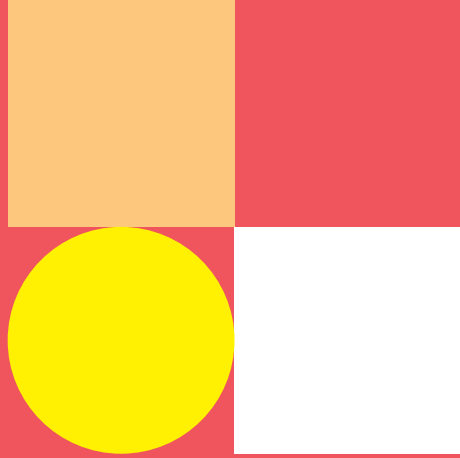


Annual Report 2020







2020 Annual Report Index

4	Introduction
5	Our organisation
5	Our board
6	Our executive
6	Organisational chart
7	Controlled entities
7	Our strategic intent
8	Year in review
8	Holmesglen Foundation
9	Connecting with our communities
10	Valuing our people
11	Achieving strategic goals
12	Celebrating success
13	Achieving financial sustainability
14	Compliance
14	Workforce
16	Social procurement
17	Environmental performance
18	Major commercial activities
18	Legislative compliance
19	National competition policy and Victoria's competitive neutrality policy
19	Victorian public service travel policy
19	Statement on compulsory non-academic fees, subscriptions and charges (Higher Education)
20	Consultancies
20	Information and Communication Technology expenditure
20	Government advertising expenditure
21	Additional information on request
21	Financial management compliance attestation
22	Financial report
22	Independent auditor's report - financial report
24	Declaration by board chair, CE and CFO
27	Comprehensive operating statement
28	Balance Sheet
29	Statement of changes in equity
30	Cash flow statement
31	Notes to financial dtatements
80	Statement of performance
81	Disclosure index



Introduction

On behalf of Holmesglen Institute and the Board, we are pleased to present our 2020 Annual Report.

The Institute has prepared this report according to the *Financial Management Act 1994*, Standing Directions, Instructions, Financial Reporting Directions and applicable Australian Accounting Standards.

It also follows the TAFE Institute Annual Report Guidelines issued by the Department of Education and Training.

This report presents the required compliance statements, financial report and statement of performance for Holmesglen Institute and its controlled entities.

It also outlines our operations and achievements for the year. With the onset and response to the global COVID-19 pandemic, we came together as a community to support our learners, stakeholders and each other.

We are proud of our efforts in 2020, including:

- supporting our learners with a range of outreach programs including food deliveries, financial relief and other welfare initiatives
- ensuring continuity of teaching, learning and support services, while demonstrating our capacity to innovate and respond with speed and agility
- advancing the activities of the Holmesglen Foundation through the generous support of our benefactors
- engaging with our communities in mutual support of those most affected by the pandemic and associated restrictions
- supporting our people to maintain their health and wellbeing while they delivered our programs and services remotely
- continuing to implement strategic initiatives to realise our vision, including the launch of the Victorian Tunnelling Centre.

Thank you to our directors and staff for their excellent work and commitment throughout 2020.



Peter Lewinsky
Chair
Holmesglen Institute
17 March 2021



Mary Faraone
Chief Executive
Holmesglen Institute
17 March 2021

Our organisation

Holmesglen is established under the *Education and Training Reform Act 2006*. This Act – along with the Institute's Constitution – defines our functions and duties, including:

- providing vocational education and training and higher education programs to benefit Victorian industry and communities
- undertaking applied research in partnership with learners, industry and communities
- providing facilities and services to support our learners and communities.

In 2020, the Minister for Training and Skills and Minister for Higher Education was the Hon. Gayle Tierney MP.

This was a year of unprecedented change and adaptation, as our ways of living and working were reshaped in response to the COVID-19 pandemic. We continued to deliver on our purpose to:

- provide education and training to ensure our learners are work ready, life ready and world ready
- play an integral role in the community, supporting social inclusion and cohesion
- partner with businesses to develop their workforce for today and the future.

This year, over 23,000 learners undertook our certificates, diplomas, advanced diplomas, bachelor's degrees, graduate certificates and master's degrees. We also provided a number of micro-credentials and non-award programs to help learners develop foundational or specific work-related skills.

During the year we served our local communities across eight sites and remotely, promoting quality applied learning and research – and providing exceptional support services. We also participated in commercial projects and educational partnerships, which extended our reach in Australia and overseas.

Our Board

Holmesglen's Board of Directors is responsible to the Victorian Government for the effective oversight and governance of the Institute. The Board advances our objectives and operates in accordance with the economic and social objectives and public sector management policies established by the government.

It also assists and informs the Minister for Training and Skills and Minister for Higher Education or the Ministers' delegates as required.

Directors in 2020 were:

- Peter Lewinsky (Chair)
- Janelle Allison (from 1 July 2020)
- Ann Barker
- Karen Corry
- Peter Darvall AO (to 30 June 2020)
- Mary Faraone
- Michael Gorton AM
- Ian Hamm
- Christina (Christy) Karamzalis
- Leonie Morgan AM
- Bruce Porter
- Dominic Thorsen
- Catherine Walsh (to 31 October 2020)

Four committees enable the Board to execute its governance responsibilities.

Asset and Infrastructure Committee

This committee oversees Institute capital facilities and infrastructure development – including ICT and major equipment items – and the progress of major projects.

Committee members include:

- Karen Corry (Chair)
- Ann Barker
- Mary Faraone
- Ian Hamm (member from 15 July 2020)
- Christy Karamzalis
- Peter Lewinsky

Audit Committee

Operating according to the Victorian Public Service Financial Management Compliance Framework, this committee oversees:

- accountability, risk management and internal control
- adequacy of our financial reporting and financial management practices

The committee also reviews the annual financial statements and makes recommendations to the Board on adopting the statements and authorising its release of to parliament.

Committee members include:

- Bruce Porter (Chair)
- Karen Corry
- Peter Darvall (member to 30 June 2020)
- Peter Lewinsky
- Leonie Morgan (member from 15 July 2020)

People, Culture and Remuneration Committee

This committee oversees all people-related activities and ensures proper governance and capabilities to deliver our strategic objectives. Committee members include:

- Catherine Walsh (Chair to 20 October 2020)
- Mary Faraone
- Michael Gorton
- Peter Lewinsky
- Leonie Morgan (Chair from 21 October 2020)

Quality Committee

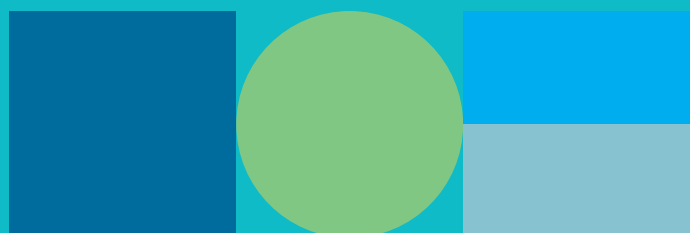
This committee oversees organisational performance against:

- our rules, policies and procedures
- regulatory standards
- funding contract requirements
- legislation that impacts the quality of our teaching and learning outcomes and operations.

It also monitors the adequacy of our educational compliance and quality management practices.

Committee members include:

- Michael Gorton (Chair)
- Peter Darvall (member to 30 June 2020)
- Janelle Allison (member from 15 July 2020)
- Mary Faraone (standing member)
- Peter Lewinsky (ex-officio member)
- Bruce Porter
- Dominic Thorsen
- Catherine Walsh (member to 31 October 2020)



Our Executive

Holmesglen is structured to facilitate strategic leadership and efficient administration of our core functions.

The executive group oversees daily operations under our governance framework – which includes our rules, policies, procedures and our corporate plans and strategies.

Organisational Chart

Board, committees and executive team as of 31 December 2020



Controlled entities

Holmesglen Foundation and Glenuc Pty Ltd

The Holmesglen Foundation is a controlled entity of Holmesglen Institute and operates through a trust deed between the Institute and Glenuc Pty Ltd.

Company Directors are responsible for ensuring the Foundation operates according to the trust deed and complies with all governance and regulatory requirements.

The Directors of Glenuc Pty Ltd in 2020 were:

- Peter Lewinsky (Chair)
- Ann Barker
- Andrew Brookes
- Ros Casey
- Wesa Chau
- Mary Faraone
- Hannah Piterman

Holmesglen International Training Services Pty Ltd

Holmesglen International Training Services Pty Ltd is a fully-owned subsidiary of Holmesglen Institute. Mary Faraone was the sole Director of Holmesglen International Training Services in 2020.



Our strategic intent

This year we established a ten-year vision for Holmesglen that draws on our previous strategy, but with greater clarification of our aspirations. Our ASPIRE values remain as a key enabler of our vision. The goals and priorities in our new strategy have a specific timeframe of 2021 to 2023 to freshen the plan, but still keep sight of our overall vision and aspirations for 2030. We have refocused our strategies on our learner experience and engagement with industry and community, and sharpened our focus on:

- valuing our people and future workforce needs
- our service delivery model
- future learning needs
- organisational performance
- sustainability.

Our 2030 Vision

Holmesglen is a leading tertiary provider, valued by local and international learners, the community and industry. We are recognised for innovation in education, training and applied research, creativity and entrepreneurship. We have an open, collaborative and quality-driven culture in which learners and staff excel.

Holmesglen Institute in 2030 is:

- An inspirational and inclusive place of learning
- Physical, digital and experiential
- Focussed on excellence in performance
- Connected to industry and community partners
- Differentiated
- Globally connected
- Resilient, sustainable and adaptive.

Our ASPIRE values



AMBITION



SCHOLARSHIP



PASSION



INTEGRITY



RESPECT



EXCELLENCE

Year in review

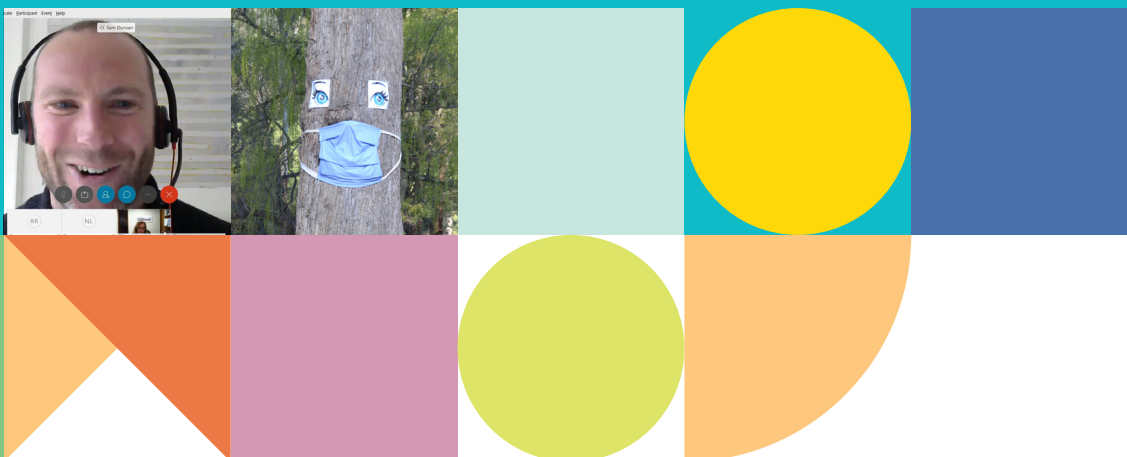
We are especially proud of the extraordinary effort of our staff, community partners and supporters to protect the welfare and wellbeing of our learners throughout 2020.

Across Holmesglen in 2020 we:

- delivered over 5,000 pre-cooked meals, 1,000 food parcels and 500 Christmas hampers to learners experiencing financial distress
- engaged with over 1,600 learners in tele-counselling and welfare support sessions and supported 360 learners with a disability to engage in learning remotely including providing closed captions for video recorded teaching sessions
- made over 5,000 outreach phone calls to our international learners to check on their welfare and wellbeing
- connected every learner with an LLN specialist teacher to support their learning needs remotely
- supported learners experiencing housing insecurity to find temporary accommodation and connect with community support agencies
- expanded our online community with regular postings and discussions to motivate and support learners remain engaged in learning
- donated and supplied laptops and other equipment to help learners connect digitally with their peers and teachers
- distributed the unused food supplies from our cookery training kitchens and stores to our learners ahead of the lockdown periods

- secured a commitment from a host of local restaurants to offer our international learners one free meal each week
- ran 145 virtual club events and recreational activities, spanning six different languages, to support the wellbeing of learners and maintain their connection with us
- redeployed resources from our Skills and Jobs Centre to secure 260 jobs for our learners, offer career workshops and mentoring sessions and provide support to engage with the Working for Victoria initiative
- established a new Student Representative Council and inducted 12 student leaders to their roles.

In response, the resilience and tenacity of our learners was inspiring. They participated in learning activities online and in their homes in ways they never expected. Cookery learners ran WebEx Mystery Box menu competitions. Dental technology learners carved teeth from wax to maintain their hand skills. Bachelor of Hospitality Management learners hosted a virtual conference with industry experts sharing their insights and learnings to help fill the gap created when industry placements ceased. Across every program, learners adapted to remote delivery and supported each other.



Holmesglen Foundation

The Holmesglen Foundation embodies our commitment to accessible education and skills development – particularly for learners who require financial support to commence or continue in programs at the Institute.

For the year ending 31 December 2020, the Foundation distributed \$1,064,629 to Holmesglen. This distribution provided for scholarships and grants. It also funded a range of learner programs and services.

The Foundation's philanthropic impact has continued to grow, despite the challenges imposed by 2020. Like many philanthropic entities around the world, we raised less than we did in 2019. However, we saw a considerable increase in the number of donors – from 67 in 2019 to 84 in 2020.

In response to COVID-19, the Foundation launched an emergency grants program to assist learners affected by the pandemic. The grants were designed to work alongside Holmesglen's other support mechanisms, such as food relief and counselling.

We awarded more than 515 grants and scholarships to assist learners in 2020, with a total value of nearly \$220,000. Institute funding, staff and director donations formed the backbone of the grants initiative. We are also particularly thankful for major contributions from Allianz Global Assistance and the McNally Family Foundation.

The Foundation remains grateful to Leonie Morgan AM for her ongoing support of the Women in Trades Scholarship. We acknowledge the family of Peter Grundy, who enabled us to offer the Peter Grundy Scholarship for the third consecutive year to our international learners. We also thank the founders of Maple Plan, a leading provider of NDIS plans, for establishing the Maple Plan Scholarship to support learners with a disability. We will award the scholarship for the first time in 2021.

During 2020, the Foundation also:

- allocated funds to Holmesglen's food relief program
- worked closely with Student Wellbeing, referring hundreds of students for further food relief
- assisted learners with the purchase of equipment required for their program
- matched learners with loan laptops.

Thank you

The Foundation thanks every donor who has contributed to help our learners get through the pandemic.

- Kussay Al-Zubaidi
- Allianz Global Assistance
- Andrea Anthony
- Keri Bailey
- Debbie Banninger
- Rosemary Barca
- Charlie Barca-James
- Ann Barker
- Eva Bitsikas
- Tamara Bowles
- Andrew Brookes
- Eden Campbell
- Ros Casey
- Susan Cavanagh
- Ros Chatfield
- Wesa Chau
- Mary Cherucury
- Keun Chei Cho
- Travis Clarke
- Sue Cooke
- Karen Corry
- Peter Darvall AO
- Paula De Lange
- Anthony Deicmanis
- Mitali Desai
- Rhonda Edwards
- Mary Faraone
- Mark Fielding
- Ann Fisher
- Laurin Fortune
- Fortune Consulting
- Susan Gandy
- Michael Gorton AM
- John Grundy
- Warren Guest
- Ian Hamm
- Sharon Hebdon
- Therese Hickey
- David Hulett
- Stuart Hunter
- Jennifer Jones
- Mark Jordan
- Christy Karamzalis
- Debra Kiegaldie
- Gabrielle Koutoukidis
- Susan Lanyon
- Peter Lee
- Peter Lewinsky
- Johna Low
- Leah Maine
- Maple Plan
- Lexii Marquardt
- Suzanne McKinnon
- McNally Family Foundation
- Leonie Morgan AM
- Maria Pelosi
- Isabella Pinizzotto
- Hannah Piterman
- Bruce Porter
- Vincent Ramos
- Rio Industrial Group
- Christine Robertson
- Lesley Robertson
- Sabrands
- Kathleen Schumann
- Paul Smit
- Lucy Spence
- Dona Sullivan
- Cynthia Tang
- Louise Taylor
- Heather Thompson
- Dominic Thorsen
- Sue Verhey
- Zac Vlahandonis
- Steve Voudouris
- Catherine Walsh
- Lisa Webb
- Leanne Wells
- Andrew Williamson
- Alana Wilson
- Joab Wilson
- Kirsten Wood
- Nanette Yates
- Pam Younes
- Rebecca Zolotareva
- Two anonymous donors

Connecting with our communities

Our efforts to support our learners during 2020 would not have been possible without the outpouring of support from our community partners.

Community engagement

This was the first year of implementing our Community Engagement Plan and we focussed on two pillars of our plan - mobilising our resources to support our learners and communities and creating impactful partnerships. In meeting the challenge of this extraordinary year, we also worked to create value for our partners, while receiving so much more in return. We thank the following organisations for their support of our learners.

- Royal Melbourne Golf Club, Father Bob Maguire Foundation, Highett Neighbourhood Community House, Hampton Community Centre, RACV Melbourne, Jerry's in Elwood, Port Phillip Community Centre and Quat Quatta cooked fresh meals.
- Ramsey Group Avenue, Masada and Glenferrie hospitals cooked meals twice a week during the lock down periods.
- FoodBank, Oz Harvest, FareShare and Pinchapoo Charity and our own staff donated goods for our food and hygiene parcels.
- Woolworths provided goods at a discount rate and bags to package the food parcels.
- Community Care and the Compass Church provided Christmas hampers.
- Rotary Clubs of Cheltenham, Sandringham, Beaumaris and Hampton provided funds or produce to the organisations cooking meals for our learners.
- The cities of Stonnington, Kingston and Glen Eira introduced us to their support agencies and other local organisations who could help our learners.
- Wilsons Storage Cheltenham provided a van free of charge to deliver hampers.

In return, we were able to collect and deliver frozen meals to the Sisters 'of Two Hearts and Reaching Out Because We Can charities for distribution to their clients in need.

Hugs from Holmesglen

Hugs from Holmesglen saw our Diploma of Community Services learners working in small groups alongside our staff and a wide range of community partners to source, pack and deliver over 1,000 wellness packs for frontline staff at the Royal Melbourne Hospital and goods to stock the Royal Children's Hospital Wellness Centre.

Due to COVID-19 restrictions, these learners were experiencing significant disruptions to their required field placements. Participating in Hugs from Holmesglen enabled them to complete 140 placement hours.

Hugs from Holmesglen involved our community partners and diploma learners reaching out to local businesses to source over 10,000 products and raise over \$1,000 in donations. This included a \$500 donation by the Father Bob Maguire Foundation and supply of a delivery van by Wilson Storage Cheltenham.

Each Hug from Holmesglen pack for the Royal Melbourne Hospital contained a range of relaxation and wellness and pamper products, sweet treats, coffee vouchers for the hospital's onsite café and our heartfelt thanks to the hospital staff for their hard work, dedication and commitment to those in need. We also provided similar products to help stock the Royal Children's Hospital Wellness Centre.

Valuing our people

Our people are the core of our organisation and our ability to deliver on our purpose and vision for the future.

Forums and conferences go virtual

As we shifted our teaching and support services to embrace digital technologies, we also moved our staff engagement and development activities to online platforms. Our annual ASPIRE Conference was transformed to an online event, with 930 staff tuning in to the opening address and engaging in a series of webinars. We also cast our Hot Topics Forums and Chief Executive Forums into our home offices. We explored how we were responding to COVID-19 and looked to the future with keynote presentations covering concepts such as connected campuses, our international education strategy and our work on learner partnerships. A range of stakeholders joined our forums, including a panel of learners, representatives of peak educational bodies, the Hon. Gayle Tierney MP and Mr Steve Dimopoulos MP.

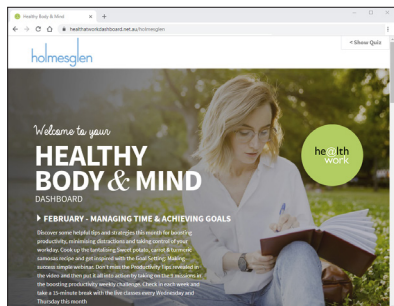
ASPIRE Heroes

ASPIRE Heroes are everyday people at Holmesglen who achieve extraordinary things.

Nominated by their colleagues for demonstrating an ASPIRE value, we award Heroes a value pin to recognise their contribution to our learners, industry partners, community members or other staff. In 2020, we received over 260 nominations and awarded 44 pins to recognise the staff who best embody our values.

Service recognition

We also continued to acknowledge the contribution of employees to our growth and success by giving recognition pins to staff who celebrate their 15, 20 and 30-year anniversaries. In 2020, 35 staff received their pins, including three employees who have provided 30 years of service to Holmesglen.



Healthy Body and Mind Dashboard



Holmesglen was quick to adapt and innovate during the COVID-19 pandemic.

Staff capability, health and wellbeing

Our professional development emphasis in 2020 was on supporting staff working from home and developing skills in remote teaching and learning. We also continued to provide health and wellbeing support. Training in our virtual desktop, learning management system, video conferencing and video authoring platforms were popular with teaching staff.

Our VET Teacher Capability Plan 2018-2020 includes a range of initiatives designed to develop our teaching staff as established VET practitioners. While disrupted by COVID-19, we continued to implement the plan by:

- funding 14 staff to undertake the Associate Degree of VET to improve their professional teaching qualifications
- establishing the Online Learning Group – a team of learning designers with expertise in the digital space to support teachers delivering remotely and orient learners to our learning management system and remote learning tools
- continuing the collaboration between the Educational Resources Unit and teaching faculties to create a wide range of learning artefacts and improve resources and assessments through mentoring support and training programs.

Our Community Safety Advisory Committee became a key forum to ensure our COVID Safe Plan and practices were developed and implemented as required. The committee also focussed on the development and implementation of policies, procedures and professional learning programs to improve the safety and wellbeing of our community members.

In 2020, we again successfully delivered an extensive health, safety and wellbeing program, including:

- launching the Healthy Body and Mind Dashboard
- providing webinar and live sessions on yoga, meditation, movement, mindfulness, adapting to change, managing stress, superannuation, investing and managing finances
- offering annual flu vaccinations
- participating in RUOK? Day, Men's Health Month and Virgin Pulse Go!, which saw 31 teams walk for the 100 days of the challenge
- providing child safety, first aid, mental health first aid, emergency warden and hazardous manual handling training
- maintaining our Employee Assistance Program to provide confidential counselling, wellbeing coaching and other types of support.

We followed best practice advice on managing our COVID-19 response:

- all communications came from a single source, were accessible remotely and followed government requirements
- practical physical and technological measures were put in place as part of our COVID Safe Plan including social distancing, mask wearing, cleaning and contact tracing
- support was provided to ensure the health and wellbeing of both employees and learners.

In addition, we administered two remote working surveys to maintain contact with staff and to act on feedback to improve the experience of both remote and onsite workers. The survey results showed that our efforts to support staff and ensure their health and wellbeing were effective.

Achieving strategic goals

Our strategic achievements continued to transform our organisation and help us realise our vision.

ICT transformations

Continuing implementation of our Data, Systems and Technology Strategy and previous investment by our Board in our ICT infrastructure enabled us to adapt to remote work and learning quickly. In particular, our prior deployment of a virtual desktop solution, web-conferencing and other collaboration applications meant staff and learners had remote access to the tools required to work and learn from home. In response to COVID-19, we extended the functionality and capacity of these services and delivered additional support to staff and learners to use them effectively. In 2020, we also deployed a new enterprise survey management solution and introduced automated reporting of apprentice progression to their employers.

Victorian Tunnelling Centre

In December 2020, the Minister for Training and Skills and Minister for Higher Education officially opened the Victorian Tunnelling Centre at our Drummond Street campus in Chadstone. This impressive facility offers specialist training to workers in the construction and operation of a variety of tunnels including rail, road, and utilities tunnels.

The new facility includes:

- replica full-scale mined and tunnel boring machine tunnels
- two multi-purpose engineering workrooms
- training facilities including tunnel shaft and concrete lining spray simulators
- augmented and virtual reality experiences
- a cutterhead, refuge chamber and the only four-motion bridge and gantry crane located in a TAFE environment.

International education

With the onset of COVID-19, we experienced a significant retraction of our onshore international education market. Our focus became the wellbeing of our international learners in Australia, transforming higher education program delivery to an offshore model and engaging in virtual promotional events to keep our brand presence refreshed and stay in touch with prospective learners.

Across two lockdowns, our staff made over 5,000 calls to international learners, checking on their wellbeing. Learners were provided with over \$740,000 of Victorian Government International Student Emergency Relief Fund grants and over \$250,000 in grants from the Holmesglen Foundation. Over 80 percent of learners accessing our emergency food relief program were international learners. We also waived over \$330,000 of rental fees for international student accommodation and provided housing to four international students who were facing homelessness.

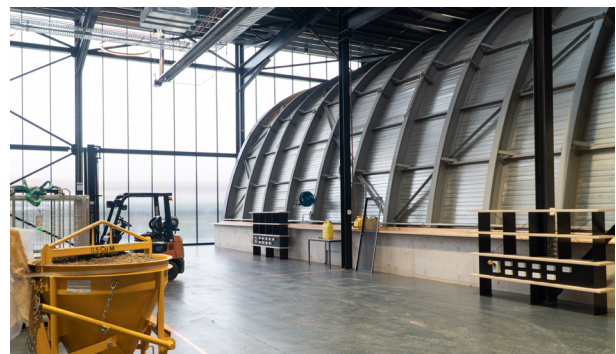
Our offshore partnerships and commercial work continued to expand – particularly in Japan, Indonesia and China. For example, in 2020 we:

- implemented online delivery of our diploma programs in accounting and international business with partners Shandong Institute of Commerce and Technology and Zhejiang Business Technology Institute
- established a new partnership in China with Suzhou Vocational University to deliver online English programs
- secured a contract to deliver online construction training to our partner Wuhan Polytechnic
- won a significant contract providing online website security training to the Indonesian Ministry for Education and Culture
- delivered project management training to Victorian government employees working in Indonesia
- commenced delivery of electrotechnology programs to Indonesian-Australian company PT ODG - an electrical, instrumentation, mechanical and fire services contractor based in Jakarta
- continued to deliver online English training to long-term partner Kamori Kanko and new client Kyushu Technical Institute - a Japanese national university.

The centre is key in building Victoria's workforce and have skilled workers for the Victorian Government's major pipeline of works including North East Link, Suburban Rail Loop, Metro Tunnel, West Gate Tunnel and Airport Rail Link. It was funded by Rail Projects Victoria, North East Link and West Gate Tunnel.

Building 4.0 CRC

A successful \$28 m funding grant from the Australian Government will establish an industry-led Co-operative Research Centre (CRC) for the building and construction sector – Building 4.0 CRC. Alongside 29 leading industry, government and university partners, we will participate in a range of research projects. The research program aims to develop new building practices, processes, techniques and skills that leverage the latest technologies, data science and artificial intelligence. Being a partner in Building 4.0 CRC will also strengthen the capacity of our Centre for Applied Research and Innovation to involve and support our staff and learners in applied research.



Our Rule for Risk Management and Enterprise Risk Management Plan outlines strategies for managing all of the Institute's operational and strategic risks, including those from our international operations. We evaluate and monitor these risks regularly, and report to the Audit Committee and Board. If further mitigation is required, additional risk treatments are identified and implemented. All risk categories were regularly reviewed and management plans updated, as the year unfolded.

The Institute's internal audit strategy includes a regular review of our international operations. Internal audit findings, recommendations and closeout actions are reported to the Board's Audit Committee.

Our performance measures for our overseas operations include international learner enrolments and satisfaction, revenue growth and the number of offshore projects and alliances. In 2020, our results on these indicators are in line with the retraction of our market due to the impact of COVID-19 on the international education sector.

Celebrating success

Industry awards

Our HVAC Centre of Excellence at Chadstone won a prestigious international award for learning and development in engineering excellence. A joint initiative between Holmesglen and the Air Conditioning and Mechanical Contractors' Association, the Centre was awarded the CIBSE Building Performance Awards 2020 - Learning and Development honour at an event in London. The awards recognise the people, products and projects that demonstrate engineering excellence in the built environment.

The following alumni and learners were honoured with awards in 2020 in recognition of their skills and talents.

- Baking Association of Australia: Patisserie graduate Chan Khun and his Country Cobb Bakery team were crowned makers of Australia's Best Pie for the third consecutive year.
- Design Matters National Emerging Designers Awards: Four of our up and coming designers were honoured at the awards including Rocco Molluso (Excellence in Documentation), Carolina Osejo (joint winner of the Best Digital Presentation), Wayne Tindal (Best Response to a Design Brief, Building Design) and Ivona Nagel (Best Response to a Design Brief, Interior Design). Wayne also took out the prestigious Brian Morrison Award for the most promising student.
- Australian Glass and Window Association's Victoria Apprentice of the Year: Daniel Ware was named the state's top glazing apprentice.

- 2020 Fringe Furniture Awards: Patrick Connell was presented with the esteemed Finely Crafted Award (Emerging) for his coffee table in quarter sawn American Oak, recycled English Oak and Huon Pine. Cassie Carters was honoured with the Designer in Residence Award for her Tomi Side Tables.
- Wandee International Culinary Competition: In February 2020, four Holmesglen commercial cookery apprentices travelled to Thailand to compete in the prestigious Wandee culinary competition. Kirin Ito came away with a bronze medal in Modern Asian Cuisine individual category and Ba See, Charlie Schieh and Phoebe Pepper won silver in the team East Meets West category.
- Medela 'Mother's Milk in Art' competition: Graphic design learner, Madeline Hughes, won with her design honouring cultural diversity and shared journeys in breastfeeding. Chris Brandl Lopez was named the runner up with his design inspired by the tree of life.



Holmesglen Awards Festival

Each year, Holmesglen offers prizes and awards to recognise learner achievements. Many of these are made available through the generous support of sponsors and industry partners. Holmesglen gratefully acknowledges their support of our learners. This year our most outstanding learners and staff were recognised in online gala events.

Our 2020 award winners were:

- A. Constance Fraser, Outstanding VCAL Student
- B. Jessica Sutton, Outstanding Apprentice
- C. Brianna-Jo Payet, Outstanding Certificate Student
- D. Amberle Seidl, Outstanding Diploma Student
- E. Souphaphone (Nang) Thoommavongsa, Outstanding International Student
- F. Liam Cairns, Outstanding Higher Education Student
- G. Raquel Boldiz, Outstanding Individual Achievement Award
- H. Sarah Keachie, Staff ASPIRE Award
- I. Sandi Tomadin, Excellence in Teaching Award
- J. Mel Eason, Excellence in Customer Service Award

We also recognised the Air Conditioning and Mechanical Contractors' Association, Donovans and the Cross Yarra Partnership for their contribution to vocational and higher education at Holmesglen.

Achieving financial sustainability

Our financial sustainability strategy sets out our commitment to meet our financial management obligations, ensure sound financial performance and achieve a stable and sustainable financial position.

While COVID-19 affected our financial performance in 2020, our financial sustainability expenditure strategies enabled us to mitigate the negative impact on our net result from transactions. For 2020, Holmesglen and its controlled entities achieved a surplus net result from transactions of \$2.759 million.

In 2019, our net result from transactions was a surplus of \$3.136 million. Our 2020 result was largely in line with our budgeted net result from transactions of \$2.868 million.

The overall net result, taking into account other economic flows, was a deficit of \$1.338 million compared to a surplus of \$10.686 million the previous year. Other economic flows include unrealised gains and losses on our investment properties, which were valued downwards in 2020.

Five-year financial summary

The following table summarises our financial performance and financial position for the last five years. This information is presented on a consolidated basis and includes our controlled entities.

Year ending 31 December	2016	2017	2018	2019	2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial performance					
Government contributions	\$58,330	\$70,343	\$62,634	\$83,670	\$101,319
Revenue from fees, charges and sales	\$80,836	\$80,309	\$82,839	\$78,610	\$58,656
Other income	\$14,067	\$13,559	\$12,586	\$10,952	\$8,632
Total income from transactions	\$153,233	\$164,211	\$158,059	\$173,232	\$168,607
Expenses from transactions	\$142,858	\$153,161	\$152,650	\$170,096	\$165,848
Net result from transactions	\$10,375	\$11,050	\$5,409	\$3,136	\$2,759
Other economic flows included in net result	\$5,600	\$14,033	(\$3,022)	\$7,550	(\$4,097)
Net result	\$15,975	\$25,083	\$2,387	\$10,686	(\$1,338)
Financial position					
Total assets	\$450,069	\$552,638	\$551,969	\$572,715	\$568,372
Total liabilities	\$46,560	\$49,934	\$46,878	\$56,627	\$54,469
Net worth	\$403,509	\$502,704	\$505,091	\$516,088	\$513,903
Liquidity ratio	2.54:1	2.79:1	2.28:1	2.12:1	2.13:1
Net cash flow from operations	\$17,651	\$15,399	\$15,961	\$18,693	\$21,444

Material trends in our financial performance between 2019 and 2020 include a:

- 21% increase in government contributions attributable to government support provided to assist us respond to COVID-19
- 25% decrease in revenue from fees, charges and sales due to the impact of COVID-19 on learner demand, particularly international learners
- 21% decrease in other income due to rental waivers or reductions provided to our learners and commercial tenants, where eligibility requirements were met. Other income was also impacted by lower returns from our financial assets.

Despite the impact on our revenue, we were able to improve our operational liquidity as measured by our liquidity ratio and net cash flow from operations. Our assets and net worth have remained stable. Combined with our improved operational liquidity, we are well positioned to continue investing in our learners, staff and community into the future.

Compliance

Workforce

Holmesglen is committed to the principles and practices of equal employment opportunity. In 2020, we commenced work to meet our obligations under the *Gender Equality Act 2020 (Vic)* and prepare for submission of our Gender Equality Plan in 2021. We also developed new policies to support family violence prevention and workforce equality, diversity and inclusion.

We recruit and promote the most qualified, experienced and capable employees through a transparent and merit-based selection process that complies with legislative requirements.

All employees are expected to conduct themselves consistent with the Code of Conduct for Victorian Public Sector Employees, the Board's Conduct Rule and Holmesglen's Code of Conduct.

All employees participate in regular online training through our learning management system to make sure they understand compliance, regulatory and legislative requirements. This training includes modules on Occupational Health and Safety, bullying and harassment, equal employment opportunity, fraud control and information privacy.

The following tables present the required workforce data. They correctly classify employees and meet the reporting requirements and FTE calculation methodology established by the Department of Education and Training.

Table 1: Performance and Accountability Framework FTE Table (for years ending 31 December 2019 and 2020)

Year ending 31 December 2019	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT	253.0	103.0	62.9	25.0	N/A	39.5	483.4
Executive	12.0	0.0	0.0	0.0	N/A	0.0	12.0
Other	0.0	14.0	0.0	0.0	N/A	19.8	33.8
Teacher*	250.0	80.0	87.0	91.1	155.3	N/A	663.4
Total	515.0	197.0	149.9	116.1	155.3	59.3	1,192.6
Year ending 31 December 2020	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT	240.0	106.0	60.7	22.8	N/A	16.1	445.6
Executive	12.0	0.0	0.0	0.0	N/A	0.0	12.0
Other	2.0	10.0	0.4	0.3	N/A	9.5	22.2
Teacher*	273.0	62.0	105.4	61.2	108.0	N/A	609.6
Total	527.0	178.0	166.5	84.3	108.0	25.6	1,089.4

* Higher education academic staff have been classified in the Teacher staffing category



Hugs from Holmesglen, an initiative to provide much-needed care packs to nurses and front-line healthcare staff during the COVID-19 pandemic.

Table 2: Workforce Disclosures (December 2019 and December 2020)

December 2019*	All employees		Ongoing			Fixed term and casual	
Gender	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Women Executives	12	12.0	12	0	12.0	0	0.0
Women (total staff)	841	613.2	279	190	401.7	372	211.5
Men Executives	6	6.0	6	0	6.0	0	0.0
Men (total staff)	582	432.3	233	49	266.3	300	166.0
Self-described	0	0.0	0	0	0.0	0	0
Age							
15-24	42	26.1	5	1	5.6	36	20.5
25-34	158	116.0	53	16	63.5	89	52.5
35-44	290	216.3	105	55	143.5	130	72.8
45-54	436	335.0	168	64	208.6	204	126.4
55-64	375	283.6	155	73	203.7	147	79.9
Over 64	122	68.5	26	30	43.1	66	25.4
Total employees	1,423	1,045.6	512	239	668.0	672	377.5
December 2020	All employees		Ongoing			Fixed term and casual	
Gender	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Women Executives	8	8.0	8	0	8.0	0	0.0
Women (total staff)	767	581.6	275	188	399.3	304	182.3
Men Executives	4	4.0	4	0	4.0	0	0.0
Men (total staff)	545	430.5	252	69	294.2	224	136.3
Self-described	0	0.0	0	0	0.0	0	0.0
Age							
15-24	29	21.6	1	2	2.2	26	19.4
25-34	132	102.1	50	16	60.6	66	41.5
35-44	254	196.8	104	44	135.0	106	61.8
45-54	424	330.3	179	75	226.9	170	103.4
55-64	355	287.6	164	81	217.1	110	70.5
Over 64	118	73.7	29	39	51.7	50	22.0
Total employees	1,312	1,012.1	527	257	693.5	528	318.6

* The 2019 figures reported in the 2019 Annual Report differ to apply the 2020 calculation methodology for this table.

Occupational health and safety statement

The following tables present the performance indicators adopted to monitor occupational health and safety and our performance against these.

Table 3: Staff incident statistics (2018-2020)	2018	2019	2020
Staff hazard or injury reports	67	78	37
Staff hazard or incident reports per 100 full-time equivalent staff	6.1	6.5	3.6

Table 4: Lost time incidents (2018-2020)	2018	2019*	2020
Number of lost time incidents	10	4	2
Lost time claims (standard) per 100 full-time equivalent staff	0.90	0.35	0.19

* 2019 results are different to those published in the 2019 Annual Report to correct a typographical error.

Table 5: Claim costs (1 Jan to 30 Jun 2018 -2020), provided by Xchanging Integrated Services	2018	2019	2020
Average estimate	\$106,028	\$119,568	\$70,847
Average paid	\$10,704	\$3,333	\$3,026

The decrease in these indicators in 2020 compared to 2019 was due to the reduced activity on our sites in accordance with Victoria's COVID-19 restrictions and stay at home orders.

Social procurement

We support the Victorian Government's Social Procurement Framework and are committed to using our purchasing power to generate positive social, economic and environmental outcomes that benefit our communities. These go beyond the monetary value of the goods, services, assets and construction works we procure. Our Social Procurement Strategy includes the following social and sustainable procurement objectives.

Procurement objectives	Outcomes sought
Opportunities for Victorian Aboriginal people	Purchasing from Victorian Aboriginal businesses Employment of Victorian Aboriginal people by suppliers to the Victorian Government
Opportunities for Victorians with disability	Purchasing from Victorian social enterprises and Australian Disability Enterprises Employment of Victorians with disability by suppliers to Holmesglen
Women's equality and safety	Adoption of family violence leave by suppliers to Holmesglen Gender equality within Holmesglen suppliers
Opportunities for disadvantaged Victorians	Purchasing from Victorian social enterprises Job readiness and employment for: <ul style="list-style-type: none"> • long-term unemployed people • disengaged youth • single parents • migrants and refugees • workers in transition
Supporting safe and fair workplaces	Purchasing from suppliers that comply with industrial relations laws and promote secure employment
Environmentally sustainable business practices	Adoption of sustainable business practices by suppliers to Holmesglen

In 2020, we commenced implementation of our Social Procurement Strategy. Key activities included:

- reviewing and updating existing procurement processes and procedures to include standard and consistent guidance on social procurement activities for staff
- enhancing our finance system to support monitoring and reporting on social procurement performance
- incorporating our social procurement objectives and outcomes into all request for tender documentation issued during the year
- identifying all current direct and indirect social procurement suppliers.

Our social procurement processes include two approaches:

- direct - where we purchase goods, services or construction from a social benefit supplier who deliver social and sustainable outcomes.
- indirect - where we purchase goods, services or construction from a non-social benefit supplier and use invitations to supply and clauses in contracts to deliver social and sustainable outcomes.

The following table summarises key outcomes achieved in 2020 under both approaches.

Table 6: Social procurement metrics (2020)	2020
Direct approach expenditure (\$'000)	\$541
Direct approach suppliers	10
Indirect approach expenditure (\$'000)	\$372
Indirect approach suppliers	15
Total social procurement expenditure (\$'000)	\$913
Total social procurement suppliers	25
Percentage of total goods and services expenditure	2%

Environmental performance

Energy usage

In 2020, energy usage reduced in line with COVID-19 restrictions on on-campus attendance by learners and staff.

Table 7: Electricity consumption (2018 – 2020, kWh)

Campus	2018	2019	2020
Chadstone	5,432,934	5,421,681	4,114,645
Moorabbin	2,569,198	2,683,424	2,222,076
Glen Waverley	2,221,209	2,270,418	1,795,840
St Kilda Rd	958,800	947,709	498,072
Bulli St	106,038	20,002	4,944
Drummond St	-	372,170	391,407
Bourke St	-	112,704	133,665
Total	11,288,179	11,828,108	9,160,649
Per EFT	10,116	9,918	8,409
Per m2	72.80	61.15	49.11

Percentage of electricity purchased by green power was 0% in 2020.

Table 8: Gas consumption (2018 – 2020, MJ)

Campus	2018	2019	2020
Chadstone	23,628,589	29,241,613	24,544,091
Moorabbin	8,777,844	7,552,473	6,270,914
Glen Waverley	5,593,322	5,761,894	4,911,362
St Kilda Rd	824,976	685,839	690,089
Bulli St	41,827	-	-
Drummond St	-	380,180	259,535
Total	38,866,559	43,621,999	36,675,990
Per EFT	34,830	37,405	33,666
Per m2	250.66	225.49	196.61

Table 9: Water consumption (2018 – 2020, kL)

Campus	2018	2019	2020
Chadstone	22,641	21,993	10,202
Moorabbin	26,409	28,706	24,110
Glen Waverley	9,686	19,350	6,581
St Kilda Rd	2,403	3,071	819
Bulli St	43	1	2
Drummond St	-	573	721
Total	61,182	73,694	42,435

Table 10: Waste production (2019-2020)

Total units of Institute waste disposed of by destination (kg per year)	2019	2020
- Landfill	1,019,180	595,960
- Recycled	340,140	196,500
Total units of Institute waste disposed (kg per year)	1,359,320	792,460
Units of Institute waste disposed of per full-time employee -FTE	1,166	727
Recycling rate (% of total waste by weight)	25.0%	24.8%

Transportation

Table 11: Vehicle fleet (2018 – 2020)

	2018		2019		2020	
	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
Number of vehicles	65	25	52	27	52	30
Fuel usage (L)	94,759	30,901	87,916	34,065	63,911	25,740
Total greenhouse gas emissions from vehicle fleet (t)	218	81	215.35	85.16	147.26	67.55

Procurement

Environmentally sustainable procurement is a key part of our social procurement strategy. We use environmentally responsible suppliers by incorporating sustainability criteria as part of the tender evaluation process.

Paper usage

In 2020, approximately 10,000 reams of paper were used by our print room services and across all local multi-functional devices. Paper usage in 2020 decreased due to the reduced activity on campus because of COVID-19 and the subsequent lock downs. We use carbon neutral and recyclable paper ensuring it is sourced from sustainable plantations and produced using elemental chlorine-free processes.

Major commercial activities

In 2020, Holmesglen did not undertake any major commercial activity as defined in the TAFE Institute Commercial Guidelines.

Legislative compliance

We comply with all relevant legislation and subordinate instruments including, but not limited to, the following:

- *Education and Training Reform Act 2006* (ETRA)
- Constitution of the Holmesglen Institute Order 2016
- Directions of the Minister for Training and Skills (or predecessors)
- TAFE institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- *Public Administration Act 2004*
- *Financial Management Act 1994*
- *Freedom of Information Act 1982*
- *Building Act 1993*
- *Public Interest Disclosure Act 2012*
- *Local Jobs First Act 2003*

Freedom of Information Act 1982

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Institute.

Requests for access to records should be directed to Dr Patricia Farnes, Freedom of Information Officer. Applicants are required by the Act to request access to documents in writing. Applications to access documents can be made by letter that specifies:

- that the application is a request made under the *Freedom of Information Act 1982* (requests should not form part of a letter on another subject)
- the applicant's name, address and telephone number where the applicant can be contacted during business hours
- the document(s) requested
- the form of access required, for example copies of documents, inspection of files or other format

Costs for access to information are charged in accordance with the Freedom of Information (Access Charges) Regulations 2004. Holmesglen did not receive any applications for information under the *Freedom of Information Act 1982* during the year ended 31 December 2020.

Building Act 1993

We hold all building related plans and documentation for building extensions and building approvals lodged for new buildings by certified building surveyors.

On completion of construction, we have obtained certificates of occupancy and practical completion certificates from the relevant architects, building surveyors and authorities. All building certificates are kept in a database and all hardcopies are located in a fire rated archive. All building consultants and builders who are engaged by us hold current registration as building practitioners and have current insurance cover.

We consider that all buildings across all campuses currently conform to the building regulations that existed at the time of construction of the respective buildings. The Essential Safety Measures are recorded and reported by the Hendry Group Pty Ltd. We provide a copy of the current Essential Safety Measures for display within all buildings. All new buildings constructed since the promulgation of the *Building Act 1993* (including subsequent amendments) comply with the relevant standards.

We have processes in place to ensure that any alterations or improvements to buildings meet the necessary standards, ensure that they are safe, fit for purpose, and comply with the updated disability code. We only engage licensed tradespeople such as electricians and plumbers. They provide the required certificates of compliance, which are stored in a fire-rated archive.

Table 12: Building Act 1993 compliance (2017 – 2020)	2017	2018	2019	2020
Building works				
Building works certified for approval	5	2	4	4
Building works in progress subject to mandatory inspections	-	-	-	-
New certificate of occupancy / final inspection issued	5	2	4	5
Essential safety measures				
All buildings on each campus - owned	✓	✓	✓	✓
All buildings on each campus/site - leased	✓	✓	✓	✓
Maintenance				
Combination in-house and external specialist contractors	✓	✓	✓	✓
Lift contract – comprehensive/performance-based	✓	✓	✓	✓
Mechanical services contract – performance-based	✓	✓	✓	✓
Mechanical services/BAS contract – performance-based	✓	✓	✓	✓
Waste services contract – performance-based	✓	✓	✓	✓
Cleaning services contract – performance-based	✓	✓	✓	✓
Other maintenance agreements include those for heating, ventilation, air-conditioning and cooling, catering equipment, hygiene, pest control, industrial cleaning, refrigeration, vehicle fleet maintenance, backflow prevention, trade waste, electrical, plumbing, signage, car parks, and gardening and arboriculture services.	✓	✓	✓	✓

Public Interest Disclosure Act 2012

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

We do not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. The Institute has policies and procedures in place that promote and facilitate the disclosure of improper conduct to the Independent Broad-based Anti-Corruption Commission (IBAC).

Our Public Interest Disclosures Policy was updated in 2020. It outlines our system for the protection of persons who make a protected disclosure under the Act from detrimental action by officers, learners, employees and contractors of Holmesglen. In accordance with section 58 (5) of the Act, it also ensures that all other requirements of the Act are met. The policy is made available to all employees on the Holmesglen Management System.

Officers, learners, employees and contractors of Holmesglen, as well as members of the public, may make a disclosure of improper conduct or detrimental action under the Act to IBAC. IBAC can be contacted at:

Level 1, North Tower
459 Collins Street, Melbourne, VIC 3000

Our Public Interest Disclosures Co-ordinator cannot receive disclosures (they must be made directly to IBAC), but is responsible for coordinating responses to the Commission, the Victorian Inspectorate or the Ombudsman. They are also responsible for recording any reported detrimental action against a discloser once notice is received. The Public Interest Disclosure Co-ordinator has not been advised by IBAC of any protected disclosures during 2020.

Carers Recognition Act 2012

We have reviewed the application and operation of the *Carers Recognition Act 2012* and ensure that we meet the applicable obligations of the Act. Carer recognition principles are included in the relevant policies covering flexible working arrangements, part-time work opportunities and a supportive workplace environment.

Local Jobs First Act 2003

The *Local Jobs First Act 2003* requires departments and public sector bodies to apply the Local Jobs First policy to all projects over:

- \$3 million in metropolitan Melbourne or state-wide
- \$1 million in regional Victoria.

During 2020, Holmesglen completed one metropolitan project requiring application of the Local Jobs First policy and

implementation of a Local Industry Development Plan (LIDP). The project commenced in 2019 and was completed in May 2020. Local content achieved through the project was 94.3%. The project also generated 2.01 new apprenticeships/traineeships, 2.03 new standard employees, 3.1 retained apprenticeships/traineeships and 21.56 retained standard employees.

In addition, Holmesglen awarded three Local Jobs First – Local Industry Development Plan (LIDP) applicable procurement contracts totalling \$20.9 million during 2020. The appointed vendors were evaluated by Industry Capability Network Victoria and meet the requirements of the Local Jobs First policy. The contracts commence in 2021.

National competition policy and Victoria's competitive neutrality policy

We continue to comply to the extent applicable, with the principles of the National Competition Policy (and any subsequent reforms), including compliance with the requirements of the Competitive Neutrality Policy Victoria.

We implemented measures to ensure commercial activities and pricing of competitive tender bids for government-funded education and training complied with the policy. We fulfilled our obligations and met our wider responsibilities to the community by applying competitive neutrality in the public interest.

Victorian public service travel policy

We have policies and procedures in place relating to domestic and international travel to ensure compliance with the Victorian Public Service Travel Policy.

Statement on compulsory non-academic fees, subscriptions and charges (Higher Education)

We charge higher education students a services and amenities fee strictly in accordance with:

- The *Higher Education Support Act 2003* (the Act)
- The Administration Guidelines made under the Act

We have expended these fees on Institute-provided learner support services and amenities in accordance with the Act. We do not levy any other compulsory non-academic fee, subscription or charge to our learners.

Table 13: Statement of income and expenditure for higher education student services and amenities (as at 31 December 2019 and 31 December 2020)

Student services and amenities fees	2019 (\$'000)	2020 (\$'000)
Unspent / (overspent) revenue from previous period	10	17
SA-HELP revenue earned	56	59
Student services fees direct from higher education students	240	249
Total revenue expendable in period	306	325
Student services expenses during period	-289	-320
Unspent / (overspent) student services revenue	17	5

Consultancies

In 2020, two consultancies had total fees payable of \$10,000 or greater. Total expenditure incurred during 2020 in relation to these consultancies was \$88,289.

The following table constitutes compliance with the requirement to make this information publicly available.

Table 14: Details of individual consultancies valued at \$10,000 or greater (2020)

Consultant	Summary of project	Fee (\$)	Future expenditure
Woods Bagot Pty Ltd	Strategic asset master plan development	51,314	-
Centium Group	Protective Data Security plan	36,975	-
Total		88,289	-

Note: Figures reported exclude GST

In 2020, there were no consultancies where the total fees payable to the consultant was less than \$10,000. Therefore, total expenditure incurred during 2020 in relation to these consultancies was \$nil.

Information and Communication Technology expenditure

Total ICT expenditure for the 2020 reporting period was \$15.2 million, with the details shown below.

Table 15: ICT expenditure (2020)

Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure	Operational expenditure	Capital expenditure
\$15.2 million	-	-	-

Note: Total Business as Usual expenditure includes operational expenditure and capital expenditure

Government advertising expenditure

Table 16: Government advertising expenditure for campaigns with a media spend of \$100,000 or greater (2020)

Name of campaign	Summary	Start / end date	Advertising (media) expenditure (\$ ex GST)	Creative and campaign development expenditure (\$ ex GST)	Research and evaluation expenditure (\$ ex GST)	Print and collateral expenditure (\$ ex GST)	Other campaign expenditure (\$ ex GST)
2020 Semester 1 acquisition campaign	Direct acquisition campaign	1/1/20 - 31/3/20	\$462,887	\$28,325	-	-	-
Open Days campaign	Promotion of regular virtual open days throughout 2020.	1/1/20 - 30/11/20	\$215,820	\$1,155	-	\$4,408	-
Mid-year campaign	Focus on remote and online study	1/05/20 - 31/7/20	\$194,192	\$37,000	-	-	-



Additional information available on request

Consistent with the requirements of the *Financial Management Act 1994*, and subject to the provision of the *Freedom of Information Act 1982*, we have prepared material on the following items. Details are available on request.

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced about the institute and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged.
- Details of any major external reviews.
- Details of major research and development activities undertaken.
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken to develop community awareness.
- Details of assessments and measures undertaken to improve employee occupational health and safety.
- A general statement on industrial relations and details of time lost through industrial accidents and disputes.
- Details of major committees sponsored by the Institute, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including:
 - Consultants/contractors engaged
 - Services provided
 - Expenditure committed for each engagement.

Requests to access this information should be made to:

Joanne James
Chief Financial Officer

Financial management compliance attestation

I, Mary Faraone, on behalf of the Board of Holmesglen Institute, certify that for the period 1 January 2020 to 31 December 2020, Holmesglen Institute has no Material Compliance Deficiency with respect to the applicable Standing Directions made under the *Financial Management Act 1994* and Instructions.



Mary Faraone
Chief Executive and Director
17 March 2021

Independent Auditor's Report

To the Board of Holmesglen Institute

Opinion	<p>I have audited the consolidated financial report of Holmesglen Institute (the institute) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated entity and institute balance sheet as at 31 December 2020 • consolidated entity institute comprehensive operating statement for the year then ended • consolidated entity and institute statement of changes in equity for the year then ended • consolidated entity institute cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the board chair, chief executive officer and chief finance and accounting officer. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the institute as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the institute and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
26 March 2021



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

HOLMESGLEN INSTITUTE

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2020


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

The attached financial statements for the Holmesglen Institute and the consolidated entity have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2020 and financial position of the Institute and the consolidated entity as at 31 December 2020.

At the date of signing this financial report, we are not aware of any circumstances that would render any particulars included in the financial report to be misleading or inaccurate.

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



P. Lewinsky, Board Chair

Date 17th March 2021

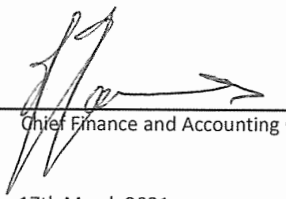
Place Chadstone



M. Faraone, Chief Executive

Date 17th March 2021

Place Chadstone



J. James, Chief Finance and Accounting Officer

Date 17th March 2021

Place Chadstone

How this report is structured

Holmesglen Institute has presented its audited general purpose financial statements for the financial year ended 31 December 2020 in the following structure to provide users with the information about the Institute's stewardship of resources entrusted to it.

Financial statements	Comprehensive operating statement Balance sheet Statement of changes in equity Cash flow statement
Notes to the financial statements	<ol style="list-style-type: none">1. About this report<ol style="list-style-type: none">1.1 Basis of preparation1.2 Compliance information1.3 Impact of COVID-192. How we earned our funds<ol style="list-style-type: none">2.1 Revenue from government contributions<ol style="list-style-type: none">2.1.2 Income from government contributions2.2 Revenue from fees, charges and sales2.3 Other income3. How we expended our funds<ol style="list-style-type: none">3.1 Employee benefits3.2 Supplies and services3.3 Other operating expenses3.4 Depreciation and amortisation expense3.5 Finance costs4. The assets we invested in<ol style="list-style-type: none">4.1 Investment properties4.2 Property, plant and equipment4.3 Intangible assets4.4 Investments5. Balances from operations<ol style="list-style-type: none">5.1 Other non-financial assets5.2 Receivables5.3 Payables5.4 Employee benefits provisions6. How we financed our operations<ol style="list-style-type: none">6.1 Cash and deposits<ol style="list-style-type: none">6.1.1 Reconciliation of operating result to net cash flows from operations6.2 Borrowings6.3 Leases7. Managing risks and uncertainties<ol style="list-style-type: none">7.1 Financial instruments7.2 Contingent assets and contingent liabilities7.3 Fair value determination

HOLMESGLEN INSTITUTE

FINANCIAL REPORT 31 December 2020

How this report is structured

Notes to the financial statements**8. Governance**

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

9. Other disclosures

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



HOLMESGLEN INSTITUTE

Comprehensive Operating Statement for the financial year ended 31 December 2020

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Revenue and income from transactions					
Revenue from government contributions	2.1.1	93,655	80,224	93,197	79,754
Income from government contributions	2.1.2	7,664	3,446	7,664	3,446
Revenue from fees, charges and sales	2.2	58,656	78,610	59,683	79,667
Other income	2.3	8,632	10,952	7,646	9,543
Total revenue and income from transactions		168,607	173,232	168,190	172,410
Expenses from transactions					
Employee benefits	3.1	111,035	113,137	110,799	112,944
Depreciation and amortisation	3.4	16,978	14,732	16,978	14,732
Supplies and Services	3.2	27,294	31,999	26,801	31,539
Finance costs	3.5	302	410	302	410
Other operating expenses	3.3	10,239	9,818	10,128	9,766
Total expenses from transactions		165,848	170,096	165,008	169,391
Net result from transactions (net operating balance)		2,759	3,136	3,182	3,019
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	9.1(a)	(4,025)	5,462	(2,041)	5,325
Net gain/(loss) on financial instruments	9.1(b)	(72)	2,088	(75)	1,950
Total other economic flows included in net result		(4,097)	7,550	(2,116)	7,275
Net result from continuing operations		(1,338)	10,686	1,066	10,294
Net result		(1,338)	10,686	1,066	10,294
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in physical asset revaluation surplus	9.2(b)	(847)	-	(847)	-
Items that may be reclassified subsequently to net result					
Gain/(loss) on revaluation of financial assets	9.2(c)	-	-	-	-
Total other economic flows – Other comprehensive income		(847)	-	(847)	-
Comprehensive result		(2,185)	10,686	219	10,294

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

HOLMESGLEN INSTITUTE

Balance Sheet as at 31 December 2020

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets					
Financial assets					
Cash and deposits	6.1	42,110	38,531	40,273	36,411
Contract assets	5.2	16,772	13,063	16,013	12,276
Receivables	5.2	1,827	3,459	1,827	3,477
Investments	4.4	33,062	32,997	30,999	30,937
Total financial assets		93,771	88,050	89,112	83,101
Non-financial assets					
Other non-financial assets	5.1	4,490	5,820	4,458	5,772
Property, plant and equipment	4.2	345,371	353,726	345,371	353,726
Right of use assets	6.3	8,004	12,737	8,004	12,737
Intangible assets	4.3	3,218	647	3,218	647
Investment properties	4.1	113,518	111,735	93,705	89,938
Total non-financial assets		474,601	484,665	454,756	462,820
Total assets		568,372	572,715	543,868	545,921
Liabilities					
Payables	5.3	22,986	22,842	22,909	22,866
Borrowings	6.2	2,727	2,589	2,727	2,589
Lease liabilities	6.3	7,636	12,386	7,636	12,386
Employee benefits provision	5.4	21,120	18,810	21,089	18,792
Total liabilities		54,469	56,627	54,361	56,633
Net assets		513,903	516,088	489,507	489,288
Equity					
Contributed capital	9.2(a)	122,807	122,807	122,807	122,807
Physical asset revaluation reserve	9.2(b)	215,566	216,413	215,566	216,413
Accumulated surplus/(deficit)	9.2(d)	175,530	176,868	151,134	150,068
Net worth		513,903	516,088	489,507	489,288
Commitments for expenditure	9.4				

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

HOLMESGLEN INSTITUTE

Statement of Changes in Equity for the year ended 31 December 2020

Consolidated	Note	Physical asset revaluation reserve	Investment revaluation reserve	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019	9.2	216,413	-	165,871	122,807	505,091
Net result for the year		-	-	10,686	-	10,686
Adjustments on adoption of accounting standard AASB 9	9.2(c)	-	-	311	-	311
Year ended 31 December 2019	9.2	216,413	-	176,868	122,807	516,088
Changes in physical asset revaluation surplus	9.2(b)	(847)	-	-	-	(847)
Net result for the year		-	-	(1,338)	-	(1,338)
Year ended 31 December 2020	9.2	215,566	-	175,530	122,807	513,903

Institute	Note	Physical asset revaluation surplus	Investment revaluation reserve	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019	9.2	216,413	-	139,774	122,807	478,994
Net result for the year		-	-	10,294	-	10,294
Year ended 31 December 2019	9.2	216,413	-	150,068	122,807	489,288
Changes in physical asset revaluation surplus	9.2(b)	(847)	-	-	-	(847)
Net result for the year		-	-	1,066	-	1,066
Year ended 31 December 2020	9.2	215,566	-	151,134	122,807	489,507

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

HOLMESGLEN INSTITUTE

Cash Flow Statement for the year ended 31 December 2020

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Receipts					
Government contributions - operating		90,749	79,935	90,285	79,469
Government contributions - capital		7,664	3,446	7,664	3,446
User fees and charges received		69,612	86,654	67,488	84,705
Goods and services tax recoverable		5,332	5,083	5,244	4,996
Interest received		216	722	211	703
Dividends received		1,723	2,332	1,639	2,177
Other receipts		3,673	5,002	5,929	6,657
Total receipts		178,969	183,174	178,460	182,153
Payments					
Payments to suppliers and employees		(148,386)	(155,540)	(147,766)	(154,739)
Interest and other finance costs paid		(302)	(410)	(302)	(410)
Goods and services tax paid		(8,837)	(8,531)	(8,665)	(8,346)
Total payments		(157,525)	(164,481)	(156,733)	(163,495)
Net cash flows from/(used in) operating activities	6.1.1	21,444	18,693	21,727	18,658
Cash flows from investing activities					
Payments for investment properties		(36)	(978)	(36)	(978)
Payments for non-financial assets		(13,148)	(10,544)	(13,148)	(10,544)
Proceeds from sale of non-financial assets		323	306	323	306
Net cash provided by/(used in) investing activities		(12,861)	(11,216)	(12,861)	(11,216)
Cash flows from financing activities					
Repayment of lease liabilities		(5,004)	(4,529)	(5,004)	(4,529)
Repayment of loan (advance from Government)		-	(815)	-	(815)
Net cash provided by/(used) in financing activities		(5,004)	(5,344)	(5,004)	(5,344)
Net increase (decrease) in cash and cash equivalents		3,579	2,133	3,862	2,098
Cash and cash equivalents at the beginning of the financial year		38,531	36,398	36,411	34,313
Cash and cash equivalents at the end of the financial year	6.1	42,110	38,531	40,273	36,411

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

HOLMESGLEN INSTITUTE

Notes to the financial statements

1. About this report

Holmesglen Institute is a statutory body corporate, established pursuant to an Act made by the Victorian Government under the *Education and Training Reform Act 2006 Section 3.1.12 4(a)*.

Its registered office and principal address is:

Holmesglen Institute
Cnr Batesford and Warrigal Road
Holmesglen, Victoria, 3148

1.1 Basis of preparation

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 4.2);
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 5.4).
- determining whether *AASB 15 Revenue from Contracts with Customers* or *AASB1058 Income of Not for Profit Entities* is to be applied in the recognition of revenue
- the recognition of revenue in relation to contracts with customers (refer to note 2.2); and
- AASB16 Leases and the requirement to determine the lease term to the extent that extension options are certain (refer to note 6.3).

These financial statements cover the Institute and its controlled entities as an individual reporting entity and include all the controlled activities of the Institute.

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.

1. About this report

1.1 Basis of preparation (continued)

Basis of consolidation

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

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

Funding risk

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

The Institute has substantial economic dependency on Government operating contributions.

The Institute manages funding risk by continuing to diversify and increase income from commercial activities, both domestically and offshore.

Other than the impact of COVID-19 as outlined in note 1.3, there has been no other significant change in the Institute's exposure, or its objectives, policies and processes for managing funding risk or the methods used to measure this risk from the previous reporting period.

1.2 Compliance information

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

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

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

1.3 Impact of COVID-19

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Holmesglen Institute and its controlled entities.

The response to COVID-19 and subsequent restrictions have had a material impact on the operations and financial performance of the Institute.

In responding to the restrictions from an operational perspective, the Institute implemented its COVID-19 risk management plan and transferred training delivery to remote learning where possible, limited attendance on campus to essential activities and implemented work from home arrangements where appropriate. The Institute also implemented its COVID Safe Plan to ensure the continuing safety of its campuses during the pandemic.

HOLMESGLEN INSTITUTE

Notes to the financial statements

1. About this report

1.3 Impact of COVID-19 (continued)

The key impacts on the Institute's financial performance and position are summarised below and disclosed in subsequent notes where relevant and material.

Financial performance impacts:

Revenue and other income

The global, national and economic impacts of COVID-19 have had a direct impact on the Institute's revenues. Revenues from student, fees and charges have been impacted by lower local and international student enrolments as a result of travel restrictions, the reduced ability to undertake some practical components of training delivery, and in some instances, also due to reduced demand.

Other income has been impacted due to reduced rental income as a result of negotiated rental relief and lower distributions from investments.

The reduction in revenue has been partially mitigated through increased government funding support, with the Department of Education and Training providing business continuity grants to support Skills First funded training delivery and crisis support funding to assist with further mitigating the COVID-19 financial impacts.

Expenses

To mitigate the impact of COVID-19 on the Institute's financial performance, expenditure mitigation strategies were implemented where practicable. This has resulted in a net reduction in total expenditure from transactions of \$4.248 million compared to prior year.

Financial position impacts:

Liquidity risk

The reduction in revenue has impacted on the Institute and consolidated entity's net result. Despite this impact, the Institute has sufficient current assets including cash holdings and investments to meet its financial obligations as they fall due. Further information is provided in Note 7.1.

Fair value of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 103H. A full revaluation of education assets normally occurs every five years, with this last occurring for the year ended 31 December 2017. Due to COVID-19, there is an increased element of estimation uncertainty with regard to the fair values of the Institute's non-financial physical assets. Further information is provided in Note 7.3.

The Institute's investment properties are valued in accordance with AASB140 Investment Property, on an annual basis. Due to COVID-19, the fair value of the Institute's investment properties contain significant estimation uncertainty as disclosed by the valuer.

Receivables and estimated credit losses

COVID-19 has had an impact on our learner community with students experiencing job losses and financial hardship due to the economic consequences of the pandemic. This in turn has resulted in an increase in outstanding tuition fee receivables at year end and based on our assessment of the probability of repayment has resulted in an increase in our estimated credit losses for these outstanding receivables. Further information is provided in Note 5.2 and Note 7.1.2.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
2.1 Government contributions				
2.1.1 Revenue from government contributions				
State government – contestable	62,792	56,141	62,792	56,141
State government – other contributions	24,833	21,142	24,833	21,142
Commonwealth Government contributions	5,477	2,302	5,477	2,302
Other	553	639	95	169
Total revenue from government contributions	93,655	80,224	93,197	79,754

In 2020, the Institute received \$6.151 million in crisis support funding to assist with its immediate response to the pandemic and \$7.830 million in business continuity grants to support the retention of staff and to maintain government funding at pre-pandemic levels. The impact of COVID-19 on revenue is summarised in Note 1.3.

Significant judgement is applied to assess if a grant or contract is enforceable and contains sufficiently specific performance obligations.

The Institute's revenue streams are predominately for transactions relating to the delivery of courses to students and education services to clients. In all cases, the total transaction price for these services is allocated amongst the various performance obligations based on the consideration specified in the contract with the customer. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time as the Institute satisfies the performance obligations by transferring the promised goods or services to its customers.

Revenue is measured at the amount of consideration to which the Institute expects to be entitled in exchange for transferring promised goods or services to a customer. Specific revenue recognition criteria are set out below.

Revenue Type	Nature	Performance obligation and timing of recognition
State government – contestable	Refers to Victorian state government funding for which the Institute must compete with other registered training providers. Funding is allocated primarily through a combination of a 'User Choice' system for all providers and a competitive tendering process for private providers.	The funding agreement for these contributions outlines the performance obligations to provide education services to eligible students and relevant terms and conditions. These contributions are recognised as revenue from contracts with customers in line with the requirements of AASB15. Revenue is recognised over time, on the basis of the number of units of training delivered to eligible students over the life of the agreement.
State government – other contributions	Refers to funding such as specific-purpose grants for community service obligations, free TAFE practical placement and student support services and the additional costs of public TAFE provision. For 2020, these contributions include the business continuity and crisis support funding received from the Department of Education and Training.	The funding agreements for these contributions transfer control on execution of the relevant agreement. The Institute recognises income immediately in the comprehensive operating statement when control is achieved over the funds and the contract is not enforceable or the performance obligations are not sufficiently specific. Where performance obligations are sufficiently specific, revenue is recognised in the comprehensive operating statement as the performance obligations are delivered.
Commonwealth government contributions	Refers to funding from the Commonwealth government for commonwealth supported places for eligible higher education programs.	This funding is provided on a per eligible student basis with specific performance obligations tied to delivery of units over the course duration. Revenue is recognised over the period of the agreement as units are delivered.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
2.1.2 Income from government contributions				
State government – capital	7,664	3,446	7,664	3,446
Total income from government contributions	7,664	3,446	7,664	3,446

Revenue Type	Nature	Performance obligation and timing of recognition
State government – capital	Refers to funding where the Institute receives a financial asset to construct or acquire a non-financial asset which is to be controlled by the Institute.	The performance obligations under the relevant funding agreements relate to the acquisition or contraction of a non-financial asset. For construction projects, revenue is recognised as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project. For the acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Institute.

2.2 Revenue from fees, charges and sales

Student fees and charges	7,636	8,635	7,636	8,635
Student fees and charges (Fee Help)	5,928	6,600	5,928	6,600
Fee for service – government	2,857	4,882	2,857	4,882
Fee for service – international operations – onshore	22,663	30,113	22,663	30,113
Fee for service – international operations – offshore	1,085	1,110	1,085	1,110
Fee for service – training programs	15,354	19,089	15,354	19,089
Total revenue fees and charges	55,523	70,429	55,523	70,429
Other non-course fees and charges				
Other (car parking fees, management fees etc)	1,320	4,402	2,347	5,459
Sale of goods	1,813	3,779	1,813	3,779
Total non-course fees and charges	3,133	8,181	4,160	9,238
Total revenue from fees, charges and sales	58,656	78,610	59,683	79,667

The following table provides a breakdown of contractual sales with customers based on timing of revenue recognition.

Revenue recognised over time	55,523	70,429	55,523	70,429
Revenue recognised at a point in time	3,133	8,181	4,160	9,238
Total revenue from fees, charges and sales	58,656	78,610	59,683	79,667

The timing of satisfaction of a sufficiently specific performance obligation and the amount of revenue to be allocated to each performance obligation involves significant judgement. The accounting policies below outline the material performance obligations and, how and when these are satisfied.

Revenue for student fees and charges is recognised as the course is delivered to the student and is measured as the amount the Institute expects to be entitled to. Any fee waivers are recognised as a reduction in the amount of revenue recognised. Where revenue has been received for programs or services to be delivered in the following year, these amounts are deferred as a contract liability.

Other non-course fees and charges are recognised as the service is delivered to the student or the public. For example, rent and student accommodation revenue is recognised as the Institute provides the accommodation or use of the space to the student or the public.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

2.2 Revenue from fees, charges and sales (continued)

The Institute uses actual student contact hours, performance obligations as set out in project plans to recognise revenue over time in line with AASB 15.

Revenue Type	Nature	Performance obligation and timing of recognition
Student fees and charges	The Institute provides educational services to eligible domestic students. Student fees and charges revenue includes student tuition fees and course materials received or to be received from eligible students for the provision of these services.	<p>Student tuition fees are recognised in accordance with the relevant enrolment terms and conditions and over the period that the education and training services are provided.</p> <p>Where student fees and charges revenue has been received in respect of services to be delivered in the following year, any non-refundable portion of the fees is recognised as revenue in the year of receipt and the balance as a contract liability.</p> <p>Student amenity and material fees are recognised at enrolment and are not refundable.</p>
Fee for service – government, international operations and other training programs.	The Institute provides educational services to international students, domestic students who are not eligible for a government funded subsidy, industry and other government bodies.	Fee for service revenue is recognised as the performance obligations are satisfied under the relevant training contract or enrolment terms and conditions. Where fee for service revenue has been received in respect of programs or services to be delivered in the following year, such amounts are recognised as contract liabilities.
Other non course fees and charges	Other non course fees and charges include the provision of catering, restaurant sales, car parking fees and management fees.	Revenue from other non course fees and charges is recognised by the Institute at the time of sale and when the control of goods passes to the customer which is at the time that the goods are physically transferred. Items sold do not have any warranty attached to them.



HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000

2.2 Revenue from fees, charges and sales (continued)

Revenue recognised in relation to contract liabilities

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

Student fees and charges	6,395	7,858	6,395	7,858
Fee for service	2,143	3,246	2,143	3,246
Other	3,266	1,674	3,240	1,648
	11,804	12,778	11,778	12,752

Transaction price allocated to remaining performance obligations

Revenue is recognised on a quantitative basis using the time bands that are most appropriate for the duration of the remaining performance obligations.

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

Consolidated	2021	2022	2023
	\$'000	\$'000	\$'000
Revenue expected to be recognised	12,983		

Institute	2021	2022	2023
	\$'000	\$'000	\$'000
Revenue expected to be recognised	12,969		

Note: These are estimates only, based on professional judgement and past experience.

Payment terms

The payment terms for student fees are as follows:

- up-front payment via cash, EFTPOS or credit card prior to course commencement;
- federal government assistance (VET Student Loan); and/or
- invoice to a third party (e.g. a student's employer or workers' compensation provider).

Students are generally entitled to a refund if they withdraw from a course within 28 days of enrolment. Students who withdraw after this time are generally not entitled to a refund.

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Dividends/Distributions	1,404	2,380	1,316	2,235
Interest income	193	563	188	545
Rental income - Investment properties	5,696	5,513	4,171	3,759
Rental income - other	1,259	2,354	1,859	2,954
Donations, bequests and contributions	80	142	112	50
Total other income	8,632	10,952	7,646	9,543

2.3 Other income

Other Income Type	Nature	Performance obligation and timing of recognition
Dividends/Distributions	The Institute receives distributions from the Victorian Funds Management Corporation.	Distributions are recognised when the Institute's right to receive payment is established.
Interest	Interest income includes interest received on the Institute's operating bank account and deposits with the central banking system.	Interest income is recognised taking into account the effective interest rates applicable to the financial assets.
Rental income - Investment properties and other	The Institute receives rental income for land and buildings leased out to students and commercial tenants.	The performance obligations are outlined in the relevant rental agreement and include the obligation to provide the land and buildings for the stipulated rental payments over a period of time. 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.
Donations, bequests and contributions	From time to time, benefactors may provide donations or gifts to further the objectives of the Institute.	Donations and bequests do not generally contain performance obligations that are sufficiently specific. Donations, bequests and contributions are recognised when received and the amount can be measured reliably.

HOLMESGLEN INSTITUTE

Notes to the financial statements

3. HOW WE EXPENDED OUR FUNDS

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
3.1 Employee benefits					
Salaries, wages, overtime and allowances		94,730	94,953	94,528	94,791
Superannuation		8,362	8,448	8,344	8,431
Payroll tax		4,886	4,831	4,876	4,822
Long service leave		1,843	3,763	1,839	3,759
Termination benefits		255	368	255	368
Other		959	774	957	773
Total employee benefits		111,035	113,137	110,799	112,944

Employee expenses include all costs related to employment, including wages and salaries, superannuation, payroll tax, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation disclosed above are employer contributions that are paid or payable during the reporting period.

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

3.2 Supplies and services

Purchase of supplies and consumables		3,668	5,399	3,666	5,397
Communication expenses		793	804	793	801
Utilities		3,394	3,785	3,052	3,425
Minor equipment		982	1,558	982	1,557
Fees and charges		3,990	5,371	3,909	5,340
Contract and other services		11,901	12,476	11,875	12,443
Building repairs and maintenance		2,488	2,323	2,446	2,294
Cost of goods sold/distributed (ancillary trading)		78	283	78	282
Total supplies and services		27,294	31,999	26,801	31,539

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

3.3 Other operating expenses

Marketing and promotional expenses		1,655	2,698	1,654	2,690
Audit fees and services	8.4	428	363	413	344
Bad and impaired credit losses from transactions		2,535	421	2,535	421
Staff development		206	912	207	911
Travel and motor vehicle expenses		209	1,068	209	1,068
Hiring costs/lease payments		874	980	874	980
Other expenses		4,332	3,376	4,236	3,352
Total other operating expenses		10,239	9,818	10,128	9,766

Other operating expenses are recognised in the reporting period in which they are incurred.

3. HOW WE EXPENDED OUR FUNDS

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
3.4 Depreciation and amortisation expense					
Buildings		6,763	6,746	6,763	6,746
Leasehold improvement		143	76	143	76
Plant and equipment		882	798	882	798
Cultural assets		6	6	6	6
Motor vehicles		454	583	454	583
Computer equipment		3,134	1,600	3,134	1,600
Total depreciation		11,382	9,809	11,382	9,809
Amortisation					
Leased motor vehicles		115	25	115	25
Leased computer equipment		1,762	1,762	1,762	1,762
Right of use assets		3,110	2,959	3,110	2,959
Software		609	177	609	177
Total amortisation		5,596	4,923	5,596	4,923
Total depreciation and amortisation		16,978	14,732	16,978	14,732

Depreciation and amortisation are provided on property, plant and equipment, right of use assets, freehold buildings and software.

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

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

Class of assets	Rates 2020	Rates 2019
Buildings	1.79% to 11.11%	1.79% to 11.11%
Leasehold improvement	lease term	lease term
Plant and equipment	6.33% to 50%	6.33% to 50%
Cultural assets	1% to 1.10%	1% to 1.10%
Motor Vehicles	20% - 25%	20% - 25%
Library collections	NA	NA
Computer equipment	14.2% to 50%	14.2% to 50%
Right of use assets	lease term	lease term
Software	20% to 33%	20% to 33%

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

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

3.5 Finance costs

Interest on Lease Liabilities	302	410	302	410
Total finance costs	302	410	302	410

4. THE ASSETS WE INVESTED IN

Note	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
4.1 Investment properties				
At Fair value				
Opening balance at 1 January	111,735	105,245	89,938	83,585
Transfer - Bulli St, Moorabbin land and buildings	5,900		5,900	
Additions	36	978	36	978
Net gain/ (loss) from fair value adjustments	(4,153)	5,512	(2,169)	5,375
Closing balance at 31 December	113,518	111,735	93,705	89,938

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the Institute.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Institute.

Subsequent to initial recognition at cost, investment properties are re-valued to fair value with changes in the fair value recognised as other economic flows in the comprehensive operating statement in the period in which they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. These properties are neither depreciated nor tested for impairment.

The fair values of the Consolidated entity's investment properties at 31 December 2020 have been arrived at on the basis of an independent valuation carried out by independent valuers. The valuation was determined by reference to market evidence of transaction prices for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar leases and other contracts.



HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

4.2 Property, plant and equipment

Consolidated	Land \$'000	Buildings \$'000	Leasehold Improvement \$'000	Assets under construction \$'000	Plant & Equipment \$'000	Cultural Assets \$'000	Motor Vehicles \$'000	Library \$'000	Computer Equipment \$'000	Total \$'000
At 1 January 2019										
- Cost	16,900	8,184	2,372	620	1,803	-	3,147	1,894	14,228	49,148
- Valuation	116,105	204,035	-	-	4,168	529	-	-	1,709	326,546
Accumulated depreciation	-	(6,402)	(2,210)	-	(730)	-	(1,114)	(1,894)	(2,247)	(14,597)
Net book amount	133,005	205,817	162	620	5,241	529	2,033	-	13,690	361,097
Year ended 31 December 2019										
Opening net book amount	133,005	205,817	162	620	5,241	529	2,033	-	13,690	361,097
Additions	-	2,269	76	3,907	1,556	-	62	-	2,421	10,291
Disposals	-	-	-	-	(238)	-	(152)	-	-	(390)
Transfer to right of use asset - note 6.3	-	-	-	-	-	-	-	-	(7,497)	(7,497)
Net revaluation increments/(decrements)	-	-	-	-	-	34	-	-	-	34
Depreciation expense	-	(6,746)	(76)	-	(798)	(6)	(583)	-	(1,600)	(9,809)
Transfer from PP & E to MV	-	-	-	-	(86)	-	86	-	-	-
Transfer from assets under construction	-	605	15	(620)	-	-	-	-	-	-
Closing net book amount	133,005	201,945	177	3,907	5,675	557	1,446	-	7,014	353,726
At 31 December 2019										
- Cost	16,900	8,964	2,463	3,907	3,274	529	2,756	-	7,838	46,631
- Valuation	116,105	206,129	-	-	3,860	34	-	-	1,706	327,834
Accumulated depreciation	-	(13,148)	(2,286)	-	(1,459)	(6)	(1,310)	-	(2,530)	(20,739)
Net book amount	133,005	201,945	177	3,907	5,675	557	1,446	-	7,014	353,726
Year ended 31 December 2020										
Opening net book amount	133,005	201,945	177	3,907	5,675	558	1,446	-	7,014	353,727
Additions	-	83	-	7,628	601	-	-	-	1,655	9,967
Disposals	-	-	-	-	(54)	-	(176)	-	-	(230)
Transfer to right of use asset - note 6.3	-	-	-	-	-	-	-	-	-	-
Net revaluation increments/(decrements)	2,362	(3,209)	-	-	-	36	-	-	-	(811)
Depreciation expense	-	(6,763)	(143)	-	(882)	(6)	(454)	-	(3,134)	(11,382)
Transfer to Investment Properties	(5,300)	(600)	-	-	-	-	-	-	-	(5,900)
Transfer from assets under construction	-	554	345	(1,043)	110	-	-	-	34	-
Closing net book amount	130,067	192,010	379	10,492	5,450	588	816	-	5,569	345,371
At 31 December 2020										
- Cost	16,900	8,963	2,808	10,492	3,985	558	2,210	-	9,527	55,443
- Valuation	113,167	202,674	-	-	3,780	36	-	-	1,705	321,362
Accumulated depreciation	-	(19,627)	(2,429)	-	(2,315)	(6)	(1,394)	-	(5,663)	(31,434)
Net book value at the end of the financial year	130,067	192,010	379	10,492	5,450	588	816	-	5,569	345,371

The consolidated figures in the above table for property, plant and equipment are the same as the Institute as an individual entity.

4. THE ASSETS WE INVESTED IN

4.2 Property, plant and equipment (continued)

Initial recognition

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

4. THE ASSETS WE INVESTED IN

Note	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
4.3 Intangible assets				
Gross carrying amount				
Opening balance	1,962	1,709	1,962	1,709
Net revaluation increments/(decrements)	-	-	-	-
Additions	3,180	253	3,180	253
Transfer from assets under construction	-	-	-	-
Closing balance	5,142	1,962	5,142	1,962
Accumulated amortisation and impairment				
Opening balance	(1,315)	(1,138)	(1,315)	(1,138)
Amortisation charge	(609)	(177)	(609)	(177)
Net revaluation increments/(decrements)	-	-	-	-
Disposal	-	-	-	-
Closing balance	(1,924)	(1,315)	(1,924)	(1,315)
Net carrying amount at end of the year	3,218	647	3,218	647

Initial recognition

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

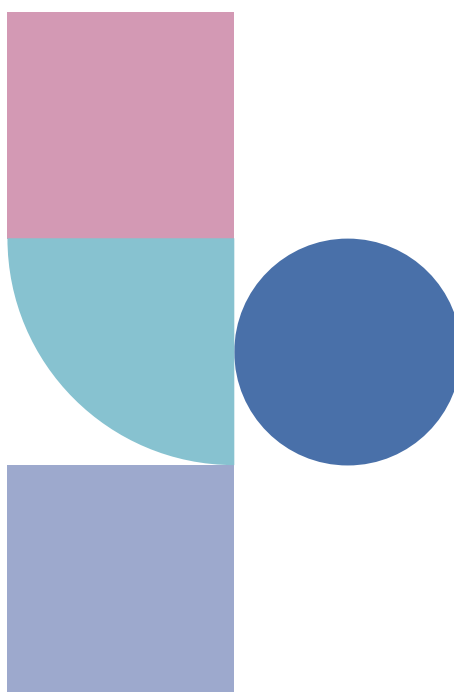
Subsequent measurement

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

Impairment

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

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



HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
4.4 Investments					
Current investments					
Financial assets at fair value through profit and loss:					
Victorian Funds Management Corporation - managed investments		33,062	32,997	30,999	30,937
Total current investments		33,062	32,997	30,999	30,937

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
5.1 Other non-financial assets					
Current					
Inventories - supplies and consumables at cost		59	59	59	59
Prepayments		4,431	5,761	4,399	5,713
Total current other non-financial assets		4,490	5,820	4,458	5,772

Inventories held for distribution are measured at cost.

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



HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
5.2 Receivables					
Contractual - Current					
Contract assets	1.3	20,183	13,787	19,424	13,000
Allowance for credit losses	1.3	(3,411)	(724)	(3,411)	(724)
Total contract assets		16,772	13,063	16,013	12,276
Receivables - Current					
Trade receivables		1,789	3,203	1,789	3,203
Other receivables		38	7	38	7
Statutory					
GST input tax credit recoverable		-	249	-	267
Total receivables		1,827	3,459	1,827	3,477

Receivables consist of:

- contract assets are recognized when the Institute has satisfied a performance obligation which include accrued revenue for performance obligations completed, lease receivables and outstanding tuition fees
- trade receivables, which include debtors in relation to goods and services. Trade receivables represent an unconditional right to receive payment and
- statutory receivables, which predominantly include amounts owing from the Victorian Government and GST input tax credits recoverable.

Receivables are stated inclusive of the amount of GST receivable. Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Institute holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment

The Institute measures loss allowances at an amount equal to life time expected credit losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit-losses. Credit losses are measured as the present value of all cash shortfalls.

COVID-19 has had significant impact on the Institute's learner community and in turn this has increased the Institute's exposure to credit risk exposure for its contract asset receivables. The allowance for credit losses has increased as it takes into account the probability of default on these outstanding balances, subject to the eventual economic recovery from COVID-19. Further information is provided at Note 1.3 and Note 7.1.2.

The movement in the allowance for impairment in respect of trade receivables during the year is shown below.

Movement in the allowance for credit losses

Balance at the beginning of the year	724	1,140	724	1,140
Increase /(decrease) in provision recognised in net result	2,687	(416)	2,687	(416)
Balance at the end of the year	3,411	724	3,411	724

5. BALANCES FROM OPERATIONS

5.2 Receivables (continued)

In respect of trade and other receivables, the Institute is not exposed to any significant credit risk to any single counterpart or any group of counterparties having a similar characteristic. Based on historical and current information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

Ageing analysis of contractual receivables

	Carrying amount \$'000	Not past due and not impaired \$'000	Less than 1 month \$'000	Past due but not impaired		
				1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
Consolidated						
2020						
Trade receivables	1,789	-	637	1,105	47	-
Other receivables	38	38	-	-	-	-
Contract assets	16,772	16,772	-	-	-	-
Total	18,599	16,810	637	1,105	47	-
2019						
Trade receivables	3,203	-	1,232	1,932	39	-
Other receivables	7	7	-	-	-	-
Contract assets	13,063	13,063	-	-	-	-
Total	16,273	13,070	1,232	1,932	39	-
Institute						
2020						
Trade receivables	1,789	-	637	1,105	47	-
Other receivables	38	-	-	-	-	-
Contract assets	16,013	16,013	-	-	-	-
Total	17,840	16,013	637	1,105	47	-
2019						
Trade receivables	3,203	-	1,232	1,932	39	-
Other receivables	7	7	-	-	-	-
Contract assets	12,276	12,276	-	-	-	-
Total	15,486	12,283	1,232	1,932	39	-

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

The average credit period on sales of goods is 30 days. No interest is charged on receivables.

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

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
5.3 Payables					
Contractual					
Supplies and services		9,812	11,038	9,759	11,088
Contract payables	2.2	12,983	11,804	12,970	11,778
Statutory					
GST payable to the ATO		191	-	180	-
Total current payables		22,986	22,842	22,909	22,866

Payables consist of:

- contractual payables, such as accounts payable, and unearned income. 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.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity Analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
Consolidated							
2020							
Supplies and services	9,812	9,812	9,812	-	-	-	-
Contract payables	12,983	12,983	12,983	-	-	-	-
Total	22,795	22,795	22,795	-	-	-	-
2019							
Supplies and services	11,038	11,038	11,038	-	-	-	-
Contract payables	11,804	11,804	11,804	-	-	-	-
Total	22,842	22,842	22,842	-	-	-	-
Institute							
2020							
Supplies and services	9,759	9,759	9,759	-	-	-	-
Contract payables	12,970	12,970	12,970	-	-	-	-
Total	22,729	22,729	22,729	-	-	-	-
2019							
Supplies and services	11,088	11,088	11,088	-	-	-	-
Contract payables	11,778	11,778	11,778	-	-	-	-
Total	22,866	22,866	22,866	-	-	-	-

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

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

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

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
5.4 Employee benefits provision					
Current Provisions					
Employee benefits					
Annual leave					
Unconditional and expected to wholly settle within 12 months	1.3	4,208	2,818	4,195	2,812
Long service leave					
Unconditional and expected to wholly settle within 12 months		707	681	707	681
Unconditional and expected to wholly settle after 12 months		9,938	9,839	9,938	9,839
Sub total		14,853	13,338	14,840	13,332
Provision for on costs					
Annual leave					
Unconditional and expected to wholly settle within 12 months		670	580	668	579
Long service leave					
Unconditional and expected to wholly settle within 12 months		112	107	112	107
Unconditional and expected to wholly settle after 12 months		1,581	1,541	1,581	1,541
Total current provisions		17,216	15,566	17,201	15,559
Non-current Provisions					
Long service leave					
Conditional and expected to wholly settle after 12 months		3,368	2,805	3,354	2,795
Long service leave - on costs					
Conditional and expected to wholly settle after 12 months		536	439	534	438
Total non-current provisions		3,904	3,244	3,888	3,233
Total provisions		21,120	18,810	21,089	18,792

The leave obligations cover the Institute's liabilities for long service leave and annual leave as at 31 December 2020.

Total current provisions

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to prorata payments in certain circumstances. The entire amount of the provision is presented as current, since the Institute does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the Institute does not expect all employees to take the full amount of accrued leave or requirement within the next 12 months

Non-current provisions

The non-current provisions amounts reflect leave that is not expected to be taken or paid within the next 12 months.

COVID-19

COVID-19 forced the cancellation of a number of instances of planned annual leave by staff. Additionally staff have been unable to take annual leave during the Victorian state lockdown. As a result the annual leave provision has increased by \$1,480M (2019: \$524k). The impact of COVID-19 is further discussed in Note 1.3

5. BALANCES FROM OPERATIONS

5.4 Employee benefits provision (continued)

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

The components of the current LSL liability are measured at:

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

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of is presented as current, since the Institute does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Institute does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current leave obligations expected to be settled after 12 months	11,519	11,380	11,519	11,380

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



HOLMESGLEN INSTITUTE

Notes to the financial statements

6. HOW WE FINANCED OUR OPERATIONS

Note	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
6.1 Cash and deposits				
Cash at bank and on hand	4,858	3,764	4,621	3,444
Deposits at call - Westpac	35,652	32,967	35,652	32,967
Deposits at call - Treasury Corporation of Victoria	1,600	1,800	-	-
Total cash and deposits	42,110	38,531	40,273	36,411

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call, and term deposits with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Deposits at call with Westpac are held in accordance with the standing direction relating to the Central Banking System requirements.

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

Net result for the year	(1,338)	10,686	1,066	10,294
Non cash movements:				
Depreciation and amortisation of non-current assets	16,978	14,732	16,978	14,732
Net (gain) / loss on sale of non-current assets	(92)	(211)	(92)	(211)
Net (gain) / loss on disposal of financial investments	(66)	(2,300)	(63)	(2,162)
Fair value (gain) loss on other non- financial assets	4,117	(5,251)	2,133	(5,114)
Net (gain)/loss on financial liabilities at amortised cost	138	212	138	212
Adjustment on adoption of new accounting policy AASB15	-	311	-	-
Total non-cash flows in operating result	21,075	7,493	19,094	7,457
Movements in operating assets and liabilities				
Decrease / (increase) in trade receivables	1,632	(1,417)	1,650	(1,414)
Decrease / (increase) in contract assets	(3,709)	(2,015)	(3,737)	(1,721)
Decrease / (increase) in inventories	-	(1)	-	(1)
Decrease / (increase) in other assets	1,330	(948)	1,314	(938)
Increase / (decrease) in payables	(1,226)	3,314	(1,329)	3,402
Increase / (decrease) in contract liabilities	1,370	(974)	1,372	(974)
Increase / (decrease) in employee benefits	2,310	2,555	2,297	2,553
Total movement in operating assets and liabilities	1,707	514	1,567	907
Net cash flow from/(used in) operating activities	21,444	18,693	21,727	18,658

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

6. HOW WE FINANCED OUR OPERATIONS

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
6.2 Borrowings					
Current					
Advances from Government		815	815	815	815
Non-Current					
Advances from Government		2,273	2,273	2,273	2,273
Impact of revaluing at fair value		(361)	(499)	(361)	(499)
Total borrowings		2,727	2,589	2,727	2,589

Advances from Government

Advances from Government are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and their redemption amount is recognised in the Comprehensive Operating Statement over the period of borrowings using the effective interest rate method.

Deferral of repayment in 2020

Due to the impacts of COVID-19, the Minister for Training and Skills and Minister for Higher Education sought (and subsequently obtained) approval from the Treasurer to defer ongoing repayments associated with this advance for a period of twelve months.

Maturity Analysis of borrowings

	Carrying amount \$'000	Nominal amount \$'000	Less than 1		3 months -1		
			month \$'000	1-3 months \$'000	year \$'000	1-5 years \$'000	+5 years \$'000
Consolidated							
2020							
Advances from Government	2,727	3,088	-	-	815	2,273	-
Total	2,727	3,088	-	-	815	2,273	-
2019							
Advances from Government	2,589	3,088	-	-	815	2,273	-
Total	2,589	3,088	-	-	815	2,273	-
Institute							
2020							
Advances from Government	2,727	3,088	-	-	815	2,273	-
Total	2,727	3,088	-	-	815	2,273	-
2019							
Advances from Government	2,589	3,088	-	-	815	2,273	-
Total	2,589	3,088	-	-	815	2,273	-

6. HOW WE FINANCED OUR OPERATIONS

6.3 Leases

Policy

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

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

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

As a lessee

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

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

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

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

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured:

- when there is a change in future lease payments arising from a change in an index or rate;
- if there is a change in the estimate of the amount expected to be payable under a residual value guarantee; or
- if the Institute changes its assessment of whether it will exercise a purchase, extension or termination option.

6. HOW WE FINANCED OUR OPERATIONS

6.3 Leases (continued)

Right of use assets

Consolidated	Property	Computer	Vehicles	Other	Total
	\$'000	Equipment \$'000	\$'000	\$'000	\$'000
Balance at 1 January 2020	6,333	5,735	508	161	12,737
Additions	2	-	252	-	254
Disposals	-	-	-	-	-
Amortisation charge	(3,110)	(1,762)	(115)	-	4,987
Balance at 31 December 2020	3,225	3,973	645	161	8,004

Consolidated

Balance at 1 January 2019	8,289	7,497	-	67	15,853
Additions	1,298	-	533	94	1,925
Disposals	(295)	-	-	-	(295)
Amortisation charge	(2,959)	(1,762)	(25)	-	(4,746)
Balance at 31 December 2019	6,333	5,735	508	161	12,737

Institute

Balance at 1 January 2020	6,333	5,735	508	161	12,737
Additions	2	-	252	-	254
Disposals	-	-	-	-	-
Amortisation charge	(3,110)	(1,762)	(115)	-	(4,987)
Balance at 31 December 2020	3,225	3,973	645	161	8,004

Institute

Balance at 1 January 2019	8,289	7,497	-	67	15,853
Additions	1,298	-	533	94	1,925
Disposals	(295)	-	-	-	(295)
Amortisation charge	(2,959)	(1,762)	(25)	-	(4,746)
Balance at 31 December 2019	6,333	5,735	508	161	12,737

Lease liabilities

Note	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Maturity analysis- contractual undiscounted cash flows				
Less than one year	5,361	5,272	5,361	5,275
One to five years	2,071	7,312	2,071	7,312
Total undiscounted lease liabilities as at 31 December	7,432	12,584	7,432	12,587

Lease liabilities included in the Balance Sheet at 31 December :

Current	5,184	4,972	5,184	4,972
Non-current	2,452	7,414	2,452	7,414
Total lease liabilities	7,636	12,386	7,636	12,386

Short-term and low value leases

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

HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

Note	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000

7.1 Financial instruments

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

Categories of financial instruments

Financial assets

Financial assets measured at amortised cost

Cash and deposits	42,110	38,531	40,273	36,411
Trade receivables	1,827	3,210	1,827	3,210
Contract assets	16,772	13,063	16,013	12,276

Financial assets measured at fair value through profit and loss

Managed investments	33,062	32,997	30,999	30,937
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Total financial assets	93,771	87,801	89,112	82,834
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Financial liabilities

Loans and payables

Supplies and services	9,812	11,038	9,759	11,088
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Financial liabilities measured at amortised cost

Contract payable	12,983	11,804	12,970	11,778
Advances from Government	2,727	2,589	2,727	2,589
Lease liabilities	7,636	12,386	7,636	12,386

Total financial liabilities	33,158	37,817	33,092	37,841
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Categories of financial instruments

Financial assets measured at amortised cost

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

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

The Institute recognises the following financial assets in this category:

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

Financial assets measured at fair value through profit and loss

All financial assets not measured at amortised costs or fair value through other comprehensive income are measured at fair value through profit and loss.

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

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

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

Derecognition of financial assets

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

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

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

Impairment of financial assets

Under AASB 9, loss allowances are measured on either of the following basis;

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

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

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

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

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

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

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

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

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

Net holding gain/(loss) on financial instrument by category	Net holding gain/(loss)		Total interest income/(expense)		Fee income/(expense)		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Consolidated								
Financial assets measured at amortised cost	-	-	193	563	-	-	193	563
Financial assets measured at fair value through profit and loss	(72)	2,088	-	-	1,316	2,380	1,244	4,468
Total financial assets	(72)	2,088	193	563	1,316	2,380	1,437	5,031
Financial liabilities at amortised cost	(138)	(212)	-	-	-	-	(138)	(212)
Total financial liabilities	(138)	(212)	-	-	-	-	(138)	(212)
Institute								
Financial assets measured at amortised cost	-	-	188	545	-	-	188	545
Financial assets measured at fair value through profit and loss	(75)	1,950	-	-	1,316	2,235	1,241	4,185
Total financial assets	(75)	1,950	188	545	1,316	2,235	1,429	4,730
Financial liabilities at amortised cost	(138)	(212)	-	-	-	-	(138)	(212)
Total financial liabilities	(138)	(212)	-	-	-	-	(138)	(212)

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



7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies

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

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

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

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

Interest rate risk

Interest rate risk is the risk that the investments' value will change due to a material change in the level of interest rates. Interest rate risk is managed by ensuring diversification across investment asset classes, monitoring of market conditions, and investing in a mixture of short and longer term investments.

Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. Liquidity risk is managed through regular monitoring of the Institute's current and projected cash flow requirements and ensuring that funds held for operational liquidity requirements are invested in cash or cash equivalent investments. The Institute's maximum exposure to liquidity risk is the carrying amounts of the liabilities disclosed in the balance sheet.

Equity price risk

Equity price risk is the risk that the investments' value will change due to changes in market prices caused by factors specific to the investment or its issuers, or factors affecting similar investments traded on relevant markets. This risk is managed by the Victorian Funds Management Corporation (VFMC) for funds held on behalf of the Institute and its controlled entities.

Market risk

Market risk is the risk that market rates and prices will impact on the Institute's managed investments with the VRMC and that this will have an adverse effect on the net result or net worth of the Institute and consolidated entity. This risk is managed by the Victorian Funds Management Corporation (VFMC) for funds held on behalf of the Institute and its controlled entities. Whilst COVID-19 has had global and economic impacts affecting market risk, there has been no material revaluation movement on the value of the Institute and consolidated entities investments since the end of the previous year.

Foreign currency risk

Foreign exchange risk is the risk that the Institute's operating result, cash flow or capital are negatively impacted by a change in foreign exchange rates. The Institute has minimal exposure to foreign currency risk.

Treasury operational risk

Treasury operational risk is the risk that the Institute loses funds as a result of a failure in systems, people or procedures. Treasury operational risk includes fraud and theft. The Institute has an extensive internal control framework to minimise treasury operational risk including rules, policies and procedures for governance, risk management, financial management including investment and bank account delegations, and fraud and corruption control.

HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies (continued)

Credit risk

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

Credit risk is measured at fair value and is monitored on a regular basis to ensure that the Institute is not exposed to significant bad debts or impairment. Credit risk is monitored by actively assessing the liquidity of counterparties.

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

The carrying amount of contractual financial assets recorded in the financial statements represents the Institute's maximum exposure to credit risk. There are no material financial assets which are individually determined to be impaired.

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

	Financial Institutions (AA- rating) \$'000	Government agencies (AAA rating) \$'000	Other counter- party \$'000	Total \$'000
Consolidated				
2020				
Cash and deposits	4,858	1,600	-	6,458
Deposits at call - Westpac	35,652	-	-	35,652
Receivables ¹	-	-	1,827	1,827
Contract assets	-	-	16,772	16,772
Investments and other financial assets	-	33,062	-	33,062
Total contractual financial assets	40,510	34,662	18,599	93,771
2019				
Cash and deposits	3,764	1,800	-	5,564
Deposits at call - Westpac	32,967	-	-	32,967
Receivables ¹	-	-	3,210	3,210
Contract assets	-	-	13,063	13,063
Investments and other financial assets	-	32,997	-	32,997
Total contractual financial assets	36,731	34,797	16,273	87,801

	Financial Institutions (AA- rating) \$'000	Government agencies (AAA rating) \$'000	Other counter- party \$'000	Total \$'000
Institute				
2020				
Cash and deposits	4,621	-	-	4,621
Deposits at call - Westpac	35,652	-	-	35,652
Receivables ¹	-	-	1,827	1,827
Contract assets	-	-	16,013	16,013
Investments and other financial assets	-	30,999	-	30,999
Total contractual financial assets	40,273	30,999	17,840	89,112
2019				
Cash and deposits	3,444	-	-	3,444
Deposits at call - Westpac	32,967	-	-	32,967
Receivables ¹	-	-	3,210	3,210
Contract assets	-	-	12,276	12,276
Investments and other financial assets	-	30,937	-	30,937
Total contractual financial assets	36,411	30,937	15,486	82,834

Notes:

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies (continued)

Interest rate exposure of financial instruments

	Weighted average effective rate		Total carrying amount per balance sheet		Floating interest rate		Fixed interest rate		Non-interest bearing	
	2020 %	2019 %	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Consolidated										
Financial assets										
Cash and deposits			4,858	3,764	-	-	-	-	4,858	3,764
Deposits at call - Westpac			35,652	32,967	35,652	32,967	-	-	-	-
Deposits at call (TCV)	0.29	1.45	1,600	1,800	1,600	1,800	-	-	-	-
Receivables										
Trade receivables			1,827	3,210	-	-	-	-	1,827	3,210
Contract assets			16,772	13,063	-	-	-	-	16,772	13,063
Managed investments			33,062	32,997	-	-	-	-	33,062	32,997
Total financial assets			93,771	87,801	37,252	34,767	-	-	56,519	53,034
Financial liabilities										
Payables			22,795	22,842	-	-	-	-	22,795	22,842
Leases			7,636	12,386	-	-	7,636	12,386	-	-
Advances from Government			2,727	2,589	-	-	-	-	2,727	2,589
Total contractual financial liabilities			33,158	37,817	-	-	7,636	12,386	25,522	25,431
Institute										
Financial assets										
Cash and deposits			4,621	3,444	-	-	-	-	4,621	3,444
Deposits at call - Westpac			35,652	32,967	35,652	32,967	-	-	-	-
Deposits at call (TCV)	0.29	1.45	-	-	-	-	-	-	-	-
Receivables										
Trade receivables			1,827	3,210	-	-	-	-	1,827	3,210
Contract assets			16,013	12,276	-	-	-	-	16,013	12,276
Managed investments			30,999	30,937	-	-	-	-	30,999	30,937
Total financial assets			89,112	82,834	35,652	32,967	-	-	53,460	49,867
Financial liabilities										
Payables			22,729	22,866	-	-	-	-	22,729	22,866
Leases			7,636	12,386	-	-	7,636	12,386	-	-
Advances from Government			2,727	2,589	-	-	-	-	2,727	2,589
Total contractual financial liabilities			33,092	37,841	-	-	7,636	12,386	25,456	25,455

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies (continued)

Interest rate risk sensitivity

A possible change of 1% (2019: 1%) in interest rates at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

	Interest rate risk									
	Carrying amount		Result		Equity		Result		Equity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Consolidated										
Deposits at call	37,252	34,767	(373)	(348)	(373)	(348)	373	348	373	348
Total impact	37,252	34,767	(373)	(348)	(373)	(348)	373	348	373	348
Institute										
Deposits at call	35,652	32,967	(357)	(330)	(357)	(330)	357	330	357	330
Total impact	35,652	32,967	(357)	(330)	(357)	(330)	357	330	357	330

A possible change of 10% (2019: 10%) in equity price risk at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

	Equity price risk									
	Carrying amount		Result		Equity		Result		Equity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Consolidated										
Managed investments	33,062	32,997	(3,306)	(3,300)	(3,306)	(3,300)	3,306	3,300	3,306	3,300
Total impact	33,062	32,997	(3,306)	(3,300)	(3,306)	(3,300)	3,306	3,300	3,306	3,300
Institute										
Managed investments	30,999	30,937	(3,100)	(3,094)	(3,100)	(3,094)	3,100	3,094	3,100	3,094
Total impact	30,999	30,937	(3,100)	(3,094)	(3,100)	(3,094)	3,100	3,094	3,100	3,094

7. MANAGING RISKS AND UNCERTAINTIES

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

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

The Institute has no contingent assets at 31 December 2020 (2019: Nil)

Contingent liabilities

Contingent liabilities are:

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

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

The Institute has no contingent liabilities at 31 December 2020 (2019: Nil)



7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values, changes to assumptions could have a material impact on the results and financial position of the Institute.

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

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through profit and loss;
- land, buildings, plant and equipment, vehicles, lease hold improvements; and
- investment properties.

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

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

Fair value estimation

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

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

The Institute determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(a) Fair value determination of financial assets and liabilities

The Institute currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2020 reporting period.

These financial instruments include:

Financial assets

Cash and deposits

Receivables:

- Sales of goods and services
- Contract assets

Financial liabilities

Payables

Advance from government

Leases

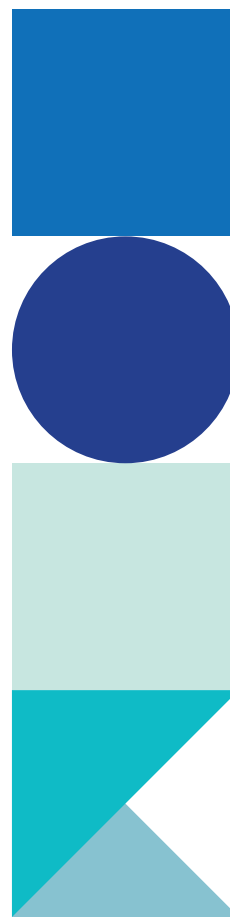
The fair value of financial instruments is the same as the carrying amount.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

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

	Consolidated				Institute			
	Carrying amount at 31 December \$'000	Fair value measurement at end of reporting period using:			Carrying amount at 31 December \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2020								
Financial assets								
Investments and other financial assets								
Managed investments	33,062	33,062	-	-	30,999	30,999	-	-
Total financial assets	33,062	33,062	-	-	30,999	30,999	-	-
2019								
Financial assets								
Investments and other financial assets								
Managed investments	32,997	32,997	-	-	30,937	30,937	-	-
Total financial assets	32,997	32,997	-	-	30,937	30,937	-	-



HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

(b) Fair value determination of non-financial assets

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

Fair value measurement hierarchy of property, plant and equipment

	Consolidated				Institute			
	Carrying amount at 31 December	Level 1	Level 2	Level 3	Carrying amount at 31 December	Level 1	Level 2	Level 3
	\$'000	Quoted prices \$'000	Observable price inputs \$'000	Unobservable inputs \$'000	\$'000	Quoted prices \$'000	Observable price inputs \$'000	Unobservable inputs \$'000
2020								
Specialised land	130,067	-	-	130,067	(238)	-	-	130,067
Total land at fair value	130,067	-	-	130,067	(238)	-	-	130,067
Specialised buildings	192,010	-	-	192,010	192,010	-	-	192,010
Total buildings at fair value	192,010	-	-	192,010	192,010	-	-	192,010
Plant and equipment	5,450	-	-	5,450	5,450	-	-	5,450
Cultural assets	588	-	588	-	588	-	588	-
Vehicles	816	-	-	816	816	-	-	816
Computer equipment	5,569	-	-	5,569	5,569	-	-	5,569
Leasehold improvements	379	-	-	379	379	-	-	379
Total other assets at fair value	12,802	-	588	12,214	12,802	-	588	12,214
2019								
Specialised land	133,005	-	-	133,005	133,005	-	-	133,005
Total land at fair value	133,005	-	-	133,005	133,005	-	-	133,005
Specialised buildings	201,945	-	-	201,945	201,945	-	-	201,945
Total buildings at fair value	201,945	-	-	201,945	201,945	-	-	201,945
Plant and equipment	5,675	-	-	5,675	5,675	-	-	5,675
Cultural assets	557	-	557	-	557	-	557	-
Vehicles	1,446	-	-	1,446	1,446	-	-	1,446
Computer equipment	7,014	-	-	7,014	7,014	-	-	7,014
Leasehold improvements	177	-	-	177	177	-	-	177
Total other assets at fair value	14,869	-	557	14,312	14,869	-	557	14,312

Fair value measurement hierarchy of investment properties

2020								
Investment properties	113,518	-	113,518	-	93,705	-	93,705	-
Total investment properties	113,518	-	113,518	-	93,705	-	93,705	-
2019								
Investment properties	111,735	-	111,735	-	89,938	-	89,938	-
Total investment properties	111,735	-	111,735	-	89,938	-	89,938	-

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2020 for all classes of assets. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. An independent valuation of all land and buildings was performed by the Valuer-General Victoria with an effective date of 31 December 2017. The next scheduled full revaluation for the Institute will be conducted in 2022.

The market that the assets are valued in as at 31 December 2020 is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has created. The valuer has advised that the current market environment, impacted by the coronavirus (COVID-19), creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

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

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

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

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

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

Leasehold improvements are held at fair value being depreciated cost. As there is no evidence of a reliable market-based fair value (or other relevant fair value indicators) for leasehold improvements, depreciated cost is the fair value for these types of assets. The valuation of leasehold improvements is based on significant unobservable inputs and accordingly is classified as Level 3 assets.

HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

There were no changes in valuation techniques throughout the period to 31 December 2020.

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

Reconciliation of level 3 fair value movements

	Specialised land		Specialised buildings		Plant and equipment		Motor Vehicles		Library		Computer Equipment		Leasehold improvements	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Consolidated														
Opening balance	133,005	133,005	201,945	205,817	5,675	5,241	1,446	2,033	-	-	7,014	13,690	177	162
Additions	-	-	83	2,269	601	1,556	-	62	-	-	1,655	2,421	-	76
Transfers in / (out) of Level 3	(5,300)	-	(46)	605	56	(324)	(176)	(66)	-	-	34	(7,497)	345	15
Depreciation	-	-	(6,763)	(6,746)	(882)	(798)	(454)	(583)	-	-	(3,134)	(1,600)	(143)	(76)
Revaluation	2,362	-	(3,209)	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	130,067	133,005	192,010	201,945	5,450	5,675	816	1,446	-	-	5,569	7,014	379	177
Institute														
Opening balance	133,005	133,005	201,945	205,817	5,675	5,241	1,446	2,033	-	-	7,014	13,690	177	162
Additions	-	-	83	2,269	601	1,556	-	62	-	-	1,655	2,421	-	76
Transfers in/ (out) of Level 3	(5,300)	-	(46)	605	56	(324)	(176)	(66)	-	-	34	(7,497)	345	15
Depreciation	-	-	(6,763)	(6,746)	(882)	(798)	(454)	(583)	-	-	(3,134)	(1,600)	(143)	(76)
Revaluation	2,362	-	(3,209)	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	130,067	133,005	192,010	201,945	5,450	5,675	816	1,446	-	-	5,569	7,014	379	177

Description of significant unobservable inputs to Level 3 valuations

2020 and 2019	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Useful life of buildings
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment
Motor Vehicles	Depreciated replacement cost	Useful life of vehicles
Library	Depreciated replacement cost	Useful life
Computer equipment	Depreciated replacement cost	Useful life of computer equipment
Leasehold improvements	Depreciated replacement cost	Useful life

8. GOVERNANCE

8.1 Responsible persons

Responsible persons

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

Minister

The relevant Minister for the year was The Hon. Gayle Tierney MP.

Remuneration of the Minister for Training and Skills and Minister for Higher Education is disclosed in the financial report of the Department of Parliamentary Services. Other relevant interests are declared in the Register of Members interests which is completed by each member of the Parliament.

Accountable Officer

M. Faraone (Chief Executive)

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Institute during the reporting period was in the range: \$390,000 - \$399,999 (\$380,000 - \$389,999 in 2019).

Members of the Board of Holmesglen Institute

P. Lewinsky, Chair	B. Porter
M. Faraone, Chief Executive	C. Karamzalis
A. Barker	C. Walsh (resigned 30/10/2020)
Emeritus Professor P. Darvall AO (resigned 30/6/2020)	M. Gorton AM
K. Corry	I. Hamm
L. Morgan AM	J. Allison (appointed 1/7/2020)
D. Thorsen	

Responsible Persons' Remuneration

The number of responsible persons are shown in their income bands:	2020 No	2019 No
Income range		
0 - 9,999	0	1
10,000 - 19,999	0	1
20,000 - 29,999	2	2
30,000 - 39,999	3	-
40,000 - 49,999	6	8
80,000 - 89,999	1	1
380,000 - 389,999	0	1
390,000 - 399,999	1	0
Total number	13	14
	\$'000	\$'000
Total remuneration received or due and receivable by the responsible persons from the reporting entity.	883	867

8. GOVERNANCE

8.2 Remuneration of executives

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

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

- Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.
- Post-employment benefits include employer superannuation contributions.
- Other long-term benefits include long service leave, other long service benefits or deferred compensation.
- Termination benefits include termination of employment payments, such as severance packages.

	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Remuneration				
Short-term benefits	2,500	3,049	2,500	3,049
Post-employment benefits	227	268	227	268
Other long-term benefits	40	38	40	38
Terminations benefits	-	-	-	-
Total remuneration	2,767	3,355	2,767	3,355
Total number of executive officers	14	16	14	16
Total annualised employee equivalent (AEE)	12	15.4	12	15.4

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

8. GOVERNANCE

8.3 Related parties

Related parties of the Institute and its consolidated group include:

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

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

The following entities have been consolidated into the Institute's financial statements in accordance with AASB 10:

- Holmesglen International Training Services Pty Ltd
- Glenuc Pty Ltd, and
- Holmesglen Foundation.

Significant transactions with government related entities:-

	2020 \$'000	2019 \$'000
The Institute received funding from the Victorian Government as follows:-		
State Government - contestable and fee concessions	62,792	56,141
State Capital	7,664	3,446
State Government - other contributions	24,833	21,142
Total	95,289	80,729

Related party transactions

	Transaction values for year ended 31 December		Balances outstanding as at 31 December	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Distribution from the Holmesglen Foundation to the Institute				
Holmesglen Foundation	1,065	1,042	-	-
Rent paid by Holmesglen Foundation to the Institute	600	600	-	-
Management fee paid by Holmesglen Foundation to the Institute	97	97	-	-
Total	1,762	1,739	-	-

Key management personnel of the Institute includes the Minister for Training and Skills and Minister for Higher Education, the Hon. Gayle Tierney MP and the Members of the Holmesglen Institute Board, the Accountable Officer and the Institute's Senior Executive Team, which includes:-

- J. James, Chief Financial Officer
- L. English, Executive Director, Education and Applied Research (resigned 24/1/2020)
- S. McKinnon, Executive Director, Engagement and Support
- P. Culpan, Executive Director, Corporate and Commercial Services
- A. Williamson, Executive Director (appointed 6/1/2020)
- M. Courtier, Executive Director, Education and Applied Research (appointed 17/7/2020)

8. GOVERNANCE

8.3 Related parties (continued)

Key management personnel of the entities consolidated pursuant to section 53(1)(b) of the FMA into the Institute's financial statements include:

Entity	Key management personnel	Position title
Holmesglen International Training Services Pty Ltd	M. Faraone	Director
Glenuc Pty Ltd	M. Faraone P. Lewinsky W. Chau M. Gorton A. Barker H. Piterman R. Casey A. Brookes	Director Director Director Director (resigned 20/4/2020) Director Director (appointed 2/3/2020) Director (appointed 2/3/2020) Director (appointed 2/3/2020)

Compensation of Key management personnel

	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Total remuneration				
Short-term employee benefits	2,038	2,109	2,003	2,099
Post-employment benefits	175	181	172	180
Other long-term benefits	25	19	25	19
Termination benefits	-	-	-	-
Total remuneration	2,238	2,309	2,200	2,298

Transactions and balances with key management personnel and other related parties

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

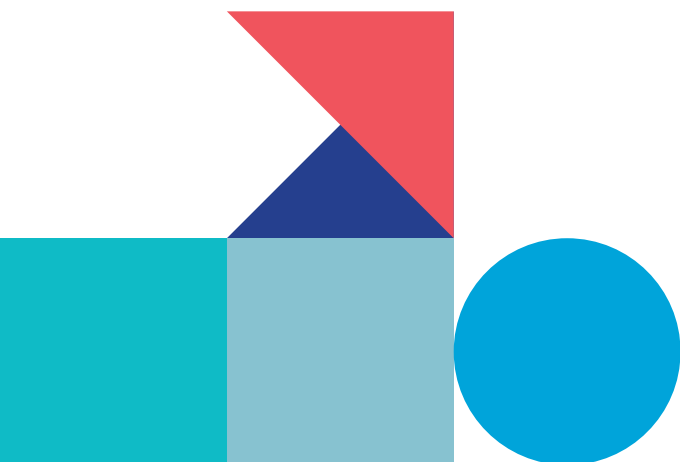
	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
8.4 Auditors remuneration				
Remuneration of Victorian Auditor General's Office for:				
Audit of the financial statements	106	103	106	103
Audit of the financial statements of subsidiaries	15	18	-	-
Total remuneration of Victorian Auditor-General's Office	121	121	106	103
Remuneration of other auditors :				
Other Assurance Services	307	241	307	241
Total remuneration of other auditors	307	241	307	241
Total Remuneration of Auditors	428	362	413	344

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
9.1 Other economic flows included in net result				
(a) Net gain/(loss) on non-financial assets				
Revaluation of investment properties	(4,153)	5,512	(2,169)	5,375
Revaluation of cultural assets	36	34	36	34
Net gain/(loss) on disposal of leased assets	-	(295)	-	(295)
Net gain/(loss) on disposal of physical assets	92	211	92	211
Total net gain/(loss) on non-financial assets and liabilities	(4,025)	5,462	(2,041)	5,325
(b) Net gain/(loss) on financial instruments				
Net gain/(loss) realised on revaluation of financial investments	66	2,300	63	2,162
Net gain/(loss) realised on disposal of financial investments	-	-	-	-
Subtotal net gain/(loss) on financial investments	66	2,300	63	2,162
Net gain/(loss) on financial liabilities at amortised cost	(138)	(212)	(138)	(212)
Total net gain/(loss) on financial instruments	(72)	2,088	(75)	1,950

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from revaluations of investments properties and cultural assets
- gains and losses from disposal of physical assets
- gains and losses from disposal of financial investments; and
- gains and losses on financial liabilities at amortised cost



9. OTHER DISCLOSURES

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
9.2 Equity reserves					
(a) Contributed Capital					
Balance at 1 January		122,807	122,807	122,807	122,807
Capital contributions		-	-	-	-
Balance at 31 December		122,807	122,807	122,807	122,807
(b) Reserves					
Composition of Reserves					
Physical asset revaluation surplus					
Land		120,420	118,058	120,420	118,058
Buildings		92,804	96,013	92,804	96,013
Plant and Equipment		2,342	2,342	2,342	2,342
Balance at 31 December		215,566	216,413	215,566	216,413
Movements in Reserves					
Balance at 1 January		216,413	216,413	216,413	216,413
Revaluation increment on non-current assets		(847)	-	(847)	-
Balance at 31 December		215,566	216,413	215,566	216,413
Land					
Balance at 1 January		118,058	118,058	118,058	118,058
Revaluation increment on non-current assets		2,362	-	2,362	-
Balance at 31 December		120,420	118,058	120,420	118,058
The asset revaluation reserve for land comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31/12/17.					
Buildings					
Balance at 1 January		96,013	96,013	96,013	96,013
Revaluation decrement on non-current assets		(3,209)	-	(3,209)	-
Balance at 31 December		92,804	96,013	92,804	96,013
The asset revaluation reserve for buildings comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31/12/17.					
Plant and Equipment					
Balance at 1 January		2,342	2,342	2,342	2,342
Revaluation increment on non-current assets		-	-	-	-
Balance at 31 December		2,342	2,342	2,342	2,342
The asset revaluation reserve for plant and equipment comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31/12/17.					

HOLMESGLEN INSTITUTE

Notes to the financial statements

9. OTHER DISCLOSURES

	Note	Consolidated		Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
9.2 Equity reserves (continued)					
(c) Accumulated surplus / (deficit)					
Balance at 1 January		176,868	165,871	150,068	139,774
Adjustment on adoption of new accounting policy AASB15		-	311	-	-
Net operating result for the year		(1,338)	10,686	1,066	10,294
Balance at 31 December		175,530	176,868	151,134	150,068
Total equity		513,903	516,088	489,507	489,288

9.3 Superannuation

Employees of the Institute are entitled to receive superannuation benefits and the Institute contributes to both defined benefit and defined contribution plans. The defined benefit plan(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 it 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.

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

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

Paid Contributions for the Year					
Defined benefit plans:					
State Superannuation Fund – revised and new		214	231	214	231
Total defined benefit plans		214	231	214	231
Defined contribution plans:					
VicSuper		5,398	4,428	5,397	4,428
Other		2,873	4,054	2,854	4,038
Total defined contributions plans		8,271	8,482	8,251	8,466
Total paid contribution for the year		8,485	8,713	8,465	8,697
Contribution Outstanding at Year End					
Various Funds		993	964	990	963
Total		993	964	990	963

Defined contribution plans

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

Defined benefit plans

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

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000

9.4 Commitments

9.4.1 Expenditure commitments

(a) Capital expenditure commitments payable

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

Property, Plant and Equipment

Payable:

- Within one year	1,194	6,427	1,194	6,427
- Later than one year but not later than five years	-	-	-	-
Total Property, Plant and Equipment	1,194	6,427	1,194	6,427
GST reclaimable on the above	(109)	(584)	(109)	(584)
Net Commitments Property, Plant and Equipment	1,085	5,843	1,085	5,843

(b) Non-cancellable lease commitments - short term and low value leases

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

- Within one year	135	-	135	-
- Later than one year but not later than five years	-	-	-	-
Total short-term and low value lease commitments	135	-	135	-
GST reclaimable on the above	(12)	-	(12)	-
Net short-term and low value lease commitments	123	-	123	-

(c) Other expenditure commitments

Commitments for contracts relating to property service agreements (e.g. cleaning, waste management and security services) and licence agreements in existence at the reporting date but not recognised as liabilities,

Payable:

- Within one year	7,111	7,952	7,111	7,952
- Later than one year but not later than five years	17,478	389	17,478	389
Total other expenditure commitments	24,589	8,341	24,589	8,341
GST reclaimable on the above	(2,235)	(758)	(2,235)	(758)
Net commitments other expenditure commitments	22,354	7,583	22,354	7,583

9.4.2 Lease receivable

Operating lease receivables

- Within one year	5,433	5,602	4,824	4,305
- Later than one year but not later than five years	19,018	18,862	18,734	17,881
- Within one year	60,482	64,818	60,711	65,140
Total lease receivable	84,933	89,282	84,269	87,326
GST payable on the above	8,493	8,928	8,427	8,733
Net operating lease receivable	93,426	98,210	92,696	96,059

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

9. OTHER DISCLOSURES

9.5 Controlled entities

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

Name of entity	Class of shares	Country of incorporation	Equity holding	Equity holding
			2020	2019
Holmesglen International Training Services Pty Ltd	Ordinary	Australia	100%	100%
Glenuc Pty Ltd	Ordinary	Australia	100%	100%
Holmesglen Foundation	N/A			

9.6 Events after reporting date

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

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

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

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

9.7 Application of standards issued but not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 31 December 2020 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Institute of their applicability and early adoption where applicable.

As at 31 December 2020, there were no new accounting standards issued by the AASB, which are applicable for the year ending 31 December 2021 that are expected to impact the Institute.

Independent Auditor’s Report

To the Board of Holmesglen Institute

Opinion	<p>I have audited the accompanying statement of performance of Holmesglen Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> • statement of performance for the year ended 31 December 2020 • declaration by Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer. <p>In my opinion, the statement of performance of Holmesglen Institute in respect of the year ended 31 December 2020 presents fairly, in all material respects.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor’s Responsibilities for the Audit of the statement of performance</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board’s responsibilities for the statement of performance	<p>The Board is responsible for the preparation and fair presentation of the statement of performance in accordance with the performance reporting requirements and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor’s responsibilities for the audit of the statement of performance	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the statement of performance based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the statement of performance as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion.</p> <p>Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to</p>

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

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

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

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

MELBOURNE
26 March 2021




Charlotte Jeffries
as delegate for the Auditor-General of Victoria

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

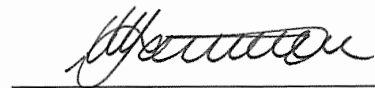
In our opinion, the accompanying Statement of Performance of Holmesglen Institute, in respect of the 2020 financial year, is presented fairly.

The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets where applicable, the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets.

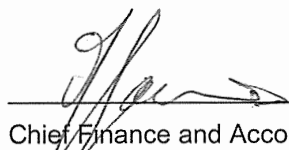
As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.


Peter Lewinsky
Board Chair

Date 17th March 2021
Place Chadstone


Mary Faraone
Chief Executive

Date 17th March 2021
Place Chadstone


Chief Finance and Accounting Officer

Date 17th March 2021
Place Chadstone

Statement of performance

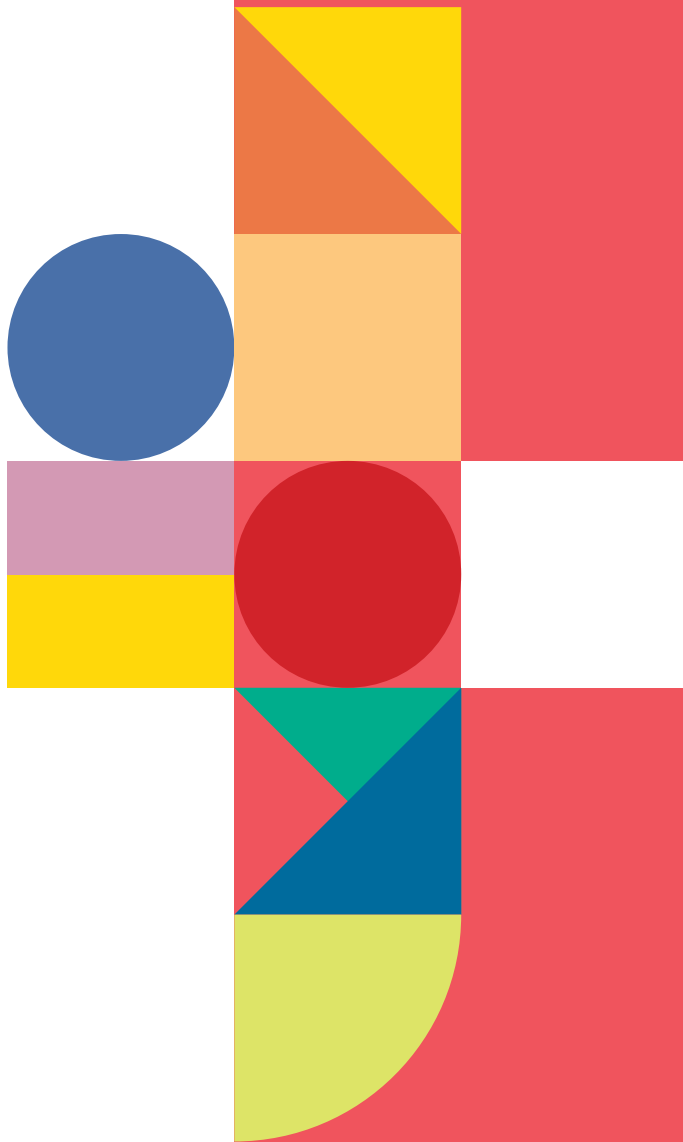
Statement of performance for year ending 31 December 2020

Indicator title	Description and methodology	Measure	2020 Target	2020 Actual	Explanation of variances	Prior year result
Training revenue diversity	Breakdown of training revenue by: <ul style="list-style-type: none"> Government Funded (GF) Fee for Service (FFS) Student fees and charges 	%			Government funded training delivery includes the business continuity grants provided to the Institute to maintain its operations during COVID-19. The reduction in the proportion of students' fees and charges and other training fee for services is also a direct impact of COVID-19 particularly on revenues from our international operations.	
			48.9%	55.1%		45.3%
			38.2%	33.9%		42.9%
			12.9%	10.9%	11.8%	
Employment costs as a proportion of training revenue	Employment and third party training delivery costs as a proportion of training revenue <i>(Employment costs - Workforce reduction expenses + 3rd party training delivery costs) / Training revenue</i>	%	<80.0%	89.4%	This target was not achieved due to the impacts of COVID-19 on the Institute's business operations.	87.4%
Training revenue per teaching FTE	Training revenue (excl. revenue delivered by third parties) per Teaching FTE <i>Training revenue (excl. revenue delivered by 3rd parties) / Teaching FTEs</i>	\$	>\$195,000	\$203,225	Target achieved.	\$194,507
Operating margin percentage	Operating margin % <i>EBIT (excl. capital contributions) / Total revenue (excl. capital contributions)</i>	%	>0%	-2.8%	The negative operating margin is as a direct result of the impacts of COVID-19 on the Institute's financial performance during 2020.	0.1%

Disclosure index

Item	Source	Summary of reporting requirement	Page Number
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
1.	FRD 22H 5.4 a	Manner of establishment and the relevant Minister	5
2.	FRD 22H 5.4 b 5.5	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	5, 7-13
3.	FRD 22H 5.4 c	Nature and range of services provided including the communities served	5, 8-12
MANAGEMENT AND STRUCTURE			
4.	FRD 22H 5.4 d 5.6	Organisational chart detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities	5-6
FINANCIAL AND OTHER INFORMATION			
5.	FRD 03A	Accounting for Dividends	NA
6.	FRD 07B	Early adoption of authoritative accounting pronouncements	76
7.	FRD 10A	Disclosure Index	81-82
8.	FRD 17B	Wage inflation and discount rates for employee benefits	49-50
9.	FRD 22H 5.11 c	Operational and budgetary objectives, including performance against objectives and achievements	13, 80
10.	FRD 22H 5.10	Occupational health and safety statement including performance indicators, performance against those indicators.	15
11.	FRD 22H 5.8	Workforce data for current and previous reporting period, including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections	14-15
12.	FRD 22H 5.11 a	Summary of the financial results, with comparative information for the preceding four reporting periods	13
13.	FRD 22H 5.11 b	Summary of significant changes in financial position	13
14.	FRD 22H 5.7	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	8-12
15.	FRD 22H 5.11 d	Post-balance sheet date events likely to significantly affect subsequent reporting periods.	76
16.	FRD 22H 5.18 a	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	18
17.	FRD 22H 5.12	The report of operations shall provide a discussion and analysis of the entity's operating results and financial position and include details about significant factors that affect the entity's performance	13
18.	FRD 22H 5.9	TAFE workforce inclusion policy (where a TAFE has one), including a measurable target and report on the progress towards the target	NA
19.	FRD 22H 5.16	Schedule of any government advertising campaign in excess of \$100,000 (exclusive of GST)	20
20.	FRD 22H 5.18 e	Statement, where applicable, on the implementation and compliance with the National Competition Policy, including compliance with the requirements of Victoria's Competitive Neutrality Policy and any subsequent reform	19
21.	FRD 22H 5.18 g	Statement on the application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act), and the actions that were taken during the year to comply with the Carers Act	19
22.	FRD 22H 5.18 c	Summary of application and operation of the <i>Public Interest Disclosures Act 2012</i> including disclosures required by the Act	19
23.	FRD 22H 5.18 h	Summary of Environmental Performance	17-18
24.	FRD 22H 5.13 5.14 5.15	Consultants: Report of Operations must include a statement disclosing each of the following: 1. Total number of consultancies of \$10,000 or more (excluding GST) 2. Location (e.g. website) of where the schedule with the below details of the consultancies over \$10,000 has been made publicly available <ul style="list-style-type: none"> • Consultant engaged • Brief summary of project • Total project fees approved (excluding GST) • Expenditure for reporting period (excluding GST) • Any future expenditure committed to the consultant for the project 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period	20
25.	FRD 22H 5.19	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	21
26.	FRD 22H 5.17	An entity shall disclose the following in the report of operations: a. Total entity ICT Business as Usual (BAU) expenditure for the full 12-month reporting period; and b. Total entity ICT Non-Business as Usual expenditure for the full 12-month reporting period; and provide a breakdown for: i. Operational expenditure (OPEX); and ii. Capital expenditure (CAPEX).	20

Item	Source	Summary of reporting requirement	Page Number
27.	FRD 25D	Local Jobs First	19
28.	AASB 16	Leases	28, 53-54
29.	SD 5.1.4	Financial Management Compliance Attestation Statement	21
30.	FRD 119A	Transfers through contributed capital	NA
31.	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Annual Report is prepared in accordance with the FMA, the Standing Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.	21, 24, 79
32.	SD 5.2.3	The report of operations must be signed and dated by a member of the Responsible Body.	4
33.	CG 10 Clause 27	Summary of Major Commercial Activities	18
34.	CG 12 Clause 33	TAFE Institute Controlled Entities	7, 31-32, 76
FINANCIAL REPORT			
35.	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: <ul style="list-style-type: none"> the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards. 	24
36.	SD 5.2.2(a)	An Agency's financial statements must include a signed and dated declaration by: <ul style="list-style-type: none"> the Accountable Officer; subject to Direction 5.2.2(c), the CFO; and for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body. 	24
37.	FRD 30D	Rounding of Amounts	31
38.	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament.	5
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
39.	FRD 11A	Disclosure of ex-gratia payments	NA
40.	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report	68-69
41.	FRD 102A	Inventories	28, 45
42.	FRD 103H	Non-financial physical assets	28, 41-43, 53-54
43.	FRD 105B	Borrowing costs	28, 54
44.	FRD 106B	Impairment of assets	43-44, 46, 56
45.	FRD 107B	Investment properties	28, 41
46.	FRD 109A	Intangible assets	44
47.	FRD 110A	Cash flow statements	30, 51
48.	FRD 112D	Defined benefit superannuation obligations	74
49.	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	76
50.	FRD 114C	Financial instruments	55-61
51.	FRD 120N	Accounting and reporting pronouncements applicable to the reporting period	76
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
52.	Legislation	The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, including, but not limited to, the following: <ul style="list-style-type: none"> <i>Education and Training Reform Act 2006 (ETRA)</i> TAFE institute constitution Directions of the Minister for Training and Skills (or predecessors) TAFE institute Commercial Guidelines TAFE institute Strategic Planning Guidelines <i>Public Administration Act 2004</i> <i>Financial Management Act 1994</i> <i>Freedom of Information Act 1982</i> <i>Building Act 1993</i> <i>Public Interest Disclosure Act 2012</i> <i>Local Jobs First Act 2003</i> 	18
53.	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2020	19-20
54.	Policy	Statement that the TAFE institute complies with the Victorian Public Service Travel Policy	19
55.	Key Performance Indicators	Institutes to report against: <ul style="list-style-type: none"> Employment costs as a proportion of training revenue Training revenue per teaching FTE Operating margin percentage Training revenue diversity. 	80
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
56.	PAEC and VAGO (June 2003 Special Review – Recommendation 11)	<ul style="list-style-type: none"> Financial and other information on initiatives taken or strategies relating to the institute's overseas operations Nature of strategic and operational risks for overseas operations Strategies established to manage such risks of overseas operations Performance measures and targets formulated for overseas operations The extent to which expected outcomes for overseas operations have been achieved. 	11, 35, 80



Requests for further information under the provisions of the *Freedom of Information Act* should be directed to:

Freedom of Information Officer
Holmesglen
PO Box 42
Holmesglen VIC 3148

Further copies of the annual report and other corporate publications can be obtained from:

Holmesglen
Marketing Department
PO Box 42
Holmesglen VIC 3148

Bourke Street campus

Level 3, 206 Bourke Street
Melbourne, VIC 3000

Chadstone campus

Corner Batesford and Warrigal Roads,
Chadstone, VIC, 3148

Drummond Street campus

41 Drummond Street,
Chadstone, VIC, 3148

Holmesglen at Eildon

92 Moore Road,
Eildon, VIC, 3148

North Melbourne - Futuretech

200 Arden Street,
North Melbourne, VIC, 3051

Moorabbin campus

488 South Road
Moorabbin, VIC, 3189

St Kilda Road campus

332 St Kilda Road,
Southbank, VIC, 3006

Glen Waverley campus

595 Waverley Road,
Glen Waverley, VIC 3150

Mailing Address

PO Box 42, Holmesglen 3148

T: 1300 639 888

E: connect@holmesglen.edu.au

W: holmesglen.edu.au

