



Victorian Institute of Teaching

ANNUAL REPORT 2015
1 July 2014 – 30 June 2015

Letter of transmittal

September 2015

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

A handwritten signature in black ink, appearing to read 'D. Paproth', followed by a period.

Don Paproth
Chairperson

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About this report

The Institute's annual report is published on the Institute website at <www.vit.vic.edu.au>. The Institute welcomes feedback from the profession and the community and can be contacted by:

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 Australia



Report of the Chairperson

During the course of this year we have had many many successes, very few disappointments and no 'failures'.

Wherever we as an Institution have put our energies we have been largely successful. More of that later, but I believe that the key reason for our ongoing improvement as an organisation is that we have clearly defined why we exist – what our purpose is. We know what we are doing and why. This is best exemplified by the recent adoption of our new purpose statement:

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

Deciding on the final wording of this statement was remarkably easy. All members of Council accepted it as a clear, concise and simple statement of what we do. It invites (requires) us to be straightforward and clear in all of our operations.

These sentiments have been reflected in the initiatives we have taken and the path of continuous improvement we have set ourselves, and achieved. Last year I wrote in this report of our need to improve our call centre efficiency and how successful our early efforts had been. This year we continued on this path to such a degree that our aim was to answer 80 per cent of calls within 20 seconds or less and we achieved 86 per cent. In addition, 90 per cent of emails were answered by the next day. Our online systems have continued to improve to the point where processes such as annual registration are the simplest of tasks for even digital aliens like me.

In all of our processes we seek to make life as easy as possible for our clients and stakeholders. It is a mantra of mine that all teachers and principals *must* be treated with respect. We regulate the profession and we try to do it by treating people decently along the way. This is not to say that we take our responsibilities softly or loosely – we maintain high standards by demonstrating high standards in our own conduct.

During the year we have set the groundwork for the registration of early childhood teachers across the state. This is something that has long been sought by the teachers themselves. The consultation and information process that occurred in all corners of Victoria was a triumph of organisation, and, to date, the registration process has gone incredibly smoothly.

Similarly we are in the final stages of conducting individual consultation with all fifteen of the initial teacher education providers across the state. This is in response to the Federal Government's report 'Teacher Education Ministerial Advisory Group' (TEMAG). All of the feedback has been positive about this process.

As an organisation we have defined and refined our purpose. We still need to further educate some of our constituents about why we exist but the essential fact is that our purpose is clear and our achievements are significant.

The work of Council members is to be applauded – I am fortunate to head a Board that understands its function and works assiduously on behalf of government, community and the profession.

I thank all of the staff for their work during the year. The office of the Institute is a very efficient and happy workplace.

I particularly thank Melanie Saba, our CEO for her vision and energy. I also pay tribute to the outstanding group of senior managers that we now have.

I am confident that 2016 will maintain our high level of performance.

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

Don Paproth
Chairperson.

Report of the Chief Executive Officer



It has been another year of continuing development at the Institute. These developments have been focused on continuing to improve our customer service, the introduction of the regulatory scheme for early childhood teachers and the development of a new website. The Council of the Institute also developed a new statement of purpose, which clearly articulates the Institute's role.

Victoria welcomed a new government in November 2014, and the Institute continues to work collaboratively with the government to deliver on the election commitments and the new letter of expectation issued to the Institute by Minister James Merlino.

We are committed to playing a key role in many of the developments that may impact on the work of the Institute and Victorian teachers. We have provided submissions regarding the work of TEMAG and the review of the Mutual Recognition legislation, and take a leading role in ATRA, the Australasian Teacher Regulatory Authorities. I was also able to promote the work of the Institute at the meeting of IFTRA, the International Forum of Teacher Regulatory Authorities, and we continue to be a destination for many overseas government agencies who visit Australia looking for guidance on best-practice regulation. We are also finalising the review of the Permission to Teach Policy, and have consulted extensively within the profession and with peak bodies to inform this policy for the future.

One of our key projects for this reporting period has been the introduction of registration for early childhood teachers. This project has required the commitment of the whole team at the Institute to develop the required infrastructure and to go out and speak to approximately 2000 early childhood teachers throughout the state. I would like to acknowledge the support and guidance we have received from our stakeholders for this project. The success and promotion of this important initiative would not be possible without that support. We look forward to officially welcoming these teachers to the register of teachers on 30 September 2015.

We have also delivered a new website to make it easier for both teachers and stakeholders to interact with us. We will be consulting extensively during the latter part of 2015 to ensure that we communicate effectively with all teaching professionals.

We have been effective in our financial management, and are always mindful that, as an agency funded by the fees of teachers, we must be responsible with our resources. We continue to find the balance between ensuring that we can fund our future and current work and keeping our fees as low as we can.

The Institute can only operate effectively with the support and input of our stakeholders. I would like to thank you all for your continued contribution to our work.

I must acknowledge Don Paproth and the Council of the Institute for their support and guidance. It is a pleasure to work for a committed group of people with a shared goal of great regulation for the Victorian public and teaching profession.

Finally, I must acknowledge the contribution of the Institute team. It is humbling to watch their continued commitment to the work of the Institute and their drive to look for better ways to serve both the public and teachers of Victoria.

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

Melanie Saba
Chief Executive Officer

About the Institute

Who are we

The Victorian Institute of Teaching is an independent statutory authority for the regulation of the teaching profession in Victoria. It is the single registration authority for all teachers in Victorian schools. Established in December 2002, the Institute operates under and administers Part 2.6 of the *Education and Training Reform Act 2006* and reports to Parliament through the Minister for Education.

Our purpose

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

How we deliver

The Council of the Institute oversees and sets policy directions for the Secretariat, which is structured into an Executive and four operational branches who report to the CEO. The Council appoints committees to provide strategic policy advice to guide their deliberations or to administer, upon delegation, certain Institute functions.

The Secretariat carries out the work of the Council in relation to its functions under the *Education and Training Reform Act 2006*.

Two branches, the Registration Branch and the Standards and Professional Learning Branch, administer the business areas of registration, accreditation, standard setting and professional learning.

The Corporate and Communications Branch manages the Institute's finances, facilities and information systems, human and physical resources, and the Institute's communications, including the telephony service, website, email correspondence, print communications and publications such as the annual report.

The Professional Conduct Branch administers the Institute's disciplinary function.

What we do

The Institute is governed by a 12 member Council that administers the functions laid down in the legislation.

The Institute's main functions are to regulate members of the teaching profession and to recognise and promote the regulatory role and activities of the Institute.

The Institute's other functions include:

- reviewing and approving teacher education courses
- recommending the qualifications, criteria and standards for registration and renewal of registration of teachers in Victorian schools
- granting registration or permission to teach in Victorian schools
- maintaining the register of teachers
- developing and maintaining standards of professional practice
- developing, maintaining and promoting a code of conduct for the teaching profession
- investigating the conduct, competence and fitness to teach of registered teachers, imposing sanctions where appropriate
- developing a Professional Learning Framework to support teachers' continuing education
- undertaking professional development programs and activities for teachers related to the Institute's functions
- undertaking and promoting research about teaching and learning practices
- providing advice to the Minister about the professional development needs of teachers.

Summary of financial position

The financial report and accompanying notes are for the financial year ended 30 June 2015.

Table 1
Financial results 2014–15

	2014–15 \$000
OPERATIONS	
Fees	12,960
Government Grant	0
Interest	323
Other	230
Total income	13,513
Operating expenses	12,734
Other economic flows	(55)
Net result	724
FINANCIAL POSITION	
Financial assets	9,237
Non-financial assets	2,251
Total assets	11,488
Provision and payable	3,111
Revenue received in advance	3,197
Total liabilities	6,308
Total equity	5,180

Figure 1
Income for 2014–15

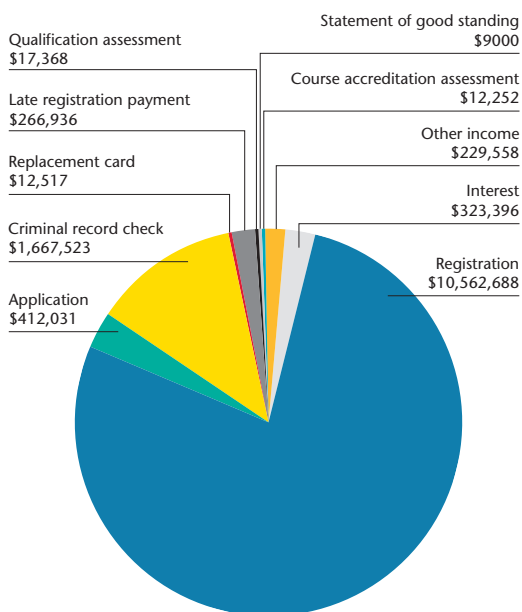
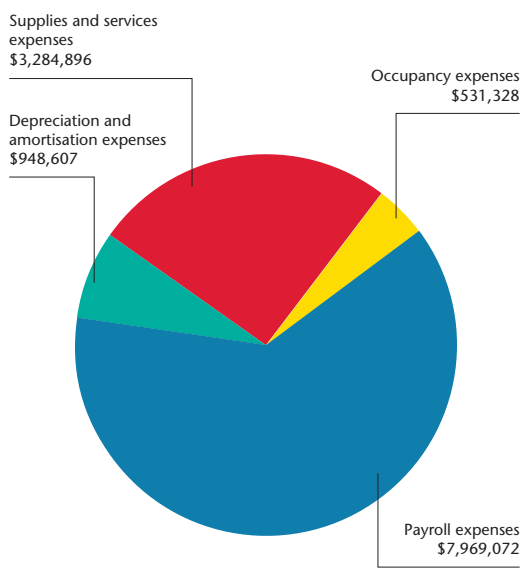


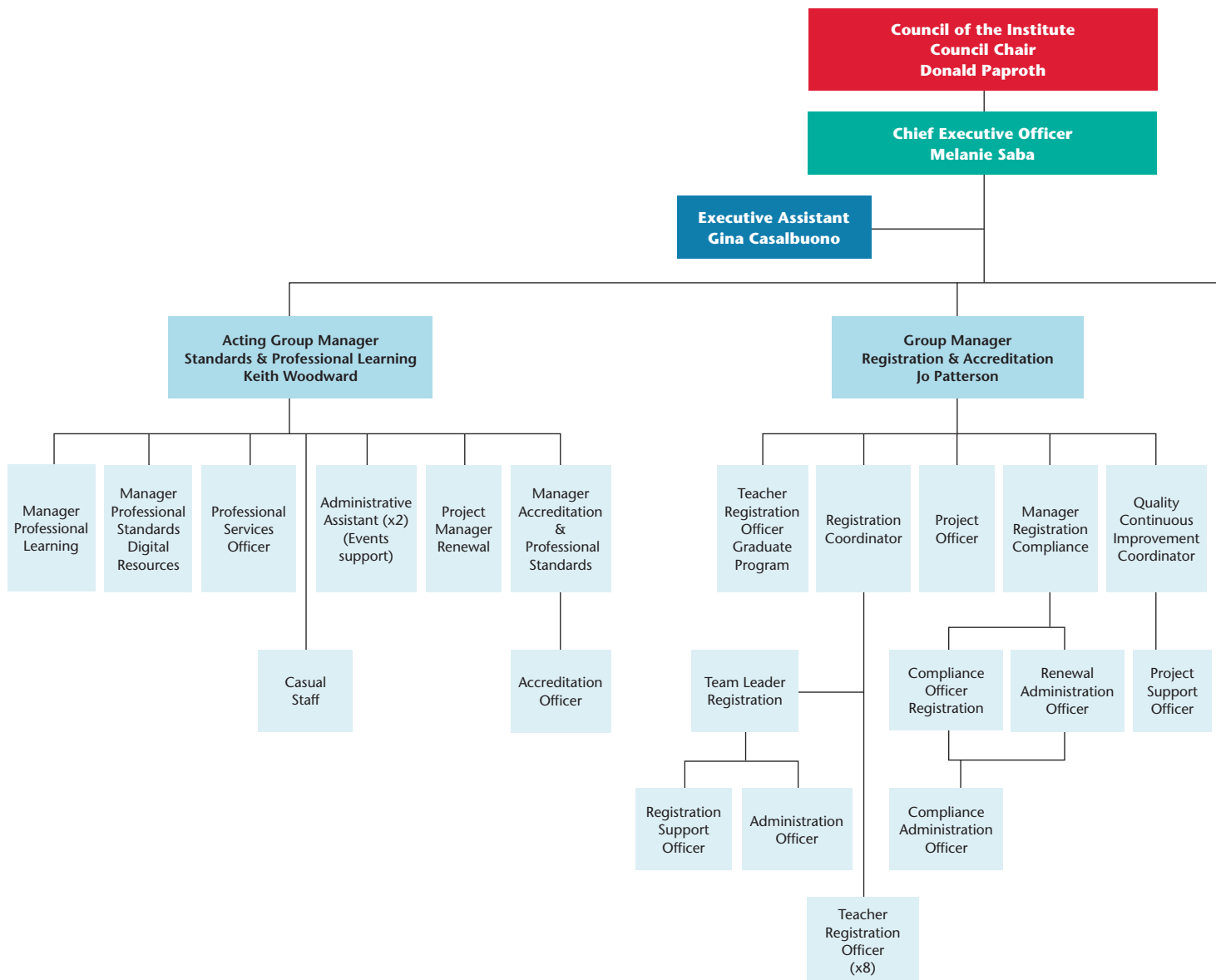
Figure 2
Expenses for 2014–15

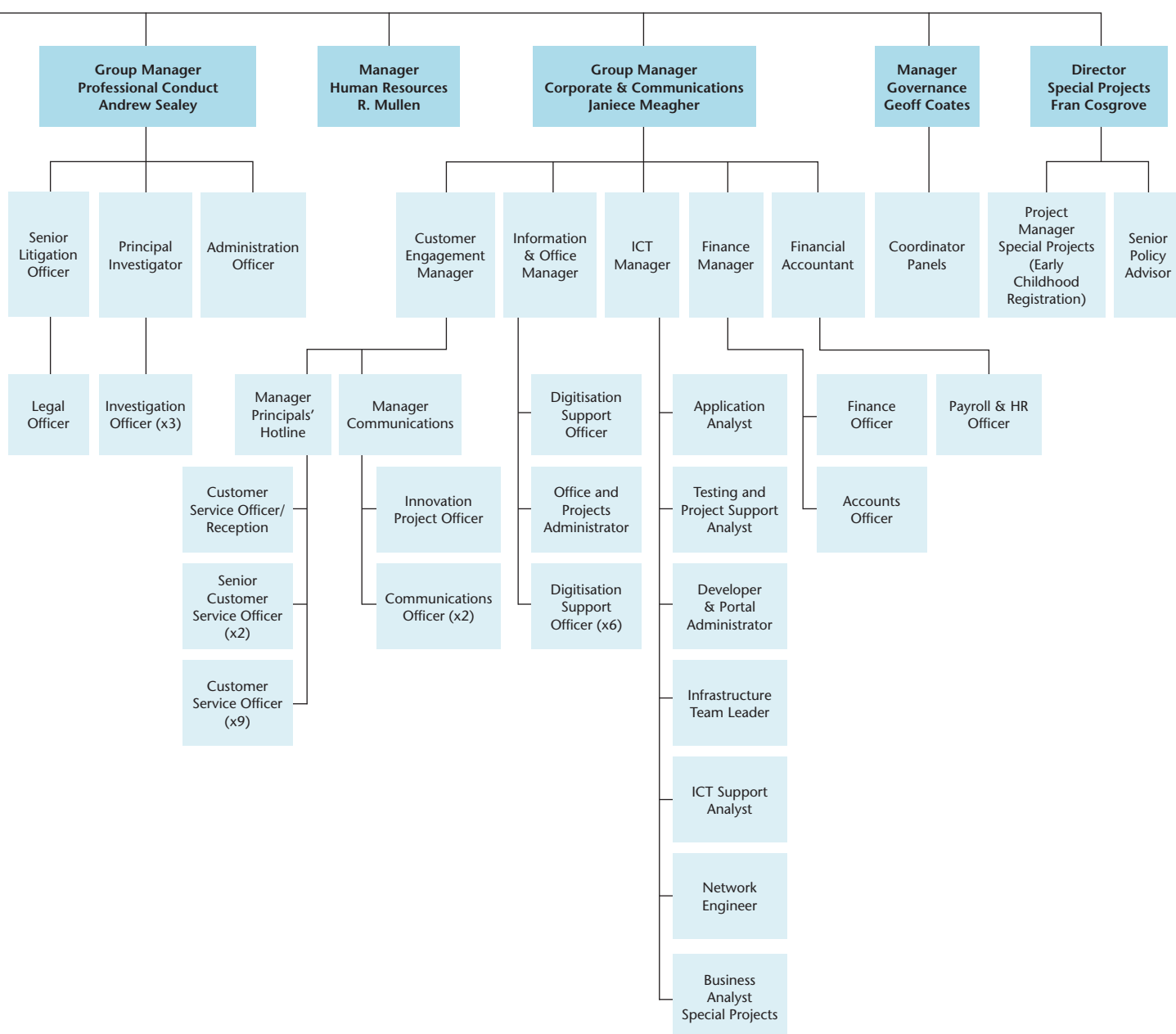


In 2014–15, the annual registration fee was increased from \$87 to \$89 per annum. Teacher registration fees are paid annually in advance and are pro rated to each of the 12 months. Fee revenue belonging to July 2015 or after is considered revenue in advance, a current liability in this year's balance sheet.

In spite of a number of financial commitments, the Institute maintained a favourable position. In 2014–15, the Institute generated a surplus of \$724,419 compared to a deficit of \$20,069 in the previous year. The Institute's balance sheet and cash position remain at appropriate levels to cover the Institute's current and future commitments.

Organisational structure





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 that the Institute will demonstrate good regulatory practice and includes performance targets. The Institute has responded to the Statement of Expectations advising the Minister how it proposes to meet the expectations and its progress in doing so.

The following are the key points on how the Institute intends to meet the expectations and what it has done so far.

- The Institute has implemented a risk-based compliance and enforcement framework and allocates its regulatory activity towards areas of greatest risk.
- The Institute's move to processing all suitable categories of registration applications in an online environment is showing significant efficiency gains. The Institute has extended its online process to the early childhood sector and has commenced processing applications for registration in that sector.
- The Institute's existing communication strategy is being reviewed with input from stakeholders. A new communications strategy will be delivered within the timeframe proposed.
- The Institute Council approved a Governance Framework for implementation of early childhood registration. It established a project board that developed an implementation plan, developed a communication strategy, has engaged with stakeholders and established a risk management framework. The Institute initiated a stakeholder reference group to establish firm links between the Institute and the profession. The project identified eligible teachers and employers, developed an appropriate IT infrastructure, developed policy and processes and made contact with eligible teachers and employers. The Institute has now commenced the registration process for the entry of early childhood teachers to the profession. The Institute will meet its target of registration of these teachers by September 2015.
- The Institute is developing a stakeholder engagement policy. A substantial redevelopment of the Institute's website has been completed as planned.
- The Institute's procedure for handling complaints has been reviewed and a new complaints-handling policy completed within the timeframe.
- Memoranda of Understanding have been completed with some regulators and key partners, and the development of further Memoranda is continuing.
- The Institute proposes to respond to the government's *Special Needs Plan for Victorian Schools* by working with tertiary education providers, teacher organisations and teachers. The Institute will work with stakeholders in applying the *Australian Professional Standards for Teachers*, which require that teachers know how to structure lessons to meet the physical, social and intellectual characteristics of their students, including those with special needs and Aboriginal and Torres Strait Islanders.
- The Institute will continue discussions with the Department of Education and Training on a Memorandum of Understanding covering the management of teacher misconduct in government schools.
- The Institute will work with the Department of Education and Training on appropriate regulatory mechanisms in relation to the teaching profession to ensure that Victorian children are safe.

The Institute plans to report on the progress of the identified performance improvement activities in January and July 2016.

The full text of the Statement of Expectations and the Institute's response can be found on the Institute's website.

Initiatives and key achievements

- 80,072 teachers renewed their registration.
- 32,895 National Police History Checks (NPHC) were processed.
- 378 mid-year graduates and 4673 end-of-year graduates were registered, an increase of 3 per cent.
- Registration of early childhood teachers commenced.
- A submission was made to Teacher Education Ministerial Advisory Group (TEMAG).
- A submission was made to the review of Mutual Recognition schemes.
- Information on registration was presented to 4700 graduating students.
- Information on registration was presented to 1700 early childhood teachers.
- 2800 beginning teachers attended induction support programs in metropolitan and regional locations.
- During 2015, more than 950 experienced teachers were trained as mentors for provisionally registered teachers.
- Eight initial teacher education programs were reviewed and re-accredited.
- Eleven new initial teacher education programs were reviewed and accredited.
- 96 per cent of provisionally registered teachers who attended the Institute's support program indicated that the seminars assisted them with the process of applying for full registration.
- Our Call Centre answered 86 per cent of calls within 20 seconds, exceeding Australian service industry standards.

Registration

Registering teachers

There are 120,123 registered teachers in Victoria. Of this total, 99,278 (83 per cent) hold full registration, 15,630 (13 per cent) hold provisional registration, 3208 (3 per cent) hold non-practising registration and 1058 (1 per cent) hold permission to teach.

Table 2
Number of registered teachers

Registration type	2015	2014	% change
Full registration	99,278	100,099	1 ↓
Provisional registration	15,630	14,044	11 ↑
Non-practising	3208	2785	15 ↑
Permission to teach	1058	1319	20 ↓
Returning	949	644	47 ↑
TOTAL	120,123	118,891	1 ↑

The number of registered teachers has increased by 1 per cent (927) from the previous year. However, there has been a 20 per cent decrease in the number of teachers holding permission to teach compared to last year. The number of teachers holding non-practising registration has increased by 15 per cent in 2015.

Table 3
Number of new registrants

Qualification type	2015	2014	% change
Victorian qualifications	4,925	4,788	3 ↑
Interstate qualifications	825	870	5 ↓
Overseas qualifications	664	918	28 ↓
Mutual recognition	511	633	19 ↓
TOTAL	6,905	7,209	4 ↓

Overall there has been a 4 per cent decline in the number of new registrants, i.e. teachers registered with the Institute for the first time. The majority of new registrants hold Victorian qualifications. The number of first-time registrants with interstate or overseas qualifications has decreased since the previous year, and the number of teachers registered with the Institute for the first time through mutual recognition has declined by 28 per cent.

Registering new graduates

During the reporting period, the Institute granted provisional registration to 5051 graduates. This includes 378 mid-year graduates and 4673 end-of-year graduates. The number of graduate applications processed increased by 3 per cent compared to the previous year.

Provisional to full registration

Graduate teachers are provisionally registered. To be granted 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 2644 provisionally registered teachers made new applications for provisional registration. This was a 44 per cent increase 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 also need to 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 fallen by 20 per cent from 1319 in 2014 to 1058 in 2015.

Non-practising registration

3208 teachers have non-practising registration. 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, with all fully registered teachers being moved to an annual renewal cycle by 2016. During the reporting period, 80,072 teachers renewed their registration. There were 4817 teachers who did not renew their registration, and their names were removed from the register. At renewal, 3531 teachers chose to go non-practising because they could not meet all of the requirements for renewal.

Table 4
Number of renewals processed

Renewal status	2015	2014	% change
Renewed	80,072	72,899	10 ↑
Non-practising	3531	2342	51 ↑
Not renewed	4817	8978	46 ↓
TOTAL	88,420	84,219	5 ↑

National Police History Check (NPHC)

National Police History Checks are undertaken on all persons applying for registration, and before the end of every five years. If an applicant for registration has been convicted or found guilty of an indictable offence or a relevant summary offence, the matter is considered in the first instance by the Institute Council.

Registered teachers must have a current and satisfactory NPHC conducted by the Institute, which is required to be updated 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. The Institute has processed 32,895 National Police History Checks in the reporting period.

The register of teachers

The Institute is required under the Act to maintain the register of registered teachers. The register of registered teachers is available for inspection during office hours at the Institute's office and an extract of the register is also on the Institute website at 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, 1201 teachers voluntarily ceased their registration. This is a decrease of 48 per cent from the previous reporting period. The largest numbers of teachers who ceased their registration were in the age ranges of 60 to 64 years and 65 to 69 years. Nearly all (99 per cent) of teachers ceasing their registration were not employed in a school.

Table 5
Teachers who left the profession

Age profile	2015	2014	% change
<25	12	15	20 ↓
25–29	125	163	23 ↓
30–34	91	147	38 ↓
35–39	74	124	40 ↓
40–44	63	97	35 ↓
45–49	50	77	35 ↓
50–54	60	93	35 ↓
55–59	142	259	45 ↓
60–64	238	553	57 ↓
65–69	260	549	53 ↓
70+	86	220	61 ↓
TOTAL	1,201	2,297	48 ↓

Age and gender

The largest group of registered teachers (16,233) is aged between 30 and 34 years. This is a 2 per cent increase of teachers in that age group compared to the previous year. The numbers of teachers in the 65–69 and 70+ age groups have increased by 8 per cent from 2014. Females accounted for 74 per cent (88,583) of the teaching population and males 26 per cent (31,540).

Table 6
Age profile of registered teachers

Age Profile	2015	% of total %	2014	% change
<25	3479	3%	3488	0 ↓
25–29	15,450	13%	14,999	3 ↑
30–34	16,233	14%	15,948	2 ↑
35–39	14,464	12%	13,751	5 ↑
40–44	12,981	11%	12,808	1 ↑
45–49	12,798	11%	12,766	0 ↑
50–54	12,659	11%	13,057	3 ↓
55–59	14,718	12%	15,396	4 ↓
60–64	11,435	10%	11,204	2 ↑
65–69	4641	4%	4303	8 ↑
70+	1265	1%	1171	8 ↑
TOTAL	120,123		118,891	1 ↑

Early childhood teacher registration

The Institute will be registering qualified early childhood teachers from 30 September 2015.

During the past year, activities have been undertaken to develop the systems and processes for registration applications, and to communicate the requirements for application to early childhood teachers and stakeholders.

The Institute communicated to early childhood teachers and relevant stakeholders through a range of channels including email circulars, printed collateral, advertisements in a range of publications, articles in the Institute newsletter and updates on the Institute website.

Development of a new section of the teacher register to accommodate early childhood teacher registration has been completed. Online application forms have been built and tested for early childhood teachers registering both under transitional arrangements and through normal processes.

More than 3300 qualified early childhood teachers and pre-service students have submitted an intention to register with the Institute. This indicates that a high proportion of the early childhood teacher workforce is aware of impending registration requirements.

In the next year, the Institute will register current qualified early childhood teachers through transitional arrangements, providing a streamlined pathway into registration. The Institute will also accept a small number of applications from early childhood teachers who are new to the profession. Further work will ensure that early childhood teachers are fully integrated into all regulatory processes that apply to registered teachers.

Accreditation

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

In 2014–15, the Accreditation Committee re-accredited eight continuing programs and accredited 11 new programs. A list of the accredited programs that accept enrolments is available on the Institute's website.

Partnerships

The Institute continues to work on developing and refining 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 the Australian Institute for Teaching and School Leadership.

The Institute also continues to work with all Victorian higher education institutions offering initial teacher education programs to ensure that accredited and new programs meet the Australian standards for accreditation. In 2014, the Institute changed the way it supports higher education institutions by allocating liaison officers from the Standards & Professional Learning branch to each provider. Throughout 2014–15, the Institute 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.

Nationally consistent accreditation

The Australian graduate standards, program accreditation standards and national accreditation process continue to be used by the Institute's Accreditation Committee to accredit all initial teacher education programs submitted for approval after January 2013.

In January 2015, the Council of the Institute established an Accreditation Expert Group. This group comprises all trained accreditation panel members. It has met twice this year and discussed matters regarding accreditation reform.

Table 7
Total number of approved initial teacher education programs accepting enrolments

Approved initial teacher education programs	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Secondary postgraduate	18	20	18	17
Secondary undergraduate	23	19	21	21
Primary postgraduate	17	18	15	12
Primary undergraduate	24	12	12	11
Primary undergraduate with optional P-10 pathway	3	3	3	3
P-10 or P-12 postgraduate	4	5	5	5
P-10 or P-12 undergraduate	8	7	8	7
Early childhood/primary postgraduate	3	4	4	3
Early childhood/primary undergraduate	11	11	8	7
TOTAL	111	99	94	86

The Institute has strengthened the annual reporting process to ensure accurate data, including data on priority areas, is collected from each provider.

The Chair of the accreditation committee is visiting each HEI to discuss progress under the national accreditation arrangements.

Qualifications assessment

The Institute offers a qualifications assessment service (for a fee) for people who are not applying for teacher registration but would like information on eligibility for teacher registration, eligibility for entry into initial teacher education programs and/or eligibility for secondary teaching (method) areas.

In 2014–15, 158 requests were received: 62 per cent of the requests were from people with Australian qualifications, 32 per cent from people with overseas qualifications and 6 per cent were from people with a combination of qualifications that had been completed both in Australia and overseas.

Standards and professional learning

Nationally consistent standards for teachers

The Institute has integrated the Australian Professional Standards for Teachers (APST) and registration processes that are nationally consistent. An external evaluation of the revised process for transition from provisional registration to (full) registration incorporating the APST was presented to the Institute Council in August 2014. Findings indicated that provisionally registered teachers were able to use their practice to evidence the APST at the proficient teacher level. In addition, the Institute process assisted these new teachers to develop their knowledge and reflect on their practice to improve the learning of the students they teach.

Supporting teachers new to the profession

One of the aims of the Institute is to drive supported entry to the profession. This develops the practice of beginning teachers and established professional expectations. The structured framework that provisionally registered teachers use to demonstrate the standards in their practice for (full) registration encourages a focus on student learning through working with colleagues.

To support the process, the Institute conducts seminars with provisionally registered teachers, teacher mentors and principals.

MyPD

MyPD is a handy online tool available to registrants in their MyVIT portal, where they can download and keep a record of their professional development activities for upcoming renewal or (full) registration.

MyPD continues to be used by a majority of registered teachers. Teachers who have been required to provide evidence of their practice for renewal of registration are using MyPD as a reference point.

Table 8
Institute research activities 2014–15

Research topic	Partner / Contractor	Completion date
The Networked Educators Advancing Research Project (Developmental Mentoring)	Deakin University and Australian Catholic University	2016

Professional conduct

The Professional Conduct Branch and the disciplinary hearing panels are critical to meeting the Institute's public protection role.

Concerns about teachers

The Institute receives conduct concerns through a range of channels including complaints, employer notifications and ongoing Victoria police record checking. The Institute can also initiate inquiries into conduct through its 'own motion' powers.

In 2014–15, the Institute commenced 79 investigations. The Institute has a range of

powers available to it under the Act to respond to professional conduct concerns. The Institute endeavours to conduct investigations as quickly as practicable, having regard for the nature of the matter being investigated.

The following table highlights the sources of our investigations:

Complaints	15
Employer notifications	34
Own motion investigations	16
Indictable offences	14

Table 9

Complaints	The Institute can inquire into any complaint that provides evidence that 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, the Institute will provide the complainant an opportunity to provide such evidence. The Institute will not investigate where a complaint is frivolous or vexatious, is not supported by evidence or is not within the Institute's jurisdiction.
Employer notifications	The Institute must be advised by an employer if it has taken action taken against a teacher in response to any of the matters outlined in section 2.6.31 of the Act. Employers must also inform the Institute of any other actions taken against registered teachers that may be relevant to their fitness to teach.
Own motion investigations	The Institute can initiate an investigation if it reasonably believes that 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 the Institute with the capacity to investigate cases that otherwise might escape our attention.
Indictable offences	The Institute has arrangements in place with Victoria Police, in accordance with the Act, to receive criminal history information about registered teachers. If the Institute is informed that a registered teacher has been convicted or found guilty of an indictable offence other than a sexual offence, the Institute must conduct an inquiry into the teacher's fitness to teach.
Sexual offences	The Act provides that the Institute 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.

Professional Conduct Outcomes

The Institute has a number of disciplinary tools available that enables us to respond with flexibility and nuance to different types of concerns. In 2014–15 the following outcomes were achieved:

Agreements	11
Informal hearings	5
Formal hearings	3
Medical panel hearings	1
Sexual offence cancellations	10
Unregistered teaching prosecutions	2

The following information outlines the types of outcomes available to the Institute in relation to professional conduct concerns.

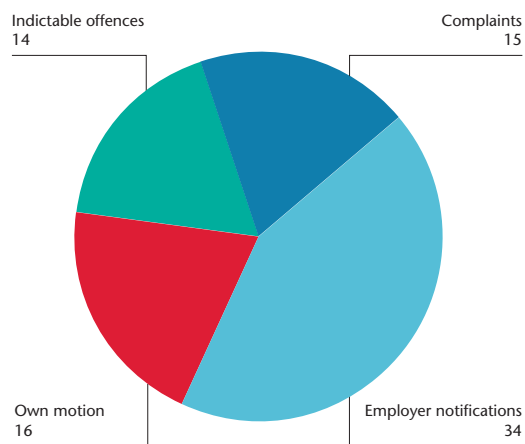
Table 10

Agreements	<p>The Institute resolved 11 matters by way of agreements.</p> <p>The Institute's preference is to meet early with teachers (and their representatives) to clarify the nature of any allegations and to explore opportunities for early resolution. Agreements were added to the Act to enable the Institute to respond with greater flexibility and nuance to different levels of misconduct, and are intended to allow the teachers and the Institute to agree to cancel or suspend registration or impose a condition without the necessity of an investigation and hearing as a pre-condition.</p>
Informal hearing	<p>The Institute resolved five matters by way of informal hearing.</p> <p>Allegations of misconduct may be referred to an informal hearing panel for determination. Informal hearings provide the Institute with an efficient and effective mechanism to deal with misconduct that is not serious but falls short of the expected standards of professional conduct for teachers.</p> <p>An informal hearing panel has the power to make adverse findings about whether or not the teacher has engaged in misconduct and can make a determination that the teacher be cautioned or reprimanded or that conditions be placed on the teacher's registration, such as counselling and/or further education/training.</p>
Formal hearing	<p>The Institute resolved three matters by way of formal hearing.</p> <p>A formal hearing panel has the power to make findings about whether or not a teacher has engaged in misconduct or serious misconduct, has been seriously incompetent or is not fit to teach. A formal hearing panel can make a number of determinations including a caution; reprimand; the placement of conditions on a teacher's registration; suspension or cancellation of registration; the imposition of a period of disqualification or that the matter be referred to a medical panel hearing.</p>
Medical panel hearing	<p>The Institute resolved one matter by way of a medical panel hearing.</p> <p>Some complaints/notifications received by the Institute relate to impairments such as ill health or alcohol or drug abuse. The Institute endeavours to support teachers who are suffering impairments, including by exploring opportunities to manage their return to full fitness.</p> <p>Where the assessment identifies an impairment and associated management plan, the Institute will negotiate an agreement (i.e. to agree an appropriate set of conditions and/or period of suspension) to support the teacher's return to fitness. In cases where a teacher is not prepared to undertake a voluntary health assessment, a medical panel may be convened that may impose a condition on the teacher's registration or suspend the teacher's registration for a period, subject to a condition specified in the determination.</p>
Unregistered teaching prosecutions	<p>The Institute undertook two unregistered teaching prosecutions.</p> <p>It is an offence under the Act for a person who is not registered or who does not have permission to teach to undertake the duties of a teacher in a school. Additionally, a person who is not a registered teacher must not claim to be a registered teacher or present themselves as being a registered teacher.</p> <p>It is also an offence for a person or body to employ a person to teach in a school unless the person is registered or has permission to teach.</p>
Supreme court appeal	<p>There was one application for an appeal of a hearing panel decision to the Supreme Court of Victoria.</p> <p>A teacher may submit an application to the Supreme Court of Victoria for an appeal against a decision of a hearing panel or an appeal against the process by which a decision was made.</p>

Table 11
Professional conduct statistics

Reporting period: 1/7/2014 – 30/6/2015	
Matters referred to the Institute where decision was made not to inquire	38
Complaints	17
Employer notifications	20
Own motion	1
Inquiries commenced	79
Complaints	15
Employer notifications	34
Own motion	16
Indictable offences	14
Hearings conducted	9
Medical panel hearings	1
Informal hearings	5
Formal hearings	3
Agreements	11
To suspend registration only	1
To place conditions on registration only	9
To suspend registration and place conditions on registration	0
To cancel registration	1
Sexual offence cancellations	10
Prosecutions finalised	2
VCAT appeals finalised (registration refusal)	0
VCAT appeals finalised (disciplinary appeal)	0
Supreme court appeals finalised (judicial review)	1
TOTAL	112

Figure 3
Inquiries commenced



Stakeholder engagement

The Institute engaged with various key stakeholders during the reporting period in a range of face-to-face presentations state-wide.

Early childhood teachers

In preparation for the registration of early childhood teachers in 2015, comprehensive engagement with the profession has been undertaken. This includes the establishment of an early childhood teacher stakeholder reference group and delivery of state-wide information sessions to approximately 1700 early childhood teachers, employers and other stakeholders.

Higher education providers

Institute staff conducted 27 presentations with 12 higher education providers and presented information to approximately 4700 graduating students about the role of the Institute, requirements for registration and the registration process.

Provisionally registered teachers and their mentors

The Institute met with 2800 provisionally registered teachers to welcome them to the profession and explain the transition from provisional to full registration requirements.

During 2015, more than 950 experienced teachers were trained as mentors to support provisionally registered teachers. This number is slightly less than the number of mentors trained in 2014. The Institute also conducted four one-day training workshops in rural areas.

Since the introduction of these programs in 2004, the Institute has delivered seminars to nearly 29,000 provisionally registered teachers and trained nearly 17,000 teacher mentors.

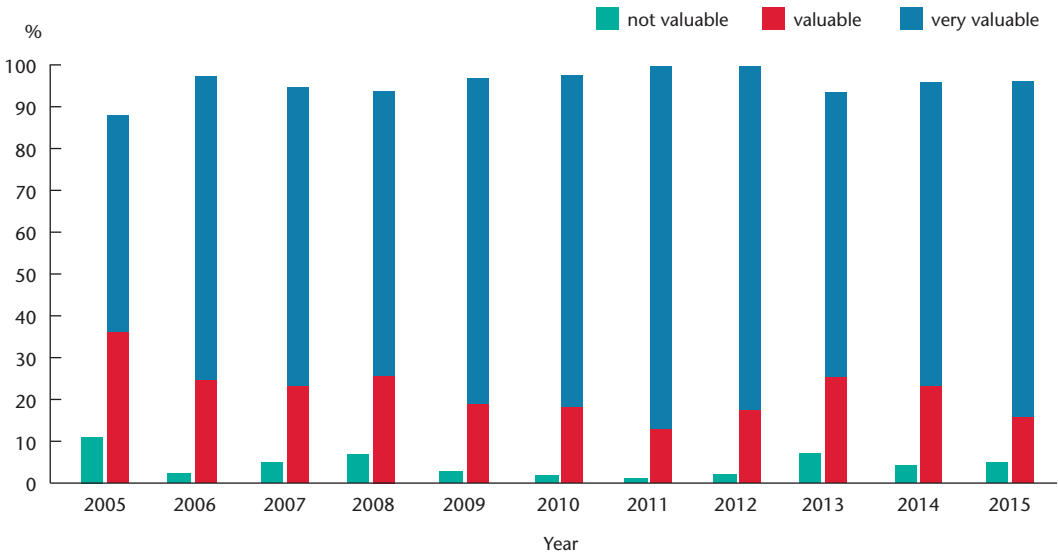
As attendance at briefings for principals was low in comparison with provisionally registered teachers and their mentors, the Institute has established a series of online conferences that school leaders can access when they require information.

Provisionally registered teachers (PRTs) continue to rate the content of the Institute seminars positively as shown in Figure 4. PRTs who attended the 2014–15 seminars indicated that the seminars assisted them with the process of applying for full registration.

Table 12
Support program for provisionally registered teachers

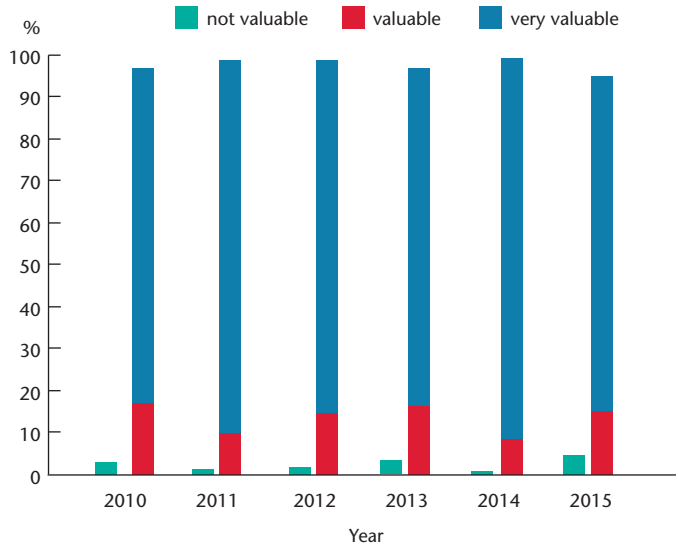
Teacher support	Location/s in 2014/15		Numbers attending 2014–15	Numbers attending 2013–14
Provisionally registered teacher seminar 2014	6 locations	5 metropolitan 1 regional	722	1374
Mentor training – day 1	24 locations	16 metropolitan 12 regional	945	1019
Provisionally registered teacher seminar 2014	21 locations	12 metropolitan 9 regional	1856	2373
One-day mentor training	4 locations	4 regional	51	196
Mentor training – day 2	23 locations	16 metropolitan 7 regional	980	980
TOTAL			4554	5942

Figure 4
Evaluation of support program by provisionally registered teachers



Mentors have identified the importance of the two-day training program in providing them with the skills and understanding to support new teachers as they develop their practice to meet the professional standards for (full) registration. Figure 5 indicates the high value mentors continue to place on the training.

Figure 5
Evaluation of Institute training by mentors



Communications

Teachers and the Victorian community receive information from the Institute via a range of print, electronic and face-to-face communications:

- the Institute online newsletter *Professional Practice*
- regular news and policy updates on the Institute website
- regular circulars emailed to all schools
- direct mail

Customer Service delivery

Our focus in the last year has been to adopt practices that are the key drivers of customer satisfaction in service industries. As a matter of course we now use customer service industry measurements and benchmarks, including Grade of Service – GOS. At the Institute Call Centre, we use the Australian standard measurement of 80:20. This means that we aim to answer 80 per cent of our calls in 20 seconds or less. In the reporting period our average GOS was 86 per cent. This measurement allows us to compare our servicing standards to other service-driven Australian and international institutions.

We have also introduced industry comparative service level agreements, SLA, for email and calls answered at point of contact. In the last year, 95 per cent of all calls were answered in the Call Centre without further escalation within the Institute. We aim to answer all emails prior to close of business on the following working day. This reliability has seen email volume, as percentage of total customer interaction, grow from 17 per cent to 27 per cent in the course of the year, and peak at 31 per cent during our busiest times. Combined, they allow us to provide a standard of service that can be planned, is repeatable and is the equivalent or better of that provided by much larger customer-focused organisations.

www.vit.vic.edu.au

The Institute's website is a key information resource for registered teachers, applicants for registration and members of the community; it continues to attract a large number of visitors.

Numbers of website visits decreased from an average of 65,133 per month in the previous reporting period to 58,475 per month in the current period. Visits particularly increased during the July–October invoicing period.

In the reporting period, the most popular web pages provided information on:

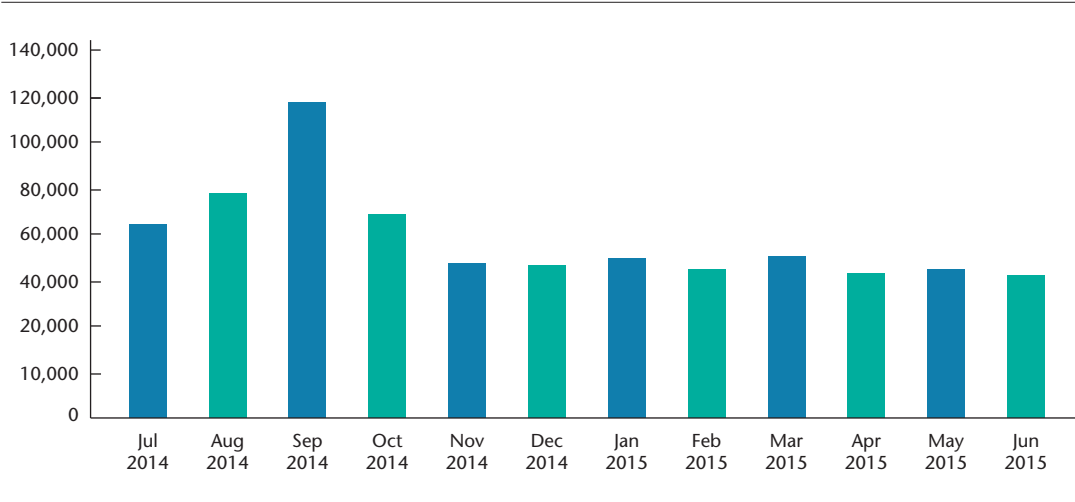
- how to apply for registration
- renewal of registration
- the public register
- approved teacher education programs
- fee payment.

Search the register

The website gives members of the public access to a 'Search the register' function to check that a teacher is registered and fit to teach. The information provided is an extract from the register of teachers and is current at the date of viewing. Each person shown is a registered teacher and eligible to teach in Victoria. A search provides the following information about a registered teacher:

- surname and given names
- type of registration held
- date of registration
- registration number.

Figure 6
Number of website visits per month



The total number of website visits for the reporting period was 701,698, by 380,324 users, viewing an average of 3.4 pages per session. The average session duration was 3 minutes 40 seconds.

At the end of March 2015, the Institute commenced work on the development of a newly designed website, with a projected commencement date of 13 July 2015. Based on a comprehensive analysis of user preferences and feedback from teachers, principals and other key stakeholders, the website has been designed to be simpler, more intuitive, easily accessible on any mobile device and compliant with WCAG requirements.

Email circulars to principals

The Institute regularly communicates with principals by email to ensure they have current information on registration issues affecting teachers in their schools. In the reporting period, eight email circulars were sent to principals. Chairperson Don Paproth also sent two 'From The Chairperson' circulars to principals during the reporting period.

Teachers' Hotline

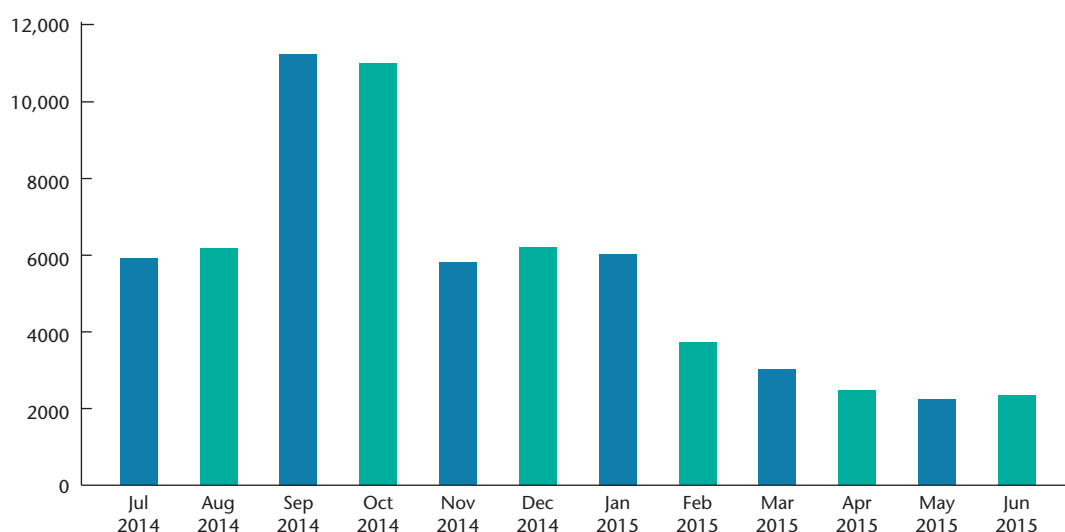
Figure 7 shows the number of calls to the Teachers' Hotline answered between July 2014 and June 2015. The total number of calls answered during this reporting period was 66,046. Peak call rates were recorded between September and October where 22,296 calls were answered; 34 per cent of the total number of calls answered for the financial year.

The most frequent calls received during the peak period of September through October were enquiries related to:

- the required identity documentation for the National Police History Check
- accessing and using the MyVIT portal
- the required practice and professional development for renewal of registration
- receipt of the 2014/15 registration card.

Figure 7
Number of calls to Teachers' Hotline answered, July 2014 – June 2015

Total number of calls answered: 66,046



The Principals' Hotline

Principals and their delegates have access to professional advice from the Institute through a dedicated Principals' Hotline.

To prioritise and improve the level of service to this hotline, a number of experienced Customers Service Officers (CSOs) undertook further training to gain the knowledge to assist them to answer calls to the Principals' Hotline. To minimise call waiting times, calls not answered in a short timeframe are re-routed to the Teachers' Hotline for experienced CSOs to answer.

A total of 2359 calls to the hotline were answered for the year, an average of 197 calls per month.

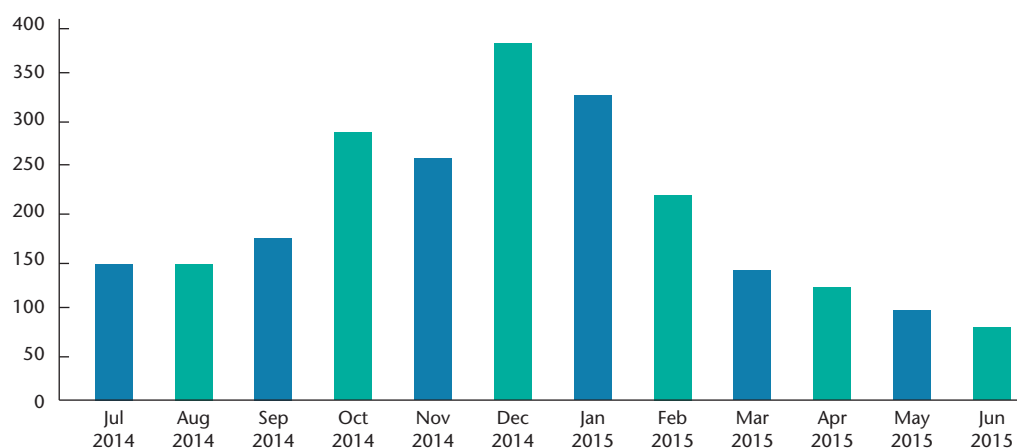
Call peaks were experienced between October and the end of January, when 1250 calls were answered, 53 per cent of the total number of calls for the year.

The most frequent calls received from principals and schools during the peak period were enquiries related to:

- checking teachers' registration and renewal status
- accessing their *School Portal*
- seeking PTT for end-of-year graduates to fill Term 4 vacancies
- the recommendation for full registration requirements.

Figure 8
Number of calls to Principals' Hotline per month, July 2014 – June 2015

Total number of calls answered: 2359



The School Portal

Using unique login details provided by the Institute, principals and their delegates have access to the Institute’s *School Portal*, which allows them to:

- confirm the registration status of teachers at their school
- confirm the registration status of a teacher they wish to employ at their school
- confirm that a graduate teacher has been granted provisional registration and is eligible to commence teaching
- submit a recommendation for full registration for provisionally registered teachers.

A user guide and a short tutorial video, *How to use your School Portal*, are available on the website to assist principals and their delegates in accessing and using the functions of their *School Portal*.

General correspondence and our email box

The Institute responds to received written correspondence and emails sent to the Institute’s electronic mailbox.

A total of 18,504 emails were received and processed in this reporting period. There were two peak periods during this reporting period:

- September/October – 4555 emails received
- December/January – 3486 emails received.

The most frequent enquiries were:

in September/October

- requirements for renewal of full registration
- MyVIT access and set-up
- fees and payment options
- the National Police History Check

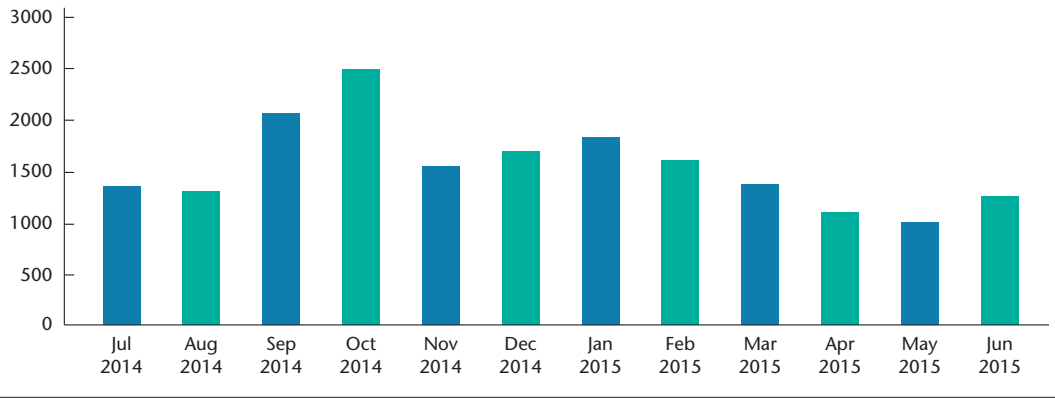
in December/January

- new applications for registration
- requirements for renewal of full registration
- the National Police History Check.

For the overall reporting period, 90 per cent of emails were answered by the next day, a significant improvement from the previous reporting period.

Figure 9
Number of emails received per month, July 2014 – June 2015

Total number of emails processed: 18,504



Our business operations

Banking

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

Mail house services

The Institute 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 the Institute under strict privacy arrangements. The arrangement enables the Institute to access favourable bulk postage rates.

Records management

An electronic records and document management system, Hummingbird, stores all of the Institute's administrative files in accordance with relevant information and retention standards.

Consultancies and other major contracts

No major contract greater than \$10m was entered into in 2014–15. In 2014–15, the Institute engaged 38 consultancies where the total fee payable each to the consultants was less than \$10,000, with a total expenditure of \$82,655.26 (excl. GST). There were no contracts related to the Victorian Industry Participation Policy. For details of the consultant's contract over \$10,000, refer to Appendix 3.

Freedom of Information

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

Table 13
Analysis of freedom of information requests, 2014–15

Nature of requests		
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

The Institute is the sole registration authority for teachers in all Victorian primary and secondary schools.

Whistleblowers protection

As of 30 June 2015, no disclosures had been received under the *Whistleblowers Protection Act 2001* or the *Protected Disclosure Act 2012*, nor had any matter under this Act been referred to the Ombudsman for investigation.

Environmental sustainability

The Institute continues to further refine its practices to reduce its carbon footprint. The Institute's offices have a Neighbours rating of 4 and incorporate 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 the Institute in its endeavours to be an environmentally responsible organisation.

Occupational health and safety

The Institute, 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 the Institute, 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

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

Professional development

The Institute 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 the Institute.

Table 14
Staff by operation (as of 30 June 2015)

Staff	Full-time equivalent
Corporate and Communications	33.62
Professional Conduct	5.8
Secretariat	6.7
Standards and Professional Learning	8.3
Governance / Panel Hearings	1.8
Registration and Accreditation	19.2
Casuals	1.0
TOTAL	76.2

The Council of the Victorian Institute of Teaching

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

The Council of 12 members comprises:

- 11 members (including the Chairperson) appointed by the Governor-in-Council
- the Secretary of the Department of Education and Training (or their nominee).

The current Council is the fourth to be formed since 2001 and has been in operation since November 2011. The Third Institute Council had developed a Strategic Plan for the period 2013–16 and this plan has been adopted by the Fourth Council. It can be viewed on the Institute website.

Table 15
Number of Council meetings attended by each member of the Fourth Council

Name	Meetings attended		
	2014	2015	Total
Michael Butler	4	4	8
Stephen Dinham	2	4	6
Louise Heggen	4	3	7
Ian Johnson	3	4	7
Allen McAuliffe	4	4	8
Gail McHardy	4	3	7
Don Paproth	4	4	8
Mary-Anne Pontikis	4	3	7
Debra Punton	4	4	8
Anne Sarros	4	3	7
Leonie Sheehy	3	3	6
Bruce Armstrong	1	4	5
Sue Buckley	–	1	1

Key relationships

The Institute 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 registration of teachers in Victorian schools
- approves a strategic plan and an annual business plan for the Institute
- fixes the registration fees for a period of 12 months, and may amend or vary the fee at the end of that period
- recommends to the Governor-in-Council the appointment of members to the Institute Council, including the Chairperson.

Under the *Education and Training Reform Act 2006*, the Minister approves policies for the qualifications, criteria and standards for registration or renewal of registration that have been recommended by the Institute.

MEMBERS OF THE COUNCIL OF THE INSTITUTE



Donald Paproth
Chairperson



Allen McAuliffe
Principal, Sandringham College



Michael Butler
Reservoir District Secondary College



Professor Stephen Dinham OAM
Chair of Teacher Education and
Director of Learning and Teaching
in the Melbourne Graduate School
of Education, University of Melbourne



Louise Heggen
Bulleen Heights School



Dr Ian Johnson
Retired



Gail McHardy
Executive Officer, Parents Victoria



Mary-Anne Pontikis
Meadow Heights Primary School



Debra Punton
Deputy Director, Catholic Identity
Learning and Teaching,
Catholic Education Office, Melbourne



Dr Anne Sarros
Former Principal, Firkbank Grammar



Leonie Sheehy
St Joseph's Primary School, Boronia



Bruce Armstrong
Delegate of the Secretary of the
Department of Education and Training
Replaced by Sue Buckley

The committees of Council

Audit and Finance Committee

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

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

During 2014–15, the Audit and Finance Committee met eight times.

Members

David Nairn (Chairperson), HLB Mann Judd external member
Donald Paproth, Institute Council Chairperson
Allen McAuliffe, Sandringham Secondary College
Michael Butler, Reservoir District Secondary College
Gail McHardy, Parents Victoria
Debra Punton, Catholic Education Office, Melbourne
Barbara McLure until December 2014 external member
Kerri Reynolds from January 2015 external member

Remuneration Committee

Members

The Remuneration Committee implements Government Sector Executive Remuneration Panel (GSERP) policies and guidelines for the employment of the Institute'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 2014–15, the Remuneration Committee met once.

Members

Donald Paproth (Chairperson), Institute Council Chairperson
Debra Punton, Catholic Education Office, Melbourne

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 the Institute 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 2014–15, the Committee met eight times.

Members

Donald Paproth (Chairperson), Institute Council Chairperson
Professor Stephen Dinham, The University of Melbourne
Louise Heggen, Bulleen Heights School
Anita Brown, Employer Representative, Department of Education and Training
Chris Lennon, Employer Representative, Catholic Education Office Melbourne
Jim Laussen, Employer Representative, Independent Schools Victoria
Linda Blakis, Registered Teacher
Angela Pope, Registered Teacher

The Professional Conduct Committee

The Professional Conduct Committee is responsible for the administration of the Institute'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 2014–2015, the Committee met 12 times.

Members

Anne Sarros (Chairperson), Firkbank Grammar School
Michael Butler, Reservoir District Secondary College
Ian Johnson, Retired
Gail McHardy, Parents Victoria
Mary-Anne Pontikis, Meadow Heights Primary School
Leonie Sheehy, St Joseph's Primary School

Risk Management Attestation



Risk Management Attestation

I, Donald Paproth certify that the Victorian Institute of Teaching has risk management processes in place consistent with the *Australian/New Zealand Risk Management Standard (AS/NZS/ISO 31000:2009)* and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit and Finance Committee verifies this assurance and that the risk profile of the Victorian Institute of Teaching has been critically reviewed within the last 12 months.

A handwritten signature in black ink, appearing to read "D. Paproth".

Donald Paproth
Chairperson – Victorian Institute of Teaching

Melbourne
19 August 2015

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Comprehensive operating statement for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
INCOME FROM TRANSACTIONS			
Interest	2 (a)	323,396	287,054
Fees	2 (b)	12,960,315	12,399,605
Other income	2 (c)	229,558	88,971
Total income from transactions		13,513,269	12,775,630
EXPENSES FROM TRANSACTIONS			
Employee expenses	3 (a)	7,969,072	7,195,853
Depreciation and amortisation	3 (b)	948,607	993,951
Supplies and services	3 (c)	3,284,896	3,374,465
Occupancy expenses	3 (d)	531,328	414,973
Total expenses from transactions		12,733,903	11,979,242
Net result from transactions (net operating balance)		779,366	796,388
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on non-financial assets	4 (a)	(54,947)	(812,038)
Other gains/(losses) from other economic flows	4 (b)	–	(4,419)
Total other economic flows included in net result		(54,947)	(816,457)
Net result from continuing operations		724,419	(20,069)
Comprehensive result		724,419	(20,069)

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

Balance sheet

as at 30 June 2015

	Notes	2015 \$	2014 \$
FINANCIAL ASSETS			
Cash and deposits	18 (a)	3,126,556	5,047,589
Investments	5	6,000,000	2,000,000
Receivables	6	110,312	1,109,050
Total financial assets		9,236,868	8,156,639
NON-FINANCIAL ASSETS			
Plant and equipment	8	1,782,954	418,180
Intangible assets	9	314,432	984,993
Other non-financial assets	7	153,792	193,124
Total non-financial assets		2,251,178	1,596,298
Total assets		11,488,046	9,752,937
LIABILITIES			
Payables	10	1,764,681	868,310
Provisions	11	1,346,699	1,114,074
Income received in advance	13	3,196,587	3,314,891
Total liabilities		6,307,967	5,297,276
Net assets		5,180,079	4,455,661
EQUITY			
Accumulated surplus/(deficit)	19	5,180,079	4,455,661
Net worth		5,180,079	4,455,661
Commitments for expenditure	16		
Contingent assets and contingent liabilities	15		

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

Statement of changes in equity

for the year ended 30 June 2015

	Accumulated Surplus \$	Contributions by Owner \$	Total \$
Balance at 1 July 2013	4,475,729	–	4,475,729
Net result for the year	(20,069)	–	(20,069)
Balance at 30 June 2014	4,455,660	–	4,455,660
Net result for the year	724,419	–	724,419
Balance at 30 June 2015	5,180,079	–	5,180,079

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

Cash flow statement

for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Government		–	609,091
Receipts from customers and registration fees	14,120,133		11,332,109
Goods and Services Tax recovered from the Australian Tax Office	(61,899)		112,638
Interest received	335,110		297,412
Total Receipts		14,393,344	12,351,249
Payments			
Payments to suppliers and employees	(10,616,611)		(11,731,534)
Interest and other costs of finance paid	–		(806)
Total Payments		(10,616,611)	(11,732,340)
Net cash flows from/(used in) operating activities	18 (b)	3,776,733	618,909
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	(1,619,117)		(296,024)
Payments for intangible assets	(78,649)		(128,604)
Proceeds from sale of plant and equipment			–
Payments for investments	(16,000,000)		(10,750,000)
Proceeds/receipts from investments	12,000,000		11,250,000
Net cash flows from/(used in) in investing activities		(5,697,766)	75,372
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease		–	(16,218)
Net cash flows from/(used in) in financing activities		–	(16,218)
Net increase/(decrease) in cash and cash equivalents held		(1,921,033)	678,063
Cash and cash equivalents at the beginning of the financial year		5,047,589	4,369,527
Cash and cash equivalents at the end of the financial year	18 (a)	3,126,556	5,047,589

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

Notes to the financial statements

for the financial year ended 30 June 2015

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Notes to the financial statements

for the financial year ended 30 June 2015

NOTE 1 Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Institute of Teaching (the Institute) for the year ending 30 June 2015. The purpose of the report is to provide users with information about the Institute'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*.

The Institute 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 that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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 the Institute on 19 August 2015.

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

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*, the Institute 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, the Institute 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 as explained above.

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

The accounting policies set out have been applied in preparing the financial statements for the financial year ended 30 June 2015 and the comparative information presented for the year ended 30 June 2014.

(c) Reporting entity

The financial statements include all the activities of the Victorian Institute of Teaching, 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 Institute reports directly to the Parliament of Victoria through the Minister for Education.

(d) Objectives and funding

The legislated objectives of the Institute 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.

The Institute operates as a single unit, with no associated entities, and has not entered into any joint-venture arrangements. The Institute 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: 'net result from transactions' (also termed as '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 Australian System of Government Finance Statistics, 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 the changes in equity of each non-owner and owner 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 they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Rounding of amounts

Amounts in the financial statements (including the notes) have been rounded to the nearest whole dollar, unless otherwise stated. Figures in the financials may have minor discrepancies due to rounding.

(f) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the income can be reliably measured. Income is recognised for each of the Institute'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 fees

Registration fees are raised annually in advance. Income is recognised in the year to which the registration relates. 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.

The Institute 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'.

Application fees and criminal record check fees

Application fees and criminal record check fees (known as National Police History Checks) are charged to prospective teachers and recognised as income in the year to which the fee relates.

Late fees

Late fees are recognised on payment.

Grants

Income from grants is recognised as revenue received in advance upon receipt of payment, and is 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 the Institute.

(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 the 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 (excluding items under operating leases), with cost values exceeding \$2000, that have finite useful lives 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.

Amortisation

Intangible produced assets, with cost values exceeding \$2000, with finite useful lives are amortised as an expense from transactions on a reducing balance method over the asset's useful life (three years), with the exception of the Institute'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 the Institute. 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, outgoings and repairs and maintenance charges. The lease on Marland House expired in August 2014. 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:

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

Refer to note 1(k) Non-financial assets.

(ii) *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.

(iii) *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.

(iv) *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
- disposals of financial assets.

Revaluations of financial instruments at fair value

Refer to note 1(i) Financial instruments.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long-service-leave liability due to changes in the bond interest rates.

(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 the Institute'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

(i) *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.

Receivables category includes cash and deposits (refer to note 1(j)(i)), 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.

(ii) 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.

(iii) Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Institute 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.

(iv) 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 cash on hand and cash at bank (net of outstanding cheques yet to be presented by the Institute'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

The Institute 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 when:

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

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

Impairment of financial assets

At the end of each reporting period the Institute 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, the Institute 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

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 the Institute.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase on 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.

Intangible assets are measured at cost less accumulated amortisation and impairment.

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.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under note 1(h)(iv) Impairment of non-financial assets.

(i) 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 the shorter.

(ii) Non-current physical assets arising from finance leases

Refer to note 1(m) Leases

(iii) Revaluations of non-current physical assets

Non-current physical assets are measured at fair value, 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.

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 to assets in different classes. Any revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

Other non-financial assets

Prepayments

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

Impairment of non-financial assets

Refer to note 1(h) Other economic flows included in net result.

(I) Liabilities

Payables

Payables consist predominantly of accounts payable, unearned income and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the Institute prior to the end of the financial year that are unpaid, and arise when the Institute becomes obliged to make future payments in respect to the purchase of those goods and services.

Payables are initially recognised at fair value, being the cost of the goods and services, and subsequently measured at amortised cost.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to note 1(i)). 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 the Institute has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Using the 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 recognised 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 to wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities that are expected to be settled within 12 months of the reporting period are measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long Service Leave

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

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

The components of this current LSL liability are measured at:

- nominal value – component that the Institute expects to settle within 12 months
- present value – component that the Institute does not expect to settle within 12 months.

Conditional LSL (representing less than seven years of recognised continuous service for the Institute) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' (refer to note 1(h)).

(iii) Termination benefits

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

Employee benefits on-costs

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

(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

Institute as lessee

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 depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are allocated between the principal component of the lease liability, and the interest expense calculated using the interest rate implicit in the lease, and charged directly to the operating statement. Contingent rentals associated with finance leases are recognised as expenses in the period in which they are incurred.

Operating Leases

(i) Institute as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

(ii) Lease incentive

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, such incentives are recognised as liabilities. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease 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) at their nominal value and inclusive of the goods and services tax (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) 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 GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are 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 operating cash flow.

(q) Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Institute and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events that occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed in the reporting period. Note disclosure is 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 arose after the end of the reporting period and which may have a material impact on the results of subsequent reporting periods.

(r) Materiality

In accordance with the transitional requirement in the revised AASB 1031 *Materiality*, accounting policies need only be identified in the summary of accounting policies where they are considered material. Accounting policies will be considered material if their omission, mis-statement or non-disclosure has the potential, individually or collectively, to:

- influence the economic decisions that users make on the basis of the financial statements and
- affect the discharge of accountability by the management or governing body of the entity.

(s) Changes in accounting policy

Subsequent to the 2013–14 reporting period, the following new and revised Standards were adopted in 2014–15 with their financial impact detailed as follows.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when the Institute is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Institute has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, the Institute has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

However, AASB 13 has predominantly impacted the disclosures of the Institute. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

(t) AASs issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The Institute is responsible for reviewing their applicability and early adoption where applicable. Refer to note 25.

NOTE 2 Income

	2015 \$	2014 \$
INCOME FROM TRANSACTIONS		
(a) Interest		
Interest from financial assets not at fair value through comprehensive operating statement:		
Interest on bank deposits	62,935	57,807
Interest on investments	260,461	229,247
Total interest income	323,396	287,054
(b) Fees		
Teacher registration	10,562,688	10,180,508
Teacher application	412,031	401,232
Criminal record check	1,667,523	1,481,473
Replacement card fee	12,517	15,446
Late registration payment	266,936	261,561
Qualification assessment	17,368	20,830
Statement of good standing	9,000	10,737
Course accreditation assessment fee	12,252	27,818
Total fees	12,960,315	12,399,605
(c) Other income		
Sponsorship	25,455	27,576
Cost recovery for prosecutions	692	2,780
Profit/Loss on sales of plant & equipment	–	4,454
Other revenue*	203,411	54,161
Total other income	229,558	88,971

*Note Other Revenue in 2015 brings to 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

	2015 \$	2014 \$
EXPENSES FROM TRANSACTIONS		
(a) Employee expenses		
Salaries and wages	6,948,030	6,301,522
Superannuation	644,412	561,386
On-costs (Payroll tax, Fringe benefits tax and WorkCover)	376,630	332,945
Total payroll	7,969,072	7,195,853
(b) Depreciation and amortisation		
Depreciation of plant and equipment		
Plant and equipment	77,218	104,047
Plant and equipment under finance lease	–	12,244
Fixtures and fittings	10,530	3,127
Leasehold improvements	166,562	74,996
Total depreciation of plant and equipment	254,310	194,413
Software amortisation	694,297	799,538
Total depreciation and amortisation	948,607	993,951
(c) Supplies and services		
HR expenses	233,453	162,851
Council and committee expenses	152,979	188,143
Consultancy and contractor expenses	506,358	725,492
Communication expenses	468,441	530,863
Finance expenses	80,808	113,237
Legal expenses	107,182	66,675
Printing and stationery expenses	102,522	119,021
Research and development	2,000	31,691
Travel and accommodation	80,510	55,444
Marketing expenses	196,650	188,060
Administration expenses	498,386	430,912
Criminal record checks	855,607	762,076
Total supplies and services	3,284,896	3,374,465
(d) Occupancy expenses		
Operating lease rental expenses:		
Minimum lease payments (expense)	300,546	318,193
Unwinding of make good provision	(8,182)	(198,430)
Outgoings, cleaning and utilities	191,237	239,718
Maintenance and repairs	47,727	55,493
Total occupancy expenses	531,328	414,973

NOTE 4 Other economic flows included in net result

	2015 \$	2014 \$
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of non-financial assets	(54,947)	(812,038)
Total net gain/(loss) on non-financial assets and liabilities	(54,947)	(812,038)
(b) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	–	(4,419)
Total other gain/(loss) from other economic flows	–	(4,419)

NOTE 5 Investments

	2015 \$	2014 \$
Current investments		
Term deposits:		
Australian dollar term deposits > three months	6,000,000	2,000,000
Total current investments	6,000,000	2,000,000

(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

	2015 \$	2014 \$
Current Receivables		
Contractual		
Debtors	15,097	1,062,131
Accrued investment income	12,426	24,141
	27,523	1,086,271
Statutory		
Net GST receivable	82,789	22,779
	82,789	22,779
Total current receivables	110,312	1,109,050
Total receivables	110,312	1,109,050

(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

	2015 \$	2014 \$
Current other non-financial assets		
Prepayments	152,857	184,984
Non-current other non-financial assets		
Prepayments	935	8,140
Total other non-financial assets	153,792	193,124

NOTE 8 Plant and equipment

	2015 \$	2014 \$
Carrying amounts		
Classification by nature		
Leasehold improvements:		
At cost	1,605,150	–
Less: accumulated depreciation	(166,562)	–
	1,438,588	–
Fixtures and fittings:		
At cost	84,697	80,725
Less: accumulated depreciation	(11,218)	(688)*
	73,479	80,038
Plant and equipment:		
At cost	918,628	913,412
Less: accumulated depreciation	(647,741)	(575,270)*
	270,887	338,143
Net carrying amount of Plant and equipment	1,782,954	418,180

* Note: The above accumulated depreciation amounts for furniture and fittings and plant and equipment for 2014 have been amended by \$8 and \$1,516 respectively when compared with the final accounts reported for that year. This change has been made to correctly align depreciation charges into the correct year.

NOTE 8 (a) Plant and equipment

Movements in carrying amount

	Leasehold improvements		Fixtures and fittings		Plant and equipment		Plant and equipment under finance lease		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	–	811,475	80,038	13,288	338,143	288,788	–	12,802	418,180	1,126,352
Additions	1,605,150	6,196	3,972	80,725	9,995	209,104	–	–	1,619,117	296,025
Disposals	–	(742,675)	–	(10,848)	(33)	(55,702)	–	(559)	(33)	(809,784)
Depreciation expense	(166,562)	(74,996)	(10,530)	(3,127)	(77,218)	(104,047)	–	(12,244)	(254,310)	(194,413)
Closing balance	1,438,588	–	73,479	80,038	270,887	338,143	–	–	1,782,955	418,180

The following rates are used in the calculation of depreciation:

	2015	2014
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%	–
Plant and equipment under finance lease	–	45%

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.

The Institute 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

2015

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Fixtures and fittings	73,479	–	–	73,479
Plant and equipment	270,887	–	–	270,887
Total	344,366	–	–	344,366

2014

Fixtures and fittings	80,038	–	–	80,038
Plant and equipment	338,143	–	–	338,143
Total	418,180	–	–	418,180

Reconciliation of Level 3 fair value

	Fixtures and fittings	Plant and equipment
2015		
Opening balance	80,038	338,143
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
Subtotal	(6,558)	(67,256)
Closing balance	73,480	270,887
2014		
Opening balance	13,288	301,590
Transfer in (out) of Level 3	–	–
Gains or losses recognised in net result: Depreciation/Impairment	(10,848)	(56,261)
Depreciations	(3,127)	(116,290)
Acquisition/(Disposal)	80,725	209,104
Subtotal	66,750	36,553
Closing balance	80,038	338,143

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
Fixtures and fittings	Depreciated replacement cost	Cost per unit	\$1,000–\$11,000 (\$2,000)	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.
Plant and equipment	Depreciated replacement cost	Cost per unit	\$1,000–\$173,000 (\$7,000)	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						
	2015			2014		
	\$			\$		
	CRM	Other	Total	CRM	Other	Total
Gross carrying amount						
Opening balance	2,041,030	1,291,987	3,333,017	2,041,030	1,182,394	3,223,424
Additions	–	78,649	78,649	–	128,604	128,604
Disposals	–	(690,242)	(690,242)	–	(19,011)	(19,011)
Closing balance	2,041,030	680,394	2,721,424	2,041,030	1,291,987	3,333,017
Accumulated amortisation and impairment						
Opening balance	(1,294,362)	(1,053,661)	(2,348,023)	(565,403)	(999,839)	(1,565,242)
Disposals	–	635,328	635,328	–	16,757	16,757
Amortisation expense	(649,893)	(44,404)	(694,297)	(728,959)	(70,579)	(799,538)*
Closing balance	(1,944,256)	(462,736)	(2,406,992)	(1,294,362)	(1,053,661)	(2,348,023)
Net book value at the end of the financial year	96,774	217,657	314,432	746,668	238,326	984,993

* Note: The above accumulated amortisation amounts for 2014 have been amended by \$52,305 when compared with the final accounts reported for that year. This change has been made to align amortisation charges into the correct year.

NOTE 10 Payables

	2015	2014
	\$	\$
Current payables		
Contractual		
Trade creditors and accruals	618,489	846,629
Unused lease incentive – (note 14)	159,863	21,681
Total current payables	778,352	868,310
Non-current payables		
Contractual		
Unused lease incentive – (note 14)	986,330	
Total non-current payables	986,330	
Total payables	1,764,681	868,310

(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

	2015 \$	2014 \$
Current		
Employee benefits (i) (Note 11(a)) – annual leave:		
Unconditional and expected to be wholly settled within 12 months (ii)	319,699	263,633
Unconditional and not expected to be wholly settled within 12 months (iii)	108,821	126,356
Employee benefits (i) (Note 11(a)) – long service leave:		
Unconditional and expected to be settled within 12 months (ii)	379,725	126,468
Unconditional and expected to be settled after 12 months (iii)	76,665	221,103
	884,910	737,560
Employee benefit on-costs:		
Unconditional and expected to be wholly settled within 12 months (ii)	46,005	59,403
Unconditional and not expected to be wholly settled within 12 months (iii)	15,659	52,910
	61,664	112,313
Total current provisions	946,574	849,873
Non-current		
Employee benefits (Note 11(a))	54,642	81,752
Employee benefit on-costs (ii)	11,032	12,449
Make good provision (Note 11(b))	334,451	170,000
Total non-current provisions	400,125	264,201
Total provisions	1,346,699	1,114,074

NOTE 11 (a) Employee benefits and related on-costs

	2015 \$	2014 \$
Current employee benefits:		
Annual leave entitlements	428,520	389,989
Unconditional long service leave entitlements	456,390	347,571
Non-current employee benefits		
Conditional long service leave entitlements	54,642	81,752
Total employee benefits	939,552	819,312
Current on-costs	61,664	112,213
Non-current on-costs	11,032	12,449
Total on-costs	72,696	124,762
Total employee benefits and related on-costs	1,012,248	944,074

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present values.

NOTE 11 (b) Movement in provisions

	Make Good Provision
	2015 \$
Opening balance	170,000
Decrease of provisions recognised (i)	(170,000)
New premises provision	334,451
Closing balance	334,451
Current	
Non-current	334,451
	334,451

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

	2015 %	2014 %
Leasehold improvements – make good provision (i) – Level 9/628	3.028%	n/a

NOTE 12 Superannuation

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

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

However, superannuation contributions for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Institute.

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

Fund	Contribution for the Year		Contribution Outstanding at Year End	
	2015 \$	2014 \$	2015 \$	2014 \$
Defined benefit plans:				
State Superannuation Fund:				
Revised and new	7,464	7,282	—	—
State employees retirement benefit	36,573	45,106	—	—
Defined contribution plans:				
Vic Super	280,027	255,516	—	—
Hesta Super Fund	24,173	25,379	—	—
Uni Super	23,287	20,916	—	—
Legal Industry Super Scheme	11,016	13,108	—	—
Australian Super	26,111	26,311	—	—
Catholic Superannuation Fund	23,080	19,103	—	—
MLC Masterkey Super	38,468	31,461	—	—
Health Super	—	3,527	—	—
CareSuper	24,066	16,661	—	—
Retail Employees Super Trust	24,685	19,098	—	—
Recruitment Super	10,222	7,894	—	—
HostPlus	30,365	8,698	—	—
Commonwealth Bank Superannuation	—	2,212	—	—
Other	79,053	59,112	—	—
Total	638,591	561,386	—	—

NOTE 13 Income received in advance

	2015 \$	2014 \$
Criminal record check fee	43,726	54,550
Application fee	31,905	24,396
Unearned teacher registration fees	2,657,906	2,610,464
Government grant	415,092	609,091
Other income in advance	47,958	16,390
Total income received in advance	3,196,587	3,314,891

NOTE 14 Leases**DISCLOSURES FOR LESSEE – OPERATING LEASES****Leasing arrangements**

Operating leases in 2014/15 relate to the Institute premises at 628 Bourke St with lease terms of eight years (until 31 August 2022). Prior year includes lease commitments for Marland House.

	2015 \$	2014 \$
Non-cancellable operating leases payable		
Non-cancellable leases at the reporting date contracted for but not recognised as liabilities payable		
– Not longer than 1 year	470,072	482,197
– Longer than 1 year but not longer than 5 years	2,608,970	2,551,871
– Longer than 5 years	674,691	1,150,165
Total non-cancellable operating leases payable (exclusive of GST)	3,753,733	4,184,233
Add GST recoverable from the Australian Taxation Office	375,373	418,423
Total non-cancellable operating leases payable (inclusive of GST)	4,129,106	4,602,656

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

Current

Unused lease incentive (note 10)	159,863	21,681
	159,863	21,681

Non-current

Unused lease incentive (note 10)	986,330	–
	986,330	–
	1,146,192	21,681

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 2015, the Institute has no contingent assets (2014: \$0). The Institute has pending hearing expenses in the amount of \$57,450. 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 (2014: \$0).

NOTE 16 Commitments for expenditure

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

	2015 \$	2014 \$
Expenditure commitments:		
Payable:		
– Not longer than 1 year	683,770	228,661
– Longer than 1 year and not longer than 5 years	713,783	275,541
Total commitments for expenditure (inclusive of GST)	1,397,553	504,202
Less GST recoverable from the Australian Taxation Office	127,050	45,837
Total commitments for expenditure (exclusive of GST)	1,270,503	458,365

NOTE 17 Financial instruments

(a) Financial risk management objectives and policies

The Institute'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 accounts.

The main purpose in holding financial instruments is to prudentially manage the Institute's financial risks within the government policy parameters.

The carrying amounts of the Institute'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
2015			
Contractual financial assets			
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
Total contractual financial assets	9,236,868	–	9,236,868
Contractual financial liabilities			
Accounts payable			
– Trade creditors and accruals		778,352	778,352
Total contractual financial liabilities		778,352	778,352
2014			
Contractual financial assets			
Cash and deposits	5,047,589	–	5,047,589
Receivables:			
– Debtors	1,084,910	–	1,084,910
– Accrued investment income	24,141	–	24,141
Investments:			
– Term deposits	2,000,000	–	2,000,000
Total contractual financial assets	8,156,639	–	8,156,639
Contractual financial liabilities			
Accounts payable			
– Trade creditors and accruals	–	868,310	868,310
Total contractual financial liabilities	–	868,310	868,310

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 \$
2015					
Contractual financial assets					
Financial assets – loans and receivables	–	323,396	–	–	323,396
Total contractual financial assets	–	323,396	–	–	323,396
Contractual financial liabilities					
Financial liabilities at amortised cost	–	–	–	–	–
Total contractual financial liabilities	–	–	–	–	–
2014					
Contractual financial assets					
Financial assets – loans and receivables	–	287,054	–	–	287,054
Total contractual financial assets	–	287,054	–	–	287,054
Contractual financial liabilities					
Financial liabilities at amortised cost	–	–	–	–	–
Total contractual financial liabilities	–	–	–	–	–

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

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

In addition, the Institute 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.

The Institute 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 the Institute'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)
2015				
Cash and deposits	2,126,556	–	1,000,000	–
Receivables (i)	–	2,675	9,751	100,136
Investments and other financial assets	–	2,000,000	4,000,000	–
Total contractual financial assets	2,126,556	2,002,675	5,009,751	100,136
2014				
Cash and deposits	2,046,689	–	3,000,000	–
Receivables (i)	–	15,148	8,993	1,084,910
Investments and other financial assets	–	2,000,000	–	–
Total contractual financial assets	2,046,689	2,015,148	3,008,993	1,084,910

* 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 credit recoverable).

Contractual financial assets that are either past due or impaired

Currently the Institute 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

			Past due but not impaired			
	Carrying amount \$	Not past due and not impaired \$	Less than 1 month \$	1–3 months \$	3 months – 1 year \$	Impaired financial assets \$
2015						
Receivables: (i)						
– Debtors	97,886	82,789	1,257	3,668	10,174	–
– Accrued investment income	12,426	12,426	–	–	–	–
	110,312	95,215	1,257	3,668	10,174	–
2014						
Receivables: (i)						
– Debtors	1,084,910	22,779	1,036,539	13,294	12,298	–
– Accrued investment income	24,141	24,141	–	–	–	–
	1,109,050	46,920	1,036,539	13,294	12,298	–

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

(c) Liquidity risk

Liquidity risk is the risk that the Institute would be unable to meet its financial obligations as and when they fall due. The Institute 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.

The Institute's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Institute 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 & Standard & Poor's triple-A), which assists in assessing debt market at a lower interest rate.

The Institute'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 the Institute's contractual financial liabilities.

Table 17.5: Maturity analysis of contractual financial liabilities

			Maturity dates		
	Carrying amount \$	Nominal amount \$	Less than 1 month \$	1–3 months \$	3 months – 1 year \$
2015					
Payables:					
Trade creditors and accruals	778,352	778,352	778,352	–	–
	778,352	778,352	778,352	–	–
2014					
Payables:					
Trade creditors and accruals	868,310	868,310	868,310	–	–
	868,310	868,310	868,310	–	–

(d) Market risk

The Institute'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 each of these risks 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. The Institute 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. The Institute has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Institute 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 rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Institute to significant bad risk, management monitors movement in interest rates on a daily basis.

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 \$
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:					
– Trade creditors and accruals		778,352	–	–	778,352
Total financial liabilities		778,352	–	–	778,352
2014					
Financial assets					
Cash and deposits	2.52	5,047,589	3,000,000	2,046,689	900
Receivables:					
– Debtors		1,084,910	–	–	1,084,910
– Accrued investment income		24,141	–	–	24,141
Investments:					
– Term deposit	3.26	2,000,000	2,000,000	–	–
Total financial assets		8,156,639	5,000,000	2,046,689	1,109,950
Financial liabilities					
Payables:					
– Trade creditors and accruals		868,310	–	–	868,310
Total financial liabilities		868,310	–	–	868,310

Sensitivity disclosure analysis

The Institute'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. The Institute'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 the Institute's net result for each category of financial instrument held by the Institute 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 \$
2015			
Contractual financial assets:			
Cash and deposits (i)	3,126,556	(31,266)	31,266
Investments:			
– Term deposits	6,000,000	(60,000)	60,000
Total impact		(91,266)	91,266
Contractual financial liabilities:			
Total impact		–	–
2014			
Contractual financial assets:			
Cash and deposits (i)	5,047,589	(50,476)	50,476
Investments:			
– Term deposits	2,000,000	(20,000)	20,000
Total impact		(70,476)	70,476
Contractual financial liabilities:			
Total impact		–	–

Notes:

(i) Cash and cash deposits includes a deposit of \$2,125,656 (2014: \$2,046,689) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2015: $\$2,125,656 \times -0.01 = -\$21,257$; and $\$2,125,656 \times 0.01 = \$21,257$
- 2014: $\$2,046,689 \times -0.01 = -\$20,467$; and $\$2,046,689 \times 0.01 = \$20,467$

NOTE 18 Cash flow information

	2015 \$	2014 \$
(a) Reconciliation of cash and cash equivalents		
Total cash and cash equivalents disclosed in the balance sheet	3,126,556	5,047,589
Balance as per cash flow statement	3,126,556	5,047,589
(b) Reconciliation of net result for the period to net cash flows from operating activities		
Net result for the reporting period	779,366	796,388
Non-cash movements:		
Depreciation and amortisation of non-current assets	948,607	993,951
Movements in assets and liabilities		
(Increase)/decrease in current receivables	998,378	(908,012)
(Increase)/decrease in other current assets	39,331	(70,554)
Increase/(decrease) in current payables	896,731	(549,357)
Increase/(decrease) in unearned fees	(118,304)	483,631
Increase/(decrease) in provisions	232,624	(127,138)
Net cash flows from/(used in) operating activities	3,776,733	618,909

NOTE 19 Movements in equity

	2015 \$	2014 \$
Accumulated surplus		
Balance at beginning of financial year	4,455,660	4,475,729
Net result for the reporting period	724,419	(20,069)
Balance at end of financial year	5,180,079	4,455,660
Total equity at the end of financial year	5,180,079	4,455,660

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. M Dixon, MLA – former Minister for Education (18 March 2014 to 4 December 2014)

The Hon. J Merlino, MP – Minister for Education (4 December 2014 to 30 June 2015)

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 – Group Manager, Corporate and Communications

‡ Ms Fran Cosgrove – Director, Special Projects

‡ Salaries included in Note 21 Remuneration of executives

Council members for the period from 1 July 2014 to 30 June 2015

* Mr D Paproth – Council Chairperson

* Mr M Butler

Prof S Dinham

* Ms L Heggen

** Mr I Johnson

* Mr A McAuliffe

Ms G McHardy

* Ms M Pontikis

* Ms D Puntton

* Dr A Sarros

* Mrs L Sheehy

* Mr B Armstrong

Related party transactions

* Indicates Council member who paid to the Institute a teacher registration fee of \$89 in the year ended 30 June 2015.

** Indicates Council member who paid to the Institute a teacher registration and a Criminal Record Check fee of \$140 in the year ended 30 June 2015.

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

The Chair of the Audit and Finance Committee is a partner in HLB Mann Judd. During the year, the Institute did not engage HLB Mann Judd to perform additional work (2014: \$3,218).

Remuneration

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

Income band	2015	2014
\$0	2	5
\$1–\$9,999	9	7
\$70,000–\$79,999	1	1
Total numbers	12	13
Total remuneration for Council members	\$93,907	\$104,499

Chief Executive Officer

Remuneration received or receivable by the Chief Executive Officer in connection with the management of the Institute during the reporting period was in the range: \$240,000–\$249,999 (2014: \$220,000–\$229,999).

Note: remuneration includes payment of leave entitlements and motor vehicle contributions.

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	
	2015 No.	2014 No.	2015 No.	2014 No.
\$60,000–\$69,999		–		1
\$70,000–\$79,999		1		–
\$140,000–\$149,999		2		2
\$150,000–\$159,999	1	1	1	1
\$160,000–\$169,999	1	–	1	–
\$170,000–\$179,999	1	1	3	2
\$180,000–\$189,999	2	1		–
Total numbers	5	6	5	6
Total annualised employee equivalent (AEE) (a)	5.02	5.18	5.02	5.18
Total amount	\$868,856	\$871,965	\$852,772	\$854,885

Note:

(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 2014 to 30 June 2015 (2014: nil).

NOTE 22 Remuneration of auditors

	2015 \$	2014 \$
Victorian Auditor-General's Office		
Audit of the financial statements	26,716	26,800
	26,716	26,800

NOTE 23 Prior value adjustments

Depreciation and amortisation expenses in the prior year's accounts have been increased by \$53,828 to include charges that correctly belong in that year. This adjustment has also impacted accumulated depreciation and amortisation in the prior year.

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 the Institute in future financial years.

NOTE 25 AASs issued that are not yet effective

As at 30 June 2015, the following standards have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated effective dates:

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 2014-1 <i>Amendments to Australian Accounting Standards</i> [Part E Financial Instruments]	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 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	Amends AASB 116 and AASB 138 to: <ul style="list-style-type: none"> establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset clarify that the use of revenue-based methods to calculate the depreciation of an asset are not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. 	1-Jan-16
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.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2014–15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2014–15 reporting period and is considered to have insignificant impacts on public sector reporting.

- 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 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- 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 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)* [AASB 9 (2009 & 2010)]

- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [AASB 10 & AASB 128]
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

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 Policyholders*

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

Amortisation

Amortisation is the expense that results from the consumption, extraction or use over time of a software internally generated 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

Total net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

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, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

- (i) cash; or
- (ii) a contractual 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.

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:

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

Comprehensive result

Total net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity), or it may also be used to replace the old term 'financial report' under the revised AASB 101 (Sept 2007), which means it may include the main financial statements and the notes.

Grants and other transfers

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. 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. For this reason, grants are referred to by the AASB as involuntary transfers and are termed 'non-reciprocal transfers'.

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 revenue

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 sale 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 the Institute.

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.

Unwinding of discounts

Increase in financial liabilities and provisions in regards to 'Make good provision' due to the unwinding of discounts to reflect the passage of time.



Accountable officer's, 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 Standing Direction 4.2 of 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 2015 and financial position of the Victorian Institute of Teaching at 30 June 2015.

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 19 August 2015.

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

Donald Paproth
Chairperson – Victorian Institute of Teaching
Melbourne
19 August 2015

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

Melanie Saba
Chief Executive Officer
Melbourne
19 August 2015

A handwritten signature in black ink, appearing to read "Anne Moloney".

Anne Moloney
Acting Group Manager – Corporate & Communications
Melbourne
19 August 2015

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To the Council, Victorian Institute of Teaching

The Financial Report

The accompanying financial report for the year ended 30 June 2015 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 are 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, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Institute of Teaching as at 30 June 2015 and of 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
24 August 2015



John Doyle
Auditor-General



Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

I, Donald Paproth certify that the Victorian Institute of Teaching has complied with Ministerial Direction 4.5.5.1 – Insurance.

A handwritten signature in black ink, appearing to read "D. Paproth".

Donald Paproth
Chairperson – Victorian Institute of Teaching

Melbourne
19 August 2015

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Appendix 1

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
Ministerial Directions		
Report of operations – FRD guidance		
Charter and purpose		
FRD 22F	Manner of establishment and the relevant Ministers	vi
FRD 22F	Objectives, functions, powers and duties	vi, 5-25
FRD 22F	Nature and range of services provided	vi, 5-25
FRD 22F	Initiatives and key achievements	5
Management and structure		
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Financial and other information		
FRD 8C	Budget portfolio outcomes	n/a
FRD 10	Disclosure index	73-74
FRD 12A	Disclosure of major contracts	21
FRD 15B	Executive officer disclosures	63-64
FRD 8C, SD 4.2(k)	Operational and budgetary objectives and performance against objectives	n/a
FRD 22F	Employment and conduct principles	22
FRD 22F	Occupational health and safety policy	22
FRD 22F	Summary of the financial results for the year	1
FRD 22F	Significant changes in financial position during the year	1
FRD 22F	Major changes or factors affecting performance	n/a
FRD 22F	Subsequent events	65
FRD 22F	Application and operation of <i>Freedom of Information Act 1982</i>	21
FRD 22F	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	n/a
FRD 22F	Statement on National Competition Policy	21
FRD 22F	Application and operation of the <i>Protected Disclosure Act 2012</i>	21
FRD 22F	Application and operation of the <i>Carers Recognition Act 2012</i>	n/a
FRD 22F	Details of consultancies over \$10 000	76
FRD 22F	Details of consultancies under \$10 000	21
FRD 22F	Statement of availability of other information	77
FRD 24C	Reporting of office-based environmental impacts	22
FRD 25B	Victorian Industry Participation Policy disclosures	21
FRD 29A	Workforce Data disclosures	21-22
SD 4.5.5	Risk management compliance attestation	26
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	72
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Ministerial Directions *(continued)*

Financial Report

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Other requirements under Standing Directions 4.2

SD4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	33
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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 (Contractors with Significant Management Responsibilities) in the Financial Report	63
FRD 102	Inventories	n/a
FRD 103E	Non-Financial Physical Assets	45-48
FRD 104	Foreign Currency	n/a
FRD 106	Impairment of Assets	36
FRD 109	Intangible Assets	49
FRD 107A	Investment Properties	n/a
FRD 110	Cash Flow Statements	30, 62
FRD 112D	Defined Benefit Superannuation Obligations	52
FRD 113	Investments in Subsidiaries, Jointly Controlled Entities and Associates	n/a
FRD 114A	Financial Instruments – General Government Entities and Public Non Financial Corporations	54-61
FRD 119A	Transfers through Contributed Capital	n/a

Legislation

<i>Building Act 1983</i>	n/a
<i>Protected Disclosure Act 2001</i>	21
<i>Carers Recognition Act 2012</i>	n/a
<i>Victorian Industry Participation Policy Act 2003</i>	21
<i>Financial Management Act 1994</i>	33

Appendix 2

Acronyms and abbreviations

* References to the teaching profession and to registered teachers throughout this report include school principals.

AASI	Australian Accounting Standards and Interpretations
AASB	Australian Accounting Standards Board
the Act	the Education and Training Reform Act 2006
ACER	Australian Council for Educational Research
ADI	Authorised deposit-taking institution
AEE	Annualised employee equivalent
AITSL	Australian Institute for Teaching and School Leadership
ATRA	Australasian Teacher Regulatory Authorities
CEO	Chief Executive Officer
the Council	the Council of the Institute
CRT	casual relief teacher
DEECD	Department of Education and Early Childhood Development
DTF	Department of Treasury and Finance
FOI	Freedom of Information
the FOI Act	the Freedom of Information Act 1982
FRD	Financial Reporting Direction
GFS	Government Finance Statistics
GST	Goods and Services Tax
ICT	Information communications technology
the Institute	the Victorian Institute of Teaching
IT	Information technology
LSL	Long service leave
the Minister	the Minister responsible for the Teaching Profession
MP	Member of Parliament
NPHC	National Police History Check
P-10	Preparatory (year of schooling) to Year 10
P-12	Preparatory (year of schooling) to Year 12
PD	Professional development
PRT	Provisionally registered teacher
VCAT	Victorian Civil and Administrative Tribunal
VIT	the Victorian Institute of Teaching

Appendix 3

Details of consultancies over \$10,000

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST) \$	Expenditure 2014–15 (excluding GST) \$	Future expenditure (excluding GST) \$
Squiz Australia Pty Ltd	Portal Development	18/12/2014	15/08/2015	136,750	115,326	21,424
People Business Pty Ltd	Organisation Structure review	04/02/2015	31/07/2015	12,750	12,750	Nil
Performance Wise Consulting	Culture survey and performance management	03/07/2014	03/06/2015	15,150	15,150	Nil
Able Corporate Training	Customer Service training development	11/07/2014	26/05/2015	14,612	14,612	Nil
Victorian Employers Chamber of Commerce and Industry	General consulting	29/08/2014	23/06/2015	22,344	22,344	Nil
Risk to Business Pty Ltd	Staffing investigations	09/07/2014	21/04/2015	35,000	34,707	Nil
Collabforge	Innovation lab	29/08/2014	30/05/2015	40,775	40,775	Nil
Fenton Strategic Communications Pty Ltd	Communications strategy	31/10/2014	30/06/2015	43,550	43,550	Nil
Coulson Management Consultants	Activity Based Costing	12/02/2015	09/06/2015	46,000	46,000	Nil
Synoptic Consulting Pty Ltd	Process mapping	07/07/2014	26/06/2015	68,000	67,989	Nil
Bizbudg Corporate	Financial systems implementation	12/06/2015	30/06/2015	10,500	10,500	Nil

In 2014–2015, the Institute engaged 38 consultancies where the total fees payable were less than \$10,000, with a total expenditure of \$82,655.26

Appendix 4

Additional information available on request

Relevant information not included in this report is available on request to the Institute 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 regarding details of this information should be made to:

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