform for the vocational education and training sector.

This report details our operations during 2010, highlighting areas of achievement and growth, not only in our financial reporting, but also in our operations as a high-performing publically-owned TAFE.

Our commitment to individuals, communities and enterprises evolves with the changing needs of our learners and industry, and throughout 2010 we continued to implement new policies and processes.

Last year saw our Institute take a significant step towards the future with a new brand, new name and new logo. In February we officially changed our name from Kangan Batman TAFE to Kangan Institute with a fresh identity and renewed efforts to make our brand a strong contender in the VET sector.

Internally, many of our systems and processes were improved upon to ensure we align with the government's vision for a skilled Victorian workforce.

As the last year before the full implementation of contestability in TAFE enrolments, 2010 was a very important year in our on-going change and reform process. Following on from an extensive internal communication strategy for Skills Reform in the previous year, we were in a strong position to perform well in 2010.

We know that our customers want a mixture of quality, price and convenience underpinned by a professional level of service, and it is a credit to our teaching and support staff that we have achieved and, in some cases, surpassed targets for business, financial and student growth throughout the year.

Our journey as a Lean organisation continued throughout the year, with further developments and growth in our dedicated Innovation department.

The team continues to lead the implementation of Lean methodology across our organisation, in particular with the introduction of visual management boards in all teaching and support areas and the inclusion of Lean activities into departmental strategic plans. In August last year, we also more closely aligned our environmental focus with the Innovation

department, building on the emphasis of sustainability in the Lean context.

With dedicated policies to reduce our impact on the environment and contribute to a healthier environment for our learners and staff members, Kangan Institute introduced a new total smoke free policy on all campuses at the start of the year. As one of only a few TAFE institutes to implement such a policy, we are providing a best practice example of the core values a learner-centred educational organisation should promote.

2010 also saw the continued development of the Automotive Centre of Excellence stage two. The Docklands site has been a flurry of activity for the past 12 months and I know I speak on behalf of all Kangan Institute staff, students and industry partners when I say we are eagerly anticipating an official opening later in 2011. The stage two development will more than triple the current size of the award-winning facility.

Our Institute was a part of some exciting initiatives on the international scene throughout the year despite some ongoing challenges with the sector. In May the former Minister for Skills and Workforce Education Bronwyn Pike witnessed the signing of a cooperative training agreement with the Government of Maharashtra. The initiative, which will see Kangan Institute deliver a range of training and assessment services to the Maharashtra government over the coming years, forms an integral part of the Indian government's Skills Mission 2022 initiative.

Of course, continual reviews are part and parcel of our responsibility as a public training provider, and we undertook extensive research activities throughout the later months of 2010. During October the annual staff survey and, for the first time, an internal customer service survey were conducted, followed by surveys to gauge both employer and student satisfaction.

Initial results from these surveys clearly show that our learners and industry partners are impressed with the level of service they receive, and that our approach to training delivery is producing some very pleasing results.

The months ahead hold many more opportunities for our organisation to grow, develop and adapt to a more competitive environment, where our services better match the changing needs of our learners and clients.

Whilst I have been privileged to serve four terms as Board President, in keeping with the new governance framework, my term comes to an end in early 2011. I am proud and confident that Kangan Institute is in a strong position to move forward,

embrace government policy changes and deliver a vision for a strong, skilled Victorian workforce.

I would like to take this opportunity to thank each and every staff member for their individual and collective contributions to our past year of success and for their strong support throughout my term as Board President.

I wish to convey my sincere thanks to my fellow Board members for their continued support, dedication and guidance throughout the year. In particular, I would like to acknowledge the special efforts and contributions from outgoing Board members Joy Nunn, Jack Parr and Andrew Hyndes and I wish them all the best for their future endeavours.

A warm welcome was extended to five new Board members Mirella Lattanzio, Helen Murphy, Linsey Siede, Robyn Stewart and student representative Arfa Noor. I look forward to working with you all in 2011 to achieve some great things for our Institute.

Thank-you also to all our industry partners, government and community stakeholders and students for your continued support.

On behalf of the Board, I wish to express my sincere thanks to our CEO Ray Griffiths for his great support and commitment during one of the most challenging and biggest periods of change for the VET sector. His strong leadership and clear vision on what we have to achieve in the coming months and years is undoubtedly setting Kangan Institute on an exciting and challenging pathway to success.

Our Institute is built on the quality and calibre of our teaching and support staff. I thank you all for your contributions throughout 2010 and look forward to our continued success in 2011.



Dominic Andreacchio

Kangan Institute Board President

CEO's Review

In everything we do, Kangan Institute exists to provide education services that help enterprises grow, communities prosper and individuals reach their full potential.

Once again, throughout 2010, we have achieved this goal.

We have assisted literally thousands of employers and businesses to improve their competitiveness through our educational and training efforts, staff have volunteered many hours in their voluntary commitments in assisting various community development projects and organisations and we have contributed more than \$100,000 to selected local and international causes.

With around 40,000 cumulative enrolments we have directly assisted our students to reach their full potential.

Our success throughout the past 12 months has been well deserved. 2010 was a challenging year with the economy recovering from the global financial crisis, the introduction of contestability across all skills deepening courses and policy changes having an adverse effect on international student and skilled migration markets.

Of course while some of our activities contracted others grew and Kangan Institute really did benefit from the diverse and growing number of different products, services and delivery methods we have developed in our drive for quality and growth.

Skills Reform

As the "Securing Jobs For Your Future" policy continues to shape the way the vocational education and training sector operates, Kangan Institute remains one of the top performing public TAFEs in the Victorian VET sector.

As our business and financial report shows, we delivered an additional 5% over the government's required training targets, with ongoing demand for training places indicating the growing popularity of Kangan Institute as a preferred partner in the north-west region of Melbourne.

With continuous training for staff in the implementation of Skills Reform, including a dedicated section on our staff portal and an internal 'help' phone line for assistance, our staff members are kept abreast of the policy's implementation.

Sure and steady growth

A healthy operating surplus for 2010 will once again enable the Board to allocate significant reserves for the reinvestment of surplus funds to improve our facilities, equipment and educational quality.

Our policy of maintaining a working capital ratio which builds a strong financial position saw our net assets increase by 14% on last year's figures, with further growth predicted over the coming years as the Automotive Centre of Excellence vision is realised with stages two and three.

Partners in training

Our financial growth is intrinsically linked with our industry partnerships and 2010 was a great year for establishing new links while strengthening our relationships with existing partners.

Our Aviation Industry Training Centre (AITC) increased its capacity to deliver world-class training in 2010 with the signing of a new training agreement with industry partner Lufthansa Technical Training (LTT).

The agreement will see the AITC deliver European Aviation Safety Agency (EASA) category B1 and B2 training using Lufthansa Technical Training's industry training resources and examinations.

We also established the beginnings of a valuable training partnership with the Council of Textiles and Fashion Industries of Australia (TFIA) with a view to establishing a fashion 'hub' alongside our Centre of Fashion in Richmond. The specialist facility will be an industry pulse point for manufacturers, designers, students and textile and fashion entrepreneurs to create better business outcomes.

Another exciting new industry partnership was an agreement with Metro Trains Melbourne (MTM) to provide training and assessment solutions across a variety of industry areas. As the new operator of Melbourne's suburban train network, MTM approached Kangan to assist in the delivery of their extensive training and assessment needs. This has involved a whole-of-institute response to provide high quality services to Metro's 3700 employees. In 2010 we enrolled more than 1300 MTM staff which included 210 enrolments for a management program and more than 600 recognition of prior learning (RPL) assessments.

International influence

Kangan Institute's reputation was also strengthened in the international marketplace with new partnerships and successful outcomes for our existing training initiatives.

Two state ministers and senior bureaucrats from Maharashtra State visited Melbourne early in the year to sign a memorandum of understanding between Kangan Institute and their Department of Technical and Vocational Education.

Following up on the established VETASSESS relationship, the Maharashtra government has secured our institute as its partner of choice to develop cooperative projects in a range of areas including VET teacher training, curriculum development, distance education and world class VET delivery in India.

We also marked the 10th anniversary of the Kangan Institute – Nantong Textiles Vocational Training College institutional twinning arrangement. We understand this to be the longest continuing relationship of its type between the Australian and Chinese sides. A full review of our international operations can be found on pages 49-50.

Staff and student engagement

As 2010 drew to a close, we received our staff survey reports, with an upward trend highlighting significant improvements in staff engagement.

We achieved a 65% response rate, which represents an increase of 17% on last year's response rates. Having a high response rate is important because it means that our results absolutely represent the views of the organisation.

At an organisation-wide level, our results show that our employees are highly engaged. We not only met, but exceeded all of the benchmarks for 2010.

Survey results also show that staff engagement has improved from relatively high levels compared with the education industry and broader workforce; and that NCVET survey results put our Institute +/- 1% or 2 % on learner and graduate satisfaction.

Most importantly we know that many individuals and enterprises received valuable benefits from their engagement in foundation, skills building and skills deepening activities with us in 2010. Some of our top-performing students are featured on pages 10 and 11 of this report.

A Lean organisation

For nearly three years now, Kangan Institute has been on a journey of Lean discovery, as we implement new methodologies and streamline our processes to achieve our strategic goal of becoming a leading Lean organisation.

While we are only at the beginning of our journey, there is national and international interest in our goal of utilising Lean methodology to become a leader in customised learning products and services. This is because it seems we may be the first organisation to try adapting this well tested methodology to an educational enterprise.

We achieved better operational outcomes and the development of new processes in 2010 through the use of departmental visual management boards, a classroom standardising project, on-going training for staff and through the support of a dedicated – and growing – Innovation department.

Thanks to the Minister, Skills Victoria, Board, management and staff

I take this opportunity to acknowledge the strong support we have received from our Ministers throughout the year – the Hon. Jacinta Allan, the Hon. Bronwyn Pike and the Hon Peter Hall – and the staff of Skills Victoria.

Our achievements as an organisation are the product of strong strategic leadership by our Board of directors and the invaluable industry advice they provide to an executive team and management which continues to deliver outstanding results.

I would particularly like to acknowledge the contributions and achievements of our outgoing Board president Mr Dominic Andreacchio and welcome our new president Mr Michael Brown.

Of course, a high-performing TAFE cannot achieve such outstanding yearly results without a dedicated team of teaching and support staff and I thank my colleagues for their contributions to experiences of our learners in 2010.



Ray Griffiths
CEO



Student success in 2010

Kangan Institute students across all campuses achieved some great results in 2010, with a number of award-winners and high achievers taking great steps towards successful futures.

Meet some of our outstanding students for 2010

Jai Felinski

Apprentice panel beater Jai was named the RACV Apprentice of the Year during a ceremony in July. The annual award recognises the skills of outstanding individuals starting out in their career in the autobody repair industry in Victoria.

Nineteen-year-old Jai was nominated by his teacher Graham Taylor for his keen eye for detail, strong work ethic and his positive attitude.

RACV state manager, Victorian claims John Simpson said he was extremely pleased with the calibre of applications for the award.

"The objective of the Apprentice of the Year award is simple - to identify and reward the highest performing apprentices and to encourage them to act as role models, promoting careers in autobody repair," John said. "Jai demonstrates the qualities we look for to sustain the future of our industry."

As the winner of the 2010 RACV Apprentice of the Year award Jai received \$5,000 in prize money to invest in his ongoing career development.

Doris Kwok

It was smiles all round at the Moreland campus in October as Doris, the first Kangan Institute graduate of the Advanced Diploma of Nursing, formally received her qualification.

Janet Dilley, acting manager for the Centre for Better Living department, spoke with high praise of the effort that Doris had shown in achieving the new qualification.

"You don't achieve something like this without many hours of hard work, sleepless nights and forfeited social activities," Janet said.

"Not only has Doris proven herself to be a diligent and dedicated student, she also displayed thoughtfulness and caring throughout her study. This was demonstrated beautifully in her impressive final research project detailing how music therapy can assist people suffering from dementia."

Doris completed the course through flexible delivery mode, undertaking all learning through online communication with Kangan Institute's nursing teachers.

Studying this way provided Doris with the flexibility to continue her valued work at both the Bundoora Extended Care Centre and the On Luck Chinese Nursing Home.

Kristie Clay

It took a significant amount of hard work, dedication and talent to propel Kangan Institute graduate Kristie Clay towards her award at the 2010 Cabinet Makers Association (CMA) Awards.

Kristie won the Pre-Apprenticeship 2010 Forestworks Training Award for both her folio of work, and her handcrafted modern-solid-design bedside tables.

The CMA awards night focuses on excellence within the cabinet making industry, and selects winners based on quality, originality, design flair and innovative use of materials. Kristie's pair of handcrafted Victorian Ash bedside tables clearly ticked all the boxes.

Beau Leonard, one of Kristie's trainers, had nothing but praise for his award-winning student.

"Kristie's just a great, proactive student," Beau said, "a textbook success story. When she arrived she came with little more than a genuine desire to learn and deliver great work."

"Fast-forward a few months of training and solid effort, and she's making award-winning furniture and looking towards a really bright future."

In 2011, Kristie has used her Kangan Institute qualification to launch into a pathway program and is now undertaking a two-year Diploma of Furniture Design and Technology at RMIT.

Laura Keogh

Kangan Institute fashion student Laura Keogh from Ferntree Gully will be winging her way to New York in 2011, all thanks to that godsend for women the world over - the little black dress.

Laura's entry in the annual Tessuti Awards Little Black Dress category wowed the judges and a fashion-savvy audience to take out top honours at the 2010 awards ceremony in Sydney.

Laura says her entry - a striking silk organza creation designed to flatter an hourglass figure - took around three weeks to complete.

The layered dress was a crowd favourite, with plenty of online support for Laura's entry in the lead-up to the award evening. It was clearly a favourite with the judges too, beating out some quality competition to win the return trip to New York.

"It was a big surprise to win," she said, "and I'm really looking forward to taking my trip to New York sometime next year. Hopefully I'll be able to match it up to New York Fashion Week, and I'll definitely be taking full advantage of the opportunity to contact some designers and get some more experience."



Jai Fejnski



Laura Keogh: Image courtesy of Tessuti Fabrics



Kristie Clay

Bart Breen

It's safe to say that it hasn't been a smooth journey for Kangan Institute graduate Bart Breen, who has managed to overcome significant adversity and challenges on his journey through education and into the workforce.

Bart had always been a capable and dedicated student, however serious health issues first appeared in 2006, while he was halfway through year 11 at high school.

These health issues quickly became a barrier to Bart's schooling and, at the urging of his parents Karen and George, he put his school studies on hold in order to focus on recovery.

The downside to this decision was that Bart's friends remained in school, causing him to feel increasingly isolated.

Soon after, Bart and his family discovered a Kangan Institute course guide. Leafing through, Bart decided to apply for a full-time Certificate IV in Information Technology (Programming).

When he graduated from the certificate IV qualification, Bart moved into a diploma course which won him both the Outstanding Achievement and the prestigious Silver Medallion Award from the IT department.

Bart's health has since vastly improved, and he is now placed at the top of his class at La Trobe University, having followed a guaranteed tertiary study pathway.

He has recently joined the Kangan Institute staff to work part-time as a CRM database administrator and is a great example of how a TAFE qualification is relevant, flexible and can lead to great careers.

/ Kangan Institute students across all campuses achieved some great results in 2010, with a number of award-winners and high achievers taking great steps towards successful futures. /



Our Year



WOMIN-JEKA

"ON THIS LAND, OUR MOTHER, WE STRID,
TOGETHER AS ONE, YOUR FOOTPRINTS ARE
NOW MIXED WITH THOSE OF MY ANCESTRAL
PAST. THE OLDEST, MOST ANCIENT SPIRITUAL
FOOTPRINTS LEFT ON TERRA FIRMA AND THE
LAID OF THE WOVORUNG COMMUNITY AND
THEIR FAMILY CLANS."

Uncle Norm Hunter
"Wong"
Respected Elder of the
Gurung-Willam-Balluk
19 April 2004



Wong Wong Wong



Kangan Institute
Financial Report for the Year Ended 31 December 2010

Attestation on compliance with the Australian/New Zealand Risk Management Standard by the Chief Finance and Accounting Officer

I, Richard Turnbull, certify that Kangan Institute has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The audit committee verifies this assurance and that the risk profile of Kangan Institute has been critically reviewed within the last 12 months.

A handwritten signature in black ink, appearing to read 'R. Turnbull'.

Richard Turnbull – Chief Finance and Accounting Officer
Date: 23 March 2011
Broadmeadows





**Kangan Institute
Performance Statement for 2010**

In our opinion, the accompanying Statement of Performance of Kangan Institute, in respect of the 2010 financial year, is presented fairly in accordance with the Financial Management Act 1994.

The Statement outlines the performance indicators as determined by the responsible Minister, 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.

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

A handwritten signature in black ink, appearing to read 'M. Brown'.

Michael Brown
Chairperson of the Board
Date: 23 March 2011

Key performance targets

Key Performance Indicator	Target	2010 Achievement	2009 Achievement	Note
Strategic Alignment				
Participation of 15-24 Year Olds		13,774	14,301	1
Participation of 25-64 Year Olds		14,520	15,509	2
Training Outcomes				
Module Load Completion rate	85%	80.5%	81%	3
Student Satisfaction		71.8%	84.5	4
Financial Management				
Total Cost (excluding depreciation) per Student Contact Hour (SCH)	\$13.22	\$11.81	\$11.96	5
Working Capital Ratio (excluding non current LSL Provision)	1.80:1 Ratio	1.93:1 Ratio	2.26:1	6
Net Operating Margin (excluding Government capital contributions)	6.5%	6.7%	10.7%	7
Fee for Service Revenue	32.0%	31.6%	34.3%	8
Organisational Management				
Revenue Per EFT Staff	\$128,300	\$131,078	\$131,058	9
Student Contact Hours (SCH)		6,798,980	6,966,166	10
Environment				
Change in Energy Consumption				11
Electricity	-5.0%	+16%	-19%	
Greenpower		+8%	-28%	
Natural Gas		-8%	-29%	

Notes:

- The number of students aged 15-24 decreased by 3.7% from 2009.
- The number of students aged 25-64 decreased by 6.3% from 2009.
- The module load completion rate declined slightly from 2009. Stricter interpretation of the business rules surrounding the use of outcome codes (in line with Skills Victoria Training System (SVTS) validation requirements), growth in Corrections enrolments and changes in the nursing regulatory body's requirements (particularly in English proficiency requirements for international students), all impacted on the institute's MLCR in 2010. It is anticipated that the reported MLCR will further fall in 2011 as SVTS validation rules extend beyond Skills Deepening.
- In 2009 Student satisfaction is provided from the VCVER report and it was not a percentage and it was based on how important an attribute is compared to how well the Institute performs. In 2010, AQTF Quality indicators data collated, analysed and base figures confirmed.
- The achievement of this key performance target has contributed to the excellent operating surplus.
- Kangan Institute's working capital ratio continues to show a strong financial position as at the end of 2010, however it will decline due to the planned substantial investment in the Docklands campus in 2011.
- Kangan Institute achieved another solid operating margin in 2010.
- The percentage of fee for service earnings to total earnings is expected to decline as higher earnings are achieved through "demand driven" earnings.
- Kangan Institute regards revenue per staff member as a very important key performance target and has again exceeded its target.
- Student Contact hours decreased by 2.4% from 2009.
- Energy Consumption: Overall consumption of both coal generated electricity and green power electricity was reduced from 6,484,314 kilowatts in 2008 to 5,266,644 kilowatts in 2009 and increased to 6,088,346.26 kilowatts in 2010. Although we increased our electricity consumption in 2010, Kangan Institute still achieved an overall reduction between 2010 and the baseline data of 2008. Kangan Institute is still on target, to reduce energy consumption by 15% by 2011 based on 2008 baseline data.

Business and financial performance

2010 was another successful year for the business and indicates that the organisation was well positioned to achieve the Skills Reform agenda as set by government. Changes to federal government immigration policy along with local issues saw a reduction in international students and lower levels of applicants wishing to enter Australia. This downturn affected our performance, however, we quickly reallocated resources to other areas to achieve the good results delivered.

During 2010, Kangan Institute not only delivered the training required by the government contract but provided additional training by a further 5%. The ongoing demand for vocational training above the level of the government contract indicates an ability to expand the level of training and the number of students in the coming years in line with the government's "Skilling Victoria" training objectives.

Kangan Institute has a policy of maintaining a healthy working capital ratio and the level at the end of 2010 was 205% compared to 226% at the start of the year. The Institute increased its net assets by more than \$28 million during 2010 and will make further increases over the next two years with the expansion of its Docklands campus.

Business plan

Kangan Institute is committed to improving the quality of educational delivery through sound management and governance practices. Our business plan is a key tool which sets our future directions.

It details the financial strategies and targets which will deliver the Institute's strategic priorities and the key business plan objectives listed below.

Projections and targets detailed in the plan are based on government objectives and have resulted from a comprehensive planning process and consultation with the Institute Board, management, staff, students and external clients. The business plan is monitored on a monthly basis and reviewed quarterly.

Business plan objectives

The key business objectives of the 2010 business plan are:

- Adapt to the new government policy "Skilling Victoria" which allows for removal of limitations on the number of students and will change the fee structures and also introduces a student loan scheme.
- To ensure that all activities are profitable so as not to divert funds from improving student outcomes and amenities.
- To budget for a minimum of 6.5% operational profit each year.
- To reduce economic reliance on government funding by expanding the Institute's earnings from other funding sources such as fee-for-service enterprise activities and international students.
- To obtain sufficient operating surpluses to enable investment in the expansion of our Docklands campus, replacing the Coburg campus.
- To maintain a healthy working capital ratio.
- To deliver the contracted number of student contact hours and a reasonable over delivery of "demand" funded student contact hours.
- To maintain a sound balance sheet.
- To ensure that adequate funding is available to provide up-to-date teaching equipment and facilities.

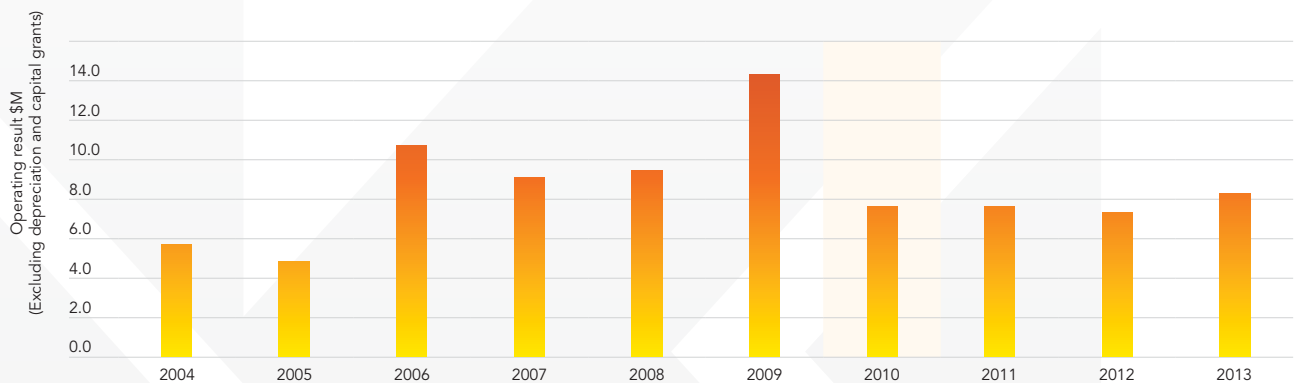
Profitability

The Institute has an objective of achieving a minimum of 6.5% operational profit per annum. To achieve this objective, we use a range of modern business practices including:

- departmental activity-based budgeting and expenditure controls
- business intelligence software applications for the monitoring of financial performance and profitability
- strict application of sound costing and pricing techniques
- activity-based accrual accounting
- twice-yearly budget financial reviews with departments
- monthly analysis of financial performance by a performance review committee
- managerial accountability for the achievement of delivery and financial targets

Operating Result

Actual Results						Forecast			
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
5.7	4.9	10.6	9.2	9.6	14.1	7.8	7.8	7.7	8.1



Fee-for-service earnings

Fee-for-service earnings in 2010 were affected by the global financial crisis, the strengthening of Australian dollar and the corresponding reduction in international student enrolments.

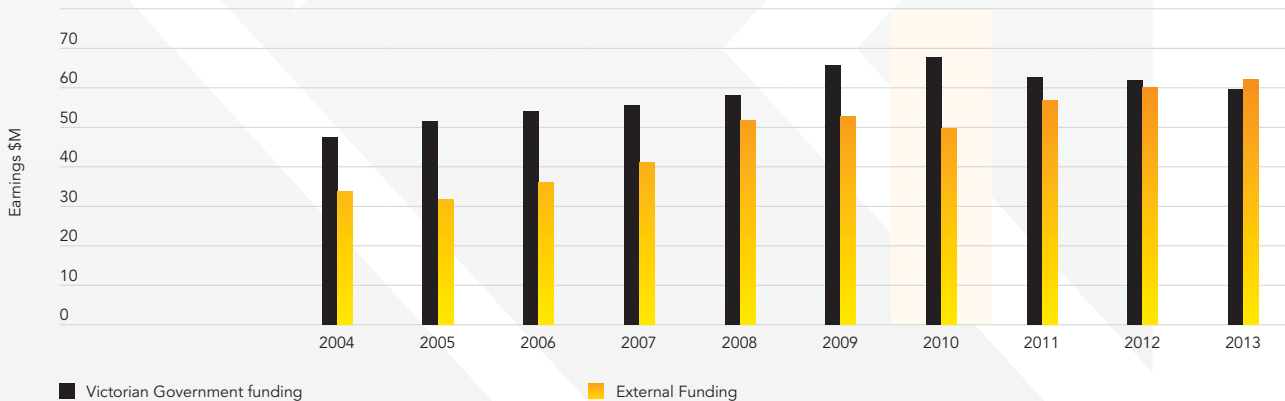
Kangan Institute has goals to increase its level of fee-for-service earnings over the next three years.

Strategies to increase fee-for-service income include:

- building stronger relationships with industry, schools and the community
- market analysis of earning opportunities, analysis of the profitability of market segments and training capacity assessments
- strengthening the fee-for-service culture with a greater focus on activity profitability
- increased international students and international assessment activities
- managerial accountabilities for achievement of fee-for-service earning targets
- targeting of increased international business activity
- assisting departments to reduce the corporate infrastructure charge attributable to fee-for-service activities to enable them to become more commercially cost competitive

Funding source ratio

	Actual Results							Forecast			
	2004 \$million	2005 \$million	2006 \$million	2007 \$million	2008 \$million	2009 \$million	2010 \$million	2011 \$million	2012 \$million	2013 \$million	
External Funding	33.2	31.5	36.3	40.6	52.2	52.7	49.6	56.7	60.0	61.8	
Victorian Government	47.5	51.0	53.6	54.8	58.0	65.3	67.0	63.2	61.1	59.5	
Total Funding	80.7	82.5	89.9	95.4	110.2	118.1	116.6	119.9	121.1	122.3	
% Non-gov't funding	41.1%	38.2%	40.4%	42.6%	47.4%	44.7%	42.5%	47.3%	49.5%	50.9%	
Annual Growth of External Funding	31.7%	-5.2%	15.2%	11.9%	28.6%	1.0%	-5.9%	14.3%	5.8%	3.0%	
Annual Growth of Government Funding	2.4%	7.4%	5.1%	2.2%	5.8%	12.7%	2.6%	-5.7%	-3.3%	-2.6%	



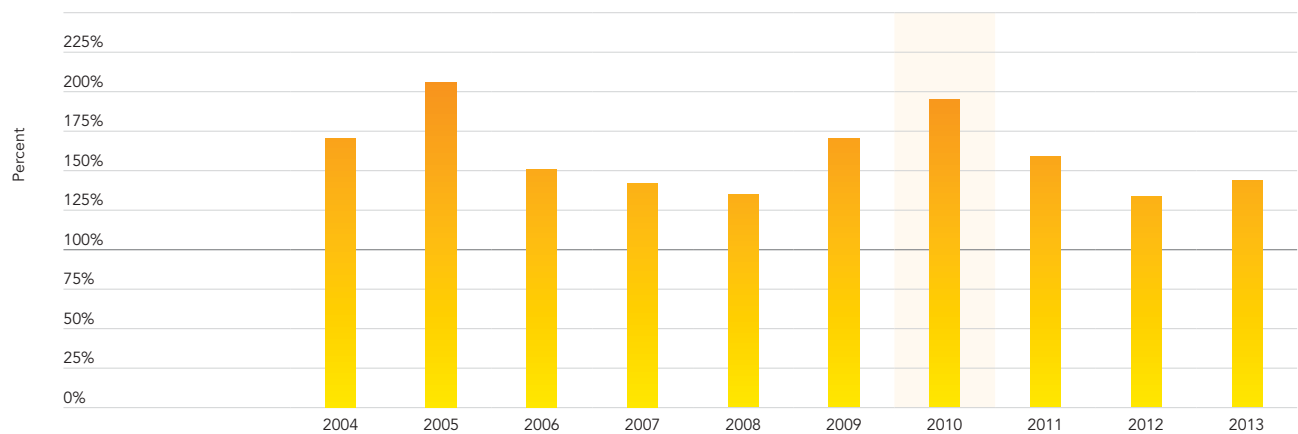
Working capital ratio

The Institute's prime objective is to maintain sufficient levels of funds and a sound financial position. The expected working capital levels, shown in the table below, indicate that sufficient funding is available to complete stage two of the Docklands campus but additional funding will be required to undertake further development of the campus.

In 2011 the Institute will allocate \$5.3million towards strategic projects which will contribute to a lower working capital ratio than 2010.

Working capital ratio

Actual Results							Forecast			
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
169%	202%	150%	139%	137%	169%	193%	161%	130%	143%	



Total Student Contact Hour Delivery

Government funding for student education is expected to progressively increase over the period of 2008 to 2011 as the “Skilling Victoria” government policy is implemented.

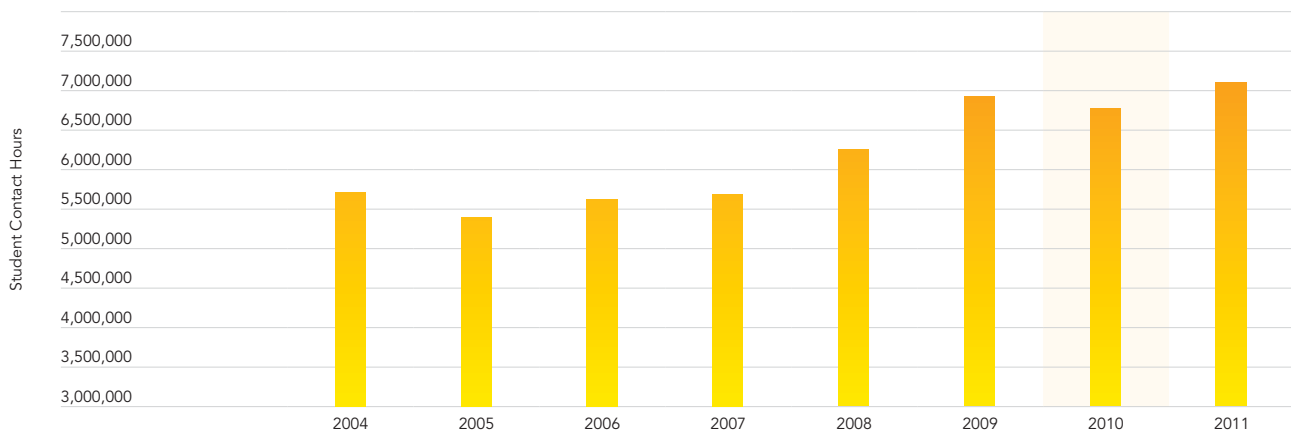
The student contact hour targets must be achieved in order to receive full allocated funding from the government. This achievement is ensured through the allocation of student contact hours to all courses offered and comparison of enrolment data to those allocations. Revised targets will be made throughout the year to cater for varying student demand for courses. Preference in the allocation of student contact hours is made to those industry areas that the Victorian government regards as having priority.

In 2010 additional funding was provided by the Victorian government to meet additional demand for diploma and advanced diploma courses and to assist retrenched workers. Further demand for courses is expected from industry and increased demand for recognition of student skills and experience is also expected.

Total student contact hour delivery

	Actual Results						Forecast	
	2004	2005	2006	2007	2008	2009	2010	2011
Actual/Forecast	5,746,462	5,417,917	5,627,295	5,733,456	6,324,666	6,966,166	6,798,980	7,100,000

Our Year **Business**



Growth In Net Assets

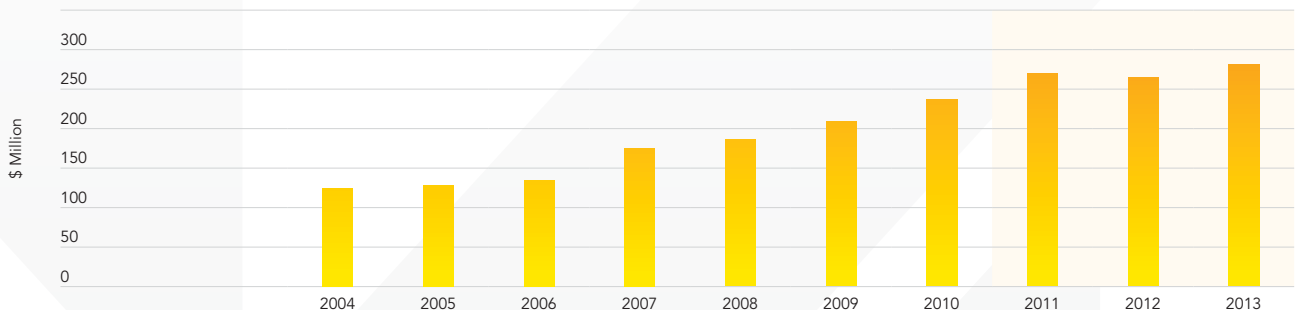
The value of the Institute's net assets has increased from \$121.9 million in 2004 to \$232.1 million in 2010 (90% increase over six years).

Stage two of the Docklands campus (Automotive Centre of Excellence) is in the final phases of building through 2011. The expected completion and delivery of the project will be late 2011 for commencement of teaching in the new facility by 2012.

Automotive Centre of Excellence stage three and the Community and Learning Centre (CLEC) (stage four) will continue to be evaluated during 2011 with proposals to the Board. While the majority of this stage is being funded by the Victorian government and the proposed sale of two existing campuses, the Institute will contribute \$20 million from retained earnings to this project in 2011. The healthy financial surpluses of the last six years have also made a significant contribution to the growth in net assets.

Growth in net assets

	Actual Results							Forecast		
	2004 \$million	2005 \$million	2006 \$million	2007 \$million	2008 \$million	2009 \$million	2010 \$million	2011 \$million	2012 \$million	2013 \$million
Total Net Assets	121.9	134.9	144.8	174.6	182.0	203.7	232.1	259.7	254.8	284.2
Growth Per Annum	7.7%	10.6%	7.4%	20.6%	4.2%	11.9%	14.0%	11.9%	-1.9%	11.5%



Our Organisation

 **KANGAN**
INSTITUTE | Customer Service



Social commitments and ethics

Kangan Institute is committed to:

- conducting business as a responsible corporate member of society
- giving proper regard to health, safety and the environment in conducting business
- observing the laws and respecting the social and cultural environments of the countries in which it operates
- being politically impartial as an agency of the Victorian government (Kangan Institute does not fund or participate in any political party or political objective other than strictly implementing government policy related to its operations)

Kangan Institute has strict policies for Board members and executives in relation to conflict of interest, while the Code of Conduct defines standards of behaviour and professional conduct for staff.

Corporate governance

Kangan Institute is governed by a Board of independent industry and community representatives who ensure our business is conducted in the best interests of the Institute's individuals, enterprises, industries and communities. The Board is ultimately responsible to the Victorian government for the governance and management of Kangan Institute.

Day-to-day management of Kangan Institute is delegated by the Board through the CEO to the executive team, middle managers and staff. Reporting directly to the Board, the CEO is accountable for directing the Institute's operations for the achievement of strategic, operational and contractual objectives. The executive team's primary focus is strategic leadership and business development.



Board		Audit & Risk Management Committee	
Resource Management Committee		General Manager Organisational Development and Culture LOUISE PALMER	
CEO RAY GRIFFITHS		General Manager Knowledge & Information Management DIANNE SEMMENS (ACTING)	
Educational Strategy & Planning Committee		General Manager Business Systems RICHARD TURNBULL	
General Manager Community, Access and Indigenous KERAN MCCANN (ACTING)		General Manager Business Services Group BRETT MACLEOD	
General Manager e-Worlds RODNEY SPARK		General Manager Learning Products Innovation BRETT MACLEOD	
General Manager Enterprise Services Group JOHN BARNES		General Manager Technical Group PHILLIP MURPHY	
General Manager Enterprise Services NOLA GRANT		General Manager Business Services Group BRETT MACLEOD	
Enterprise Solutions CORALEE HAYDEN-LONG		Community, Youth & Health Group KERAN MCCANN (ACTING)	
International Services BRUCE BRADFELD		Resource Management Group RICHARD TURNBULL	
Marketing & Contact Centre JOHN POFA		People & Organisational Development Group LOUISE PALMER	
Automotive Group (Operations) - NEIL MARSHALL		Corporate Finance BILL CLOW	
Automotive Group (Enterprise) - RICHARD HALL		Human Resources GERRY MCNAMARA	
Centre for Competitive Operations - GARRY EDWARDS		Institute Security GENE COUTINHO	
Built & Natural Environments - CHRIS ARNOLD		Organisational Development & Improvement TIM SYMONS (ACTING)	
Aviation, Engineering & Security - MIKE HEFFEY		Facilities & Capital Development PHILIP DIXON	
Fashion & Retail - ODILE HIGGINS		Purchasing & Supply TONY MANCINI	
Information Communication Technology - TERRY MCNAMARA		Centre for Youth - VICKI JOYCE	
Business & Management - JULIE FERRY		Centre for Corrections Education - YVONNE RUSSELL (ACTING)	
Hospitality, Travel & Tourism - CHRISTINE PONTIN		Language Studies - YVETTE BOCKISCH	
Finance & BEC - TIM CREMEAN		Indigenous Education Centre - LINC YOW YEH	
Centre for Better Living - JANET DILLEY (ACTING)		Student Services Group DIANNE SEMMENS (ACTING)	
Student Records LAWRIE SMITH		Student Services Group DIANNE SEMMENS (ACTING)	
Customer Relations SANGEETA ALEX		Student Records LAWRIE SMITH	
Library & Learning Centre MEHMET TUNCEL		Customer Relations SANGEETA ALEX	
Learning Research & Design BILL REES (ACTING)		Library & Learning Centre MEHMET TUNCEL	
Children's Services LYN LANGSHAW		Learning Research & Design BILL REES (ACTING)	
Information Systems & Services SHAHZAD SYED (ACTING)		Children's Services LYN LANGSHAW	
Innovation MARK DEVLIN		Information Systems & Services SHAHZAD SYED (ACTING)	
Business Development and Industry Liaison JOHN BARNES		Innovation MARK DEVLIN	
General Manager Learning Service Innovation PHILLIP MURPHY		Business Development and Industry Liaison JOHN BARNES	

General Manager Cross-Institute Responsibility
 General Manager Group Responsibility

Executive Team

The role of the executive team is to:

- provide leadership across the organisation
- manage the implementation and budgets for key organisational strategic initiatives
- focus on the overall business development of Kangan Institute
- develop strategies and business plans
- implement the Board and government policy directions
- develop and manage accountability frameworks for middle managers
- determine policy development and resource allocations in accordance with the Board's directions
- manage the Code of Conduct

The executive officers of VETASSESS and e-Works, which are separate business units, report directly to the CEO Ray Griffiths.

Chief Executive Officer

John Barnes

General Manager

Group Responsibility: Enterprise Services

Institute Responsibility: Business Development and Industry Liaison



Phillip Murphy

General Manager

Group Responsibility: Technical Services

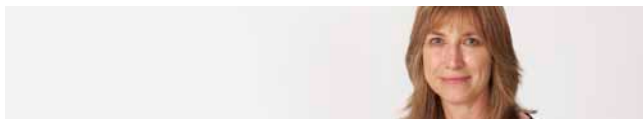
Institute Responsibility: Learning Services Innovation



Karen Berkley

General Manager

VETASSESS



Richard Turnbull

General Manager

Group Responsibility: Resource Management

Institute Responsibility: Business Systems



Louise Palmer

General Manager

Group Responsibility: People and Organisational Development

Institute Responsibility: Organisational Development and Culture



Brett McLeod

General Manager

Group Responsibility: Business Services

Institute Responsibility: Learning Products Innovation



Dianne Semmens (acting)

General Manager

Group Responsibility: Student Services and Government Liaison

Institute Responsibility: Knowledge and Information Management



Rodney Spark

General Manager

E-Works



Kieran McCann (acting)

General Manager

Group Responsibility: Community, Youth and Health

Institute Responsibility: Community, Access and Indigenous



The Board

The functions of the board are:

- a) to oversee and govern the institute efficiently and effectively and to prepare periodic strategic and operational business plans for the institute
- b) to provide the population of the area served by the institute with efficient and effective technical and further education programs and services responsive to the needs of industry, students and the general community
- c) to provide the population of the area served by the institute with efficient and effective adult, community and further education programs and services which are responsive to the needs of the community and to consult with the relevant regional councils about the provision of these programs and services
- d) to offer and conduct a course of study leading to the conferral of a higher education award in accordance with the *Education and Training Reform Act 2006*
- e) to confer a higher education award in accordance with this Act
- f) to make adequate arrangements for persons and groups which have not had or do not have adequate access to technical and further education programs and services
- g) to carry out any other function conferred on the board by or under this Act or any Order made under section 3.1.12

Without limiting the generality of subsection (1) the board may carry out all or any of the following functions:

- a) provide facilities or services for study, research or education
- b) undertake research, development, education, training delivery or other services on a commercial basis for other organisations
- c) aid or engage in the development or promotion of institute research or the application or use of the results of that research
- d) prepare, publish or distribute or license the use of literary or artistic work, audio or audio-visual material or computer software
- e) seek or encourage gifts to the Institute or for institute purposes
- f) promote or assist drama, music or the visual arts

Committees

The Board has established an active committee structure that capitalises on the skills and experiences of individual members. The committees assist the Board in meeting its constitutional duties to manage the Institute through the application of sound corporate governance practice.

The sub-committees of the Board are the:

- Executive Committee
- Audit and Risk Management Committee
- Educational Strategy and Planning Committee
- Resource Management Committee

Committee operation and membership

The Board committee structure is subject to annual review. All committees are required to have clear objectives which are consistent with the Board's corporate governance objectives.

Rather than being management-driven, the committees are led by the Board, with:

- the chairperson being a non-staff/student Board member
- the majority of members and attendees at any meeting being members of Board
- a member of the executive team acting as CEO
- the President of Board being an ex-officio member of all committees
- the CEO being an ex-officio member of all committees other than the Audit and Risk Management Committee

Committee Functions

Executive Committee

This committee meets when necessary to:

- oversee the Performance Assessment Systems applying to TAFE executive level staff
- make appropriate arrangements to ensure the Institute CEO's performance is assessed
- oversee the Institute's approach to enterprise bargaining
- represent the Institute Board of Directors in the selection of new Board members
- act on behalf of the Institute Board of Directors at any time
- act as a reference point for the Board and CEO in emergencies or potential high-risk situations
- together with the CEO or nominee/s, represent the Institute at political delegations

Audit and Risk Management Committee

This committee monitors and oversees:

- financial performance and the financial reporting process, including the annual financial statements

In accordance with the requirement in Direction 4.2, Procedure (e) to review and recommend the financial statements prior to finalisation and submission, where appropriate the Committee:

- reviews the current areas of greatest financial risk and how these are being managed in the Institute
- reviews significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements

Scope of Work, Performance and Independence of Internal Audits

The committee:

- reviews and approves the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management
- confers with the external auditor regarding the standard or work of internal audit staff and assess the health of relationship between external and internal audit teams and whether this leads to inefficiencies in the Institute's assurance activities
- reviews the effectiveness of the internal audit function and ensure that it has appropriate standing within the Institute
- meets separately with the head of internal audit to discuss any matters that the Committee or the internal auditor believe should be discussed privately
- ensures significant findings and recommendations made by the internal auditors are received, discussed with a course of action agreed and that this is implemented on a timely basis
- reviews the proposed internal audit plan for the coming year, ensure that it covers key risks and that there is appropriate coordination with the external auditor
- ensures that the annual work plan of internal audit includes an analysis of the effectiveness of the Institute's risk management, internal compliance and control system
- monitors and oversees any mechanisms in place whereby internal audit assesses and reports on its own performance
- confirms the appointment, promotion or dismissal of the head of internal audit

Scope of Work, Independence and Performance of the External Auditor

The committee:

- reviews the external auditors' proposed audit scope and audit approach, including materiality, for the current year in light of the Institute's circumstances and changes in regulatory and other requirements
- regularly reviews with the external auditor any audit problems or difficulties the auditor encountered in the normal course of audit work including any restriction on audit scope or access to information
- ensures significant findings and recommendations made by the external auditors are received and discussed on a timely basis
- ensures management responds promptly to recommendations made by the external auditors
- discusses with the external auditor the quality of accounting policies applied in the company's financial reporting
- meets separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately

Operation and Implementation of the Risk Management Framework

The committee:

- reviews the Institute's policy for the oversight and management of business risks
- oversees the establishment and implementation of the Institute's risk management system
- ensures that the Committee has identified, reviews and regularly updates the profile of the principal strategic, operational and financial risks to which it is exposed and assessed the appropriateness of the steps management has taken to manage these risks
- reviews trends on the Institute's risk profile, reports on specific risks and the status of the risk management process
- monitors performance of management in implementing risk management responses and internal control rectification activities and ensure that there are appropriate systems for identifying and monitoring risks in place and that these are operating as intended
- ensures that the Institute provides access and reasonable assistance to persons conducting audits for organisations (including VRQA) with whom the Institute has contractual obligations. The Institute will also ensure that reasonable assistance is provided by its sub-contractors where required

Matters of Accountability and Internal Control Affecting the Operations of the Institute

The committee:

- ensures any internal control recommendations made by the internal and external auditors, and approved by the Committee, have been implemented by management ie. track all agreed action points from audit
- evaluates the process the Institute has in place for assessing the effectiveness and efficiency of, and continuously improving internal controls, particularly those related to areas of significant risk eg: fraud, code of ethics etc
- assesses whether management has appropriate controls in place for unusual types of transactions and/or any particular transactions that may carry more than an acceptable degree of risk
- reviews and sign off on the accounting policies of the agencies
- Process for Monitoring Compliance with laws and regulations pertaining to the Human Resource Policies and Procedures Manual and Code of Financial Practice

The committee:

- review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance
- obtain regular updates from management and the Institute's legal counsel regarding compliance matters that may have a material impact on the Institute's reputation or financial statements
- make appropriate enquiries to satisfy itself that all regulatory compliance matters, related to the business of the Institute, have been considered in the preparation of the financial statements
- review the findings and recommendations of any examinations by regulatory agencies

Note: full details are contained in the Charter of the Audit and Risk Management Committee.

Educational Strategy and Planning Committee

This committee is required to meet at least six times annually to:

- monitor and evaluate the progress of the 2009-2011 (three-year rolling) Strategic Plan.
- report to the Board the Institute's progress on the achievement of strategic objectives and provide recommendations to the Board on any corrective actions.
- provide the Board with advice on educational planning and strategy development, including:
 - developments in the key market / industry areas impacting on vocational education and training
 - the planning of Institute's implementation of the Australian Quality Training Framework (AQTF)
- receive reports on the strategic support plans:
 1. marketing
 2. workforce
 3. business development
 4. teaching and learning
 5. youth
 6. innovation
 7. information systems and services
 8. facilities master plan
- government policy developments on vocational education and training
- receive reports from Institute Board of Studies
- other relevant international, national, state and local developments impacting on the strategic development of the Institute
- to monitor the corporate image of the Institute, internally and externally, in order to enhance its credibility nationally, regionally and locally

Resource Management Committee

This committee is required to meet at least six times annually to:

- ensure that the Institute's financial systems are appropriately managed and that the strategic and operational aspects of financial planning, management, record keeping and financial reporting enhance the consistency, accuracy and reliability of the Institute
- ensure compliance with the responsibilities and related reporting requirements arising from the Performance Agreement
- monitor Institute investments to ensure maximum financial benefit to the Institute.
- ensure that additional campuses and new building funding submissions are in line with the Institute strategic plan
- ensure that the Institute campus facilities are developed and maintained to an appropriate standard. This includes the construction stages of all new buildings
- ensure that the Institute infrastructure is adequate to support growth and development and provide timely advice on the financial impact of recommendations from other Board committees
- ensure that legal contracts, insurances and other contractual arrangements are consistent with legal requirements and relevant government policies
- facilitate corporate sponsorships and actively seek such sponsorships
- examine major contracts (in excess of \$250,000) and recommend to the Board where delegations are appropriate
- examine trends in Institute entrepreneurial activity to ensure efficiency in the use of resources and consistency with the strategic plan
- critically examine the Institute's community service obligations, particularly in the light of Institute financial targets



Board and committee memberships

The following table sets out the names of Kangan Institute's Board members, their committee memberships and the number of meetings attended during 2010.

Board member	Type of appointment	Board meetings	Educational Strategy and Planning Meetings	Resource Management Committee Meetings	Audit and Risk Management Meetings	Executive Committee
Susan Allen	Co-opted Member	6 of 7			3 of 5	
Dominic Andreacchio	Ministerial (General)	6 of 7 (chair for 5 of 6)	4 of 5	5 of 6	5 of 5	1 of 1 (chair)
Michael Brown	Co-opted Member	5 of 7 (chair for 1 of 5)	5 of 5 (chair for 2 of 5)			1 of 1
Ray Griffiths	Ex-officio member	7 of 7	2 of 5	5 of 6	5 of 5	1 of 1
Margaret Hatton	Co-opted Member	6 of 7		6 of 6 (chair)		1 of 1
Andrew Hyndes***	Student Representative	1 of 1		1 of 1		
Mirella Lattanzio	Ministerial (Industry)	5 of 7	5 of 5			
Helen Murphy	Ministerial (Industry)	3 of 4	2 of 2			
Arfa Noor	Student Representative	4 of 5		5 of 5		
Joy Nunn*	Ministerial (Industry)	3 of 3		0 of 3		
Jack Parr**	Ministerial (Industry)	3 of 3	3 of 3			
Rudi Pavani	Staff Representative	7 of 7		6 of 6		
Linsey Siede	Ministerial (General)	7 of 7			5 of 5	
Matthew Stewart	Ministerial (Industry)	7 of 7			5 of 5 (chair)	1 of 1
Robyn Stewart	Ministerial (Industry)	3 of 4		1 of 3		
Stelvio Vido	Ministerial (Industry)	5 of 7		6 of 6		
Jaqueline Wilson	Ministerial (General)	6 of 7	4 of 5			

The number of meetings possible to attend varies because of the length of service of each Board member during the reporting term.

* Joy Nunn's term of membership expired on June 30, 2010

** Jack Parr's term of membership expired on June 30, 2010

*** Andrew Hyndes' term of membership expired on 31 March 2010

Board members

Susan Allen

MBA, BSc (OH&S), Diploma of Business (Frontline Management), Diploma Occupational Health and Safety, Diploma of Applied Science (Dental Therapy), Member of Australian Institute of Company Directors, Registered Safety Practitioner and Chartered Professional Member Safety Institute of Australia.

Susan is the director of public sector and community services at WorkSafe Victoria. Her key areas of expertise include occupational health and safety, workplace inspection, health, dentistry and human resources.



Andrew Hyndes

Certificate III and IV in Financial Services, Diploma of Accounting

Andrew secured the student representative Board position while he was completing his Diploma of Accounting, while also working part-time as a truck driver and a mathematics and accounting tutor at a local high school. He received an outstanding award for his efforts while completing the Certificate IV in Financial Services. He now works with Kangan Institute's payroll division.



Dominic Andreacchio President

MBM, Post Graduate Degree in Business Human Resources Management, Graduate Diploma in Personnel Management, Associate Fellow AHRI

Dominic is the general manager, human resources of Australian Air Express, and has an extensive background in human resource management. He has broad industry experience in air-freight and transport, as well as the food manufacturing and steel manufacturing industries, and the banking, and building and construction sectors. Dominic's key areas of expertise include human resources, employment law, OH&S, organisational change management, strategic planning and performance management and mediation.



Mirella Lattanzio

Barrister and solicitor of the Supreme Court of Victoria. Bachelor of Laws, Bachelor of Arts, Certificate IV in Workplace Assessment and Training

Mirella has practiced law since 1991 and is currently the principal solicitor with the Proceeds of Crime Directorate, Office of Public Prosecutions. She has teaching experience within the TAFE and university sectors. Mirella's key areas of expertise include legal, management, education, training and government.



Michael Brown

Bachelor of Business (Manufacturing)

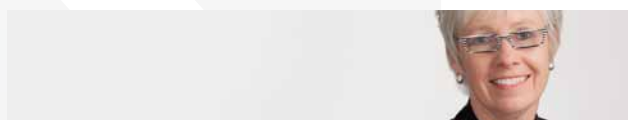
Michael is currently the general manager, heavy maintenance and training at Qantas Airways. His key areas of expertise include the aviation industry, operations management, regulatory compliance, industrial relations, facility contract management, Lean and Six Sigma.



Helen Murphy

Director Environmental Sustainability, VicRoads. Bachelor of Science, Master of Science (Environmental Engineering), Graduate Diploma in Occupational Hygiene, Doctor of Philosophy

Helen has 30 years experience in the private and public sectors predominantly in the energy and manufacturing industries, specialising in environmental sustainability and greenhouse. She also brings experience in risk management, sessional teaching and course development at tertiary level to her role, and was formerly on the Board of East Gippsland Institute of TAFE.



Margaret Hatton

BComm, BAppISc, FCPA, GAICD

Margaret is a financial consultant and has previously worked as the financial controller for Johnson Controls Australia Pty Ltd. Her key areas of expertise include manufacturing (steelmaking and automotive parts), banking and accounting.



Arfa Noor

Arfa divides her time between studying full-time at Kangan Institute, volunteering at the Wesley Mission Melbourne, and carrying out various responsibilities as the central committee member of the Australian Federation of International Students. Certificate III and IV in Financial Services, currently completing the Diploma and Advanced Diploma in Accounting.

Through her education and work experience, Arfa has achieved and developed technical knowledge of the accounting field along with gaining employability skills such as self management, effective organisation, workplace communication and teamwork in a diverse and multicultural environment. She was named as Kangan Institute's International Student of the Year in 2010.

**Joy Nunn**

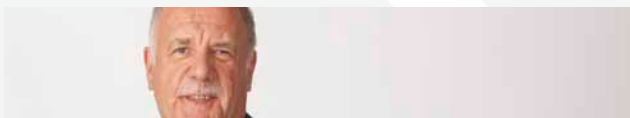
Master of Business, Leadership & Organisational Behaviour, Graduate Diploma of Business, Bachelor of Arts Psychology & Literature, Certificate of Total Quality Management

Joy is the director of public relations and learning at Hume City Council. She has extensive public and private sector experience across state and local government, with industry experience in professional services, transport and logistics, and oil and gas. With a background in human resource and change management (with high degree of industrial relations knowledge) in strategic and operational planning, policy development and project management, Joy has strong strategic and conceptual skills in management, HR and OD.

**Jack Parr**

Masters in Business Administration in International Business (UNE), Production Engineering (UK qualification equivalent to Degree in), Certificate IV in Workplace Training and Assessment

As Tieman Industries' former general manager of the tanker division and now a self-employed consultant, Jack brings extensive industry experience to his role on the Kangan Institute Board. He has highly developed expertise in business, training, industry, human/capital resource management and organisational development.

**Rudi Pavani**

Bachelor of Arts (Hons) Lit, Advanced Diploma of Tourism and currently undertaking a Bachelor of Business (Tourism Management).

Rudi is currently employed as the building resources administrator at Kangan Institute, where he liaises regularly with staff members and creates timetables across all Institute campuses. He is a key participating member of the Institute's Lean project and actively participates in other aspects of the organisation including the Occupational Health and Safety Committee and Community Projects Steering Committee. He is a qualified first aid officer, contact officer, and occupational health and safety representative for his department.

**Linsey Siede**

Director, Likatibro Consulting Pty Ltd. Bachelor of Mechanical Engineering (Distinction), FSAE.

Linsey has over 30 years experience in the global automotive and machine tool industries, living and working in Australia, Singapore and the USA. He is currently the director of the Automotive Supplier Excellence Australia (ASEA) Program. He is also a non-executive director of Frigrite Pty Ltd and MIGfast Pty Ltd, and an advisor to the Thailand Board of Investment. His areas of expertise are business management, strategic planning, marketing and communications, manufacturing and lean enterprise, and export market development.

**Matthew Stewart**

F CPA, AFAIM, Diploma in Business (Accounting), Graduate Diploma in Management, Registered Tax Agent

Matthew is the group financial controller with State Automation Pty Ltd. He specialises in financial and management accounting and has extensive experience in the education, not-for-profit, manufacturing including manufacturing under the Therapeutic Goods Act, professional practice, and service industries. He also brings experience in project management, internal auditing, risk management and insolvency.



Robyn Stewart

Principal of Robyn Stewart & Associates (commercial property & business consultants). Valuer, land economist, real estate agent, Diploma of Business (Property) and Diploma Australian Institute of Company Directors

Robyn has expertise in asset management, facilities management, property and infrastructure development, corporate real estate strategy and valuations. Her extensive experience also includes corporate business practices, board governance, strategic planning and risk management. Robyn sits on a number of other Boards, and is currently chairman of Archicentre Limited, director of Queen Victoria Market Pty Ltd, director of Melbourne Wholesale Fish Markets Pty Ltd, director of Gippsland Ports and director of the Confederation of Australian Motor Sport Limited.



Stelvio Vido

Bachelor of Commerce, Bachelor of Laws, Master of Business Administration

Stelvio is the executive general manager, strategic and support services, Royal District Nursing Service. He has skills and experience in general management covering all functional responsibilities, strategic planning, people and resources management, negotiation, problem solving, representation and advocacy, project management, employee relations.



Jaqueline Wilson

General Manager, Corporate Services, MCHS Ltd. Masters of Business Administration, Masters of Professional Ethics, Graduate Diploma in Applied Corporate Governance, ACIS, GAICD, FAIM

Jacqueline has extensive experience in the areas of governance, compliance, risk, strategy, and shared services gained across sectors including health, IT, and manufacturing, in both executive and non-executive director roles.



Summary of performance and activities

The Board and its sub-committees' activities and major achievements in 2010 include monitoring and advising on the development of the:

- 2011-2013 Kangan Institute strategic plan
- 2011 Kangan Institute business plan
- 2011 e-Works business plan
- 2011 VETASSESS business plan
- 2011 risk management plan
- marketing plan
- community profile
- workforce plan

The Board also conducted reviews of:

- capital and asset management and maintenance
- Institute disaster recovery plan
- Institute contestability strategies
- purchasing cards, employee expenses and taxation compliance
- board operating procedures
- instrument of delegation of power
- financial delegations
- Institute asset management system

The Board also undertook oversight of:

- identification and appointment of a new internal auditor to commence in 2011
- negotiations on the development of further stages of the Automotive Centre of Excellence (ACE) including the appointment of a legal services provider, project management consultant, architectural consultant and quantity surveyor
- finalise negotiation and implementation of Finance Management Information System
- negotiation and implementation of new security services contract
- supply and installation of Institute audiovisual equipment
- creation of an institute strategic plan and building maintenance reserve
- creation of VETASSESS projects reserve
- negotiation of commercial lease of space for health/nursing/aged care expansion
- creation of fashion and textile hub at Richmond campus
- progress of capital projects

- progress of international projects
- the Institute's compliance with the Victorian Government Risk Management Framework.
- the Institute's compliance with the Australian Quality Training Framework
- community liaison projects
- corporate sponsorship
- the Institute's major innovation project
- identification and selection of two new Board members
- staff and student satisfaction surveys
- financial management framework compliance
- performance funding agreement negotiations and final approval
- follow-up of internal audit findings
- development of the 2011 internal audit plan
- youth plan
- community liaison
- teaching and learning plan
- monitor and approve Institute staff overseas travel
- monitor and approve the application of the Institute seal
- election of President for 2011, Michael Brown
- institute insurance analysis and review

Board rights and education

Board members have the right to access Board documents, indemnity coverage and reimbursement of out-of-pocket expenses while undertaking activities on behalf of the Institute Board.

The CEO regularly briefs the Board members on major issues impacting on Institute operations and strategic planning issues. Board members also receive sponsored attendance at strategic planning conferences and development activities.

Training undertaken

During 2010, Board members participated in the following training and development activities related to their role as Board members:

- Board briefing sessions on corporate governance
- 2010 Victorian TAFE Association Conference

Board code of conduct

The Kangan Institute Board operates under a comprehensive Code of Conduct which includes directions and responsibilities on:

- Performance monitoring and reporting
- Structure and human resources
- Assets and physical resources

Board directors have specific responsibilities under the Code of Conduct.

Our Strategic Direction



Our Strategic direction

Kangan Institute's 2009-2011 strategic plan reaffirms our commitment to making a real contribution through the transformational role of vocational education and training and our own corporate environmental and social commitments.

The plan recognises that the business environment continues to change rapidly and that we need to change to meet the expectations of those who pay for our services by being customer centred, differentiating ourselves from the competition and adding tangible value for all our clients.

It governs all of Kangan Institute's activities and contains clear key performance indicators and measures to monitor targets. It is reviewed and measured regularly for progress and milestones, with a series of triennial, annual and department plans also underpinning the Institute's strategic vision.

1.0 An Australian leader in customised products and services

- 1.1 Up front assessment for all customers
- 1.2 First into growth industries and emerging occupations
- 1.3 Continue to build business sustainability
- 1.4 Leading in research and development and marketing of new products and services
- 1.5 Leading in new learner centred educational methods and technologies
- 1.6 First rate e-learning capability

2010 re-brand

A new decade brought a new name and logo for what was formerly known as Kangan Batman TAFE. From February 2010, our new brand as Kangan Institute was rolled out across all marketing and learning material.

Developed as a result of extensive consultation and research, the new logo, name and brand identity reflect Kangan Institute's continued transformation towards being a vibrant professional services organisation, leading in customised learning products and services and establishing itself as a first choice for customers in target markets.

E-learning advances

Lugging around a bag filled to the brim with textbooks became a thing of the past for our occupational health and safety students at diploma and advanced diploma level in early 2010.

Students from two classes were presented with new netbooks as part of a training initiative which features flexible online learning. Developed by our in-house learning, research and design team,

the netbook project allows students to work on assignments and tasks at a time and place that suits them.

A pilot program launched in 2009 led to the development of this new initiative, which aims to provide more flexibility and help students balance the demands of study with work, family and other commitments.

Hands-on training

Kangan Institute's massage therapy department continues to create better learning opportunities for its students by linking real-world training to practical studies.

A new partnership with Moontides - a naturopathic health care centre which specialises in women's health - gives students a first-hand view of the industry and their future career paths.

Each month the students take part in an expo conducted by Moontides at the Prahran Market, providing free massages designed specifically for women's health.

These 'real life' learning opportunities are becoming increasingly important for TAFE training. While there is a strong focus on the practical components of massage therapy in our courses, these hands-on learning opportunities ensure students have a well-rounded set of skills which will see them thrive in a business environment.

New Mac labs and wireless access campus-wide

In the fast-paced world of information technology, staying abreast of industry best practice is important. To make sure students are across these developments, Kangan Institute's ICT department installed two new Apple Macintosh labs at the Broadmeadows and Essendon campuses in mid-2010.

Shortly after the labs were installed, we launched a Wireless LAN project. Funded through the Teaching and Learning Capital Fund (TLCF) for vocational education and training, the \$2,708,627 initiative established on-campus network services across all Kangan Institute campuses.

2.0 First choice for our customers in our target markets

- 2.1 Broad role coupled with a significant profile in NW suburbs
- 2.2 Preferred partner to selected enterprises/clients
- 2.3 Key indigenous education provider
- 2.4 Market share in target markets
- 2.5 Specialist national and international role
- 2.6 Leading in approach to environmental sustainability
- 2.7 Committed to access and diversity

Better opportunities for indigenous students

In 2010 Kangan Institute joined with key community businesses and organisations to focus on “closing the gap” and celebrate effective Indigenous employment within the Australian business community.

Participation in this program augments many other initiatives at the Institute’s Indigenous Education Centre (IEC) which are designed to improve training and employment opportunities for indigenous people.

Students learn through a combination of classroom, practical and online learning. These include art exhibitions, music festivals, community projects, and the use of multimedia resources such as toolboxes on the TAFE virtual campus (TAFEVC) and electronic learning packages. Upon completion of a course, students will receive on-going support including help finding employment in their area of study.

The Institute’s Indigenous Employment and Career Development Strategy also provides traineeships across the organisation for students who show dedication to learning outcomes and a commitment to finding employment.

Access and diversity

Kangan Institute is committed to promoting equity and diversity aiming for a discrimination and harassment free work and study environment, and embracing a community of increasingly diverse needs and backgrounds.

We are committed to taking positive actions which seek to identify, redress and eliminate any unlawful direct or indirect discrimination policies and or practices.

As one of a minority of enterprises which has specific social contribution targets in its strategic plan, we have taken significant steps in incorporating access and equity institutionally and in relation to a broad range of equity groups through our equity sustainability plan.

The disability action plan also reflects this approach. The demographics of the outer north-west of Melbourne indicate a rich diversity of language and culture as well as high levels of disadvantage. Kangan Institute celebrates over 130 different countries of origin and languages spoken by our students.

Connecting with the next generation

Kangan Institute’s inaugural ICT Upload Your Future event was a great success in mid-2010, with a number of local and regional secondary schools taking up the opportunity to learn about careers in the ICT industry.

The event featured a range of guest industry speakers helping to communicate the broad range of career roles that an ICT

qualification can lead into. By March 2009, 98 percent of Kangan Institute’s 2008 graduates were either working in the industry or studying in higher education, highlighting a significant growth area for student numbers and career opportunities. The event will expand in 2011 with opportunities for more schools to become involved.

Environmental focus

Established at the start of 2010, Kangan Institute’s no smoking on campus policy brought the Institute in line with many other Australian TAFES. In the previous years, cigarette butt litter contributed to over three percent of the volume of Kangan Institute’s waste, detracting from the visual appeal of the grounds, increasing cleaning costs and posing risks to native flora and fauna.

The policy bans smoking right up to the outer perimeter of all Kangan Institute campuses. Butt bins are provided in key outer locations to ensure cigarette butt litter is not simply transferred to the surrounding streets. Full support is provided to staff who wish to quit smoking via QUIT Victoria’s smoking cessation programs and via the employee assistance program.

3.0 Leading lean (streamlined) educational institution

- 3.1 Customer outcomes focused
- 3.2 Maximise return on contracts
- 3.3 Lean (streamlining) embedded in all business systems
- 3.4 Develop business performance management culture

Student journey system

Developed throughout 2010 ready for launch in early 2011, the new student journey is an application to capture a student’s life cycle within Kangan Institute. The application allows staff to trace the whole student journey from the moment a prospective student makes an enquiry through to application, recognition of prior learning, offer, enrolment and until they either finish their courses or cease their studies. Along with helping us to provide a better service, it will also allow us to track all enquiries and capture information like type of enquiry, source of enquiry or course dropout reason.

The program is a streamlined process which ensures that accurate data is entered into our system to track the student journey.

Lean business is better business

In line with Kangan Institute’s strategic priority to implement lean methodologies in our business processes, the Innovation department continued to drive the Streamlining project across the organisation in 2010. Projects underway in 2010 included the Institute-wide rollout of visual management boards for each department. Teams meet around their boards once a week to



report on operations, projects and problems to find smarter ways to work. The CEO and general managers regularly visit departments to gather feedback and map common occurrences which affect more than one department. The boards are an important way for staff members to better understand team processes and issues across the organisation.

4.0 A vibrant professional services organisation

- 4.1 First choice through professional service experience
- 4.2 Self reliance: reinvestment of profits into staff capital and equipment
- 4.3 Project management for products and services
- 4.4 Develop effective knowledge management systems
- 4.5 Contemporary VET practitioners
- 4.6 First choice employer
- 4.7 Strengthen our community involvement locally and internationally

Workforce planning

Kangan Institute's strategic intent to become a leading lean and vibrant professional services educational institution underpins our commitment to adding value to the workplace experiences of our employees. The Institute is fully committed to equal opportunity (including equal employment opportunity) and inclusive and fair processes in all human resource management procedures. All policies and procedures and associated documentation are readily accessible for staff via the staff portal. Read more about our workforce initiatives for 2010 on page 54.

Leadership Development Program

As part of the workforce capability building strategy of the Institute, a new Leadership Development program was piloted for 10 staff during 2010. This program is designed for staff currently in, or aspiring to, a leadership role, and aims to provide clarity and consistency for organisation-wide leadership. The program addresses issues that impact leaders of today and tomorrow. It underpins the achievement of our strategic goals through the development of new ways of succeeding in an increasingly complex and shifting environment. Through assessment of current capability a personalised pathway plan is developed to meet individual professional goals. Each participant is matched with a mentor to assist them through the program with advice, guidance and information sharing.

Community engagement

Kangan Institute has a long association with community engagement which reflects in the Institute's Triple Bottom Line accountability and strategic priority to be socially responsible as part of a vibrant professional services organisation.

As part of the Institute's commitment to continuous improvement, at the end of 2010 the Community Engagement Strategy underwent a review of its processes. The option of a more corporate-style approach to social responsibility is being explored, where a stronger nexus between community engagement and promotion of the Institute can comfortably coexist.

It is proposed that projects and activities supported by the Institute relate to our core business of providing social capital through improving educational opportunities.

Review Outcomes

(i) A new set of application forms was developed that separates the applications into four distinct categories; minor awards (less than \$1500), major grants (\$1500 – \$3000) and community projects (\$3000 - \$6000) as well as match funding donations (up to \$1500). This process helps clarify the application process while putting it into a format that aligns to the Institute's policies and procedures template.

(ii) In alignment with the Institute's strategic plan progress measure, the Community Engagement Strategy will direct 50% of its funding towards organisations and individuals in the north-west and local suburbs. This strategy includes targeting the growing disaffected youth cohort in the local area through supporting various agencies and projects in an effort to reengage youth back into education.

(iii) The strategy will direct a minimum of 12.5% of its funding towards supporting Indigenous organisations and individuals in conjunction with the Indigenous Education Centre.

Through its revised Community Engagement strategies, Kangan Institute has the opportunity to further develop and continue to forge stronger alliances within the north-west community, the Indigenous community and wider national and international communities.

Our Community Engagement Strategy is a key element in the Institute's Triple Bottom Line reporting and provides a point of difference in a contestable market, encapsulating the mission of the Institute to help enterprises grow, communities prosper and individuals reach their full potential.

2010 Projects

In 2010, the Institute committed \$119,315 from its revenue to support Community Engagement programs. The projects supported in 2010 include:

- Indigenous – funding towards community engagement activities conducted by the Institute's Indigenous Education Centre and the local Indigenous community including community lunches and supporting local Indigenous sports and cultural events

- North-west Melbourne - support for organisations in Melbourne's north-west, including providing support for organisations which work with disengaged youth, funding the production of a documentary for local migrant communities, supporting various youth initiatives across the Institute's teaching groups and support projects within local schools.
- International – 'grassroots' support and fundraising for a range of various projects including fundraising activities for the Pakistan Flood Appeals, Friends of Aileu (Timor L'Este) and a fundraising auction and staff study tour to support the Bahay Tuluyan Project in the Philippines.
- Other – supporting the collection of food and donation of gift vouchers to the Wesley Mission Christmas Appeal, providing funds towards the CFA Peer Support Program and providing funds towards a staff scholarship program.

VETASSESS

VETASSESS is a leading international provider of assessment services and products. As an assessment-only registered training organisation (RTO), VETASSESS has an extensive scope of registration that covers more than 140 Australian qualifications.

Skills Recognition – General Occupations (SRGO)

Skills Recognition – General Occupations (SRGO) undertakes pre-migration skills assessments for applicants who nominate an occupation in a manager, professional, technician, clerical and administrative or community and personal service worker classification.

Skills Assessments

- On January 1, 2010, SRGO introduced a new skills assessment process with an increased emphasis on job readiness. The process was developed in consultation with DIAC.
- In tandem with DIAC's implementation of a new Skilled Occupation List (SOL) on 1 July 2011, SRGO revised its list of occupations and incorporated the Australian and New Zealand Standard Classification of Occupations (ANZSCO) into its assessment system.
- In 2010, SRGO received fewer applications than in 2009 due to changes to Australian immigration policy, the global financial crisis, and the revised assessment process to determine job readiness.
- The unit is expecting a growth in business with the introduction of a new advisory service for applicants in March 2011.

Qualifications Verification

VETASSESS administers a Chinese Qualification Verification service under an agreement between VETASSESS and two educational authorities in the People's Republic of China – the China Academic Degrees and Graduate Education Development

Center and the China Higher Education Student Information and Career Center.

Key developments for qualifications verification in 2010:

- overall modest decrease in applications compared to 2009
- a surge in applications between May and July ahead of an increase in the IELTS scores required by three accounting bodies which require a verification of Chinese qualifications
- development of an on-line verification service for external clients

Skills Recognition - International

VETASSESS undertakes skills assessments for individuals wishing to migrate to Australia under the General Skilled Migration (GSM) program and for the temporary worker (subclass 457 visa) program. These two assessment services, managed by VETASSESS in partnership with Kangan Institute and Gippsland TAFE, operate in a growing number of countries and trades.

A new GSM program came into operation on 5 December 2010. This new service has greater synergies with the skills assessments for the temporary worker (457 visa) program. Numbers in the GSM program were slightly lower than anticipated in 2010 due to changes in migration policy and the focus on employer and state-sponsored pathways.

Skills Recognition - National

As the lead agent of a consortium of RTOs, VETASSESS managed the North Western Melbourne Skills Store and undertook a large project with Metro Trains Melbourne (MTM).

During the contract period the North Western Melbourne Skills Store carried out more than 10,000 interviews and referrals and completed in excess of 5,300 RPL assessments. The Skills Store initiative wound up in December 2010. VETASSESS will continue to offer advice to potential applicants and undertake RPL assessments for a range of clients.

Other areas of growth for VETASSESS during 2010 include:

- Early Childhood Validation
- Business Development, including the continued development of the "Multiple Assessment Pathways (MAP)" project in British Columbia, Canada
- Real estate learning resources
- Publishing
- Assessitnow.com

eWorks

eWorks is a leading exponent of e-learning solutions and educational technology training. Operating as an independently-managed business arm of Kangan Institute, eWorks works closely with government, training providers and employers to build world-class training through e-learning.

eWorks delivers the products and skills for all aspects of e-learning from quality standards-based content, to a delivery platform that integrates all the latest teaching and learning technologies.

eWorks' products and services are continually under review to ensure they match the pace of change in industry and technology and can be grouped into five areas: e-learning content, delivery platform (Training VC), standards, training and consultancy.

2010 performance

Government clients

eWorks is contracted by the Victorian government to provide an e-learning support service for the State Training System which included the provision of an e-learning delivery platform (TAFE VC) for training organisations to use in the delivery of government-funded TAFE programs. In 2010, the TAFE VC was used as a shared infrastructure by 14 TAFE institutions to deliver over 15,000 training units to more than 150,000 students. eWorks was also contracted by the Victorian Government in 2010 to conduct conVerge10, a highly successful e-learning conference for the STS that was filled to its capacity of 390.

eWorks was contracted by the federal government in 2010 to manage a leadership program as part of the Australian Flexible Learning Framework. Managing this national program for building e-learning support infrastructure for the Australian training sector included direct responsibility for three national business activities: the development of toolboxes (e-learning content for supporting national training qualifications); the development and maintenance of technical standards for e-learning, and the implementation of the National E-portfolio Roadmap.

Commercial clients

eWorks now provides an e-learning delivery platform (Training VC) for use by its commercial clients. This user group grew significantly in 2010 and there are now more than 120 different companies and private training organisations using the Training VC. The program's offerings were expanded in 2010 to include the Moodle Learning Management System and the Mahara e-portfolio service. The introduction of Moodle alone resulted in 34 new clients choosing the Training VC as their preferred delivery platform.

In 2010 eWorks also developed a range of e-learning products for commercial clients including for Cleancare, St Vincent's Hospital, ACTU and the Confederation of Australian Motor Sports.

In November 2010, eWorks signed a research and development joint venture with TVET China. While at an early stage of establishment, eWorks is seeking to use this opportunity to benchmark its products and services in the international training market.

Environmental performance

2010 Overview

In 2010, Kangan Institute was involved in the pilot programs of two state government environmental initiatives which will be continued and will result in Kangan Institute reducing its greenhouse gas emissions.

ResourceSmart - Tertiary Education Program

The ResourceSmart – Tertiary Education Program has been designed by Sustainability Victoria and the Department of Sustainability and Environment to meet government requirements for the expansion of environmental management systems (EMS) to statutory agencies. The program provides support and guidance for government agencies to organise and integrate environment management processes. The program provides a continual improvement framework to suit their individual needs to assist government agencies to identify and address priority environmental impacts.

Through 2010, the ResourceSmart – Tertiary Education Program saw the production of a new environmental policy which combined the old environmental policy and the environmental sustainability policy. The environmental policy will be displayed at all campuses and will be introduced to all new employees through the induction program. Through the ResourceSmart - Tertiary Education Program the production of the 2011 – 2012 Environmental Strategy and Action Plan for Kangan Institute was produced. This will be implemented in 2011 and will ensure that reducing Kangan Institute's environmental impacts is everyone's responsibility.

Greener Government Buildings

The Greener Government Buildings program is a Victorian state government initiative that will reduce greenhouse gas emissions, energy costs and water use across all government buildings. The Department of Treasury and Finance (DTF) is leading the program and has worked closely with Skills Victoria and Kangan Institute over the past year to ensure the desired outcomes of the program are met.

The Greener Government Building projects will be delivered using a market-based approach known as Energy Performance Contracting (EPC). This approach requires service providers to guarantee annual cost savings, which are used to repay the capital costs over the life of the investment.

In 2010, DTF worked with Kangan Institute to choose the most appropriate tender. The tender chosen demonstrated the most efficient works to be undertaken with the highest reduction in greenhouse gas emissions, while also offering an education component. The agreed works will be undertaken at Kangan Institute in 2011.

Environmental Impacts at Kangan Institute

Currently, Kangan Institute reports on our energy, waste and water in this annual report. During 2011, investigation into expanding the reporting data will be conducted so our employees, students, stakeholders and the general public have a greater understanding of the environmental impacts and the reduction strategies we are taking to reduce our environmental impacts.

For 2010, energy, waste and water have been measured for Broadmeadows, Coburg, Docklands, Essendon, Moreland and Richmond campuses only. Throughout 2011, investigations into expanding the reporting system to include all Kangan Institute campuses will occur.

Energy Consumption

Targets:

- To reduce energy consumption by 15% based on 2008 data by December 2011
- To reduce energy consumption by 5% based on 2009 data by December 2010

Electricity Consumption

	2010*	2009**
Total Electricity Consumption (kWh)	6,088,346.26	5,266,644.00
Total GreenPower Purchased (kWh)	606,557.13	559,166.00
Percentage of GreenPower purchased	10%	9.6%
kWh/FTE+EFTSL	748.87	651.88
kWh/m ²	32.23	28.05
Total associated Greenhouse Gas Emissions with Electricity usage (tCO ₂ -e)	7,488.67	6,478.00

* Some data has been estimated to meet the reporting requirements

** Data has been changed as further information has become available

Explanatory notes:

Electricity consumption between 2009 and 2010 as a total has increased. This could be due to more accurate measurement of consumption data since reporting commenced and a possible increase of building works around Kangan Institute.

Kangan Institute increased the percentage purchased of GreenPower in 2010 to 10%. At the end of 2010, agreement was made to increase the purchase of GreenPower to 25%.

Natural Gas Consumption

	2010*	2009**
Total Natural Gas Consumption (GJ)	17,261.84	18,702.38
GJ/FTE+EFTSL	1.93	2.09
GJ/m ²	0.08	0.09
Total associated Greenhouse Gas Emissions with Natural Gas Consumption (tCO ₂ -e)	883.81	966.91

* Some data has been estimated to meet the reporting requirements

** Data has been changed as further information has become available

Explanatory notes:

Natural Gas consumption between 2009 and 2010 has decreased.

Total Energy Consumption

	2010*	2009**	
Total Energy Consumption (GJ)	39,179.86	39,675.37	4% increase
GJ/FTE+EFTSL	4.38	4.44	4% increase
GJ/m ²	0.20	0.19	4% increase
Total associated Greenhouse Gas Emissions with Energy Consumption (tCO ₂ -e)	8,372.47	7,444.91	12% increase

* Some data has been estimated to meet the reporting requirements

** Data has been changed as further information has become available

Explanatory notes:

Total energy consumption and associated greenhouse gas emissions increased between 2009 and 2010, due to the increase in electricity consumption. With the purchase of 25% GreenPower, greenhouse gas emissions associated with electricity consumption will decrease in the future. Although there has been an increase in total energy consumption between 2009 and 2010, Kangan Institute is still on target to meet the 2011 target to decrease energy consumption by 15% based on 2008 energy data.

The Facilities and Capital Development department has been making huge efforts to reduce energy consumption by reducing running times by more closely controlled scheduling of the HVAC systems. They have been working on the basis of minimising the provision of heating and cooling to a realistic and acceptable level. This is a significant challenge but will result in energy consumption decreasing at the Institute.

To support the work Facilities and Capital Development are doing, future energy reduction strategies also include:

- Awareness campaigns to staff and students
- Implementation of energy efficient appliances
- Reduction of usage of inefficient heating/cooling systems

Water Consumption

Targets:

- To reduce potable water consumption by 10% based on 2008 data
- To reduce potable water consumption by 5% based on 2009 data.

	2010*	2009**
Total Water Consumption (kL)	62,894.17	25,692.00
kL/FTE+EFTSL	7.03	2.88
kL/m ²	0.63	0.31

* Some data has been estimated to meet the reporting requirements

** Data has been changed as further information has become available

Explanatory notes:

Total water consumption has increased between 2009 and 2010. This is due to major water leak at the Coburg campus, which consumed an estimated 37,000kL in the first half of 2010. Kangan Institute is still on target to meet the 2011 target to decrease water consumption by 10% based on 2008 water data.

To reduce water at Kangan Institute in 2011, future water reduction strategies also include:

- Water awareness campaigns to staff and students
- Implementation of water efficient appliances

Waste Production

Targets:

- To reduce waste to landfill by 15% based on 2008 data by December 2011
- To reduce waste to landfill by 5% based on 2009 data by December 2010
- Increase the amount of recycled material by 5% based on 2009 data by December 2010

	2010*	2009**
Total Waste to Landfill (t)	552.55	528.00
Total Recycling (t)	126.44	69
Recycling Rate (% of total waste)	23%	13%
Total Waste(t)/FTE+EFTSL	0.06	0.07
Total associated Greenhouse Gas Emissions with waste (tCO ₂ -e)	878.67	580.80

* Some data has been estimated to meet the reporting requirements

** Data has been changed as further information has become available

Explanatory notes:

Total waste to landfill (tonnes) has seen an increase between 2009 and 2010. This is due to an increase in staff and student numbers between 2009 and 2010, with waste to landfill decreasing per FTE+EFTSL. Kangan Institute is still on target to meet the 2011 target to decrease waste to landfill rates by 15% based on 2008 waste data.

To reduce waste at Kangan Institute in 2011, future waste reduction and recycling increase strategies include:

- Waste awareness campaigns to staff and students
- Increase waste signage
- Investigation into a triple waste system to include composting

Ecological Footprint

Kangan Institute has made a commitment to reduce its greenhouse gas emissions associated with our operations. To gain an understanding of the student and staff environmental impacts, Kangan Institute reports on its ecological footprint. Over time, more environmental data is becoming available and the accuracy of the environmental impacts is improving.

	2010*	2009**
Total Eco Footprint (gha)	2,734.02	2,311.67
Total Eco Footprint (gha) per Student Contact Hour	0.0005	0.0004
Total Eco Footprint (gha) per m ² of Campus Floor Space	0.01	0.01
Total Eco Footprint (gha) per Campus Staff	2.77	2.35

* Some data has been estimated to meet the reporting requirements

** Data has been changed as further information has become available

Kangan Institute's ecological footprint measures the demand Kangan Institute has on the earth's ecosystems. In 2010, Kangan Institute required 2,734.02 global hectares of biological productive land and sea area.

Education for Sustainability

Through 2011, Kangan Institute will be working towards educating and implementing *Education for Sustainability*. This will ensure all teaching staff will be ready when *Education for Sustainability* is mandatory in the delivery of units. This will ensure all students graduate from Kangan Institute with sustainability knowledge and skills.

Compliance Information



Maintenance and Capital Works

Kangan Institute places high emphasis on the provision and maintenance of high quality buildings and facilities that:

- meet regulatory requirements
- meet occupational health and safety standards
- incorporate sound environmental features, and
- meet customer expectations.

Kangan Institute ensures that all construction works are fully documented and detailed to meet statutory building and planning requirements. Kangan Institute ensures that plans for works are lodged with the relevant council for advice on local council provisions.

Kangan Institute requires building practitioners including architects, consultant engineers and construction contractors to show evidence of registration, certificates of currency for relevant insurance policies and WorkCover.

All such contractors engaged by the Institute during 2010 maintained their registered status throughout the period of engagement.

The Institute maintains a comprehensive database of contractors, contracts and engagements.

Buildings Condition Audits are conducted regularly and as required by ministerial guidelines.

Compliance with the Building Act 1993

Through the Victorian Department of Education, Kangan Institute was granted an exemption from the requirement that all buildings should conform to the *Building Act 1993* by July 2000. The exemption relates to buildings located at the Coburg and Richmond campuses.

New service/maintenance contracts have been negotiated for the mandatory management and maintenance of all plant and equipment and essential safety measures. Through these contracts all Institute facilities are fully compliant with the Building Code of Australia and Essential Safety Measures requirements.

It is anticipated that the Coburg campus will be vacated and discontinued as an Institute campus. The Richmond Gwynne St Campus will also be vacated with activities consolidated on the Cremorne St site at the completion of the ACE Stage 2 development.

Capital Development Priorities

The following building projects were either completed or planned in 2010:

- Construction of ACE Stage 2 - Probuild, a large, highly experienced building construction company was appointed as the principal construction contractor and commenced on site in June 2009 and continued work throughout 2010. This project is anticipated to be completed in September 2011.
- The rationalisation of automotive programs to facilitate the vacation and disposal of the Gwynne Street site continued throughout 2010. All automotive training from Richmond and Coburg relocates to Docklands with the completion of ACE Stage 2.
- Funding was announced in the May 2009 state budget for the establishment of an Aviation Training Facility at Melbourne Airport – the initial feasibility and design was funded to \$3M. Kangan Institute is expected to provide the lead support in this project with design and development occurring throughout 2010.

Capital Development Plans

DIIRD through Skills Victoria introduced a new Integrated Asset Management System which tracks Institute facilities and funding submissions.

Funding submissions were developed and forwarded to Skills Victoria for consideration, the submissions relate to the following projects:

- Health Education and Business Programs Building – a project involving a building on the Broadmeadows campus of 9,500-square metres over three levels with an anticipated budget of \$37M was proposed in 2009 and reviewed in 2010 to a building of 11,000-square metres over four levels with a budget of \$58.2M. This project is expected to be resubmitted to the Expenditure Review Committee of government in May 2011.
- Refurbishment and expansion of Building J on the Broadmeadows campus to accommodate the Built and Natural Environment department (once Aviation Training relocates to Melbourne Airport) – an anticipated project budget of \$15M.
- A building lease and associated fit out of Moonee Ponds facility was established to support the delivery of health education programs (incapacity of the Moreland site to accommodate due to building condition and student numbers) – Total investment of \$2.5M over five years
- Richmond campus – building F refurbishment to accommodate a Textiles Industry Training Centre. A building of 600-square metres refurbished with a budget of \$1.5M

Details of 2010 Compulsory Non-Academic Fees and Charges

Details of 2010 non-academic student fees and charges levied in accordance with the Ministerial Directions on Fees and Charges and reported pursuant to Section 121 of the *Tertiary Education Act 1993*.

	2010 \$	2009 \$
Student fees and charges income		
Service and amenities fees	640,758	497,474
Tuition fees	3,915,541	2,778,312
Total Income	4,556,299	3,275,786
Expenditure		
Service and amenities fees		
Salaries and on costs	260,634	188,453
Consumables, promotional activities and general	78,740	49,138
Travel and vehicles	20,826	16,639
Printing, photocopying and communications	61,186	55,256
Recreation	74,731	68,262
Catering	84,055	57,385
Repairs and maintenance	57,777	62,371
Total	637,949	497,504
Tuition fees		
Institute management, administration and support expenditures		
Total	3,915,541	2,778,312
Total expenditure	4,553,490	3,275,816

Certification:

I certify that the information contained in this statement has been extracted from the accounting records of the Institute and that expenditure of funds is in accordance with the Ministerial Direction on Fees and Charges.

Signed



Richard Turnbull
Chief Financial Officer

Consultancies 2010

Kangan Institute engages consultants and legal practitioners for services for which the Institute does not have the required specialist skills. Total costs incurred during 2010 were as follows:

Consultancy costs \$1,374,426

Legal advice \$123,826

Consultancies over \$100,000

The Institute engaged the following consultants during 2010:

Consultant	Project	Expenditure for 2010	Future commitments
Architectus Melbourne	Aviation training academy development	\$427,139	\$108,400
Gray Puksand Pty Ltd	Docklands campus project services	\$170,983	\$377,028
GHD Pty Ltd	Docklands campus project services	\$153,541	\$21,188
Aurecon Australia Pty Ltd	Aviation training academy development	\$136,830	\$37,262
Total for consultants over \$100,000		\$888,493	\$543,878

Consultancies under \$100,000

The Institute engaged 9 consultants at a total cost of \$485,933 during 2010.

Industrial Relations Incidents

There were no industrial relations incidents recorded during 2010 and no time lost through industrial accidents and disputes.

Freedom of information

Kangan Institute is subject to the provisions of the *Freedom of Information Act 1982* (including amendments of 3 August 2007). The Act gives a right of access (subject to exemptions and exceptions) to information held in a documentary form by the Institute.

It is Institute policy to facilitate, subject to privacy and confidentiality provisions, access to information without recourse to the provisions of the Act. Requests for information under the *Freedom of Information Act 1982* should be addressed to:

Richard Turnbull
Freedom of Information Officer
Kangan Institute
Private Bag 299
SOMERTON VIC 3062
Phone: + 61 3 9279 2550
Fax: + 61 3 9279 2692
Email: rturnbull@kangan.edu.au

The Institute received 1(one) request for information under the Act in 2010.

Information available on request

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

- statement regarding declarations of pecuniary interest
- details of shares held beneficially by senior officers
- publications and where they can be obtained
- major promotional and marketing activities
- changes in prices, fees, charges, rates and levies
- details of major external reviews
- major research and development activities
- overseas visits undertaken
- major committees sponsored by the Institute
- industrial relations issues and details of time lost through industrial accidents and disputes

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International operations

Kangan Institute's international operations faced considerable challenges in 2010 with changes to visa regulations and processing, negative press regarding student experiences in Australia, the continuing global financial crisis, the development of offshore competitor markets (such as USA and Canada) and a strong Australian currency.

We have maintained a strong market position largely as a result of our reputation for delivering training with integrity and as a government organisation. In this declining onshore student market, we are now developing strategies to increase our market share onshore and to further develop our offshore market opportunities.

In mid-2009, the Institute invested in the establishment of a new English Language Centre in Melbourne CBD to become the only TAFE to open a stand-alone ELICOS centre in the city. The English Language Centre has been the first to feel the negative impact of the international student decline in Australia.

Our partnerships and projects expanded in China, with the opening of a teacher training and OHS Centre in Chongqing; the celebration of 10 successful years of delivery in Nantong Textiles Vocational College; the opening of a teacher training centre in Nantong and the signing of an important MOU with the Guanxi Education Commission.

In partnership with IEA TAFE in PNG, we have commenced delivery of various qualifications, with the intention of increasing our work in the Pacific region.

The Institute continued to attract considerable interest from international delegations, particularly from China and South East Asia. The main areas of interest continue to be in our specialisations of automotive, aviation and vocational teacher training

Offshore activity concentrated on expansion of current relationships and programs with existing partners; introducing existing successful models and programs to new markets and exploring and developing new models for new markets.

The Institute continued to explore and develop business opportunities by capitalising on our strengths in the areas of automotive, aviation, e-learning, skills assessment, design and development of learning resources and teacher training.

Financial

Onshore activity \$7,111,000

Offshore activity \$2,754,000

Total international fee-for-service income \$9,865,000

Note: this includes income from offshore skill assessments with VETASSESS (read more about VETASSESS' 2010 operations on page 40).

Offshore

Students

China

2010 saw the celebration of 10 years of cooperation with Nantong Textiles Vocational College (NTVTC) - one of the longest successful vocational twinning programs in China.

Enrolments in the business and fashion programs at NTVTC weakened in 2010 with the approval for the delivery of accounting and network security in 2011. An increased marketing effort is expected to help increase student enrolments.

The accounting program at Nanjing Communications Institute entered its third year with commencements in September 2010 remaining strong.

A pathway program for accounting and business management students from Liaoning Financial Vocational College was established with students planning to enter Kangan Institute courses in 2012.

A pathway program with the Jincheng College of Nanjing University of Aeronautics and Astronautics has been introduced with students continuing to study aviation engineering at Kangan Institute in 2011.

Sri Lanka

The final group of students in aviation engineering training at the Asian Aviation Centre based in Ratmalana Airport completed studies in 2010.

Kuwait

Kangan Institute continued to deliver the Diploma of Aircraft Maintenance Engineering (Mechanical) through the Australian College of Kuwait (ACK).

Organisations

China

In May 2010 Kangan Institute and Chongqing Electrical Engineering College opened the first OHS and Vocational Teacher Training Centre in China and another Vocational Teacher Training Centre with Nantong Vocational Training College in October. These centres will be consolidated in 2011 with training programs to be developed and delivered.

Kangan Institute is also exploring exciting opportunities with a Chinese foreign language publishing company.

Indonesia

Kangan Institute delivered plastics welding training to Tyco Pty Ltd. in Jakarta.

Lao PDR

The Institute continued our sub-contract with RMIT to provide specialist building and construction training to the Ozminerals mine site in Lao PDR. Kangan Institute staff members have completed delivery of units from the Certificate III in Building and Construction. The program has expanded to include automotive training and this will continue until 2012.

Papua New Guinea

A three-year partnership has commenced with IEA TAFE Ltd for the delivery of Australian qualifications to local students and industry. Kangan Institute plans to extend this project to capitalise on opportunities in the mining, gas and related industries.

Onshore

Students

Inbound student enrolments maintained numbers despite a challenging external market influenced by the global financial downturn and onshore student issues widely reported in the media.

International students were hosted across 13 teaching departments, with the majority of students enrolled in automotive, nursing, allied health, aviation and business courses.

There has been a slowing of interest in the automotive programs, however nursing and aviation have attracted strong interest.

The ELICOS market traditionally is affected by international student market influences and this is reflected in a decline in interest and commencements over 2010.

The strongest markets continue to be China, Korea, India and Pakistan.

The broadening of source countries to target ELICOS was the focus of marketing efforts in late 2010 with Thailand and Vietnam slowly increasing.

Organisations

Kangan Institute's training contract with the Civil Defence Aviation Command from the Kingdom of Saudi Arabia commenced in late 2008 with 16 students graduating from an English course and entering technical training in 2010. A further enrolment of approximately 45 students commenced English training in early 2010. There are now a total of 53 students studying with Kangan Institute with 16 more students expected early 2011.

Kangan Institute continued to host a broad range of international delegations in 2010. The Institute hosted visitors from government, private sector and education institutes from a wide range of countries including China, Saudi Arabia, Sri Lanka, Indonesia, Korea, Pakistan, Malaysia, Myanmar, Papua New Guinea and India.

Risk Management

As for all areas of Kangan Institute, international activities are assessed using the institute-wide risk assessment matrix. The international activities assessment includes risk related to individual projects, but also staff safety and welfare strategies.

The risk assessment is updated each semester or more frequently if required and is reported regularly to the Audit and Risk Committee.

National competition policy and competitive neutrality

Kangan Institute developed a pricing policy to demonstrate how it is meeting legislative requirements and government guidelines in the determination of prices for the sale of its programs, products and services.

The policy addresses the particular requirements of:

- National competition policy
- Victorian government policies on competitive neutrality
- Ministerial Directions on Fees and Charges
- Legislation on the introduction of the goods and services tax (GST)
- Guidelines, rulings and interpretations made by the Australian Competition and Consumer Commission (ACCC) on National Competition Policy, fair trading and the implementation of GST

Objectives, functions, powers and duties

The Kangan Batman Institute of Technical and Further Education Council was established on 8 June 1997 in accordance with Section 24 of the *Vocational Education and Training Act 1990*.

On 9 October 2007, the Minister for Skills and Workforce Participation authorised the revision of the Kangan Institute constitution to:

- ensure alignment with the requirements of the *Education and Training Reform Act 2006*
- reflect changes to Victorian government purchasing and tendering limits
- include specific amendments requested during consultation with individual TAFE institutes.

This change saw the formation of the Board and the objectives were:

- a) to establish goals for the Institute within the context of national and state policy and management frameworks
- b) to provide quality vocational education and training and adult, community and further education programs and services which:
 - promote the competitiveness of industry
 - enhance the opportunities of individuals
 - serve the needs of the general community
- c) to govern and control the Institute efficiently and effectively and to optimise the efficient use of resources
- d) to promote the competitiveness of the Institute
- e) to further develop the international training consultancy and training market of the Institute

For more information on our achievements of these aims during 2010, please refer to pages 26 and 34.

Occupational Health and Safety

Kangan Institute is committed to its role as an influential leader in the fields of occupational health, safety and injury management. In all its dealings with staff, students and clients the Institute strives to provide a work and study environment that is attractive, well maintained, accessible and safe.

Management is committed to continuous improvement of Kangan Institute's occupational health and safety management system, by establishing and reviewing OH&S objectives, targets and strategies and clearly defining OH&S management responsibilities.

Resources and responsibilities will be defined so that legislative requirements, Kangan Institute's safety standards and OH&S objectives and targets are met.

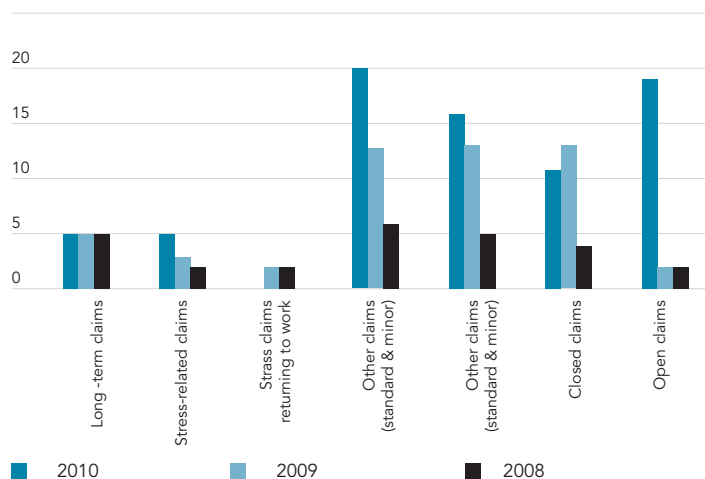
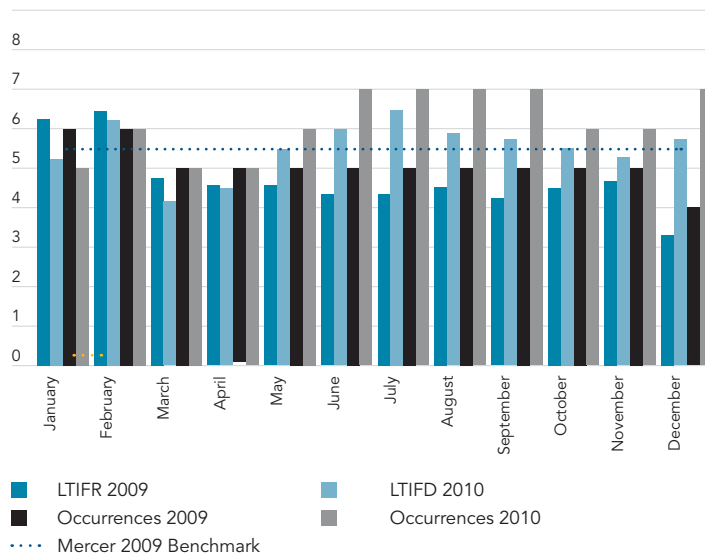
The 2009-2011 Institute health and safety strategic plan sets out these objectives and key measures, and identifies particular projects to improve Institute health and safety outcomes.

Reported Incidents

	Total Incidents Reported	Notifiable Incidents	Students	Staff	Contractors/Visitors
2008	137	2	92	43	2
2009	103	4	46	54	3
2010	135	6	78	55	2

Lost time injury frequency rate 2009-2010

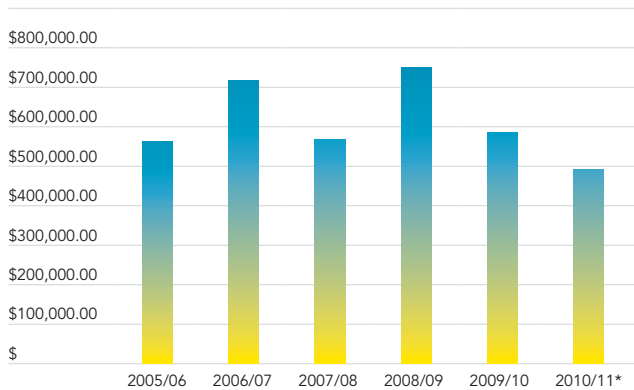
Lost time in days and occurrences



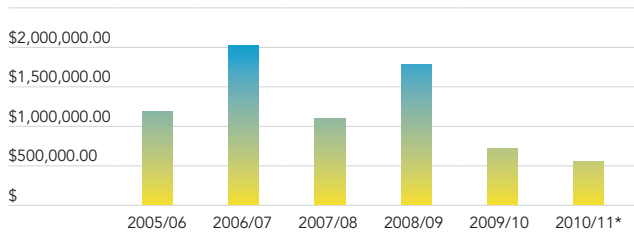
WorkCover Claims

Claim Type	2010	2009	2008
Long-term claims	5	5	5
Stress-related claims	5	3	2
Stress claims returning to work	0	2	2
Other claims (standard & minor)	20	13	6
Other claims (standard & minor) returning to work	16	13	5
Closed claims	11	13	4
Open claims	19	2	2

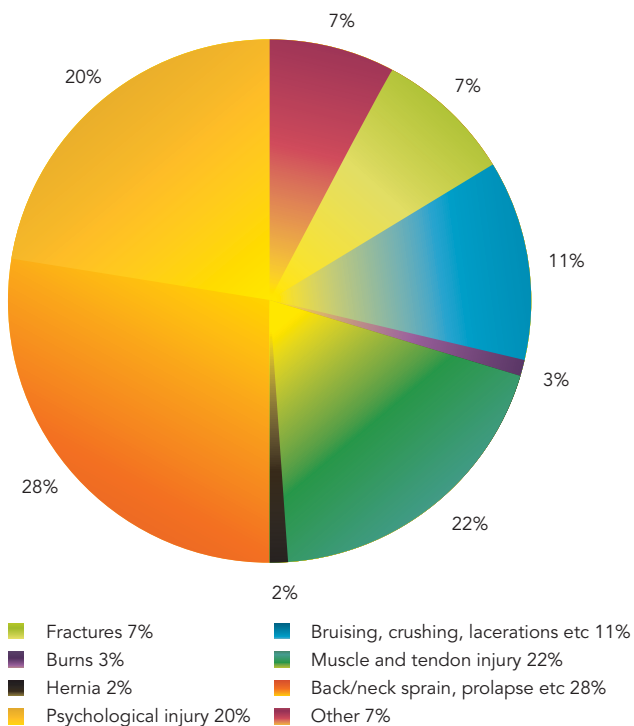
Premium changes 2005/06 to present (inclusive GST)



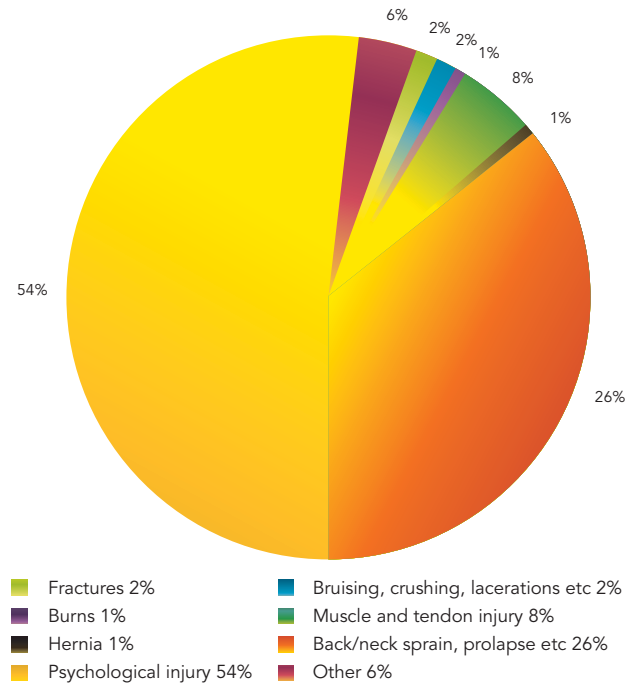
Total impacting claims costs by policy year



Percentage claims per injury type 1/7/05 to 30/6/10



Percentage total cost per injury type 1/7/05 to 30/6/10



Hazard Identification/Risk Assessment 2010

All targeted plant and equipment risk assessments were completed during 2010. Departments are now focused on developing and implementing maintenance requirements and schedules for plant and equipment throughout 2011.

Risk assessment training has assisted departments complete a high number of risk assessments. The course was developed using our internal forms and documentation and gave participants enhanced skills and techniques to undertake hazard identification.

Evacuation Drills 2010

Campus	Scheduled Date	Date Evacuation Held
Broadmeadows	June 18	June 18
	October 18	October 18
Coburg	June 4	June 4
	November 30	November 30
Essendon	June 11	June 11
	October 11	October 11
Moreland	June 11	June 11
	November 25	November 25

Richmond	April 16	April 16
	December 1	
Dockland	April 30	April 30
	December 6	

Employee Health and Wellbeing

Kangan Institute is committed to the wellbeing of its staff by providing employee assistance services. In 2010 the Institute appointed PPC Worldwide to deliver the Employee Assistance Program (EAP).

The EAP seeks to provide support for employees and their immediate family members through counselling sessions. Employees can use the EAP to confidentially discuss any work or personal issues that are an inevitable part of our lives.

The EAP focuses on a short-term counselling model. It aims to provide support and strategies on a range of personal and work-related issues such as:

- Maximising your potential performance
- Changes at work or home
- Alcohol and other drug related issues
- Depression, anxiety, stress
- Work-related issues
- Balancing family and work responsibilities
- Concerns about your children or family members
- Relationship and marital problems

EAP for Managers

PPC Worldwide provides a "help line" for managers and supervisors to access support and coaching on 'people management' issues. This telephone-based service is designed to support managers in proactively addressing issues at an early stage, and to access their HR and other internal resources. Calls to the manager hotline are responded to as a priority. Alternatively, an appointment for a telephone consultation at a convenient time can be arranged.

Our consultants are experienced in a range of staff management issues and can assist managers to:

- Encourage an employee to access the EAP
- Manage vulnerable and distressed employees
- Respond to a situation where an employee is at risk of self-harm or suicide
- Manage the impact of these situations on work teams
- Manage performance issues for employees with significant personal problems
- Manage challenging interpersonal and team dynamics

Whistleblowers' protection

The *Whistleblowers' Protection Act 2001* reflects the government's commitment to protecting people who disclose information about serious misconduct in the public sector. Kangan Institute is committed to the aims and objectives of the Act, and does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

The Institute's *Whistleblowers Protection Act 2001* policy can be viewed at www.kangan.edu.au/about/corporate/policies/

Procedures were developed in 2002 to deal specifically with the requirements of the Act which included the appointment of the relevant officers, provision of staff briefings and the publishing of posters and a booklet to inform all parties of the Act.

Report on disclosures during 2010

The number and types of disclosures made to the public body during 2010	Nil
The number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures	Nil
The number and types of disclosed matters referred to the public body during the year by the Ombudsman	Nil
The number and types of disclosed matters referred during the year by the public body to the Ombudsman to investigate	Nil
The number and types of investigations of disclosed matters taken over by the Ombudsman from the public body during the year	Nil
The number of requests made under Section 74 during the year to the Ombudsman to investigate disclosed matters	Nil
The number and types of disclosed matters that the public body has declined to investigate during the year	Nil
The number and types of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation	Nil
Any recommendations of the Ombudsman under this Act that relate to the public body	Nil

Ex-gratia payments

Community engagement distribution of funds	
Community building grants – strategic project	\$23,606
Bahay Tuluyan, Philippines – strategic project	\$19,000
Indigenous community engagement events	\$12,500
Study tour – Philippines	\$12,462
Friends of Aileu, Timor L'este – strategic project	\$7,010
Employment of community trainee	\$5,438

Scholarships	\$4,080
Lighthouse Foundation	\$2,745
Matching salary sacrifice donations	\$1,671
Information sessions at Kangan Institute	\$1,448
Donations to other	\$26,005

Workforce information

Classification	No. of equivalent full time staff in 2009	No of equivalent full time staff in 2010
Teaching	495.71	466.65
Non teaching	414.28	404.29
Executives	11	11
Total	920.99	881.94

Organisational Values and Staff Code of Conduct

The Institute actively promotes a values-based culture that benefits the organisation, its employees and external clients. The values of integrity, collaboration, respect, responsiveness and accountability provide both a guide for employee behaviour and the framework for fostering a workplace culture that promotes employee engagement and high performance.

During 2010 these values have been progressively made explicit in a range of human resource instruments including:

- Shine-On reward and recognition program;
- RAPID performance and development system; and
- position descriptions

The Institute's Staff Code of Conduct, based on the Institute's values and the Victorian public sector model, provides guidance to all staff members on expected behaviour and professional conduct. Induction to the Code of Conduct is a key part of the onboarding program for new staff. The code is readily accessible for all staff through the staff portal.

Selection on merit

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

During 2010, a new capability framework was progressively embedded within position descriptions. Concurrent with this, the Institute has implemented an assessment centre process which this year has been incorporated as part of the selection for all management positions within the organisation.

Issue Resolution

The Institute has in place a staff complaints and grievance procedure which gives focus to early intervention and informal resolution wherever practical. Based on the principles of natural justice and procedural fairness, the Institute's processes seek to achieve effective resolution of issues that contributes to improvements in the employer-employee relationship.

The Institute has comprehensive policies and procedures addressing legislative requirements in the areas of harassment and discrimination, occupational health and safety and other areas of government policy governing employment terms and conditions.

Staff Engagement

The Institute conducts an annual survey of staff to gauge the extent that our employees are emotionally and intellectually 'connected' to their job and the organisation. This was the second year this engagement survey was conducted. Response rates for 2010 increased to 65% from 48% in 2009 and the results showed improvements against all (public and private sector average, education sector average and high performing) benchmarks and 2009 results.

Professional Learning & Development

In 2010 the performance and development system (RAPID) gave particular attention to ensuring staff had access to appropriate and timely professional learning and development experiences. Teacher development continued to be a strategic focus for the Institute.

ACVETS activity table

Australian Committee on Vocational Education and Training Statistics (ACVETS) activity table

This report is provided for information purposes in accordance with the Victorian Government requirements for the National Financial Reporting Framework. The information does not form part of the Financial Statements subject to the Certification of the Victorian Auditor General's Office. The format and content complies with National Financial Reporting Framework guidelines issued by the Office of Training and Tertiary Education.

The Institute's 2010 expenditure is shown below in the categories required by ACVETS:-

NOTE A1 - OPERATING STATEMENT

	Note	2010 \$'000	2009 \$'000
Total operating expenses			
Delivery provision and support activity	A2	70,566	66,388
Administration and general services activity	A3	29,886	29,230
Property plant and equipment services activity	A4	15,220	14,949
Student services and other services activity	A5	3,326	3,110
Total operating expenses		118,998	113,677

NOTE A2 - OPERATING STATEMENT

Delivery provision and support activity (teaching activities)			
Salaries, wages, overtime and allowances		51,401	48,913
Superannuation		4,438	4,095
Payroll tax		2,696	2,464
Other salary related costs		722	246
Consumables		1,374	1,275
Depreciation		3,996	3,961
Travel and motor vehicle expenses		1,525	1,580
Other direct delivery expenses		4,415	3,854
Total direct provision and support activity		70,566	66,388

NOTE A3 - OPERATING STATEMENT

Administration and general services activity (enterprise and support activities)			
Salaries, wages, overtime and allowances		9,259	8,811
Superannuation		866	799
Payroll tax		486	444
Other salary related costs		129	44
Consumables		606	562
Communication expenses		1,749	1,500
Depreciation		1,764	1,749
Fees		11,096	11,703
Travel and motor vehicle expenses		653	677
Other expenses		3,278	2,941
Total administration and general services activity		29,886	29,230

	2010	2009
	\$'000	\$'000

NOTE A4 - OPERATING STATEMENT**Property, plant and equipment services activity**

Salaries, wages, overtime and allowances	896	853
Superannuation	82	76
Payroll tax	47	43
Other salary related costs	12	4
Consumables	279	259
Contract services	3,369	3,413
Depreciation	2,085	2,067
Equipment	3,526	3,152
Rent/leasing charges	1,480	1,161
Repairs and maintenance	1,700	2,325
Energy costs	1,264	1,118
Other expenses	480	478
Total property, plant and equipment services activity	15,220	14,949

NOTE A5 - OPERATING STATEMENT**Student services and other services activity**

Salaries, wages, overtime and allowances	1,563	1,487
Superannuation	131	121
Payroll tax	82	75
Other salary related costs	21	7
Consumables	70	65
Depreciation	487	483
Other expenses	972	872
Total student services and other services activity	3,326	3,110

Financial Reports



FINANCIAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2010

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- BALANCE SHEET
- STATEMENT OF CHANGES IN EQUITY
- CASH FLOW STATEMENT

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**FINANCIAL REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

VAGO
Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Kangan Batman Institute of Technical and Further Education

The Financial Report
The accompanying financial report for the year ended 31 December 2010 of the Kangan Batman Institute of Technical and Further Education which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by president of the board, chief executive officer and chief finance and accounting officer has been audited.

The Board Members' Responsibility for the Financial Report
The Board Members of Kangan Batman Institute of Technical and Further Education are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the financial reporting requirements of the Financial Management Act 1994 and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
As required by the Audit Act 1994, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Electronic Publication of the Audited Financial Report
It is our understanding that the Institute intends to electronically present the audited financial report and auditor's report on its internet website. Responsibility for the electronic presentation of the financial report on the Institute's website is that of the Board Members of the Institute. The security and controls over the information on the website should be addressed by the Board Members to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the audited financial report on the Institute's website is beyond the scope of the audit of the financial report.

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Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au


Auditing in the Public Interest

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence
The Auditor-General's independence is established by the Constitution Act 1975. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion
In my opinion, the financial report presents fairly, in all material respects, the financial position of the Kangan Batman Institute of Technical and Further Education as at 31 December 2010 and of its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the Financial Management Act 1994.


D D R Pearson
 Auditor-General

MELBOURNE
25 March 2011

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Auditing in the Public Interest

FINANCIAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2010

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Kangan Batman Institute of Technical and Further Education

The Statement of Performance

The accompanying statement of performance for the year ended 31 December 2010 of Kangan Batman Institute of Technical and Further Education comprises the statement, the related notes and the declaration.

The Board Members' Responsibility for the Statement of Performance

The Board Members of Kangan Batman Institute of Technical and Further Education are responsible for the preparation and the fair presentation of the statement of performance in accordance with the *Financial Management Act 1994* and for such internal control as the Board Members determine is necessary to enable the preparation of the statement of performance that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the statement of performance based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the statement of performance is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of performance. The audit procedures selected depend on judgment, including the assessment of the risks of material misstatement of the statement of performance, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the statement of performance 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 entity's internal control. An audit also includes evaluating the overall presentation of the statement of performance.

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

Electronic Publication of the Audited Statement of Performance

It is our understanding that the Institute intends to electronically present the audited statement of performance and auditor's report on its internet website. Responsibility for the electronic presentation of the statement of performance on the Institute's website is that of the Board Members of the Institute. The security and controls over information on the website should be addressed by the Institute to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the audited statement of performance on the Institute's website is beyond the scope of the audit of the statement of performance.

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Auditing in the Public Interest

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VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the statement of performance of the Kangan Batman Institute of Technical and Further Education in respect of the 31 December 2010 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE
25 March 2011


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Auditor-General

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Auditing in the Public Interest

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FINANCIAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2010



KANGAN INSTITUTE Financial Report for the Year Ended 31 December 2010

Declaration by President of the Board,
Chief Executive Officer
and Chief Finance and Accounting Officer

We certify that the attached financial report for the Kangan Institute has been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of comprehensive income, 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 2010 and financial position of the Institute as at 31 December 2010.

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

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

Michael Brown
President of the Board
Date 23/03/2011
Broadmeadows

Ray Griffiths
Chief Executive Officer
Date 23/03/2011
Broadmeadows

Richard Turnbull
Chief Finance & Accounting Officer
Date 23/03/2011
Broadmeadows

KANGAN INSTITUTE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$ '000	2009 \$ '000
Continuing operations			
Income from transactions			
Government contributions - operating	2(a)(i)	65,755	65,325
Government contributions - special purpose	2(a)(ii)	30,542	17,378
Sale of goods and services	2(b)	45,389	47,839
Interest income	2(c)	3,964	3,282
Other income	2(d)	1,765	1,611
Total income from transactions		147,415	135,435
Expenses from transactions			
Employee benefits	3(a)	(72,830)	(68,483)
Depreciation and amortisation	3(b),10, 11	(8,332)	(8,261)
Fees and charges		(11,096)	(11,703)
Contract and other services		(3,369)	(3,414)
Other operating expenses	3(c)	(23,371)	(21,816)
Total expenses from transactions		(118,998)	(113,677)
Net result from transactions (net operating balance)		28,417	21,758
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	0	(47)
Total other economic flows included in net result		0	(47)
Net result from continuing operations		28,417	21,711
Net result		28,417	21,711
Other economic flows-Other non-owner changes in equity			
Financial assets available-for-sale reserve:			
- Gain/(loss) taken to equity	15	43	(8)
Total other economic flows - Other non-owner changes in equity		43	(8)
Comprehensive result		28,460	21,703

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

**KANGAN INSTITUTE
BALANCE SHEET
AS AT 31 DECEMBER 2010**

	Note	2010 \$ '000	2009 \$ '000
Financial assets			
Cash and cash equivalents	5,27	6,063	4,844
Receivables	6,27	16,192	18,933
Investments, loans and other financial assets	7	57,330	48,286
Total financial assets		79,585	72,063
Non-financial assets			
Inventories	8	313	351
Property, plant and equipment	10	181,485	159,273
Intangible assets	11	113	92
Other non financial assets	9	1,008	1,255
Total non-financial assets		182,919	160,971
Total Assets		262,504	233,034
Liabilities			
Payables	12,27	15,075	14,458
Provisions	13	12,810	12,417
Other liabilities	14	2,500	2,500
Total Liabilities		30,385	29,375
Net Assets		232,119	203,659
Equity			
Accumulated surplus/(deficit)	15	83,551	56,946
Reserves	15	86,830	84,975
Contributed capital	15	61,738	61,738
Total Equity		232,119	203,659
Commitments	17		
Contingencies	19		

The above balance sheet should be read in conjunction with the accompanying notes.

KANGAN INSTITUTE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Equity at 1 January 2010 \$ '000	Total Comprehensive result \$ '000	Transactions with owners in their capacity as owners \$ '000	Equity at 31 December 2010 \$ '000
Accumulated surplus/(deficit)		59,946	28,417	0	85,363
Transfer		0	(1,812)	0	(1,812)
Accumulated surplus/(deficit) at the end of the year	15	56,946	26,605	0	83,551
Contributions by owners at the end of the year		61,738	0	0	61,738
Physical assets revaluation reserve		63,139	0	0	63,139
Financial assets available-for-sale reserve		(214)	43	0	(171)
Other reserves:					
ACE stage 2 reserve		18,900	1,100	0	20,000
Vetassess projects reserve		106	(69)	0	37
Software replacement reserve		1,750	(586)	0	1,164
Marketing reserve		1,294	(1,294)	0	0
Strategic Project Reserve		0	2,089	0	2,089
Maintenance Reserve		0	572	0	572
Other	15	84,975	1,855	0	86,830
Total equity at the end of the year		203,659	28,460	0	232,119

	Note	Equity at 1 January 2009 \$ '000	Total Comprehensive result \$ '000	Transactions with owners in their capacity as owners \$ '000	Equity at 31 December 2009 \$ '000
Accumulated surplus/(deficit)		38,279	21,711	0	59,990
Transfer		0	(3,044)	0	(3,044)
Accumulated surplus/(deficit) at the end of the year	15	38,279	18,667	0	56,946
Contributions by owners at the end of the year		61,738	0	0	61,738
Physical assets revaluation reserve		63,139	0	0	63,139
Financial assets available-for-sale reserve		(206)	(8)	0	(214)
Other reserves:					
ACE stage 2 reserve		18,900	0	0	18,900
Vetassess projects reserve		106	0	0	106
Software replacement reserve		0	1,750	0	1,750
Marketing reserve		0	1,294	0	1,294
Other	15	81,939	3,036	0	84,975
Total equity at the end of the year		181,956	21,703	0	203,659

The above statement of changes in equity should be read in conjunction with the accompanying notes.

KANGAN INSTITUTE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$ '000	2009 \$ '000
Cash flows from operating activities			
Receipts			
Government contributions - operating		65,755	65,325
Government contributions - capital projects	2(a)(ii)	30,542	17,378
User fees and charges (inclusive of GST)		48,786	39,271
Interest received		2,137	1,932
GST recovered from ATO		4,271	3,363
Other receipts		5,154	4,795
Payments			
Payments to employees		(74,702)	(65,772)
Payments to suppliers		(41,115)	(42,429)
Net cash provided by/(used in) operating activities	16	40,828	23,863
Cash flows from investing activities			
Payments for non-financial assets		(30,653)	(14,130)
Proceeds from sale of non-financial assets	10	88	14
Payments for financial assets		(9,044)	(8,600)
Net cash provided by/(used in) investing activities		(39,609)	(22,716)
Net increase (decrease) in cash and cash equivalents held		1,219	1,147
Cash and cash equivalents at the beginning of the financial year		4,844	3,697
Cash and cash equivalents at the end of the year	5	6,063	4,844

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Kangan Institute.

Statement of compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards and Interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

In complying with AASs, the entity has, where relevant, applied those paragraphs applicable to not-for-profit entities.

1.0 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain non-financial assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates and judgments

The Institute evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Institute.

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. 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.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2010 and the comparative information presented for the year ended 31 December 2009.

Compliance with IFRSs

The financial statements and notes of Kangan Institute comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The following is a summary of the material accounting policies adopted by the Institute in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

1.02 Scope and presentation of financial statements

In keeping with AASB 101 (September 2007) this complete set of financial statements includes the following changes:

(a) the notion of:

- 'a complete set of financial statements' rather than using 'financial report';
- 'changes in equity' rather than 'movements in equity'; and
- 'transactions with owners in their capacity as owners' rather than 'transactions with owners as owners'.

(b) references to equity holders as owner.

Statement of comprehensive income

The statement of comprehensive income includes items previously included in the statement of changes in equity.

Income and expenses in the comprehensive operating statement are separated into either 'transactions' or 'other economic flows'.

Balance sheet

Items of assets and liabilities in the balance sheet are:

- ranked in liquidity order;
- aggregated into financial and non-financial assets;
- classified according to GFS terminology, but retain measurement and disclosure rules under existing accounting standards applicable to the Institute; and
- current versus non-current assets and liabilities are disclosed in the notes where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the year to the closing balance at the end of the year, showing separately movements due to amounts recognised in the

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

comprehensive result and amounts recognised in equity related to transactions with owners in their capacity as owners.

Cash flow statement

The cash flow statement classifies flows by operating, investing and financing activities in accordance with AASB 107 Cash Flow Statements.

1.03 Reporting entity

The financial statements cover the Kangan Institute as an individual reporting entity.

The principal place of business is:
Broadmeadows campus (main campus)
Pearcedale Parade
Broadmeadows VIC 3047

1.04 Basis of consolidation

The controlled entity did not trade during the reporting period and the operations were not material. The name of the controlled entity is: John Batman Consultancy and Training Pty Ltd., Australian Company Number 075 726 439. The company was originally established by the former John Batman Institute of TAFE on 23 September 1996. The company has not traded to date. The Institute's shareholding, valued at cost is \$2. While the Institute has one controlled entity, the financial statements have not been consolidated as the transactions and balances of the controlled entity have no impact on the Institute's financial statements.

Joint ventures

Joint ventures are contractual arrangements between the Institute and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Interests in jointly controlled operations are accounted for by recognising in the Institute's financial statements its share of the assets, liabilities and any income and expenses of such joint ventures.

1.05 Events after reporting date

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

reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to condition which arose after the reporting date and which may have a material impact on the results of subsequent years.

There are no events subsequent to balance date that will have a material effect on the Economic Entity's operation over subsequent years.

1.06 Goods and Services Tax (GST)

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

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

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

Commitments and contingent assets or liabilities are presented on a gross basis.

1.07 Income from transactions

Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes.

Revenue is recognised for each of the Institute's major activities as follows:

Government contributions

Government contributions are recognised as revenue in the period when the Institute gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current period.

Sale of goods and services

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Student fees and charges

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

Revenue from sale of goods

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

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

Interest income

Interest income from cash, short-term deposits and investments is brought to account on a time proportional basis taking into account interest rates applicable to the financial assets.

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

Other income

Rental income

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

Fair value of assets and services 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 donated.

1.08 Expenses from transactions

Employee benefits

Expenses for employee benefits are recognised when incurred, except for contributions in respect of defined benefit plans.

Depreciation and amortisation

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Non-current assets (with the exception of land) with a cost in excess of \$5,000 are capitalised and depreciated to write off the cost or revalued amount of each item of Property, Plant and Equipment, over its expected useful life to its estimated residual value.

All library acquisitions are brought to account and depreciated over a five-year period.

Depreciation methods and rates of all non-current assets are reviewed on an annual basis.

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis. Depreciation and amortisation methods and rates used for each class of depreciable assets are as follows:

Class of asset	Method	2010	2009
		Rate/Rates	Rate/Rates
Buildings	Straight line	1.5% - 25%	1.5% - 25%
Plant and Equipment			
Computing Equipment	Straight line	33.33%	33.33%
Other Plant and Equipment	Straight line	4% - 33.33%	4% - 33.33%
Library Collections	Straight line	20%	20%
Motor Vehicles	Straight line	20% - 25%	20% - 25%
Computer software-intangibles	Straight line	33.33% - 50%	33.33% - 50%

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis. There has been no change in the methodology and rates for 2010.

Amortisation

Intangible assets with finite lives are amortised on a straight line basis over the assets useful lives.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite lives are not amortised. The useful life of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, the Institute tests all intangible assets with indefinite lives for impairment by comparing its recoverable amount with its carrying amount:

- (a) annually;
- (b) whenever there is an indication that the intangible asset may be impaired.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss. Computer software is capitalised only when the amount involved is material to the Institute. The software is recognised at cost and amortised over the useful life of 2 - 3 years for 2010 and 2009. The amortisation period and method are reviewed at the end of each year. In addition, an assessment is made to determine whether there are indicators of impairment. If so, the assets are tested as to whether their carrying value exceeds their recoverable amount.

Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

Grants and other transfers

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable.

Other operating expenses

Supplies and services

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

Fair value of assets and services provided free of charge or for nominal consideration

Resources provided free of charge or for nominal consideration are recognised at their fair value.

1.09 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

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

Disposal of non-financial assets

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

Impairment of assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount and so require write downs). All other assets are assessed annually for indications of impairment, except for:

- Inventories;
- Financial assets;

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the comprehensive operating statement, except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

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 flows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Net gain/(loss) on financial instruments

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

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

Impairment of financial assets

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as 'other economic flows'.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

1.10 Financial assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as interest bearing liabilities on the balance sheet.

Receivables

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax recoverable. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest method, less any accumulated impairment. A provision for doubtful debts is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Investments, loans and other financial assets

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting (the date on which the Institute commits to purchase or sell the asset) is adopted for financial assets that are delivered within timeframes established by marketplace convention. Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Financial instruments are classified and measured as set out below.

(i) Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

(ii) Available-for-sale financial assets

Other investments held by the Institute are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 27.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1.11 Leases

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Institute as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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

During 2006, Kangan Institute took possession of land at the Docklands campus on a 92-year lease as a peppercorn rental of \$1 per year.

1.12 Non-Financial Assets

Inventories

Inventories include goods and other property held either for sale or for distribution at no or nominal cost in the ordinary course of business operations. It includes land held for sale and excludes depreciable assets.

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.

Bases used in assessing loss of service potential for inventories held for distribution include 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.

Cost is assigned to land for sale (undeveloped, under development and developed) and to other high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost. Inventories acquired for no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

Non-current physical assets classified as held for sale, including disposal group assets

Non-current physical assets (and disposal group) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current physical assets and disposal groups, related liabilities and financial assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

Property, plant and equipment

Each class of property, plant and equipment is carried at fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown initially at cost, then subsequently at their fair value. Crown land is measured at fair value with regard to its highest and best use after due consideration is made for any legal or constructive restrictions imposed on the land, public announcements or commitments made in relation to the intended use of the land. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

Plant and equipment

Each class of property, plant and equipment is carried at fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured at fair value less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the institute to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the institute includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Library collections

Each class of property, plant and equipment is carried at fair value less, where applicable, any accumulated depreciation and impairment losses. Library collections are measured at fair value less accumulated depreciation.

All library acquisitions are brought to account and depreciated over a five-year period. If there is any indication of impairment, the assets are tested as to whether their carrying value exceeds its recoverable amount. If impairment exists, the expense is charged to the income statement.

Revaluations of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRDs issued by the Minister for Finance. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value. Revaluation increases are credited directly to equity in the revaluation reserve, except to the extent that an increase reverses a revaluation decrease in respect of that class of property, plant and equipment, previously recognised as an expense (other economic flows) in the net result, the increase is recognised as income (other economic flows) in determining the net result.

Revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of property, plant and equipment, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

When revalued assets are sold, it is Institute policy to transfer the amounts included in other reserves in respect of these assets to accumulated funds. Revaluation reserves are not normally transferred to accumulated funds on de-recognition of the relevant asset.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Non-current physical assets constructed by the Institute

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

Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Institute.

1.13 Liabilities

Payables

Payables consist predominantly of creditors and other sundry liabilities. Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the Institute prior to the end of the financial year that are unpaid, and arise when the Institute becomes obliged to make future payments in respect of the purchase of these goods and services.

Provisions

Provisions are recognised when the Institute has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

Employee benefits

The calculation of employee benefits includes all relevant on-costs and are calculated as follows at reporting date.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities,

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL representing seven years service is disclosed as a current liability even when the Institute does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months. The components of this current liability are measured at:

- present value - component that is not expected to be settled within 12 months
- nominal value - component that is expected to be settled within 12 months

Non-current liability - conditional LSL representing less than seven years is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are included in provision for employee benefits.

Performance Payments

Performance payments for TAFE Executive Officers are based on a percentage of the annual salary package provided under the contract of employment. A liability is provided for under the term of the contracts at reporting date and paid out in the next financial year.

Retirement benefit obligations

(i) Defined contribution plan

Contributions to defined contribution plans are expensed when they become payable

(ii) Defined benefit plans

The amount charged to the operating statement in respect of superannuation represents the contributions made by the Institute to the superannuation plan in respect of current services of current Institute staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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

1.14 Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value and inclusive of the GST payable.

1.15 Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

1.16 Equity

Contributed capital

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

Reserves

1.16.1 Asset revaluation reserve - Land

This is used to record increments and decrements on the revaluation of land.

1.16.2 Asset revaluation reserve - Buildings

This is used to record increments and decrements on the revaluation of buildings.

1.16.3 Vetassess projects reserve

The purpose of the reserve was to provide the investment for VETASSESS to capitalise on specific business opportunities for growth.

1.16.4 ACE stage 2 reserve

The Institute Council has decided to create a specific reserve for stage 2 of ACE development. The purpose of the reserve is to provide the investment and funding of ACE and indicate part of accumulated surplus not available for alternative expenditure. The Council has reserved an amount of \$18.9 million for ACE stage 2 as outlined in the organisational 2007 Business Plan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1.16.5 Available for sale investments revaluation reserve

This is used to record increments and decrements on the revaluation of available for sale investments as described in Note 7 and 27.

1.16.6 Software Replacement Reserve

The purpose of the reserve is the replacement of the financial and student management system software.

1.16.7 Marketing Reserve

The purpose of the reserve is for the marketing and rebranding of the Institute.

1.16.8 Strategic Project Reserve

The purpose of the reserve is for strategic projects as approved by the Board.

1.16.9 Maintenance Reserve

The purpose of the reserve is for maintenance projects as approved by the Board.

1.17 Foreign currency translations

Functional and presentation currency

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

Transactions and balances

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

Exchange differences arising on the translation of monetary items are recognised in the income statement in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

1.18 Materiality

In accordance with Accounting Standard AASB1031 'Materiality', accounting policies need only be identified in the summary of accounting policies where they are considered 'material'. Accounting policies will be considered material if their omission, misstatement or non-disclosure has the potential, individually or collectively, to:(a) influence the economic decisions of users taken on the basis of the financial report; and (b) affect the discharge of accountability by the management or governing body of the entity.

1.19 Rounding of amounts

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

1.20 Comparative information

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

1.21 Change in accounting policy

There were no changes in accounting policy for the financial year ending 31 December 2010.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1.22 AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following Australian Accounting Standards issued or amended which are applicable to the Institute but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 Financial Instruments: recognition and measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed. However, impact is expected not to be significant.
AASB 124 Related party disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests that impact is insignificant. However, the entity is still assessing the detailed impact.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2010-1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]	This amendment provides limited exemptions from the requirements of adhering to AASB 1 and AASB 7 that arise from AASB 2009-2.	Beginning 1 July 2010	These exemptions are unlikely to have an impact because it is not a first time adoption.
AASB 1053 Application of Different Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers or reporting requirements for preparing general purpose financial statements	Beginning 1 July 2013	The impact of this Standard may affect disclosures in the financial reports of certain types of entities [public sector entities (except whole of government and general government sector) where reduced disclosure requirements may apply. The Standard does not affect the operating result or financial position.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$ '000	2009 \$ '000
NOTE 2 - INCOME FROM TRANSACTIONS			
(a) Grants and other transfers (other than contributions by owners)			
Government Financial Assistance			
(i) Government Contributions - operating			
Commonwealth recurrent		24,776	21,874
State recurrent		34,429	36,932
Commonwealth specific funded programs		155	1,574
Other contributions		6,395	4,945
	1.07	65,755	65,325
(ii) Government contributions - capital			
Commonwealth capital		3,987	1,476
State capital		26,555	15,902
	1.07	30,542	17,378
Total government financial assistance		96,297	82,703
(b) Sales of goods and services			
Course fees and charges		5,593	4,163
Rendering of services			
Fee for service - government		15,178	17,914
Fee for service - international operations		11,391	11,337
Fee for service - other		9,838	11,241
Total rendering of services		36,407	40,492
Sale of goods and services		3,389	3,184
Total revenue from sale of goods and services	1.07	45,389	47,839
(c) Interest			
Interest from financial assets not at fair value through P/L:			
- Interest received		3,964	3,282
Net interest income	1.07	3,964	3,282
(d) Other income			
Total rental revenue:- Other canteen facility		92	100
Donations and contributions		250	103
Other revenue:			
Wages Recoup		412	375
Institute Vehicle Recoup		387	338
Childcare Fees		236	218
Sundry revenue		388	477
Total other income	1.07	1,765	1,611

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$ '000	2009 \$ '000
NOTE 3 - EXPENSES FROM TRANSACTIONS			
(a) Employee benefits			
Salaries, wages, overtime and allowances		63,119	60,064
Superannuation	23	5,517	5,091
Payroll tax		3,311	3,026
Annual leave		239	251
Long service leave		153	(523)
Other salary related costs		491	574
Total employee benefits	1.08	72,830	68,483
(b) Depreciation and amortisation			
Depreciation of non-current assets			
Buildings		6,329	6,310
Plant and equipment		1,635	1,557
Motor Vehicles		83	115
Library collections		241	243
Total depreciation		8,288	8,225
Amortisation of intangible assets			
Software		44	36
Total depreciation and amortisation		8,332	8,261
(c) Other operating expenses			
Auditors' remuneration	22	118	139
Bad and doubtful debts	6	8	29
Communication expenses		1,749	1,500
Consumables		2,328	2,161
Cost of sale of goods including ancillary trading		2,122	2,532
Equipment (below capitalisation threshold)	1.08	3,526	3,152
Grants and subsidies		219	231
Promotional expenses		1,943	1,304
Rental / leasing charges		1,480	1,161
Building repairs and maintenance		849	926
Staff development		1,012	797
Travel and motor vehicle expenses		2,178	2,257
Utilities		1,264	1,118
Other expenses			
Other repairs & maintenance		851	1,399
Printing and copying		1,883	1,648
Recruitment and tender advertising		129	125
Catering		264	259
Insurance		216	216
Other		1,232	862
Total other expenses	1.08	23,371	21,816
NOTE 4 - OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
(a) Net gain/(loss) on non-financial assets			
Net gain/(loss) on disposal of physical assets		0	(47)
Total other gains/(losses) from other economic flows	10	0	(47)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$ '000	2009 \$ '000
NOTE 5 - CASH AND CASH EQUIVALENTS			
Cash at bank and on hand	1.10,27	6,063	4,844
		6,063	4,844

(a) The above figures are reconciled to cash at the end of financial year as shown in the statement of cash flows.

(b) Cash at bank and on hand - Cash at bank is invested as funds permit at varying interest rates between 2.96% and 4.45%

NOTE 6 - RECEIVABLES			
	27		
Current receivables			
Contractual			
Trade receivables		2,139	6,475
Allowance for doubtful debts		(161)	(161)
Revenue receivable		13,523	11,969
		15,501	18,283
Statutory			
GST receivable from ATO		691	650
		691	650
Total current receivables		16,192	18,933

The average credit period on sales of goods is 14 days. Debtors with accounts in excess of 30 days are sent a statement of account indicating a further 14 days before reference to debt collection agency. A provision has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

(a) Movement in the provision for doubtful contractual receivables are as follows: Nil.

Balance at beginning of the year	161	161
Increase in provision recognised in the net result	8	29
Reversal of provision for receivables written off during the year as uncollectible	(8)	(29)
Balance at end of the year	161	161

(b) Ageing analysis of contractual receivables

Please refer to Note 27 (iv) for the ageing analysis of contractual receivables.

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

Please refer to Note 27 for the nature and extent of credit risk arising from contractual receivables.

NOTE 7 - INVESTMENTS, LOANS AND OTHER FINANCIAL ASSETS

Current			
Loans and receivables - term deposits (Australian Dollar)		31,901	17,500
Available for sale financial assets - ANZ Capital Guaranteed Floating rate note		829	786
Total current investments, loans and other financial assets	27	32,730	18,286
Term deposits have an average maturity of 180 days and effective interest rates between 3.04% and 8.51%.			
Non-current			
Loans and receivables - term deposits (Australian Dollar)		24,600	30,000
Total non-current investments, loans and other financial assets		24,600	30,000
Total investments, loans and other financial assets		57,330	48,286

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$ '000	2009 \$ '000
NOTE 8 - INVENTORIES			
Current			
Inventories held-for-sale:			
Trading bookshop		297	340
Food stores		16	11
Total inventories		313	351
NOTE 9 - OTHER ASSETS			
Current			
Prepayments		1,008	1,255
Total other asset		1,008	1,255
NOTE 10 - PROPERTY, PLANT AND EQUIPMENT			
Land			
At valuation at 31 December 2007	1.12	60,457	60,457
Net Land		60,457	60,457
An independent valuation of the Institute's land and buildings was performed by Matheson Stephen Valuations to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 31 December 2007.			
Buildings			
At valuation at 31 December 2007	1.12	80,313	80,313
Accumulated depreciation		(18,563)	(12,300)
At cost		8,016	7,873
Accumulated depreciation		(818)	(752)
Net Buildings		68,948	75,134
Work in Progress			
At cost		43,696	16,937
Net Work in Progress		43,696	16,937
Plant and Equipment			
Gross carrying amount		18,177	17,030
Accumulated depreciation		(10,676)	(11,238)
Net Plant and Equipment		7,501	5,792
Library Collections			
Gross carrying amount		1,196	1,218
Accumulated depreciation		(594)	(608)
Net Library Collections		602	610
Motor Vehicles			
Gross carrying amount		643	622
Accumulated depreciation		(362)	(279)
Net Motor Vehicles		281	343
Total Property, Plant and Equipment		181,485	159,273

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 10 - continued

Movements in carrying amounts

Reconciliations of the carrying amounts of each class of land, buildings, plant and equipment, motor vehicles and other classes of assets at the beginning and end of the current year are set out below.

	Note	Land	Buildings	WIP	Plant & Equip	Motor Vehicle	Library Collection	Total	
2010		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	2010 \$ '000	2009 \$ '000
Carrying amount at start of year		60,457	75,134	16,937	5,792	343	610	159,273	153,523
Additions		0	0	26,902	3,378	67	233	30,580	14,036
Disposals		0	0	0	(34)	(46)	0	(80)	(61)
Assets written off		0	0	0	0	0	0	0	0
Revaluation increments/ (decrement)	1.12	0	0	0	0	0	0	0	0
Transfers		0	143	(143)	0	0	0	0	0
Depreciation/Amortisation expense		0	(6,329)	0	(1,635)	(83)	(241)	(8,288)	(8,225)
Carrying amount at end of year		60,457	68,948	43,696	7,501	281	602	181,485	159,273

	Note	Land	Buildings	WIP	Plant & Equip	Motor Vehicle	Library Collection	Total	
2009		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	2009 \$ '000	2008 \$ '000
Carrying amount at start of year		60,457	81,154	4,149	6,867	306	590	153,523	153,972
Additions		0	13	13,074	528	158	263	14,036	8,384
Disposals		0	(9)	0	(46)	(6)	0	(61)	(73)
Assets written off		0	0	0	0	0	0	0	0
Revaluation increments/ (decrement)	1.12	0	0	0	0	0	0	0	0
Transfers		0	286	(286)	0	0	0	0	0
Depreciation/Amortisation expense		0	(6,310)	0	(1,557)	(115)	(243)	(8,225)	(8,760)
Carrying amount at end of year		60,457	75,134	16,937	5,792	343	610	159,273	153,523

Profit (Loss) on sale of non-current assets

		Total	
		2010 \$ '000	2009 \$ '000
Proceeds on sale of non-current assets		88	14
Less written down value		(88)	(61)
Total profit/(loss) on disposal	4(a)	0	(47)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$ '000	2009 \$ '000
NOTE 11 - INTANGIBLE ASSETS			
Non-current software			
At cost		2,397	2,415
Accumulated amortisation		(2,284)	(2,323)
Net Software		113	92
Reconciliation of the carrying amount			
Carrying amount at start of year		92	33
Additions		73	95
Disposals		(8)	0
Revaluation increments		0	0
Depreciation/amortisation		(44)	(36)
Carrying amount at end of year		113	92
NOTE 12 - PAYABLES			
Current			
Creditors and accruals		9,541	7,921
Revenue in advance		5,534	6,537
Total current payables		15,075	14,458
NOTE 13 - PROVISIONS			
Current provisions expected to be settled within 12 months			
Employee benefits:			
Annual leave			
- short-term		3,223	3,000
Long service leave			
- short-term		1,507	1,439
Performance payments		404	392
Managers education allowance		83	78
Subtotal		5,217	4,909
Current provisions expected to be settled after 12 months			
Long service leave			
- long-term		6,355	6,515
Subtotal		6,355	6,515
Total current provisions		11,572	11,424
Non-current			
Long service leave representing less than seven years of continuous service measured at present value. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.			
Employee benefits			
Long service leave		1,238	993
Total non-current provisions		1,238	993
Total provisions		12,810	12,417

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$ '000	2009 \$ '000
Movements in Provisions:			
Balance at 1 January		12,417	12,688
Additional provisions raised during the year		8,283	6,000
Amounts used		(7,890)	(6,271)
Balance at 31 December		12,810	12,417

NOTE 14 - OTHER LIABILITIES

Current

Advances Other - Float for ACE stage 2 (repayable in 2011)		2,500	0
Total current other liabilities		2,500	0

Non-Current

Advances Other - Float for ACE stage 2 (repayable in 2011)		0	2,500
Total non-current other liabilities		0	2,500

Total other liabilities		2,500	2,500
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NOTE 15 - EQUITY AND MOVEMENTS IN EQUITY

Composition of Reserves

Asset revaluation reserve - Land		44,839	44,839
Asset revaluation reserve - Building		18,300	18,300
Vetassess Projects reserve		37	106
ACE stage 2 reserve		20,000	18,900
Available for sale investments revaluation reserve		(171)	(214)
Software Replacement Reserve		1,164	1,750
Marketing Reserve		0	1,294
Strategic Project Reserve		2,089	0
Maintenance Reserve		572	0
		86,830	84,975

Asset revaluation reserve

Land

Balance at 1 January		44,839	44,839
Revaluation increment/(decrement) on non-current assets	1.12, 1.16.1	0	0
Land Balance as at 31 December		44,839	44,839

Asset revaluation reserve

Building

Balance at 1 January		18,300	18,300
Revaluation increment/(decrement) on non-current assets	1.12, 1.16.2	0	0
Building Balance as at 31 December		18,300	18,300

Vetassess projects reserve

Balance at 1 January		106	106
Transfer (to)/ from accumulated funds	1.16.3	(69)	0
Vetassess projects reserve balance as at 31 December		37	106

ACE stage 2 reserve

Balance at 1 January		18,900	18,900
Transfer (to)/ from accumulated funds	1.16.4	1,100	0
ACE stage 2 reserve balance as at 31 December		20,000	18,900

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$ '000	2009 \$ '000
Available for sale investments revaluation reserve			
Balance at 1 January		(214)	(206)
Revaluation increment/(decrement) on available for sale investments	1.16.5	43	(8)
Available for sale investments revaluation reserve balance as at 31 December		(171)	(214)
Software Replacement Reserve			
Balance at 1 January		1,750	0
Transfer (to)/ from accumulated surplus/ (deficit)	1.16.6	(586)	1,750
Software replacement reserve balance as at 31 December		1,164	1,750
Marketing Reserve			
Balance at 1 January		1,294	0
Transfer (to)/ from accumulated surplus/ (deficit)	1.16.7	(1,294)	1,294
Marketing reserve balance as at 31 December		0	1,294
Strategic Project Reserve			
Balance at 1 January		0	0
Transfer (to)/ from accumulated surplus/ (deficit)	1.16.8	2,089	0
Strategic Project reserve balance as at 31 December		2,089	0
Maintenance Reserve			
Balance at 1 January		0	0
Transfer (to)/ from accumulated surplus/ (deficit)	1.16.9	572	0
Maintenance reserve balance as at 31 December		572	0
Balance at 31 December		86,830	84,975
Contributed Capital			
Balance at 1 January		61,738	61,738
Transferred to Skills Victoria		0	0
Balance at 31 December		61,738	61,738
Accumulated surplus/(deficit)			
Balance at 1 January		56,946	38,279
Write off due to change in accounting policy - increase in asset capitalisation cost threshold to in excess of \$5,000		0	0
Adjusted opening balance 1 Jan		56,946	38,279
Net surplus for the reporting period		28,417	21,711
Transfer (to)/from Vetassess projects reserve		69	0
Transfer (to)/from ACE stage 2 reserve		(1,100)	0
Transfer (to)/from Software Replacement Reserve		586	(1,750)
Transfer (to)/from Marketing Reserve		1,294	(1,294)
Transfer (to)/from Strategic Project Reserve		(2,089)	0
Transfer (to)/from Maintenance Reserve		(572)	0
Balance at 31 December		83,551	56,946
Total equity		232,119	203,659

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
Note	\$'000	\$'000
NOTE 16 - CASH FLOW INFORMATION		
Reconciliation of operating result to net cash provided by/(used in) operating activities		
Net operating result for the year	28,417	21,711
Non-cash flows in operating result		
Depreciation and amortisation of non-current assets	8,332	8,261
Net (gain) / loss on sale of non-current assets	0	47
Change in operating assets and liabilities		
Decrease (increase) in receivables	2,928	(8,479)
Decrease (increase) in inventories	38	125
Decrease (increase) in other operating assets	247	228
Increase (decrease) in creditors	2,939	(259)
Increase (decrease) in other provisions	(2,073)	2,229
Net cash flows provided from operating activities	40,828	23,863

NOTE 17 - COMMITMENTS

Capital Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Property, Plant and Equipment

Payable:

Within one year	33,049	29,639
Later than one year but not later than five years	-	22,109
Later than five years	-	-
Total Property, Plant and Equipment	33,049	51,748
GST reclaimable on the above	(3,004)	(4,704)
Net Commitments Property, Plant and Equipment	30,045	47,044

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
Note	\$ '000	\$ '000
NOTE 18 - LEASED ASSETS		
Lease Commitments		
(b) Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	2,754	1,413
Later than one year but not later than five years	2,833	1,357
Later than five years		
Total lease commitments	5,587	2,770
GST reclaimable on the above	(508)	(252)
Net commitments operating leases	5,079	2,518
Representing:		
Cancellable operating leases		
Non-cancellable operating leases	5,587	2,770
Total lease commitments	5,587	2,770
(i) Operating leases		
Operating leases are effectively non-cancellable and include:		
Leases for office accommodation		
Computer leases for hardware and maintenance agreements		
Vehicle leases		
NOTE 19 - CONTINGENCIES		
There were no Contingent Assets and Liabilities for 2010 and 2009		
NOTE 20 - ECONOMIC DEPENDENCY		
An economic dependency exists with Skills Victoria. As a Technical and Further Education organisation, the Institute provides training on behalf of Skills Victoria. The reliance on Skills Victoria is in excess of 50% of the revenue of the Institute.		
NOTE 21 - EVENTS OCCURRING AFTER THE BALANCE SHEET DATE		
There are no events subsequent to balance date that will have a material effect on the Economic Entity's operation over subsequent years.		
NOTE 22 - REMUNERATION OF AUDITORS		
Victorian Auditor General's Office - audit of the financial report	34	34
Continuous Auditors - other assurance services	84	105
	118	139

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Note	2010 \$ '000	2009 \$ '000
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NOTE 23 - SUPERANNUATION (refer 1.13)

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

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Institute.

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

State Superannuation Fund of Victoria

State Employees Retirement Benefits Scheme (contribution rate 12.6%)	16	15
Revised Scheme (contribution rate 17.3%)	387	452
New Scheme (contribution rate 7.3% to 10.2%)	574	586
	977	1,053

VicSuper Pty Ltd

(contribution rate based on superannuation guarantee legislation at 9%)

	3,498	3,241
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Other Superannuation Schemes (contribution rate based on superannuation guarantee legislation at 9%)

Hesta	85	70
Australian Superannuation	113	82
Uni Super	58	45
Macquarie	52	42
MLC Masterkey	29	44
Hostplus	74	56
AMP Flex Lifetime Super	48	30
Vision Super Pty Ltd	36	25
MTAA Superannuation	45	36
Retail Employees Superannuation Trust (REST)	50	29
Colonial First State	40	22
Cbus	31	21
Catholic Super	24	20
Other Schemes	357	152
Total contributions to all funds	5,517	4,968

As at 31 December 2010 there was no outstanding contributions payable.

State Superannuation Fund	0	0
VicSuper Pty Ltd	0	124
SERB scheme	0	0
	0	124

The unfunded superannuation liability in relation to employer sponsor defined benefit schemes has been assumed by and reflected in the financial statements of the Department of Treasury and Finance.

As at 31 December 2010 there were no loans to the Institute from any fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 24 - KEY MANAGEMENT PERSONNEL DISCLOSURES

Responsible persons related disclosures

In accordance with the directions of the Minister for Finance under the Financial Management Act 1994, the following disclosures are made for the responsible Ministers and responsible Members of Council.

(i) Minister

The responsible Minister was Hon. Jacinta Allan MP, Minister for Skills and Workforce Participation from 1 January to 19 January 2010. From 20 January 2010 to 1 December 2010 the relevant Minister was the Hon. Bronwyn Pike MP, Minister for Skills and Workforce Participation. Following the State election in November 2010 the Hon. Peter Hall MLC was sworn in as Minister for Higher Education and Skills taking effect from 02 December 2010.

(ii) Names of responsible persons and executive officers

The names of persons who were Responsible Persons at anytime during the financial year, were:

The President of Kangan Institute, Dominic Andreacchio

The Chief Executive Officer of Kangan Institute, Mr Ray Griffiths.

The name of persons who were members of Institute Council during the financial year, were:

Mr Dominic Andreacchio

Ms Susan Allen

Ms Margaret Hatton

Mr Michael Brown

Ms Jaqueline Wilson term commenced 27 July 2010

Mr Linsey Siede term commenced 27 July 2010

Ms Helen Murphy term commenced 17 October 2010

Ms Robyn Stewart term commenced 17 October 2010

Ms Arfa Noor term commenced 1 April 2010

Mr Rudi Pavani

Mr Ray Griffiths

Mr Stelvio Vido

Mr Matthew Stewart

Ms Mirella Lattanzio

Ms J Nunn term expired on 30 June 2010

Mr J Parr term expired on 30 June 2010

Mr A Hyndes term expired 31 March 2010

Remuneration of Responsible Persons

Remuneration paid to Ministers is reported in the Annual Report of the Department of Premier and Cabinet.

Other relevant interests are declared in the Register of Members' Interests which each member of the Parliament completes.

Remuneration received, or due and receivable from the Institute in connection with the management of the Institute, includes termination payments and bonuses paid at end of contracts.

There was no remuneration received, or due and receivable from the Institute in connection with the management of any related party entity. The number of Responsible Persons whose remuneration from the Institute was within the specified bands are as follows:

	2010	2009
	\$ '000	\$ '000
Income Range		
\$0 - \$9,999	0	0
\$200,000 - \$209,999	0	0
\$210,000 - \$219,999	0	0
\$220,000 - \$229,999	0	0
\$230,000 - \$239,999	0	1
\$270,000 - \$279,999	1	0

Total remuneration for the reporting period of responsible persons included above amounted to:

	2010	2009
	\$ '000	\$ '000
Base remuneration of responsible persons	252	207
Total remuneration of responsible persons	271	231

Executive Officers' Remuneration

The number of executive officers, other than Responsible Persons, included under "Remuneration of Responsible Persons" above whose total remuneration during the financial year are shown in their relevant income bands. Includes termination payments and bonuses paid at end of contracts.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Income Band	Total remuneration		Base remuneration	
	2010 No.	2009 No.	2010 No.	2009 No.
\$20,000 - \$30,000	1	0	0	0
\$80,000 - \$90,000	0	0	0	0
\$100,000 - \$109,999	0	1	1	0
\$110,000 - \$119,999	1	0	0	0
\$120,000 - \$129,999	0	0	0	0
\$130,000 - \$139,999	0	0	0	4
\$140,000 - \$149,999	0	4	4	3
\$150,000 - \$159,999	1	0	0	2
\$160,000 - \$169,999	1	4	4	1
\$170,000 - \$179,999	2	0	0	0
\$180,000 - \$189,999	4	1	1	0
\$190,000 - \$199,999	1	0	0	0
\$200,000 - \$209,999	0	0	0	0
	11	10	10	10

Total remuneration for the reporting period of executive officers included above amounted to:

	2010 \$ '000	2009 \$ '000
Base remuneration of executive officers	1,714	1,444
Total remuneration of executive officers	1,747	1,541

Retirement Benefits of Responsible Persons

There were no retirement benefits paid by the Institute in connection with the retirement of Responsible Persons of the Institute.

Superannuation

Superannuation is included in the total remuneration.

Loans

There were no loans in existence at reporting date that have been made, guaranteed or secured by the Institute or any related party to Responsible Persons of the Institute or a Responsible Persons-related party of those Responsible Persons.

Shares

There were no interests in the shares of related entities held by Responsible Persons of the Institute.

NOTE 25 - RELATED PARTIES

There were no other transactions nor loans between the Institute and Responsible Persons and their related parties during the financial year.

NOTE 26 - INSTITUTE DETAILS

The registered office of the institute is:

Kangan Institute

Pearcedale Parade
Broadmeadows VIC 3047

The principal place of business is:

Broadmeadows campus (Main Campus)
Pearcedale Parade
Broadmeadows VIC 3047

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 27 - FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

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 1 of the financial statements.

(i) Financial risk management objectives

The Institute's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Institute's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute by adhering to principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Institute does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

The Institute's treasury function provides services to its business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market (including currency risk and fair value interest rate risk), credit risk and liquidity risk.

(ii) Financial risk exposures and management

The Institute's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivables and payables and leases.

The main risks the Institute is exposed to through its financial instruments are market risk, price risk, funding risk, interest rate risk, credit risk and liquidity risk.

Market risk

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

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

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

Foreign Currency Risk

The Institute is exposed to fluctuations in foreign currencies arising from the delivery of services in currencies other than AUD\$. There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

Price Risk

The Institute is exposed to price risk in respect of fee for service and contract services which are subject to open market competition.

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. Similarly, interest rate risk also arises from the potential for a change in interest rates to cause a fluctuation in the fair value of the financial instruments. The objective is to manage the rate risk to achieve stable and sustainable net interest earnings in the long term. This is managed predominately through a mixture of short term and longer term investments. Interest rate movements have not been sufficiently significant during the year to have an impact on the Institute's year end result.

The Institute's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are set out in the financial instrument composition and maturity analysis table.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Funding Risk

Funding risk is the risk of over reliance on a 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. The Institute manages funding risk by continuing to diversify and increase funding from commercial activities, both domestically and off shore.

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

Concentrations of Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 31 December 2010.

Credit risk is managed on a group basis and reviewed regularly by the Resource Management Committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The Resource Management committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised;
- 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 group's strict credit policies may only purchase in cash or using recognised credit cards.

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

The trade receivables balance at 31 December 2010 and 31 December 2009 do not include any counter parties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Credit risk in trade receivables is managed in the following ways:

- Payment terms are 14 days from date of invoice.
- Debtors with accounts in excess of 30 days are sent a statement of account indicating a further 14 days before reference to debt collection agency.

Debtors which represent government departments or agencies are not referred to debt collection, but managed by the Institute directly with department or agency contacts.

The Institute minimises concentrations of credit risk in relation to student loans receivable by undertaking transactions with a large number of students, all located in Australia.

Credit risk in student loans is managed in the following ways:

- Specific loan conditions have been established which are applicable to all loans.
- The maximum loan available is \$1150.
- All loan monies must relate to the attendance at the institute including fees, materials, books and protective clothing and in certain situations living expenses.
- A schedule of loans repayments is agreed with the student at the time of making application.
- If a student falls behind in repayments, a process is implemented which includes reminder letters, individual interview, repayment rescheduling and, if necessary, contacting guarantors and or a debt collection agency.

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Institute's governing body, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. The institute manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

(ii) Summarised sensitivity analysis

31 December 2010 Financial assets	Carrying amount (\$'000s)	INTEREST RATE RISK				OTHER PRICE RISK			
		Rates move by:				Price move by:			
		1%		2%		30%		40%	
		Possible effect/		Possible effect/		Possible effect/		Possible effect/	
		Result (\$'000s)	Equity (\$'000s)	Result (\$'000s)	Equity (\$'000s)	Result (\$'000s)	Equity (\$'000s)	Result (\$'000s)	Equity (\$'000s)
Cash and cash equivalent assets - Cash at bank	6,063	+/- 61	+/- 61	+/- 121	+/- 121	-	-	-	-
Loans and receivables - Term deposits	31,901	+/- 319	+/- 319	+/- 638	+/- 638	-	-	-	-
Available for sale financial assets - ANZ Capital Guaranteed Floating rate note (Issued at \$1.00/unit)	829	-	-	-	-	+/- 249	+/- 249	+/- 332	+/- 332
Other financial assets - Term deposits	24,600	+/- 246	+/- 246	+/- 492	+/- 492	-	-	-	-
Total increase/ (decrease) in financial assets		+/- 626	+/- 626	+/- 1251	+/- 1251	+/- 249	+/- 249	+/- 332	+/- 332

31 December 2009 Financial assets	Carrying amount (\$'000s)	INTEREST RATE RISK				OTHER PRICE RISK			
		Rates move by:				Price move by:			
		1%		2%		30%		40%	
		Possible effect/		Possible effect/		Possible effect/		Possible effect/	
		Result (\$'000s)	Equity (\$'000s)	Result (\$'000s)	Equity (\$'000s)	Result (\$'000s)	Equity (\$'000s)	Result (\$'000s)	Equity (\$'000s)
Cash and cash equivalent assets - Cash at bank	4,844	+/- 48	+/- 48	+/- 97	+/- 97	-	-	-	-
Loans and receivables - Term deposits	17,500	+/- 175	+/- 175	+/- 350	+/- 350	-	-	-	-
Available for sale financial assets - ANZ Capital Guaranteed Floating rate note (Issued at \$1.00/unit)	786	-	-	-	-	+/- 300	+/- 300	+/- 400	+/- 400
Other financial assets - Term deposits	30,000	+/- 300	+/- 300	+/- 600	+/- 600	-	-	-	-
Total increase/ (decrease) in financial assets		+/- 523	+/- 523	+/- 1047	+/- 1047	+/- 300	+/- 300	+/- 400	+/- 400

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

(iii) Financial Instrument Composition and Maturity Analysis

The following tables reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

2010	Weighted average effective rate	Floating Interest Rate `000	Within 1 year `000	1-5 years `000	More than 5 years `000	Non Interest Bearing `000	Total Carrying Amount per Balance Sheet `000
FINANCIAL ASSETS							
Cash and cash equivalents							
Cash and cash equivalents - Cash at Bank	4.4%	5,870	-	-	-	193	6,063
Contractual receivables							
Loans and receivables - Term deposits	5.8%	-	31,901	-	-	-	31,901
Available for sale financial assets - ANZ Capital Guaranteed Floating rate note (price per unit)	\$0.829	829	-	-	-	-	829
Receivables - debtors	-	-	-	-	-	1,978	1,978
Revenue receivables	-	-	-	-	-	13,523	13,523
Statutory receivables							
GST receivable from ATO	-	-	-	-	-	691	691
Investment, loans and other financial assets							
Other Financial Assets:							
Long Term Deposits	6.3%	-	-	24,600	-	-	24,600
Total Financial Assets		6,699	31,901	24,600	-	16,385	79,585
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	-	-	15,075	15,075
Advances Float for ACE stage 2	-	-	-	-	-	2,500	2,500
Total Financial Liabilities	-	-	-	-	-	17,575	17,575

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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2009	Weighted average effective rate	Floating Interest Rate `000	Within 1 year `000	1-5 years `000	More than 5 years `000	Non Interest Bearing `000	Total Carrying Amount per Balance Sheet `000
FINANCIAL ASSETS							
Cash and cash equivalents							
Cash and cash equivalents - Cash at Bank	3.8%	4,631	-	-	-	213	4,844
Contractual receivables							
Loans and receivables - Term deposits	6.2%	-	17,500	-	-	-	17,500
Available for sale financial assets - ANZ Capital Guaranteed Floating rate note (price per unit)	\$0.78	786	-	-	-	-	786
Receivables - debtors	-	-	-	-	-	6,314	6,314
Revenue receivables	-	-	-	-	-	11,969	11,969
Statutory receivables							
GST receivable from ATO	-	-	-	-	-	650	650
Investment, loans and other financial assets							
Other Financial Assets:							
Long Term Deposits	7.02%	-	-	30,000	-	-	30,000
Total Financial Assets		5,417	17,500	30,000	-	19,146	72,063
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	-	-	14,458	14,458
Advances Float for ACE stage 2	-	-	-	-	-	2,500	2,500
Total Financial Liabilities	-	-	-	-	-	16,958	16,958

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

(iv) Ageing analysis of financial assets

2010 Receivables	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	
Contractual receivables							
Trade receivables	1,978	694	622	258	243	-	161
Revenue receivables	13,523	13,523	-	-	-	-	-
Statutory receivables							
GST receivable from ATO	691	691	-	-	-	-	-
Investments, loans and other financial assets							
Loans and receivables - Term deposits (Australian Dollar).	31,901	31,901	-	-	-	-	-
Available-for-sale financial assets - ANZ Capital Guaranteed Floating rate note	829	829	-	-	-	-	-
Other Financial Assets - Term Deposits	24,600	24,600	-	-	-	-	-
Total 2010 Receivables	73,522	72,238	622	258	243	-	161

2009 Receivables	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	
Contractual receivables							
Trade receivables	6,314	2,449	3,246	350	108	-	161
Revenue receivables	11,969	11,969	-	-	-	-	-
Statutory receivables							
GST receivable from ATO	650	650	-	-	-	-	-
Investments, loans and other financial assets							
Loans and receivables - Term deposits (Australian Dollar).	17,500	17,500	-	-	-	-	-
Available-for-sale financial assets - ANZ Capital Guaranteed Floating rate note	786	786	-	-	-	-	-
Other Financial Assets - Term Deposits	30,000	30,000	-	-	-	-	-
Total 2009 Receivables	67,219	63,354	3,246	350	108	-	161

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Intitute is the current bid price.

Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Intitute uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due. Where the carrying amount exceeds the fair value of financial assets designated as available for sale, such changes in fair value are recognised directly through the equity section of the balance sheet until the investment is disposed of or is impaired.

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

	2010		2009	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial instruments				
Financial assets				
Cash and cash equivalents				
Cash at bank and on hand	6,063	6,063	4,844	4,844
Contractual receivables				
Trade receivables	1,978	1,978	6,314	6,314
Revenue receivables	13,523	13,523	11,969	11,969
Statutory receivables				
GST receivable from ATO	691	691	650	650
Investments, loans and other financial assets				
Loans and receivables - Term deposits (Australian Dollar)	31,901	31,901	17,500	17,500
Available-for-sale financial assets - ANZ Capital Guaranteed Floating rate note	829	829	786	786
Other Financial Assets - Term Deposits	24,600	24,600	30,000	30,000
Total financial assets	79,585	79,585	72,063	72,063
Financial liabilities				
Payables	15,075	15,075	14,458	14,458
Other financial liabilities - Advances Float for ACE stage 2	2,500	2,500	2,500	2,500
Total financial liabilities	17,575	17,575	16,958	16,958

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

The following tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Fair value measurements recognised in the balance sheet are categorised into the following levels:

	2010	Level 1 Quoted Prices	Level 2 Observable Price Inputs	Level 3 Unobservable Inputs
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Available for sale financial assets - ANZ Capital Guaranteed	829	829	0	0
Floating rate note				
Total	829	829	0	0
	2009	Level 1 Quoted Prices	Level 2 Observable Price Inputs	Level 3 Unobservable Inputs
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Available for sale financial assets - ANZ Capital Guaranteed	786	786	0	0
Floating rate note				
Total	786	786	0	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 27 - FINANCIAL INSTRUMENTS

Terms, Conditions and Accounting Policies

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
Financial Assets			
Cash and cash equivalents - cash at bank and on hand	5	Cash at bank is carried at the nominal amount.	Cash is invested as funds permit at varying interest rates between 2.96% and 4.45%
Receivables Debtors	6	Trade debtors are carried at amortised cost less any allowance for doubtful debts. An allowance for doubtful debts is maintained to recognise that collection of the full nominal amount is no longer probable.	Credit sales are on 14-day terms
Current and Non-current - Loans and receivables - Term deposits:	7	Term deposits are stated at their amortised cost on initial recognition. Interest revenue is recognised in the comprehensive operating statement when it is earned.	Loans are provided to other parties for a term ranging between 1.02 and 2.97 years at an effective interest rate between 4.50% and 8.40%.
Available for sale financial assets - ANZ Capital Guaranteed Floating rate note:	7	Other investments comprising debt securities are classified by the Institute as being held available-for-sale. These are carried at fair value. Changes in the fair value of such financial assets are recognised directly through the equity section of the balance sheet until the investment is disposed of or is impaired, then the cumulative gain or loss previously recognised in equity is recognised in profit or loss for the period.	ANZ Capital Guaranteed Floating rate note matures in less than six years with guaranteed return of the principal. Coupons are paid on a contingent basis depending on performance criteria.
Financial Liabilities			
Payables Creditors and Accruals	12	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to the Institute.	Trade liabilities are settled as required.
Other liabilities Advances Other - Float for ACE stage 2	14	Non-interest bearing and unsecured advance for ACE stage 2.	Repayable in 2011.

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INDEPENDENT AUDITOR'S REPORT

To the Director, John Batman Consultancy and Training Pty Ltd

The Financial Report

The accompanying financial report for the year ended 31 December 2010 of John Batman Consultancy and Training Pty Ltd which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the director and accountable officer's declaration has been audited.

The Director's Responsibility for the Financial Report

The director of John Batman Consultancy and Training Pty Ltd are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations and the financial reporting requirements of the Corporations Act 2001, and for such internal control as the director determine necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Corporations Act 2001 and Audit Act 1994, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the director as well as evaluating the overall presentation of the financial report.

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

Electronic Publication of the Audited Financial Report

It is our understanding that the company intends to electronically present the audited financial report and auditor's report on its internet website. Responsibility for the electronic presentation of the financial report on the company's website is that of the director of the company. The security and controls over information on the website should be addressed by the company to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the audited financial report on the company's website is beyond the scope of the audit of the financial report.

Level 24, 35 Collins Street, Melbourne Vic. 3000
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Auditing in the Public Interest

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Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the Constitution Act 1975. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession and the Corporations Act 2001. I confirm that I have given to the director of the company a written independence declaration, a copy of which is included in the Director's Report.

Opinion

In my opinion, the financial report of John Batman Consultancy and Training Pty Ltd is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Company's financial position as at 31 December 2010 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards, including Australian Accounting Interpretations and the Corporations Regulations 2001.

MELBOURNE
25 March 2011


D D R Pearson
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD
ACN 075 726 439

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Victorian Auditor-General's Office

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Director, John Batman Consultancy and Training Pty Ltd

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 authority and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the John Batman Consultancy and Training Pty Ltd for the year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

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

MELBOURNE
25 March 2011


D D R Pearson
Auditor-General

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Auditing in the Public Interest



JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD
ACN 075 726 439

DIRECTOR AND ACCOUNTABLE OFFICER'S DECLARATION

The Director of the company declares that:

1. The financial statements of John Batman Consultancy and Training Pty Ltd are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
 - (b) complying with Accounting Standards and Corporations Regulations 2001.
2. In the Director's opinion, as at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The attached financial statements of the company have been prepared in accordance with Part 9 of the Directions of the Minister for Finance under the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.
4. The Director is not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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



Ray Griffiths
Director and Accountable Officer

23 March 2011

Broadmeadows

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JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD
ACN 075 726 439



JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD
ACN 075 726 439
DIRECTOR'S REPORT
YEAR ENDED 31 DECEMBER 2010

The Director of the company submits the financial report of the company for the financial year ended 31 December 2010. The financial report has been prepared pursuant to the Financial Management Act 1994 and the provisions of the Corporations Act 2001.

The company was originally established by the former John Batman Institute of TAFE on 23 September 1996. The company has not traded to date.

Director

Mr Ray Griffiths is the Director of the company since 01 May 2004.

The Director had no beneficial interest in the shares of the company. Mr Griffiths is the Director of Kangan Batman Institute of TAFE, and in that capacity could exercise all shareholder rights.

Principal Activities

The company was formed to provide vocational education training and consulting services.

Trading Results

The company has not traded since its creation in 1996. Accordingly, there was no change to the net assets of \$2.

Review of Operations

There was no significant change in the company's affairs during the financial year.

Dividends

The director did not recommend and did not provide for the payment of any dividends during the reporting period.

Share Options

No options over issued shares or interests in the company, or in the parent entity have been granted during or since the end of the financial year and there were no options outstanding at the end of the date of this report.

Significant Changes in the State of Affairs

No significant changes occurred in the state of affairs of the parent entity during the year.

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Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Results

It is not envisaged there will be a change to the non-trading status of the company in the coming year.

Environment Regulation

There are no environmental legislations that the economic entity is required to comply with so far as it concerns the operations of the entity.

Indemnifying Officer or Auditor

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the cost or expenses to defend legal proceedings.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Meetings of Director

There was no Director's meetings held and attended by the Director during the period 1 January 2010 to 31 December 2010.

No board or other committees existed during the year.

Dated at Broadmeadows the 23rd day of March 2011.

Signed by the Director of the company

Ray Griffiths
Director



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JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD
ACN 075 726 439

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010	2009
		\$	\$
Continuing operations		0	0
Income from transactions		0	0
Total income from transactions		0	0
Expenses from transactions		0	0
Total expenses from transactions		0	0
Net result from transactions (net operating balance)		0	0
Other economic flows included in net result		0	0
Total other economic flows included in net result		0	0
Net result from continuing operations		0	0
Net result		0	0
Other economic flows – other non-owner changes in equity		0	0
Total other economic flows – other non-owner changes in equity		0	0
Comprehensive result		0	0

The accompanying notes form part of these financial statements.

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD
ACN 075 726 439

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	2010	2009
		\$	\$
Assets			
Financial assets			
Receivables	5,12	2	2
Total financial assets		2	2
Non-financial assets		0	0
Total non-financial assets		0	0
Total assets		2	2
Liabilities		0	0
Total liabilities		0	0
Net assets		2	2
Equity			
Contributed capital		2	2
Total equity		2	2
Commitments	14		
Contingencies	15		

The accompanying notes form part of these financial statements.

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD
ACN 075 726 439

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
Total equity at the beginning of the year	2	2
Profit attributable to equity shareholders	0	0
Revaluation increment/(decrement)	0	0
Sub-total	2	2
Dividends paid or provided for	0	0
Total equity at the end of the year	2	2

The accompanying notes form part of these financial statements.

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD
ACN 075 726 439

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
Cash flows from operating activities		
Payments to suppliers	0	0
Receipts from clients	0	0
Net cash provided by operating activities	0	0
Net cash provided by investing activities	0	0
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the financial year	0	0
Cash and cash equivalents at the end of the financial year	0	0

The accompanying notes form part of these financial statements.

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD (ACN 075 726 439)
NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

CONTENTS

Note

- 1 Statutory Reporting Requirements
- 2 Statement of Significant Accounting Policies
- 3 Profit (Loss) from Ordinary Activities
- 4 Income Tax
- 5 Receivables - Other
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- 10 Company Details
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- 12 Events Subsequent to Reporting Date
- 13 Economic Dependency
- 14 Commitments
- 15 Contingent Assets and Liabilities

1. Statutory Reporting Requirements

John Batman Consultancy and Training Pty Ltd is a company established by Kangan Batman Institute of TAFE under the authority of the *Vocational Education and Training Act 1990*, Section 26(2). The company has not traded since its formation.

The financial report of John Batman Consultancy and Training Pty Ltd for the year ended 31 December 2010 has been prepared pursuant to the *Financial Management Act 1994* and the *Corporations Act 2001*.

2. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

John Batman Consultancy and Training Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The accounting policies adopted are consistent with those of the previous year.

Accounting Policies

Receivables

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax recoverable. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest method, less any accumulated impairment. A provision for doubtful debts is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Financial assets – Loans and receivables

Loans and receivables consist mainly of other receivables, including non-derivative financial assets. Non-derivative financial assets with fixed or determinable payments and not quoted in an active market, arise when the Company provides money to a debtor with no intention of selling the receivable. It is included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables – others in the balance sheet.

These are recorded at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

Contributed equity

Funding that are in the nature of contributions by Kangan Batman Institute of TAFE are treated as contributed equity.

Function currency and rounding

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

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD (ACN 075 726 439)
NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Commitments and contingencies

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value. Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Comparatives

When required by Accounting Standards or as a result of changes in accounting policy, comparative figures have been adjusted to conform to changes in presentation for the current financial year. There have been no changes to the previous year's figures.

3. Profit (Loss) from Ordinary Activities

The company did not trade during the year.

4. Income Tax

The company is exempt from income tax pursuant to section 23 (e) of the *Income Tax Assessment Act 1936*, as amended.

5. Receivables - Other

	2010	2009
Current		
Cash held by parent entity	\$2	\$2

6. Contributed Equity

	2010	2009
Two fully paid ordinary shares at \$1 each	\$2	\$2

7. Credit Facilities

There were no credit facilities in place at either 31 December 2010 or 31 December 2009.

8. Director's Remuneration

The Director received no remuneration from the company. There were no loans to the Director. The Director was not a full-time employee of the company. However, the Director received remuneration from other entities as follows:

Mr Griffiths is employed as Director of Kangan Batman Institute of TAFE. Mr Griffiths has not received any fees for services provided to the company.

Income paid or payable or otherwise made available to the Director by the parent entity, Kangan Batman Institute of TAFE, in connection with the management of affairs of the parent entity and its controlled entity:

Income Range	2010	2009
\$200,000 - \$209,999	0	0
\$210,000 - \$219,999	0	1
\$220,000 - \$229,999	0	0
\$230,000 - \$239,999	0	0
\$240,000 - \$249,999	0	0
\$250,000 - \$259,999	0	0
\$260,000 - \$269,999	0	0
\$270,000 - \$279,999	1	0

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD (ACN 075 726 439)
NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

9. Responsible Person and Related Parties Disclosures

The company is a proprietary company limited by shares. The shareholders are nominated by the Council of Kangan Batman Institute of TAFE. There are no other related parties.

The responsible ministers at anytime during the financial year were:

The responsible Minister was Hon. Jacinta Allan MP, Minister for Skills and Workforce Participation from 1 January to 19 January 2010. From 20 January 2010 to 1 December 2010 the relevant Minister was the Hon. Bronwyn Pike MP, Minister for Skills and Workforce Participation. Following the State election in November 2010 the Hon. Peter Hall MLC was sworn in as Minister for Higher Education and Skills taking effect from 02 December 2010. Remuneration of the Ministers is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the register of Members Interest which is completed by each member of the Parliament.

The person responsible for the company was the Director of Kangan Batman Institute of TAFE.

Mr Ray Griffiths is the Director of the company since 01 May 2004.

There was no remuneration received, or due and receivable from the company in connection with the management of either the company or any related entity.

There were no retirement benefits paid by the company in connection with the retirement of a director during the financial year.

There were no amounts paid to a superannuation plan or other entity by the company in connection with the retirement of a director during the financial year.

There were no loans in existence at reporting date that have been made, guaranteed or secured by the company or any related party to a director of the company or a director-related party of that director.

There were no interests in the shares of related entities held by the Director of the company.

There were no other transactions between the company and Director and his related parties during the financial year.

Other related party transaction: \$2 Receivable/Cash from/held by parent entity.

10. Company Details

The registered office of John Batman Consultancy and Training Pty Ltd is:

Kangan Batman Institute of TAFE
 Pearcedale Parade
 Broadmeadows Victoria.

11. Financial instruments

Fair value estimates

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

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

	Total carrying amount as per balance sheet		Net fair value	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Receivables - Other	2	2	2	2
Total Financial Assets	2	2	2	2

Financial risk management objectives

The Company's activities expose it to a variety of financial risks, mainly credit risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company by adhering to principles on credit risk. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD (ACN 075 726 439)
NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The Company uses different methods to measure different types of risk to which it is exposed. These methods include ageing analysis for credit risk.

Financial risk exposures and management

The main risks the Company is exposed to through credit risk.

Credit risk

The Company's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

12. Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the company in future financial years.

13. Economic Dependency

Kangan Batman Institute of TAFE which owns all the share capital of John Batman Consultancy and Training Pty Ltd will support the entity financially to ensure that the entity can pay its debts as and when they fall due.

14. Commitments

The company has no capital or operating commitments as at 31 December 2010 (2009, nil).

15. Contingent Assets and Liabilities

There were no Contingent Assets and Liabilities for 2010 and 2009



Disclosure Index



Source reference	Reporting requirement	Page(s)	
(A) Report of operations			
[1]	SD 4.2(g) FRD 22	The Report of Operations is to include qualitative and quantitative information on operations and be prepared on a basis consistent with the financial statements prepared pursuant to the Financial Management Act 1994. This report is to provide users with information about: <ul style="list-style-type: none"> an institute and its activities; operational highlights for the reporting period; future initiatives; and other relevant information not included in the financial statements. 	5-56
[2]	SD 4.2(h) FRD 22	The Report of Operations must be prepared in accordance with the requirements of the financial reporting directions.	61
[3]	SD 4.5.5	Signature of responsible person – Attestation of compliance with the Australian/New Zealand Risk Management Standard.	13
[4]	SD 4.2(j) FRD 22	Signature of responsible person – The Report of Operations must be signed and dated by the Accountable Officer in the case of a Government Department, or in the case of any other Public Sector Body, a member of the responsible Body.	61
Standard disclosures in the report of operations			
General information			
[5]	FRD 22	Manner of Establishment, including the relevant Minister.	2,5
[6]	FRD 22	The objectives, functions, powers and duties, linked to a summary of its activities, programs and achievements for the reporting period.	5,35-41
[7]	FRD 22	Nature and range of service provision, including the communities served.	5
[8]	FRD 22	Organisational chart(s) detailing members of the governing board and the CEO, and organisational chart(s) detailing occupants of senior officers and their responsibilities.	24
Governance			
Recommendations of the TAFE Governance Review, May 2003			
[9]	TAFE Gov. Review	Outline of the structure of the board including: <ul style="list-style-type: none"> committees of the board; descriptions of their functions; and the names of the members of each committee. 	26-30
[10]	TAFE Gov. Review	Outline of the structure of an institute board, including: <ul style="list-style-type: none"> names and qualifications of members of the board, including knowledge, experience and skills; and a summary of the number of meetings attended by each board member. 	30-34

[11]	TAFE Gov. Review	Summary of training undertaken by board members throughout the year, including the number and type of programs.	34
[12]	TAFE Gov. Review	A summary of performance and activities of a board including a brief description of a values of a board and whether there is a code of conduct used to guide board decisions.	34
[13]	FRD 22B	Statement on an institute's workforce data for the current and previous reporting period.	54
[14]	FRD 22B	Statement on the application of employment and conduct principles.	54
[15]	FRD 22B	Statement on occupational health and safety including appropriate performance indicators outlining an institute's performance against such indicators and details of assessments and measures taken to improve the occupational health and safety of employees.	51-53
[16]	FRD 22B	A general statement on industrial relations within an institute and details of time lost through industrial accidents and disputes.	48
Disclosure index			
[17]	FRD 10	The Disclosure Index is to contain a list identifying the relevant clauses of Victorian legislation with statutory disclosure requirements.	107-110
[18]	FRD 10	A short description of the relevant requirement.	108-110
[19]	FRD 10	The page in an annual report where the disclosure in satisfaction of the relevant requirement is made.	108-110
Disclosures			
Disclosure of ex-gratia payments			
[20]	FRD 11	Disclosure in aggregate of the nature and amount of any ex gratia payments incurred and written off during the reporting period. This is to be included in the notes to the financial statement.	53-54
Disclosures of responsible persons			
[21]	FRD 21A (1) (a)	The name of each person holding a position that meets the definition of responsible person of the reporting entity at any time during the reporting period.	87
Disclosures of remuneration of executive officers			
[22]	FRD 21A (1) (b)	Where there is more than one responsible person during any reporting period, the total remuneration of all responsible persons received or receivable in connection to their employment.	87
[23]	FRD 21A (1) (c)	An analysis of remuneration of responsible persons: <ul style="list-style-type: none"> in bands of \$10,000; and listing the number of responsible persons whose actual remuneration for the period falls within each band. 	88

[24]	FRD 21A (1) (d)	A table disclosing the aggregate amount of related party transactions at the reporting date, including but not limited to the aggregate amount of repayments, shares and share options and other sources of remuneration that do not come under the definition of any of the above mentioned categories received by the responsible person in addition to base remuneration.	88
[25]	FRD 21(2) (a)	Total remuneration of all executive officers received or receivable in connection to their employment: <ul style="list-style-type: none"> including the remuneration of executive officers acting in the position of an accountable officer at any time during the reporting period; and to ensure disclosures are meaningful, additional information may need to be disclosed about the nature of such remuneration. 	88
[26]	FRD 21 (2) (b)	Base remuneration disclosed separately from actual remuneration. Significant variations between total and base remuneration should be supported by explanatory commentary.	88
[27]	FRD 21 (2) (c)	Accrual principles that apply in determining remuneration levels. All amounts received or receivable by the individual are to be disclosed.	73
Financial information			
[28]	FRD 22	Summary of financial results with comparative information for preceding four years.	16-21
[29]	FRD 22	Summary of significant changes in financial position.	16-21, 62-63
[30]	FRD 22	Summary of operational and budgetary objectives, including performance against objectives and significant achievements.	5-21, 36-41
[31]	FRD 22	Events subsequent to balance date which may have a significant effect on operations in subsequent years, including a summary of major changes affecting the achievement of operational objectives.	85
[32]	FRD 22	For each consultancy valued in excess of \$100,000, set out: <ul style="list-style-type: none"> a schedule listing the consultants engaged; a summary of project involved; total project fees approved (excluding GST); expenditure for the reporting period (excluding GST); and future commitments relating to consultant. 	48
[33]	FRD 22	Total number of consultancies individually valued at less than \$100,000 (excl. of GST).	48
[34]	FRD 22	Total expenditure (exclusive of GST) of these consultancy engagements.	48
[35]	FRD 22	Financial information must be consistent with that included in the financial statements.	59-60
[36]	FRD 22	The Report of Operations should be presented in a format that complements the financial report as a whole: <ul style="list-style-type: none"> containing any additional information the accountable officer or the governing board considers appropriate; or any information which has been mandated by other authoritative pronouncements. The Report of Operations must contain general and financial information, including other relevant financial information, outlining and explaining an entity's operations and activities for the reporting period.	5-21
[37]	FRD 27	The Report of Operations must include in its report of operations an audited statement of performance including: <ul style="list-style-type: none"> the relevant performance targets and indicators as determined by the responsible Minister; the actual results achieved for that financial year against pre-determined performance targets and indicators; and an explanation of any significant variance between the actual results and performance targets indicators. 	15-21
Other relevant information			
[38]	FRD 22	Summary of Application of the <i>Freedom of Information Act 1982</i> (including amendments of 3 August 2007).	48
[39]	FRD 22	Statement on compliance with building and maintenance provisions of the <i>Building Act 1993</i> (including amendments of 1 July 2007).	56
[40]	FRD 22	Summary of the application and operation of the <i>Whistleblowers Protection Act 2001</i> (including amendments of 1 July 2007) and disclosures required by this Act.	53
[41]	FRD 22	Statement on implementation and compliance with National Competition Policy, including statement on compliance with policy statements, especially: <ul style="list-style-type: none"> "Competitive Neutrality: A Statement of Victorian Government Policy"; "Victorian Government Timetable for the Review of Legislative Restrictions on Competition"; and any subsequent reforms. 	50
[42]	FRD 22	Summary of environmental performance.	41-44
[43]	FRD 22	Statement (to the extent applicable that the information listed in Appendix 1) is available on request to the relevant Minister, members of Parliament or the public. <p>This includes additional information available on request subject to provision of the Freedom of Information Act 1982 (including amendments of 3 August 2007).</p>	48
[44]	FRD 22	Statement that declarations of pecuniary interests have been duly completed by all relevant officers.	48

[45]	FRD 22	Details of shares held by senior officers (as nominees or held beneficially in a statutory authority or subsidiary).	48
[46]	FRD 22	Details of publications produced by the entity about itself and how they can be obtained).	48
[47]	FRD 22	Details of major promotional, public relations and marketing activities undertaken to develop community awareness of the institute and its services.	48
[48]	FRD 22	Details of changes in prices, fees, charges, rates and levies charged by the institute.	48
[49]	FRD 22	Details of any major external reviews carried out on the institute.	48
[50]	FRD 22	Details of major research and development activities undertaken by the institute.	48
[51]	FRD 22	Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.	48
[52]	FRD 22	List of major committees sponsored by the institute, the purposes of each committee and the extent to which the purposes have been achieved.	48
Overseas operations of Victorian TAFE institutes			
[53]	PAEC	Financial and other information on initiatives taken or strategies relating to the institute's international operations.	49-50
Auditor general			
Recommendation in relation to Overseas Operations of Victorian TAFE Institutes – 3.110 Auditor General, Special Reviews, 30 June 2002.			
[54]	3.110	Information in annual reports of a TAFE institute should include: <ul style="list-style-type: none"> • nature of strategic and operational risks; • strategies established to manage such risks; • performance measures and targets formulated for off shore operations; and • the extent to which expected outcomes have been achieved. 	40, 49-50
Financial reporting direction 27 – presentation of reporting and performance information			
Audited Statements of Key Performance Measures (KPIs) must include an audited statement of performance for certain KPIs.			
[55]	FRD 27A	Reporting and performance should be presented using KPIs and a signed Performance Management Certificate should also be completed. (The following 11 are the mandatory KPIs)	14
		1. Participation of 15-24 year olds.	15
		2. Participation of 25-64 year olds.	15
		3. Module Load Completion Rate.	15
		4. Student Satisfaction.	15
		5. Total Cost per Student Contact Hour (SCH).	15
		6. Working Capital Ratio.	15
		7. Net Operating Margin.	15
		8. Fee for Service Revenue.	15
		9. Revenue per EFT Staff.	15
		10. Student Contact Hours (SCH).	15
		11. Energy Consumption.	15

(B) FINANCIAL STATEMENTS**Part 7 of the Financial Management Act 1994 (FMA)**

[56]	FMA 49 (a)	Must contain such information as required by the Minister.	58-110
[57]	FMA 49 (b)	Must be prepared in a manner and form approved by the Minister.	58-110
[58]	FMA 49 (c)	Must present fairly the financial transactions of an institute during the financial year to which they relate.	61
[59]	FMA 49 (d)	Must present fairly the financial position of an institute as at the end of the year.	61
[60]	FMA 49 (e)	Must be certified by the Accountable Officer for an institute in the manner approved by the Minister.	61

The Financial Statements must be prepared in accordance with:

[61]	SD 4.2 (a)	Australian Accounting Standards (AAS and AASB) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).	66
[62]	SD 4.2 (a)	Financial Report Directions.	66
[63]	SDA 4.2 (a)	Business rules.	66

The Financial Statements are to comprise the following:

[64]	SD 4.2 (b)	An operating statement.	62
[65]	SD 4.2 (b)	A balance sheet.	63
[66]	SD 4.2 (b)	A statement of recognised income and expenses.	64
[67]	SD 4.2 (b)	A cash flow statement.	65
[68]	SD 4.2 (b)	Notes to the financial statements.	66-97

The Financial Statements must, where applicable, be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body stating whether, in their opinion:

[69]	SD 4.2 (c)	The Financial Statements present fairly the financial transactions during the reporting period and the financial position at the end of the period.	61
[70]	SD 4.2 (c)	The Financial Statements are prepared in accordance with this direction and applicable Financial Reporting Directions.	61
[71]	SD 4.2 (c)	The Financial Statements comply with applicable Australian Accounting Standards (AAS and AAB) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).	61

Campus locations

Broadmeadows

(Main campus)
Pearcedale Parade
BROADMEADOWS VIC 3047

Coburg

Dawson Street
NORTH COBURG VIC 3058

Craigieburn

(Craigieburn Flexible Learning Centre)
87-91 Grand Boulevard
CRAIGIEBURN VIC 3064

Docklands

(Automotive Centre of Excellence)
1 Batman's Hill Drive
DOCKLANDS VIC 3008

Essendon campus

38 Buckley Street
ESSENDON VIC 3040

Melbourne CBD

(English Language Centre)
Mezzanine Floor, 278 Flinders Lane
MELBOURNE VIC 3000

Moonee Ponds

Level 1, 12 Hall Street
MOONEE PONDS VIC 3039

Moreland campus

Corner The Grove and De Carle Street
MORELAND VIC 3058

Richmond campus

70 Gwynne Street
RICHMOND VIC 3121

VETASSESS

Level 4, 478 Albert Street
EAST MELBOURNE VIC 3002
Phone: +61 3 9655 4801
Fax: +61 3 9654 3385
Visit: vetassess.com.au

e-WORKS

Level 21
390 St Kilda Road
MELBOURNE VIC 3004
Phone: +61 3 9661 8700
Fax: +61 3 9661 8799
Email: info@eworks.edu.au
Visit: eworks.edu.au

Kangan Institute provides training in secure custodial settings at:

Dame Phyllis Frost Centre (DPFC)

Riding Boundary Road
DEER PARK VIC 3023

Melbourne Assessment Prison (MAP)

Spencer Street
WEST MELBOURNE VIC 3003

Melbourne Youth Justice Centre (MYJC)

Park Street
PARKVILLE VIC 3026

Metropolitan Remand Centre (MRC)

Middle Road
RAVENHALL VIC 3023

Parkville Youth Residential Centre (PYRC)

Park Street
PARKVILLE VIC 3023

Port Phillip Prison (PPP)

Corner Doherty Road and Palmers Road
LAVERTON VIC 3028

Statewide Forensic Services (SFS)

Yarra Bend Road
FAIRFIELD VIC 3078

Thomas Embling Hospital (TEH)

Yarra Bend Road
FAIRFIELD VIC 3078

Your feedback

If you would like to provide feedback about this annual report, please email corporatecommunications@kangan.edu.au

Additional copies

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