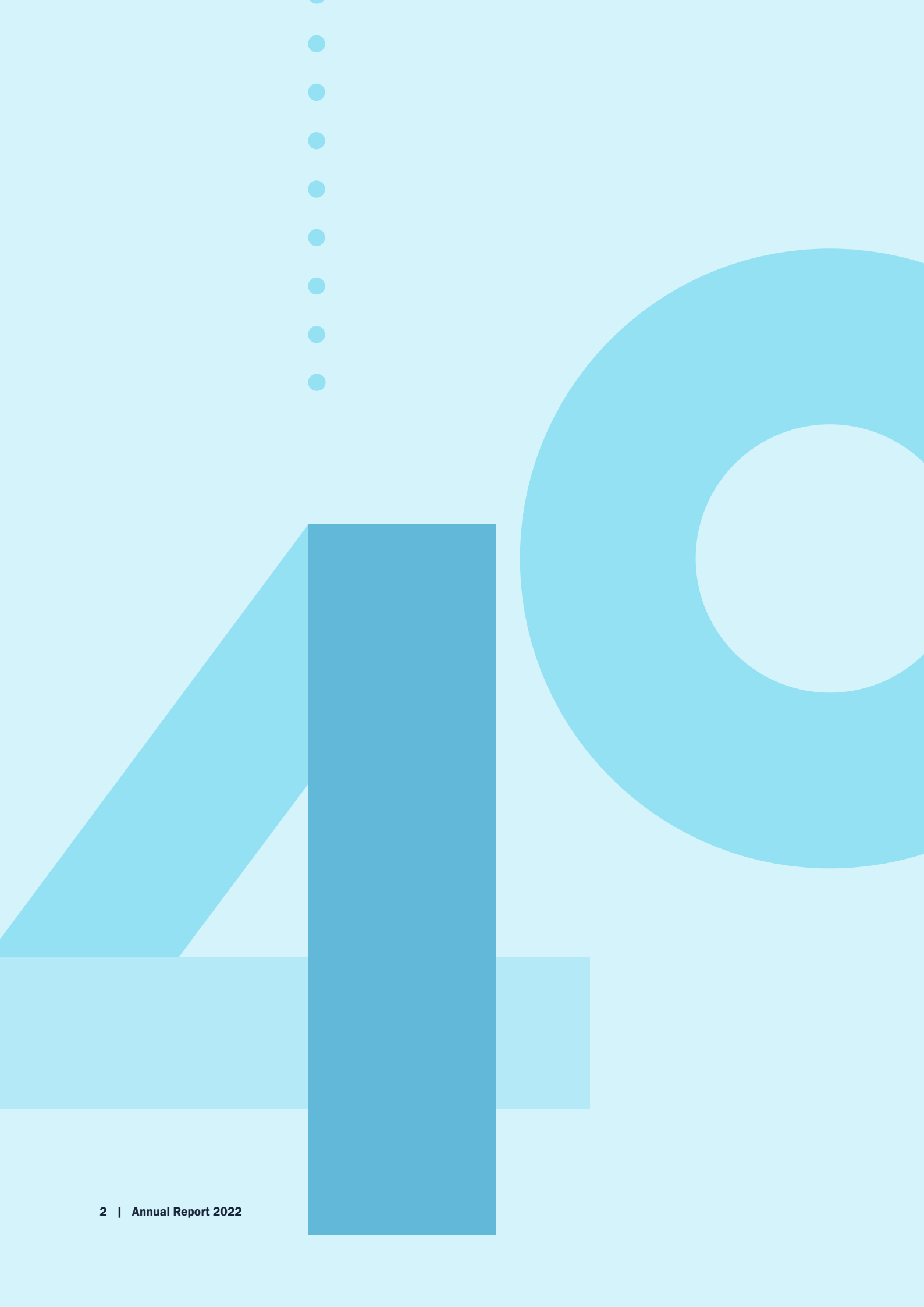


Annual Report
2022



**HOLMESGLEN
1982-2022**



Annual Report 2022

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Introduction

On behalf of Holmesglen Institute and the Board, we are pleased to present our 2022 Annual Report.

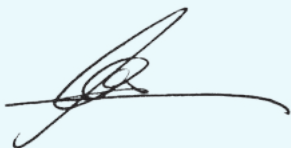
The Institute has prepared this report according to the Financial Management Act 1994, Standing Directions, Instructions, Financial Reporting Directions and applicable Australian Accounting Standards. It also follows the TAFE Institute Annual Report Guidelines issued by the Office of TAFE Coordination and Delivery.

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.

In 2022, we celebrated the 40th anniversary of Holmesglen's establishment and reflected on how far we have come in delivering excellence in education and applied research. We also continued driving achievement of our 2030 vision. Highlights include:

- our Apprentice of the Year, Chhunly Taing, winning the Apprentice of the Year Award at the Victorian Training Awards and placing as runner-up at the Australian Training Awards
- Bachelor of Nursing student, Divyangana (Divya) Sharma, winning the Premier's Award and the International Student of the Year – Higher Education award at the Victorian International Education Awards
- commencing development of the Care Economy Skills Lab in partnership with the Victorian Skills Commission
- launching new partnerships with Chadstone Shopping Centre – the Fashion Capital and the Professional Golfers Association
- securing funding through the Victorian Government's Regional and Specialist Training Fund and Workforce Innovation Training Fund to enhance the learning resources and learner experience in a range of specialised trade programs
- expanding the activities and resources at the Victorian Tunnelling Centre and our support of the Victorian Government's Big Build legacy
- establishing the Holmesglen Employment Centre to bring together our state government funded employment services and programs
- hosting the regional World Skills construction and building technology competition
- achieving re-registration as a Registered Training Organisation by the Australian Skills Quality Authority for the maximum period of seven years.

In 2022, the Board also elected our successor Chair. Michael Gorton AM will assume the role following Peter Lewinsky's retirement on 28 February 2023. We thank Peter for his outstanding contribution to Holmesglen and the Victorian TAFE Network throughout his 11 years of service on Holmesglen's Board. We also thank Holmesglen's directors and staff for their excellent work and commitment throughout 2022.



Michael Gorton AM
Chair (from 1 March 2023)
Holmesglen Institute
15 March 2023



Mary Faraone
Chief Executive
Holmesglen Institute
15 March 2023

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 to provide:

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

In 2022, the Minister for Training and Skills and Higher Education was the Hon. Gayle Tierney MP.

This year our resilience and adaptability were again tested by the ongoing impacts of COVID-19 on our learners, staff and business model. However, we successfully maintained our efforts 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, we enrolled over 18,000 learners in our senior secondary certificates, vocational programs and higher education degrees. We also enrolled over 7,000 learners in our skill sets and non-award programs to help them develop foundational or specific work-related skills. Overall, the number of learners studying at Holmesglen decreased by seven percent compared to the previous year in line with market conditions across the economy and the VET sector.

During the year we served our local communities across eight sites and remotely, delivering quality applied learning and research and providing exceptional support services. This includes our Victorian Government funded Skills First and Free TAFE programs, Skills and Jobs Centre services and Reconnect program. We also participated in commercial projects and educational partnerships 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 government. It also assists and informs the Minister for Training and Skills and Higher Education or the Ministers' delegates as required.

Directors in 2022 were:

- Peter Lewinsky (Chair)
- Janelle Allison
- Ann Barker
- Maryum Chaudhry (from 1 July 2022)
- Karen Corry
- Kathryn Bellion
- Gordon D'Rosario (from 1 July 2022)
- Mary Faraone
- Michael Gorton AM
- Ian Hamm
- David Imber (from 1 July 2022)
- Christina (Christy) Karamzalis
- Leonie Morgan AM (to 30 June 2022)
- Bruce Porter (to 30 June 2022)
- Dominic Thorsen (to 30 June 2022)

Four committees support the Board to execute its governance responsibilities.

Asset and Infrastructure Committee

This committee oversees and advises the Board on matters related to strategic asset management, data, systems and technology. It also monitors the progress of major strategic capital works.

Committee members include:

- Karen Corry (Chair to 1 June 2022)
- Ann Barker
- Mary Faraone
- Ian Hamm (Chair from 2 June 2022)
- Christy Karamzalis
- Peter Lewinsky

Audit Committee

This committee independently reviews and assesses the effectiveness of the Institute's systems and controls for financial management, performance and sustainability, and risk

management. The committee also reviews the annual financial statements and makes recommendations to the Board on adopting the statements and authorising their release to parliament. It operates in accordance with the Standing Directions 2018 under the *Financial Management Act 1994*.

Committee members include:

- Bruce Porter (Chair to 1 June 2022 and member to 30 June 2022)
- Karen Corry (Chair from 2 June 2022)
- Janelle Allison (from 19 July 2022)
- David Imber (from 17 August 2022)
- Peter Lewinsky
- Leonie Morgan (to 30 June 2022)

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:

- Leonie Morgan (Chair to 1 June 2022 and member to 30 June 2022)
- Kathryn Bellion (Chair from 2 June 2022)
- Maryum Chaudhry (from 17 August 2022)
- Mary Faraone
- Michael Gorton
- Peter Lewinsky

Quality Committee

This committee oversees and advises the Board on 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)
- Janelle Allison
- Gordon D'Rosario (from 14 December 2022)
- Mary Faraone
- Peter Lewinsky
- Bruce Porter (to 30 June 2022)
- Dominic Thorsen (to 30 June 2022)

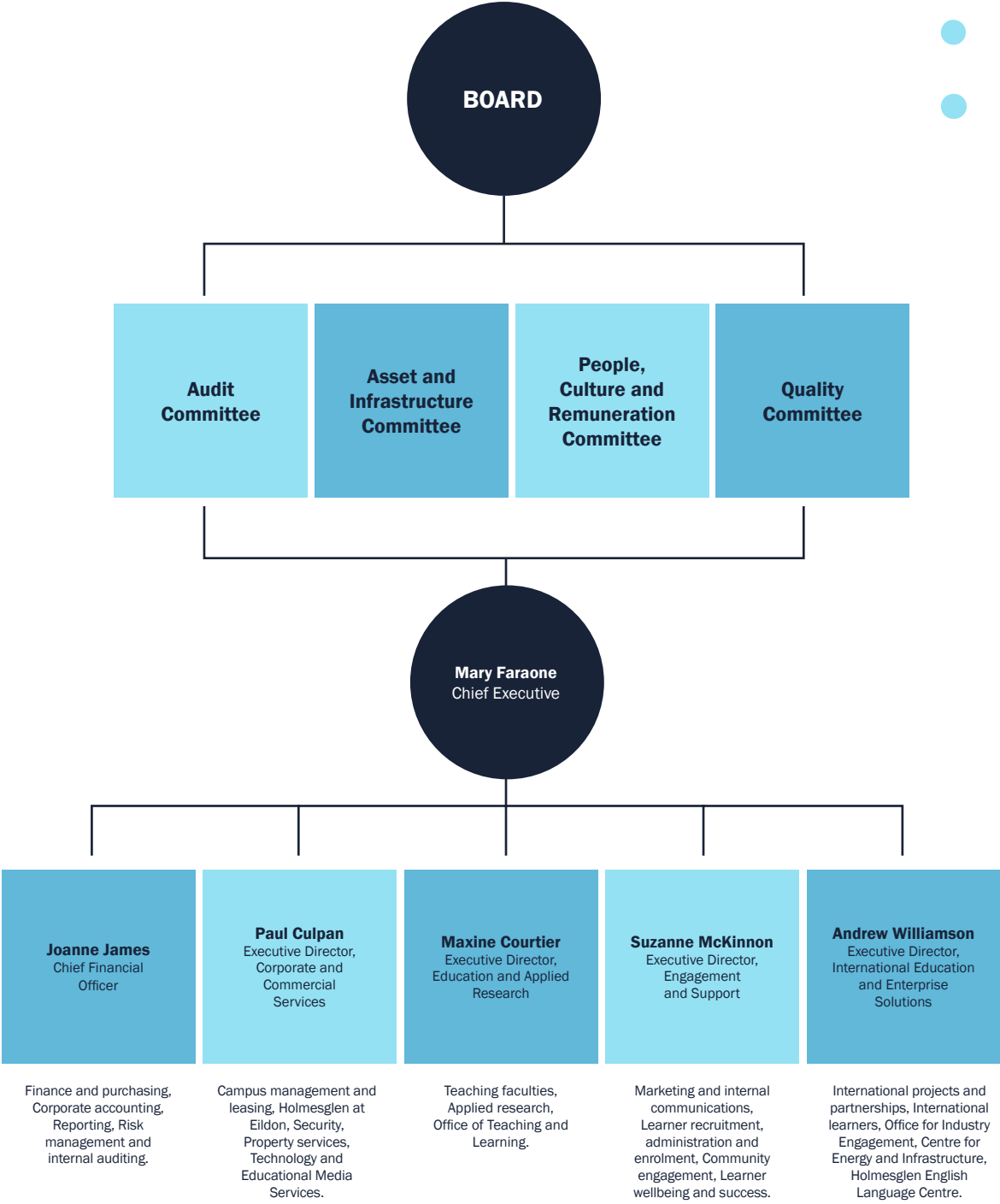


Holmesglen Directors as at 31 December 2022

Seated (L-R): Michael Gorton, Mary Faraone, Peter Lewinsky (Chair), Ann Barker
Standing (L-R): Maryum Chaudhry, Janelle Allison, David Imber, Kathryn Bellion,
Gordon D'Rosario, Ian Hamm. Absent: Karen Corry, Christy Karamzalis

Organisational Chart

Structure as of 31 December 2022



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 2022 were:

- Peter Lewinsky (Chair)
- Ann Barker
- Andrew Brookes
- Ros Casey
- 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 2022.

Our strategic intent

2022 represented the mid-point in implementing our current three-year Strategic Plan. Six transformative initiatives focussed our efforts on:

- our service delivery model
- industry and employer engagement
- excellence in teaching and learning
- distinctiveness in the delivery of our programs
- organisational development
- providing the technology for tomorrow.

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



Our Year in Review

As COVID-19 continued to impact our communities, our learners, staff, partners and other stakeholders yet again demonstrated their resilience and support for the Holmesglen community. We also took time out to celebrate the Institute's 40th anniversary and continued to drive realisation of our vision through our five strategic goals.

Delivering a positive and rewarding learner experience

The Holmesglen Experience is characterised by flexibility, quality, respect, equity and exceptional service delivery.

Nursing Collaborative Online International Learning

As part of our unique partnership with Northwestern Polytechnic in Alberta, Canada, we developed the Collaborative Online International Learning (COIL) program. A world first in nursing, this project deepens the global engagement of our learners and teaching staff. It enables them to work collaboratively to address a relevant global issue, foster an appreciation of cultural diversity and promote cultural awareness.

Together, we have developed and implemented:

- an online virtual community to allow learners and teachers to communicate, socially connect and share resources
- five virtual reality simulations offered through the virtual global classroom, including an Indigenous Health scenario co-designed with First Nations people of Canada
- a virtual community of practice for teachers to share education and research ideas and participate in collaborative research.

This work will continue with a new COIL program in 2023, including creation of a new scenario on Global Health and commencement of faculty and student exchanges.

Play Like a Girl gives sports degree students new opportunities

Five of our sports degree students formed the inaugural Holmesglen cohort of the Play Like a Girl program. During the five-week program, they engaged in mentoring sessions, developed mindset strategies and took up opportunities to connect with fellow women in sport.

Holmesglen Employment Centre launches

In May, we launched the Holmesglen Employment Centre to bring together our Victorian Government funded Skills and Jobs Centre and the Skills First Reconnect Program under one roof. The centre offers study and employment-related support services to Holmesglen learners, local community members and employers.

Holmesglen Foundation

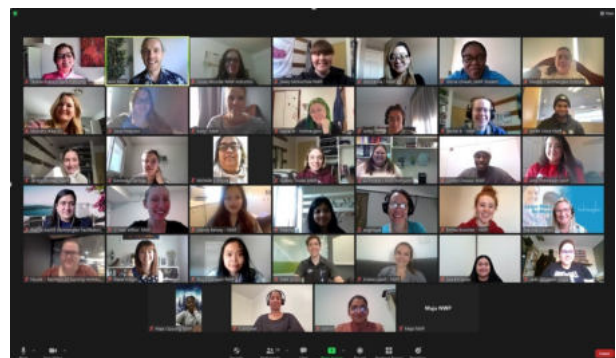
The Holmesglen Foundation embodies our commitment to accessible education and skills development, particularly for learners who need financial support to commence or continue in programs at the Institute.

For the year ending 31 December 2022, the Foundation distributed \$ 849,500 to Holmesglen. This distribution provided for scholarships and grants, as well as a range of learner programs and services. In addition, the Foundation raised \$65,974 in philanthropic and sponsorship contributions from 60 donors and sponsors.

In 2022, the Foundation awarded more than 100 scholarships and grants. We are especially grateful to the Ellucian Foundation, the Master Builders Victoria Building and Construction Foundation and the McNally Family Foundation for providing major support. We also extend our thanks to the growing list of donors who fund scholarships, bursaries and awards at Holmesglen.

This includes:

- the family of Peter Grundy
- Holmesglen Director Leonie Morgan AM, who continued to fund the Women in Trades Scholarship
- Tony Dalleore, who commenced supporting an award for printing apprentices
- HESTA sponsorship to support nursing learners undertake a regional clinical placement
- Maple Plan Scholarship for learners with disability
- George Kline, who sponsored the Apprentice of the Year award
- ShineWing, who sponsored the Vocational Certificate Student of the Year award
- Allianz Partners, who sponsored the International Student of the Year award
- HealthScope, who sponsored the Vocational Diploma Student of the Year award
- Cross Yarra Partnership, who sponsored the Indigenous Student of the Year award
- the individual members of the Holmesglen community, including directors and staff, who made a generous donation to the Foundation.



Collaborative online international learning (COIL) offers nursing students the chance to engage with their peers around the world.



Holmesglen turns 40

In 1982, Holmesglen was established at our Chadstone campus as a specialist provider for the building, construction and ceramics industries. Today we are one of Australia's largest TAFE institutes, with a proud 40-year history in supporting our learners, business partners and communities through exceptional education, training and applied research.

To celebrate, we came together at special social events and our anniversary Awards Festival. We also shared the story of the many milestones in our journey through our forums, social media channels and communications. We reflected on our market-leading entry into international education and our pioneering initiatives to establish the Vocational College and our higher education provision. We also acknowledged the role of numerous ground-breaking initiatives in making us who we are today, including our role as Official Training Provider at the Melbourne 2006 Commonwealth Games and establishing:

- **Futuretech in partnership with the ETU**
- **Holmesglen Private Hospital with Healthscope the first TAFE on site hospital**
- **Victorian Tunnelling Centre**
- **Holmesglen at Eildon**
- **new campuses at Bourke Street, Glen Waverley, Moorabbin and Drummond Street.**

The culminating event was held at Caulfield Racecourse, with all staff celebrating our passion for education and the role we play in transforming the lives of our learners.

40 YEARS HOLMESGLEN 1982-2022



Living by our values and valuing our people

The core of our organisation is our people and culture – they drive our ability to deliver on our purpose and vision for the future.

Employee capability

Our professional development program in 2022 focussed on development of leadership and management skills, teaching capability and development of non-teaching staff. We also funded 18 teaching staff to undertake the Associate Degree of VET. Our annual ASPIRE Conference ran again as an online event, with over 870 staff tuning in to the opening address, keynote speakers and engaging in a series of webinars. We also launched an ASPIRE Supervisors course for frontline supervisory staff to complement our ASPIRE Leaders program, as key talent development and retention initiatives.

Health, safety and wellbeing

Our Community Safety Advisory Committee and Occupational Health and Safety Committee continued to be key forums to ensure our safety programs and practices were developed and implemented in consultation with staff and community members.

In 2022, we again successfully delivered an extensive health, safety and wellbeing program, including:

- continuing the Healthy Body and Mind Dashboard and the Holmesglen Health quarterly newsletter
- providing webinar and live sessions to support staff wellbeing and mental health
- offering annual flu vaccinations
- participating in RUOK? Day and Virgin Pulse Global Challenge, which saw over 120 employees walk for the 100 days of the challenge
- providing first aid and mental health first aid training
- maintaining our Employee Assistance Program to provide confidential counselling, wellbeing coaching and other support.

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

Table 1: Staff incident statistics (1 Jan to 31 Dec 2020-2022)	2020	2021	2022
Staff hazard or injury reports	37	25	44
Staff hazard or incident reports per 100 full-time equivalent staff	3.6	2.5	4.46
Table 2: Lost time incidents (1 Jan to 31 Dec 2020-2022)	2020	2021	2022
Number of lost time incidents	2	5	6
Lost time standard claims per 100 full-time equivalent staff	0.19	0.49	0.60
Table 3: Claim costs (1 Jan to 30 Jun 2020-2022), provided by Xchanging Integrated Services	2020	2021	2022
Average estimate	\$70,847	\$95,212	\$99,304
Average paid	\$3,026	\$13,602	\$14,186



Holmesglen's Connect contact centre has continued to outperform rival organisations when claiming the number one customer service ranking in Australia for the second year in a row.

The increase in hazard and injury reports was consistent with increased numbers of learners and staff attending our campuses in 2022, as restrictions eased. Lost time incidents and claim costs remained stable compared to the previous year.

Service recognition

We continued to acknowledge the contribution of employees to our growth and success by awarding recognition pins to staff who celebrated their 15, 20 and 30-year anniversaries. In 2022, 52 staff received their pins, including one employee who had provided 30 years of service to Holmesglen.

Gender equality

In 2022, our Gender Equality Action Plan was approved by the Commission for Gender Equality in the Public Sector and we commenced implementation. Twelve members of staff formed our inaugural Diversity and Inclusion Working Group, which is chaired by the Chief Executive. The working group initially focussed on developing our diversity, equity and inclusion policy and contributing to various initiatives within our Gender Equality Action Plan. The Board's People, Culture and Remuneration Committee oversee implementation of the plan, with our first progress report due to the Commission on 20 February 2024.

Our workforce in 2022

Holmesglen is committed to the principles and practices of equal employment opportunity. 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, best practice recruitment, fraud control, information security, privacy, contractor management, procurement, and modern slavery.

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 4: Performance and Accountability Framework FTE table (Years ending 31 December 2020 and 2022)							
Year ending 31 December 2021							
	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	235.0	97.0	56.2	26.6	NA	5.1	419.9
Executive	11.0	-	-	-	NA	-	11.0
Other	2.0	12.0	1.6	-	NA	8.9	24.6
Teacher	268.0	81.0	91.9	53.8	68.4	NA	563.1
Total	516.0	190.0	149.8	80.4	68.4	14.1	1,018.6
Year ending 31 December 2022							
	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	255.0	49.0	69.0	18.0	NA	8.0	399.1
Executive	11.0	-	-	-	NA	-	11.0
Other	6.0	10.0	1.2	0.7	NA	6.1	23.9
Teacher	304.0	34.0	109.6	42.1	63.0	N/A	552.7
Total	576.0	93.0	179.8	60.8	63.0	14.1	986.7

Table 5: Workforce disclosures (December 2021 and December 2022)

December 2021	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender							
Women Executives	6	6.0	6	-	6.0	-	-
Women (total staff)	640	533.7	262	157	365.4	221	168.3
Men Executives	5	5.0	5	-	5.0	-	-
Men (total staff)	453	402.0	234	58	270.7	161	131.3
Self-described Executives	-	-	-	-	-	-	-
Self-described (total staff)	1	0.6	-	-	-	1	0.6
Age							
15-24	16	12.3	-	1	0.6	15	11.7
25-34	110	97.1	46	11	52.6	53	44.5
35-44	202	173.2	92	42	121.1	68	52.1
45-54	357	311.3	162	63	203.5	132	107.8
55-64	308	269.4	166	64	207.8	78	61.6
Over 64	101	73.0	30	34	50.5	37	22.5
Total employees	1,094	936.3	496	215	636.1	383	300.2

December 2022	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender							
Women Executives	7	7.0	7	-	7.0	-	-
Women (total staff)	655	517.0	287	198	418.4	170	98.6
Men Executives	4	4.0	4	-	4.0	-	-
Men (total staff)	461	384.5	278	66	319.5	117	65.1
Self-described Executives	-	-	-	-	-	-	-
Self-described (total staff)	1	0.6	-	-	-	1	0.6
Age							
15-24	21	15.8	4	4	6.4	13	9.4
25-34	110	89.3	48	21	62.0	41	27.3
35-44	230	185.8	121	45	151.8	64	34.0
45-54	326	275.3	182	73	231.8	71	43.4
55-64	316	256.5	167	81	219.6	68	36.9
Over 64	114	79.4	43	40	66.3	31	13.1
Total employees	1,117	902.1	565	264	737.8	288	164.3

Delivering excellence in performance

The pursuit of quality and excellence underpins everything we do and is embedded in our culture. Our capability to understand our environment and embrace change is vital.

Holmesglen Connect maintains customer service excellence

Holmesglen again outperformed over 200 other organisations in overall customer experience in the Sense CX Benchmarking Survey in 2022. The survey is a quarterly independent study assessing quality in customer experience across Australia. In 2022, we scored overall first rank in two quarters and placed runner-up in two against some of Australia's best-known brands. Our talented Connect team also continued to outperform in the tertiary education sector, achieving an overall satisfaction score of 91% and maintaining our number one ranking in the 2022 ATEM Future Student Benchmarking Program.

Staff, learner and alumni awards

The following staff, learners and alumni were honoured with awards in 2022 in recognition of their skills, commitment and talents.

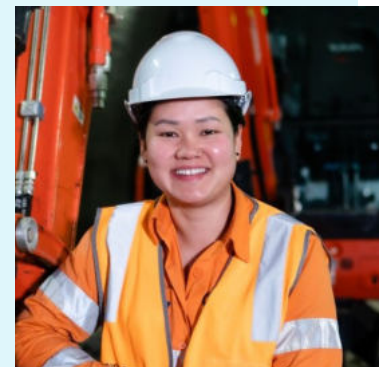
- Katherine Austria, Novera Tjan and Reuben Rajaratnam, Student Entrepreneurial Award, Victorian Tourism Industry Council
- Andrew Ballard, Professional Chef of the Year, Australian Culinary Federation Restaurant Challenge
- Annalise Cachia and Gisella Zapata Gil, bronze medal, Victorian TAFE Patisserie Challenge
- Chelsea Cooke, People's Choice Award - Koorie Student of the Year, Victorian Training Awards
- Matthew Cotham, Victorian Glass Processor of the Year and Victorian Apprentice of the Year, Australian Glass and Window Association
- Stephanie Craven, Master Builders Victoria Inspiration Award
- Frazer Crowe, Metropolitan Apprentice of the Year - Craftsperson Award, Master Builders Victoria
- Galin Dimitrov, Ben Lin and Joshua Malin-Greenwood, bronze medals, Achievable Gardens, Melbourne International Flower and Garden Show
- Darcy Durham, Victorian Rising Star Apprentice, Australian Glass and Window Association
- Yvette Edwards, silver medal, Advanced Student Floristry Competition, Melbourne International Flower and Garden Show
- Sahar Gholizadeh, Leading through Disaster inductee, Victorian Honour Roll of Women
- Montana Haag-Witherden, silver medal, 23rd China International Culinary Arts Young Chef Online Competition
- Shangchen Han, Reza Fana and Vy Jeffreys, silver medal, Student Category, AUSTAFE Culinary Trophy State Final
- Archer Houghton, gold medal and overall winner for best dish, Apprentice Category, AUSTAFE Culinary Trophy State Final
- Hedayatullah Habibi, Inspiration Award - Overcoming Adversity, Apprenticeship Employment Network
- Rebecca Hope, Inspiration Award - Disability Achievement, Apprenticeship Employment Network
- Targ Howorth, Ola Alkateb and Rebecca Walker, silver medal, Australian Culinary Federation Team Challenge
- Trevor Jenkins, silver medal, Australian Culinary Federation Team Challenge and gold and two silver medals, Australian Culinary Federation Culinary Challenge
- Barbara Li, first place, Sue Fevreau, second place, and Gisella Zapata Gil, third place, Student Class - Novelty Cake, Baking Association of Australia
- Melissa Marcinkowski, first place, Sinitia Santoso, second place, and Dinh Hoang Huong Mai, third place, Student Class - Wedding Cake/Celebration Cake, Baking Association of Australia
- Matilda Milligan, Future Leader Award, Lithographic Institute of Australia
- Charles O'Connor, Apprentice of the Year, Air Conditioning and Mechanical Contractors Association of Australia
- Richard Orr, silver medal, Achievable Gardens, Melbourne International Flower and Garden Show
- James Price, Victorian Residential Apprentice of the Year, Australian Glass and Window Glazing Association
- Timothy Ewan Rice, Education Award for Excellence, Australian Institute of Building - Victorian Chapter
- Angus Ryan, Apprentice of the Year - Structural Trades and Metropolitan Apprentice of the Year - Structural Trades, Master Builders Victoria
- Divyangana (Divya) Sharma, Premier's Award and International Student of the Year - Higher Education, Victorian International Education Awards 2021-22
- Victor St. Clair, Apprentice of the Year - Landscape Construction, Landscaping Victoria Master Landscapers
- Lauren Sutcliffe, Mandi Potgieter, April Slight and Fiona Oei, bronze medals, Intermediate Student Floristry Competition, Melbourne International Flower and Garden Show
- Chhunly Taing, Apprentice of the Year and People's Choice, Victorian Training Awards and runner-up Apprentice of the Year, Australian Training Awards
- TJ Van Der Meulen, winning design for the Hon. Gayle Tierney MP's wrap worn at the Victorian Training Awards
- Paul Waghorn, silver medal, Apprentice Category, AUSTAFE Culinary Trophy State Final
- Mitchell Wooffindin, Metropolitan Apprentice of the Year - Finishing Trades, Master Builders Victoria



Mitchell Wooffindin, Metropolitan Apprentice of the Year - Finishing Trades, Master Builders Victoria



Divyangana (Divya) Sharma, Premier's Award and International Student of the Year - Higher Education, Victorian International Education Awards 2021-22



Chhunly Taing, Apprentice of the Year and People's Choice, Victorian Training Awards and runner-up Apprentice of the Year, Australian Training Awards

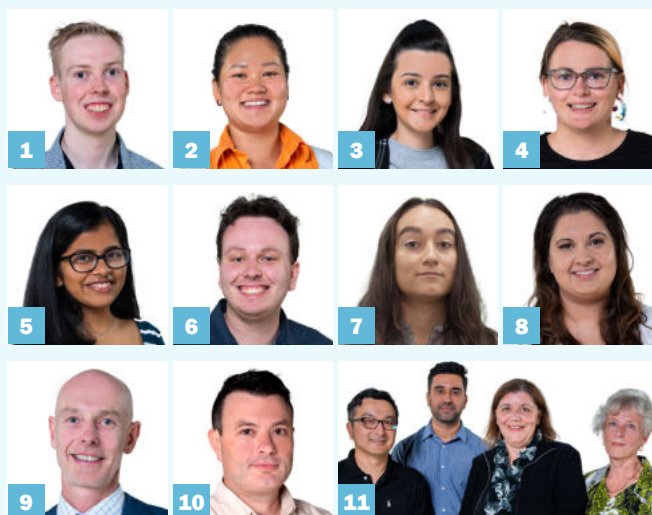
Holmesglen Awards Festival

Each year, Holmesglen offers prizes and awards to recognise our exemplary learners and staff at our Awards Gala.

In 2022 we honoured the following award winners.

1. Patrick Fry, VCAL Student of the Year
2. Chhunly Taing, George Kline Apprentice of the Year
3. Isabella Scavo, Vocational Student of the Year - Certificate
4. Melanie Closter, Vocational Student of the Year - Diploma
5. Divyangana (Divya) Sharma, International Student of the Year
6. Jarrod McNamee, Peter Darvall Higher Education Award
7. Chelsea Cooke, Indigenous Student of the Year
8. Michaela Hosking, Staff ASPIRE Award
9. Christopher Beck, Teacher/Trainer of the Year
10. Daniel Gibson-Williamson, Staff Innovation Award
11. Thien Chung, Avinash Sirohi, Michelle Douglas, Renu James and Jill Thompson (Holmesglen Connect), Staff Service Award

We also recognised Anchor Food Professionals for their contribution to hospitality, culinary and bakery education at Holmesglen.



Engaging with industry, the community and our alumni

Holmesglen's place and standing in the community is fundamental to who we are and our ability to partner with industry and community organisations is critical to our relevance and success.

Landmark partnership with Chadstone Shopping Centre – the Fashion Capital

Creating Value is Holmesglen's industry engagement strategy. In 2022, a key outcome of our strategy was the development and launch of a new partnership with Chadstone Shopping Centre – the Fashion Capital. As two major employers in the region, we recognised the value in working together to enhance job opportunities within our local community and address skills shortages for the centre and its tenants.

Over the next three years, more than 500 Holmesglen trainees will receive practical industry experience at Australia's largest retail and lifestyle destination. Trainees will learn from industry leaders as part of the program and will benefit from exposure to real world projects and paid placements. The collaboration aims to improve our learners' skills and experience and better prepare them for entry to the workforce upon completion of their studies.

Victorian Tunnelling Centre

2022 was a period of expansion for the Victorian Tunnelling Centre, which continued to attract the attention of government and industry. In 2022, we:

- welcomed Australia's Prime Minister, the Hon. Anthony Albanese MP, the federal Minister for Skills and Training, the Hon. Brendan O'Connor MP and the Victorian Minister for Training and Skills and Higher Education, the Hon. Gayle Tierney MP, along with local members of the Victorian Parliament
- hosted an increased number of industry conferences and meetings on site at the Centre
- expanded our use of augmented and mixed reality training resources and installed further plant and equipment to replicate the underground work environment
- commenced training of the entire workforce engaged by the SPARK consortium to build Melbourne's North East Link Project Primary Package

- finalised career development resources for those interested in the tunnel construction and operation industries with the support of a grant from the National Career's Institute and hosted over 200 school students on excursions
- formed and deepened strategic relationships with local and international universities
- opened the facility up to industry partners to undertake numerous applied research projects
- continued to work with industry and government to support Victoria's Big Build and deliver a skills legacy
- were honoured to feature on Channel 10's Australia By Design program, which explored the creative design and construction technologies of the centre.

Applied research finds solutions to real world problems

Our membership in the Building 4.0 Cooperative Research Centre, is the flagship of our applied research with the building and construction industry. In 2022, researchers from our Centre for Applied Research and Innovation and Centre for Energy and Infrastructure contributed to projects that investigated:

- how virtual reality (VR) and augmented reality (AR) can be more widely applied in vocational education and training for the construction sector and best practices for translating conventional training to VR/AR learning environments
- the effect new technologies on industrial relations, the industry's management structures, jobs, skills, education, training, and workforce composition. It also aims to identify how industry stakeholders can respond and improve these.

We also continued to publish findings from our work with national and internationally acclaimed researchers in investigating falls in Australian hospitals. With a focus on patient and clinician education for the prevention and management of falls, this work comprised six individual applied research studies that yielded 18 publications and was cited in the World Guidelines for Falls Prevention (2022). We also commenced translating the findings into our curriculum content. The Falls Virtual Community of Practice continues to improve the capability and capacity of health care workers to prevent and manage falls in Australian hospitals. Our Centre for Applied Research and Innovation also continued to host an OctoberVET event for researchers in TAFE institutions. This year, we offered a range of presentations that focussed on the conduct of applied research, with Holmesglen presenters sharing their insights across the research life cycle.



Self-Employment Assistance program develops the next generation of small business entrepreneurs

In July, we transitioned our successful New Incentive Enterprise Scheme to the new Self-Employment Assistance program following a competitive market process. As the only TAFE and one of only 23 providers nationally, we were delighted to secure a contract to deliver the new program.

Funded by the Australian Government, Self-Employment Assistance provides support to small business owners and helps participants to develop their business ideas and overcome challenges. With over twenty years of experience in supporting the micro and small business sector, we are proud to continue to support the entrepreneurial community. Our services included:

- new business advice and existing business health checks
- self-employment workshops
- nationally recognised small business training through the BSB40320 Certificate IV in Entrepreneurship and New Business
- business plan development support and viability assessment
- small business coaching.

We work with approximately 600 business aspirants each year through these different service lines delivered online and in face-to-face formats, supporting commencement and growth of small and micro-enterprises.

Being a sustainable business

We are securing our long-term sustainability by investing in our people and infrastructure and scaling our business and operations into areas of strategic value.

Financial performance

Our financial sustainability strategy supports us to:

- deliver on our strategic plan
- meet our financial management obligations
- ensure sound financial performance
- achieve a stable and sustainable financial position now and into the future.

In 2022, our overall revenue reduced by 2% compared to the previous year due to the continued impact of COVID-19. However, the overall reduction was less than we experienced in 2021 compared to 2020. We continued to mitigate this through our expenditure management strategies. These strategies resulted in an overall improvement to our net result compared to previous years and the consolidated entity recorded a net result surplus for the first time since the beginning of the pandemic.

Table 6: Five-year financial summary (year ending 31 December)

	2018	2019	2020	2021	2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial performance					
Revenue from government contributions	\$62,634	\$80,224	\$93,655	\$86,540	\$87,019
Income from government contributions	\$0	\$3,446	\$7,664	\$5,889	\$1,742
Revenue from fees, charges and sales	\$80,517	\$78,610	\$58,656	\$50,717	\$51,050
Other income	\$14,908	\$10,952	\$8,632	\$9,642	\$10,545
Total income from transactions	\$158,059	\$173,232	\$168,607	\$152,788	\$150,356
Employee benefits	\$101,884	\$113,137	\$111,035	\$109,160	\$108,135
Depreciation and amortisation	\$10,134	\$14,732	\$16,978	\$16,650	\$13,721
Supplies, services and other operating expenses	\$40,632	\$42,227	\$37,835	\$32,083	\$38,930
Expenses from transactions	\$152,650	\$170,096	\$165,848	\$157,893	\$160,786
Net result from transactions	\$5,409	\$3,136	\$2,759	(\$5,105)	(\$10,430)
Other economic flows included in net result	(\$3,022)	\$7,550	(\$4,097)	\$4,833	\$10,480
Net result	\$2,387	\$10,686	(\$1,338)	(\$272)	\$50
Financial position					
Total assets	\$551,969	\$572,715	\$568,372	\$602,494	\$654,523
Total liabilities	\$46,878	\$56,627	\$54,469	\$55,482	\$55,000
Net worth	\$505,091	\$516,088	\$513,903	\$547,012	\$599,523
Other financial indicators					
Operating surplus before depreciation and capital grants	15,659	14,832	12,375	5,813	1,621
Liquidity ratio	2.28:1	2.12:1	2.13:1	2.19:1	2.22:1
Net cash flow from operations	\$15,961	\$18,693	\$21,444	\$19,418	\$6,167

Material movements in our financial performance and financial position between 2022 and 2021 include:

- eighteen percent reduction in depreciation and amortisation due to the conclusion of right to use asset leases at the end of 2021 and during 2022
- twenty one percent increase in supplies, services and other operating expenditure due to an increase in the cost of consumables, expenditure on building repairs and maintenance projects, and an increase in expenditure on practical work placements reflecting the completion of previous year deferrals
- nine percent increase in total assets as a result of the formal valuation of our land and buildings during the year.

Environmental performance

In 2022, we continued to improve our environmental practices across our operations and reduced our energy usage, water usage, waste production and CO₂ emissions compared to the previous year.

Key drivers to these results were:

- installation of solar panels at our Moorabbin and Drummond Street campuses, which significantly reduced our electricity usage
- Institute-wide improvements in our water and waste management practices
- installation of additional LED lighting
- upgrade to the chillers to improve efficiency.

In 2022, we also reviewed and updated our Strategic Asset Master Plan. The updated plan focuses on environmental sustainability initiatives to drive future investment in this area. More solar installations are planned at all campuses, which together with other energy saving initiatives, will contribute to further savings in electricity usage in the future.

The environmental performance results below reflect the energy, waste, water and fuel usage for all material activities across our metropolitan campuses (ie including teaching, service and office-based environments and activities).

Table 7: Energy usage (2020 - 2022)

	2020	2021	2022
Total energy usage segmented by primary source			
Electricity (MJ)	32,978,336	32,013,551	27,355,755
Natural gas (MJ)	36,675,990	44,235,693	43,545,719
Total	69,654,326	76,249,244	70,901,474
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tonnes CO₂e)			
Electricity	N/A	9,166	6,991
Natural Gas	N/A	2,279	2,244
Other energy usage metrics			
Percentage of electricity purchased as green power	0%	0%	0%
Units of energy used per full time employee	63,938	74,857	71,857
Units of energy used per unit of building area	373	409	391
Total renewable energy installed (kW)	N/A	N/A	830
Total renewable energy generated (MJ)	N/A	N/A	599,275

Table 8: Waste production (2020 - 2022)			
	2020	2021	2022
Total units of Institute waste disposal by destination (kg/year)			
Landfill	595,960	596,580	371,720
Recycled	196,500	206,630	216,320
Total	792.460	803,210	588,040
Other waste metrics			
Units of waste disposal per full time employee (kg/FTE)	727	789	596
Recycling rate (% of total weight)	24.8%	25.7%	36.8%
Greenhouse gas emissions associated with waste disposal (tonnes CO ₂ e)	N/A	955	595

Table 9: Water consumption (2020 - 2022)			
	2020	2021	2022
Total units of metered water consumed (kL/year)			
	42,435	36,043	28,771
Units of metered water consumed per full time employee (kL/FTE)	39	35	29
Units of metered water consumed per unit of building area (kL/m ²)	0.23	0.19	0.16

Table 10: Transportation (2020 - 2022)						
	2020		2021		2022	
Vehicle fleet	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
Number of vehicles	52	30	47	31	45	28
Fuel usage (L)	63,911	25,740	50,284	26,567	98,368	54,317
Total greenhouse gas emissions from vehicle fleet (tonnes CO₂e)	147.26	67.55	115.86	69.72	129.92	74.60
Air travel						
Total distance travelled by air (km)	0		0		197,133	
Total greenhouse gas emissions from air travel (tonnes CO ₂ e)	0		0		52	

In 2022, we acquired eight EL/hybrid vehicles.

Table 11: Greenhouse gas emissions (2021 - 2022)		
Total greenhouse gas emissions by source (tonnes CO₂e)	2021	2022
Energy use -electricity	9,166	6,991
Energy use -gas	2,279	2,244
Vehicle fleet	186	205
Air travel	0	52
Waste production	955	595
Offsets purchased	0	0

Paper usage

Overall, paper usage remained constant compared to 2021. We continued to use carbon neutral recyclable paper, ensuring our paper is sourced from sustainable plantations using elemental chlorine-free processes. A4 paper accounted for approximately 90% of all our paper usage.



Social procurement

We are committed to the Victorian Government's Social Procurement Framework and use our purchasing power to generate positive social, economic and environmental outcomes that benefit our communities. These outcomes 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	<ul style="list-style-type: none"> Purchasing from Victorian Aboriginal businesses Employment of Victorian Aboriginal people by our suppliers
Opportunities for Victorians with a disability	<ul style="list-style-type: none"> Purchasing from Victorian social enterprises and Australian Disability Enterprises Employment of Victorians with disability by our suppliers
Women's equality and safety	<ul style="list-style-type: none"> Adoption of family violence leave by our suppliers Gender equality within our suppliers
Opportunities for disadvantaged Victorians	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Purchasing from suppliers that comply with industrial relations laws and promote secure employment
Environmentally sustainable business practices	<ul style="list-style-type: none"> Adoption of sustainable business practices by our suppliers

In 2022, we continued to develop our social procurement capability. We also reviewed all our procurement and tendering processes and documentation, including those relating to social procurement. The review included our:

- Social Procurement Strategy**
 This strategy outlines our commitment to using our purchasing power to generate positive social, economic and environmental outcomes. It enables us to adopt a strategic, organisation-wide approach to how we will deliver these outcomes through our procurement activities.
- Procurement Strategy**
 This provides an overarching governance framework for ensuring that our procurement function is operating efficiently and in accordance with mandatory Victorian Government Purchasing Board supply policies.
- Procurement and Tendering Rule and related procedures**
 This establishes how we implement and maintain an effective procurement and tendering framework.

- Modern Slavery Policy**

This outlines our commitment to addressing modern slavery risks in our operations and supply chains. It also details how we will address these risks and comply with the requirements of the *Modern Slavery Act 2018*.

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.

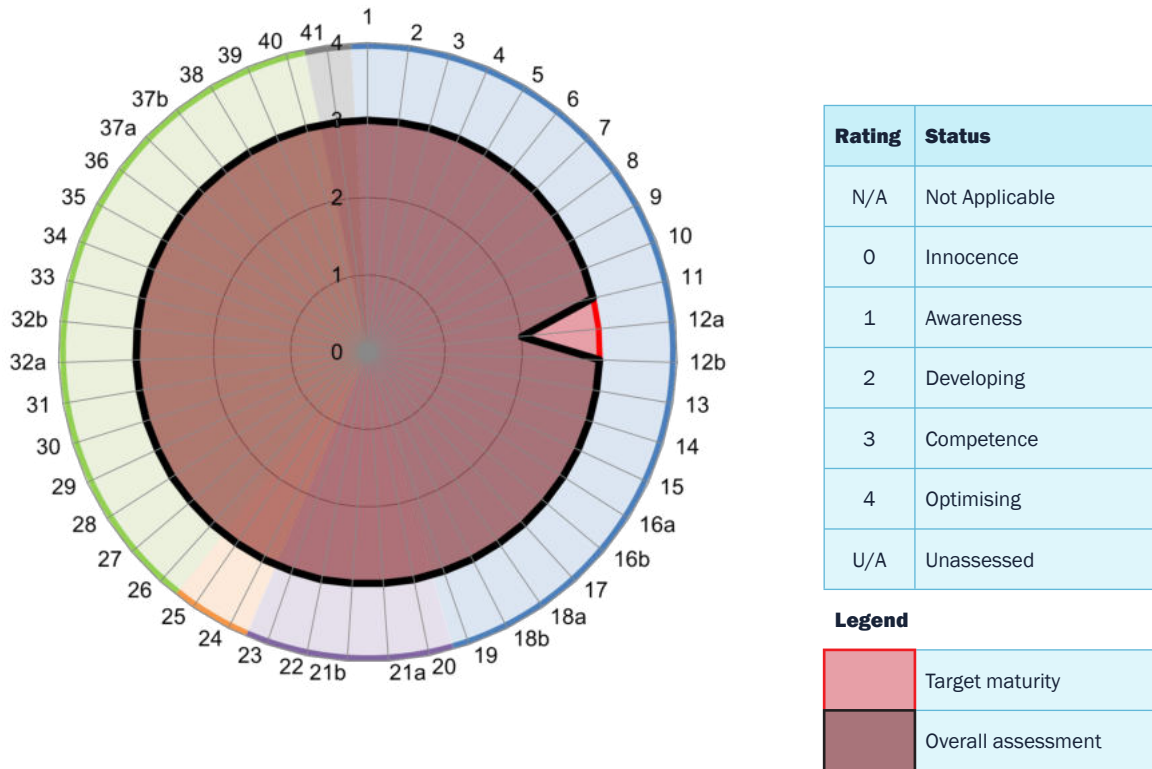
The following table summarises key outcomes achieved over the 2020 to 2022 period.

Table 12: Social procurement metrics (2020 - 2022)	2020	2021	2022
Direct approach expenditure (\$'000)	\$541	\$172	\$175
Number of direct approach suppliers	10	10	10
Indirect approach expenditure (\$'000)	\$372	\$15,100	\$11,948
Number of indirect approach suppliers	15	22	21
Total social procurement expenditure (\$'000)	\$913	\$15,272	\$12,124
Total number of social procurement suppliers	25	32	31
Percentage of total goods and services expenditure	2%	34%	29%

Asset management

This section summarises our assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements.

Our 2022 assessment is shown below against the 41 requirements of the framework. Our target maturity rating is competence. This means systems and processes are fully in place, consistently applied and systematically meeting the requirements. It also includes evidence of continuous improvement to expand system performance above the minimum requirements.



Requirement	Assessment
Leadership and accountability (requirements 1 to 19)	We met or exceeded our target maturity level under most requirements within this category. Clause 12a relates to monitoring asset performance. During 2022 we updated our Strategic Asset Master Plan and our Asset Management Plan for Campus Buildings (2022 – 2026) to further improve our performance standards and monitoring capability within our available resources.
Planning (requirements 20 to 23)	We met our target maturity level in this category.
Acquisition (requirements 24 and 25)	We met our target maturity level in this category.
Operation (requirements 26 to 40)	We met our target maturity level in this category.
Disposal (requirement 41)	We met our target maturity level in this category.

International education

The reopening of Australia's borders in early 2022 rekindled our international onshore education operations. Our efforts with remote marketing to prospective learners and to maintain relationships with offshore agents throughout the pandemic, resulted in a gentle stream of new enrolments through 2022. We resumed in-country offshore marketing in late 2022.

We were also pleased to welcome inbound study tours from Japan, Korea and Mongolia.

As the impact of COVID lessened through 2022, so too did the need for support services for our existing international learners, such as wellbeing, financial and food relief.

Throughout the pandemic, we remotely serviced numerous offshore projects and partnerships in China, Korea, Japan, Mongolia and Indonesia. In 2022, we continued to explore new markets and opportunities. We also successfully handed over responsibility for training in Mongolia's Oyu Tolgoi copper mine to our local, Mongolian partner. After ten years of delivery in the mine and building local capacity, we remain engaged as a consultant to our partner to ensure transition success. Holmesglen's Risk Management Rule and Enterprise Risk Management Plan outline strategies for managing all 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. Risk categories are reviewed annually and management plans updated. 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.

Performance measures for Holmesglen's offshore international education operations include international learner enrolments and satisfaction, revenue growth, and the number of offshore projects and alliances. Our results against these metrics in 2022 reflect the impact and legacy of COVID-19 on Australia's international education sector.

Major commercial activities

In 2022, Holmesglen did not undertake any major commercial activity as defined in the TAFE Institute Commercial Guidelines.

Additional compliance statements

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 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 Disclosures Act 2012*
- *Carers Recognition Act 2012*
- *Local Jobs First Act 2003*
- *Infringements Act 2006*
- *Public Records Act 1973*

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 Ms Fleur Goulding, 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 documents(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 received two formal applications for information under the Freedom of Information Act 1982 during 2022.

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 and fit for purpose and comply with the updated disability code. We engage the services of licenced tradespeople such as electricians and plumbers who provide the required certificates of compliance, which are stored in a fire rated archive.

Table 14: Building Act 1993 compliance (2019 – 2022)				
	2019	2020	2021	2022
Building works				
Building works certified for approval	2	4	14	9
Building works in progress subject to mandatory inspections	-	-	1	2
New certificate of occupancy / final inspection issued	2	4	14	9
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 Disclosures 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 outlines our system for the protection of persons who make a 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 Policy and Procedure Library.

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 a notice is received. Ms Fleur Goulding is our Public Interest Disclosures Co-ordinator.

The Public Interest Disclosure Co-ordinator has not been advised by IBAC of any protected disclosures during 2022.

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 2022, we continued implementation of three Local Jobs First – Local Industry Development Plan (LIDP) applicable

procurement contracts totalling an estimated \$19,700,000 (excluding GST) over the life of the contracts. No new LIDP applicable contracts were commenced in 2022.

All contracts are metropolitan based and include commitments for standard Victorian created hours and specified local content. Data from completed LIDP applicable contracts will be reported in the relevant future annual report.

National competition policy and competitive neutrality policy Victoria

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

We charge higher education students a services and amenities fee strictly in accordance with the Higher Education Support Act 2003 (the Act) and the Administration Guidelines made under the Act. Revenue from this fee is spent strictly in accordance with the Act and for the provision of services and amenities as specified in subsection 19-38(4) of the Act.

Table 15: Statement of income and expenditure for higher education student services and amenities (as at 31 Dec 2021 and 31 Dec 2022)

	2021 (\$'000)	2022 (\$'000)
Unspent / (overspent) revenue from previous period	5	12
SA-HELP revenue earned	53	56
Student services fees direct from higher education students	248	224
Total revenue expendable in period	306	292
Student services expenses during period	-294	-292
Unspent / (overspent) student services revenue	12	0

We do not charge students non-academic fees in vocational education and training, senior-secondary or non-award programs.

Consultancies

In 2022:

- five consultancies had total fees payable of \$10,000 or greater. Total expenditure incurred during 2022 in relation to these consultancies was \$171,391 (excluding GST). Details of these consultancies is published on Holmesglen’s website
- two consultancies had total fees payable of less than \$10,000. Total expenditure incurred during 2022 in relation to these consultancies was \$18,220.

Information and Communication Technology expenditure

Total ICT expenditure for the 2022 reporting period was \$13.0 million, with the details shown below.

Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure	Operational expenditure	Capital expenditure
\$13.0 million	-	-	-

Government advertising expenditure

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)
Learn more, do more: brand and 2023 intake	Increase brand awareness, improve brand perception and drive student acquisition	19 – 31 Dec 2022	50,000	90,000	In house and through OMD media agency	In house	-
Open days 2022	Virtual and on-campus open day promotion	10 Jan – 1 Dec 2022	105,079	In house (existing)	In house and through OMD media agency	In house	15,000
2022 Semester 1 intake	Student acquisition intake campaign.	1 Jan – 30 Jun 2022	220,438	In house (existing)	In house and through OMD media agency	In house	-
2022 Semester 2 intake	Student acquisition intake campaign.	1 Jul – 31 Dec 2022	203,422	In house (existing)	In house and through OMD media agency	In house	-
Course promotions	Student acquisition campaign promoting individual courses	1 Jan – 31 Dec 2022	515,736	In house (existing)	In house and through OMD media agency	In house	-

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 the Freedom of Information Officer, Ms Fleur Goulding.

Holmesglen Institute Financial Management Compliance Attestation Statement

I, Mary Faraone, on behalf of the Board of Holmesglen Institute, certify that for the period 1 January 2022 to 31 December 2022, 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
15 March 2023

The Audit Committee has reviewed this attestation and verified the Institute's compliance assessment.



FINANCIAL REPORT

Holmesglen Annual Report 2022

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 sheets as at 31 December 2022• consolidated entity and institute comprehensive operating statements for the year then ended• consolidated entity and institute statements of changes in equity for the year then ended• consolidated entity and institute cash flow statements 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 2022 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>
Other information	<p>The Board is responsible for the Other Information, which comprises the information in the annual report for the year ended 31 December 2022, but it does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

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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 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
29 March 2023



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2022

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 2022 and financial position of the Institute and the consolidated entity as at 31 December 2022.

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.



M. Gorton, Board Chair

Date 15 March 2023

Place Chadstone



M. Faraone, Chief Executive

Date 15 March 2023

Place Chadstone



J. James, Chief Finance and Accounting Officer

Date 15 March 2023

Place Chadstone

HOLMESGLEN INSTITUTE

FINANCIAL REPORT 31 December 2022

How this report is structured

Holmesglen Institute has presented its audited general purpose financial statements for the financial year ended 31 December 2022 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	1. About this report	
	1.1 Basis of preparation	-
	1.2 Compliance information	
	1.3 Impact of COVID-19	-
	2. How we earned our funds	
	2.1.1 Revenue from government contributions	
	2.1.2 Income from government contributions	
	2.2 Revenue from fees, charges and sales	-
	2.3 Other income	
	3. How we expended our funds	
	3.1 Employee benefits	
	3.2 Supplies and services	
	3.3 Other operating expenses	
	3.4 Depreciation and amortisation expense	
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	4. The assets we invested in	
	4.1 Investment properties	
	4.2 Property, plant and equipment	-
	4.3 Intangible assets	
	4.4 Investments	
	5. Balances from operations	
	5.1 Other non-financial assets	
	5.2 Receivables	-
	5.3 Payables	
	5.4 Employee benefits provisions	-
	6. How we financed our operations	
	6.1 Cash and deposits	
	6.1.1 Reconciliation of operating result to net cash flows from operating activities	
	6.2 Borrowings	
	6.3 Leases	-
	7. Managing risks and uncertainties	
	7.1 Financial instruments	-
	7.2 Contingent assets and contingent liabilities	
	7.3 Fair value determination	-

HOLMESGLEN INSTITUTE

FINANCIAL REPORT 31 December 2022

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 Non-financial physical assets classified as held for sale
 - 9.6 Controlled entities
 - 9.7 Events after reporting date
 - 9.8 Application of accounting standards issued but not yet effective
-

**Comprehensive Operating Statement
for the financial year ended 31 December 2022**

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
CONTINUING OPERATIONS					
Revenue and income from transactions					
Revenue from government contributions	2.1.1	87,019	86,540	86,625	86,002
Income from government contributions	2.1.2	1,742	5,889	1,742	5,889
Revenue from fees, charges and sales	2.2	51,050	50,717	51,958	51,698
Other income	2.3	10,545	9,642	9,314	8,530
Total revenue and income from transactions		150,356	152,788	149,639	152,119
Expenses from transactions					
Employee benefits	3.1	108,135	109,160	107,992	108,921
Depreciation and amortisation	3.4	13,721	16,650	13,715	16,648
Supplies and services	3.2	29,434	26,617	28,959	26,085
Interest expense	3.5	72	157	72	157
Other operating expenses	3.3	9,424	5,309	9,327	5,230
Total expenses from transactions		160,786	157,893	160,065	157,041
Net result from transactions		(10,430)	(5,105)	(10,426)	(4,922)
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	9.1(a)	11,629	3,706	12,773	5,448
Net gain/(loss) on financial instruments	9.1(b)	(4,028)	1,127	(3,791)	1,059
Other gains/(losses) from other economic flows	9.1(c)	2,879	-	2,879	-
Total other economic flows included in net result		10,480	4,833	11,861	6,507
Net result from continuing operations		50	(272)	1,435	1,585
Net result		50	(272)	1,435	1,585
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in physical asset revaluation surplus	9.2(b)	52,461	33,381	52,461	33,381
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		52,461	33,381	52,461	33,381
Comprehensive result		52,511	33,109	53,896	34,966

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

Balance Sheet

as at 31 December 2022

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets					
Financial assets					
Cash and deposits	6.1	50,659	48,624	49,150	47,002
Contract assets	5.2	13,466	14,352	12,665	13,594
Receivables	5.2	941	650	934	645
Investments	4.4	30,444	34,295	28,543	32,163
Total financial assets		95,510	97,921	91,292	93,404
Non-financial assets					
Other non-financial assets	5.1	4,094	3,377	4,063	3,347
Non-financial physical assets classified as held for sale	9.5	3,546	-	3,546	-
Property, plant and equipment	4.2	417,066	375,891	417,010	375,830
Right of use assets	6.3	4,628	6,039	4,628	6,039
Intangible assets	4.3	767	1,990	767	1,990
Investment properties	4.1	128,912	117,276	111,985	99,205
Total non-financial assets		559,013	504,573	541,999	486,411
Total assets		654,523	602,494	633,291	579,815
Liabilities					
Payables	5.3	8,020	8,227	7,967	8,159
Contract liabilities	5.3	20,654	16,631	20,629	16,599
Borrowings	6.2	2,901	2,832	2,901	2,832
Lease liabilities	6.3	5,031	5,407	5,031	5,407
Employee benefits provision	5.4	18,394	22,385	18,394	22,345
Total liabilities		55,000	55,482	54,922	55,342
Net assets		599,523	547,012	578,369	524,473
Equity					
Contributed capital	9.2(a)	122,807	122,807	122,807	122,807
Physical asset revaluation reserve	9.2(b)	301,408	248,947	301,408	248,947
Accumulated surplus/(deficit)	9.2(c)	175,308	175,258	154,154	152,719
Net worth		599,523	547,012	578,369	524,473
Commitments for expenditure	9.4				

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

**Statement of Changes in Equity
for the year ended 31 December 2022**

		Physical asset revaluation reserve	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000
Consolidated	Note				
At 1 January 2021	9.2	215,566	175,530	122,807	513,903
Net result for the year		-	(272)	-	(272)
Changes in physical asset revaluation surplus	9.2(b)	33,381	-	-	33,381
Year ended 31 December 2021	9.2	248,947	175,258	122,807	547,012
Changes in physical asset revaluation surplus	9.2(b)	52,461			52,461
Net result for the year		-	50	-	50
Year ended 31 December 2022	9.2	301,408	175,308	122,807	599,523

		Physical asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000
Institute	Note				
At 1 January 2021	9.2	215,566	151,134	122,807	489,507
Net result for the year		-	1,585	-	1,585
Changes in physical asset revaluation surplus	9.2(b)	33,381	-	-	33,381
Year ended 31 December 2021	9.2	248,947	152,719	122,807	524,473
Changes in physical asset revaluation surplus	9.2(b)	52,461	-	-	52,461
Net result for the year		-	1,435	-	1,435
Year ended 31 December 2022	9.2	301,408	154,154	122,807	578,369

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

Cash Flow Statement for the year ended 31 December 2022

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Government contributions - operating		87,603	88,412	87,181	87,874
Government contributions - capital		1,742	5,889	1,742	5,889
Receipts from fees, charges and sales		67,072	68,462	65,360	66,806
Goods and services tax recoverable		4,312	4,514	4,227	4,416
Interest received		762	180	758	179
Dividends received		1,873	1,914	1,768	1,795
Other receipts		5,412	5,167	6,805	6,645
Total receipts from operating activities		168,776	174,538	167,841	173,604
Payments					
Payments to suppliers and employees		(154,081)	(146,375)	(153,218)	(145,456)
Interest and other finance costs paid		(72)	(157)	(72)	(157)
Goods and services tax paid		(8,456)	(8,588)	(8,278)	(8,422)
Total payments from operating activities		(162,609)	(155,120)	(161,568)	(154,035)
Net cash flows from/(used in) operating activities	6.1.1	6,167	19,418	6,273	19,569
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(4,492)	(7,869)	(4,485)	(7,805)
Proceeds from sale of non-financial assets		2,473	158	2,473	158
Net cash provided by/(used in) investing activities		(2,019)	(7,711)	(2,012)	(7,647)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		(2,113)	(5,193)	(2,113)	(5,193)
Net cash provided by/(used) in financing activities		(2,113)	(5,193)	(2,113)	(5,193)
Net increase (decrease) in cash and cash equivalents					
		2,035	6,514	2,148	6,729
Cash and cash equivalents at the beginning of the financial year		48,624	42,110	47,002	40,273
Cash and cash equivalents at the end of the financial year	6.1	50,659	48,624	49,150	47,002

The above cash flow statement should be read in conjunction with the 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 financial information being presented. 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:

- determining whether government contributions received should be recognised as revenue under AASB 15 or income under AASB 1058 depending on whether the performance obligations within the contract are assessed as sufficiently specific and measuring the Institute's satisfaction of a performance obligation (refer Note 2.2); and
- AASB 16 Leases and the requirement to determine the lease term to the extent that extension options are certain (refer to note 6.3).

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 4.2);
- the loss rate used in calculating the allowance for expected credit losses (refer to note 5.2); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 5.4).

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.

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, the Institute consolidates its controlled entities on the basis that 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 and capital contributions.

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

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

The coronavirus (COVID-19) continued to impact the Institute in 2022.

The key impacts on the appropriateness of the going concern basis of accounting, performance of the Institute and the accounting treatments and estimates are summarised below and disclosed in subsequent notes where relevant and material.

The key impacts on the Institute's performance are summarised as follows:

Basis of preparation

Holmesglen Institute has a strong financial position, with a consolidated net asset position of \$599.523M (2021: \$547.012M), a net result profit from transactions of \$0.050M (2021: (\$0.272M)) and positive operating cash flows of \$6.167M (2021: \$19.418M). Considering the consolidated entity's financial position, together with the impacts of COVID-19 on the Institute's operations as discussed below, the Institute has concluded that it is appropriate to prepare the financial statements on a going concern basis.

Revenue and other income

COVID-19 continues to have a direct impact on the Institute's revenues. Revenues from student fees and charges have been impacted by lower local and international student enrolments. Local student enrolment has been affected by the lower unemployment rate and reduced international migration. International student enrolment has been impacted by the overall reduction in international student numbers and delays in visa approvals.

1. About this report

1.3 Impact of COVID-19 (continued)

In 2021 the Institute received Department of Education and Training business continuity grants of \$1.435M to support Skills First funded training delivery and to assist the Institute to maintain its Skills First funding to pre-pandemic levels for the relevant comparable period. This funding was not required in 2022.

COVID-19 continued to have a direct impact on some courses, in particular the ability for students to undertake practical placements due to reduced placement availability or workplace restrictions. This in turn has extended the period over which some courses will be delivered resulting in revenue impacts for the 2022 year.

Expenses

To mitigate the impact of COVID-19 on the Institute's financial performance, the Institute continues to implement its expenditure mitigation strategies where practicable. This has resulted in a 1.8% increase to total expenditure in comparison to the increase in the Australian consumer price index of 7.8% in 2022.

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.

The key impacts on accounting treatments and estimates are as follows:

Allowance for expected credit losses

Although both local and international students continue to be impacted by the pandemic, the Institute experienced an improvement in the collectability of its receivables during 2022, particularly as restrictions eased and the economy improved during the later part of the year. Where students are experiencing financial difficulty, the Institute allows for a payment plan. The number of students on payment plans remained consistent with prior years. The Institute monitors payments made under the plan and noted that for the majority of students on a plan, payments continue to be made in line with the agreed schedule. These factors, including actual payment history has been considered in determining the expected credit loss for the 2022 financial year.

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) 103. Full revaluations occur once every five years. A full revaluation of education assets was conducted for the year ended 31 December 2022. 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 AASB 140 *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.

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
2.1 Government contributions				
2.1.1 Revenue from government contributions				
Government contributions - operating				
State government – contestable	56,153	60,043	56,153	60,043
State government – other contributions	26,022	22,397	26,022	22,397
Commonwealth Government contributions	4,307	3,461	4,307	3,461
Other	537	639	143	101
Total government contributions - operating	87,019	86,540	86,625	86,002

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

Revenue and income from government grants

The accounting treatment for government grants is assessed against AASB 15 and AASB 1058 as follows.

Revenue from government grants

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. Where government grants have been received for services to be delivered in the following year, these amounts are deferred as a contract liability (Note 5.3).

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.

Income from government grants

Income from government grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Institute has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Institute recognises any related grants by owners, increases in liabilities and decreases in assets ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004
- a lease liability in accordance with AASB 16
- a financial instrument, in accordance with AASB 9
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Specific criteria in relation to determining whether government grants are accounted for as revenue per AASB 15 or income per AASB 1058 are set out below.

2. HOW WE EARNED OUR FUNDS

2.1.1 Revenue from government contributions (continued)

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 AASB 15. 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.	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 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 in accordance with AASB 15.

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
2.1.2 Income from government contributions				
State government – capital	1,742	5,889	1,742	5,889
Total government contributions - capital	1,742		1,742	5,889

Revenue Type	Nature	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 obligations under the relevant funding agreements relate to the acquisition or construction 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 in accordance with AASB 1058.

2.2 Revenue from fees, charges and sales

Student fees and charges				
Student fees and charges (Fee Help)				
Fee for service – government				
Fee for service – international operations – onshore				
Fee for service – international operations – offshore				
Fee for service – training programs				
Total revenue fees and charges	46,523	46,725	46,523	46,725
Other non-course fees and charges				
Other (car parking fees, management fees etc)	2,209			
Sale of goods				
Total non-course fees and charges		3,992	5,435	4,973
Total revenue from fees, charges and sales	51,050	50,717	51,958	51,698

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

Revenue recognised over time	46,523	46,725	46,523	46,725
Revenue recognised at a point in time	4,527	3,992	5,435	4,973
Total revenue from fees, charges and sales	51,050	50,717	51,958	51,698

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.

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>Any fee waivers are recognised as a reduction in the amount of revenue recognised.</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.	<p>Fee for service revenue is recognised as the performance obligations are satisfied under the relevant training contract or enrolment terms and conditions.</p> <p>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.</p>
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.	<p>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.</p> <p>Items sold do not have any warranty attached to them.</p>

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2022	2021	2022	2021
	\$'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	3,225	4,472	3,225	4,472
Fee for service	4,905	2,482	4,905	2,482
Other	8,501	6,029	8,469	6,016
	16,631	12,983	16,599	12,970

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	2023	2024	2025
	\$'000	\$'000	\$'000
Revenue expected to be recognised	20,654		
Institute	2023	2024	2025
	\$'000	\$'000	\$'000
Revenue expected to be recognised	20,629		

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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000

2.3 Other income

Dividends/Distributions				
Interest income				
Rental income - Investment properties				
Rental income - other				
Donations, bequests and contributions				
Total other income	10,545	9,642	9,314	8,530

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.

3. HOW WE EXPENDED OUR FUNDS

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
3.1 Employee benefits					
Salaries, wages, overtime and allowances		91,730	91,056	91,612	90,854
Superannuation		9,029	8,489	9,014	8,469
Payroll tax		5,319	4,715	5,310	4,705
Long service leave		958	2,967	958	2,962
Termination benefits		458	899	458	899
Other		641	1,034	640	1,032
Total employee benefits		108,135	109,160	107,992	108,921

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

All assumptions are reviewed at each reporting date.

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 expenses 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		4,079	3,186	4,079	3,186
Communication expenses		661	768	661	768
Utilities		2,543	2,584	2,181	2,234
Minor equipment		1,272	842	1,272	842
Fees and charges		5,570	5,094	5,546	5,028
Contract and other services		11,938	11,347	11,927	11,339
Building repairs and maintenance		3,190	2,667	3,112	2,559
Cost of goods sold/distributed (ancillary trading)		181	129	181	129
Total supplies and services		29,434	26,617	28,959	26,085

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		2,247	1,441	2,221	1,439
Audit fees and services	8.4	217	224	195	207
Bad and impaired credit losses from transactions		415	(1,418)	415	(1,418)
Staff development		627	413	627	413
Travel and motor vehicle expenses		286	130	286	130
Hiring costs/lease payments		408	968	408	968
Work placements		2,808	1,916	2,808	1,916
Other expenses		2,416	1,635	2,367	1,575
Total other operating expenses		9,424	5,309	9,327	5,230

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

Audit fees and services relate to costs associated with internal audit services, as well as remuneration to the Victorian Auditor-General's Office for the audit of the financial statements, refer to Note 8.4.

3. HOW WE EXPENDED OUR FUNDS

	Consolidated		Institute	
	2022	2021	2022	2021
Note	\$'000	\$'000	\$'000	\$'000
3.4 Depreciation and amortisation expense				
Buildings	6,593	7,008	6,593	7,008
Leasehold improvement	23	345	23	345
Plant and equipment	865	853	865	853
Cultural assets	-	-	-	-
Motor vehicles	265	374	259	372
Computer equipment	1,603	1,913	1,603	1,913
Right of use assets	1,206	3,036	1,206	3,036
Leased motor vehicles	181	131	181	131
Total depreciation	10,736	13,660	10,730	13,658
Amortisation				
Leased computer equipment	1,762	1,762	1,762	1,762
Software	1,223	1,228	1,223	1,228
Total amortisation	2,985	2,990	2,985	2,990
Total depreciation and amortisation	13,721	16,650	13,715	16,648

Depreciation and amortisation is 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 2022	Rates 2021	Method
Buildings	1.79% to 11.11%	1.79% to 11.11%	Straight line
Leasehold improvement	Lease term	Lease term	Straight line
Plant and equipment	6.33% to 50%	6.33% to 50%	Straight line
Motor vehicles	20% to 25%	20% to 25%	Straight line
Computer equipment	14.2% to 50%	14.2% to 50%	Straight line
Right of use assets	Lease term	Lease term	Straight line
Software	20% to 33%	20% to 33%	Straight line

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 Interest expense

Interest on lease liabilities	72	157	72	157
Total interest expenses	72	157	72	157

4. THE ASSETS WE INVESTED IN

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
4.1 Investment properties					
At Fair value					
Opening balance at 1 January		117,276	113,518	99,205	93,705
Additions		294	163	294	163
Net gain/ (loss) from fair value adjustments		11,342	3,595	12,486	5,337
Closing balance at 31 December		128,912	117,276	111,985	99,205

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 2022 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 in the same location and condition and subject to similar leases and other contracts.

4. THE ASSETS WE INVESTED IN

4.2 Property, plant and equipment

Institute	Land \$'000	Buildings \$'000	Leasehold Improvement \$'000	Assets under construction \$'000	Plant & Equipment \$'000	Cultural Assets \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Total \$'000
At 1 January 2021									
- 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 amount	130,067	192,010	379	10,492	5,450	588	816	5,569	345,371
Year ended 31 December 2021									
Opening net book amount	130,067	192,010	379	10,492	5,450	588	816	5,569	345,371
Additions	-	1,694	-	5,844	158	-	46	63	7,805
Disposals	-	-	-	-	(165)	-	(42)	(3)	(210)
Net revaluation increments/(decrements)	15,870	17,511	-	-	-	-	-	-	33,381
Depreciation expense	-	(7,008)	(345)	-	(853)	-	(372)	(1,913)	(10,491)
Reclassified to expense account	-	-	-	(26)	-	-	-	-	(26)
Transfer from assets under construction	-	9,841	-	(9,884)	36	-	-	7	-
Closing net book amount	145,937	214,048	34	6,426	4,626	588	448	3,723	375,830
At 31 December 2021									
- Cost	-	-	34	6,426	4,179	588	1,967	9,597	22,791
- Valuation	145,937	214,048	-	-	3,471	-	-	1,681	365,137
Accumulated depreciation	-	-	-	-	(3,024)	-	(1,519)	(7,555)	(12,098)
Net book amount	145,937	214,048	34	6,426	4,626	588	448	3,723	375,830
Consolidated at 31 December 2021									
Additions	-	-	-	-	-	-	63	-	63
Depreciation expense	-	-	-	-	-	-	(2)	-	(2)
Net book value at the end of the financial year Consolidated	145,937	214,048	34	6,426	4,626	588	509	3,723	375,891
Year ended 31 December 2022									
Opening net book amount	145,937	214,048	34	6,426	4,626	588	448	3,723	375,830
Additions	-	187	-	3,094	1,056	-	-	148	4,485
Disposals	(2,354)	(125)	-	-	(41)	-	(44)	(11)	(2,575)
Net revaluation increments/(decrements)	33,394	18,539	-	-	(599)	(9)	-	1,128	52,453
Depreciation expense	-	(6,593)	(23)	-	(865)	-	(260)	(1,603)	(9,344)
Transfer to held for sale	(3,367)	(178)	-	-	-	-	-	-	(3,545)
Reclassified to expense account	-	-	-	(294)	-	-	-	-	(294)
Transfer from assets under construction	-	5,380	-	(5,380)	-	-	-	-	-
Closing net book amount	173,610	231,258	11	3,846	4,177	579	144	3,385	417,010
At 31 December 2022									
- Cost	-	-	91	3,846	940	-	1,625	79	6,581
- Valuation	173,610	231,258	-	-	3,267	579	-	3,308	412,022
Accumulated depreciation	-	-	(80)	-	(30)	-	(1,481)	(2)	(1,593)
Net book value at the end of the financial year Institute	173,610	231,258	11	3,846	4,177	579	144	3,385	417,010
Consolidated at 31 December 2022									
Additions	-	-	-	-	-	-	63	-	63
Depreciation expense	-	-	-	-	-	-	(7)	-	(7)
Net book value at the end of the financial year Consolidated	173,610	231,258	11	3,846	4,177	579	200	3,385	417,066

A number of properties were transferred to Assets Held for Sale during 2022. Refer to Note 9.5 for further details.

4. THE ASSETS WE INVESTED IN

4.2 Property, plant and equipment (continued)

Initial recognition

Immediately upon acquisition, 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.

For specialised land the market approach is used 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, current 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 current replacement cost.

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

A formal revaluation of land and building assets (including land improvements) was conducted for the year ended 31 December 2022 by the Valuer-General Victoria.

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 current 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	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
4.3 Intangible assets					
Gross carrying amount					
Opening balance		5,142	5,142	5,142	5,142
Additions		-	-	-	-
Closing balance		5,142	5,142	5,142	5,142
Accumulated amortisation and impairment					
Opening balance		(3,152)	(1,924)	(3,152)	(1,924)
Amortisation charge		(1,223)	(1,228)	(1,223)	(1,228)
Closing balance		(4,375)	(3,152)	(4,375)	(3,152)
Net carrying amount at end of the year		767	1,990	767	1,990

Initial recognition

Purchased intangible assets are initially recognised at cost and mainly relates to the networking and student management system software licenses. 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.

4. THE ASSETS WE INVESTED IN

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
4.4 Investments					
Current investments					
Financial assets at fair value through profit and loss:					
Victorian Funds Management Corporation (VFMC) managed investments					
Opening balance at 1 January		34,295	33,062	32,163	30,999
Additions		108	-	102	-
Gain/(loss) on revaluation of financial assets		(3,959)	1,233	(3,722)	1,164
Total current investments		30,444	34,295	28,543	32,163

The Institute's investments with the VFMC are measured at fair value through profit or loss (FVTPL) in accordance with AASB 9 Financial Instruments. The fair value of these investments has been determined on the basis of their market value at 31 December 2022.

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
5.1 Other non-financial assets					
Current					
Inventories - supplies and consumables at cost		58	60	58	60
Prepayments		4,036	3,317	4,005	3,287
Total current other non-financial assets		4,094	3,377	4,063	3,347

Inventories are measured at the lower of cost and net realisable value.

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.

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
5.2 Receivables and contract assets					
Contractual - Current					
Contract assets	1.3	14,216	16,181	13,415	15,423
Expected credit losses	1.3	(750)	(1,829)	(750)	(1,829)
Total contract assets		13,466	14,352	12,665	13,594
Receivables - Current					
Trade receivables		803	650	803	645
Statutory					
GST input tax credit recoverable		138		131	
Total receivables		941	650	934	645

Receivables consist of:

- contract assets are recognised 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, however in 2022 the Institute received better than expected payments from International students for their outstanding fees, plus negotiated payment plans. The allowance for credit losses has decreased as it takes into account the probability of default on these outstanding balances. 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	1,829	3,411	1,829	3,411
Increase/(decrease) in provision recognised in net result	(964)	(1,582)	(964)	(1,582)
Balance at the end of the year	865	1,829	865	1,829

5. BALANCES FROM OPERATIONS

5.2 Receivables and contract assets (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

Consolidated	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
2022						
Trade receivables	803	319	358	28	9	89
Contract assets	13,466	13,466	-	-	-	-
Total	14,269	13,785	358	28	9	89
2021						
Trade receivables	650	-	140	488	22	-
Contract assets	14,352	14,352	-	-	-	-
Total	15,002	14,352	140	488	22	-
Institute						
2022						
Trade receivables	803	319	358	28	9	89
Contract assets	12,665	12,665	-	-	-	-
Total	13,468	12,984	358	28	9	89
2021						
Trade receivables	645	-	140	488	17	-
Contract assets	13,594	13,594	-	-	-	-
Total	14,239	13,594	140	488	17	-

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	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
5.3 Payables					
Contractual					
Supplies and services		8,020	8,161	7,967	8,106
Contract liabilities	2.2	20,654	16,631	20,629	16,599
Statutory					
GST payable to the ATO		-	66	-	53
Total current payables		28,674	24,858	28,596	24,758

Payables consist of:

- contractual payables, such as accounts payable, and contract liabilities. 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							
2022							
Supplies and services	8,020	8,020	7,665	82	273	-	-
Contract liabilities	20,654	20,654	-	-	20,654	-	-
Total	28,674	28,674	7,665	82	273	-	-
2021							
Supplies and services	8,161	8,161	2,008	4,511	1,273	333	36
Contract liabilities	16,631	16,631	-	-	16,631	-	-
Total	24,792	24,792	2,008	4,511	1,273	333	36
Institute							
2022							
Supplies and services	7,967	7,967	7,619	78	270	-	-
Contract liabilities	20,629	20,629	-	-	20,629	-	-
Total	28,596	28,596	7,619	78	270	-	-
2021							
Supplies and services	8,106	8,106	2,008	4,511	1,218	333	36
Contract liabilities	16,599	16,599	-	-	16,599	-	-
Total	24,705	24,705	2,008	4,511	1,218	333	36

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	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
5.4 Employee benefits provision					
Current Provisions					
Employee benefits					
Annual leave					
Unconditional and expected to settle within 12 months	1.3	3,939	4,085	3,939	4,069
Long service leave					
Unconditional and expected to settle within 12 months		646	712	646	712
Unconditional and expected to settle after 12 months		8,546	10,707	8,546	10,707
Sub total		13,131	15,504	13,131	15,488
Provision for on costs					
Annual leave					
Unconditional and expected to settle within 12 months		637	673	637	670
Long service leave					
Unconditional and expected to settle within 12 months		104	117	104	117
Unconditional and expected to settle after 12 months		1,381	1,763	1,381	1,763
Total current provisions		15,253	18,057	15,253	18,038
Non-current Provisions					
Long service leave					
Conditional and expected to settle after 12 months		2,704	3,716	2,704	3,698
Long service leave - on costs					
Conditional and expected to settle after 12 months		437	612	437	609
Total non-current provisions		3,141	4,328	3,141	4,307
Total provisions		18,394	22,385	18,394	22,345

The leave obligations cover the Institute's liabilities for long service leave and annual leave as at 31 December 2022.

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. The Institute expects all employees to take the full amount of accrued leave 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.

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 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.

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 Department of Treasury and Finance.

6. HOW WE FINANCED OUR OPERATIONS

Note	Consolidated		Institute	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
6.1 Cash and deposits				
Cash at bank and on hand	6,263	6,857	4,754	5,235
Deposits at call	44,396	41,767	44,396	41,767
Total cash and deposits	50,659	48,624	49,150	47,002

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank and deposits at call 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.

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

Net result for the year	50	(272)	1,435	1,585
Non cash movements:				
Depreciation and amortisation of non-current assets	13,721	16,650	13,715	16,648
Net (gain) / loss on sale of non-current assets	(356)	(111)	(356)	(111)
Net (gain) / loss on disposal of financial investments	3,959	(1,232)	3,722	(1,164)
Fair value (gain) loss on other non- financial assets	(11,273)	(3,595)	(12,417)	(5,337)
Net (gain)/loss on financial liabilities at amortised cost	69	105	69	105
Reclassification from assets under construction to expenses	294	26	294	26
Total non-cash flows in operating result	6,414	11,843	5,027	10,167
Movements in operating assets and liabilities				
Decrease / (increase) in receivables	(291)	1,177	(289)	1,182
Decrease / (increase) in contract assets	886	2,420	929	2,419
Decrease / (increase) in inventories	2	(1)	2	(1)
Decrease / (increase) in other assets	(719)	1,114	(718)	1,112
Increase / (decrease) in payables	(141)	(1,651)	(139)	(1,653)
Increase / (decrease) in contract liabilities	3,957	3,523	3,977	3,502
Increase / (decrease) in employee benefits	(3,991)	1,265	(3,951)	1,256
Total movement in operating assets and liabilities	(297)	7,847	(189)	7,817
Net cash flow from/(used in) operating activities	6,167	19,418	6,273	19,569

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	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'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		(187)	(256)	(187)	(256)
Total borrowings		2,901	2,832	2,901	2,832

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.

The repayment due in 2022 was postponed to 2023.

Maturity Analysis of borrowings

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	3 months -1			
				1-3 months \$'000	year \$'000	1-5 years \$'000	+5 years \$'000
Consolidated							
2022							
Advances from Government	2,901	2,901	-	1,630	815	456	-
Total	2,901	2,901	-	1,630	815	456	-
2021							
Advances from Government	2,832	2,832	-	-	1,630	1,202	-
Total	2,832	2,832	-	-	1,630	1,202	-
Institute							
2022							
Advances from Government	2,901	2,901	-	1,630	815	456	-
Total	2,901	2,901	-	1,630	815	456	-
2021							
Advances from Government	2,832	2,832	-	-	1,630	1,202	-
Total	2,832	2,832	-	-	1,630	1,202	-

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 based on the term of the lease agreement. 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

	Property \$'000	Computer Equipment \$'000	Vehicles \$'000	Total \$'000
Consolidated				
Balance at 1 January 2022	3,104	2,211	724	6,039
Additions	1,338	-	459	1,797
Disposals	-	-	(60)	(60)
Depreciation charge	(1,205)	(1,762)	(181)	(3,148)
Balance at 31 December 2022	3,237	449	942	4,628

Consolidated

Balance at 1 January 2021	3,386	3,973	645	8,004
Additions	2,754	-	210	2,964
Disposals	-	-	-	-
Depreciation charge	(3,036)	(1,762)	(131)	(4,929)
Balance at 31 December 2021	3,104	2,211	724	6,039

Institute

Balance at 1 January 2022	3,104	2,211	724	6,039
Additions	1,338	-	459	1,797
Disposals	-	-	(60)	(60)
Depreciation charge	(1,205)	(1,762)	(181)	(3,148)
Balance at 31 December 2022	3,237	449	942	4,628

Institute

Balance at 1 January 2021	3,386	3,973	645	8,004
Additions	2,754	-	210	2,964
Disposals	-	-	-	-
Depreciation charge	(3,036)	(1,762)	(131)	(4,929)
Balance at 31 December 2021	3,104	2,211	724	6,039

Lease liabilities

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Maturity analysis- contractual undiscounted cash flows					
Less than one year		1,815	2,704	1,815	2,704
One to five years		3,436	3,024	3,436	3,024
Total undiscounted lease liabilities as at 31 December		5,251	5,728	5,251	5,728

Lease liabilities included in the Balance Sheet at 31 December :

Current	1,758	2,576	1,758	2,576
Non-current	3,273	2,831	3,273	2,831
Total lease liabilities	5,031	5,407	5,031	5,407

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 are recognised as an expense on a straight-line basis over the lease term.

7. MANAGING RISKS AND UNCERTAINTIES

Note	Consolidated		Institute	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'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

Contractual financial assets

Financial assets measured at amortised cost

Cash and deposits	50,659	48,624	49,150	47,002
Trade receivables	803	650	803	645

Financial assets measured at fair value through profit and loss

Managed investments	30,444	34,295	28,543	32,163
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Total contractual financial assets	81,906	83,569	78,496	79,810
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Contractual financial liabilities

Loans and payables

Supplies and services	8,020	8,161	7,967	8,106
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At amortised cost

Borrowings (Advances from Government)	2,901	2,832	2,901	2,832
Lease liabilities	5,031	5,407	5,031	5,407

Total contractual financial liabilities	15,952	16,400	15,899	16,345
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Categories of financial instruments

The Institute classifies its financial assets at amortised costs only if both of the following criteria met:

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

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

The Institute recognises the following financial assets in this category:

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

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);
- borrowings (including lease liabilities); and
- advances from government.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Consolidated								
Financial assets measured at amortised cost	-	-	759	116	-	-	759	116
Financial assets measured at fair value through profit and loss	(4,028)	1,127	-	-	1,972	1,877	(2,056)	3,004
Total financial assets	(4,028)	1,127	759	116	1,972	1,877	(1,297)	3,120
Financial liabilities at amortised cost	(69)	(105)	-	-	-	-	(69)	(105)
Total financial liabilities	(69)	(105)	-	-	-	-	(69)	(105)
Institute								
Financial assets measured at amortised cost	-	-	753	115	-	-	753	115
Financial assets measured at fair value through profit and loss	(3,791)	1,059	-	-	1,854	1,765	(1,937)	2,824
Total financial assets	(3,791)	1,059	753	115	1,854	1,765	(1,184)	2,939
Financial liabilities at amortised cost	(69)	(105)	-	-	-	-	(69)	(105)
Total financial liabilities	(69)	(105)	-	-	-	-	(69)	(105)

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 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 VFMC 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.

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				
2022				
Cash and deposits	6,263	-	-	6,263
Deposits at call	44,396	-	-	44,396
Receivables ¹	-	-	803	803
Investments and other financial assets	-	30,444	-	30,444
Total contractual financial assets	50,659	30,444	803	81,906
2021				
Cash and deposits	6,857	-	-	6,857
Deposits at call	41,767	-	-	41,767
Receivables ¹	-	-	650	650
Investments and other financial assets	-	34,295	-	34,295
Total contractual financial assets	48,624	34,295	650	83,569
Institute				
2022				
Cash and deposits	4,754	-	-	4,754
Deposits at call	44,396	-	-	44,396
Receivables ¹	-	-	803	803
Investments and other financial assets	-	28,543	-	28,543
Total contractual financial assets	49,150	28,543	803	78,496
2021				
Cash and deposits	5,235	-	-	5,235
Deposits at call	41,767	-	-	41,767
Receivables ¹	-	-	645	645
Investments and other financial assets	-	32,163	-	32,163
Total contractual financial assets	47,002	32,163	645	79,810

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	
	2022 %	2021 %	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Consolidated										
Financial assets										
Cash and deposits	1.51	-	6,263	6,857	-	-	-	-	6,263	6,857
Deposits at call	1.51	0.25	44,396	41,767	44,396	41,767	-	-	-	-
Receivables										
Trade receivables			803	650	-	-	-	-	803	650
Managed investments			30,444	34,295	-	-	-	-	30,444	34,295
Total financial assets			81,906	83,569	44,396	41,767	-	-	37,510	41,802
Financial liabilities										
Payables			8,020	8,161	-	-	-	-	8,020	8,161
Leases	2.44	2.30	5,031	5,407	-	-	5,031	5,407	-	-
Advances from Government			2,901	2,832	-	-	-	-	2,901	2,832
Total contractual financial liabilities			15,952	16,400	-	-	5,031	5,407	10,921	10,993
Institute										
Financial assets										
Cash and deposits	1.51	-	4,754	5,235	-	-	-	-	4,754	5,235
Deposits at call	1.51	0.25	44,396	41,767	44,396	41,767	-	-	-	-
Receivables										
Trade receivables			803	645	-	-	-	-	803	645
Managed investments			28,543	32,163	-	-	-	-	-	32,163
Total financial assets			78,496	79,810	44,396	41,767	-	-	5,557	38,043
Financial liabilities										
Payables			7,967	8,106	-	-	-	-	7,967	8,106
Leases	2.44	2.30	5,031	5,407	-	-	5,031	5,407	-	-
Advances from Government			2,901	2,832	-	-	-	-	2,901	2,832
Total contractual financial liabilities			15,899	16,345	-	-	5,031	5,407	10,868	10,938

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% (2021: 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		-1%				+1%			
	2022	2021	Result		Equity		Result		Equity	
Consolidated	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deposits at call	44,396	41,767	(444)	(418)	(444)	(418)	444	418	444	418
Total impact	44,396	41,767	(444)	(418)	(444)	(418)	444	418	444	418
Institute										
Deposits at call	44,396	41,767	(444)	(418)	(444)	(418)	444	418	444	418
Total impact	44,396	41,767	(444)	(418)	(444)	(418)	444	418	444	418

A possible change of 10% (2021: 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		-10%				+10%			
	2022	2021	Result		Equity		Result		Equity	
Consolidated	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managed investments	30,444	34,295	(3,044)	(3,430)	(3,044)	(3,430)	3,044	3,430	3,044	3,430
Total impact	30,444	34,295	(3,044)	(3,430)	(3,044)	(3,430)	3,044	3,430	3,044	3,430
Institute										
Managed investments	28,543	32,163	(2,854)	(3,216)	(2,854)	(3,216)	2,854	3,216	2,854	3,216
Total impact	28,543	32,163	(2,854)	(3,216)	(2,854)	(3,216)	2,854	3,216	2,854	3,216

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 2022 (2021: 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.

There were contingent liabilities at 31 December 2022 (2021: Nil).

There are a small number of legal matters outstanding at year end arising from the Institute's ordinary course of business, none of which are expected to have a material impact on the Institute. Where the outcome cannot be determined at year end, no amounts have been provided for in the financial statements.

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 2022 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:		
2022		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets								
Investments and other financial assets								
Managed investments	30,444	30,444	-	-	28,543	28,543	-	-
Total financial assets	30,444	30,444	-	-	28,543	28,543	-	-
2021								
Financial assets								
Investments and other financial assets								
Managed investments	34,295	34,295	-	-	32,163	32,163	-	-
Total financial assets	34,295	34,295	-	-	32,163	32,163	-	-

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
2022								
Specialised land	127,200	-	-	127,200	127,200	-	-	127,200
Non-specialised land	46,410	-	46,410	-	46,410	-	46,410	-
Total land at fair value	173,610	-	46,410	127,200	173,610	-	46,410	127,200
Specialised buildings	228,588	-	-	228,588	228,588	-	-	228,588
Non-specialised buildings	2,670	-	2,670	-	2,670	-	2,670	-
Total buildings at fair value	231,258	-	2,670	228,588	231,258	-	2,670	228,588
Plant and equipment	4,177	-	-	4,177	4,177	-	-	4,177
Cultural assets	579	-	579	-	579	-	579	-
Vehicles	200	-	-	200	200	-	-	144
Computer equipment	3,385	-	-	3,385	3,385	-	-	3,385
Leasehold improvements	11	-	-	11	11	-	-	11
Right of use assets	4,628	-	-	4,628	4,628	-	-	4,628
Total other assets at fair value	12,980	-	579	12,401	12,980	-	579	12,345
2021								
Specialised land	145,937	-	-	145,937	145,937	-	-	145,937
Total land at fair value	145,937	-	-	145,937	145,937	-	-	145,937
Specialised buildings	214,048	-	-	214,048	214,048	-	-	214,048
Total buildings at fair value	214,048	-	-	214,048	214,048	-	-	214,048
Plant and equipment	4,626	-	-	4,626	4,626	-	-	4,626
Cultural assets	588	-	588	-	588	-	588	-
Vehicles	509	-	-	509	509	-	-	509
Computer equipment	3,723	-	-	3,723	3,723	-	-	3,723
Leasehold improvements	34	-	-	34	34	-	-	34
Right of use assets	6,039	-	-	6,039	6,039	-	-	6,039
Total other assets at fair value	15,519	-	588	14,931	15,519	-	588	14,931

Fair value measurement hierarchy of investment properties

2022								
Investment properties	128,912	-	88,912	40,000	111,985	-	71,985	40,000
Total investment properties	128,912	-	88,912	40,000	111,985	-	71,985	40,000
2021								
Investment properties	117,276	-	117,276	-	99,205	-	99,205	-
Total investment properties	117,276	-	117,276	-	99,205	-	99,205	-

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Valuations of property, plant and equipment

An independent valuation of all land and buildings was performed by the Valuer-General Victoria with an effective date of 31 December 2022.

The market that the assets are valued in as at 31 December 2022 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 current 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 current 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 current replacement cost method.

Leasehold improvements are held at fair value being current replacement cost. As there is no evidence of a reliable market-based fair value (or other relevant fair value indicators) for leasehold improvements, current replacement 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.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Apart from changes to the valuation techniques for certain land and building, there were no other changes in valuation techniques throughout the period to 31 December 2022.

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

Reconciliation of level 3 fair value movements - property, plant and equipment

	Specialised land ^(a)		Specialised buildings ^(a)		Plant and equipment		Motor Vehicles		Computer Equipment		Leasehold improvements	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Consolidated												
Opening balance	145,937	130,067	214,048	192,010	4,626	5,450	509	816	3,723	5,569	34	379
Additions	-	-	187	1,694	1,056	158	2	109	148	63	-	-
Transfers in / (out) of Level 3	(52,131)	-	2,407	9,841	(41)	(165)	(44)	(42)	(11)	(3)	-	-
Depreciation	-	-	(6,593)	(7,008)	(865)	(853)	(267)	(374)	(1,603)	(1,913)	(23)	(345)
Revaluation	33,394	15,870	18,539	17,511	(599)	36	-	-	1,128	7	-	-
Closing Balance	127,200	145,937	228,588	214,048	4,177	4,626	200	509	3,385	3,723	11	34
Institute												
Opening balance	145,937	130,067	214,048	192,010	4,626	5,450	448	816	3,723	5,569	34	379
Additions	-	-	187	1,694	1,056	158	-	46	148	63	-	-
Transfers in / (out) of Level 3	(52,131)	-	2,407	9,841	(41)	(165)	(44)	(42)	(11)	(3)	-	-
Depreciation	-	-	(6,593)	(7,008)	(865)	(853)	(260)	(372)	(1,603)	(1,913)	(23)	(345)
Revaluation	33,394	15,870	18,539	17,511	(599)	36	-	-	1,128	7	-	-
Closing Balance	127,200	145,937	228,588	214,048	4,177	4,626	144	448	3,385	3,723	11	34

^(a) Certain land and building were valued using a different valuation technique during the 2022 revaluation.

Description of significant unobservable inputs to Level 3 valuations

2022 and 2021	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Current replacement cost	Useful life of buildings
Plant and equipment	Current replacement cost	Useful life of plant and equipment
Motor Vehicles	Current replacement cost	Useful life of vehicles
Computer equipment	Current replacement cost	Useful life of computer equipment
Leasehold improvements	Current replacement cost	Useful life

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Reconciliation of level 3 fair value movements - investment property

	Consolidated		Institute	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Opening balance	-	-	-	-
Additions	-	-	-	-
Transfers in / (out) of Level 3	40,000	-	40,000	-
Depreciation	-	-	-	-
Revaluation	-	-	-	-
Closing Balance	40,000	-	40,000	-

In 2022, the valuation technique used to value certain investment property land changed to include a community service obligation

There were no other changes to the valuation techniques for the remaining investment properties.

Description of significant unobservable inputs to Level 3 valuations

2022 and 2021	Valuation technique	Significant unobservable inputs
Investment property land	Market approach	Community service obligation (CSO) adjustment

8. GOVERNANCE

8.1 Responsible persons

Responsible persons

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

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 State's Annual Financial Report. 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: \$460,000 - \$469,999 (\$390,000 - \$399,999 in 2021).

Members of the Board of Holmesglen Institute

P. Lewinsky, Chair	B. Porter (appointment ceased 30/6/2022)
M. Faraone, Chief Executive	C. Karamzalis
A. Barker	M. Gorton AM
K. Corry	I. Hamm
L. Morgan AM (appointment ceased 30/6/2022)	J. Allison
D. Thorsen (appointment ceased 30/6/2022)	K. Bellion
G. D'Rosario (appointed 1/7/2022)	D. Imber (appointed 1 July 2022)
M Chaudhry (appointed 1/7/2022)	

P. Lewinsky's appointment as Board Chair ended on 28 February 2023. M. Gorton AM commenced as Board Chair on 1 March 2023.

Responsible Persons' Remuneration

The number of responsible persons are shown in their income bands:	2022 No	2021 No
Income range		
0 - 9,999	-	-
10,000 - 19,999	2	-
20,000 - 29,999	4	-
30,000 - 39,999	-	1
40,000 - 49,999	7	9
80,000 - 89,999	1	1
380,000 - 389,999	-	-
390,000 - 399,999	-	1
460,000 - 469,999	1	-
Total number	15	12
	\$'000	\$'000
Total remuneration received or due and receivable by the responsible persons from the reporting entity.	970	897

8. GOVERNANCE

8.2 Remuneration of executives

The number of executive officers, other than the Accountable Officer, and their total remuneration during the reporting period is 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Remuneration				
Short-term benefits	2,273	2,420	2,273	2,420
Post-employment benefits	214	229	214	229
Other long-term benefits	110	35	110	35
Terminations benefits	-	-	-	-
Total remuneration	2,597	2,684	2,597	2,684
Total number of executive officers	10	12	10	12
Total annualised employee equivalent (AEE)	10	12	10	12

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 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:-

	2022 \$'000	2021 \$'000
The Institute received funding from the Victorian Government as follows:-		
State Government - contestable and fee concessions	56,153	60,043
State Capital	1,742	5,889
State Government - other contributions	26,022	22,397
Total	83,917	88,329

The Institute's borrowings at year end include the balance of the Greener Government Loan received from the state government. Refer note 6.2.

Related party transactions

	Transaction values for year ended 31 December		Balances outstanding as at 31 December	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Distribution from the Holmesglen Foundation to the Institute	895	970	-	-
Rent paid by Holmesglen Foundation to the Institute	600	600	-	-
Management fee paid by Holmesglen Foundation to the Institute	97	97	-	-
Total	1,592	1,667	-	-

Key management personnel of the Institute includes the Minister of 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
- S. McKinnon, Executive Director, Engagement and Support
- P. Culpan, Executive Director, Corporate and Commercial Services
- A. Williamson, Executive Director, International Education and Enterprise Solutions
- M. Courtier, Executive Director, Education and Applied Research

8. GOVERNANCE

8.3 Related parties (continued)

Key management personnel of the entities consolidated 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	Director
	P. Lewinsky	Director
	W. Chau	Director (resigned 22 February 2022)
	A. Barker	Director
	H. Piterman	Director
	R. Casey	Director
	A. Brookes	Director

Compensation of Key management personnel

Remuneration	Consolidated		Institute	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Short-term employee benefits	2,205	2,009	2,173	1,969
Post-employment benefits	195	183	192	179
Other long-term benefits	101	32	101	32
Termination benefits	-	-	-	-
Total remuneration	2,501	2,224	2,466	2,180

Transactions and balances with key management personnel and other related parties

The Institute has no related party transactions for the period ending 31 December 2022 (2021: nil).

8.4 Auditors remuneration

	Consolidated		Institute	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Remuneration of Victorian Auditor General's Office for:				
Audit of the financial statements	118	111	118	111
Audit of the financial statements of subsidiaries	27	21	5	4
Total remuneration of Victorian Auditor-General's Office	145	132	123	115
Remuneration of other auditors :				
Internal audit services	72	92	72	92
Total remuneration of other auditors	72	92	72	92
Total Remuneration of Auditors	217	224	195	207

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

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
9.1 Other economic flows included in net result				
(a) Net gain/(loss) on non-financial assets				
Revaluation of investment properties	11,342	3,595	12,486	5,337
Revaluation of cultural assets	(9)	-	(9)	-
Net gain/(loss) on disposal of leased assets	(60)	-	(60)	-
Net gain/(loss) on disposal of physical assets	356	111	356	111
Total net gain/(loss) on non-financial assets and liabilities	11,629	3,706	12,773	5,448
(b) Net gain/(loss) on financial instruments				
Net gain/(loss) realised on revaluation of financial investments	(3,959)	1,232	(3,722)	1,164
Net gain/(loss) realised on disposal of financial investments	-	-	-	-
Subtotal net gain/(loss) on financial investments	(3,959)	1,232	(3,722)	1,164
Net gain/(loss) on financial liabilities at amortised cost	(69)	(105)	(69)	(105)
Total net gain/(loss) on financial instruments	(4,028)	1,127	(3,791)	1,059
(c) Other gains/(losses) from other economic flows				
Net gain/(loss) arising from revaluation of long service leave liability	2,879	-	2,879	-
Total net gain/(loss) from other economic flows	2,879	-	2,879	-

Net gain/(loss) from revaluation of long service leave liability are changes arising due to changes in bond rates.

'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

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

9. OTHER DISCLOSURES

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'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		169,685	136,290	169,685	136,290
Buildings		128,853	110,315	128,853	110,315
Plant and Equipment		2,870	2,342	2,870	2,342
Balance at 31 December		301,408	248,947	301,408	248,947
Movements in Reserves					
Balance at 1 January		248,947	215,566	248,947	215,566
Revaluation increment/(decrement) on non-current assets		52,461	33,381	52,461	33,381
Balance at 31 December		301,408	248,947	301,408	248,947
The asset revaluation reserve for land and buildings comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31 December 2022.					
Land					
Balance at 1 January		136,290	120,420	136,290	120,420
Revaluation increment on non-current assets		33,395	15,870	33,395	15,870
Balance at 31 December		169,685	136,290	169,685	136,290
Buildings					
Balance at 1 January		110,315	92,804	110,315	92,804
Revaluation increment/(decrement) on non-current assets		18,538	17,511	18,538	17,511
Balance at 31 December		128,853	110,315	128,853	110,315
The asset revaluation reserve for plant and equipment comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31 December 2022.					
Plant and Equipment					
Balance at 1 January		2,342	2,342	2,342	2,342
Revaluation increment on non-current assets		528	-	528	-
Balance at 31 December		2,870	2,342	2,870	2,342
(c) Accumulated surplus / (deficit)					
Balance at 1 January		175,258	175,530	152,719	151,134
Net operating result for the year		50	(272)	1,435	1,585
Balance at 31 December		175,308	175,258	154,154	152,719
Total equity		599,523	547,012	578,369	524,473

9. OTHER DISCLOSURES

Consolidated		Institute	
2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000

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	125	162	125	162
Total defined benefit plans	125	162	125	162

Defined contribution plans:

VicSuper	5,421	5,463	5,421	5,462
Other	3,600	3,010	3,586	2,992
Total defined contributions plans	9,021	8,473	9,007	8,454

Total paid contribution for the year	9,146	8,635	9,132	8,616
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Contribution Outstanding at Year End

Various Funds	1,113	1,048	1,112	1,045
Total	1,113	1,048	1,112	1,045

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'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	831	1,061	831	1,061
- Later than one year but not later than five years	-	-	-	-
Total Property, Plant and Equipment	831	1,061	831	1,061
GST reclaimable on the above	(76)	(96)	(76)	(96)
Net Commitments Property, Plant and Equipment	755	965	755	965

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

The Institute had no short term and low value lease commitment in 2022 and 2021.

(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	7,352	7,725	7,352	7,725
- Later than one year but not later than five years	5,678	12,364	5,678	12,364
Total other expenditure commitments	13,030	20,089	13,030	20,089
GST reclaimable on the above	(1,185)	(1,826)	(1,185)	(1,826)
Net commitments other expenditure commitments	11,845	18,263	11,845	18,263

9.4.2 Lease receivable

Operating lease receivables

- Within one year	6,053	5,936	5,541	4,882
- Later than one year but not later than five years	22,888	20,643	21,159	18,603
- Later than five years	63,210	56,399	63,260	56,283
Total lease receivable	92,151	82,978	89,960	79,768
GST payable on the above	9,215	8,298	8,996	7,977
Net operating lease receivable	101,366	91,276	98,956	87,745

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

9. OTHER DISCLOSURES

	Note	Consolidated		Institute	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current assets					
- Land held for sale		178	-	178	-
- Buildings held for sale		3,368	-	3,368	-
Total non-financial physical assets classified as held for sale		3,546	-	3,546	-

The Institute intends to dispose of three rental properties previously leased out to students in the next 12 months. Subsequent to 31 December 2022 two properties are expected to settle, one on 16 January 2023 and the other on 14 February 2023. A search is under way for a buyer for the remaining property. No impairment loss was recognised on reclassification of the land and buildings as held for sale or at the end of the reporting period.

Measurement of non-financial physical assets

Non-financial physical assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- the asset is available for immediate use in the current condition
- the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

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

Land held for sale is carried at fair value less costs to disposal. Refer to Note 7.3 for the valuation technique applied to land.

9. OTHER DISCLOSURES

9.6 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
			2022	2021
Holmesglen International Training Services Pty Ltd	Ordinary	Australia	100%	100%
Glenuc Pty Ltd	Ordinary	Australia	100%	100%
Holmesglen Foundation	N/A			

9.7 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.

On 5 December 2022, the Government issued an administrative order restructuring some of its activities via machinery of government changes, effective 1 January 2023. As part of the machinery of government restructure, overall administrative responsibility for the Institute was transferred from the Department of Education and Training, to the Department of Jobs, Skills, Industry and Regions. This change is not anticipated to have any significant impacts on the overall operations or financial position of the Institute moving forward, as the Responsible Ministers have not changed.

No further matters or circumstances have 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.

9.8 Application of standards issued but not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 31 December 2022 reporting period. These accounting standards have not been applied to the Institute's financial statements. The Institute is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023. The Institute will not early adopt the Standard.

The Institute is in the process of analysing the impacts of this standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Institute's reporting.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.
- AASB 021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.

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 2022 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 2022 presents fairly, in all material respects, in line with the reporting requirements outlined by the Minister in the statement of priorities.</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 statement of performance 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 are responsible for the preparation and fair presentation of the performance statement and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the 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 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 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 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
29 March 2023



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

OFFICIAL

HOLMESGLEN INSTITUTE

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 2022 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.



Michael Gorton
Board Chair

Date 15 March 2023
Place Chadstone



Mary Faraone
Chief Executive

Date 15 March 2023
Place Chadstone



Joanne James
Chief Finance and Accounting Officer

Date 15 March 2023
Place Chadstone

Statement of performance

STATEMENT OF PERFORMANCE FOR YEAR ENDING 31 DECEMBER 2022

Indicator title	Description and methodology	Measure	2022 Target	2022 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 	%	60.0% 27.5% 12.5%	56.4% 31.8% 11.8%	In 2021, government funded training delivery included the business continuity grant provided to the Institute to assist with its operations during COVID-19. The increase in student fees and charges as a proportion of training revenue is as a result of the reduction in the COVID-19 business continuity grants for 2022.	57.6% 31.2% 11.3%
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%	100.5%	This target was not achieved due to the continuing impacts of COVID-19 on learner demand and completions.	98.1%
Training revenue per teaching FTE	Training revenue (excl. revenue delivered by third parties) per Teaching FTE <i>Training revenue (excl. revenue delivered by 3rd parties) / Teaching FTEs</i>	\$	>\$195,000	\$194,069	This target was also not achieved due to the continuing impacts of COVID-19 on learner demand.	\$195,933
Operating margin percentage	Operating margin % <i>EBIT (excl. capital contributions) / Total revenue (excl. capital contributions)</i>	%	>0%	-8.1%	The negative operating margin is as a direct result of the continuing impacts of COVID-19 on the Institute's financial performance during 2022. Further details of this impact are provided in note 1.3 of the financial statements.	-7.4%

* The 2022 training revenue diversity targets are based on the 2022 board approved budget targets, as these are more representative of the impact of COVID-19 on the Institute's operations.

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

Ms Fleur Goulding
Freedom of Information Officer

Holmesglen
PO Box 42
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Our annual reports and other corporate publications can be obtained from our website <https://holmesglen.edu.au/About-Us/About-Holmesglen/Corporate-publications/>





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