



---

## 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 The Hon. Peter Hall, MLC, Minister for Higher Education and Skills and Minister responsible for the Teaching Profession.

This report provides a summary of the Institute's operations and achievements during 2011.

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

---

# Contents

---

## Introduction

President's welcome	4
CEO's review	6

## Our year

Attestation on compliance with Australian and New Zealand Risk Management Standard	8
Performance statement	9
Key performance targets	10
Business and financial performance	11

## Our organisation

Corporate governance	17
Organisational chart	18
Executive team	19
Board	20

## Strategic direction

Priority areas	29
VETASSESS	31
eWorks	32
Environmental performance	32

## Compliance information

Maintenance and capital works	36
Compulsory non-academic fees	37
Consultancies	38
Freedom of information	38
Information available on request	38
International operations	38
National competition policy and competitive neutrality	40
Objectives, functions, powers and duties	40
Occupational health and safety	41
Whistleblowers' protection	44
Workforce information	45

## Financial reports

Table of contents	46
Auditor-General's report	47
Financial reports	49
John Batman Consultancy and Training Pty Ltd	87

## Disclosure index

Disclosure index	94
------------------	----

# Introduction

The responsible Minister during 2011 was The Hon. Peter Hall, MLC, Minister for Higher Education and Skills and Minister responsible for the Teaching Profession.

## Mission

We provide education and services that help enterprises grow, communities prosper and individuals realise 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 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.
- Understanding and identifying measurable outcomes in the ongoing 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 are pivotal to our success.

## Our story

With a history which stretches back to 1925, Kangan Batman Institute of TAFE (trading as 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 attract more than 40,000 enrolments 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.

We maintain close partnerships with industry and enterprise to continually drive course development and customised training.

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 page 30-31.

## 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 six specialist campuses in and around metro and northern Melbourne. Our campuses are located in:

- Broadmeadows
- Richmond
- Melbourne city
- Docklands
- Essendon
- Moonee Ponds

Our Institute also manages two business arms – VETASSESS and eWorks – 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 300 qualifications and a wide range of short courses, Kangan Institute's training covers everything from automotive and aviation through to business and fashion.

Our training centres include:

- Automotive Centre of Excellence
- Aviation, Engineering and Security
- Built and Natural Environments
- Centre for Business
- Centre for Community Wellbeing
- Centre for Competitive Operations
- Centre for Health and Nursing
- Centre for Youth
- Centre for Corrections Education
- Fashion and Retail
- Hospitality, Travel and Tourism
- Indigenous Education Centre
- Information Communication Technology
- Language Studies

**'Through the implementation of new strategies and processes, we have continued to strengthen our commitment to individuals, communities and enterprises, ensuring that our services meet the ever-evolving needs of our learners and industry.'**

### President's welcome



On behalf of the Kangan Institute Board, I proudly present our strategic and financial achievements in the 2011 annual report.

It has been an important year of change and transformation for Kangan Institute as we implemented the Victorian Government's new policy of full contestability for the vocational education and training sector. This ongoing process of change had ushered in many opportunities for growth and development over the past twelve months.

This report details our operations during 2011 and highlights our areas of achievement and growth.

Through the implementation of new strategies and processes, we have continued to strengthen our commitment to individuals, communities and enterprises, ensuring that our services meet the ever-evolving needs of our learners and industry.

Internally, we streamlined and improved our systems and processes to better reflect the government's vision for a skilled Victorian workforce.

With a focus on our customer's need for quality, price, and flexibility all combined with a professional level of service, we have met and, in some cases, exceeded our targets for business, financial and student growth throughout the year.

We also stepped up our commitment to being a leading Lean organisation with further growth and new initiatives in our dedicated Innovation department. The team has steadily led the implementation of Lean methodology across our organisation through the use of departmental visual management boards and the integration of Lean activities into departmental strategic plans.

Our Lean journey also incorporated an environmental focus through dedicated policies aimed at reducing our impact on the environment. A key highlight was the completion of the Automotive Centre of Excellence (ACE) Stage II which achieved a 5-Star Green Star rating for its innovative sustainable design features.

Our Institute has continued to evolve to reinforce its position both locally and internationally as a leading and progressive TAFE institution.

Over the past twelve months, we carried out a series of engaging marketing campaigns to further solidify our new brand, new name and new logo rolled out in 2009. A recent market survey of prospective students has revealed a 600% increase in awareness of Kangan Institute's brand and service.

2011 also saw our continued participation in some exciting initiatives on the international scene. An agreement was signed with the Maharashtra Government in July to award certification in automotive and aviation diploma programs. This initiative will pave the way for Kangan Institute's delivery of a range of training and assessment services in India over the coming years.

As we move into a more competitive environment in the months ahead, we look forward to maximising our opportunities to grow, develop and further customise our services to better meet new needs of our learners and clients.

It has been an honour to serve my first term as Board President over the past months. When I began my term, Kangan Institute was in a strong position to move forward in line with government policy reforms and throughout the year we have steadily progressed to fulfil our vision to deliver a strong, skilled 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 to the learning experience of our students.

I would like to thank my fellow Board members for their continued support, dedication and guidance throughout the year. In particular, I would like to express my sincere thanks to my predecessor, Dominic Andreatchio, whose clear vision set in place the Institute's steady and successful growth amidst the challenges faced in the past months.

I would also like to acknowledge the special efforts and contributions from outgoing Board members Matthew Stewart, Arfa Noor and Rudi Pavani. I wish them all the best for their future endeavours. A warm welcome is extended to three new members Andrew Priest, Sarangi Senanayake and Darren Millman – I'm sure we'll achieve some great things in the years to come with the expertise they bring to the Board.

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 which has ensured that we continue to thrive during one of the most challenging periods of change for the VET sector. His strong leadership continues to pave our way to greater success and growth.

The Board and the Institute is backed by a quality senior management team and a talented, dedicated staff body across teaching and support areas. I thank you all for your contributions throughout 2011 and look forward to our continued success in 2012.

**Michael Brown**

Kangan Institute Board President

**'Through the diversification and continued improvement of different products, services and delivery methods, we have kept our sights firmly on driving quality and overall growth, achieving great results in the process.'**

## CEO's review



In 2011, Kangan Institute has once again fulfilled our core mission to help enterprises grow, communities prosper and individuals reach their full potential.

Through our educational and training efforts, we have improved the competitiveness and contributed to the growth of hundreds of businesses. A large number of domestic and international community groups have benefited from our staff volunteer initiatives and we have contributed more than \$100,000 to selected causes.

Over the past twelve months, we have directly assisted many individuals to reach their full potential with over 40,000 cumulative enrolments.

It was a momentous year of change and challenge for TAFE with the Victorian government's full implementation of contestability which had in turn motivated significant organisational and operational reform in our core business.

However, our achievement of \$6.5 million operational profit clearly indicates the quality and success of Kangan Institute's strategic and operational plans. Through the diversification and continued improvement of different products, services and delivery methods, we have kept our sights firmly on driving quality and overall growth, achieving great results in the process.

### Financial sustainability and steady growth

With a steady operating surplus for 2011, Kangan Institute will continue to build financial sustainability and growth in market share across our target markets through the reinvestment of surplus funds to improve our facilities, equipment and educational quality.

Our goal of maintaining a strong financial position was achieved with a healthy working capital ratio of 153%.

In 2011, we officially opened our dedicated nursing and health training campus in Moonee Ponds in a clear implementation of the Victorian government's policies for skills development throughout the state.

The year also saw the completion of Stage II of the Automotive Centre of Excellence (ACE). The newly expanded facility consolidates all of Kangan Institute's automotive related skills and workforce development activities at Docklands, establishing the facility as Australia's premier automotive industry training centre.

Established with funding support from the Victorian government, the ACE Stage II is geared to bring together customised automotive training and product and process innovation under the one roof, reflecting the state government's vision for a highly skilled, competitive automotive industry.

### Partners in training

Our financial growth is inherently linked with our industry partnerships and 2011 was a great year for forging new links while strengthening our relationships with existing partners.

Kangan Institute's partnership with Metro Trains Melbourne yielded great results as we congratulated over 1,300 Metro employees graduating from a range of Kangan Institute programs. The training partnership is ongoing with more than 900 Metro employees given access to traineeships, management programs and skills recognition assessments this year.

The year also saw the launch of a new partnership with Australian Arrow to recognise the wide-ranging skills of more than 100 employees through on-site workplace assessments.

An exciting training partnership with the Council of Textile and Fashion Industries of Australia (TFIA) was forged to enhance our fashion students' links to industry and employment opportunities. The partnership also saw the completion of a new, purpose-built facility for industry at our Richmond campus.

Beyond our shores, Kangan Institute continued to strengthen its reputation in the international marketplace with new partnerships and initiatives.

We kicked off a strategic partnership with the Malaysia Automotive Institute to bolster skilled labour in the automotive sector and strengthen economic and business ties between automotive based companies in both countries.

We also took big steps toward establishing our training expertise in India through an agreement with the Maharashtra Government to award certification in automotive and aviation diploma programs. As a public provider working in a world-renowned training system, this initiative will enable us to share our knowledge and experience of the Victorian vocational education sector. Further plans are in place to develop projects across a range of areas including VET teacher training, curriculum development and distance learning.

### Staff engagement

Our staff survey results for the year yielded a high response rate of 67%, which 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. With an overall engagement rate of 55%, we exceeded the high performing benchmark and the education sector average by more than 15%. Having a high employee engagement rate is a clear indication of our success in meeting our strategic goal of being a first choice employer.

### A customer-centred approach

Many individuals and enterprises received valuable benefits from their engagement in foundation, skills building and skills deepening activities with us in 2011. Some of our top-performing students have won awards across various fields from fashion and millinery to hospitality and tourism.

With upfront assessment and personalised learning plans implemented for all our customers, we continue to play a broad role in the north-west suburbs and persist in being the first choice through professional service experience.

The year also saw the launch of our Student Journey system to capture a student's experience within Kangan Institute from their point of enquiry to enrolment and graduation. The new system set in place a more personalised, intuitive and customer-oriented experience for our students.

In line with our strategy of widening access and diversity and improving participation, we also introduced a renewed Disability Action Plan (2011-2014) to strengthen our ongoing commitment to inclusive training and employment practices for people with a disability.

We continue to be a key Indigenous education provider and were awarded the 2011 Wurreker Award as Victoria's best TAFE Indigenous Education Centre.

### Lean and innovative processes

From the implementation of new methodologies to the streamlining of current procedures, our Lean practices are starting to produce real dividends through improved processes leading to less waste and improved customer value.

Our Lean initiative is all about achieving better operational outcomes, developing new streamlined processes and continuously improving our service to customers through the innovation and customisation of our learning products and services.

We achieved this goal in 2011 through ongoing training and professional development for staff, the growth of a dedicated Innovation department, the implementation of Kaizen (rapid improvement) events and the use of Visual Management Boards (VMBs) to instil systematic problem solving throughout all departments.

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

I take this opportunity to acknowledge the strong support we have received from our Minister, the Hon. Peter Hall, and the staff of Skills Victoria.

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

Kangan Institute's success in 2011 is also a direct result of our dedicated team of teaching and support staff who have provided incomparable value for our learners and commercial clients. I thank my colleagues at Kangan Institute for their contributions which has resulted in yet another year of high-performance and outstanding outcomes, and I look forward to our continued success in 2012.

**Ray Griffiths**  
CEO

# Our year

## Attestation on compliance with Australian and New Zealand Risk Management Standard



Kangan Institute  
Financial Report for the Year Ended 31 December 2011

### 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.

Richard Turnbull – Chief Finance and Accounting Officer

15th March 2012  
Broadmeadows

## Performance Statement for 2011



Kangan Institute  
Performance Statement for 2011

In our opinion, the accompanying Statement of Performance of Kangan Institute, in respect of the 2011 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.

Michael Brown  
Chairperson of the Board

15th March 2012

### Achievement of 2011 Key Performance Targets

Key Performance Indicator	Target	2011 Achievement	2010 Achievement	Note
<b>Strategic Alignment</b>				
Participation of 15-24 Year olds		11,729	13,774	1
Participation of 25-64 Year olds		15,693	14,520	2
<b>Training Outcomes</b>				
Module Load Completion rate	81%	79.0%	80.5%	3
Student satisfaction (graduate)	88.6	89.8	87.6	4
<b>Financial Management</b>				
Total Cost (excluding depreciation) per Student Contact Hour (SCH)	\$13.20	\$11.23	\$11.81	5
Working Capital Ratio (excluding non-current LSL Provision)	1.37:1 Ratio	2.17:1 Ratio	1.93:1 Ratio	6
Net Operating Margin (excluding Government capital contributions)	6.5%	6.2%	6.7 %	7
Commercial Revenue	33.6%	31.3%	31.6%	8
<b>Organisational Management</b>				
Earnings per EFT staff	\$131,387	\$142,819	\$131,078	9
Student Contact Hours (SCH)	7,100,000	7,435,629	6,798,980	10
<b>Environment</b>				
Change in Energy Consumption	-4.5%			11
Electricity		+5%	+16%	
Greenpower		+44%	+8%	
Natural Gas		+5%	-8%	

**Notes:**

- The number of students aged 15-24 decreased by 14.8% from 2010.
- The number of students aged 25-64 increased by 8.1% from 2010.
- The module load completion rate declined slightly from 2010.
- Student satisfaction is provided from the NCVET report and is based on how important an attribute is, compared to how well the Institute performs. (It is not a percentage.) Kangan Institute has one of the highest rates of student satisfaction in Victoria.
- Through economies of scale, Kangan Institute was able to reduce costs below both the 2010 cost and the budgeted cost. The achievement of this key performance target has contributed to the continuing attainment of sound operating surpluses.
- Kangan Institute's Working Capital ratio continues to show a strong financial position as at the end of 2011. The target reflects an expected ability to make more longer term investments but this was restricted by the Department of Treasury & Finance's requirement to only invest in AAA rated organisations.
- Kangan Institute achieved a reduced Operating Margin in 2011 as increased funds were expended on strategic and building projects.
- The percentage of Commercial Revenue to total revenue is expected to increase in future years when the government reduces the amount of Capital revenue.
- Kangan Institute regards revenue per staff member as a very important key performance indicator and through professional management has again exceeded its target.
- Despite a reduction of over 3% in the number of students who enrolled during 2011 compared to 2010, the number of student contact hours undertaken by students increased by an average of almost 13% per student. This resulted in a 9.4% increase in the number of student contact hours for 2011.
- Energy Consumption: Overall consumption of both coal generated electricity and green power electricity increased by about 8% in 2011 due to climatic conditions. With the closure of Coburg and Moreland campuses at the end of 2011 and an investment of \$1.3M in energy saving measures, a reasonably sized reduction in energy and costs is expected in 2012.

### Business & Financial Performance 2011

2011 was the first full year of the government's Skills Reform policy of funding which

- removed the capping of the number of students that TAFEs can teach;
- increased payments from students;
- removed government funding for students with similar or higher levels of qualifications; and
- no longer funded TAFEs for enrolled subjects.

The stated aim of the Skills Reform policy is the intention to have more Victorians gain qualifications and part of the policy is to increase competition between TAFEs and private education training companies.

Given the uncertainty of Kangan Institute's student numbers as a result of the funding changes and increased competition, there was less confidence that the financial operating performance for 2011 would be as successful as previous years.

In order to make 2011 and future years as successful as possible, the management of Kangan Institute further increased advertising and marketing of the Institute and its courses from \$1.3 million in 2009 to \$2.8 million in 2011. More focus was given to providing our customers with training tailored to suit their requirements.

Improvements were made to enrolment procedures and increased focus was placed on customer service and increasing student satisfaction. To reduce expenditure, additional staff were allocated to the Institute's Lean activities with the aim of making procedures more efficient, effective and less costly to administer.

2011 was another successful year for Kangan Institute.

- An operational profit of \$6.5 million was achieved (after paying \$3.1 million towards introducing strategic learning projects).
- Having paid \$12.3 million during 2011 towards the new Docklands campus building, a healthy working capital ratio of 153% was maintained.
- The number of training hours increased by 9.4% above the level for 2010.
- \$46 million of commercial activity was achieved.
- The Institute was able to close two older campuses.

### 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 2011 business plan were:

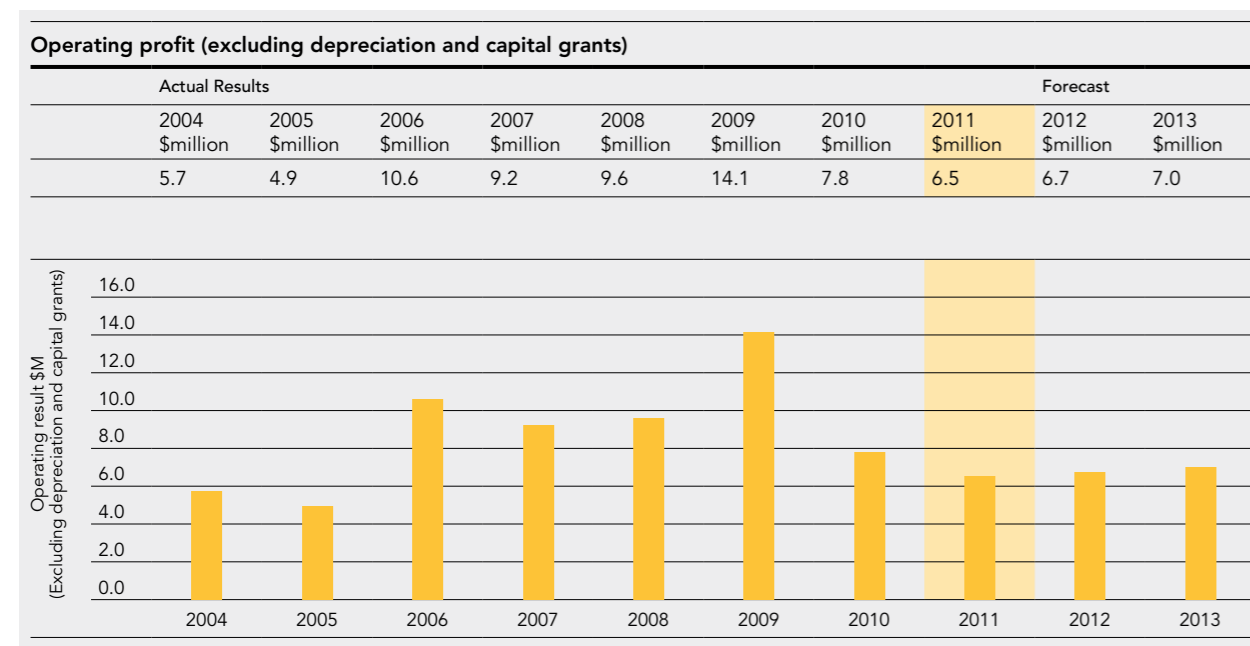
- Adapt to the new government policy 'Skilling Victoria' which allows for removal of limitations on the number of students, changes in the fee structures and the introduction of more competition with private training providers.
- To ensure that all activities are profitable so as not to divert funds 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 facilities for students and better learning resources.
- To maintain a healthy working capital ratio.
- To deliver the targeted number of student contact hours to ensure financial budgets are met.
- To maintain a sound balance sheet.

### 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

The following graph shows profitability for the last eight years, with forecasts for the next two years.

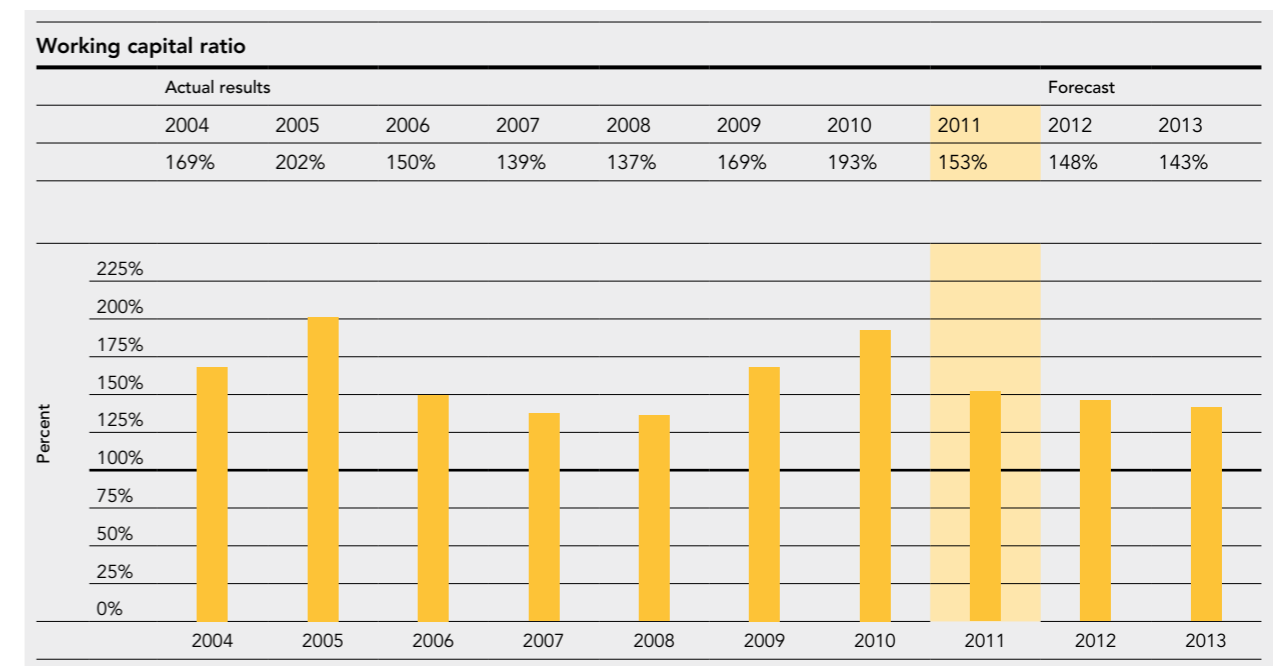


### Working capital ratio

A major 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 currently planned building activities and strategic initiatives. Additional funding will be required to undertake further development of the Docklands campus or to undertake the construction of a new health training building.

In 2011, the Institute allocated \$12.3 million towards completion of the Docklands campus and a further \$3.1 million towards strategic projects which contributed to a lower working capital ratio than 2010. Further small reductions in the working capital ratio are forecasted for the next two years.

The following graph shows the working capital ratio for the last eight years, with forecasts for the next two years.

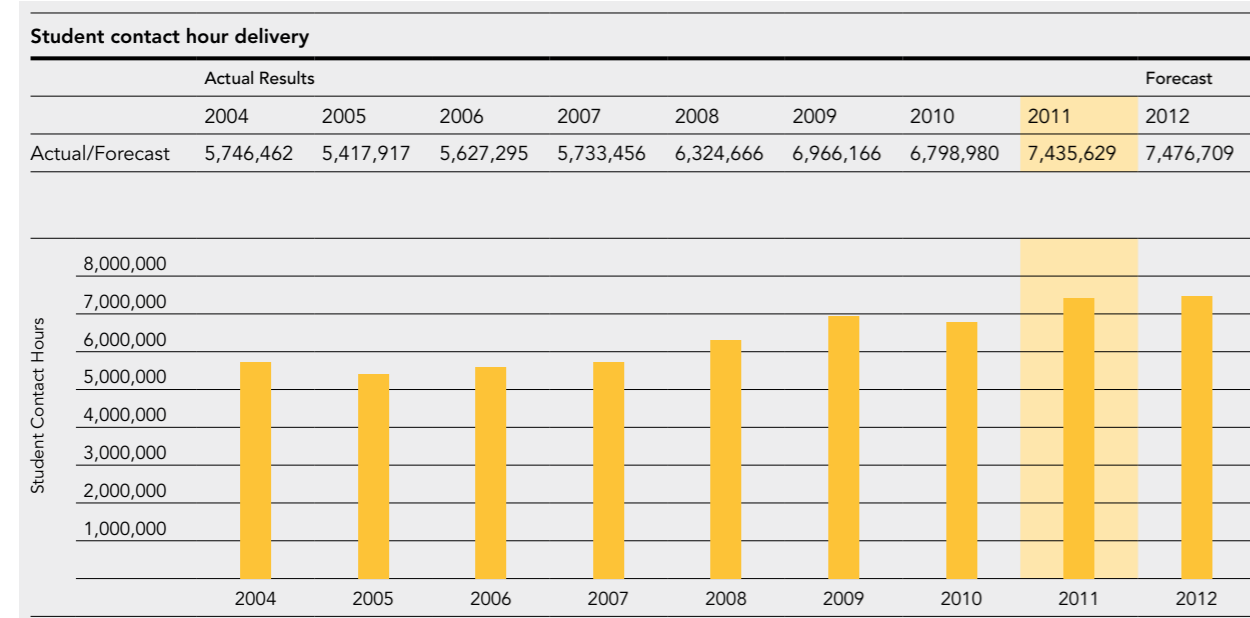




### Student contact hour delivery

The demand for training courses in the north-west corridor of Melbourne was not able to be met prior to 2011 as government funding was capped. With the removal of this limit, training hours increased by 9.4%. While it is difficult to plan for future demand, a further 0.6% increase is forecasted for 2012.

The following graph shows the student contact hour delivery for the last eight years, with forecast for the next year.



### Commercial earnings

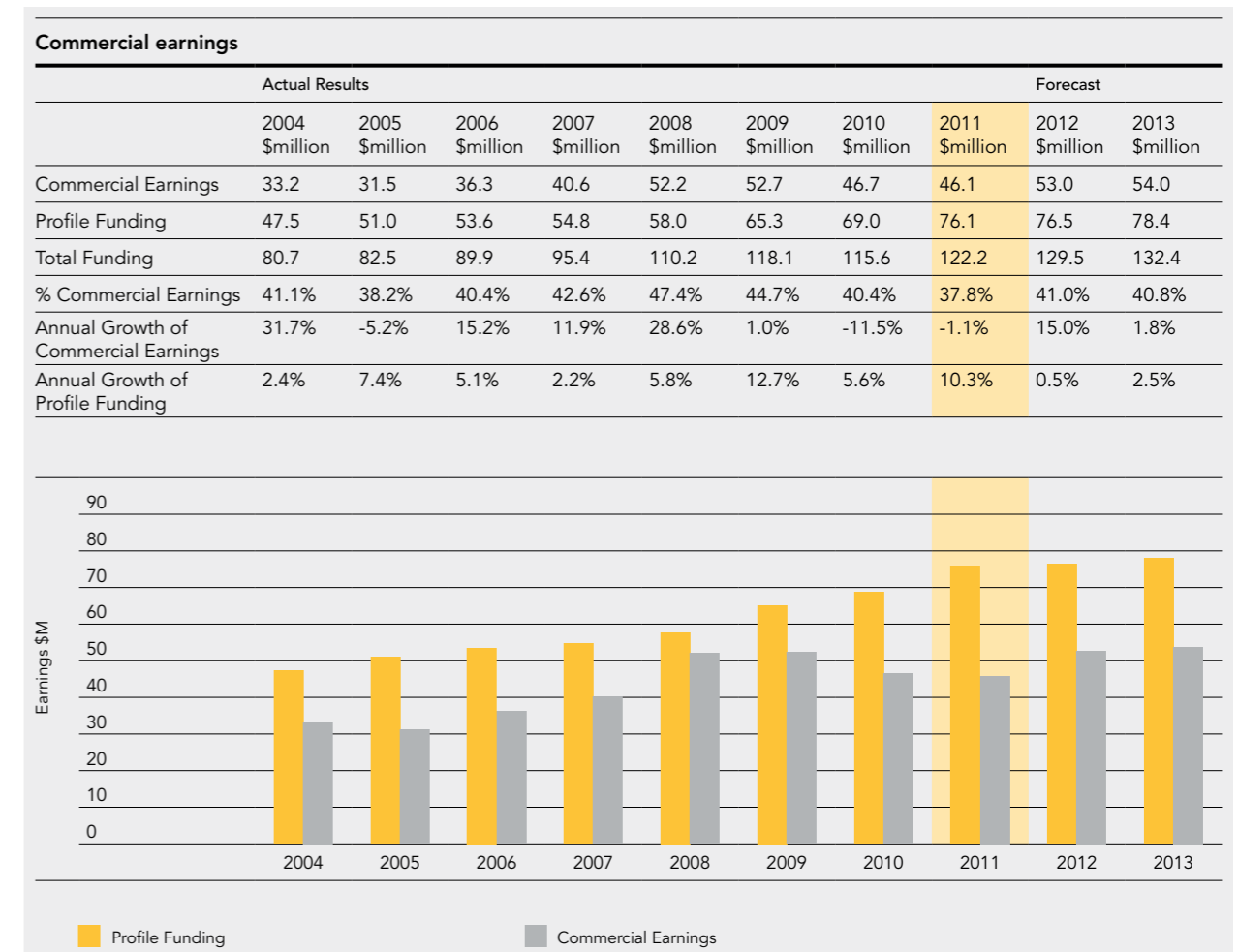
Commercial earnings are an important component of the services offered by Kangan Institute.

Kangan Institute aims to increase its level of commercial earnings over the next two 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 commercial culture with a greater focus on activity profitability
- increased international students and international assessment activities
- managerial accountabilities for achievement of commercial earning targets
- targeting of increased international business activity
- assisting departments to reduce the corporate infrastructure charge attributable to commercial activities to enable them to become more commercially cost competitive

The following graph shows the proportion of revenue achieved from commercial earnings over the last eight years together with forecasts for the next two years.



### Growth in net assets

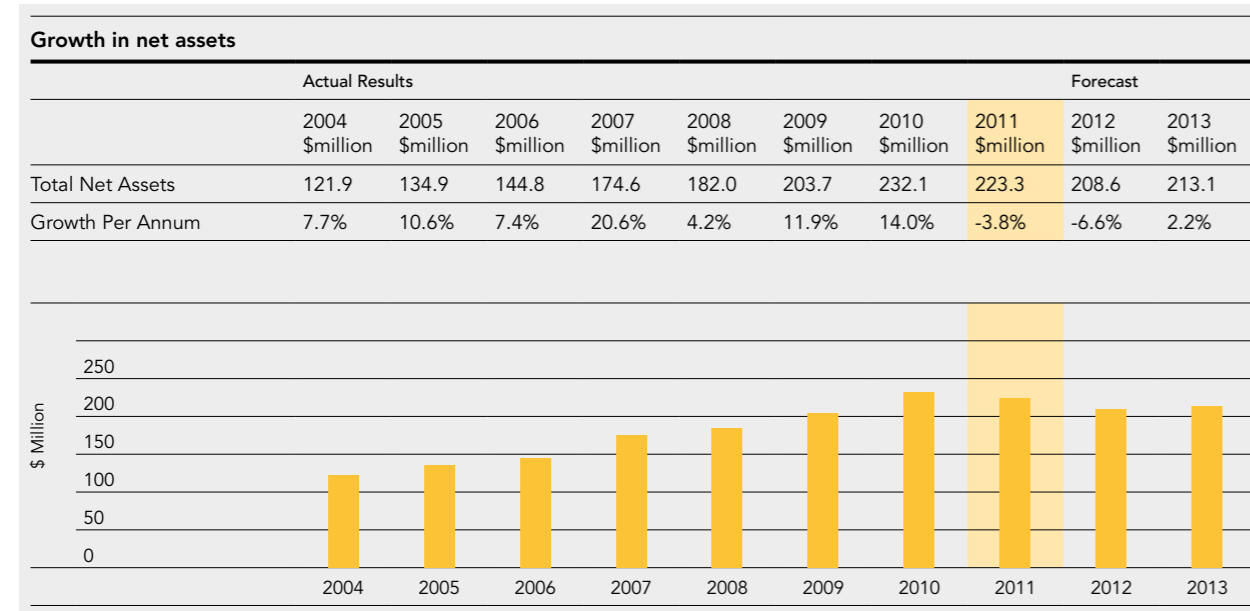
The value of the Institute's net assets has increased from \$121.9 million in 2004 to \$223.3 million in 2011 (an 83% increase over seven years).

Stage Two of the Docklands campus was completed in 2011 and teaching in the new facility commenced in early 2012. While the majority of Stage Two was funded by the Victorian government and the proposed sale of two existing campuses, the Institute will contribute up to \$20 million from retained earnings to this project. Stage Three will continue to be evaluated during 2012.

The Coburg campus and Moreland campus were closed during 2011 and the value of net assets has been reduced accordingly. The Gwynne Street site at the Richmond campus will be closed during 2012 after the Cremorne Street site has been restructured.

The healthy financial surpluses of the last seven years has enabled the amount spent on equipment to also have a significant contribution to the growth in net assets.

The following graph shows growth in net assets over the last eight years together with forecasts for the next two years.



## Our organisation

### Social commitments and ethics

Kangan Institute is committed to:

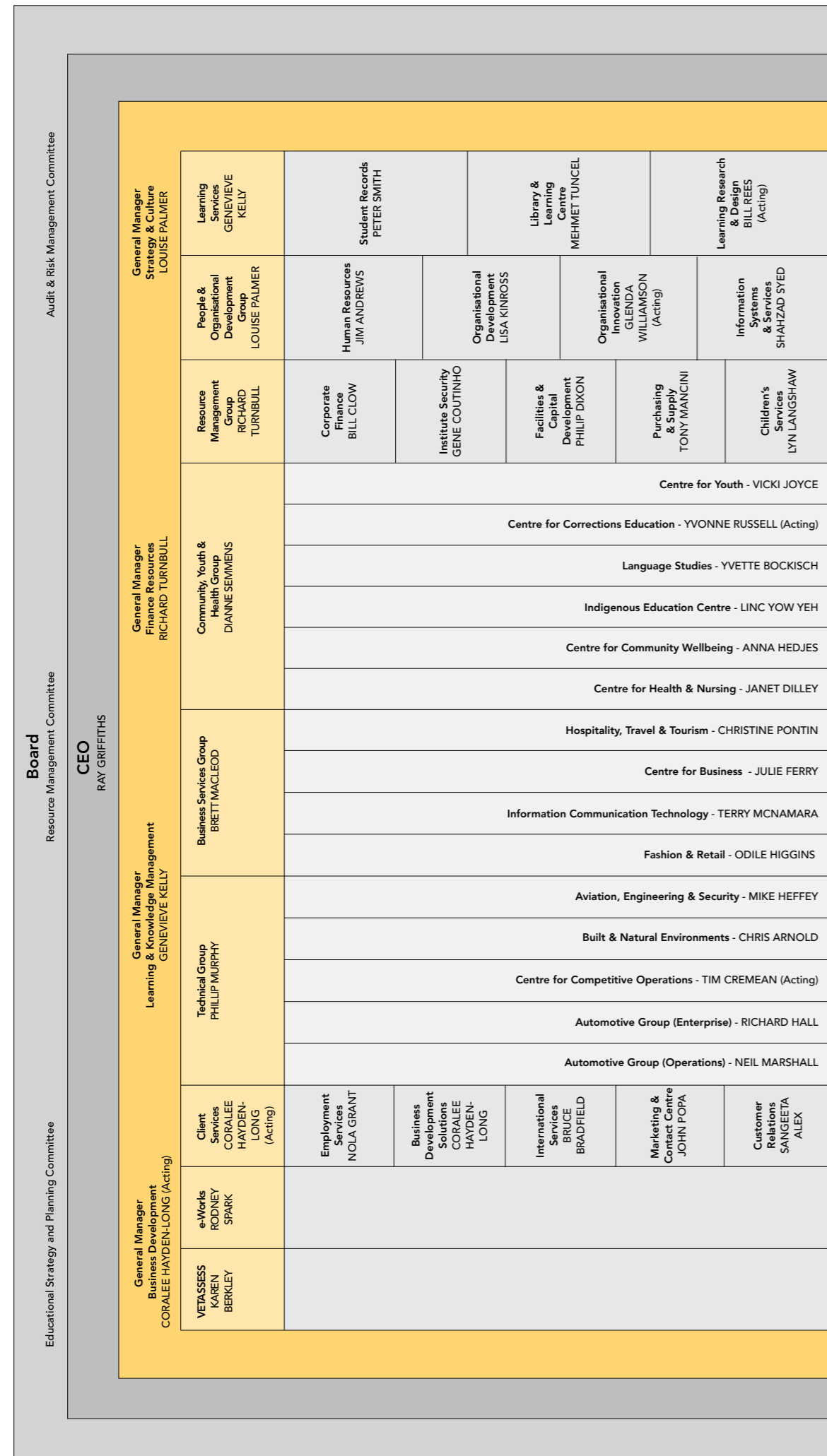
- conducting business as a responsible corporate member of society
- giving proper regard to health, safety and the environment in conducting business
- observing the laws and respecting the social and cultural environments of the countries in which it operates
- being politically impartial as an agency 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 relations 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.



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 eWorks, which are separate business units, report directly to the CEO Ray Griffiths.



#### Chief Executive Officer

**John Barnes**  
 General Manager  
 Group responsibility: Client Services  
 Institute responsibility: Business Development

**Karen Berkley**  
 General Manager  
 VETASSESS

**Genevieve Kelly**  
 General Manager  
 Group responsibility: Learning Services  
 Institute responsibility: Learning and Knowledge Management

**Brett MacLeod**  
 General Manager  
 Group Responsibility: Business Services

**Phillip Murphy**  
 General Manager  
 Group responsibility: Technical Group

**Louise Palmer**  
 General Manager  
 Group responsibility: People and Organisational Development  
 Institute responsibility: Strategy and Culture

**Dianne Semmens**  
 General Manager  
 Group responsibility: Community, Youth and Health

**Rodney Spark**  
 General Manager  
 eWorks

**Richard Turnbull**  
 General Manager  
 Group responsibility: Resource Management  
 Institute responsibility: Finance Resources

## 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 implemented on a timely basis
- reviews the proposed internal audit plan for the coming year, ensures 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 subcontractors 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 i.e. track all agreed action points from audit
- evaluates the process the Institute has in place for assessing the effectiveness and efficiency and continuously improving internal controls, particularly those related to areas of significant risk e.g. 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 signs off on the accounting policies of the agencies
- reviews the process for Monitoring Compliance with laws and regulations pertaining to the Human Resource Policies and Procedures Manual and Code of Financial Practice

The committee:

- reviews 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
- obtains 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
- makes 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
- reviews 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 Kangan Institute Strategic Plan.
- report to the Board of the Institute's progress on the achievement of strategic objectives and provide recommendations to the Board of any corrective actions.
- provide the Board with advice on educational planning and strategy development, including:
  1. marketing
  2. workforce
  3. business development
  4. teaching and learning
  5. youth
  6. innovation
  7. information systems and services
  8. facilities master plan
- review government policy developments on vocational education and training
- receive reports from the Institute Board of Studies
- review 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:

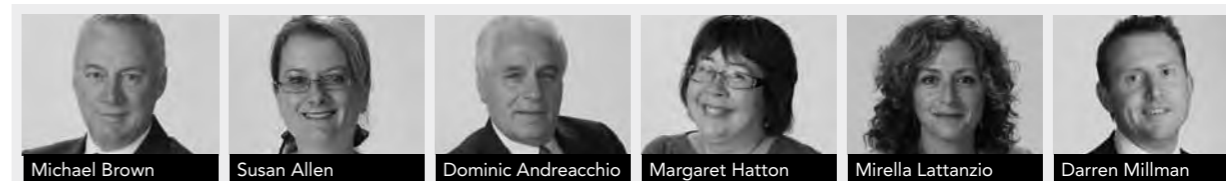
- ensure that the Institute's financial systems are appropriately managed and that the strategic and operational aspects of financial planning, management, record keeping and financial reporting enhance the consistency, accuracy and reliability of the Institute
- ensure compliance with the responsibilities 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 2011.

Board and committee memberships					
Board Member	Type of Appointment	Board Meetings	Educational Strategy and Planning Meetings	Resource Management Meetings	Audit and Risk Management Meetings
Susan Allen	Co-opted Member	3/7			4/6
Dominic Andreacchio	Co-opted Member	6/7	5/5		
Michael Brown	Ministerial (Industry)	7/7 (Chair)	4/5	5/6	5/6 (Chair)
Ray Griffiths	Ex-officio Member	6/7	5/5	6/6	6/6
Margaret Hatton	Co-opted Member	7/7		6/6 (Chair)	4/4
Mirella Lattanzio	Ministerial (Industry)	5/7	5/5		
Darren Millman*	Ministerial (General)	2/2			1/1
Helen Murphy	Ministerial (Industry)	4/7	4/5		
Arfa Noor+	Student Representative	2/2		1/1	
Rudi Pavani++	Staff Representative	3/3		3/3	
Andrew Priest**	Staff Representative	4/4	2/2	2/2	
Sarang Senanayake***	Student Representative	4/5		4/5	
Linsey Siede	Ministerial (General)	7/7			6/6
Matthew Stewart+++	Ministerial (Industry)	2/2			1/1 (Chair)
Robyn Stewart	Ministerial (Industry)	4/7		3/6	
Stelvio Vido	Ministerial (Industry)	6/7		3/6	
Jaqueline Wilson	Ministerial (General)	6/7	4/5 (Chair)		

\* Darren Millman's term commenced on 26 October 2011  
 \*\* Andrew Priest's term commenced on 1 July 2011  
 \*\*\* Sarangi Senanayake's term commenced on 1 April 2011  
 + Arfa Noor's term expired on 31 March 2011  
 ++ Rudi Pavani's term expired on 30 June 2011  
 +++ Matthew Stewart's term expired on 31 March 2011



### Board members

#### Michael Brown President

*Bachelor of Business (Manufacturing)*

Michael is currently working with Pacific National and previously held the position of general manager, heavy maintenance and training at Qantas Australia. His key areas of expertise include the aviation industry, operations management, regulatory compliance, industrial relations, facility contract management, Lean and Six Sigma.

#### Susan Allen

*MBA, BSc (OH&S), Diploma of Business (Frontline Management), Diploma of 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.

#### Dominic Andreacchio

*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.

#### Margaret Hatton

*Bachelor of Commerce, Bachelor of Applied Science, 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.

#### 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.

#### Darren Millman

*Chartered Accountant – Institute of Chartered Accountants of Australia, Bachelor of Business (Accounting), Graduate Diploma of Applied Corporate Governance – Chartered Secretaries of Australia*

Darren has held a number of accounting and management positions with several companies and has industry experience in mining, construction and working with government bodies. Darren currently holds the position as General Manager of Finance and Company Secretary for Ivanhoe Australia Limited, a Top 200 publicly traded company.



**Board members**

**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 of 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.

**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. She holds a Certificate III and IV in Financial Services and is currently completing the Diploma and Advanced Diploma of Accounting

Through her education and work experience, Arfa has achieved and developed technical knowledge in 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.

**Rudi Pavani**

Bachelor of Arts (Hons) Literature, 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.

**Andrew Priest**

Diploma of Vocational Education and Training Practices, Certificate IV in Workplace Training and Assessment, Certificate IV in Small Business Management, Certificate III in Horticulture, Certificate III in Automotive (Light Vehicles) and currently undertaking a Diploma of Management

With a wide range of external skills and experience across a number of industry areas, Andrew is currently employed as program leader for the horticulture program within the Built and Natural Environment department. He is an active member of the Kangan Institute Environmental Committee as well as the Environmental Champion's Steering Committee at Hume City Council.

**Sarangi Senanayake**

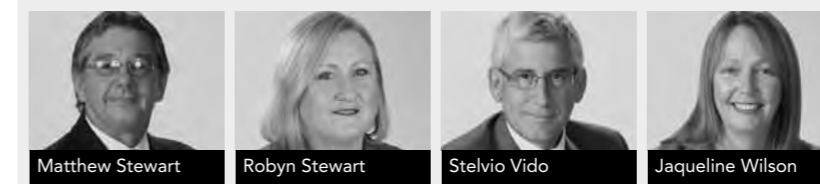
Sarangi is currently undertaking a Bachelor of Commerce (Accounting) after recently graduating from the Advanced Diploma of Accounting at Kangan Institute

As an international student, Sarangi is highly involved in multicultural community events and festivals through the Hume City Council. Sarangi is currently working as a Net.Help administrative assistant via the Hume Volunteer Gateway Program.

**Linsey Siede**

Director, Likatibro Consulting. 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 Frigrity 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.



**Board members**

**Matthew Stewart**

FCCA, AFAIM, Diploma of Business (Accounting), Graduate Diploma of 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 sectors 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 and 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 2011 include monitoring and advising on the development of the:

- 2012-2013 Kangan Institute strategic plan
- 2012 Kangan Institute business plan
- 2012 eWorks business plan
- 2012 VETASSESS business plan
- 2012 risk management plan
- marketing plan
- community profile
- workforce plan

The Board also conducted reviews of:

- tax compliance

- procurement
- general government purchasing cards and tax compliance
- commercial contracts
- budgeting management
- knowledge management
- revenue and accounts receivable
- student fee structures
- student loans scheme – VET Fee Help
- IT general controls
- instrument of delegation of power
- financial delegations

The Board also undertook oversight of:

- procurement of major equipment for Automotive Centre of Excellence (ACE) Stage II
- construction of textile industry training centre at Richmond campus
- reserves expenditure for 2010 and transfers for 2011
- procurement of supply, manufacture and installation of loose furniture at ACE Stage II
- procurement of hydraulic training equipment for ACE Stage II
- procurement of manufacture, supply and installation of workbenches and related equipment for ACE Stage II
- tender for Institute publication printing services panel
- tender for Institute stationery printing services
- negotiation and signing of Energy Performance Contract
- tender for library management system
- the Institute's master plan
- consolidation of Richmond campus' automotive facilities for ACE Stage II
- the Institute's public tender process
- negotiations on the development of further stages of the ACE
- monitoring Institute strategic plan and building maintenance reserve
- monitoring of VETASSESS projects reserve
- 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 2012 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 2012, 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 2011, Board members participated in the following training and development activities related to their role as Board members:

- 2011 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.

# Strategic direction

## Our strategic priorities

Kangan Institute's 2011-2018 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 evolve rapidly and that we need to continually adapt to meet the expectations of our students and customers by being customer centred, differentiating ourselves from the competition and adding tangible value for all our clients.

Our strategic vision aspires to operate locally, nationally and internationally by 2018 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

Our strategic focus governs all of Kangan Institute's activities through key performance targets and a strong focus on measurable outcomes. It is reviewed and measured regularly for progress and milestones.

### 1. Our customers

- Upfront assessment and personalised learning plans implemented for all customers
- Broad role in North-West suburbs
- Key Indigenous education provider
- Widen access and diversity and improve participation
- First choice through professional service experience

### Industry-focused learning

We continue to build strong ties with industry to incorporate real-world training in our programs and improve our students' employment outcomes.

Through the Work Integrated Learning initiative, Kangan Institute's Information Communications Technology department has placed more than 100 of its students into workplaces, with numerous students securing employment following their placement.

Our fashion department has also taken strides towards new industry links with a new partnership with the Council of Textile and Fashion Industries of Australia, and AusIndustry. With the establishment of a new purpose-built facility for the textiles industry at our Richmond campus, the partnership aims to attract greater industry participation and provide fashion students with more links to employers and opportunities to network.

### Access and diversity

Kangan Institute's commitment to promoting a positive and welcoming culture that recognises individual differences, diverse learning and individual working styles is an ongoing process.

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

The launch of a new Disability Action Plan in July 2011 was a significant step in identifying realistic goals and specific targets to ensure that people with a disability are treated with equal respect within an inclusive learning and working environment. Developed in consultation with students and staff, the plan is designed to increase our flexibility, responsiveness and capacity to reasonably accommodate students and staff with a disability.

In line with the Institute's reputation as a leading Victorian TAFE for employment outcomes, the new Disability Action Plan aims to ultimately increase the educational and employment success of students with a disability.

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.

### Key Indigenous education provider

Through our initiatives at the Institute's Indigenous Education Centre, we continue to be the largest provider of Indigenous programs in the state and are dedicated to improving training and employment opportunities for Indigenous people.

Kangan Institute's commitment and achievements in Koori education was recognised by the Victorian Aboriginal Education Association, culminating in the 2011 Wurreker Award as Victoria's best TAFE Indigenous Education Centre.

### 2. Our financials

- Continue to build financial sustainability
- Growth in market share in target markets
- Self-reliance: strategic reinvestment of profits into staff, capital and equipment

### New facilities and campuses

Kangan Institute's Docklands campus, the Automotive Centre of Excellence (ACE), completed its second stage of construction to unveil a new range of state-of-the-art technology and equipment.

Poised to be the largest and most modern automotive training facility in the southern hemisphere, the expanded ACE campus includes a world-class vehicle and engine testing facility, specialised workshop areas converging industry and learning environments and distinctive event spaces available for industry hire.

The Institute also officially opened our dedicated nursing and health training campus in Moonee Ponds, signalling a new era for vocational training in Melbourne with enormous benefits for Victoria's health industry. Fully-equipped with the latest technology, the facility aims to meet the rapid growth in nursing and health student intake.



### An international approach

Kangan Institute has joined with the Malaysia Automotive Industry to launch a strategic partnership that strengthens economic and business ties between automotive based companies in both countries.

The partnership will see Kangan Institute training 20 trainers from various Malaysian academic and vocational training institutes with the aim to improve skilled labour in the automotive sector and ensure the international competitiveness of both countries.

We also took key steps into the Indian education sector through an agreement signed with the Maharashtra Government to award certification in automotive and aviation diploma programs.

The programs will be delivered in collaboration with a number of Indian technical institutes, with joint certification by Kangan Institute and the Maharashtra State Board of Technical Education. Further plans are in place to develop projects across a range of areas including VET teacher training, curriculum development and distance learning.

### 3. Our business processes

- Leading in research and development of new products and services
- Leading in approach to environmental sustainability
- Lean principles applied to all business processes

#### Student journey system

Launched in 2011, the student journey system is a streamlined process of accurately capturing a student's life cycle within Kangan Institute. The application allows staff to trace the whole student journey from the moment a prospective student lodges an enquiry through to application, offer, enrolment and completion of studies.

This system enables us not only to provide customers with a professional customised service, but also to track all enquiries and capture information including the type of enquiry, source of enquiry or reasons for course dropout.

#### Lean thinking and practices

Key steps were taken to acquire a high level perspective on Lean thinking through the executive team and middle managers' participation in an intensive Lean leadership program. The program focused on leadership behaviours required to enable Kangan Institute to become a truly Lean enterprise.

Through an assessment of Kangan Institute's Lean maturity, the program culminated in a series of action plans being developed and assigned to owners. With the support of the Innovation department, these actions plans will be implemented across the Institute from 2012.

Lean processes were also driven through the establishment of a Lean Champion program that aims to develop a core group of Lean champions with the expertise to influence, inspire, coach and mentor staff within their groups, provide a 'go to' person for staff requiring support with Lean activities, build on and increase Lean learning and activities across the Institute and encourage networking and interdepartmental collaboration.

#### Environmental focus

The year saw the successful implementation of the 2011 – 2012 Environmental Strategy and Action Plan that focused on a streamlined, Institute-wide approach to environmental sustainability. Key initiatives included an increase in the use of solar panels, the launch of internal video conferencing to reduce the need for staff travel between campuses and the revision of vehicle fleet options to increase fuel efficiency.

Kangan Institute also launched numerous awareness campaigns, including the 2011 National Ride to Work Day with more than 100 Kangan Institute staff and students cycling, walking or catching public transport to campus. Coordinated by our environment committee in conjunction with Hume City Council, the program aligns with the Institute's environmental and community focus and serves as a precursor to more sustainable initiatives in 2012.

Read more about our environmental initiatives and performance on pages 32-35.

### 4. Learning and growth

- Leading in learner-centred educational methods and technologies
- Effective knowledge management systems
- First choice employer

#### A safer workplace

The Safety Cross initiative, a visual management tool to record and monitor OH&S incidents, was implemented across all departments in 2011. Designed to ensure that all staff that make up Kangan Institute are equally respected and provided with a safe working environment, the tool has increased the prominence and focus given to health and safety issues in the workplace. It has also helped with problem solving and the development of actions to address the issues identified.

Read more about our occupational health and safety initiatives on pages 41-44.

#### Community engagement

The community engagement strategy provides Kangan Institute with a strategic blueprint for our long-standing commitment to community. Its foundation lies in Kangan Institute's origin as a community college, Broadmeadows College of TAFE, which provided local and affordable further education for a socially disadvantaged demographic.

Operating now as Kangan Institute, we continue to actively promote social responsibility locally and internationally through our strategic priorities and our grassroots community relationships and connections.

### VETASSESS

VETASSESS is a leading international provider of assessment services and products. As an assessment-only registered training organisation, VETASSESS has an extensive scope of registration that covers more than 70 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 managerial, professional, technical, clerical and administrative or community and personal service worker classification.

Key developments in 2011 were:

- 11% increase in applications compared to 2010, with a surge in applications in the first half of 2011.
- Department of Immigration and Citizenship (DIAC) policy changes implemented on 1 July 2011 that included a new points test and a revised Skilled Occupation List for the General Skilled Migration (GSM) program (which had two additional occupations to be assessed by SRGO).
- DIAC authorised VETASSESS to provide an opinion on whether applicants with a positive skills assessment had completed qualifications and employment which also met the new points test criteria. SRGO was also authorised to provide points test advice on Doctoral level qualifications held by applicants who completed a skills assessment from another assessing authority.
- In May 2011, SRGO introduced an advisory service to provide applicants with written replies to questions about the application process and assessment criteria relevant to their particular qualifications and employment history. The fee payable for this service provides a discount on one subsequent application for a formal assessment.

#### 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 Centre and the China Higher Education Student Information and Career Centre.

VETASSESS received fewer applications for verification in 2011 compared to 2010 when there was a spike in the second quarter ahead of increased English language competency scores required by the accounting bodies. In 2011, VETASSESS developed an online verification service for external clients which will be marketed in 2012.

#### Skills Recognition – International

VETASSESS undertakes trade skills assessments for individuals wishing to migrate to Australia under the GSM and employer nomination programs and for the temporary worker (subclass 457 visa) program. These three assessment services are managed by VETASSESS in partnership with Kangan Institute and Gippsland TAFE and currently operate in 15 countries and cover 33 different trades. It is anticipated that additional countries and trades will be added to the deed VETASSESS has in place with Trades Recognition Australia (TRA) in 2012.

Kangan Institute values its triple bottom line accountability: financial growth, environmental sustainability and social responsibility through community engagement. Community engagement is encapsulated in our mission to help enterprises grow, communities prosper and individuals realise their full potential. It is prioritised in our current strategic plan to widen access and diversity and improve participation as well as to be the key Indigenous education provider.

The Community Engagement Network Group is the cross-Institute staff collective responsible for the deployment of the community engagement strategy and providing the link between staff, students, local citizens, businesses and groups.

The Institute's commitment to socially marginalised groups is evidenced by Kangan Institute continuing to grow its youth and Culturally and Linguistically Diverse (CALD) enrolments, by being the largest provider of Indigenous VET programs in the state and by enrolling the highest numbers of students with disabilities in Victorian TAFEs.

#### 2011 Projects

In 2011, Kangan Institute committed \$106,000 from its revenue to reinvest in community engagement projects. The supported projects and activities relate to our core business of providing social capital through improving educational and employment opportunities, and include the following cohorts and partners:

- I. Local communities – funding for initiatives in Melbourne's north-west that promote the value of the community, learning and/or work readiness skills for disadvantaged groups through TAFE and community partnerships including access and equity scholarships and initiatives such as Violence Against Women – Hume Says No and Dallas Neighbourhood House – Youth Week.
- II. Indigenous communities – support for volunteer and local Indigenous agencies in conjunction with our Indigenous Education Centre through donations of furniture and ICT equipment, co-funding Indigenous celebrations as well as hosting and supporting Indigenous sporting, cultural, arts and music events.
- III. Youth communities – support for agencies and community projects that focus on re-engaging disaffected youth back into education including E Qubed, Lighthouse Foundation and Moonee Valley Seed Project.
- IV. International communities – a combination of long term international partnerships including the Bahay Tuluyan Project in the Philippines, Friends of Aielu in East Timor as well as short term humanitarian and emergency/disaster response such as the New Zealand and Japanese earthquakes.

In addition, Kangan Institute staff and students often initiate spontaneous fund-raising activities and organise the collection of food and gifts for local, national and international causes such as the Queensland floods, Wesley Mission Christmas appeal, Mo-ember men's health awareness and Cancer Council activities. This year, approximately \$15,000 was raised in support of these activities.

A summary of our community engagement distribution of funds can be found on page 44.

The number of applicants for the 457 programs increased significantly in 2011 and there was a slight increase in applications for the GSM program compared to 2010. It is anticipated that due to shortages in the mining and resource industries in Western Australia and the scheduling of a number of major infrastructure projects in Queensland, the number of applicants for skills assessments will increase for both visa programs.

**Skills Recognition – National**

The cessation of Victorian funding for Skills Stores in 2010 resulted in a decrease in the number of applicants for this competency assessment service in 2011. It is anticipated that an increase in promotional activities, focusing on VETASSESS' traditional markets (certificates III and IV) in particular trades where recent demand has been strongest, will result in an increase in applications from candidates eligible for government funding, as well as fee for service applicants from other states of Australia.

Other areas of growth for VETASSESS during 2011 include:

- Validation for Early Childhood Teachers who are seeking reclassification
- Testing, examination and assessment services for a range of clients to support their recruitment, employment or student enrolment processes
- NSW VET in Schools online TAE recognition of prior learning service
- Publishing and real estate learning resources
- Assessitnow.com, an online assessment system to which RTOs subscribe

**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.

The products and services of eWorks 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), e-standards, training and consultancy.

**2011 Performance**

eWorks has worked closely with DEEWR, Flexible Learning Advisory Group and National Senior Officials Committee in the review of the Framework 2009 – 2011 funding. The outcome was excellent with a new National Strategy (2012-2015) being approved. Additional funding was provided for July – December 2011 for a transition period to move into the new strategy.

eWorks was successful in winning national strategy funds post-2011 for managing national support infrastructure (E-Standards, E-Portfolios and Online Content). With the closure of TVET Australia, DEEWR has agreed to transfer the sales and distribution of national Toolbox products to eWorks.

At a state level, the 2012 performance agreement funding with Skills Victoria has progressed without issues and the Converge11 state conference was conducted in November with outstanding feedback once again.

During 2011, the increased focus and capacity for fee-for-service training produced new clients from new market sectors both local and nationally. Recent clients include the Royal Australasian College of Surgeons, the Department of Primary Industries, Queensland Fire and Rescue, Employ-Ease, TAFE Development Centre, TP Training and Consultancy and Diamond Valley Learning Centre.

A major focus for 2011 was to improve business efficiency and to build capability. This was achieved through refinements to the organisational structure and implementation of the outcomes of a financial processes and reporting review. Staff engagement and ownership grew through the introduction of VMBs, strategic decision making teams, communications committee, internal intranet (eWords) and incentives. During the year, eWorks was relocated to new offices in St Kilda Road with a new environment that provided more physical collaborative spaces.

**Environmental performance**

Kangan Institute monitors and provides reports on its environmental performance through the Environmental Management System (EMS). The EMS was established in 2010 as a requirement by the Victorian State Government and with the help of Sustainability Victoria and the ResourceSmart Tertiary Education Program.

The reports are based on the environmental impacts of six campuses – Broadmeadows, Coburg, Docklands, Essendon, Moreland and Richmond, with investigations underway to expand the reporting to co-located sites.

This section presents the reports on energy, waste, water and associated greenhouse gas emissions. During 2012, further investigation into expanding the reporting data will be conducted in order to offer our employees, students, stakeholders and the general public a better understanding of the environmental impacts and the various reduction strategies undertaken by Kangan Institute.

*2011 Overview*

The successful implementation of the 2011 – 2012 Environmental Strategy and Action Plan for Kangan Institute has launched a comprehensive, Institute-wide approach to environmental sustainability.

*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.

A Detailed Facilities Study (DFS) was submitted by AG Coombs to Kangan Institute, Skills Victoria and the Department of Treasury and Finance (DTF). The study was an audit of Kangan Institute's facilities and is equivalent to a level 3 energy audit under the AS/NZS3598:2000.

The DFS report is being reviewed by the DTF and Kangan Institute, with works expected to begin by early 2012.

*Solar panels*

48 solar panels of 190W were installed at Kangan Institute's Broadmeadows Campus on the roof of building A to support the solar panels previously installed.

*Internal video conferencing*

The year also saw the pilot of internal video conferencing facilities to reduce the need for staff travel between campuses. This will reduce greenhouse house gas emissions associated with Kangan Institute's vehicle fleet.

*Increased facilities for flexible teaching delivery modes*

The implementation of video recording in classrooms and the Broadmeadows campus auditorium allows for online teaching delivery and flexible teaching modes, resulting in a reduction of greenhouse gas emissions associated with onsite teaching delivery and student travel.

*Vehicle purchasing*

Vehicle fleet options were revised in 2011 to encourage a reduction of greenhouse gas emissions associated with Kangan Institute's vehicle fleet. All vehicles purchased are now required to have a fuel efficiency of 9L per 100km or less.

**Energy Consumption**

Targets:

- To reduce energy consumption by 25% based on 2008 data by December 2012
- To reduce energy consumption by 15% based on 2008 data by December 2011

Electricity Consumption			
	2011*	2010**	2008**
Total kWh	6,665,123.89	6,359,300.62	6,516,087.35
Total GreenPower	910,766.64	633,348.64	768,909.96
Percentage of GreenPower purchased	14%	10%	12%
Total kWh/ FTE+EFTSL	689.04	719.79	792.71
Total kWh/m2	99.93	104.39	139.43
Total associated Greenhouse Gas Emissions with Electricity usage (tCO2-e)	8,198.10	7,821.94	7,949.63

\* Some data has been estimated to meet the reporting requirements  
 \*\* Data has been changed as further information has become available

**Explanatory notes:**

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

Natural Gas Consumption			
	2011*	2010**	2008**
Total GJ	20,182.01	19,228.96	28,626.56
Total GJ/ FTE+EFTSL	2.09	2.18	3.48
Total GJ/m2	0.30	0.32	0.61
Total associated Greenhouse Gas Emissions with Electricity usage (tCO2-e)	1,035.94	987.02	1,465.68

\*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 at Kangan Institute has increased between 2010 and 2011 and has decreased since 2008.

Total Energy Consumption					
	2011*	2010**	2008**	Percentage difference between 2011 and 2008	Percentage difference between 2011 and 2010
Total GJ	44,176.46	42,122.44	52,084.47	-1%	-25%
Total GJ/FTE+EFTSL	4.57	4.77	6.34	14%	-14%
Total GJ/m2	0.03	0.69	1.11	29%	-14%
Total associated Greenhouse Gas Emissions with Electricity usage (tCO2-e)	9,234.04	8,808.96	9,415.31	-4%	-11%

\*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 has increased due to a more accurate measurement of consumption data since reporting commenced and a possible increase of building works around Kangan Institute. An increase in estimated full-time employee numbers and estimated full-time student load at Kangan Institute since 2008 has also resulted in an increase of total energy consumption and considerable decrease in energy consumption per estimated full-time employee and estimated student number, as well as the useable floor area at Kangan Institute campuses.

Energy reduction strategies for 2012 include:

- Awareness campaigns to staff and students
- Behaviour Change programs for staff and students
- Implementation of energy efficient appliances

**Water Consumption**

Targets:

- To reduce potable water consumption by 20% based on 2008 baseline data by December 2012
- To reduce potable water consumption by 10% based on 2008 baseline data by December 2011

Water Consumption			
	2011*	2010**	2008**
Total kL	23,191.81	62,818.22	41,814.54
Total kL/FTE+EFTSL	2.59	7.11	5.09
Total kL/m2	0.38	1.03	0.89
Total associated Greenhouse Gas Emissions with Electricity usage (tCO2-e)	53.34	144.48	96.17

\*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 decreased between 2008 and 2011, and 2010 and 2011. The increase of water consumption in 2010 was due to a major leak at Coburg campus which consumed at estimated 37,000kL in the first half of 2010.

Water consumption reduction strategies for 2012 include:

- Water awareness campaigns to staff and students
- Behaviour Change programs for staff and students
- Implementation of water efficient appliances

**Waste Production**

Targets:

- To reduce waste to landfill rates by 20% based on 2008 baseline data by December 2012
- To reduce waste to landfill rates by 15% based on 2008 baseline data by December 2011
- Divert at least 20% of all waste material from landfill to recycling based on 2008 baseline data by December 2012
- Divert at least 15% of all waste material from landfill to recycling based on 2008 baseline data by December 2011

Waste Production			
	2011*	2010**	2008**
Total Waste to Landfill (t)	452.89	552.55	303.89
Total Recycling (t)	88.02	300.46	99.26
Recycling Rate (% of total waste)	22%	35%	25%
Total waste (t) / FTE+EFTSL	0.05	0.10	0.05
Total Waste / m2	0.01	0.01	0.01
Total associated Greenhouse Gas Emissions with waste (tCO2-e)	498.18	607.81	334.28

\* 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 decreased from 2010 and 2011, and increased since 2008. This increase is due to more accurate measurement of consumption data since reporting commenced. Waste produced per useable floor area (m2) has remained constant over the last four years.

Strategies to reduce waste to landfill and increase recycling for 2012 include:

- Waste awareness campaigns to staff and students
- Behaviour Change programs for staff and students
- Increased appropriate waste and recycling signage around campuses

**Behaviour Change and Awareness Campaigns**

The following initiatives were carried out at Kangan Institute in 2011:

- Environmental Policy

The new Environmental Policy was implemented on January 1, 2011 and incorporates the previous Environmental Policy and Environmental Sustainability Policy. The policy will be reviewed every two years to ensure that it continues to relate to the operations of Kangan Institute.

- Environmental Committee

An environmental committee consisting of 13 voluntary staff members was established in 2011. Throughout 2011, the environmental committee met on a regular basis to discuss environmental issues at Kangan Institute. The committee held their first environmental awareness campaign on National Ride to Work Day for Broadmeadows, Docklands, Essendon and Richmond campuses.

- Environmental Events

An official launch of the 2011-2012 Environmental Strategy and Action Plan for Kangan Institute was held in March in conjunction with Earth Hour. Kangan Institute participated in Earth Hour in 2011, with 84 students, 34 staff and 1 visitor to Kangan Institute signing pledge cards to participate in Earth Hour 2012.

- National Ride to Work Day 2011

An environmental awareness event was held at the Broadmeadows, Docklands, Essendon and Richmond campuses in conjunction with National Ride to Work Day 2011 to promote sustainable travel to and from work.

- Department Operational Plans

An environmental action was identified and incorporated into the operational plans of Kangan Institute departments.

- Staff Inductions

Kangan Institute's commitment to the environment has been included in the induction program for all new staff at Kangan Institute

- Student Environmental Awareness

Students are made aware of environmental issues and Kangan Institute's commitment to reducing environmental impacts during orientation and mid-year orientation days.

- Education for Sustainability

The purpose of Education for Sustainability is to provide all students with the knowledge and skills required to achieve ecologically sustainable development by adapting and making it an integral part of existing courses.

# 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 2011 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.

Service/Maintenance contracts have been maintained 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.

The Coburg campus is scheduled to close early in 2012 following the total vacation and relocation to ACE Docklands. The Richmond Gwynne Street Campus will also be vacated and relocated to ACE Docklands, with activities consolidated on the Cremorne Street site.

## Capital development priorities

The following building projects were either completed or planned in 2011:

- Completion of ACE Stage II  
Building construction company Probuild was appointed as the principal construction contractor and commenced on site in June 2009 and continued work throughout 2010 and 2011. The project achieved practical completion in September 2011.
- The rationalisation of automotive programs to facilitate the vacation and disposal of the Gwynne Street site continued throughout 2011. All automotive training from Richmond and Coburg relocated to Docklands with the completion of ACE Stage II.
- The planned consolidation of training programs from Gwynne Street to the Cremorne Street site has been developed and documented in anticipation of refurbishment works to a value of \$5M to be undertaken in 2012.
- Richmond campus building F has been refurbished to accommodate a textiles industry training centre. A building of 600 square metres was refurbished with a budget of \$1.5M.
- A total of \$1.34M was committed from Institute reserves to support urgent maintenance and minor works.

## Capital development plans

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

- Health Education and Business Programs Building – a project involving a building on the Broadmeadows campus of 11,000 square metres over 4 levels with a budget of \$58.2M – this project is expected to be resubmitted to the Budget Expenditure Review Committee of government in May 2012.
- Refurbishment and expansion of Building J on the Broadmeadows campus to accommodate Built and Natural Environment (once aviation training relocates to Melbourne Airport) – an anticipated project budget of \$15M.

## Details of 2011 compulsory non-academic fees and charges

Details of 2011 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.

Details of 2011 compulsory non-academic fees and charges		
	2011	2010
	\$	\$
<b>Student fees and charges income</b>		
Service and amenities fees	665,417	640,758
Tuition fees	3,750,129	3,915,541
<b>Total Income</b>	<b>4,415,546</b>	<b>4,556,299</b>
<b>Expenditure</b>		
<b>Service and amenities fees</b>		
Salaries and on costs	238,676	260,634
Consumables, promotional activities and general	64,281	62,395
Travel and vehicles	17,713	20,826
Printing, photocopying and communications	55,244	61,186
Recreation	89,413	74,731
Catering	97,842	84,055
Furniture & equipment – Less than or equal to \$5000	17,603	16,345
Repairs and maintenance	84,635	57,777
<b>Total</b>	<b>665,407</b>	<b>637,949</b>
<b>Tuition fees</b>		
Institute management, administration and support expenditures		
<b>Total</b>	<b>3,750,129</b>	<b>3,915,541</b>
<b>Total expenditure</b>	<b>4,415,536</b>	<b>4,553,490</b>

### Certification:

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

Signed



Richard Turnbull  
Chief Financial Officer

## Consultancies 2011

Kangan Institute engages consultants and legal practitioners for services for which the Institute does not have the required specialist skills. Total costs incurred during 2011 were as follows:

Consultancy costs \$1,070,464  
Legal advice \$121,096

The Institute engaged the following consultancies during 2011:

Consultancies over \$100,000			
Consultant	Project	Expenditure for 2011	Future commitments
Gray Puksand Pty Ltd	Docklands campus project services	\$488,572	\$76,127
Coffey Projects (Australia) Pty Ltd	Docklands campus project services	\$271,509	\$54,648
<b>Total for consultants over \$100,000</b>		<b>\$760,081</b>	<b>\$130,775</b>
Consultancies under \$100,000			
The Institute engaged five consultants at a total cost of \$310,383 during 2011.			

## Industrial Relations Incidents

On 2nd May, 2011, the National Tertiary Education Union (NTEU) took the industrial action of a "twenty-four hour work stoppage" to advance its PACCT Staff Enterprise Bargaining claim at Kangan Institute.

In organising this action, the NTEU followed the requirements for "protected action" under the Fair Work Act, which included the Union providing the Institute with prior notice of the action.

## 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 three requests for information under the Act in 2011.

## 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

Richard Turnbull  
Kangan Institute  
Private Bag 299  
SOMERTON VIC 3062

Phone: + 61 3 9279 2550  
Fax: + 61 3 9279 2692  
Email: rturnbull@kangan.edu.au

## International operations

Kangan Institute's international operations continued to face considerable challenges in 2011 with a large decline in student numbers experienced in both VET and ELICOS sectors in Australia and, in particular, Victoria (enrolments: -21% VET and -22% ELICOS, September 2010/2011, DBI September 2011).

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

Kangan Institute has expanded its international reach, with significant student commencements from Vietnam and Thailand. Our programs in aviation and nursing have also experienced a growth in student enrolments. Students studying under Australian Development Scholarships, Endeavour scholarships and BECAS scholarships have broadened our student nationality mix.

We have maintained and expanded our partnerships and projects in China, with the delivery of teacher training projects both in China and in Australia. New models for delivery of Australian qualifications in China have continued with at least one new program to be introduced in 2012. In partnership with IEA TAFE in Papua New Guinea, we have continued delivery of various qualifications with the intention of increasing our work in the Pacific region. We were awarded an AusAID funded Australian Leadership Fellowship program for Papua New Guinea.

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

Offshore activity focused on an expansion of current relationships and programs with existing partners, introducing existing successful models and programs to new markets as well as exploring and developing new models for new markets.

In 2011, Kangan 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 the development of learning resources and teacher training.

## Financial

Onshore activity: \$6,923,000  
Offshore activity: \$5,285,000

Total international fee-for-service income: \$12,208,000

Note: this includes income from offshore skill assessments with VETASSESS (read more on pages 31-32).

## Offshore

### Students

#### China

The increased competition in the China market, combined with increasingly challenging financial restraints, has resulted in Kangan Institute's development of new models for delivery including increased mapping of Chinese qualifications against Australian qualifications and the minimisation of delivery by Australian teachers where possible.

Declining enrolments with our long term partner, Nantong Textiles Vocational College (NTVTC), has necessitated incorporating blended learning in our program delivery and the phasing out of unpopular course offerings.

The accounting program at Nanjing Communications Institute graduated its first batch of students in 2011 however the program faces similar challenges to NTVTC and its models for delivery will be further reviewed in 2012.

A new program for the delivery of accounting with Chongqing Vocational Institute of Engineering was developed in 2011, with delivery commencing in 2012.

Pathway programs for accounting, events and business management have been established with Liaoning Financial Vocational College and Zhongshan Polytechnic for 2012, with students planning to enrol in Kangan Institute courses.

Students from the Jincheng College of Nanjing University of Aeronautics and Astronautics pathway program have commenced English and aviation studies at Kangan Institute in 2011.

Memorandums of Cooperation have been established with Hubei University, Dongguan Nan Hua and Ta Hwa for pathway programs for their students to study in Kangan Institute in Australia.

#### Papua New Guinea

Teacher training, accounting, hospitality, information technology and business training have been delivered to approximately 120 students through our continued partnership with IEA TAFE in Papua New Guinea.

#### Kuwait

Kangan Institute continued to deliver the Diploma of Aircraft Maintenance Engineering (Mechanical) through the Australian College of Kuwait (ACK), with students graduating in 2011. A new contract has been negotiated for future delivery.

## Organisations

### China

Teacher training programs have been delivered to Yangling Vocational College, Shaanxi Railway Institute and Shaanxi Institute of Defence. These highly successful programs were conducted in China and Australia and have provided valuable testimonials for work pending in 2012.

We attended the 60th anniversary celebrations for Chongqing Vocational Institute of Engineering in November 2011.

### India

In August 2011, Kangan Institute was funded by the State Government of Victoria to deliver a vocational teacher training program in India. The program is the first of its kind to be delivered in India and aims to support the State Governments of Maharashtra and Karnataka to implement competency based teaching and learning methods to 425 vocational teachers currently working in industry training institutes across these states. The training was supported by a rigorous mentoring program to ensure teachers build on the knowledge and skills acquired from the training program.

### Lao PDR

Kangan Institute completed our sub-contract with RMIT in 2011 to provide specialist building and construction and automotive training to the Ozminerals mine site in Lao PDR. This project has led to the negotiation of a similar project in Lao PDR and Indonesia for delivery in 2012.

Papua New Guinea

A three year partnership has commenced with IEA TAFE for the delivery of Australian qualifications to local students and industry. The partnership has expanded to include professional development and study tours for staff and the development of pathways for IEA students to train at Kangan Institute in Australia.

Onshore

Students

Inbound student enrolments experienced a slight decrease in numbers as a result of 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, aviation and business courses.

After a decline in interest in automotive programs, interest and enrolments appear to have stabilised. Nursing and aviation programs have attracted strong interest and this has flowed on to increased numbers in ELICOS.

ELICOS enrolments have increased by over 35% compared to 2010 as a result of positive feedback from students and increased marketing activities. Stand-alone ELICOS enrolments have increased as have enrolments from Vietnam and Thailand. TESOL and IELTS preparation programs and special English language classes for the wives of students from the Kingdom of Saudi Arabia (as part of the training contract with the Civil Defence Aviation Command) have also been conducted.

China, Korea, India and Pakistan continue to be the leading source countries however significant numbers are also contributed from Vietnam, Thailand, the Philippines and Papua New Guinea.

Organisations

Kangan Institute's training contract with the Civil Defence Aviation Command from the Kingdom of Saudi Arabia commenced in late 2008. The first batch of 12 students graduated in 2011, with 58 students remaining in English and technical training.

Kangan Institute continued to host a broad range of international delegations in 2011. The Institute hosted visitors from government, private sector and education institutes from a wide range of countries including China, Saudi Arabia, Thailand, India, 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, 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 2011, please refer to pages 20 to 28.

Occupational health and safety

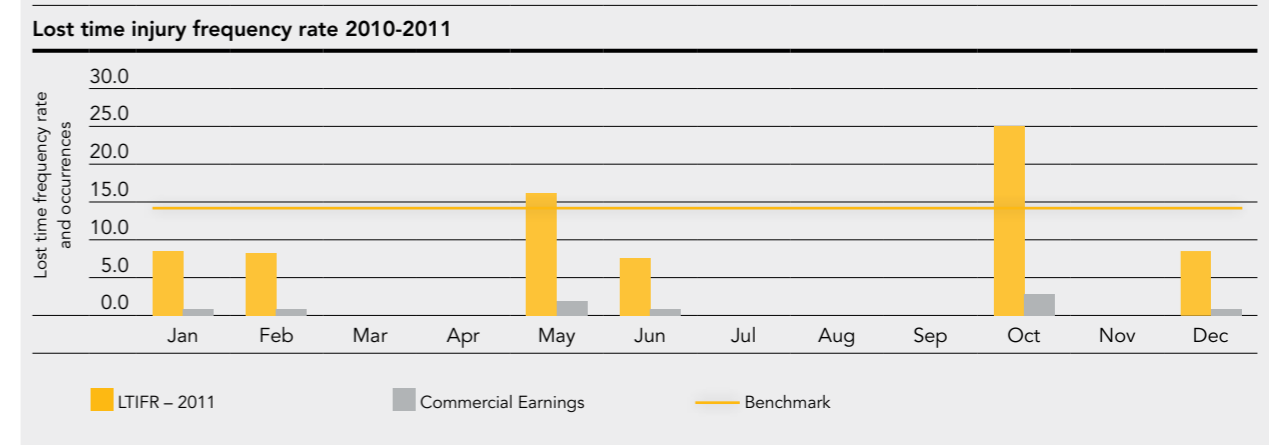
Kangan Institute is committed to its role as an influential leader in the fields of occupational health, safety and injury management. In all its dealings with staff, students and clients, Kangan Institute strives to provide a work and study environment that is attractive, well maintained, accessible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

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

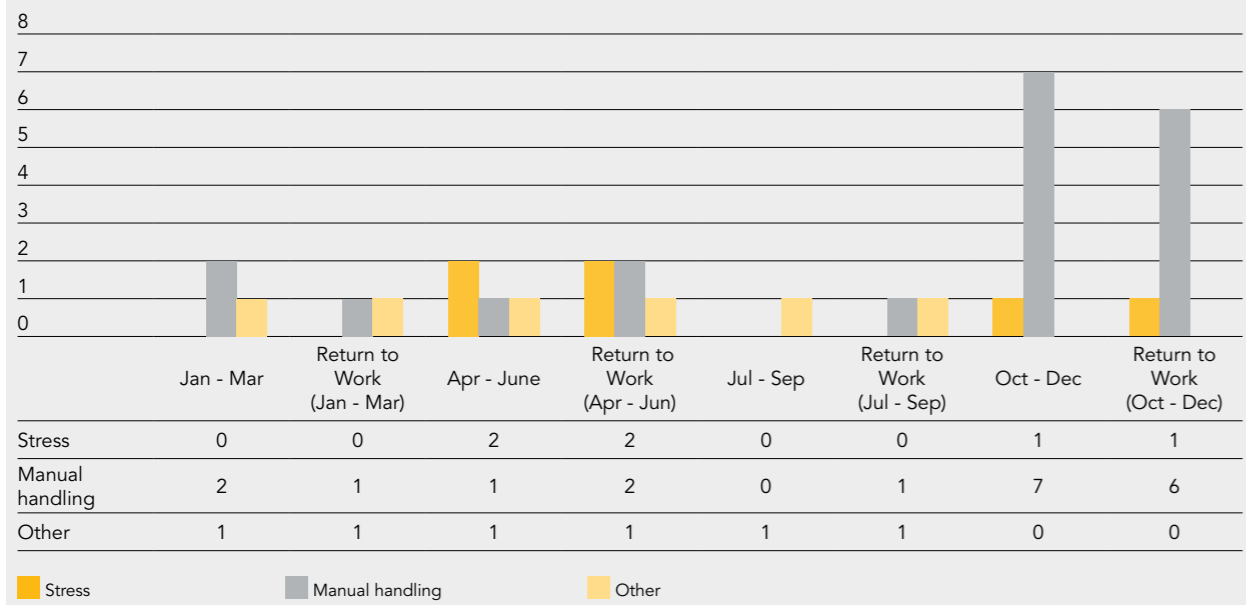
Resources and responsibilities will be defined so that legislative requirements, Kangan Institute's Safety Standards and OH&S objectives and targets are met.

Reported incidents					
	Total Incidents Reported	Notifiable Incidents	Students	Staff	Contractors/Visitors
2009	103	4	46	54	3
2010	135	6	78	55	2
2011	145	12	74	63	8

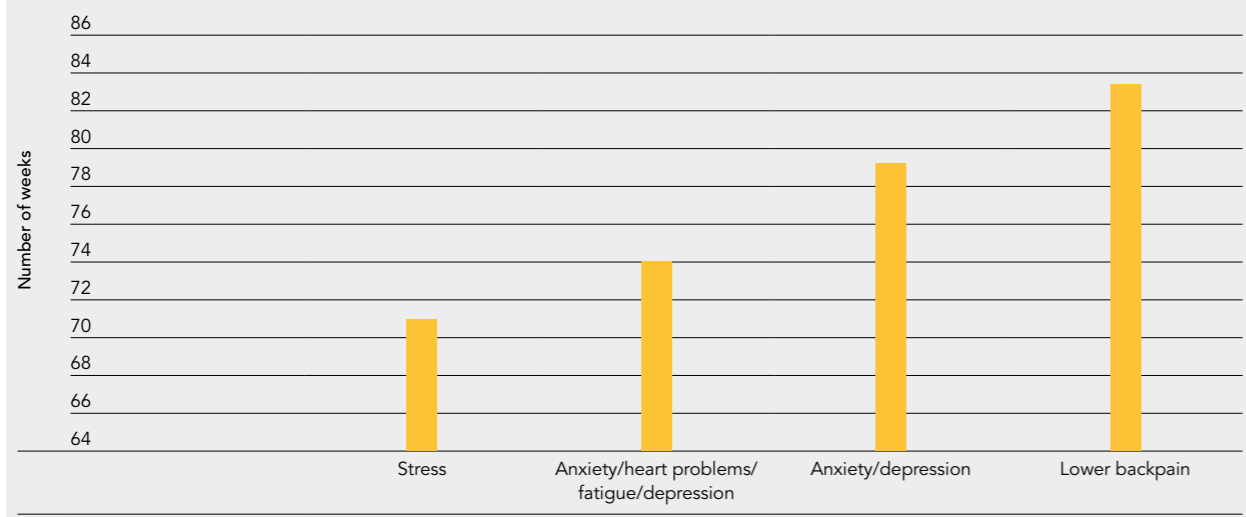
Evacuation drills 2011		
Campus	Date scheduled	Completed evacuation drills
Broadmeadows	13 March 2011	13 March 2011
	6 May 2011	6 May 2011
	20 June 2011	20 June 2011
	29 August 2011	29 August 2011
Coburg	25 March 2011	25 March 2011
	27 June 2011	27 June 2011
Essendon	1 April 2011	1 April 2011
	2 September 2011	2 September 2011
Moreland	8 April 2011	8 April 2011
	8 August 2011	8 August 2011
Richmond	15 April 2011	15 April 2011
	9 September 2011	9 September 2011
Docklands	29 April 2011	29 April 2011
	16 September 2011	16 September 2011



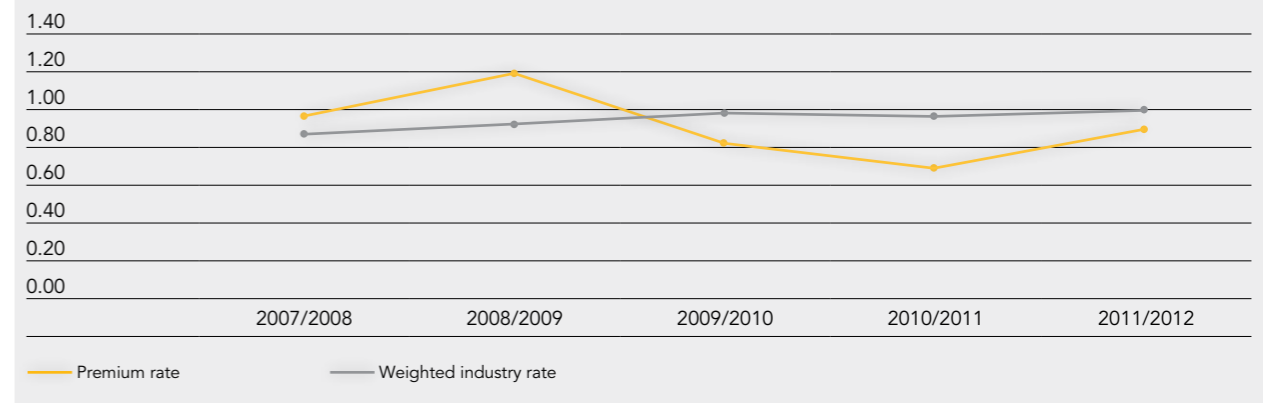
**New accepted claims 2011**



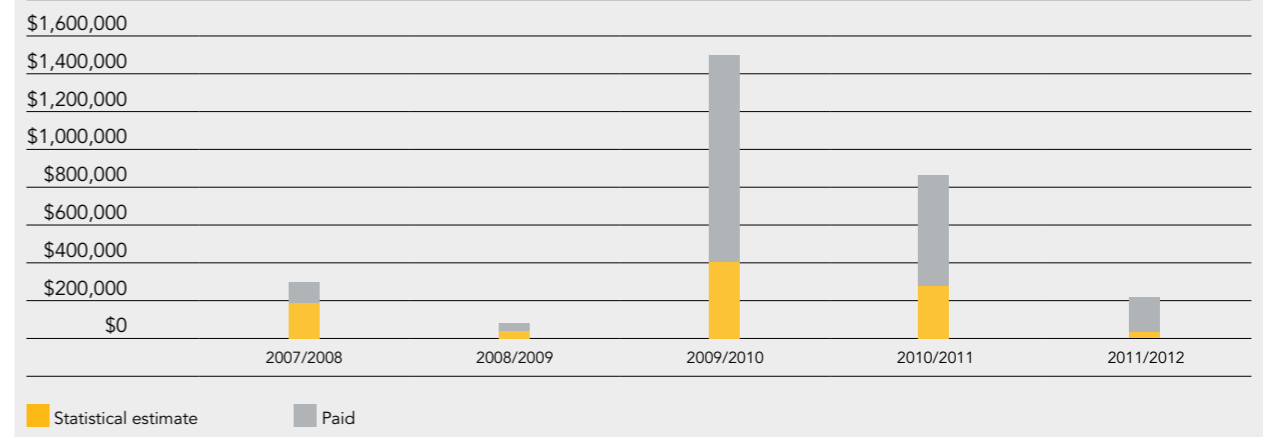
**Open WorkCover claims with absence in aggregative exceeding 13 weeks**



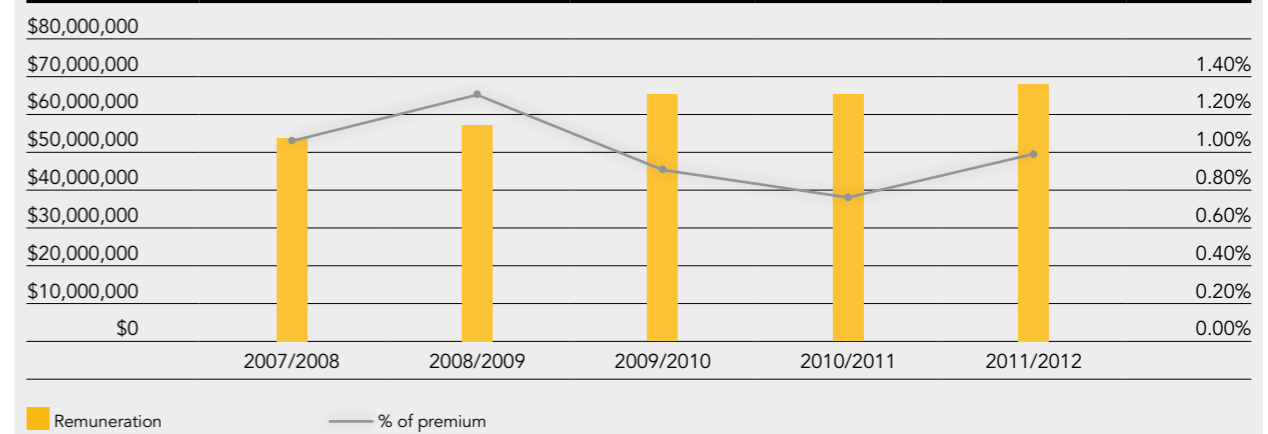
**Premium rate from 2007 to present**



**Total impacting claims costs by policy year**



**Premium paid as a percentage of total remuneration**



## Occupational health and safety initiatives

### Return to work training for Managers

A mandatory 3 hour training session for line managers was delivered by Kangan Institute's WorkCover insurance provider, Gallagher Bassett.

The session was designed to assist managers to understand their responsibilities for the return to work of injured employees. The course focused on:

- assisting managers to gain a better understanding of the Accident Compensation Act and their role in the return to work process
- providing useful tips to ensure a sustainable return to work is achieved with the completion of return to work plans and offer of suitable employment

### Introduction to OH&S legislation for managers

A mandatory 3 hour training session for Kangan Institute general managers and managers was delivered by the Kangan Institute WorkCover insurance provider, Gallagher Bassett.

The session was designed to provide general managers and managers with an overview of Victorian OH&S legislation, with a focus on roles and responsibilities of stakeholders in the occupational environment.

Guidance material, case studies and prosecutions were used to provide an understanding of the approach employers should be taking in managing their responsibilities under the law.

### Safety Cross

The Safety Cross (and accompanying Incident Register) is a visual management tool that standardises the recording and monitoring of OH&S incidents, subsequently helping with problem solving and developing actions that address identified issues.

As a part of Kangan Institute's continuous improvements within the workplace, the Safety Cross is about respecting staff and all the individuals that make up Kangan Institute. It raises the prominence of health and safety issues in the workplaces, enabling situations to become more transparent and their causes more easily understood.

## 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/](http://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 2011

The number and types of disclosures made to the public body during 2011: 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: \$33,321

Queensland floods appeal: \$23,818

Sponsorships: \$13,500

Indigenous community engagement events: \$12,500

Victorian floods appeal: \$9,690

Fundraising activities: \$6,392

Japan/Pacific earthquake appeal: \$6,340

Study tour – Philippines: \$5,615

NZ earthquake appeal: \$5,886

## Workforce information

Classification	Number of equivalent full time staff in 2011
Teaching	351.20
Non-teaching	439.63
Executives	12
<b>Total</b>	<b>802.83</b>

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.

### 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 2011, the Institute formalised, as part of its foundation values and behaviours, a focus on Lean principles that includes respect for people, continuous improvement, customer value, elimination of waste and built-in quality.

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 on-boarding program for new staff. The code is readily accessible to all staff through the staff portal.

### Selection on merit

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

## Issue resolution

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 an effective resolution of issues that contribute 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 third year this engagement survey was conducted. Response rates for 2011 increased to 67% from 65% in 2010 with overall staff engagement of 55% continuing to exceed the benchmark for high performing organisations.

### Professional learning and development

The Institute's performance and development system (RAPID) gives 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 in 2011.



# Financial reports

## TABLE OF CONTENTS

### Annual financial reports for the year ended 31 December 2011

#### Financial statements and accompanying notes

Auditor's report

Declaration by president of the board, chief executive officer  
and chief finance and accounting officer

Comprehensive operating statement

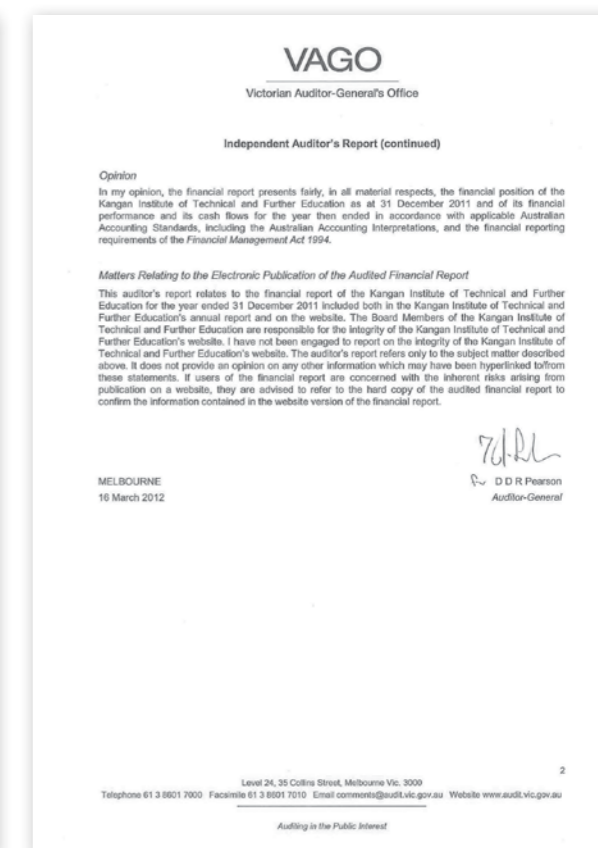
Balance sheet

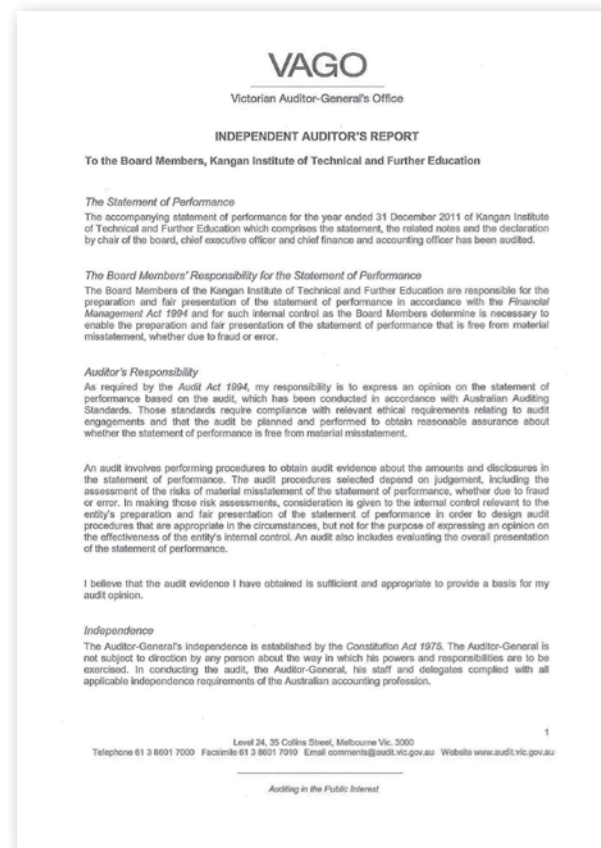
Statement of changes in equity

Cash flow statement

Notes to the financial statements

The financial report was authorised for issue by the Board members on 15th March 2012. Kangan Institute has the power to amend and reissue the financial report.





KANGAN INSTITUTE  
COMPREHENSIVE OPERATING STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$ '000	2010 \$ '000
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Government contributions - operating	2(a)(i)	71,293	65,755
Government contributions - capital	2(a)(ii)	24,180	30,542
Sale of goods and services	2(b)	46,143	45,389
Interest	2(c)	3,731	3,964
Other income	2(d)	2,052	1,765
<b>Total income from transactions</b>		<b>147,399</b>	<b>147,415</b>
<b>Expenses from transactions</b>			
Employee benefits	3(a)	(77,124)	(72,830)
Depreciation and amortisation	3(b),9,10	(7,630)	(8,332)
Fees and charges		(11,782)	(10,657)
Contract and other services		(3,676)	(3,369)
Other operating expenses	3(c)	(26,175)	(23,810)
<b>Total expenses from transactions</b>		<b>(126,387)</b>	<b>(118,998)</b>
<b>Net result from transactions (net operating balance)</b>		<b>21,012</b>	<b>28,417</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	4(a)	(414)	0
<b>Total other economic flows included in net result</b>		<b>(414)</b>	<b>0</b>
<b>Net result from continuing operations</b>		<b>20,598</b>	<b>28,417</b>
<b>Net result</b>		<b>20,598</b>	<b>28,417</b>
<b>Other economic flows – Other non-owner changes in equity</b>			
Financial assets available-for-sale reserve:	15		
– Gain/(loss) taken to equity		85	43
<b>Total other economic flows – Other non-owner changes in equity</b>		<b>85</b>	<b>43</b>
<b>Comprehensive result</b>		<b>20,683</b>	<b>28,460</b>

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

KANGAN INSTITUTE  
BALANCE SHEET  
AS AT 31 DECEMBER 2011

	Note	2011 \$ '000	2010 \$ '000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	5,27	1,358	6,063
Receivables	6,27	14,579	16,192
Investments, loans and other financial assets	7	57,903	57,330
<b>Total financial assets</b>		<b>73,840</b>	<b>79,585</b>
<b>Non-financial assets</b>			
Inventories	8	333	313
Property, plant and equipment	9	181,952	181,485
Intangible assets	10	16	113
Other non financial assets	11	1,130	1,008
<b>Total non-financial assets</b>		<b>183,431</b>	<b>182,919</b>
<b>Total Assets</b>		<b>257,271</b>	<b>262,504</b>
<b>Liabilities</b>			
Payables	12	17,119	15,075
Provisions	13	14,336	12,810
Other liabilities	14	2,500	2,500
<b>Total Liabilities</b>		<b>33,955</b>	<b>30,385</b>
<b>Net Assets</b>		<b>223,316</b>	<b>232,119</b>
<b>Equity</b>			
Accumulated surplus/(deficit)	15	110,660	83,551
Reserves	15,1.16	70,807	86,830
Contributed capital	15,1.16	41,849	61,738
<b>Net worth</b>		<b>223,616</b>	<b>232,119</b>
Commitments for expenditure	17	8,706	38,636
Contingent assets and contingent liabilities	19	24,000	–

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 2011

	Note	Changes due to			Equity at 31 December 2011 \$ '000
		Equity at 1 January 2011 \$ '000	Total Comprehensive result \$ '000	Transactions with owners in their capacity as owners \$ '000	
Accumulated surplus/(deficit)		85,363	20,598	0	105,961
Transfer		(1,812)	6,511	0	4,699
<b>Accumulated surplus/(deficit) at the end of the year</b>	<b>15</b>	<b>83,551</b>	<b>27,109</b>	<b>0</b>	<b>110,660</b>
<b>Contributions by owners at the end of the year</b>		<b>61,738</b>	<b>0</b>	<b>(19,889)</b>	<b>41,849</b>
Physical assets revaluation reserve		63,139	0	(9,597)	53,542
Financial assets available-for-sale reserve		(171)	85	0	(86)
Other reserves:					
ACE stage 2 reserve		20,000	(12,301)	0	7,699
Vetassess projects reserve		37	163	0	200
Software replacement reserve		1,164	65	0	1,229
Marketing reserve		0	0	0	0
Strategic Project Reserve		2,089	1,059	0	3,148
Maintenance Reserve		572	(165)	0	407
Richmond Campus Consolidation Reserve		0	4,668	0	4,668
	15	<b>86,830</b>	<b>(6,426)</b>	<b>(9,597)</b>	<b>70,807</b>
<b>Total equity at the end of the year</b>		<b>232,119</b>	<b>20,683</b>	<b>(29,486)</b>	<b>223,316</b>
	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)		56,946	28,417	0	85,363
Transfer		0	(1,812)	0	(1,812)
<b>Accumulated surplus/(deficit) at the end of the year</b>	<b>15</b>	<b>56,946</b>	<b>26,605</b>	<b>0</b>	<b>83,551</b>
<b>Contributions by owners at the end of the year</b>		<b>61,738</b>	<b>0</b>	<b>0</b>	<b>61,738</b>
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
	15	<b>84,975</b>	<b>1,855</b>	<b>0</b>	<b>86,830</b>
<b>Total equity at the end of the year</b>		<b>203,659</b>	<b>28,460</b>	<b>0</b>	<b>232,119</b>

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 2011

	Note	2011 \$ '000	2010 \$ '000
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Government contributions – operating	2(a)(i)	71,293	65,755
Government contributions – capital	2(a)(ii)	24,180	30,542
User fees and charges received		50,988	48,786
Goods and services tax recovered from ATO		2,290	4,271
Interest received		2,960	2,137
Other receipts		5,057	5,154
<b>Total receipts</b>		<b>156,768</b>	<b>156,645</b>
<b>Payments</b>			
Payments to suppliers		(47,487)	(41,115)
Payments to employees		(75,598)	(74,702)
<b>Total Payments</b>		<b>(123,085)</b>	<b>(115,817)</b>
<b>Net cash flows from/(used in) operating activities</b>	16	<b>33,683</b>	<b>40,828</b>
<b>Cash flows from Investing Activities</b>			
Payments for non-financial assets		(37,939)	(30,653)
Proceeds from sale of non-financial assets	9	39	88
Payments for financial assets		(488)	(9,044)
<b>Net cash provided by/(used in) Investing Activities</b>		<b>(38,388)</b>	<b>(39,609)</b>
<b>Net increase (decrease) in cash and deposits</b>		<b>(4,705)</b>	<b>1,219</b>
Cash and deposits at the beginning of the financial year		6,063	4,844
<b>Cash and deposits at the end of the year</b>	5	<b>1,358</b>	<b>6,063</b>

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

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### Note 1 – Statement of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for Kangan Institute.

#### 1.01 Statement of compliance

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

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

#### 1.02 Basis of accounting preparation and measurement

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

These financial statements are presented in Australian dollars, the functional and presentation currency of the Institute.

#### Critical accounting estimates and judgements

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

#### Estimates

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

These financial statements have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Exceptions to the historical cost convention include:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the fair value of an asset other than land is generally based on its depreciated replacement value;
- derivative financial instruments, managed investment schemes, certain debt securities, investment properties after initial recognition, which are measured at fair value through profit and loss;
- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2011 and the comparative information presented for the year ended 31 December 2010.

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.

#### 1.03 Reporting entity

The financial statements cover the Kangan Institute as an individual reporting entity. The Institute is a statutory body corporate established pursuant to an act/order made by the Victorian Government under the Education and Training Reform Act 2006 No. 24/2006 3.1.12/4.

The principal address is:

Kangan Institute  
Broadmeadows campus (Main Campus)  
Pearcedale Parade  
Broadmeadows VIC 3047

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 1.04 Basis of consolidation

The financial statements include all the activities of the Institute. 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.

#### 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.

#### 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

###### (i) 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.

###### (ii) 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.

###### (iii) 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;
- 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

Interest 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.

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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.

#### 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 statement of comprehensive income 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.

#### 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	2011	2010
		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 2011.

#### Amortisation

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

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.

#### Interest expense

Interest expense is recognised as expenses in the period in which they are incurred. Interest expense includes 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.

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 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.

Assets are assessed annually for the indicators of impairment. 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.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction 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.

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.

#### 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

Financial assets have been assessed for impairment in accordance with Australian Accounting Standards. 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 held for the purpose of meeting short term cash commitments rather than for investment purposes, 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 borrowings on the balance sheet.

#### Receivables

Receivables consist of:

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

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments. Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment. A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### Investments 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

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

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

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

#### (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.

### 1.11 Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases

#### Operating leases

##### Institute as lessee

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

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

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.

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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-financial physical assets (including disposal group 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 asset is available for immediate use in the current condition; and
- the sale is highly probable and the asset's sale is expected to be completed within twelve months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

#### Property, plant and equipment

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

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

Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

Non-financial physical assets such as national parks, other Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. 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.

The fair value of cultural assets and collections, heritage assets and other non-financial physical assets that the State intends to preserve because of their unique historical, cultural or environmental attributes, is measured at the replacement cost of the asset less, where applicable, accumulated depreciation (calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset) and any accumulated impairment. These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for profit entity, the fair value may be derived from estimates of the present value of future cash flows. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Certain assets are acquired under finance leases, which may form part of a service concession arrangement.

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

Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

#### Library collections

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 comprehensive operating statement.

#### Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

#### Restrictive nature of cultural and heritage assets, Crown land and infrastructures

Certain agencies hold cultural assets, heritage assets, Crown land and infrastructure, which are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. Consequently, there are certain limitations and restrictions imposed on their use and/or disposal.

#### Non financial physical assets constructed by the Institute

The cost of non-financial physical 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.

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 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.

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 of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable 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 those goods and services; and

- statutory payables, such as goods and services tax and fringe benefits tax payables. Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

### 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, 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.

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as another economic flow.

### (iii) Termination benefits

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

### 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 contingent liabilities

Contingent assets and contingent 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.

#### 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.



## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 1.16.10 Richmond Campus consolidation reserve

The purpose of the reserve is for refurbishment and 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 comprehensive operating 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 comprehensive operating 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:

- influence the economic decisions of users taken on the basis of the financial report; and
- 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 2011.

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 1.22 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2011 reporting period.

As at 31 December 2011 the following standards and interpretations (applicable to the Institute) had been issued but were not mandatory for financial year ending 31 December 2011. The Institute has not, and does not intend to, adopt these standards early.

Amending Pronouncements and Errata	Standards Affected	Outline of Amendment	Application date of standard	Impact on financial statements
AASB 9 Financial Instruments	AASB 139 Financial Instruments: Recognition and Measurement	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	Reporting periods beginning on 1 January 2013	Detail of impact is still being assessed
AASB 1053 Application of Tiers of Australian Accounting Standards		This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements	Reporting periods beginning on 1 July 2013	The Victorian Government is currently considering the impacts of reduced disclosure requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector
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 standard gives effect to consequential changes arising from the issuance of AASB 9	Reporting periods beginning on 1 January 2013	Detail of impact is still being assessed
AASB 2010 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements		These amendments introduce reduced disclosure requirements for application by certain types of entities	Reporting periods beginning on 1 July 2013	The amendments do not affect financial measurement or recognition and are not expected to have any impact on financial result or position
AASB 2010 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127	This relates to the introduction of AASB 9 Financial instruments	Reporting periods beginning on 1 January 2013	Detail of impact is still being assessed
AASB 2011 2 Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project – Reduced Disclosure Requirements	AASB 101 and AASB 1054	The objective of this amendment is to include some additional disclosure from the Trans Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements (RDRs)	Reporting periods beginning on 1 January 2013	The Victorian Government is currently considering the impacts of RDRs and has not decided if they will be implemented in the Victorian public sector
AASB 2011 3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	AASB 1049	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures. This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used	Reporting periods beginning on 1 July 2012	There will be no impact on performance measurement

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

<b>Note 2 – Income from transactions</b>			
	Note	2011 \$ '000	2010 \$ '000
<b>(a) Grants and other transfers (other than contributions by owners)</b>			
<b>Government Financial Assistance</b>			
<b>(i) Government Contributions – Operating</b>			
Commonwealth government recurrent		30,926	24,776
State government recurrent		33,912	34,429
Commonwealth specific funded programs		123	155
Other contributions		6,332	6,395
<b>Total government contributions – operating</b>	1.07	<b>71,293</b>	<b>65,755</b>
<b>(ii) Government contributions – capital</b>			
Commonwealth Capital		1,758	3,987
State Capital		22,422	26,555
<b>Total government contributions - capital</b>	1.07	<b>24,180</b>	<b>30,542</b>
<b>Total government financial assistance</b>		<b>95,473</b>	<b>96,297</b>
<b>(b) Sales of goods and services</b>			
Student fees and charges		5,431	5,593
Rendering of services			
Fee for service – Government		14,151	15,178
Fee for service – International Operations - onshore		6,923	7,111
Fee for service – International Operations - offshore		5,285	2,754
Fee for service – Other		11,348	11,364
<b>Total rendering of services</b>		<b>37,707</b>	<b>36,407</b>
<b>Other non-course fees and charges</b>			
Sale of goods		3,005	3,389
<b>Total other fees and charges</b>			
<b>Total revenue from sale of goods and services</b>	1.07	<b>46,143</b>	<b>45,389</b>
<b>(c) Interest</b>			
Interest from financial assets not at fair value through P/L:			
Interest on bank deposits		3,731	3,964
<b>Net interest income</b>	1.07	<b>3,731</b>	<b>3,964</b>
<b>(d) Other income</b>			
<b>Rental revenue:</b>			
Other canteen facility			
Total rental revenue-Other canteen facility		49	92
<b>Other revenue:</b>			
Donations and contributions		113	250
Wages Recoup		670	412
Institute Vehicle Recoup		393	387
Childcare Fees		245	236
Sundry revenue		582	388
<b>Total other income</b>	1.07	<b>2,052</b>	<b>1,765</b>

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

<b>Note 3 – Expenses from transactions</b>			
	Note	2011 \$ '000	2010 \$ '000
<b>(a) Employee expenses</b>			
Salaries, wages, overtime and allowances		66,286	63,119
Superannuation	23	5,511	5,517
Payroll tax		3,286	3,311
Long service leave		1,161	153
Annual leave		365	239
Other		515	491
<b>Total employee expenses</b>	1.08	<b>77,124</b>	<b>72,830</b>
<b>(b) Depreciation and amortisation</b>			
<b>Depreciation of non-current assets</b>			
Buildings		5,573	6,329
Plant and equipment		1,637	1,635
Motor Vehicles		86	83
Library collections		237	241
Total depreciation		7,533	8,288
<b>Amortisation of non-current physical and intangible assets</b>			
Software		97	44
<b>Total depreciation and amortisation</b>		<b>7,630</b>	<b>8,332</b>
<b>(c) Other operating expenses</b>			
Auditors' remuneration	22	126	118
Bad and doubtful debts	6	40	8
Communication expenses		1,900	1,749
Consumables		2,269	2,328
Cost of sale of goods including ancillary trading		1,886	2,122
Equipment (below capitalisation threshold)	1.08	5,241	3,526
Grants and subsidies		192	219
Marketing and promotional expenses		2,753	2,382
Rental / leasing charges		2,070	1,480
Building repairs and maintenance		1,632	1,700
Staff Development		848	1,012
Travel and motor vehicle expenses		2,453	2,178
Utilities		1,069	1,264
Other expenses			
Printing & copying		1,727	1,883
Recruitment & tender advertising		90	129
Catering		289	264
Insurance		240	216
Other		1,350	1,232
<b>Total other expenses</b>	1.08	<b>26,175</b>	<b>23,810</b>

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**Note 4 – Other economic flows included in net result**

	Note	2011 \$ '000	2010 \$ '000
<b>(a) Net gain/(loss) on non-financial assets</b>			
Net gain/(loss) on disposal of physical assets	9	(14)	0
Impairment of non-financial assets		(400)	0
<b>Total other gains/(losses) from other economic flows</b>		<b>(414)</b>	<b>0</b>

**Note 5 – Cash and deposits**

	Note	2011 \$ '000	2010 \$ '000
Cash at bank and on hand	1.10,27	1,358	6,063
		<b>1,358</b>	<b>6,063</b>

(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 1% and 4.5%

**Note 6 – Receivables**

	Note	2011 \$ '000	2010 \$ '000
<b>Current receivables</b>			
<b>Contractual</b>			
Trade receivables		6,292	2,139
Allowance for doubtful debts		(161)	(161)
Receivables from other parties		8,409	13,523
<b>Total Contractual</b>		<b>14,540</b>	<b>15,501</b>
<b>Statutory</b>			
GST receivable from ATO		39	691
<b>Total statutory</b>		<b>39</b>	<b>691</b>
<b>Total current receivables</b>		<b>14,579</b>	<b>16,192</b>

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:**

Balance at beginning of the year		161	161
Increase in provision recognised in the net result		40	8
Reversal of provision for receivables written off during the year as uncollectible		(40)	(8)
<b>Balance at end of the year</b>		<b>161</b>	<b>161</b>

**(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.

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**Note 7 – Investments, loans and other financial assets**

	Note	2011 \$ '000	2010 \$ '000
<b>Current investments, loans and other financial assets</b>			
Fixed Interest bearing bills and Term Deposits		30,989	31,901
Available for sale financial assets – ANZ Capital Guaranteed Floating rate note		914	829
<b>Total current investments, loans and other financial assets</b>	27	<b>31,903</b>	<b>32,730</b>

Term deposits have an average maturity of 180 days and effective interest rates between 3.9% and 6.8%.

**Non-current investments, loans and other financial assets**

Term deposits		26,000	24,600
<b>Total non-current investments, loans and other financial assets</b>		<b>26,000</b>	<b>24,600</b>

**Total investments, loans and other financial assets**

**57,903**      **57,330**

(a) Ageing analysis of investments, loans and other financial assets. Please refer to Table (iv) in Note 27 for the ageing analysis of investments, loans and other financial assets.

(b) Nature and extent of risk arising from investments, loans and other financial assets. Please refer to Note 27 for the nature and extent of risks arising from investments, loans and other financial assets.

**Note 8 – Inventories**

	Note	2011 \$ '000	2010 \$ '000
<b>Current</b>			
<b>Inventories held-for-sale:</b>			
Trading bookshop		315	297
Food stores		18	16
<b>Total current inventories</b>		<b>333</b>	<b>313</b>

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**Note 9 – Property, plant and equipment**

	Note	2011 \$ '000	2010 \$ '000
<b>Land<sup>1</sup></b>			
At valuation at 31 December 2007	1.12	37,846	60,457
<b>Net Land</b>		<b>37,846</b>	<b>60,457</b>
<b>Buildings<sup>1</sup></b>			
At valuation at 31 December 2007	1.12	66,201	80,313
Accumulated depreciation		(15,566)	(18,563)
At cost		77,724	8,016
Accumulated depreciation		(1,703)	(818)
<b>Net Buildings</b>		<b>126,656</b>	<b>68,948</b>
Buildings are valued at depreciated replacement cost.			
<b>Work in Progress</b>			
At cost		10,454	43,696
<b>Work in Progress</b>		<b>10,454</b>	<b>43,696</b>
<b>Plant and Equipment</b>			
Gross carrying amount		21,165	18,177
Accumulated depreciation and impairment		(15,059)	(10,676)
<b>Net Plant and Equipment</b>		<b>6,106</b>	<b>7,501</b>
<b>Library Collections</b>			
Gross carrying amount		1,178	1,196
Accumulated depreciation		(610)	(594)
<b>Net Library Collections</b>		<b>568</b>	<b>602</b>
<b>Motor Vehicles</b>			
Gross carrying amount		769	643
Accumulated depreciation		(447)	(362)
<b>Net Motor Vehicles</b>		<b>322</b>	<b>281</b>
<b>Total Property, Plant and Equipment</b>		<b>181,952</b>	<b>181,485</b>

Footnote: Transfer to Department of Business and Innovation (DBI)

<sup>1</sup> With the completion of the ACE Stage 2 development this year, Coburg, Moreland and Richmond Gwynne St campuses were returned to DBI through Skills Victoria. Land and buildings of \$19.9m was deducted from Contributed Capital and the accompanying asset revaluation reserve of \$9.6m written off.

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**Note 9 – Property, plant and equipment (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
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>2011</b>								
Carrying amount at start of year		60,457	68,948	43,696	7,501	281	602	<b>181,485</b>
Additions		0	302	36,613	642	180	203	<b>37,940</b>
Disposals		0	0	0	0	(53)	0	<b>(53)</b>
Impairment loss charged to net result		0	0	0	(400)	0	0	<b>(400)</b>
Revaluation increments/(decrement)	1.12	0	0	0	0	0	0	<b>0</b>
Transfers to Skills Victoria		(22,611)	(6,876)	0	0	0	0	<b>(29,487)</b>
Transfers		0	69,855	(69,855)	0	0	0	<b>0</b>
Depreciation/Amortisation expense		0	(5,573)	0	(1,637)	(86)	(237)	<b>(7,533)</b>
<b>Carrying amount at end of year</b>		<b>37,846</b>	<b>126,656</b>	<b>10,454</b>	<b>6,106</b>	<b>322</b>	<b>568</b>	<b>181,952</b>
<b>2010</b>								
Carrying amount at start of year		60,457	75,134	16,937	5,792	343	610	<b>159,273</b>
Additions		0	0	26,902	3,378	67	233	<b>30,580</b>
Disposals		0	0	0	(34)	(46)	0	<b>(80)</b>
Impairment loss charged to net result		0	0	0	0	0	0	<b>0</b>
Revaluation increments/(decrement)	1.12	0	0	0	0	0	0	<b>0</b>
Transfers to Skills Victoria		0	0	0	0	0	0	<b>0</b>
Transfers		0	143	(143)	0	0	0	<b>0</b>
Depreciation/Amortisation expense		0	(6,329)	0	(1,635)	(83)	(241)	<b>(8,288)</b>
<b>Carrying amount at end of year</b>		<b>60,457</b>	<b>68,948</b>	<b>43,696</b>	<b>7,501</b>	<b>281</b>	<b>602</b>	<b>181,485</b>
<b>Profit (Loss) on sale of non-current assets</b>								
								Total
Proceeds on sale of non-current assets								39
Less written down value								(53)
<b>Total profit/(loss) on disposal</b>	4(a)							<b>(14)</b>

**Note 10 – Intangible assets**

	Note	2011 \$ '000	2010 \$ '000
<b>Software at 1 January</b>			
Cost		2,397	2,397
Accumulated amortisation and impairment		(2,381)	(2,284)
<b>Net book amount</b>		<b>16</b>	<b>113</b>
<b>Year ended 31 December</b>			
Opening net book amount		113	92
Additions		0	73
Disposals or classified as held-for-sale		0	(8)
Revaluation increments		0	0
Amortisation charge		(97)	(44)
<b>Software closing net book amount</b>		<b>16</b>	<b>113</b>

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**Note 11 – Other non-financial assets**

	Note	2011 \$ '000	2010 \$ '000
<b>Current</b>			
Prepayments		1,130	1,008
<b>Total other asset</b>		<b>1,130</b>	<b>1,008</b>

**Note 12 – Payables**

	Note	2011 \$ '000	2010 \$ '000
<b>Current contractual</b>			
Creditors and accruals		9,844	9,541
Revenue In advance		7,275	5,534
<b>Total current payables</b>		<b>17,119</b>	<b>15,075</b>

**Note 13 – Provisions**

	Note	2011 \$ '000	2010 \$ '000
<b>Current provisions expected to be settled within 12 months</b>			
Employee benefits:			
Annual leave		3,566	3,223
Long service leave		1,502	1,507
Performance payments		425	404
Managers education allowance		85	83
<b>Total current provisions expected to be settled within 12 months</b>		<b>5,578</b>	<b>5,217</b>
<b>Non-current provisions expected to be settled after 12 months</b>			
Employee benefits:			
Long service leave		7,021	6,355
<b>Total non-current provisions expected to be settled after 12 months</b>		<b>7,021</b>	<b>6,355</b>
		<b>12,599</b>	<b>11,572</b>
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		1,737	1,238
<b>Total non-current provisions</b>		<b>1,737</b>	<b>1,238</b>
<b>Total provisions</b>		<b>14,336</b>	<b>12,810</b>
<b>Movements in provisions</b>			
Movements in each class, other than employee provisions during the financial year are set out below:			
Balance at 1 January		12,810	12,417
Additional provisions raised during the year		8,429	8,283
Amounts used		(6,903)	(7,890)
<b>Balance at 31 December</b>		<b>14,336</b>	<b>12,810</b>

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**Note 14 – Other liabilities**

	Note	2011 \$ '000	2010 \$ '000
<b>Current</b>			
Advances other – Float for ACE Stage 2		2,500	2,500
<b>Total current other liabilities</b>		<b>2,500</b>	<b>2,500</b>

<b>Total other liabilities</b>		<b>2,500</b>	<b>2,500</b>
--------------------------------	--	--------------	--------------

**Maturity analysis of other liabilities:**

Non-interest bearing and unsecured advance for ACE Stage 2. Matured and settled as required. Refer to Note 27.

**Note 15 – Equity**

	Note	2011 \$ '000	2010 \$ '000
<b>Composition of reserves</b>			
Asset revaluation reserve – Land		38,024	44,839
Asset revaluation reserve – Building		15,518	18,300
Available for sale investments revaluation reserve		(86)	(171)
Vetassess projects reserve		200	37
ACE Stage 2 reserve		7,699	20,000
Software replacement reserve		1,229	1,164
Marketing reserve		0	0
Strategic project reserve		3,148	2,089
Maintenance reserve		407	572
Richmond Campus consolidation reserve		4,668	0
		<b>70,807</b>	<b>86,830</b>
<b>Asset revaluation reserves:</b>			
<b>Land</b>			
Balance at 1 January		44,839	44,839
Transferred to Skills Victoria	1.12,1.16.1	(6,815)	0
Land Balance at 31 December		38,024	44,839
<b>Building</b>			
Balance at 1 January		18,300	18,300
Transferred to Skills Victoria	1.12,1.16.2	(2,782)	0
Building Balance at 31 December		15,518	18,300
<b>Financial assets available for sale reserve:</b>			
Balance at 1 January		(171)	(214)
Revaluation increment/(decrement) on available for sale investments	1.16.5	85	43
Available for sale investments revaluation reserve balance as at 31 December		(86)	(171)
<b>Other reserves:</b>			
<b>Vetassess projects reserve</b>			
Balance at 1 January		37	106
Transfer (to)/from accumulated surplus/(deficit)	1.16.3	163	(69)
Vetassess projects reserve balance at 31 December		200	37
<b>ACE Stage 2 reserve</b>			
Balance at 1 January		20,000	18,900
Transfer (to)/from accumulated surplus/(deficit)	1.16.4	(12,301)	1,100
ACE Stage 2 reserve balance at 31 December		7,699	20,000

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

<b>Note 15 – Equity (continued)</b>			
	Note	2011 \$ '000	2010 \$ '000
<b>Software replacement reserve</b>			
Balance at 1 January		1,164	1,750
Transfer (to)/from accumulated surplus/(deficit)	1.16.6	65	(586)
Software replacement reserve balance at 31 December		1,229	1,164
<b>Marketing reserve</b>			
Balance at 1 January		0	1,294
Transfer (to)/from accumulated surplus/(deficit)	1.16.7	0	(1,294)
Marketing reserve balance at 31 December		0	0
<b>Strategic project reserve</b>			
Balance at 1 January		2,089	0
Transfer (to)/from accumulated surplus/(deficit)	1.16.8	1,059	2,089
Marketing reserve balance at 31 December		3,148	2,089
<b>Maintenance reserve</b>			
Balance at 1 January		572	0
Transfer (to)/from accumulated surplus/(deficit)	1.16.9	(165)	572
Marketing reserve balance at 31 December		407	572
<b>Richmond Campus consolidation reserve</b>			
Balance at 1 January		0	0
Transfer (to)/from accumulated surplus/(deficit)	1.16.10	4,668	0
Marketing reserve balance at 31 December		4,668	0
<b>Balance at 31 December</b>		<b>70,807</b>	<b>86,830</b>
<b>Contributed Capital</b>			
Balance at 1 January		61,738	61,738
Transferred to Skills Victoria		(19,889)	0
<b>Balance at 31 December</b>		<b>41,849</b>	<b>61,738</b>
<b>Accumulated surplus/(deficit)</b>			
Balance at 1 January		83,551	56,946
Adjusted opening balance 1 Jan		83,551	56,946
Net surplus for the reporting period		20,598	28,417
Transfer (to)/from Vetassess projects reserve		(163)	69
Transfer (to)/from ACE Stage 2 reserve		12,301	(1,100)
Transfer (to)/from Software replacement reserve		(65)	586
Transfer (to)/from Marketing reserve		0	1,294
Transfer (to)/from Strategic project reserve		(1,059)	(2,089)
Transfer (to)/from Maintenance reserve		165	(572)
Transfer (to)/from Richmond Campus consolidation reserve		(4,668)	0
<b>Balance at 31 December</b>		<b>110,660</b>	<b>83,551</b>
<b>Total equity</b>		<b>223,316</b>	<b>232,119</b>

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

<b>Note 16 – Cash flow information</b>			
	Note	2011 \$ '000	2010 \$ '000
Reconciliation of operating result to net cash flows from operating activities			
<b>Net result for the year</b>		20,598	28,417
<b>Non-cash flows in operating result</b>			
Depreciation and amortisation of non-current assets	3(b),9,10	7,630	8,332
Impairment of non-current assets	4(a)	400	0
Net (gain) / loss on sale of non-current assets	4(a)	14	0
Change in operating assets and liabilities			
Decrease (increase) in trade receivables		1,613	2,928
Decrease (increase) in inventories		(20)	38
Decrease (increase) in other assets		(122)	247
Increase (decrease) in payables		2,044	2,939
Increase (decrease) in other provisions		1,526	(2,073)
<b>Net cash flows provided by/(used in) operating activities</b>		<b>33,683</b>	<b>40,828</b>

<b>Note 17 – Commitments for expenditure</b>			
	Note	2011 \$ '000	2010 \$ '000
<b>(a) Capital commitments</b>			
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:			
<b>Property, Plant and Equipment</b>			
<b>Payable:</b>			
Within one year		1,530	33,049
Later than one year but not later than five years		0	0
Later than five years		0	0
<b>Total Property, Plant and Equipment</b>		<b>1,530</b>	<b>33,049</b>
GST reclaimable on the above		(139)	(3,004)
<b>Net Commitments Property, Plant and Equipment</b>		<b>1,391</b>	<b>30,045</b>

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### Note 18 – Lease commitments

	Note	2011 \$ '000	2010 \$ '000
<b>(b) Lease commitments</b>			
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:			
Within one year		2,440	2,199
Later than one year but not later than five years		4,150	2,833
Later than five years		0	0
<b>Total lease commitments</b>		<b>6,590</b>	<b>5,032</b>
GST reclaimable on the above		(599)	(458)
<b>Net commitments operating leases</b>		<b>5,991</b>	<b>4,574</b>
<b>Representing:</b>			
Non-cancellable operating leases		6,590	5,032
<b>Total lease commitments</b>		<b>6,590</b>	<b>5,032</b>
<b>(i) Operating leases</b>			
Operating leases are effectively non-cancellable and include leases for office accommodation, computer leases and vehicle leases.			
<b>(c) Other expenditure commitments</b>			
Commitments for maintenance agreements in existence at the reporting date but not recognised as liabilities, payable:			
Within one year		586	555
Later than one year but not later than five years		0	0
<b>Total other expenditure commitments</b>		<b>586</b>	<b>555</b>
GST reclaimable on the above		(53)	(50)
<b>Net commitments other expenditure commitments</b>		<b>533</b>	<b>505</b>
The above commitments are represented by: contract cleaning and maintenance agreements		<b>586</b>	<b>555</b>

### Note 19 – Contingent assets and contingent liabilities

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the accounts, are as follows:

In respect of Business Undertakings:

As part of the funding agreement for ACE Stage 2, the Institute is liable for \$24M partly provided by the asset sales namely, Coburg, Moreland and Richmond Gwynne Street campuses.

There were no Contingent Assets for 2011 and no Contingent Assets and Liabilities for 2010.

### 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 – Subsequent events

There are no events subsequent to balance date that will have a material effect on the Institute's operations.

### Note 22 – Remuneration of auditors

	Note	2011 \$ '000	2010 \$ '000
Victorian Auditor General's Office – audit of the financial statements		36	34
Remuneration of other auditors – other assurance services		90	84
		<b>126</b>	<b>118</b>

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 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 Statement of Comprehensive Income of the Institute.

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

	Note	2011 \$ '000	2010 \$ '000
<b>Defined benefit plans:</b>			
<b>State Superannuation Fund of Victoria</b>			
State Employees Retirement Benefits Scheme (contribution rate 13.3%)		17	16
Revised Scheme (contribution rate 17.6%)		317	387
New Scheme (contribution rate 7.4% to 10.3%)		528	573
<b>Total defined benefit plans</b>		<b>862</b>	<b>977</b>
<b>Defined contribution plans:</b>			
<b>VicSuper Pty Ltd</b>			
(contribution rate based on superannuation guarantee legislation at 9%)		<b>3,423</b>	<b>3,498</b>
<b>Other Superannuation Schemes</b>			
(contribution rate based on superannuation guarantee legislation at 9%)			
Hesta		104	85
Australian Superannuation		145	113
Uni Super		73	58
Macquarie		70	52
MLC Masterkey		22	29
Hostplus		89	74
AMP Flex Lifetime Super		61	48
Vision Super Pty Ltd		42	36
MTAA Superannuation		39	45
Retail Employees Superannuation Trust (REST)		63	50
Colonial First State		39	40
Cbus		42	31
Catholic Super		26	24
ESSSuper Accumulation Plan		35	34
Health Super		28	28
Care Super		26	27
Other Schemes		322	270
<b>Total defined contribution plans</b>		<b>4,649</b>	<b>4,541</b>
<b>Total paid contribution for the year</b>		<b>5,511</b>	<b>5,517</b>
As at 31 December 2011 there was no outstanding contributions payable.			
State Superannuation Fund		0	0
VicSuper Pty Ltd		0	0
SERB scheme		0	0
		<b>0</b>	<b>0</b>

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.

The Institute does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**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 relevant Minister is The Hon. Peter Hall MLC, Minister for Higher Education and Skills. 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 interests which is completed by each member of the Parliament.

**(ii) Names of responsible persons and executive officers**

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

Mr Michael Brown (President)  
Mr Ray Griffiths (CEO)

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

Mr Dominic Andreatchio	Mr Ray Griffiths
Ms Susan Allen	Mr Stelvio Vido
Ms Margaret Hatton	Mr Matthew Stewart (term expired 31 March 2011)
Mr Michael Brown	Ms Mirella Lattanzio
Ms Jaqueline Wilson	Ms Sarangi Sananayake (term commenced 1 April 2011)
Mr Linsey Siede	Mr Andrew Priest (term commenced 1 July 2011)
Ms Helen Murphy	Mr Darren Millman (term commenced 11 November 2011)
Ms Robyn Stewart	
Ms Arfa Noor (term expired 31 March 2011)	
Mr Rudi Pavani (term expired 30 June 2011)	

Remuneration of Board members	2011 \$ '000	2010 \$ '000
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.	310	303
Remuneration received, or due and receivable from the Institute in connection with the management of any related party entity.	0	0

The number of Board members whose remuneration from the Institute was within the specified bands are as follows:

Income Range	2011 No.	2010 No.
\$0 – \$9,999	16	16
\$200,000 – \$209,999	0	0
\$210,000 – \$219,999	0	0
\$220,000 – \$229,999	0	0
\$230,000 – \$239,999	0	0
\$270,000 – \$279,999	1	1
Total number of Board members	17	17

**Executive Officers' Remuneration**

The number of executive officers whose total remuneration exceeded \$100,000 during the financial year are shown in their relevant income bands. The base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

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

	2011 \$ '000	2010 \$ '000
Base remuneration of executive officers	1,841	1,714
Total remuneration of executive officers	1,938	1,747

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**Note 24 – Key management personnel disclosures (continued)**

**Income Range**

The number of executive officers whose remuneration from the Institute was within the specified bands are as follows:

	Total remuneration		Base remuneration	
	2011 No.	2010 No.	2011 No.	2010 No.
\$20,000 – \$30,000	0	1	0	0
\$70,000 – \$79,999	1	0	1	0
\$80,000 – \$89,999	1	0	2	0
\$90,000 – \$100,000	1	0	0	0
\$110,000 – \$119,999	0	1	0	0
\$120,000 – \$129,999	0	0	0	0
\$130,000 – \$139,999	1	0	1	0
\$140,000 – \$149,999	0	0	0	5
\$150,000 – \$159,999	0	1	0	2
\$160,000 – \$169,999	0	1	1	3
\$170,000 – \$179,999	1	2	2	1
\$180,000 – \$189,999	2	4	4	0
\$190,000 – \$199,999	1	1	0	0
\$200,000 – \$209,999	3	0	1	0
\$210,000 – \$219,999	1	0	0	0
Total executive officers	12	11	12	11

**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



## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 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, foreign exchange and other price risks, ageing analysis for credit risk and data analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by a central treasury unit with the Finance function of the Institute under policies approved by the Board. The Treasury Unit identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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.

##### (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, foreign currency risk, price risk, funding risk, interest rate risk, credit risk and liquidity risk.

##### (iii) Categorisation of financial instruments

Carrying amount of financial instruments by category:

Note	Category	2011 \$ '000	2010 \$ '000
<b>Financial Assets</b>			
	Cash and Deposits	1,358	6,063
	Receivables <sup>(a)</sup>	14,540	15,501
	Investments, loans and other financial assets	57,903	57,330
		<b>73,801</b>	<b>78,894</b>
<b>Financial liabilities</b>			
	Payables	17,119	15,075
	Other financial liabilities-Advances Float for ACE Stage 2	2,500	2,500
		<b>19,619</b>	<b>17,575</b>

#### Note:

<sup>(a)</sup>Receivables and payables disclosed here exclude statutory receivables and statutory payables.

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.

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### Note 27 – Financial instruments (continued)

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 changes to the market price of investments.

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

#### Interest Rate Risk

Interest rate risk arises from the potential for a change in interest rates to change the expected net interest earnings in the current reporting period and in future years. 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.

#### 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 2011.

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 finance investment 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 2011 and 31 December 2010 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.

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### Note 27 – Financial instruments (continued)

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 payment plans is managed in the following ways:

- Specific conditions have been established which are applicable to all payment plans.
- All monies must relate to the attendance at the institute including Tuition Fees, Amenities Fees and Ancillary Fees.
- A schedule of repayments is agreed with the student at the time of making application.
- If a payment fails to come out of a student's account due to insufficient funds a dishonour fee is charged.
- Enrolment will be reviewed and/or terminated after two rejected payments.

#### 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.

#### (ii) Summarised sensitivity analysis

31 December 2011		Interest rate risk				Other price risk			
Financial assets		Rates move by:				Price move by:			
		1%		2%		30%		40%	
Carrying amount (\$'000s)		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 deposits – Cash at bank	1,358	+/- 14	+/- 14	+/- 27	+/- 27	–	–	–	–
Loans and receivables – Term deposits	30,989	+/- 310	+/- 310	+/- 620	+/- 620	–	–	–	–
Available for sale financial assets – ANZ Capital Guaranteed Floating rate note (Issued at \$1.00/unit)	914	–	–	–	–	+/- 274	+/- 274	+/- 366	+/- 366
Other financial assets – Term deposits	26,000	+/- 260	+/- 260	+/- 520	+/- 520	–	–	–	–
<b>Total increase/(decrease) in financial assets</b>		<b>+/- 584</b>	<b>+/- 584</b>	<b>+/- 1167</b>	<b>+/- 1167</b>	<b>+/- 274</b>	<b>+/- 274</b>	<b>+/- 366</b>	<b>+/- 366</b>
31 December 2010		Interest rate risk				Other price risk			
Financial assets		Rates move by:				Price move by:			
		1%		2%		30%		40%	
Carrying amount (\$'000s)		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 deposits – 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	–	–	–	–
<b>Total increase/(decrease) in financial assets</b>		<b>+/- 626</b>	<b>+/- 626</b>	<b>+/- 1251</b>	<b>+/- 1251</b>	<b>+/- 249</b>	<b>+/- 249</b>	<b>+/- 332</b>	<b>+/- 332</b>

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### Note 27 – Financial instruments (continued)

#### (iii) Financial Instrument Composition and Maturity Analysis

The tables below 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.

2011	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
<b>Financial assets</b>							
<b>Cash and deposits</b>							
Cash and deposits – Cash at Bank	4.7%	820	–	–	–	538	1,358
<b>Contractual receivables</b>							
Loans and receivables – Term deposits	5.6%	–	30,989	–	–	–	30,989
Available for sale financial assets – ANZ Capital Guaranteed Floating rate note (price per unit)	\$0.914	914	–	–	–	–	914
Receivables-Debtors	–	–	–	–	–	6,131	6,131
Receivables from other parties	–	–	–	–	–	8,409	8,409
<b>Statutory receivables</b>							
GST receivable from ATO	–	–	–	–	–	39	39
<b>Investment, loans and other financial assets</b>							
Other Financial Assets:							
Long Term Deposits	6.2%	–	–	26,000	–	–	26,000
<b>Total Financial Assets</b>		<b>1,734</b>	<b>30,989</b>	<b>26,000</b>		<b>15,117</b>	<b>73,840</b>
<b>Financial liabilities</b>							
Trade and other payables	–	–	–	–	–	17,119	17,119
Advances Float for ACE Stage 2	–	–	–	–	–	2,500	2,500
<b>Total Financial Liabilities</b>						<b>19,619</b>	<b>19,619</b>

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**Note 27 – Financial instruments (continued)**

(iii) Financial Instrument Composition and Maturity Analysis (continued)

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
<b>Financial assets</b>							
<b>Cash and deposits</b>							
Cash and deposits – Cash at Bank	4.4%	5,870	–	–	–	193	6,063
<b>Contractual receivables</b>							
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
Receivables from other parties	–	–	–	–	–	13,523	13,523
<b>Statutory receivables</b>							
GST receivable from ATO	–	–	–	–	–	691	691
<b>Investment, loans and other financial assets</b>							
Other Financial Assets:							
Long Term Deposits	6.3%	–	–	24,600	–	–	24,600
<b>Total Financial Assets</b>	<b>–</b>	<b>6,699</b>	<b>31,901</b>	<b>24,600</b>	<b>–</b>	<b>16,385</b>	<b>79,585</b>
<b>Financial liabilities</b>							
Trade and other payables	–	–	–	–	–	15,075	15,075
Advances Float for ACE Stage 2	–	–	–	–	–	2,500	2,500
<b>Total Financial Liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>17,575</b>	<b>17,575</b>

KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**Note 27 – Financial instruments (continued)**

(iv) Ageing analysis of financial assets

2011 Financial assets	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	
<b>Contractual receivables</b>							
Trade receivables	6,131	4,975	645	273	77	–	161
Receivables from other parties	8,409	8,409	–	–	–	–	–
<b>Statutory receivables</b>							
GST receivable from ATO	39	39	–	–	–	–	–
<b>Investments, loans and other financial assets</b>							
Loans and receivables – Term deposits (Australian Dollar)	30,989	30,989	–	–	–	–	–
Available-for-sale financial assets – ANZ Capital Guaranteed Floating rate note	914	914	–	–	–	–	–
Other Financial Assets – Term Deposits	26,000	26,000	–	–	–	–	–
<b>Total 2011 Financial assets</b>	<b>72,482</b>	<b>71,326</b>	<b>645</b>	<b>273</b>	<b>77</b>	<b>–</b>	<b>161</b>
<b>2010 Financial assets</b>							
<b>Contractual receivables</b>							
Trade receivables	1,978	694	622	258	243	–	161
Receivables from other parties	13,523	13,523	–	–	–	–	–
<b>Statutory receivables</b>							
GST receivable from ATO	691	691	–	–	–	–	–
<b>Investments, loans and other financial assets</b>							
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	–	–	–	–	–
<b>Total 2010 Financial assets</b>	<b>73,522</b>	<b>72,238</b>	<b>622</b>	<b>258</b>	<b>243</b>	<b>–</b>	<b>161</b>

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### Note 27 – Financial instruments (continued)

#### 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 Institute 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 Institute 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:

Financial instruments	2011		2010	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
<b>Financial assets</b>				
<b>Cash and deposits</b>				
Cash at bank and on hand	1,358	1,358	6,063	6,063
<b>Contractual receivables</b>				
Trade receivables	6,131	6,131	1,978	1,978
Receivables from other parties	8,409	8,409	13,523	13,523
<b>Statutory receivables</b>				
GST receivable from ATO	39	39	691	691
<b>Investments, loans and other financial assets</b>				
Loans and receivables – Term deposits (Australian Dollar)	30,989	30,989	31,901	31,901
Available-for-sale financial assets – ANZ Capital Guaranteed Floating rate note	914	914	829	829
Other Financial Assets – Term Deposits	26,000	26,000	24,600	24,600
<b>Total financial assets</b>	<b>73,840</b>	<b>73,840</b>	<b>79,585</b>	<b>79,585</b>
<b>Financial liabilities</b>				
Payables	17,119	17,119	15,075	15,075
Other financial liabilities – Advances Float for ACE Stage 2	2,500	2,500	2,500	2,500
<b>Total financial liabilities</b>	<b>19,619</b>	<b>19,619</b>	<b>17,575</b>	<b>17,575</b>

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### Note 27 – Financial instruments (continued)

#### Fair value estimation (continued)

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:

	2011	Level 1 Quoted Prices \$'000	Level 2 Observable Price Inputs \$'000	Level 3 Unobservable Inputs \$'000
<b>Financial assets</b>				
Available for sale financial assets – ANZ Capital Guaranteed Floating rate note	914	914	0	0
<b>Total</b>	<b>914</b>	<b>914</b>	<b>0</b>	<b>0</b>
	2010	Level 1 Quoted Prices \$'000	Level 2 Observable Price Inputs \$'000	Level 3 Unobservable Inputs \$'000
<b>Financial assets</b>				
Available for sale financial assets – ANZ Capital Guaranteed Floating rate note	829	829	0	0
<b>Total</b>	<b>829</b>	<b>829</b>	<b>0</b>	<b>0</b>

## KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### Note 27 – Financial instruments (continued)

#### Terms, Conditions and Accounting Policies

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
<b>Financial Assets</b>			
Cash and deposits – 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 1% and 4.5%.
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 and 4.9 years at an effective interest rate between 3.9% and 6.8%.
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.
<b>Financial Liabilities</b>			
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.	Settled as required.

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

**VAGO**  
Victorian Auditor-General's Office

**INDEPENDENT AUDITOR'S REPORT**

To the Members of John Batman Consultancy and Training Pty Ltd

*The Financial Report*  
The accompanying financial report for the year ended 31 December 2011 of John Batman Consultancy and Training Pty Ltd which comprises 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's Declaration has been audited.

*The Directors' Responsibility for the Financial Report*  
The Directors 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 Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors 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.

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 and the Corporations Act 2001. I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' 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 2011 and of its financial performance for the year ended on that date
- complying with Australian Accounting Standards, including Australian Accounting Interpretations and the Corporations Regulations 2001.

*Matters Relating to the Electronic Publication of the Audited Financial Report*  
This auditor's report relates to the financial report of the John Batman Consultancy and Training Pty Ltd for the year ended 31 December 2011 included both in the John Batman Consultancy and Training Pty Ltd's annual report and on the website. The Directors of John Batman Consultancy and Training Pty Ltd are responsible for the integrity of the John Batman Consultancy and Training Pty Ltd's website. I have not been engaged to report on the integrity of the John Batman Consultancy and Training Pty Ltd's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
16 March 2012

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

**VAGO**  
Victorian Auditor-General's Office

**AUDITOR-GENERAL'S INDEPENDENCE DECLARATION**

To the Directors, 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 body 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 2011, I declare that, to the best of my knowledge and belief, there have been:

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

MELBOURNE  
16 March 2012


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

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

  
KANGAN  
INSTITUTE

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD  
ACN 075 726 439  
DIRECTOR'S REPORT  
YEAR ENDED 31 DECEMBER 2011

The Director of the company submits the financial report of the company for the financial year ended 31 December 2011. 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.

ABN 44 434 746 781 | Private Bag 299, Somerton VIC 3062 | Call 13 TAFE (13 8233) | Visit [kangan.edu.au](http://kangan.edu.au)

**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 2011 to 31 December 2011.

No board or other committees existed during the year.

Dated at Broadmeadows the 15th day of March 2012.

Signed by the Director of the company

  
Ray Griffiths  
Director

  
KANGAN  
INSTITUTE

ABN 44 434 746 781 | Private Bag 299, Somerton VIC 3062 | Call 13 TAFE (13 8233) | Visit [kangan.edu.au](http://kangan.edu.au)

  
KANGAN  
INSTITUTE

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD  
ACN 075 726 439  
DIRECTOR AND ACCOUNTABLE OFFICER'S DECLARATION

The Director of the company declares that:

- The financial statements of John Batman Consultancy and Training Pty Ltd are in accordance with the Corporations Act 2001, including:
  - giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
  - complying with Accounting Standards and Corporations Regulations 2001.
- 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.
- 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.
- 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

15th March 2012  
Broadmeadows

ABN 44 434 746 781 | Private Bag 299, Somerton VIC 3062 | Call 13 TAFE (13 8233) | Visit [kangan.edu.au](http://kangan.edu.au)

Comprehensive Operating Statement  
For the year ended 31 December 2011

Note	2011 \$	2010 \$
Continuing operations	0	0
Income from transactions	0	0
<b>Total income from transactions</b>	<b>0</b>	<b>0</b>
Expenses from transactions	0	0
<b>Total expenses from transactions</b>	<b>0</b>	<b>0</b>
Net result from transactions (net operating balance)	0	0
Other economic flows included in net result	0	0
<b>Total other economic flows included in net result</b>	<b>0</b>	<b>0</b>
Net result from continuing operations	0	0
<b>Net result</b>	<b>0</b>	<b>0</b>
Other economic flows – other non-owner changes in equity	0	0
<b>Total other economic flows – Other non-owner changes in equity</b>	<b>0</b>	<b>0</b>
Comprehensive result	0	0

The accompanying notes form part of these financial statements.

Balance Sheet  
As at 31 December 2011

Note	2011 \$	2010 \$
Assets		
Financial assets		
Receivables	5,12	2
<b>Total financial assets</b>	<b>2</b>	<b>2</b>
Non-financial assets	0	0
Total non-financial assets	0	0
<b>Total assets</b>	<b>2</b>	<b>2</b>
Liabilities	0	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>
<b>Net assets</b>	<b>2</b>	<b>2</b>
Equity		
Contributed capital	2	2
<b>Total equity</b>	<b>2</b>	<b>2</b>
Commitments for expenditure	14	
Contingent assets and contingent liabilities	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 2011**

	2011	2010
	\$	\$
Total Equity at the beginning of the year	2	2
Profit attributable to equity shareholders	0	0
Revaluation increment/(decrement)	0	0
<b>Sub-total</b>	<b>2</b>	<b>2</b>
Dividends paid or provided for	0	0
<b>Total Equity at the end of the year</b>	<b>2</b>	<b>2</b>

The accompanying notes form part of these financial statements.

**Cash Flow Statement**  
**For the year ended 31 December 2011**

	2011	2010
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers	0	0
Receipts from clients	0	0
<b>Net cash flows from/(used in) operating activities</b>	<b>0</b>	<b>0</b>
<b>Net cash provided by/(used in) investing activities</b>	<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at the beginning of the financial year	0	0
<b>Cash and cash equivalents at the end of the financial year</b>	<b>0</b>	<b>0</b>

The accompanying notes form part of these financial statements.

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**Contents****Note**

1	Statutory Reporting Requirements
2	Statement of Significant Accounting Policies
3	Profit (Loss) from Ordinary Activities
4	Income Tax
5	Receivables - Other
6	Contributed Equity
7	Credit Facilities
8	Director's Remuneration
9	Responsible Person and Related Parties Disclosures
10	Company Details
11	Financial Instruments
12	Subsequent Events
13	Economic Dependency
14	Commitments for Expenditure
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 2011 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 & 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.

**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 under subdivision 50-B of the Income Tax Assessment Act 1997.

**5. Receivables – Other**

	2011	2010
Current		
Cash held by parent entity	\$2	\$2

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 6. Contributed Equity

	2011	2010
Two fully paid ordinary shares at \$1 each	\$2	\$2

#### 7. Credit Facilities

There were no credit facilities in place at either 31 December 2011 or 31 December 2010.

#### 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 Institute, in connection with the management of affairs of the parent entity and its controlled entity:

Income Range	2011	2010
\$200,000 - \$209,999	0	0
\$210,000 - \$219,999	0	0
\$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	1

#### 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 Institute. There are no other related parties.

The relevant Minister is The Hon. Peter Hall MLC, Minister for Higher Education and Skills. 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 interests which is completed by each member of the Parliament.

The person responsible for the company was the Director of Kangan Institute.

Mr Ray Griffiths is the Director of the company since 1 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 Institute  
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	
	2011	2010	2011	2010
	\$	\$	\$	\$
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.

The Company uses different methods to measure different types of risk to which it is exposed. These methods include ageing analysis for credit risk.

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 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. Subsequent Events

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 for Expenditure

The company has no capital or operating commitments as at 31 December 2011 (2010, nil).

#### 15. Contingent Assets and Liabilities

There were no Contingent Assets and Liabilities for 2011 and 2010.



# Disclosure index

The Institute's Annual Report is prepared in accordance with the Financial Management Act 1994 and the Directions of the Minister for Finance. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

Source reference	Reporting requirement	Identify relevant page(s)	Source reference	Reporting requirement	Identify relevant page(s)
<b>(A) Report of operations</b>					
[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"> <li>an institute and its activities;</li> <li>operational highlights for the reporting period;</li> <li>future initiatives; and</li> <li>other relevant information not included in the financial statements.</li> </ul>	2-45	[11] TAFE Gov. Review	Summary of training undertaken by board members throughout the year, including the number and type of programs.	28
[2] SD 4.2(h) FRD 22	The Report of Operations must be prepared in accordance with the requirements of the financial reporting directions.	9	[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.	28
[3] SD 4.5.5	Signature of responsible person – Attestation of compliance with the Australian/New Zealand Risk Management Standard.	8	[13] FRD 22B	Statement on an institute's workforce data for the current and previous reporting period.	45
[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.	8-9	[14] FRD 22B	Statement on the application of employment and conduct principles.	45
<b>Standard disclosures in the report of operations</b>					
<b>General information</b>					
[5] FRD 22	Manner of Establishment, including the relevant Minister.	2-3	[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.	41-44
[6] FRD 22	The objectives, functions, powers and duties, linked to a summary of its activities, programs and achievements for the reporting period.	2, 29-32	[16] FRD 22B	A general statement on industrial relations within an institute and details of time lost through industrial accidents and disputes.	38
[7] FRD 22	Nature and range of service provision, including the communities served.	2-3	<b>Disclosure index</b>		
[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.	18-28	[17] FRD 10	The Disclosure Index is to contain a list identifying the relevant clauses of Victorian legislation with statutory disclosure requirements.	94-96
<b>Governance</b>					
<b>Recommendations of the TAFE Governance Review, May 2003</b>					
[9] TAFE Gov. Review	Outline of the structure of the board including: <ul style="list-style-type: none"> <li>committees of the board;</li> <li>descriptions of their functions; and</li> <li>the names of the members of each committee.</li> </ul>	20-23	[18] FRD 10	A short description of the relevant requirement.	94-96
[10] TAFE Gov. Review	Outline of the structure of an institute board, including: <ul style="list-style-type: none"> <li>names and qualifications of members of the board, including knowledge, experience and skills; and</li> <li>a summary of the number of meetings attended by each board member.</li> </ul>	24-28	[19] FRD 10	The page in an annual report where the disclosure in satisfaction of the relevant requirement is made.	94-96
<b>DISCLOSURES</b>					
<b>Disclosure of ex-gratia payments</b>					
[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.	44	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.	76	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.	76-77			

Source reference	Reporting requirement	Identify relevant page(s)	Source reference	Reporting requirement	Identify relevant page(s)
[23] FRD 21A (1) (c)	An analysis of remuneration of responsible persons: <ul style="list-style-type: none"> <li>in bands of \$10,000; and</li> <li>listing the number of responsible persons whose actual remuneration for the period falls within each band.</li> </ul>	76-77	[35] FRD 22	Financial information must be consistent with that included in the financial statements.	47-48
[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.	76-77	[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"> <li>containing any additional information the accountable officer or the governing board considers appropriate; or</li> <li>any information which has been mandated by other authoritative pronouncements.</li> </ul> <p>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.</p>	2-16
[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"> <li>including the remuneration of executive officers acting in the position of an accountable officer at any time during the reporting period; and</li> <li>to ensure disclosures are meaningful, additional information may need to be disclosed about the nature of such remuneration.</li> </ul>	76-77	[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"> <li>the relevant performance targets and indicators as determined by the responsible Minister;</li> <li>the actual results achieved for that financial year against pre-determined performance targets and indicators; and</li> <li>an explanation of any significant variance between the actual results and performance targets indicators.</li> </ul>	10-16
[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.	76-77	<b>Other relevant information</b>		
[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.	60-61	[38] FRD 22	Summary of Application of the Freedom of Information Act 1982 (including amendments of 3 August 2007).	38
<b>Financial information</b>					
[28] FRD 22	Summary of financial results with comparative information for preceding four years.	10-16	[39] FRD 22	Statement on compliance with building and maintenance provisions of the Building Act 1993 (including amendments of 1 July 2007).	36
[29] FRD 22	Summary of significant changes in financial position.	10-16, 50-53	[40] FRD 22	Summary of the application and operation of the Whistleblowers Protection Act 2001 (including amendments of 1 July 2007) and disclosures required by this Act.	44
[30] FRD 22	Summary of operational and budgetary objectives, including performance against objectives and significant achievements.	2-16, 29-32	[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"> <li>Competitive Neutrality: A Statement of Victorian Government Policy;</li> <li>Victorian Government Timetable for the Review of Legislative Restrictions on Competition; and</li> <li>any subsequent reforms.</li> </ul>	40
[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.	74	[42] FRD 22	Summary of environmental performance.	32-35
[32] FRD 22	For each consultancy valued in excess of \$100,000, set out: <ul style="list-style-type: none"> <li>a schedule listing the consultants engaged;</li> <li>a summary of project involved;</li> <li>total project fees approved (excluding GST);</li> <li>expenditure for the reporting period (excluding GST); and</li> <li>future commitments relating to consultant.</li> </ul>	38	[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>	38
[33] FRD 22	Total number of consultancies individually valued at less than \$100,000 (excl. of GST).	38	[44] FRD 22	Statement that declarations of pecuniary interests have been duly completed by all relevant officers.	38
[34] FRD 22	Total expenditure (exclusive of GST) of these consultancy engagements.	38	[45] FRD 22	Details of shares held by senior officers (as nominees or held beneficially in a statutory authority or subsidiary).	38

Source reference	Reporting requirement	Identify relevant page(s)
[46]	FRD 22 Details of publications produced by the entity about itself and how they can be obtained).	38
[47]	FRD 22 Details of major promotional, public relations and marketing activities undertaken to develop community awareness of the institute and its services.	38
[48]	FRD 22 Details of changes in prices, fees, charges, rates and levies charged by the institute.	38
[49]	FRD 22 Details of any major external reviews carried out on the institute.	38
[50]	FRD 22 Details of major research and development activities undertaken by the institute.	38
[51]	FRD 22 Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.	38
[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.	38
<b>Overseas operations of Victorian TAFE institutes</b>		
[53]	PAEC Financial and other information on initiatives taken or strategies relating to the institute's international operations.	38-40
<b>Auditor General</b>		
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: • 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.	31-32, 38-40
<b>Financial reporting direction 27 – presentation of reporting and performance information</b>		
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) 1. Participation of 15-24 year olds. 2. Participation of 25-64 year olds. 3. Module Load Completion Rate. 4. Student satisfaction. 5. Total Cost per Student Contact Hour (SCH). 6. Working Capital Ratio. 7. Net Operating Margin. 8. Fee for Service Revenue. 9. Revenue per EFT Staff. 10. Student Contact Hours (SCH). 11. Energy Consumption.	9-10

Source reference	Reporting requirement	Identify relevant page(s)
<b>(B) Financial Statements</b>		
<b>Part 7 of the Financial Management Act 1994 (FMA)</b>		
[56]	FMA 49 (a) Must contain such information as required by the Minister.	46-93
[57]	FMA 49 (b) Must be prepared in a manner and form approved by the Minister.	46-93
[58]	FMA 49 (c) Must present fairly the financial transactions of an institute during the financial year to which they relate.	49
[59]	FMA 49 (d) Must present fairly the financial position of an institute as at the end of the year.	49
[60]	FMA 49 (e) Must be certified by the Accountable Officer for an institute in the manner approved by the Minister.	49
<b>The Financial Statements must be prepared in accordance with:</b>		
[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).	54
[62]	SD 4.2 (a) Financial Report Directions.	54
[63]	SDA 4.2 (a) Business rules.	54
<b>The Financial Statements are to comprise the following:</b>		
[64]	SD 4.2 (b) An operating statement.	50
[65]	SD 4.2 (b) A balance sheet.	51
[66]	SD 4.2 (b) A statement of recognised income and expenses.	52
[67]	SD 4.2 (b) A cash flow statement.	53
[68]	SD 4.2 (b) Notes to the financial statements.	54-86
<b>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:</b>		
[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.	49
[70]	SD 4.2 (c) The Financial Statements are prepared in accordance with this direction and applicable Financial Reporting Directions.	49
[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).	49

## CAMPUS LOCATIONS

**Broadmeadows**  
(Main campus)  
Pearcedale Parade  
BROADMEADOWS VIC 3047

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

**VETASSESS**  
Level 5, 478 Albert Street  
EAST MELBOURNE VIC 3002  
Phone: +61 3 9655 4801  
Fax: +61 3 9654 3385  
Visit: vetassess.com.au

**Kangan Institute provides training in secure custodial settings at:**

**Dame Phyllis Frost Centre**  
Riding Boundary Road  
DEER PARK VIC 3023

**Disability Forensic and Treatment site**  
Yarra Bend Road  
FAIRFIELD VIC 3078

**Melbourne CBD**  
(English Language Centre)  
Mezzanine Floor, 278 Flinders Lane  
MELBOURNE VIC 3000

**Essendon**  
38 Buckley Street  
ESSENDON VIC 3040

**eWORKS**  
Level 5  
3437 St Kilda Road  
MELBOURNE VIC 3004  
Phone: +61 3 9661 8700  
Fax: +61 3 9661 8799  
Visit: eworks.edu.au

**Melbourne Assessment Prison**  
Spencer Street  
WEST MELBOURNE VIC 3003

**Metropolitan Remand Centre**  
Middle Road  
RAVENHALL VIC 3023

**Parkville Youth Justice Precinct**  
Park Street  
PARKVILLE VIC 3026

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

**Richmond**  
70 Gwynne Street  
RICHMOND VIC 3121

**Port Phillip Prison**  
Corner Dohertys Road and Palmers Road  
LAVERTON VIC 3028

**Thomas Embling Hospital**  
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**  
This annual report is available to download at kangan.edu.au/about/publications/annual-report. For hard copies of this annual report, please email corporatecommunications@kangan.edu.au with your request.

**Credits**  
The Kangan Institute 2011 annual report was jointly produced by the Marketing and Corporate Finance departments.  
Editor: Stephanie Yap  
Financial accountant: Alban Tan  
Design and layout: John Christoe  
Printer: Vega Press  
Paper stock: Titan Plus Satin, 250/128gsm

**Contact Us**  
Kangan Institute  
Private Bag 299  
Somerton VIC 3062  
Call: 13 TAFE (13 8233)  
(Victoria, Australia only)  
or +61 3 9279 2222  
Fax: +61 3 9279 2590  
Email: enquiries@kangan.edu.au  
Visit: kangan.edu.au

**Contact us**

**Kangan Institute**  
Private Bag 299  
Somerton 3062

Call: **13 TAFE (13 8233)**  
(Victoria, Australia only)  
Or **+61 3 9279 2222**  
Fax: **+61 3 9279 2590**  
Email: **enquiries@kangan.edu.au**  
Visit: **kangan.edu.au**



Real education. Real skills. Real jobs.



T20110117-100135