

# VICTORIAN INSTITUTE OF TEACHING

ANNUAL REPORT 2016

1 July 2015 – 30 June 2016





## Letter of transmittal

September 2016

The Hon. James Merlino, MP  
Minister for Education  
2 Treasury Place  
East Melbourne  
Victoria 3002

Dear Minister

I am pleased to submit the annual report of the Victorian Institute of Teaching in accordance with the *Financial Management Act 1994* and the *Education and Training Reform Act 2006*.

Yours sincerely



Audrey Brown  
Chairperson





#### ABOUT THIS REPORT

VIT's annual report is published on our website.  
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# CHAIRPERSON'S MESSAGE



This will be the last Chairperson's Report that I will produce. I did not seek nomination to the incoming Council, and so my time at VIT ended in May 2016. I thank the Hon. James Merlino, Minister for Education, for his support, and I wish the new Council all the best as they continue this very important role.

From its inception in November 2011, this Council's task was to work with – and for – the teaching profession while still retaining the essential functions of registration and regulation. When the Council left office in May 2016, I can confidently assert this task was well and truly achieved.

Council and staff are very clear about our role – we work for the protection of the public. You wouldn't fly with an unregistered pilot, have an unregistered builder construct your house or allow an unregistered doctor to operate on your child. Why then would you put an unregistered teacher in front of a class?

This message and the sentiment behind it has been a constant in VIT ethos. What has changed is the way in which we relate to the profession; we have adapted our language, communications and processes to not only become part of the profession, but to be accepted by our peers in the profession.

## REFOCUSING ON OUR CUSTOMERS

We sought feedback to improve stakeholder engagement, and are now better placed to provide relevant information to the right audience in the right way, and at the right time. Customer-focused initiatives include an overhaul of call centre operations, a user-friendly website, an online annual registration process, and a simplified criminal record

check process. In the increasingly digital age, VIT has also embraced the use of video to engage our customers. The Council is proud of advances made during the term, and over the last year in particular, and looks forward to watching VIT continue to improve practices.

## WELCOMING NEW REGISTRANTS

As well as refining business processes, we have completed the mammoth task of registering early childhood teachers (ECT) for the first time, with over 6500 ECTs registered across the State during the year. This was a marvellous piece of organisation, and I congratulate Strategic Advisor, Fran Cosgrove, for her detailed planning and execution of this important initiative.

## TIME TO REFLECT

This was a golden four and a half years for me, and a privileged way to end my career of 48 years in education. I'm grateful for the opportunity to Chair this dynamic organisation, I am enormously proud of our term of office, and I thank all those who served on the Council. I would also like to thank CEO Melanie Saba and all the staff at VIT for their hard work and ongoing commitment. I leave VIT secure in the knowledge that it has a clear sense of identity – the VIT knows why it exists, as do the vast majority of teachers. We will continue to operate to protect the public with sensitivity and high regard for the profession.

A handwritten signature in black ink, appearing to read 'Don Paproth'.

Don Paproth

“ I would also like to thank CEO Melanie Saba and all the staff at VIT for their hard work and ongoing commitment. ”

# CHIEF EXECUTIVE OFFICER'S REPORT



Firstly, I would like to acknowledge the contribution of Don Paproth and the Council that he chaired over the past four and a half years. The role of Council member is vital to the success of VIT and requires a high level of commitment on top of the busy professional roles Council members hold. The Council provided guidance and support to the Secretariat through a period of great change, and I wish those members who have retired from Council all the best for the future. We also welcome our new Council who were appointed on 1 June 2016 and look forward to working with them for the next three years.

This has been another year of change for VIT. As discussed last year, we were preparing for early childhood teachers to join the register and from 30 September 2015, the first early childhood teachers were registered in Victoria. There has been great enthusiasm from the sector for this initiative and, as outlined in this report, more than 6500 teachers are now registered with VIT. VIT was assisted and informed by a stakeholder reference group from the early childhood sector, and their input and support was vital for the successful implementation of this initiative.

The strengthening of the accreditation process for education providers continues, following the review of teacher education by the Commonwealth Government. VIT will work closely with initial teacher education providers and the Australian Institute for Teaching and School Leadership (AITSL) on an ongoing basis to implement these changes.

We also continue to work with teachers and a stakeholder reference group to strengthen teachers' skills in supporting learners with disabilities. Teachers and the sector have responded positively to this government initiative.

We remain focused on improving our services to teachers in Victoria. This is a continual process that spans every year of our operations.

Finally, our success is based on the support and contribution of our stakeholders and the work of the great team at VIT. It continues to be a privilege to work with such a devoted group of people.

A handwritten signature in black ink, appearing to read 'Melanie Saba'.

Melanie Saba

“We remain focused on improving our services to teachers in Victoria. This is a continual process that spans every year of our operations.”

“We are building a profession  
that aspires to the highest  
standards of teaching  
practice and conduct.”







## WHAT WE DO

The Victorian Institute of Teaching (VIT) is an independent statutory authority for the teaching profession, whose primary function is to regulate members of the teaching profession.

It is a legal requirement for all teachers to be registered with VIT in order to be employed in a school/early childhood setting.

We will only grant registration, and allow registration to continue, where a person is appropriately qualified and is fit to teach in schools/early childhood settings.

Established in December 2002, VIT operates under and administers Part 2.6 of the *Education and Training Reform Act 2006* (the Act) and reports to Parliament through the Minister for Education. Early childhood teachers were brought into the Act in 2014 and registered in 2015.

In the conduct of its regulatory functions, VIT is bound by the *Victorian Privacy and Data Protection Act 2014* and the *Health Records Act 2001*, and therefore must comply with the Information Privacy Principles (IPPs) and the Health Privacy Principles (HPPs).

These govern the collection, use, handling and disclosure of personal and sensitive information and health information. Personal information is information that relates to an identifiable living person. Personal information may take many forms, including images.

## OUR PURPOSE

To regulate the teaching profession in Victoria in the public interest by enforcing high ethical and professional standards for teachers.

# SUMMARY OF FINANCIAL POSITION

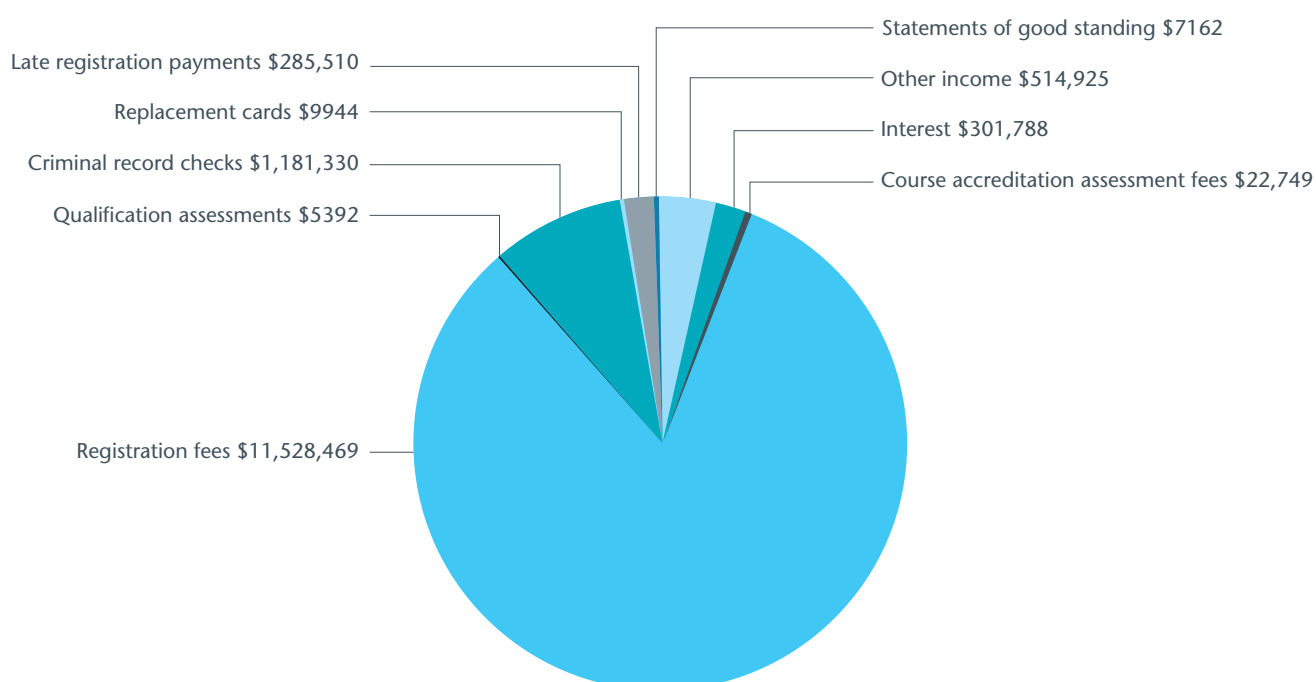


The financial report and accompanying notes are for the financial year ended 30 June 2016.

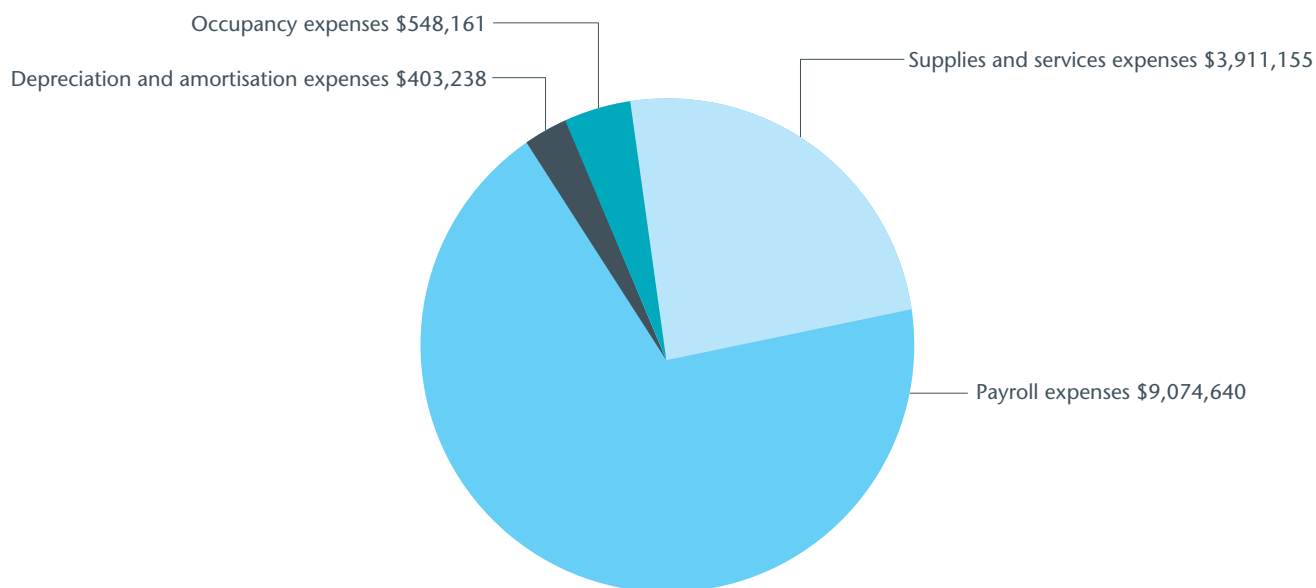
**Table 1**  
**Financial results 2015–16**

	2015–16		2015–16
<b>OPERATIONS</b>		<b>FINANCIAL POSITION</b>	
Fees	13,040,556	Financial assets	10,263,713
Interest	301,788	Non-financial assets	1,840,926
Other	514,925	<b>Total assets</b>	<b>12,104,638</b>
<b>Total income</b>	<b>13,857,269</b>	Provision and payable	3,765,732
<b>Operating expenses</b>	<b>13,937,194</b>	Revenue received in advance	3,244,379
<b>Other economic flows</b>	<b>(5,627)</b>	<b>Total liabilities</b>	<b>7,010,111</b>
<b>Comprehensive result</b>	<b>(85,553)</b>	<b>Total equity</b>	<b>5,094,526</b>

**Figure 1**  
**Income for 2015–16**



**Figure 2**  
**Expenses for 2015–16**



In 2015–16, the annual registration fee was increased from \$89 to \$91 per annum. Teacher registration fees are paid annually in advance and are pro rated to each of the 12 months. Fee revenue belonging to July 2017 or after is considered revenue in advance, and is shown as a current liability in this year's balance sheet.

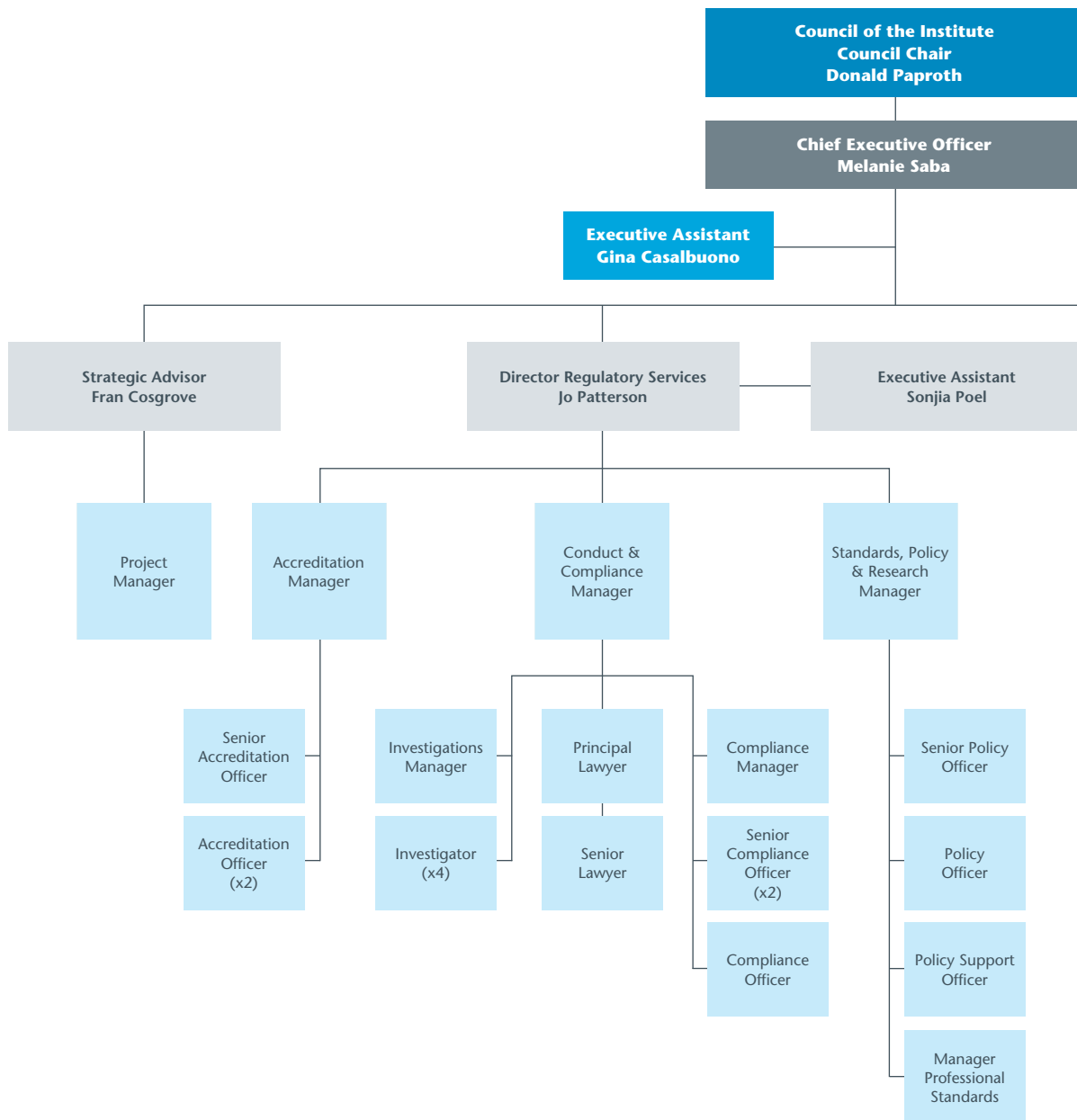
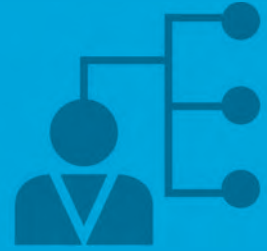
Registration revenue increased due to registration fees paid by early childhood teachers. Other income increased in 2015–16 to bring to account monies previously held in advance for the purpose of matching against the cost of activities undertaken to effect early childhood teacher registration.

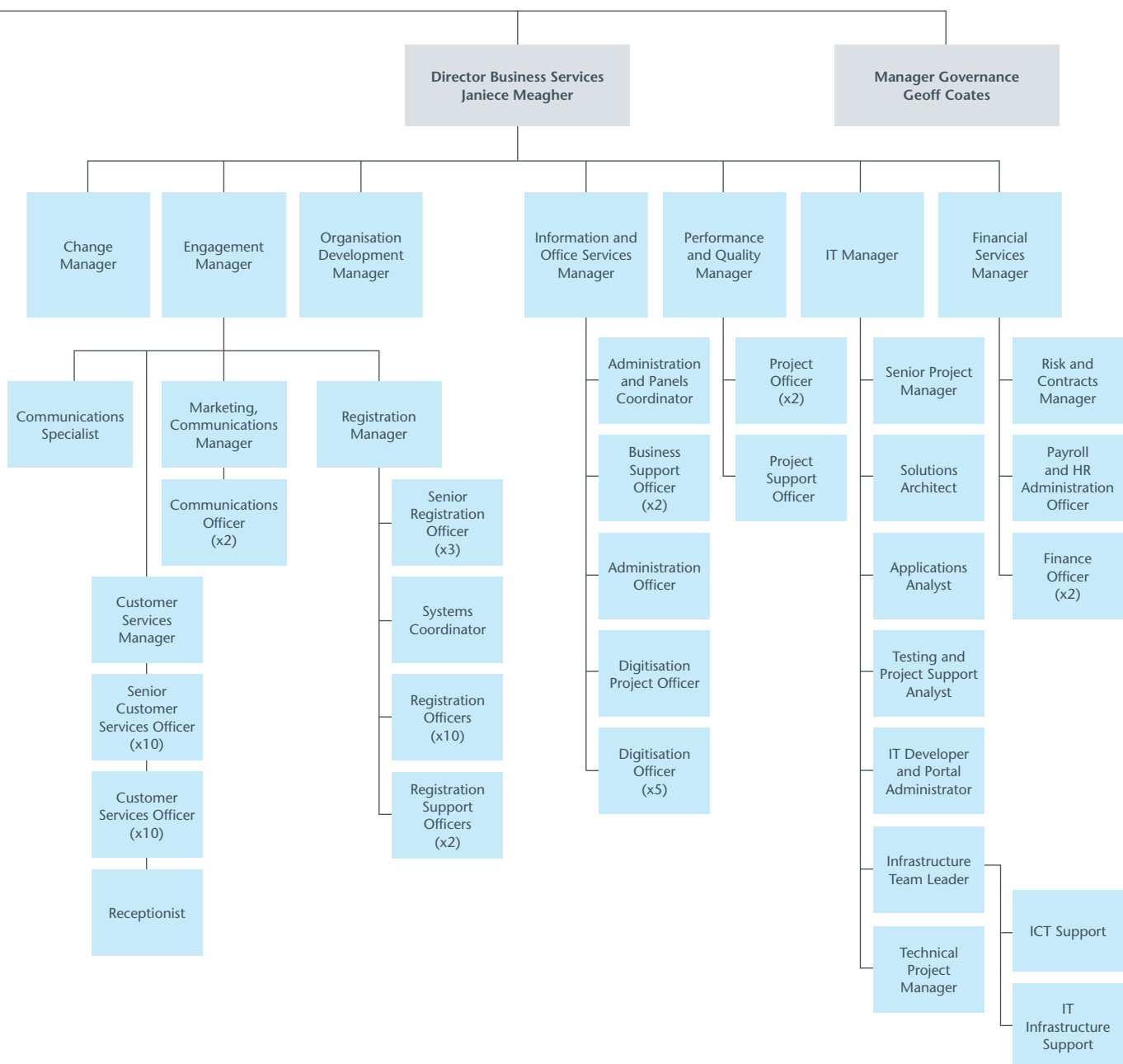
Operating expenses increased in 2015–16 with an increase in payroll, contractors, consultants, communication, legal and administrative expenses.

In summary, 2015–16 generated a deficit of \$85,553 compared to the \$724,419 surplus in the previous year. VIT's balance sheet and cash position remain at appropriate levels to cover VIT's current and future commitments.



# ORGANISATIONAL STRUCTURE





# INITIATIVES AND KEY ACHIEVEMENTS



6581

EARLY CHILDHOOD  
TEACHERS REGISTERED  
FOR THE FIRST TIME



87,743

TEACHERS RENEWED  
THEIR REGISTRATION



29,108

NATIONAL POLICE  
HISTORY CHECKS  
WERE PROCESSED



530

MID-YEAR GRADUATES AND  
4141

END-OF-YEAR GRADUATES WERE REGISTERED



WE RESPONDED TO THE VICTORIAN  
GOVERNMENT'S SPECIAL NEEDS PLAN  
BY APPLYING KEY INITIATIVES IN INITIAL  
TEACHER EDUCATION AND SPECIFIC  
REGULATORY REQUIREMENTS FOR  
REGISTERED TEACHERS



EARLY CHILDHOOD  
ILLUSTRATIONS OF  
PRACTICE WERE  
DEVELOPED



EARLY CHILDHOOD  
TEACHER REGISTRATION  
STAKEHOLDER AND SPECIAL  
NEEDS STAKEHOLDER  
REFERENCE GROUPS WERE  
IMPLEMENTED



1045

TEACHERS AND EARLY  
CHILDHOOD TEACHERS WERE  
TRAINED AS MENTORS FOR  
BEGINNING TEACHERS

1756

PROVISIONALLY REGISTERED  
TEACHERS AND EARLY CHILDHOOD  
TEACHERS ATTENDED SUPPORT  
SEMINARS



18

INITIAL TEACHER  
EDUCATION  
PROGRAMS WERE  
ACCREDITED



VIDEO WAS INTRODUCED AS A  
COMMUNICATIONS CHANNEL, WITH

21,171

VIEWS



OUR NEW  
WEBSITE WAS  
INTRODUCED  
IN JULY 2015



# STATEMENT OF EXPECTATIONS



In mid-2015, the Hon. James Merlino, Minister for Education, issued a Statement of Expectations for the Victorian Institute of Teaching for 2015–17.

The statement sets out the Minister's expectations for VIT to demonstrate good regulatory practice, and includes performance targets. VIT has advised the Minister how it proposes to meet the expectations, and its progress in doing so.

## HOW VIT IS MEETING THE EXPECTATIONS

- Implementation of a risk-based compliance and enforcement framework, and allocation of regulatory activity towards areas of greatest risk.
- Processing of suitable categories, including the early childhood sector, of registration applications in an online environment, which is showing significant efficiency gains. VIT is broadening its online approach to further reduce burdens on teachers.
- Review and implementation of communication and customer engagement strategies with input from stakeholders.
- Initial registration program for early childhood teachers successfully concluded. Planning for the first renewal of these registrations is progressing well.
- Redevelopment of VIT website – improved access and ease of use.
- Improved complaints handling procedure.
- Initiation of Memoranda of Understanding with key stakeholders, with the development of further Memoranda.
- Response to government's Special Needs Plan for Victorian Schools by working with tertiary education providers, teacher organisations and teachers.
- Working with the Department of Education and Training on regulatory mechanisms in relation to the teaching profession to ensure that Victorian children are safe.

The full text of the Statement of Expectations and VIT's response can be accessed at [www.vit.vic.edu.au](http://www.vit.vic.edu.au)

# EARLY CHILDHOOD TEACHERS JOIN THE PROFESSION



The inclusion of early childhood teachers onto the VIT Teacher Register in 2015 was a significant milestone for the teaching profession, expanding the regulatory range to include teachers working within the early years of learning.

A review of VIT, commissioned by the then Minister for Education and conducted by independent body FJ and JM King in 2008, recommended the inclusion of early childhood teachers into the registration process as a result of the integration of this sector into the Victorian Government education portfolio. Early childhood teacher registration commenced on 30 September 2015. A further six-month period to 31 March 2016 allowed VIT to transition the early childhood teacher workforce onto the register, and to recognise teaching experience by registering these teachers without a period of provisional registration.

While VIT approves the qualifications that lead to registration as a teacher, the Australian Children's Education and Care Quality Authority (ACECQA) approves the qualifications for early childhood teacher registration. This has resulted in the establishment of a separate division of the register for early childhood teachers. If a qualification is approved by both VIT and ACECQA, then a teacher will be eligible for registration in both divisions. More than a thousand teachers currently hold registration in two divisions.

Apart from the division of early childhood teachers on the register, they are fully integrated into VIT regulatory processes, meeting and maintaining the same standards for professional practice and suitability to teach as their colleagues teaching in schools.

## ENGAGING STAKEHOLDERS

The implementation of early childhood teacher registration during 2015–16 required extensive stakeholder engagement. VIT established an Early Childhood Stakeholder Reference Group with representation from all sectors, and this group continues to meet regularly to provide feedback and advice to VIT as well as to disseminate information to the profession.

During 2015, VIT staff provided information at forums and conferences to thousands of qualified early childhood teachers intending to register, resulting in more than 6500 successful applications for early childhood teacher registration. Close to 6000 of these early childhood teachers are fully registered, and a further 500 new graduates have been granted provisional early childhood teacher registration.

VIT has also worked closely with the employers of early childhood teachers, particularly through their peak organisations and with the Quality Assessment and Regulation Division (QARD) of the Department of Education and Training. Other initiatives to integrate early childhood teachers into regulatory processes have been the development of an inclusive language version of the Proficient Teacher level of the Australian Professional Standards for Teachers and the development of resources that reference all education sectors.

## ILLUSTRATIONS OF PRACTICE

Illustrations of early childhood teacher practice have been developed in partnership with the Australian Institute for Teaching and School Leadership (AITSL). These were filmed in both metropolitan and regional early childhood education and care settings, and offer a valuable resource to the Victorian profession that assists understanding of teaching practice at the early childhood level of learning. These will be an important resource for new early childhood teachers and their mentors to prompt professional discussion.

## IN FUTURE

The Early Childhood Teacher Registration Project will continue into 2016–17, with the development of policies and processes for early childhood teachers to renew their registration annually, and for provisionally registered early childhood teachers to demonstrate the Proficient Teacher level of the Australian Professional Standards for Teachers, enabling them to apply for (full) registration.

# THE SPECIAL NEEDS PLAN



The Victorian Government has identified a Special Needs Plan as a priority to assist teachers and schools/early childhood settings to support learners with disabilities.

The Minister for Education has approved VIT's application for specific regulations requiring registered teachers to build their capabilities to improve educational outcomes for learners with special needs (disabilities). As the accreditation agency of Victorian Initial Teacher Education (ITE) programs, VIT requires providers to develop a greater focus on education that will assist graduate teachers to teach learners with disabilities.

VIT is committed to developing a cohesive and developmental approach to the Special Needs Plan that spans all stages of a registered teacher's career. This means that graduating teachers have knowledge about strategies to teach learners with disabilities; provisionally registered teachers are supported to implement and develop their knowledge in practice; and registered teachers further develop, share and implement their knowledge and practice to improve educational outcomes for learners with disabilities.

## INITIAL TEACHER EDUCATION

VIT reform in initial teacher education is progressive, ensuring graduates from accredited ITE programs have a working knowledge of strategies to teach learners with disabilities. To evaluate progress, VIT is working with higher education providers to establish benchmarks, evaluate current programs and identify best practice. The special needs initiative will intersect with national reforms in ITE, developing more rigorous and effective programs of teacher education.

## PROVISIONALLY REGISTERED TEACHERS

A focus on special needs has been built into the process for provisionally registered teachers and early childhood teachers to demonstrate the Proficient Teacher level of the Australian Professional Standards for Teachers, enabling them to apply for (full) registration.

From July 2016, teachers undertaking this evidence-based process must include strategies for teaching learners with disabilities. To accommodate this, VIT has revised registration processes, teacher resources and training programs for mentors. These changes were introduced to provisionally registered teachers and early childhood teachers at face-to-face and online seminars in the second quarter of 2016.

## RENEWAL OF REGISTRATION

During the past year, VIT has been preparing teachers to answer questions about special-needs-related professional development when they renew their registration in late 2016.

A key component of this preparation has been comprehensive stakeholder engagement, and a Special Needs Stakeholder Reference Group made up of key members of the profession, which provides feedback and advice to VIT and informs the profession.

## LOOKING FORWARD

VIT is establishing evaluation processes to assess the effectiveness of the special needs requirements for registered teachers. VIT will continue monitoring and reviewing regulatory strategies, and coordinating with the Department of Education and Training as the teacher capability workforce strategy component of the Special Needs Plan is implemented.

“VIT is committed to developing a cohesive and developmental approach to the Special Needs Plan that spans all stages of a registered teacher's career.”



# WORKING WITH OUR STAKEHOLDERS



VIT interaction with the teaching profession is crucial to the effective implementation of regulatory policy and process. During the year, there were many opportunities for VIT to interact directly with teachers and other stakeholders, both individually and collectively. These were predominantly focused on the registration of early childhood teachers and the implementation of registration requirements to develop the capabilities of teachers to teach learners with special needs.

Some of the key activities are listed below.

- Operation of the Early Childhood Teacher Registration Stakeholder and Special Needs Stakeholder reference groups

*These reference groups provide feedback on VIT special projects and communicate key initiatives and activities to the profession.*

- Development of Early Childhood Illustrations of Practice

*This initiative in partnership with AITSL produced six Illustrations of early childhood teacher practice, creating a valuable resource for the teaching profession in Victoria and nationally.*

- Presentations to key stakeholder associations and organisations

*VIT maintains close relationships with school sector authorities, education unions, higher education institutions, peak principal authorities and other professional organisations.*

- Hosting delegations from the United Arab Emirates, Teachers Licensing and Evaluation Department, and the Public Education Evaluation Commission (PEEC) Riyadh, Saudi Arabia
- Presentation at Edfest graduate teacher online conference
- CEO and other staff presenting on the work of VIT to stakeholders, and at state, national and international conferences
- Presentations at early childhood forums and conferences
- *VIT has interacted closely with representatives from peak authorities within the early childhood sector.*
- Mentor training (in partnership with the Department for Education and Training) for 1045 teachers and early childhood teachers who are supporting beginning teachers
- Twilight seminars for 1756 provisionally registered teachers and early childhood teachers

VIT continues to work with the school and early childhood sectors to support provisionally registered teachers and early childhood teachers as they begin their teaching careers. The training of experienced teachers to mentor graduate teachers provides a valuable resource that has benefits across the profession.

“VIT interaction with the teaching profession is crucial to the effective implementation of regulatory policy and process.”

# REGISTRATION



## REGISTERING TEACHERS

There are 127,101 registered teachers in Victoria. Of this total, 5460 hold early childhood teacher registration and 1131 hold dual registration.

Early childhood teacher registration is a new category in 2015. The number of registered teachers (excluding early childhood teachers) has increased by 1 per cent from the previous year.

There has also been a 1 per cent increase in the number of teachers holding permission to teach compared to last year.

The number of teachers holding non-practising registration increased by 5 per cent in 2016.

Overall, there has been a 10 per cent decline in the number of new registrants (i.e. teachers registered with VIT for the first time). The majority of new registrants hold Victorian qualifications.

**Table 1:**  
**Number of registered teachers**  
**Report Filter: All Teachers**

Registration type	2016	2015	% change
Full registration	99,873	99,278	1 ↑
Provisional registration	15,394	15,630	2 ↑
Permission to teach	1064	1058	1 ↑
Returning	797	949	19 ↓
Non-practising	3382	3208	5 ↑
ECT full registration	4982	N/A	
ECT provisional registration	478	N/A	
Full registration & ECT full registration	616	N/A	
Provisional registration & ECT full registration	258	N/A	
Provisional registration & ECT provisional registration	248	N/A	
Permission to teach & ECT full registration	7	N/A	
Permission to teach & ECT provisional registration	2	N/A	
<b>TOTAL</b>	<b>127,101</b>	<b>120,123</b>	<b>5 ↑</b>

**Table 2:**  
**Number of new registrants**

Qualification type	2016	2015	% change
Interstate qualifications	930	825	13 ↑
Mutual recognition	442	511	14 ↓
Overseas qualifications	138	664	79 ↓
Victorian qualifications	4709	4925	4 ↓
<b>TOTAL</b>	<b>6219</b>	<b>6925</b>	<b>10 ↓</b>

The number of first-time registrants with interstate or overseas qualifications has decreased since the previous year, and the number of teachers registered with VIT for the first time through mutual recognition has declined by 14 per cent.

## REGISTERING NEW GRADUATES

During the reporting period, VIT granted provisional registration to 4671 graduates, including 530 mid-year graduates and 4141 end-of-year graduates.

The number of graduate applications processed decreased by 8 per cent compared to the previous year.

## PROVISIONAL TO (FULL) REGISTRATION

Graduate teachers are provisionally registered. To be granted (full) registration, they must demonstrate, through an evidence-based process, that they meet the standards of professional practice for (full) registration.

This generally occurs at the end of their first year of teaching, but may be completed over two years. Teachers who fail to apply for (full) registration after two years are no longer registered, and must make a new application for provisional registration.

## TEACHERS APPLYING FOR A FURTHER GRANT OF PROVISIONAL REGISTRATION

In the reporting period, a total of 2446 provisionally registered teachers made new applications for provisional registration. This was a 7 per cent decrease from the previous year.

## PERMISSION TO TEACH

In certain circumstances, permission to teach can be granted to individuals who may not have the teacher education qualifications required for registration, but have the appropriate skills and experience to teach. Individuals applying for permission to teach must also be suitable to teach and competent in the English language.

Permission to teach has facilitated pathways into the teaching profession. The number of individuals granted permission to teach has risen by 60 per cent from 283 in 2015 to 453 in 2016.

## NON-PRACTISING REGISTRATION

There are 3404 teachers who are registered as non-practising. Teachers holding non-practising registration cannot be employed as teachers in Victorian schools.

## RENEWAL OF REGISTRATION

All registered teachers are required to renew their registration. The period for renewal is dependent upon the date the teacher was first granted (full) registration. During the reporting period, 87,743 teachers renewed their registration.

There were 4193 teachers who did not renew their registration, and their names were removed from the register. In 2016–17, all teachers will move to an annual renewal cycle.

## NATIONAL POLICE HISTORY CHECK

National Police History Checks (NPHC) are undertaken by VIT on all persons applying for initial registration, and before the end of every five years.

Teachers holding a valid registration card with a current NPHC date are exempt from the Working with Children Check. VIT processed 29,108 National Police History Checks during the reporting period.

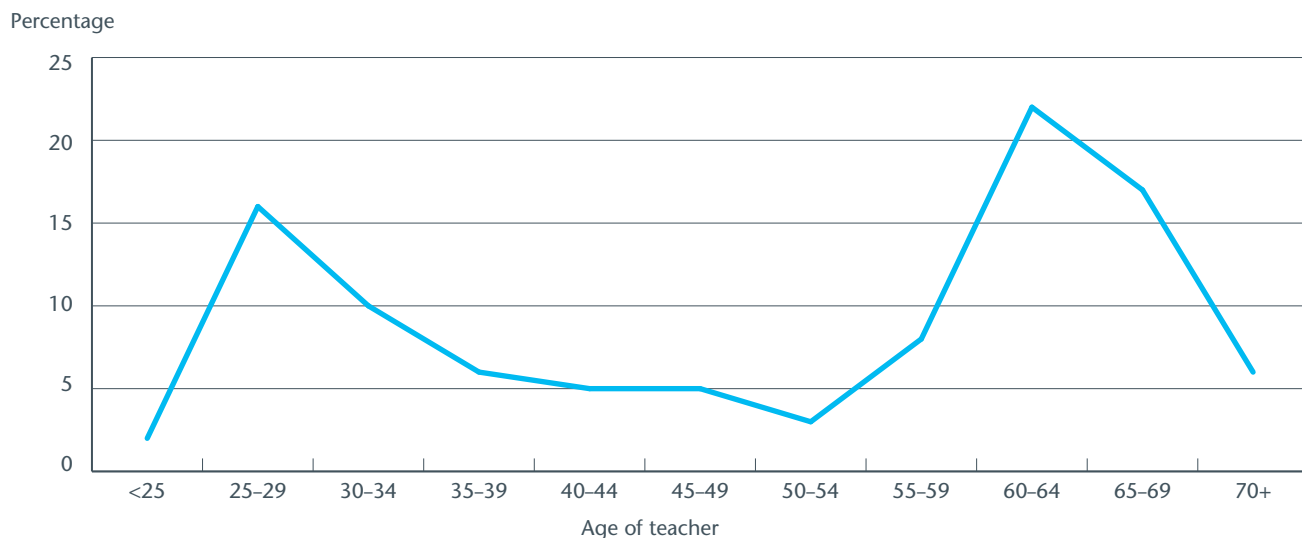
## THE REGISTER OF TEACHERS

VIT is required under the Act to maintain a record of registered teachers (the register). The register is available for inspection during office hours at VIT's office, and an extract of the register is also on VIT website at [www.vit.vic.edu.au](http://www.vit.vic.edu.au).

The public, teachers and employers can search this extract to check that a teacher has current registration.

During the reporting period, 1170 teachers voluntarily ceased their registration. This is an decrease of 3 per cent from the previous reporting period. The largest numbers of teachers who ceased their registration were in the age range of 60 to 69 years. Nearly all (97 per cent) of teachers ceasing their registration were not employed in a school.

**Figure 3:**  
**Age profile of teachers who have left the profession**

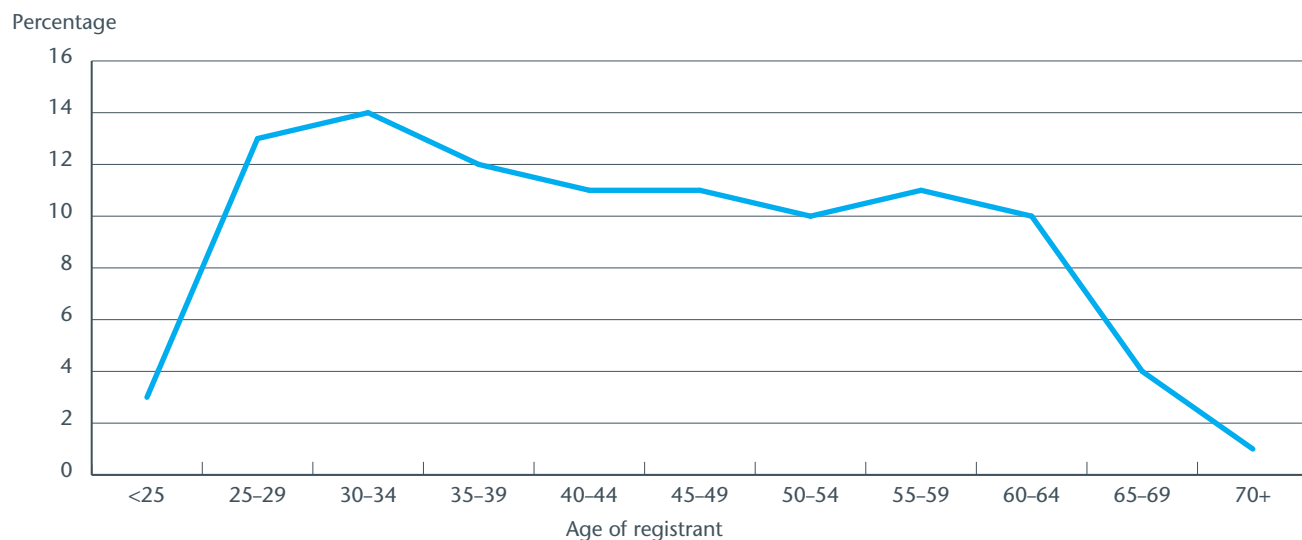


## AGE AND GENDER

The average age of teachers is 44, with the average age of females 43 and males 45. The largest group of registered teachers is aged between 30 and 34 years. This is a 1 per cent increase of teachers in that age group compared to the previous year.

Females accounted for 74 per cent of the teaching population and males 26 per cent. Within the subset of early childhood teachers, females accounted for 99 per cent.

**Figure 4:**  
**Age profile of registered teachers**





# ACCREDITATION



VIT's Accreditation Committee, under its legislative function, approves and accredits all the initial teacher education (ITE) programs offered by Victorian higher education institutions on a cyclical basis, at least once every five years, for the purposes of registration.

In 2015–16, the Accreditation Committee accredited 18 programs. A list of the accredited programs that accept enrolments is available at [www.vit.vic.edu.au](http://www.vit.vic.edu.au)

## ITE REFORM

The 2015 Teacher Education Ministerial Advisory Group report on teacher education, and the government's response charted a major reform agenda for initial teacher education. AITSL was charged with leading the reform agenda and VIT has assisted AITSL through involvement in a range of committees, working parties, benchmarking activities and responses to key documents.

The revised *Accreditation of Initial Teacher Education Programs in Australia: Standards and Procedures* were agreed by education ministers in December 2015. These reforms include greater clarity and rigour around what providers must do to gain accreditation, and ensure that trained accreditation panels apply the same high standards across Australia. The strengthened process focuses on evidence of impact, with providers required to demonstrate their program ensures their pre-service teachers possess the knowledge and skills they need to be successful in the classroom by the time they graduate.

## NATIONALLY CONSISTENT ACCREDITATION

The Australian graduate standards, revised program standards and national accreditation procedures continue to be used by VIT's Accreditation Committee to accredit all initial teacher education programs submitted for approval.

VIT established a project to strengthen the numbers of trained accreditation panel members. Upon completing online and face-to-face national training, these new members will join the Accreditation Expert Group and be eligible to sit on accreditation panels.

We continue to strengthen the annual reporting process to ensure accurate data, including data on priority areas, is collected from each provider. This is a key focus of national reporting under the revised program standards.

## PARTNERSHIPS

Work continues to develop and refine a nationally consistent approach to the Australian accreditation standards and process in partnership with other members of the Australian Teacher Regulatory Authorities and under the leadership of AITSL.

We also continue to work with all Victorian higher education institutions offering ITE programs to ensure that accredited and new programs meet the Australian standards for accreditation. Throughout 2015–16, we actively worked with these institutions through provision of workshops and presentations, representation at the Victorian Council of Deans of Education, attendance and participation in a range of Program Advisory Committee meetings, and formal and informal meetings at metropolitan and regional campuses.

To support the implementation of the ITE reform, VIT ran four Provider Workshops, one Accreditation Expert Group meeting and met with the Deans of Education on two occasions. The Chair of the Accreditation Committee visited each higher education provider to discuss progress under the national accreditation arrangements.

“The Australian graduate standards, revised program standards and national accreditation procedures continue to be used by VIT's Accreditation Committee to accredit all initial teacher education programs submitted for approval.”

# COMPLIANCE



## UNREGISTERED TEACHING

In 2015–16, VIT investigated 90 cases of unregistered teaching. The majority of these cases involved either provisionally registered teachers who taught after the expiry of their provisional registration, or Vocational Education and Training instructors unaware of registration requirements when instruction occurred on a school site.

VIT continues to work proactively with employers and principals to ensure that only people with registration or permission to teach undertake the duties of a teacher in a school or early childhood setting.

## AUDIT OF RENEWAL

Fully registered teachers are required to make self-declarations regarding their continued suitability to teach, days of teaching practice and hours of professional development.

As part of the renewal process, VIT randomly audits a sample of all renewal applications submitted. Applicants selected for audit are required to supply documentary evidence of their days of teaching practice and hours of professional learning.

In 2015–16, VIT audited 841 renewal applications, with 26 applicants unable to support their declarations. Those 26 did not renew their registration and could not undertake the duties of a teacher in a school.

## AUDIT OF PROVISIONAL TO (FULL) REGISTRATION

Provisionally registered teachers become eligible for (full) registration when they have gained teaching experience and demonstrated (through an evidence-based process) that they have met the Australian Professional Standards for Teachers at the Proficient Teacher level. As a validation process, VIT randomly audits a sample of applications for (full) registration. In 2015–16, VIT audited 127 applications for (full) registration.

## ANNUAL CENSUS

Each year, VIT checks that all ongoing and contracted staff in Victorian schools are registered. In government and Catholic schools, this check is done through an exchange of data between the sector authorities and VIT. In the independent sector, VIT works directly with each independent school requiring each school to submit a list of all teaching staff employed at the school.

In 2015–16, VIT checked the registrations of the 45,706 teachers employed in government schools, 17,315 in Catholic schools and 14,835 in independent schools.

# PROFESSIONAL CONDUCT



## CONCERNS ABOUT TEACHERS

VIT receives concerns through a range of channels, including complaints, employer notifications and ongoing Victoria Police record checking. As a regulatory body, VIT can also initiate inquiries into conduct through its 'own motion' powers (a range of powers available under the Act to respond to professional conduct concerns, including recently introduced suspension powers).

VIT endeavours to conduct investigations as quickly as practicable, having regard for the nature of the matter being investigated.

In 2015–16, VIT commenced 60 investigations. The following table highlights the sources of those investigations.

Table 3

Sources		Number of investigations
<b>Complaints</b>	VIT can inquire into any complaint that provides evidence a registered teacher is seriously incompetent; has engaged in misconduct (post 1 January 2011) or serious misconduct; is unfit to teach; or has an impairment that seriously detrimentally affects their ability to teach.  Where a complaint does not provide evidence in support of a matter, VIT will provide the complainant an opportunity to provide such evidence. VIT will not investigate where a complaint is frivolous or vexatious, is not supported by evidence or is not within VIT's jurisdiction.	8
<b>Employer notifications</b>	VIT must be advised by an employer if it has taken action against a teacher in response to any of the matters outlined in section 2.6.31 of the Act. Employers must also inform VIT of any other actions taken against registered teachers that may be relevant to their fitness to teach.	26
<b>Own motion investigations</b>	VIT can initiate an investigation if it reasonably believes a registered teacher is seriously incompetent; has engaged in misconduct or serious misconduct; is unfit to teach; or has an impairment that seriously detrimentally affects their ability to teach. This provides VIT with the capacity to investigate cases that otherwise might escape its attention.	9
<b>Indictable offences</b>	VIT has arrangements with Victoria Police, in accordance with the Act, to receive criminal history information about registered teachers. If VIT is informed that a registered teacher has been convicted or found guilty of an indictable offence other than a sexual offence, VIT must conduct an inquiry into the teacher's fitness to teach.	17
<b>Sexual offences</b>	The Act provides that VIT may suspend the registration or permission to teach of a person if that person is, in Victoria or elsewhere, charged with a sexual offence. A registered teacher who is convicted or found guilty of a sexual offence ceases to be a registered teacher.	6

**Table 4**  
**Professional conduct statistics**

Reporting period	2014 –15	2015–16
<b>Inquiries commenced</b>	79	60
Complaints	15	8
Employer notifications	34	26
Own motion	16	9
Indictable offences	14	17
<b>Matters not resulting in an inquiry</b>	38	44
Complaints	17	30
Employer notifications	20	12
Own motion	1	2
<b>Hearings conducted</b>	9	6
Medical panel hearings	1	0
Informal hearings	5	3
Formal hearings	3	3
<b>Agreements entered into</b>	10	24
To suspend registration only	1	1
To place conditions on registration only	9	18
To suspend registration and place conditions on registration	0	3
To cancel registration	1	2
<b>Sexual offence cancellations</b>	10	6
<b>Prosecutions finalised</b>	2	2
<b>VCAT appeals finalised (registration refusal)</b>	0	1
<b>VCAT appeals finalised (disciplinary appeal)</b>	0	0
<b>Supreme Court appeals finalised (Judicial Review)</b>	1	0
<b>TOTAL</b>	<b>111</b>	<b>99</b>



# CUSTOMER SERVICE



## CALL CENTRE

VIT's call centre is staffed 8am to 5pm, Monday to Friday (off-peak), and handles the bulk of phone interactions and email traffic for VIT. During the reporting period, we handled 110,448 customer interactions, an increase of 23 per cent on last year. Calls relating to early childhood teaching, which are new this year to VIT, contributed 7 per cent of this volume.

Email enjoyed the greatest level of growth, at 52 per cent. This is largely due to promoting email options through our website and hold messages, and building customer confidence by consistently offering high service levels in response. Our key performance indicator is all emails answered within two business days. Ninety per cent were answered within one business day, with the exception of the late September to mid-October peak period. Email is proving to be a channel of convenience for customer interactions. Over three years it has grown from 17 per cent of our interactions to 30 per cent. We envisage that this proportion will continue to grow in the coming year.

Customer service levels for phone interactions are measured using a Grade of Service (GOS) calculation. VIT's GOS target is the internationally recognised standard of 80 per cent of calls answered within 20 seconds. In this reporting period, we achieved a GOS of 77.5 per cent, the variance due to higher call volumes than were forecasted.

## CUSTOMER ENGAGEMENT

A new website was launched in July 2015, informed by user preference and stakeholder feedback. The site reflects changes in the way users access information, and was designed to be more intuitive, adaptable for use with mobile devices, and to meet Web Content Accessibility Guidelines (WCAG) requirements for accessibility. In the reporting period, we have had 823,941 visits, an increase of 18 per cent from last year.

Based on extensive research in user preference and in line with our engagement strategy, an in-house capability for filming and editing has been developed. Twenty-four videos have been created, providing information for teachers relating to their various registration requirements. There were a total of 21,171 visits during the reporting period.

The capacity to communicate via SMS was also developed, and used mainly to welcome new registrants to the profession.

These new communications channels have proven popular among our customers, and we will continue to monitor the response with a view to further use where appropriate.

“During the reporting period, we handled 110,448 customer interactions, an increase of 23 per cent on last year.”

# OUR BUSINESS OPERATIONS



## BANKING

VIT operates a corporate cheque account, and invests in term deposits held with the Treasury Corporation of Victoria and the Victorian Teachers Mutual Bank. VIT seeks to minimise risk and maximise return on funds available to meet its future needs.

## MAIL HOUSE SERVICES

VIT contracts its mail house operations to Lane Print and Post. Most letter printing and mailing is carried out by Lane Print and Post using encrypted files provided by VIT under strict privacy arrangements. The arrangement enables VIT to access favourable bulk postage rates.

## RECORDS MANAGEMENT

The central repository for all VIT's electronic records is Enterprise Content Management (ECM). The information capture and disposal is managed in accordance with government standards and relevant legislation.

## CONSULTANCIES AND OTHER MAJOR CONTRACTS

No major contract greater than \$10m was entered into in 2015–16. There were 16 consultancies engaged during the year, where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure incurred during 2015–16 in relation to these consultancies was \$56,477 (excl. GST). There were no contracts related to the Victorian Industry Participation Policy. For details of the consultant's contract worth more than \$10,000, refer to Appendix B.

## FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* (FOI Act) grants the community access to some information held by VIT. The Freedom of Information Officer determines right of access on a document-by-document basis in accordance with the FOI Act.

**Table 5**  
**Analysis of freedom of information requests, 2015–16**

Nature of requests		Number
Personal (relating to a single identified person)		1
Non-personal (request for non-specific and/or summative information)		0
Outcome of request	Full access	1
	Partial access	0
	Denied	0
	Pending	0
Request for internal review, partial access granted		0
Internal review confirmed initial FOI decision		0
Appeal of internal decision to VCAT		0
Carried forward to next year		0

## NATIONAL COMPETITION POLICY

VIT is the sole registration authority for teachers in all Victorian primary / secondary schools and early childhood settings.

## ENVIRONMENTAL SUSTAINABILITY

VIT continues to further refine its practices to reduce its carbon footprint. The VIT building is well rated for environmental sustainability, and incorporates a range of sustainable features (including advanced environmental lighting and water system controls).

These initiatives, combined with existing recycling and waste minimisation initiatives, are helping VIT in its endeavours to be an environmentally responsible organisation.

## OCCUPATIONAL HEALTH AND SAFETY

VIT, through its Occupational Health and Safety Committee, is committed to providing a safe and secure environment for its staff and visitors, and fully complies with its statutory obligations.

## STAFF AND COMMUNITY WELLBEING

Employees of VIT, through the People and Culture Working Group, are encouraged to participate in activities that promote wellbeing. Funds are raised for charities from various social events and functions.

## MERIT AND EQUITY

VIT applies Victorian Public Service merit and equity principles in selecting, recruiting and training staff.

## PROFESSIONAL DEVELOPMENT

VIT has an ongoing professional development program for its employees. Alongside its staff induction program, training needs are identified to ensure core functions can be carried out in an effective manner.

## HUMAN RIGHTS CHARTER

Every care is taken to ensure that all acknowledged human rights of the individual are recognised by the operations, policies and procedures of VIT.

**Table 6**  
**Staff by operation**

Staff	Number of staff	Full-time equivalent
Secretariat	5	5.0
Regulatory services	2	2.0
Accreditation	4	4.0
Professional conduct	8	7.8
Compliance	4	4.0
Standards, policy and research	2	2.0
Business services	3	2.7
Information technology	9	9.0
Administration and officer services	12	8.0
Performance and quality	3	3.0
Finance services	5	5.0
Communications	5	4.2
Customer services centre	14	10.2
Registration	15	14.3
Casual	1	0.6
<b>TOTAL</b>	<b>92</b>	<b>81.8</b>

# COUNCIL REPORT



The Council is responsible for managing the affairs of VIT and carries out its functions in the public interest to assist teachers to aspire to the highest standards of teaching practice and conduct.

For the reporting period, there were 12 members of the Council – 11 members (including the Chairperson) appointed by the Governor-in-Council on the recommendation of the Minister and the Secretary of the Department of Education and Early Childhood Development (or their nominee).

The Council is the fourth since VIT's inception, and was in operation from November 2011 to May 2016. The third Council had developed a Strategic Plan for the period 2013–16, and this plan was adopted and completed by the fourth Council.

## KEY RELATIONSHIPS

VIT is required to give due regard to any advice given by the Minister in relation to its powers and functions.

Based upon the Council's recommendations, the Minister:

- approves the qualifications, criteria and standards for the registration and renewal of teacher registration in Victorian schools;
- fixes the registration fees for a period of 12 months, and may amend the fee at the end of that period;
- recommends to the Governor-in-Council the appointment of members to the hearing panel pool;
- consults with VIT on issues of importance to teacher registration and standards; and
- approves policies for the qualifications, criteria and standards for registration or renewal of registration that have been recommended by VIT under *the Education and Training Reform Act 2006*.

**Table 7**  
**Number of Council meetings attended**

Name	Meetings attended		Total
	2015	2016	
Michael Butler	4	3	7
Stephen Dinham	4	3	7
Louise Heggen	4	3	7
Ian Johnson	3	3	6
Allen McAuliffe	4	2	6
Gail McHardy	4	3	7
Donald Paproth	4	3	7
Mary-Anne Pontikis	4	3	7
Debra Punton	3	3	6
Anne Sarros	4	3	7
Leonie Sheehy	4	3	7
Gene Reardon	4	3	7



# COUNCIL MEMBERS / GOVERNANCE



**Donald Paproth**  
Chairperson



**Allen McAuliffe**  
Principal, Sandringham College (2015)  
Department of Education and  
Training (2016)



**Michael Butler**  
Registered Teacher



**Professor Stephen Dinham**  
OAM  
Melbourne Graduate School of  
Education, University of Melbourne



**Louise Heggen**  
Registered Teacher



**Dr Ian Johnson**  
Registered Teacher



**Gail McHardy**  
Executive Officer, Parents Victoria



**Mary-Anne Pontikis**  
Registered Teacher



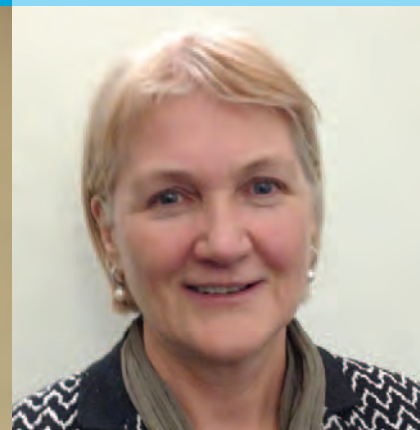
**Debra Punton**  
Deputy Director – Catholic  
Identity, Catholic Education Office



**Dr Anne Sarros**  
Former Principal



**Leonie Sheehy**  
Registered Teacher



**Gene Reardon**  
Delegate, Secretary of the  
Department of Education  
and Training

# COUNCIL COMMITTEES



## AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee oversees the financial and general administrative functions of VIT. It makes recommendations to Council on the financial requirements of VIT's governing legislation and other legislation regulating the financial management and accountabilities of VIT.

On behalf of the Council, the Committee manages the development and implementation of VIT's strategic and business plan budgets. In addition, the Committee advises Council on the adequacy and effectiveness of VIT's financial and accounting policies and related control systems.

During 2015–16, the Audit and Finance Committee met seven times.

### Members

David Nairn – independent external member (Committee Chairperson)  
Donald Paproth – Council Chairperson  
Allen McAuliffe – Council member  
Michael Butler – Council member  
Gail McHardy – Council member  
Debra Punton – Council member  
Kerri Reynolds – independent external member

## REMUNERATION COMMITTEE

The Remuneration Committee implements Government Sector Executive Remuneration Panel (GSERP) policies and guidelines for the employment of VIT's executive officers. Specifically, the Remuneration Committee determines the performance criteria of the Chief Executive Officer, conducts their annual performance review and advises Council of any other relevant matters in the jurisdiction of GSERP.

During 2015–16, the Remuneration Committee met twice.

### Members

Donald Paproth (Committee Chairperson) – Council Chairperson  
Debra Punton – Committee Deputy Chairperson

## ACCREDITATION COMMITTEE

The Accreditation Committee assesses and approves initial teacher education programs for the purposes of registration, consistent with the standards for accreditation approved by Council. The Committee comprises teachers and principals from Victorian government and non-government schools, teacher educators, representatives of Victorian teacher employers and the Victorian Curriculum and Assessment Authority.

During 2015–16, the Accreditation Committee met four times.

### Members

#### Council members

Donald Paproth (Committee Chairperson) – Council Chairperson  
Stephen Dinham – Council member  
Louise Heggen – Council member

#### Non-Council Members

Anita Brown – Employer representative, Department of Education and Training  
Chris Lennon – Employer representative, Catholic Education Office  
Jim Laussen – Employer representative, Independent Schools Victoria  
Linda Blakis – Registered teacher  
Angela Pope – Registered teacher

## PROFESSIONAL CONDUCT COMMITTEE

The Disciplinary Proceedings Committee is responsible for the administration of VIT's disciplinary procedures. In its decision making, the Committee reflects the standards of fitness, conduct and competence the teaching profession expects of registered teachers.

During 2015–16, the Disciplinary Proceedings Committee met 11 times.

### Members

Anne Sarros (Committee Chairperson) – Council member  
Michael Butler – Council member  
Ian Johnson – Council member  
Gail McHardy – Council member  
Mary-Anne Pontikis – Council member  
Leonie Sheehy – Council member

# ATTESTATION FOR COMPLIANCE



## **Attestation for compliance with the Ministerial Standing Direction 4.5.5**

I, Audrey Brown certify that the Victorian Institute of Teaching has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The Victorian Institute of Teaching Audit and Finance Committee has verified this.

A blue ink signature of Audrey Brown, written in a cursive style.

Audrey Brown  
Chairperson- Victorian Institute of Teaching

Melbourne  
17 August 2016

Level 9, 628 Bourke Street, Melbourne, 3000  
PO Box 531 Collins Street West, Victoria 8007  
T 03 8601 6260 F 03 8601 6101  
W [www.vit.vic.edu.au](http://www.vit.vic.edu.au)



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016



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# COMPREHENSIVE OPERATING STATEMENT

for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>INCOME FROM TRANSACTIONS</b>			
Interest	2 (a)	301,788	323,396
Fees	2 (b)	13,040,556	12,960,315
Other income	2 (c)	514,925	229,558
<b>Total income from transactions</b>		<b>13,857,269</b>	<b>13,513,269</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Employee expenses	3 (a)	9,074,640	7,969,072
Depreciation and amortisation	3 (b)	403,238	948,607
Supplies and services	3 (c)	3,911,155	3,284,896
Occupancy expenses	3 (d)	548,161	531,328
<b>Total expenses from transactions</b>		<b>13,937,194</b>	<b>12,733,903</b>
<b>Net result from transactions (net operating balance)</b>		<b>(79,925)</b>	<b>779,366</b>
<b>OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>			
Net gain/(loss) on non-financial assets	4	(5,627)	(54,947)
<b>Total other economic flows included in net result</b>		<b>(5,627)</b>	<b>(54,947)</b>
<b>Comprehensive result</b>		<b>(85,553)</b>	<b>724,419</b>

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

# BALANCE SHEET

as at 30 June 2016

	Notes	2016 \$	2015 \$
<b>FINANCIAL ASSETS</b>			
Cash and deposits	18(a)	1,104,126	3,126,556
Investments	5	9,000,000	6,000,000
Receivables	6	159,586	110,312
<b>Total financial assets</b>		<b>10,263,713</b>	<b>9,236,868</b>
<b>NON-FINANCIAL ASSETS</b>			
Plant and equipment	8	1,512,993	1,782,954
Intangible assets	9	195,092	314,432
Other non-financial assets	7	132,842	153,792
<b>Total non-financial assets</b>		<b>1,840,926</b>	<b>2,251,178</b>
<b>Total assets</b>		<b>12,104,638</b>	<b>11,488,046</b>
<b>LIABILITIES</b>			
Payables	10	1,820,291	1,764,681
Provisions	11	1,945,441	1,346,699
Income received in advance	13	3,244,379	3,196,587
<b>Total liabilities</b>		<b>7,010,111</b>	<b>6,307,967</b>
<b>Net assets</b>		<b>5,094,526</b>	<b>5,180,079</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)	19	5,094,526	5,180,079
<b>Net worth</b>		<b>5,094,526</b>	<b>5,180,079</b>
Commitments for expenditure	16		
Contingent assets and contingent liabilities	15		

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

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Accumulated surplus \$	Contributions by owner \$	Total \$
Balance at 1 July 2014	4,455,660	–	4,455,660
Comprehensive result for the year	724,419	–	724,419
Balance at 30 June 2015	5,180,079	–	5,180,079
Comprehensive result for the year	(85,553)	–	(85,553)
Balance at 30 June 2016	5,094,526	–	5,094,526

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 30 June 2016

	Notes	2016 \$	Restated 2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from customers and registration fees		13,599,304	14,120,133
Goods and services tax recovered from the Australian Tax Office		363,458	330,002
Interest received		301,562	335,110
<b>Total receipts</b>		<b>14,264,323</b>	<b>14,785,245</b>
<b>Payments</b>			
Payments to suppliers and employees		(13,267,190)	(11,008,512)
<b>Total payments</b>		<b>(13,267,190)</b>	<b>(11,008,512)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>18 (b)</b>	<b>997,133</b>	<b>3,776,733</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(9,063)	(1,619,117)
Payments for intangible assets		(10,500)	(78,649)
Payments for investments		(17,750,000)	(16,000,000)
Proceeds/receipts from investments		14,750,000	12,000,000
<b>Net cash flows from/(used in) investing activities</b>		<b>(3,019,563)</b>	<b>(5,697,766)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>(2,022,430)</b>	<b>(1,921,033)</b>
Cash and cash equivalents at the beginning of the financial year		3,126,556	5,047,589
<b>Cash and cash equivalents at the end of the financial year</b>	<b>18 (a)</b>	<b>1,104,126</b>	<b>3,126,556</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements represent the audited general purpose financial statements for the Victorian Institute of Teaching (VIT) for the year ending 30 June 2016.

The purpose of the report is to provide users with information about VIT's stewardship of resources entrusted to it.

### (A) STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs), 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*.

VIT applies not-for-profit standards in accordance with Financial Reporting Direction (FRD) 108A *Classification of Entities as For-Profit*.

Accounting policies are selected and applied in a manner that ensures 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.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in note 26.

The annual financial statements were authorised for issue by the Chairperson of VIT on 17 August 2016.

### (B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

In the application of the AASs, judgements, estimates and assumptions have to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical

experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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 and assumptions made by management in the application of the AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of leasehold improvements, fixtures and fittings, plant and equipment
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

Consistent with AASB 13 *Fair Value Measurement*, VIT determines the policies and procedures for both recurring fair value measurements, such as plant and equipment, and financial instruments, and for non-recurring fair value measurements, such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, VIT has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

In addition, VIT 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.

### (C) REPORTING ENTITY

The financial statements include all the activities of VIT, a Statutory Authority established under the *Victorian Institute of Teaching Act 2001* for the regulation of the teaching profession in Victoria, and now operates under Part 2.6 of the *Education and Training Reform Act 2006* (the Act). VIT reports directly to the Parliament of Victoria through the Minister for Education.

### (D) OBJECTIVES AND FUNDING

The legislated objectives of VIT are to recognise and regulate the members of the teaching profession by providing for the registration of teachers in schools in Victoria, regulating the conduct of those teachers and providing a procedure for handling complaints about teachers registered or permitted to teach under the Act.

VIT operates as a single unit, with no associated entities, and has not entered into any joint-venture arrangements. VIT has no administrative responsibility for transactions and balances relating to trust funds of third parties external to Victorian Government revenues.

### (E) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

#### COMPREHENSIVE OPERATING STATEMENT

The comprehensive operating statement comprises two components, being: 'net result from transactions' (also called 'net operating balance') and 'other economic flows included in net result'. The sum of the two together represents the net result.

The net result is equivalent to profit or loss derived in accordance with the AASs.

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

'Transactions' and 'other economic flows' are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* and amendments to the *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (ABS catalogue no. 5514.0) (the GFS manual) Refer to Note 26 Glossary of terms and style conventions.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include:

- gains and losses from disposals
- revaluations and impairments of non-financial physical and intangible assets
- fair value changes of financial assets.

#### BALANCE SHEET

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

Current and non-current assets and liabilities (non-current being those assets and liabilities expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

#### STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity presents reconciliations of each non-owner and owner equity from the opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period.

#### CASH FLOW STATEMENT

Cash flows are classified according to whether or not they arise from operating, investing or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

## ROUNDING

Amounts in the financial statements (including the notes) have been rounded to the nearest whole dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

## (F) INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to VIT and the income can be reliably measured. Income is recognised for each of VIT's major activities as follows:

### INTEREST

Interest income includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

### REGISTRATION AND APPLICATION FEES

Registration fees are raised annually in advance and application for registration fees are raised on request. Income is recognised in the year to which the application/registration relates. Application for registration and registration fees are recognised with reference to the stage of completion method, based on the registration period that has expired. The unexpired portion is recognised as unearned income.

VIT does not recognise debtors in relation to registration fees, as non-payment of registration fees results in suspension or expiry of registration and cancellation of the registration fee invoice. Income relating to a future period, in accordance with the above income recognition policy, is carried forward in the balance sheet as Income received in advance.

### CRIMINAL RECORD CHECK FEES

Criminal record check fees (known as National Police History Checks) are charged to prospective and renewing teachers. The income is recognised in the year in which the check is run.

### LATE FEES

Late fees are recognised on payment.

### GRANTS

Income from grants are recognised as revenue received in advance upon receipt of payment, and are recognised as revenue in the period in which the related project work is completed.

### OTHER INCOME

Other income primarily consists of pilot study income and sponsorship provided for various activities conducted by VIT.

## (G) EXPENSES FROM TRANSACTIONS

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

### EMPLOYEE EXPENSES

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

### SUPERANNUATION

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

In their annual financial statements, The Department of Treasury and Finance (DTF) discloses on behalf of the State, as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans.

### DEPRECIATION

All infrastructure assets, leasehold improvements, plant and equipment and other non-financial physical assets that have finite useful lives (excluding items under operating leases), with cost values exceeding \$2000, are depreciated. Depreciation is calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Refer to Note 8(A) for depreciation rates for each asset class.

### AMORTISATION

Intangible produced assets with finite useful lives, with cost values exceeding \$2000, are amortised as an expense from transactions on a reducing balance method over the asset's useful life (three years), with the exception of VIT's CRM and TechnologyOne assets. CRM assets are amortised on a straight-line basis over the useful life (4.75 years). CRM assets were reassessed with a common expiry date of 31 March 2016. TechnologyOne assets are amortised on a straight-line basis over the useful life (seven years). Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

## SUPPLIES AND SERVICES

Supplies and services generally represent cost of services delivered and the day-to-day running costs, including maintenance costs, incurred in the normal operations of VIT. These items are recognised as an expense in the reporting period in which they are incurred.

## OCCUPANCY EXPENSES

Occupancy expenses include rental expense, provision of make good, outgoing and repairs and maintenance charges. The lease on Level 9/628 Bourke Street commenced 1 September 2014, with a lease term of eight years.

## (H) OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

### NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

*Revaluation gains/(losses) of non-financial physical assets*

Refer to Note 1(K) Non-financial assets.

*Disposal of non-financial assets*

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

*Amortisation of non-produced intangible assets*

Intangible non-produced assets with finite lives are amortised as another economic flow on a systematic basis over the asset's useful life. 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.

*Impairment of non-financial assets*

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indication of impairment, except for financial assets.

If there is an indication of impairment, 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 by a change to the Comprehensive Operating Statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of the depreciated replacement cost or fair value less costs to sell. The recoverable amount for an asset 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 or fair value less costs to sell.

### NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for financial instruments at amortised cost
- disposal of financial assets.

*Revaluations of financial instruments at fair value*

Refer to Note 1(I) Financial instruments.

## (I) 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. Due to the nature of VIT's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

## CATEGORIES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

### *Receivables*

Receivables 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, less any impairment.

The receivables category includes cash and deposits (refer to Note 1(J)), term deposits with maturity greater than three months, trade receivables, and other receivables, but not statutory receivables.

The held-to-maturity category includes certain term deposits that the entity concerned intends to hold to maturity.

### *Financial liabilities at amortised cost*

Financial instrument liabilities 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 method.

Financial instrument liabilities measured at amortised cost include all payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

### *Offsetting financial instruments*

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, VIT has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### *Reclassification of financial instruments*

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

Financial instrument assets that meet the definition of receivables may be reclassified out of the fair

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

## (J) FINANCIAL ASSETS

### CASH AND DEPOSITS

Cash and deposits, including cash equivalents, comprise of cash on hand and cash at bank (net of outstanding cheques yet to be presented by VIT's suppliers and creditors), deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### RECEIVABLES

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Amounts owing from the Victorian Government, taxes and other 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.

### INVESTMENTS AND OTHER FINANCIAL ASSETS

VIT classifies its other investments in the following categories: loans and receivables and investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

### 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 under any of the following circumstances:

- the rights to receive cash flows from the asset have expired
- VIT 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



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

#### IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, VIT assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings. All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as transaction expenses. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets that are not financial instruments, VIT applies professional judgement in assessing materiality and using estimates, averages and computational shortcuts in accordance with AASB 136 *Impairment of assets*.

### (K) NON-FINANCIAL ASSETS

#### PLANT AND EQUIPMENT

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(M)) is measured at amounts equal to the fair value of

the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

#### *Leasehold improvements*

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

#### *Revaluations of non-financial physical assets*

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows – other comprehensive income', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as 'other economic flows' in the net result. The net revaluation decrease recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of plant and equipment are offset against one another within that class, but are not offset in respect of assets in different classes. Any revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

## INTANGIBLE ASSETS

Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to VIT.

An internally generated, intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale
- (b) an intention to complete the intangible asset and use or sell it
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefits
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

## OTHER NON-FINANCIAL ASSETS

### *Prepayments*

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services, or that part of an expenditure made in one accounting period that covers a term extending beyond that period.

## (L) LIABILITIES

### PAYABLES

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession notes. Accounts payable represent liabilities for goods and services provided to VIT prior to the end of the financial year that are unpaid, and arise when VIT becomes obliged to make future payments in respect of the purchase of those goods and services
- 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.

### INCOME RECEIVED IN ADVANCE

Registration fees are raised in advance. Income is recognised in the year to which the registration relates. The unexpired portion is recognised as unearned income. (Refer to Note 13 Income received in advance).

### PROVISIONS

Provisions are recognised when VIT has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### EMPLOYEE BENEFITS

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

#### *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits annual leave, are all recognised in the provision for employee benefits as current liabilities, because VIT does not have an unconditional right to defer settlements of these liabilities. Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

- nominal value – if VIT expects to wholly settle within 12 months or
- present value – if VIT does not expect to wholly settle with 12 months.

### *Long service leave (LSL)*

Liability for LSL is recognised in the provisions for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where VIT 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 this current LSL liability are measured at:

- nominal value – if VIT expects to wholly settle within 12 months or
- present value – if VIT does not expect to wholly settle with 12 months.

### *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. VIT recognises termination benefits when it is demonstrably committed to either termination of 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 the end of the reporting period are discounted to present value.

### ON-COSTS RELATED TO EMPLOYEE EXPENSES

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

## (M) LEASES

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

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

### FINANCE LEASES

#### *VIT as lessee*

At the commencement of the lease term, finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease plant

and equipment or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset. If there is certainty that VIT will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

### OPERATING LEASES

#### *VIT as lessee*

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

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

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

## (N) COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 16 Commitments for expenditure) at their nominal value and inclusive of the GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual

projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

#### **(O) CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 15 Contingent assets and contingent liabilities) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### **(P) ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)**

Income, expenses and assets are recognised net of the amount of associated goods and services tax (GST), except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as an operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(N) and Note 1(O)).

#### **(Q) EVENTS AFTER REPORTING DATE**

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

#### **(R) AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE**

Certain new Australian Accounting Standards (AASs) have been published that are not mandatory for the 30 June 2016 reporting period. DTF assesses the impact of all these new standards and advises VIT of their applicability and early adoption where applicable. Please refer to Note 25 for the detailed list of the AASs issued but not yet effective for the 2015–16 reporting period.

## NOTE 2: INCOME

	2016 \$	2015 \$
<b>INCOME FROM TRANSACTIONS</b>		
<b>(a) Interest</b>		
Interest from financial assets not at fair value through comprehensive operating statement:		
Interest on bank deposits	38,600	62,935
Interest on investments	263,188	260,461
<b>Total interest income</b>	<b>301,788</b>	<b>323,396</b>
<b>(b) Fees</b>		
Teacher registration	11,528,469	10,974,719
Criminal record check fees	1,181,330	1,667,523
Replacement card fees	9,944	12,517
Late registration payments	285,510	266,936
Qualification assessments	5,392	17,368
Statements of good standing	7,162	9,000
Course accreditation assessment fees	22,749	12,252
<b>Total fees</b>	<b>13,040,556</b>	<b>12,960,315</b>
<b>(c) Other income</b>		
Sponsorship	74,330	25,455
Cost recovery for prosecutions	400	692
Other revenue*	440,195	203,411
<b>Total other income</b>	<b>514,925</b>	<b>229,558</b>

\*Note Other revenue brings into account monies previously held in advance for the purpose of matching against the cost of activities undertaken to effect early childhood teacher registration.

## NOTE 3: EXPENSES

	2016 \$	2015 \$
<b>EXPENSES FROM TRANSACTIONS</b>		
<b>(a) Employee expenses</b>		
Salaries and wages	7,955,769	6,948,030
Superannuation	672,692	644,412
On-costs (payroll tax, fringe benefits tax and WorkCover)	446,179	376,630
<b>Total payroll</b>	<b>9,074,640</b>	<b>7,969,072</b>
<b>(b) Depreciation and amortisation</b>		
<b>Depreciation of plant and equipment</b>		
Plant and equipment	62,778	77,218
Fixtures and fittings	10,587	10,530
Leasehold improvements	200,644	166,562
<b>Total depreciation of plant and equipment</b>	<b>274,009</b>	<b>254,310</b>
Software amortisation	129,229	694,297
<b>Total depreciation and amortisation</b>	<b>403,238</b>	<b>948,607</b>
<b>(c) Supplies and services</b>		
HR expenses	185,717	233,453
Council and committee expenses	123,427	152,979
Consultancy and contractor expenses	889,434	506,358
Communication expenses	604,466	468,441
Finance expenses	99,869	80,808
Legal expenses	226,694	107,182
Printing and stationery expenses	73,434	102,522
Research and development	9,136	2,000
Travel and accommodation	83,434	80,510
Marketing expenses	130,709	196,650
Administration expenses	729,534	498,386
Criminal record checks	755,301	855,607
<b>Total supplies and services</b>	<b>3,911,155</b>	<b>3,284,896</b>
<b>(d) Occupancy expenses</b>		
Operating lease rental expenses:		
Minimum lease payments (expense)	309,698	300,546
Unwinding of make good provision	–	(8,182)
Outgoings, cleaning and utilities	195,807	191,237
Maintenance and repairs	42,656	47,727
<b>Total occupancy expenses</b>	<b>548,161</b>	<b>531,328</b>



## NOTE 4: OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2016 \$	2015 \$
<b>Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of non-financial assets	(5,627)	(54,947)
<b>Total net gain/(loss) on non-financial assets and liabilities</b>	<b>(5,627)</b>	<b>(54,947)</b>

## NOTE 5: INVESTMENTS

	2016 \$	2015 \$
<b>Current investments</b>		
Term deposits:		
Australian dollar term deposits > three months	9,000,000	6,000,000
<b>Total current investments</b>	<b>9,000,000</b>	<b>6,000,000</b>

(a) Ageing analysis of investments and other financial assets

Please refer to Table 17.4 in Note 17 for the ageing analysis of investments and other financial assets.

(b) Nature and extent of risk arising from investments and other financial assets

Please refer to Note 17 for the nature and extent of risks arising from investments and other financial assets.

## NOTE 6: RECEIVABLES

	2016 \$	2015 \$
<b>Current receivables</b>		
<b>Contractual</b>		
Debtors	17,685	15,097
Accrued investment income	12,652	12,426
	<b>30,337</b>	<b>27,523</b>
<b>Statutory</b>		
Net GST receivable	129,249	82,789
	<b>129,249</b>	<b>82,789</b>
<b>Total current receivables</b>	<b>159,586</b>	<b>110,312</b>
<b>Total receivables</b>	<b>159,586</b>	<b>110,312</b>

(a) Ageing analysis of contractual receivables

Please refer to Table 17.4 in Note 17 for the ageing analysis of contractual receivables.

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

Please refer to Note 17 for the nature and extent of risks arising from contractual receivables.

## NOTE 7: OTHER NON-FINANCIAL ASSETS

	2016 \$	2015 \$
<b>Current other non-financial assets</b>		
Prepayments	132,545	152,857
<b>Non-current other non-financial assets</b>		
Prepayments	297	935
<b>Total other non-financial assets</b>	<b>132,842</b>	<b>153,792</b>

## NOTE 8: PLANT AND EQUIPMENT

	2016 \$	2015 \$
<b>Carrying amounts</b>		
<b>Classification by nature</b>		
Leasehold improvements:		
At cost	1,605,150	1,605,150
Less: accumulated depreciation	(367,206)	(166,562)
	<b>1,237,944</b>	<b>1,438,588</b>
Fixtures and fittings:		
At cost	84,697	84,697
Less: accumulated depreciation	(21,805)	(11,218)
	<b>62,892</b>	<b>73,479</b>
Plant and equipment:		
At cost	907,811	918,628
Less: accumulated depreciation	(695,655)	(647,741)
	<b>212,156</b>	<b>270,887</b>
<b>Net carrying amount of plant and equipment</b>	<b>1,512,993</b>	<b>1,782,954</b>

## NOTE 8(A): PLANT AND EQUIPMENT

## Movements in carrying amount

	Leasehold improvements		Fixtures and fittings		Plant and equipment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	1,438,588	–	73,479	80,038	270,887	338,143	1,782,955	418,180
Additions	–	1,605,150	–	3,972	9,063	9,995	9,063	1,619,117
Disposals	–	–	–	–	(5,016)	(33)	(5,016)	(33)
Depreciation expense	(200,644)	(166,562)	(10,587)	(10,530)	(62,778)	(77,218)	(274,009)	(254,310)
Closing balance	1,237,944	1,438,588	62,892	73,479	212,156	270,887	1,512,993	1,782,955

The following rates are used in the calculation of depreciation:

	2016	2015
Leasehold improvements	12.5%	12.5%
Furniture and fittings	12.5%	12.5%
Plant and equipment	33.33%	33.33%
Plant and equipment (from 1/7/14) average	21.5%	21.50%

## NOTE 8(B): FAIR VALUE

As a means of measurement of fair value of assets and liabilities, the following three-level hierarchy is available as a valuation methodology:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date.
- Level 2 – Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

VIT considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

### Fair value measurement hierarchy for assets

#### 2016

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Fixtures and fittings	62,892	–	–	62,892
Plant and equipment	212,156	–	–	212,156
<b>Total</b>	<b>275,048</b>	<b>–</b>	<b>–</b>	<b>275,048</b>

#### 2015

Fixtures and fittings	73,479	–	–	73,479
Plant and equipment	270,887	–	–	270,887
<b>Total</b>	<b>344,366</b>	<b>–</b>	<b>–</b>	<b>344,366</b>

## Reconciliation of Level 3 fair value

	Fixtures and fittings	Plant and equipment
<b>2016</b>		
<b>Opening balance</b>	<b>73,479</b>	<b>270,887</b>
Transfer in (out) of Level 3	–	–
Gains or losses recognised in net result: Depreciation/Impairment	–	–
Depreciations	(10,587)	(62,778)
Acquisition / (Disposal)	–	4,047
<b>Subtotal</b>	<b>(10,587)</b>	<b>(58,731)</b>
<b>Closing balance</b>	<b>62,893</b>	<b>212,156</b>
<b>2015</b>		
<b>Opening balance</b>	<b>80,038</b>	<b>338,143</b>
Transfer in (out) of Level 3	–	–
Gains or losses recognised in net result: Depreciation/Impairment	–	(33)
Depreciations	(10,530)	(77,218)
Acquisition/(Disposal)	3,972	9,995
<b>Subtotal</b>	<b>(6,558)</b>	<b>(67,256)</b>
<b>Closing balance</b>	<b>73,479</b>	<b>270,887</b>

## Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs	Range (average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
<b>Fixtures and fittings</b>	Depreciated replacement cost	Cost per unit	\$1000–11,000 (\$2000)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of fixtures and fittings	8 years (8 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Plant and equipment</b>	Depreciated replacement cost	Cost per unit	\$1000–173,000 (\$7000)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of plant and equipment	4–8 years (6 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

## NOTE 9: INTANGIBLE ASSETS

Capitalised software development						
	2016 \$			2015 \$		
	CRM	Other	Total	CRM	Other	Total
<b>Gross carrying amount</b>						
Opening balance	2,041,030	680,394	2,721,424	2,041,030	1,291,987	3,333,017
Additions	–	10,500	10,500	–	78,649	78,649
Disposals	–	(4,724)	(4,724)	–	(690,242)	(690,242)
Closing balance	2,041,030	686,170	2,727,200	2,041,030	680,394	2,721,424
<b>Accumulated amortisation and impairment</b>						
Opening balance	(1,944,256)	(462,736)	(2,406,992)	(1,294,362)	(1,053,661)	(2,348,023)
Disposals	–	4,113	4,113	–	635,328	635,328
Amortisation expense	(96,774)	(32,454)	(129,229)	(649,893)	(44,404)	(694,297)
Closing balance	(2,041,030)	(491,078)	(2,532,108)	(1,944,256)	(462,736)	(2,406,992)
Net book value at the end of the financial year	–	195,092	195,092	96,774	217,657	314,432

## NOTE 10: PAYABLES

	2016 \$	2015 \$
<b>Current payables</b>		
<b>Contractual</b>		
Trade creditors and accruals	834,472	618,489
Unused lease incentive – (Note 14)	159,863	159,863
Total current payables	994,335	778,352
<b>Non-current payables</b>		
<b>Contractual</b>		
Unused lease incentive – (Note 14)	825,956	986,330
Total non-current payables	825,956	986,330
<b>Total payables</b>	<b>1,820,291</b>	<b>1,764,681</b>

(a) Maturity analysis of contractual payables

Please refer to Table 17.5 in Note 17 for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 17 for the nature of risks arising from contractual payables.



## NOTE 11: PROVISIONS

	2016 \$	2015 \$
<b>Current provisions</b>		
Employee benefits (Note 11(a)) (i)		
Annual leave (Note 11(A)):		
Unconditional and expected to be wholly settled within 12 months (ii)	513,404	319,699
Unconditional and not expected to be wholly settled within 12 months (ii)	–	108,821
Long service leave (Note 11(A)):		
Unconditional and expected to be wholly settled within 12 months (ii)	100,694	379,725
Unconditional and not expected to be wholly settled within 12 months (ii)	530,263	76,665
	1,144,361	884,910
Provision for on-costs (Note 11(A))		
Unconditional and expected to be wholly settled within 12 months (ii)	83,600	46,005
Unconditional and not expected to be wholly settled within 12 months (ii)	84,517	15,659
	168,117	61,664
<b>Total current provisions</b>	<b>1,312,478</b>	<b>946,574</b>
<b>Non-current provisions</b>		
Employee benefits (Note 11(A))	251,734	54,642
Employee benefit on-costs (ii)	40,123	11,032
Make good provision (Note 11(B))	341,106	334,451
<b>Total non-current provisions</b>	<b>632,963</b>	<b>400,125</b>
<b>Total provisions</b>	<b>1,945,441</b>	<b>1,346,699</b>

## NOTE 11 (A) EMPLOYEE BENEFITS AND RELATED ON-COSTS

	2016 \$	2015 \$
<b>Current employee benefits</b>		
Annual leave	513,404	428,520
Long service leave	630,957	456,390
<b>Non-current employee benefits</b>		
Long service leave	251,734	54,642
<b>Total employee benefits</b>	<b>1,396,095</b>	<b>939,552</b>
Current on-costs	168,117	61,664
Non-current on-costs	40,123	11,032
<b>Total on-costs</b>	<b>208,240</b>	<b>72,696</b>
<b>Total employee benefits and on-costs</b>	<b>1,604,335</b>	<b>1,012,248</b>

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

(ii) Amounts are measured at present values.

## NOTE 11 (B): MOVEMENT IN PROVISIONS

	Make good provision	Make good provision
	2016	2015
	\$	\$
<b>Opening balance</b>	<b>334,451</b>	<b>170,000</b>
Increase/(Decrease) of provisions recognised (i)	6,655	(170,000)
New premises provision	–	334,451
<b>Closing balance</b>	<b>341,106</b>	<b>334,451</b>
Current		
Non-current	341,106	334,451
	<b>341,106</b>	<b>334,451</b>

(i) Leasehold improvements – make good provision is calculated at the Department of Treasury and Finance rates.

	2016	2015
	%	%
Leasehold improvements – make good provision (i)	1.990	3.028
– Level 9/628 Bourke Street		

## NOTE 12: SUPERANNUATION

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

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in VIT's comprehensive operating statement.

The name, details and amounts paid to the major employee superannuation funds and contributions made by VIT are as follows:

Fund	Contribution for the year	
	2016 \$	2015* \$
<b>Defined benefit plans</b>		
State Superannuation Fund:		
Revised and new	11,409	7,532
State employees retirement benefit	19,097	36,759
<b>Defined contribution plans</b>		
Vic Super	304,757	282,763
Hesta Super Fund	25,597	24,257
Uni Super	23,416	23,457
Legal Industry Super Scheme	16,526	11,100
Australian Super	29,950	26,273
Catholic Superannuation Fund	26,643	23,355
MLC Super	31,074	38,817
CareSuper	20,467	24,302
Retail Employees Super Trust	13,639	24,992
Recruitment Super	7,526	10,285
HostPlus	21,213	30,682
Other	121,379	79,838
<b>Total</b>	<b>672,692</b>	<b>644,412</b>

\* Contributions for 2015 have been restated to incorporate June 2015 accruals.

## NOTE 13: INCOME RECEIVED IN ADVANCE

	2016 \$	2015 \$
Criminal record check fees	92,842	43,726
Unearned teacher registration fees	3,025,006	2,689,811
Government grants	—	415,092
Other income in advance	126,531	47,958
<b>Total income received in advance</b>	<b>3,244,379</b>	<b>3,196,587</b>

## NOTE 14: LEASES

### DISCLOSURES FOR LESSEE – OPERATING LEASES

#### LEASING ARRANGEMENTS

Operating lease in 2015–16 relates to VIT's premises at 628 Bourke Street with lease terms of eight years (until 31 August 2022). Prior year includes lease commitments for Marland House.

	2016 \$	2015 \$
<b>Non-cancellable operating leases payable</b>		
Non-cancellable operating lease receivables		
– Not longer than 1 year	486,524	470,072
– Longer than 1 year but not longer than 5 years	2,122,446	2,050,673
– Longer than 5 years	674,691	1,232,989
<b>Total non-cancellable operating leases payable (exclusive of GST)</b>	<b>3,283,661</b>	<b>3,753,733</b>
Add GST recoverable from the Australian Taxation Office	328,366	375,373
<b>Total non-cancellable operating leases payable (inclusive of GST)</b>	<b>3,612,027</b>	<b>4,129,106</b>

In respect of non-cancellable operating leases, the following liabilities have been recognised:

<b>Current</b>		
Unused lease incentive (Note 10)	159,863	159,863
	<b>159,863</b>	<b>159,863</b>
<b>Non-current</b>		
Unused lease incentive (Note 10)	825,956	986,330
	825,956	986,330
	<b>985,819</b>	<b>1,146,192</b>

Maturity analysis of finance lease liabilities and the nature and extent of risk arising from finance lease liabilities are disclosed in Note 17.

## NOTE 15: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2016, VIT has no contingent assets (2015: \$0). VIT has pending hearing expenses in the amount of \$97,350. The timing and length of these hearings and therefore subsequent costs can vary and the financial outcome will not be known until the hearings take place (2015: \$57,450).

## NOTE 16: COMMITMENTS FOR EXPENDITURE

The following commitments have not been recognised as liabilities in the financial statements.

	2016 \$	2015 \$
<b>Expenditure commitments</b>		
Payable:		
– Not longer than 1 year	415,946	683,770
– Longer than 1 year and not longer than 5 years	375,354	713,783
– Longer than 5 years	9,164	–
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>800,465</b>	<b>1,397,553</b>
Less GST recoverable from the Australian Taxation Office	72,770	127,050
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>727,695</b>	<b>1,270,503</b>

## NOTE 17: FINANCIAL INSTRUMENTS

### (A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

VIT's principal financial instruments comprise:

- cash assets
- receivables (excluding statutory receivables)
- investments (deposits receivable)
- payables (excluding statutory payables).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The carrying amounts of VIT's contractual financial assets and financial liabilities by category are disclosed in Table 17.1.

TABLE 17.1: CATEGORISATION OF FINANCIAL INSTRUMENTS

	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost	Total
<b>2016</b>			
<b>Contractual financial assets</b>			
Cash and deposits	1,104,126	–	1,104,126
Receivables			
– Debtors	146,934	–	146,934
– Accrued investment income	12,652	–	12,652
Investments			
– Term deposits	9,000,000	–	9,000,000
<b>Total contractual financial assets</b>	<b>10,263,713</b>	<b>–</b>	<b>10,263,713</b>
<b>Contractual financial liabilities</b>			
Payables		1,820,291	1,820,291
<b>Total contractual financial liabilities</b>		<b>1,820,291</b>	<b>1,820,291</b>
<b>2015</b>			
<b>Contractual financial assets</b>			
Cash and deposits	3,126,556	–	3,126,556
Receivables			
– Debtors	97,886	–	97,886
– Accrued investment income	12,426	–	12,426
Investments			
– Term deposits	6,000,000	–	6,000,000
<b>Total contractual financial assets</b>	<b>9,236,868</b>	<b>–</b>	<b>9,236,868</b>
<b>Contractual financial liabilities</b>			
Payables*		1,764,681	1,764,681
<b>Total contractual financial liabilities</b>		<b>1,764,681</b>	<b>1,764,681</b>

\* Payables for 2015 have been restated to incorporate unused lease incentive



TABLE 17.2: NET HOLDING GAIN/(LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

	Net holding gain/(loss)	Net interest income/ (expense)	Fee income/ (expense)	Impairment loss	Total
	\$	\$	\$	\$	\$
<b>2016</b>					
<b>Contractual financial assets</b>					
Financial assets – loans and receivables	–	301,788	–	–	301,788
<b>Total contractual financial assets</b>	<b>–</b>	<b>301,788</b>	<b>–</b>	<b>–</b>	<b>301,788</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	–	–	–	–	–
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>2015</b>					
<b>Contractual financial assets</b>					
Financial assets – loans and receivables	–	323,396	–	–	323,396
<b>Total contractual financial assets</b>	<b>–</b>	<b>323,396</b>	<b>–</b>	<b>–</b>	<b>323,396</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	–	–	–	–	–
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

The net holding gains or losses disclosed above are determined as follows:

- For cash and cash equivalents, loans or receivables the net gain or loss is calculated by taking the interest revenue, minus any impairment recognised in the net result.

## (B) CREDIT RISK

Credit risk arises from the financial assets of VIT, which comprise cash and deposits, trade and other receivables. VIT's exposure to credit risk arises from the potential default of counterparties on their contractual obligations resulting in financial loss to VIT. Credit risk is measured at fair value and is monitored on a regular basis.

VIT has adopted the policy of only dealing with authorised deposit-taking institutions (ADIs) and obtaining sufficient collateral or credit enhancements where appropriate.

In addition, VIT does not engage in hedging for its financial assets and mainly obtains financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank.

VIT does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the balance sheet, net of any provision for losses, represents VIT's maximum exposure to credit risk, without taking account of the value of collateral or other security obtained.

TABLE 17.3: CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	Financial institutions (AA credit rating)	Financial institutions (VTMB)*	Govt agencies (AAA credit rating)	Other (no credit rating)
<b>2016</b>				
Cash and deposits	603,226	–	500,000	900
Receivables (i)	–	2,342	10,310	146,934
Investments and other financial assets	–	2,000,000	7,000,000	–
<b>Total contractual financial assets</b>	<b>603,226</b>	<b>2,002,342</b>	<b>7,510,310</b>	<b>147,834</b>
<b>2015</b>				
Cash and deposits	2,125,656	–	1,000,000	900
Receivables (i)	–	2,675	9,751	97,886
Investments and other financial assets	–	2,000,000	4,000,000	–
<b>Total contractual financial assets</b>	<b>2,125,656</b>	<b>2,002,675</b>	<b>5,009,751</b>	<b>98,786</b>

\* Victorian Teachers Mutual Bank does not hold a credit rating.

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credits recoverable).

#### CONTRACTUAL FINANCIAL ASSETS THAT ARE EITHER PAST DUE OR IMPAIRED

VIT does not hold any collateral as security or credit enhancements relating to any of its financial assets. As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired.

TABLE 17.4: AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

	Carrying amount \$	Not past due and not impaired \$	Past due but not impaired			Impaired financial assets \$
			Less than 1 month \$	1–3 months \$	3 months – 1 year \$	
<b>2016</b>						
<b>Receivables (i)</b>						
– Debtors	146,934	129,249	1,369	4,837	11,479	–
– Accrued investment income	12,652	12,652	–	–	–	–
	<b>159,586</b>	<b>141,901</b>	<b>1,369</b>	<b>4,837</b>	<b>11,479</b>	<b>–</b>
<b>2015</b>						
<b>Receivables (i)</b>						
– Debtors	97,886	82,789	1,257	3,668	10,174	–
– Accrued investment income	12,426	12,426	–	–	–	–
	<b>110,312</b>	<b>95,215</b>	<b>1,257</b>	<b>3,668</b>	<b>10,174</b>	<b>–</b>

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credits recoverable).

## (C) LIQUIDITY RISK

Liquidity risk is the risk that VIT would be unable to meet its financial obligations as and when they fall due. VIT operates under the government fair payments policy of settling financial obligations within 30 days and, in the event of a dispute, making payments within 30 days from the date of resolution.

VIT's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. VIT manages its liquidity risk via:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- careful maturity planning of its financial obligations based on forecasts of future cash flows
- a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's triple-A), which assists in assessing debt market at a lower interest rate.

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

The following table discloses the contractual maturity analysis for VIT's contractual financial liabilities.

TABLE 17.5: MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES

	Carrying amount \$	Nominal amount \$	Maturity dates			
			Less than 1 month \$	1–3 months \$	3 months –1 year \$	1+ years \$
2016						
Payables	1,820,291	1,820,291	782,684	91,754	119,897	825,956
	1,820,291	1,820,291	782,684	91,754	119,897	825,956
2015						
Payables*	1,764,681	1,764,681	631,811	26,644	119,897	986,330
	1,764,681	1,764,681	631,811	26,644	119,897	986,330

\*Payables for 2015 have been restated to incorporate unused lease incentive

## (D) MARKET RISK

VIT's exposures to market risk are primarily through interest rate risk with no exposure to foreign currency and other price risks. Objectives, policies and processes used to manage interest rate risk are disclosed in the paragraphs below.

### INTEREST RATE RISK

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. VIT does not hold any interest-bearing financial instruments that are measured at fair value, therefore has nil exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. VIT has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rates.

VIT manages this risk by mainly undertaking fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rates. Management monitors movement in interest rates on a daily basis for cash at bank and bank overdraft, as financial assets that can be left at floating rates without necessarily exposing VIT to significant bad risk.

TABLE 17.6: INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS

	Weighted average effective interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
2016					
Financial assets					
Cash and deposits	1.97	1,104,126	500,000	603,226	900
Receivables:					
– Debtors	–	146,934	–	–	146,934
– Accrued investment income	–	12,652	–	–	12,652
Investments:					
– Term deposit	2.36	9,000,000	9,000,000	–	–
Total financial assets		10,263,713	9,500,000	603,226	160,486
Financial liabilities					
Payables:	–	1,820,291	–	–	1,820,291
Total financial liabilities	–	1,820,291	–	–	1,820,291
2015					
Financial assets					
Cash and deposits	2.36	3,126,556	1,000,000	2,125,656	900
Receivables:					
– Debtors	–	97,886	–	–	97,886
– Accrued investment income	–	12,426	–	–	12,426
Investments:					
– Term deposit	3.06	6,000,000	6,000,000	–	–
Total financial assets		9,236,868	7,000,000	2,125,656	111,212
Financial liabilities					
Payables:*	–	1,764,681	–	–	1,764,681
Total financial liabilities	–	1,764,681	–	–	1,764,681

\* Payables for 2015 have been restated to incorporate unused lease incentive

## SENSITIVITY DISCLOSURE ANALYSIS

VIT's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. VIT's fund managers cannot be expected to predict movements in market rates and prices; sensitivity analyses shown are for illustrative purposes only.

Table 17.7 discloses the impact on VIT's net result for each category of financial instrument held by VIT at year-end as presented to key management personnel if the above were to occur.

TABLE 17.7: INTEREST RATE SENSITIVITY

		Interest rate	
		-1% (100 basis points)	+1% (100 basis points)
	Carrying amount \$	Net result \$	Net result \$
<b>2016</b>			
<b>Contractual financial assets</b>			
Cash and deposits (i)	1,103,226	(11,032)	11,032
Investments:			
– Term deposits	9,000,000	(90,000)	90,000
<b>Total impact</b>		<b>(101,032)</b>	<b>101,032</b>
<b>Contractual financial liabilities</b>			
<b>Total impact</b>		<b>–</b>	<b>–</b>
<b>2015</b>			
<b>Contractual financial assets</b>			
Cash and deposits (i)	3,126,556	(31,266)	31,266
Investments:			
– Term deposits	6,000,000	(60,000)	60,000
<b>Total impact</b>		<b>(91,266)</b>	<b>91,266</b>
<b>Contractual financial liabilities</b>			
<b>Total impact</b>		<b>–</b>	<b>–</b>

(i) Cash and cash deposits includes a deposit of \$603,226 (2015: \$2,125,656) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2016:  $\$603,226 \times -(.01) = (\$6032)$  and  $\$603,226 \times 0.01 = \$6032$
- 2015:  $\$2,125,656 \times -(.01) = (\$21,257)$  and  $\$2,125,656 \times 0.01 = \$21,257$

## NOTE 18: CASH FLOW INFORMATION

	2016 \$	Restated 2015 \$
<b>(a) Reconciliation of cash and cash equivalents</b>		
Total cash and cash equivalents disclosed in the balance sheet	1,104,126	3,126,556
<b>Balance as per cash flow statement</b>	<b>1,104,126</b>	<b>3,126,556</b>
<b>(b) Reconciliation of net result for the period to net cash flows from operating activities</b>		
<b>Net result for the reporting period</b>	<b>(79,925)</b>	<b>779,366</b>
<b>Non-cash movements</b>		
Future value of make good provision	6,656	8,201
Depreciation and amortisation of non-current assets	403,238	948,607
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in current receivables	(48,914)	998,378
(Increase)/decrease in other current assets	20,951	39,331
Increase/(decrease) in current payables	55,250	896,731
Increase/(decrease) in unearned fees	47,791	(118,304)
Increase/(decrease) in provisions	592,086	224,423
<b>Net cash flows from/(used in) operating activities</b>	<b>997,133</b>	<b>3,776,733</b>

## NOTE 19: MOVEMENTS IN EQUITY

	2016 \$	2015 \$
<b>Accumulated surplus</b>		
Balance at beginning of financial year	5,180,079	4,455,660
Net result for the reporting period	(85,553)	724,419
<b>Balance at end of financial year</b>	<b>5,094,526</b>	<b>5,180,079</b>
<b>Total equity at the end of the financial year</b>	<b>5,094,526</b>	<b>5,180,079</b>



## NOTE 20: RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

### NAMES

The Hon. J Merlino, MP – Minister for Education, commenced on 4 December 2014

Ms M Saba – Accountable Officer (Chief Executive Officer), commenced on 23 August 2010

Assignment of the Chief Executive Officer's responsibilities were delegated to an Interim Leadership Group while the Chief Executive Officer was on leave during the year:

‡ Ms Janiece Meagher – Director Business Services (formally Group Manager, Corporate and Communications)

‡ Ms Jo Patterson – Director Regulatory Services (formally Group Manager, Registration and Accreditation)

‡ Salaries included in Note 21 Remuneration of executives

### COUNCIL MEMBERS FOR THE PERIOD OF 1 JULY 2015 TO 31 MAY 2016

* Mr D Paproth – Council Chairperson	^ Ms M Pontikis
^ Mr M Butler	^ Ms D Punton
Prof S Dinham	^ Dr A Sarros
* Ms L Heggen	^ Mrs L Sheehy
* Mr I Johnson	* Mr B Armstrong
* Mr A McAuliffe	Ms G Reardon (appointed August 2015)
Ms G McHardy	

### COUNCIL MEMBERS FOR THE PERIOD OF 1 JUNE TO 30 JUNE 2016

* Ms A Brown – Council Chairperson	Ms G McHardy
** Mr P Clifton	Ms G Reardon
* Ms F Dearn	* Ms D Santaera
^ Mr E James	^ Mr A Sheumack
* Ms K McDonnell	* Ms A Stringer

### COUNCIL MEMBERS FOR THE PERIOD 29 JUNE TO 30 JUNE 2016

^ Mr M Butler	Dr D Corrigan
---------------	---------------

### RELATED PARTY TRANSACTIONS

\* Indicates Council member who paid to VIT a teacher registration fee of \$91 in the year ended 30 June 2016.

\*\* Indicates Council member who paid to VIT a teacher registration fee and a late processing fee of \$121 in the year ended 30 June 2016.

^ Indicates Council member who paid to VIT a teacher registration and a criminal record check fee of \$143 in the year ended 30 June 2016.

Any other transactions are at arm's length between VIT and the Council member.

## REMUNERATION

Remuneration received or receivable by Council members as Council members are shown below in their relevant income bands:

Income band	2016	2015*
\$0	14	4
\$1–9999	7	7
\$60,000–69,999	1	1
<b>Total numbers</b>	<b>22</b>	<b>12</b>
<b>Total remuneration for Council members</b>	<b>\$92,170</b>	<b>\$85,965</b>

\* Remuneration for 2015 has been restated to incorporate superannuation payments and excludes mileage expenses and sitting fees paid to employers instead of individuals.

### CHIEF EXECUTIVE OFFICER

Remuneration received or receivable by the Chief Executive Officer in connection with the management of VIT during the reporting period was in the range: \$250,000–259,999 (2015: \$240,000–249,999).

Note: remuneration includes payment of leave entitlements.

Amounts relating to the Minister for Education are reported in the financial statements of the Department of Premier and Cabinet.

## NOTE 21 (A): REMUNERATION OF EXECUTIVES

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments and retirement benefits. The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

Income band	Total remuneration		Base remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$10,000–19,999	–	–	1	–
\$70,000–79,999	1	–	–	–
\$90,000–99,999	1	–	1	–
\$140,000–149,999	–	–	1	–
\$150,000–159,999	–	1	–	1
\$160,000–169,999	1	1	–	1
\$170,000–179,999	–	1	1	3
\$180,000–189,999	2	2	2	–
\$190,000–199,999	1	–	–	–
<b>Total numbers</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>5</b>
<b>Total annualised employee equivalent (a)</b>	<b>4.68</b>	<b>5.02</b>	<b>4.68</b>	<b>5.02</b>
<b>Total amount</b>	<b>\$895,638</b>	<b>\$868,856</b>	<b>\$789,819</b>	<b>\$852,772</b>

(a) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

## NOTE 21(B): PAYMENTS TO OTHER PERSONNEL

i.e Contractor with significant management responsibilities

There were no contractors charged with significant management responsibilities during the period 1 July 2015 to 30 June 2016 (2015: nil).

## NOTE 22: REMUNERATION OF AUDITORS

	2016 \$	2015 \$
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	28,494	26,716
	<b>28,494</b>	<b>26,716</b>

## NOTE 23: PRIOR VALUE ADJUSTMENTS

In the 2014–15 cash flow statement the treatment of Goods and Services Tax recovered from the Australian Tax Office was incorrectly stated. This has been corrected by restating Goods and Services Tax recovered from the Australian Tax Office and Payments to suppliers and employees, as follows.

	Restated 2015 \$	Reported 2015 \$
<b>Receipts</b>		
Receipts from customers and registration fees	14,120,133	14,120,133
Goods and Services Tax recovered from the Australian Tax Office	330,002	(61,899)
Interest received	335,110	335,110
<b>Total Receipts</b>	<b>14,785,245</b>	<b>14,393,344</b>
<b>Payments</b>		
Payments to suppliers and employees	(11,008,512)	(10,616,611)
<b>Total Payments</b>	<b>(11,008,512)</b>	<b>(10,616,611)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>18 (b) 3,776,733</b>	<b>3,776,733</b>

## NOTE 24: SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations, results of those operations, or the state of affairs of VIT in future financial years

## NOTE 25: SUMMARY OF NEW/REVISED ACCOUNTING STANDARDS EFFECTIVE FOR THE CURRENT AND FUTURE REPORTING PERIODS

### CURRENT REPORTING PERIOD

The following accounting pronouncements, effective from the 2015–16 reporting period, are considered to have insignificant impacts on public sector reporting:

- AASB 1048 *Interpretation of Standards*
- AASB 2013-9 *Amendments to Australian Accounting Standards [Part C Financial Instruments]*
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*
- AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent [AASB 127 & AASB 128]*

Note: Amending standard AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not for Profit Public Sector Entities*, which is operative from 1 July 2016, provides an exemption for not-for-profit public sector entities from certain fair value disclosures. Please note that the State adopted AASB 2015-7 in the 2014–15 reporting period and gave not-for-profit entities the option to adopt this amending standard last year. As a result, all not-for-profit entities must now comply with this amending standard for the current financial year.

### FUTURE REPORTING PERIODS

The table below outlines the accounting pronouncements that have been issued but are not effective for 2015–16, which may result in potential impacts on public sector reporting for future reporting periods.

Topic	Key requirements	Effective date
AASB 9 <i>Financial Instruments</i>	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB-15</i> has deferred the effective date of AASB-15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1-Jan-18
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 19 &amp; 127]</i>	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows: <ul style="list-style-type: none"> <li>• the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI)</li> <li>• other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</li> </ul>	1-Jan-18

Topic	Key requirements	Effective date
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, as a consequence of Chapter 6, and to amend reduced disclosure requirements.	1-Jan-18
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends.	1 January 2017, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply 1 January 2018.
AASB 2014 7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1-Jan-18

The following accounting pronouncements are also issued but not effective for the 2015–16 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 14 *Regulatory Deferral Accounts*
- AASB 1056 *Superannuation Entities*
- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-1 *Amendments to Australian Accounting Standards [Part D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts only]*
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]*
- AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]*
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12, AASB 128]*
- AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]*
- AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*

The following amending standards are effective from the 2014–15 reporting period and are considered to have insignificant impacts on public sector reporting.

2013-1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements*

2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*

2013-5 *Amendments to Australian Accounting Standards – Investment Entities*

2013-6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*

2013-7 *Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders*

2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*

2014-1 *Amendments to Australian Accounting Standards*

2014-2 *Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements*

AASB Interpretation 21 *Levies*

## NOTE 26: GLOSSARY OF TERMS AND STYLE CONVENTIONS

### ADMINISTERED ITEM

Administered item generally refers to a department lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

### AMORTISATION

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

### COMMITMENTS

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

### COMPREHENSIVE RESULT

The comprehensive result is the net result of all items of income and expense recognised for the period. It is the aggregate of 'operating result' and 'other comprehensive income'.

### DEPRECIATION

Depreciation is an expense that arises from the consumption through wear or time of a produced physical asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

### EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

### EX GRATIA EXPENSES

Ex gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

### FINANCIAL ASSET

A financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity
- (c) a contractual or statutory right:
  - to receive cash or another financial asset from another entity or

- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity or

(d) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

### FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual are not financial instruments.

### FINANCIAL LIABILITY

A financial liability is any liability that is a contractual obligation:

- (a) to deliver cash or another financial asset to another entity or
- (b) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

### FINANCIAL STATEMENTS

Financial statements in the model report comprise:

- (a) a balance sheet as at the end of the period
- (b) a comprehensive operating statement for the period
- (c) a statement of changes in equity for the period
- (d) a cash flow statement for the period
- (e) notes, comprising a summary of significant accounting policies and other explanatory information
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.



## GRANTS AND OTHER TRANSFERS

These include transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

## INTANGIBLE ASSETS

Intangible assets represent identifiable non-monetary assets without physical substance.

## INTEREST EXPENSE

Costs incurred in connection with the borrowing of funds include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

## INTEREST INCOME

Interest revenue includes interest earned on bank term deposits, interest from investments, and other interest received.

## NET RESULT

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

## NET RESULT FROM TRANSACTIONS/NET OPERATING BALANCE

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

## NET WORTH

Assets less liabilities, which is an economic measure of wealth.

## NON-FINANCIAL ASSETS

Non-financial assets are all assets that are not 'financial assets'. It includes plant and equipment, and intangible assets.

## OTHER ECONOMIC FLOWS

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

## PAYABLES

Includes short- and long-term trade debt and accounts payable, grants, taxes and interest payable.

## RECEIVABLES

Includes amounts owing from government through appropriation receivable, short- and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

## SALES OF GOODS AND SERVICES

Refers to revenue from the direct provision of goods and services, and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sales of goods and services revenue.

## STYLE CONVENTIONS

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

–	zero, or rounded to zero
(xxx.x)	negative numbers
20xx	year period
20xx–xx	year period

## SUPPLIES AND SERVICES

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of VIT.

## TRANSACTIONS

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

**Accountable Officer's and Chief Finance and Accounting Officer's and member of responsible body's declaration.**

The attached financial statements for the Victorian Institute of Teaching have been prepared in accordance with Direction 4.2 of the Standing Directions of the Minister for Finance 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, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of the Victorian Institute of Teaching at 30 June 2016.


At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 17 August 2016.



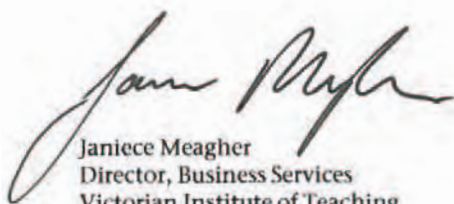
Audrey Brown  
Chairperson  
Victorian Institute of Teaching

Melbourne  
17 August 2016



Melanie Saba  
Chief Executive Officer  
Victorian Institute of Teaching

Melbourne  
17 August 2016



Janiece Meagher  
Director, Business Services  
Victorian Institute of Teaching

Melbourne  
17 August 2016



## INDEPENDENT AUDITOR'S REPORT

### To the Council, Victorian Institute of Teaching

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of the Victorian Institute of Teaching which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's, chief finance and accounting officer's and member of responsible body's declaration has been audited.

#### *The Council's Responsibility for the Financial Report*

The Council of the Victorian Institute of Teaching is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Council determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

## Independent Auditor's Report (continued)


### *Independence*

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

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Institute of Teaching as at 30 June 2016 and its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
19 August 2016

  
Dr. Peter Frost  
Acting Auditor-General

# APPENDIX A

## DISCLOSURE INDEX

The annual report of the Victorian Institute of Teaching is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Institute's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
<b>MINISTERIAL DIRECTIONS</b>		
<b>REPORT OF OPERATIONS – FRD GUIDANCE</b>		
<b>Charter and purpose</b>		
FRD 22G	Manner of establishment and the relevant Ministers	1
FRD 22G	Purpose, functions, powers and duties	1–23
FRD 22G	Key initiatives and projects	6
FRD 22G	Nature and range of services provided	1–23
<b>Management and structure</b>		
FRD 22G	Organisational structure	4–5
<b>Financial and other information</b>		
FRD 8D	Performance against output performance measures	n/a
FRD 8D	Budget portfolio outcomes	n/a
FRD 10A	Disclosure index	71
FRD 12A	Disclosure of major contracts	73
FRD 15C	Executive officer disclosures	60–62
FRD 22G	Employment and conduct principles	19, 20
FRD 22G	Occupational health and safety policy	20
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FRD 22G	Significant changes in financial position during the year	2, 3
FRD 22G	Major changes or factors affecting performance	n/a
FRD 22G	Subsequent events	62
FRD 22G	Application and operation of <i>Freedom of Information Act 1982</i>	20
FRD 22G	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	n/a
FRD 22G	Statement on National Competition Policy	19
FRD 22G	Application and operation of the <i>Protected Disclosure 2012</i>	n/a
FRD 22G	Application and operation of the <i>Carers Recognition Act 2012</i>	n/a
FRD 22G	Details of consultancies over \$10 000	73
FRD 22G	Details of consultancies under \$10 000	73
FRD 22G	Disclosure of government advertising expenditure	n/a
FRD 22G	Disclosure of ICT expenditure	74
FRD 22G	Statement of availability of other information	74
FRD 24C	Reporting of officebased environmental impacts	20
FRD 25B	Victorian Industry Participation Policy disclosures	n/a
FRD 29A	Workforce Data disclosures	20
SD 4.5.5	Attestation for compliance with <i>Ministerial Standing Direction 4.5.5</i>	24



Legislation	Requirement	Page reference
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## MINISTERIAL DIRECTIONS (continued)

### FINANCIAL REPORT

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### Financial statements required under Part 7 of the FMA

SD 4.2(a)	Statement of changes in equity	28
SD 4.2(b)	Operating statement	26
SD 4.2(b)	Balance sheet	27
SD 4.2(b)	Cash flow statement	29

### Other requirements under Standing Directions 4.2

SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	31
SD 4.2(c)	Compliance with Ministerial Directions	31
SD 4.2(d)	Rounding of amounts	33
SD 4.2(c)	Accountable officer's declaration	68
SD 4.2(f)	Compliance with Model Financial Report	25–67

### Other disclosures as required by FRDs in notes to the financial statements\*

FRD 9A	Departmental Disclosure of Administered Assets and Liabilities by Activity	n/a
FRD 11A	Disclosure of Ex gratia Expenses	n/a
FRD 13	Disclosure of Parliamentary Appropriations	n/a
FRD 21B	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	60, 61
FRD 103F	NonFinancial Physical Assets	43–47
FRD 110	Cash Flow Statements	29, 59
FRD 112D	Defined Benefit Superannuation Obligations	50

\*Note: References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure

## LEGISLATION

Freedom of Information Act 1982	19
Building Act 1993	20
Protected Disclosure Act 2012	n/a
Carers Recognition Act 2012	n/a
Victorian Industry Participation Policy Act 2003	n/a
Financial Management Act 1994	31

# APPENDIX B

## DETAILS OF CONSULTANCIES

### DETAILS OF CONSULTANCIES UNDER \$10 000

In 2015–16, there were 14 consultancies engaged during the year where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure incurred during 2015–16 in relation to these consultancies was \$56,477 (excluding GST).

### DETAILS OF CONSULTANCIES (VALUED AT \$10 000 OR GREATER)

In 2015–16, there were 14 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015–16 in relation to these consultancies is \$358,565 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Total approved project fee (excluding GST) \$	Expenditure 2015–16 (excluding GST) \$	Future expenditure (excluding GST) \$
Able Corporate Training	Staff training and development	39,530	39,530	Nil
Benbow Consulting	Review of information technology	19,040	19,040	Nil
Dilignet Pty Ltd	Disaster recovery review	12,750	12,750	Nil
Fenton Strategic Communications Pty Ltd	Stakeholder research project	34,999	34,999	Nil
Grenville Close Review & Consulting	BCP Project	10,706	10,706	Nil
Landell Consulting	Case management system	20,585	20,585	Nil
Myriad IT Pty Ltd	Solution design for case management system	27,960	27,960	Nil
Oakton Services Pty Ltd	CRM consulting	16,550	16,550	Nil
People Business Pty Ltd	Organisational structure review	19,000	19,000	Nil
Protegic Pty Ltd	Tender process for case management system	28,438	28,438	Nil
Stevenson Halifax Pty Ltd	OCI survey and reporting	27,060	27,060	Nil
Synoptic Consulting Pty Ltd	Process mapping	25,148	25,148	Nil
Technology One Ltd	ECM development	48,395	48,395	Nil
Victorian Chamber of Commerce and Industry	General consulting	28,404	28,404	Nil
			<b>358,565</b>	

# APPENDIX C

## INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

### Details of Information and Communication Technology (ICT) expenditure

For the 2015–16 reporting period, the Victorian Institute of Teaching had a total ICT expenditure of \$2,188,922 with the details shown below.

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
1,633,423.53	555,498.56	549,722.77	5,775.79

# APPENDIX D

## ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Relevant information not included in this report is available on request to VIT and includes:

- declarations of pecuniary interests
- shares held beneficially by senior officers as nominees of a statutory authority
- publications produced by the Institute and where they can be obtained
- overseas visits undertaken
- industrial relations issues.

Enquiries should be made to:

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