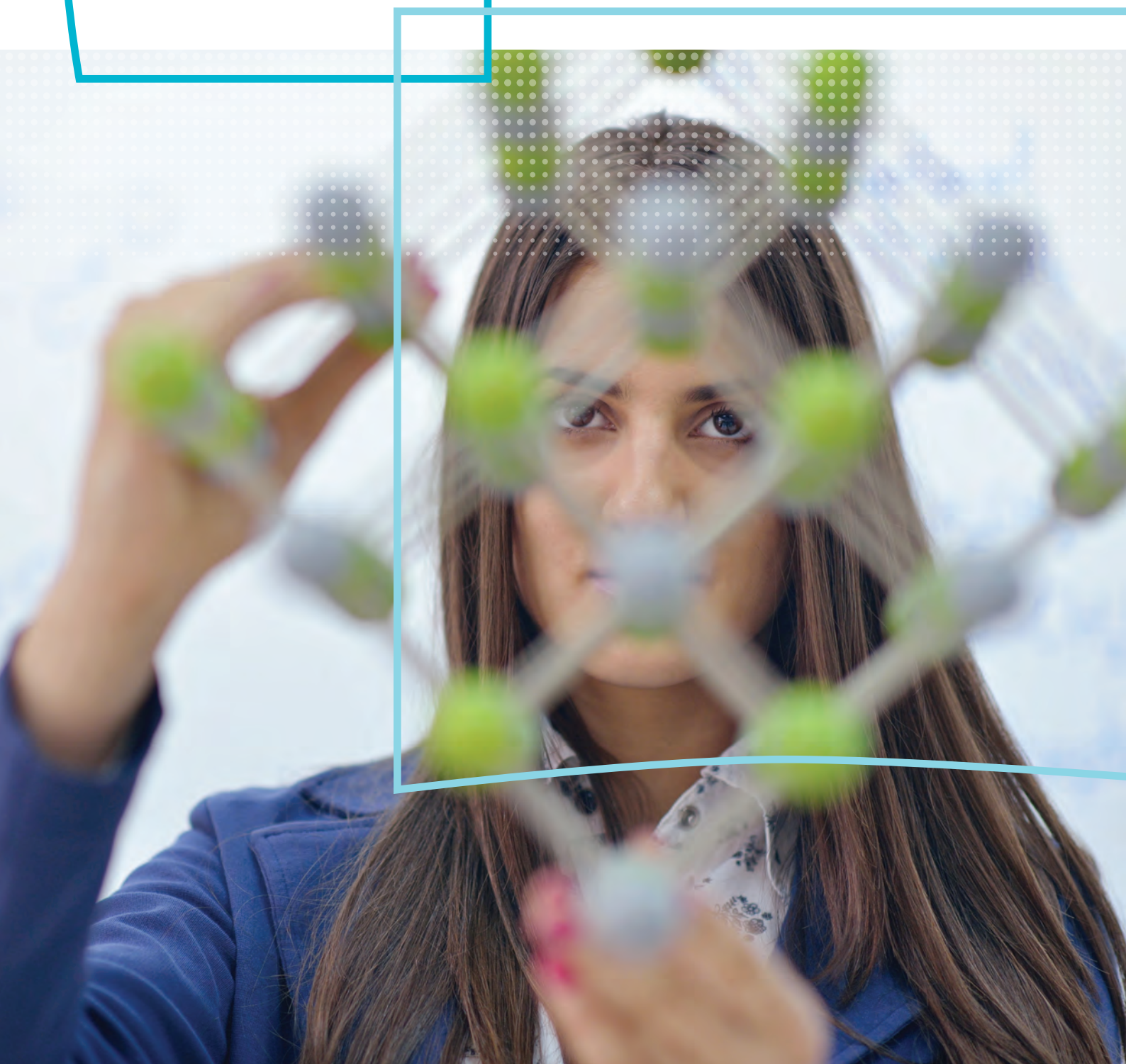


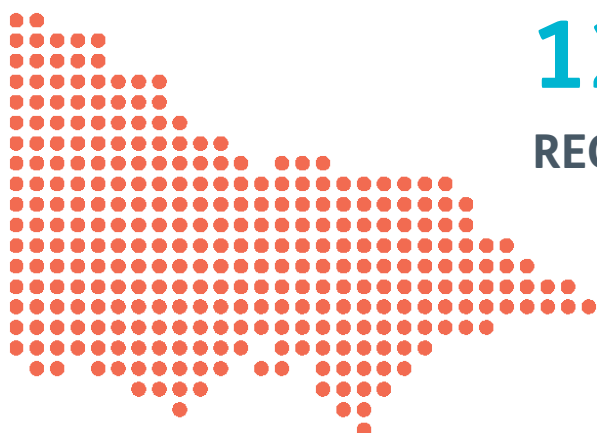
annual report

1 July 2016 - 30 June 2017



2016-17 at a glance

.....



129,116

REGISTERED TEACHERS



7,037

REGISTERED FOR THE
FIRST TIME



96,398

TEACHERS / EARLY
CHILDHOOD TEACHERS
RENEWED THEIR
REGISTRATION



27,416

1,732 ATTENDEES AT
PRT SUPPORT SEMINARS



NATIONAL
POLICE HISTORY
CHECKS



819

MID-YEAR GRADS REGISTERED



4,033

END-OF-YEAR GRADS REGISTERED



The Victorian Institute of Teaching is a Victorian Government agency reporting to the Minister for Education.

Responsible Body's declaration

September 2017

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

Dear Minister

In accordance with the *Financial Management Act 1994* and the *Education and Training Reform Act 2006*, I am pleased to present the annual report of the Victorian Institute of Teaching for the year ending 30 June 2017.

Yours sincerely



Lesley Lamb
Chairperson
Victorian Institute of Teaching



Contents

.....



Letter of transmittal	3
What VIT does	6
Report on meeting statement of expectations	8
Chairperson's message	10
Chief Executive Officer's report	11
Key initiatives	12
Summary of financial position	14
Organisational structure	16
Special needs	18
Working with stakeholders	19
Customer service	20
Victorian teachers	22
Accreditation of ITE programs	25
Quality	26
Professional conduct	27
Business operations	29
Council report	31
Council members	32
Council committees	33
Attestation for compliance	34
Financial statements	35
Note 1: About this report	39
Note 2: Funding service delivery	40
Note 3: The costs of delivering services	42
Note 4: Key assets available to support output delivery	46
Note 5: Other assets and liabilities	49
Note 6: How VIT financed operations	52
Note 7: Risks, contingencies and valuation judgements	54
Note 8: Other disclosures	62
APPENDIX A: Disclosure index	70
APPENDIX B: AASB reporting requirements for not-for-profit entities in the Victorian public service	72
APPENDIX C: Australian accounting standards issued that are not yet effective	74
APPENDIX D: Details of consultancies	76
APPENDIX E: ICT expenditure	77
APPENDIX F: Additional information available on request	77

What VIT does

.....

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

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

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

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

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

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

VIT'S PURPOSE

The Victorian Institute of Teaching's prime purpose is to regulate the Victorian teaching profession in the public interest.

To ensure its regulation is **comprehensive**, VIT regulates teachers across all systems and sectors: teaching professionals in government, independent and Catholic systems, primary, secondary and early childhood.

To ensure aspirants to the profession are **well prepared**, VIT accredits Teacher Education programs.

To protect **professional standards**, VIT ensures all teachers undertake standards-referenced professional development to substantiate their competence at the proficient level and to progress from provisional registration to (full) registration.

And then, to ensure standards are maintained, VIT operates a rigorous process to investigate and takes actions where there are questions of inappropriate or unprofessional conduct.

“

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

”





Report on meeting statement of expectations

.....

On 26 June 2015, The Hon James Merlino MP, Deputy Premier and Minister for Education, wrote to the then VIT Council Chairperson, Mr Don Paproth, providing him with a statement of expectations.

Those expectations and the way in which they have been met are set out in the table below.

Ministerial statements of expectations aim to improve regulatory governance and performance. The statements articulate the Government's priorities and objectives for each of its regulators. Regulators report annually on actions to fulfil these expectations.

These expectations were developed by VIT and negotiated with the Department on behalf of the Minister. They started under the direction of Minister Hall under the previous Government in 2014 and were revised by Minister Merlino in 2015.

The Chairperson responded in 2015 confirming that VIT would work to deliver on these expectations.

The Statement applied to the period 2015-16 and 2016-17 unless amended. The Statement has not been amended and therefore it comes to an end on 30 June 2017. VIT provides this final report on how it has met the expectations for inclusion in the VIT annual report.

VIT considers it has exceeded the expectations outlined in the Statement. It has moved seamlessly into an online registration platform for registration that provides a highly efficient and streamlined process for students, teachers and program providers.

VIT has included early childhood teachers in its registration process, and supported the professional needs of that sector.

VIT has been an effective partner with Government to ensure there is a comprehensive and transparent process for delivering the Special Needs plan for all teachers.

Table 1
Statement of expectations

Original expectations 2014	How VIT has met the expectations
<i>I expect the VIT to continue to improve the targeting of its regulatory activity on areas of the greatest risk.</i>	VIT has adopted a risk-based approach to regulation.
<i>I expect that the VIT will continue to reduce the time that it takes teachers to comply with the requirements of registration by completing the migration of its regulatory processes to an online environment.</i>	VIT is continuing to improve its processes for the requirements of registration. VIT has renegotiated the Australian Criminal Intelligence Commission contract allowing applicants to access document verification services to validate identity. This eliminates the need to provide certified copies of identity documents resulting in a streamlined application process. In addition, registered teachers completing their five-yearly National Police History Check (NPHC) are no longer required to submit identity documents if their details have not changed. VIT is working to ensure all processes are online by the end of 2018.
<i>I expect the VIT to maintain high standards of professional practice for teachers to be registered in Victoria, and to support teachers to meet those standards.</i>	VIT maintains national consistencies in regulatory processes. Resources and information supporting teachers to meet and maintain the professional standards are reviewed and revised annually. Seminar programs for teachers conducted by VIT are evaluated for effectiveness. Stakeholder relationships are maintained and issues are responded to promptly. Teachers have evaluated key initiatives pertaining to the professional standards (such as the impact of the special needs PD requirement).
<i>I expect the VIT to plan for its role in registering early childhood teachers from September 2015. I expect that the VIT to clearly define and communicate its role and responsibilities, and to ensure that these new responsibilities are effectively and efficiently incorporated into its existing regulatory processes. I expect the VIT to support early childhood teachers to understand the registration process, the expectations of teachers under the Australian professional standards for teachers and Victorian Teaching Profession Code of Conduct.</i>	Early childhood teacher registration (ECT) has now been incorporated successfully into all regulatory processes. An Early Childhood Stakeholder Reference Group was established and operated during implementation. Effective communication through a monthly circular to over 7,000 stakeholders. Presented to peak early childhood organisations and at conferences. Delivered mentor training for ECT mentors and twilight seminars for provisionally registered ECTs Illustrations of practice for early childhood teachers were developed in partnership with Australian Institute for Teaching and School Leadership (AITSL).

<i>I expect the VIT to deepen its engagement with teachers, employers and other stakeholders, to inform the ongoing improvement of its regulatory activities.</i>	All key projects have comprehensive stakeholder engagement plans, utilising stakeholder knowledge and perception in the development and implementation of initiatives.
<i>I expect the VIT to continue to improve its accountability and responsiveness to its stakeholders, including monitoring the complaints it receives and to adjust its processes in response to issues identified.</i>	<p>VIT has a complaints handling process informed by best practice guidelines published by the Ombudsman's office.</p> <p>It issues apologies where appropriate, and reviews its processes in response to complaints.</p>
<i>I expect the VIT to promote cooperation, information sharing, regulatory coherence and efficiency with other regulators and key partners.</i>	<p>VIT plays a lead role in the Australasian Teacher Regulatory Authorities (ATRA), assuming executive officer and public officer duties. The CEO convenes the Information Technology network of ATRA and is the deputy convener of the Senior Registration and Assessment network.</p> <p>VIT has shared ITE program accreditation processes and worked with the teacher regulators in Tasmania and the Northern Territory.</p> <p>VIT works in partnership with DET to train mentors for provisionally registered teachers.</p> <p>Working with DET and Teacher Learning Network to support casual relief teachers comply with regulatory requirements, in particular PD for renewal of registration.</p>
Additional expectations 2015	How VIT has met the expectations
<i>Implement the commitment in the Government's Special Needs Plan for Victorian Schools that all tertiary qualifications approved as appropriate for entry to teaching include a special needs component, and that currently registered teachers undertake special needs training as a part of their ongoing professional development.</i>	<p>ITE programs have been audited for compliance with standard 1.6 (learners with disabilities) resulting in VIT special needs requirements for providers to action through transition plans and new program accreditation evidence.</p> <p>Special needs requirements were implemented for renewal of registration during 2016 with 89% compliance. This continued in 2017.</p> <p>Special needs proficiency is required for the successful transition of provisionally registered teachers to (full) registration.</p>
<i>Work with the DET to apply 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.</i>	<p>VIT has worked with DET on their Building Capability for Inclusive Schools initiative, including the transmission of a special needs learning survey to registered teachers on behalf of DET.</p> <p>Aboriginal cultural awareness modules have been developed in partnership with DET.</p>
<i>Negotiate a new Memorandum of Understanding between the VIT and DET to manage teacher misconduct in government schools.</i>	<p>VIT's existing MOU with DET in respect of conduct matters is currently under review to accommodate recent legislative change introducing a reportable conduct scheme.</p> <p>VIT has entered a separate MOU with DET in respect of registered early childhood teachers.</p>
<i>Work with DET on appropriate regulatory mechanisms in relation to the teaching profession to ensure that Victorian children are safe.</i>	VIT works closely with DET on Child Safe Standards, reportable conduct and legislative reform in the sector (including interim suspension powers).
<i>I also expect the VIT to continue to identify and report on the activities it will undertake to achieve my expectations. In undertaking these, I expect that the VIT to consult with stakeholders and the broader community as appropriate.</i>	VIT reports its progress toward meeting the expectations in its annual report, and posts the Statement of Expectations and VIT's response to those expectations on its website.

Chairperson's message

.....



I am very pleased to report on the operations of VIT during the past year.

A new Council of fourteen passionate professionals was appointed and commenced office in July 2016.

I took up my appointment in November 2016, and it has been excellent to see our new Councillors assuming the responsibilities of this important role so capably.

I am particularly grateful to Audrey Brown, who was an exemplary Acting Chair in the period before my appointment and juggled the complex demands of this role with her already challenging position in Catholic Education.

I am also grateful to our CEO, Melanie Saba, and the many other officers who gave their time and experience so willingly to ensure I could 'hit the ground running'.

Council framed a new Strategic Plan which will direct our operations for this next period; we have a clear goal of building a respected teaching profession by ensuring the highest quality of educational professionals in all Victorian schools and early childhood settings.

To this end, we are very pleased with recent significant enhancements to the registration process. Following the successful trial of an online registration process, in close collaboration with three initial teacher education (ITE) providers, we look forward to this improved process being rolled out to all ITE providers over the next eighteen months.

We are working closely with the government on their Education State initiatives, which have a range of measures to lift the requirements for entry to the profession.

The Victorian Institute of Teaching has been instrumental in bringing all providers of pre-service education to a shared position with transparent entry procedures.

The work of VIT has become increasingly diverse and challenging as our role expands and the educational world becomes more complex.

Council is proud of and grateful to our officers, led by our CEO Melanie Saba, who work professionally and capably in the increasingly public and demanding arenas in which VIT is involved.

VIT is a key member of the Association of Teaching Regulators Australasia (ATRA), and VIT's professional input is sought by a number of national and international educational forums and organisations.

Through our involvement in these diverse think-tanks, VIT maintains both its currency and experience, and hones best practice in the field of regulation.

“

The work of VIT has become increasingly diverse and challenging as our role expands and the educational world becomes more complex.

”

This year has seen a number of high profile discipline cases which underscore the complexity and plethora of discipline issues which VIT has to deal with. To be a trusted regulator, VIT must act as the guardian of professional standards in order to protect the young people of Victoria.

VIT and its Council are fully committed to self-reflection and continual improvement to build trust in VIT and therefore our educators.

It has become obvious to us at VIT that the Education Training and Reform Act under which we operate is outdated and is not supporting us adequately in our enforcement of professional standards in Education.

For this reason, and due to our commitment to self-reflection and the pursuit of continuous improvement, VIT welcomes the Review recently announced by the Minister for Education. We look forward to working with the Reviewer through the coming year as we continue our aim to be the trusted regulator of a respected profession.

A handwritten signature in black ink, appearing to read 'Lesley Lamb'.

Lesley Lamb

Chief Executive Officer's report

.....



It has been one of the most complex and challenging years in my tenure at VIT. An increase in the reporting of historical cases, coupled with disappointing review decisions, has highlighted the challenge of maintaining a modern, responsive legislative framework.

VIT is committed to working with government to meet this challenge so only the best teachers are teaching Victorian children. To this end, we are pleased to have contributed to the successful implementation of initiatives which will improve the quality of teaching in Victoria.

We welcomed the appointment of Lesley Lamb as Chairperson in November 2016 and extended our appreciation to Deputy Chairperson, Audrey Brown, for her leadership prior to Lesley's appointment.

The Council has governed their first year of term and developed a strategic plan to guide our operations from 2017 to 2020. We thank them for their stewardship over the past twelve months.

I would like to acknowledge the commitment of our teachers to ensuring they understand the needs of children with disability. More than 89,000 teachers completed this new special needs professional development requirement, with reports that it has been beneficial to their practice. We anticipate the rest of the teaching community will meet this requirement during the next reporting period.

VIT has taken a lead role in the implementation of Education State initial teacher education (ITE) reforms, including the development of a new selection framework. With the Department of Education and Training (DET), and through our strong partnerships with ITE providers, we are raising the standards for ITE entry from 2018, including the introduction of a minimum ATAR score. We look forward to reporting on the implementation of these initiatives in 2018 and beyond.

These Victorian reforms extend on national ITE reforms agreed to by all Education Ministers in 2015, and this financial year has seen significant steps taken in implementation of the new standards in accreditation.

We are partnering with DET to provide support to casual relief teachers and hope to see real impact over the next three years of committed funding.

I am pleased to report again on excellence in customer service in our call centre, front desk and email responses to teachers; we provide a grade of service which is comparable, if not better, to that offered by commercial agencies and we continue to look at ways to improve our service to teachers.

Across the globe, customers are becoming digital; they embrace digital technologies and experiences as a normal part of their lives. Their technology expectations continuously evolve and shape their perceptions of value and how this value needs to be delivered to them.

We commenced an ambitious program of information technology upgrades during this year to improve our efficiency, service and security. We are using cloud-based technology to provide a more agile platform for future activities.

Significant technology change requires careful planning, testing and implementation. A trial of completely online registration for graduates from three ITE providers has enabled process improvements, however much of our digital reform will be delivered in the next financial year, contributing to a large surplus for this year.

Additionally, we have not progressed work and related appointments in this reporting period but are expecting to expand our team in the next financial year.

Despite having cases in higher jurisdictions, we have made savings by having our own staff undertake key legal work, reducing our reliance on external support.

Mindful that we are funded by teacher fees, it is important we maintain sufficient surplus to meet current and future business requirements, along with prudent expenditure to support teachers and quality teaching. This surplus allows us to continually improve what we do and invest in resources for the future.

Even in a challenging year, the most enjoyable aspects of my role are the relationships with our stakeholders, and the support and efforts of the VIT team. 'Thank you' really does not capture how much I value their support and its impact on the enduring success of VIT.

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

Melanie Saba

Key initiatives

.....

TERI

The VIT is currently undertaking a whole-of-business transformation, and cloud-based systems are the enabling technology behind it all.

Central to this initiative is a focus on end-to-end customer experience. Teachers will be able to interact with VIT on any device with minimal fuss; VIT is looking to leverage cloud-based technologies to achieve that outcome.

VIT commenced the implementation of the Teacher Electronic Records Information (TERI) system to replace its corporate business system. The project is expected to be completed by late 2018, incorporating all registration, renewal and audit activities. Features include automation, self-service and improved business processes.

The first significant stage of project TERI was to develop a 'proof of concept' model for new graduate applications from three selected initial teacher education providers.

Benefits sought included improved customer experience, reduction in processing time and cost, and the elimination of paper. The project was successful, resulting in a 66% reduction in processing costs, an enhanced user experience and a reduction in the number of enquiries to the call centre.

The model utilised an online document verification service offered by the federal Attorney-General's department to obtain instant verification of a number of different types of proof of identity documents. TERI also provided customers a real-time view of their application's progress.

EDUCATION STATE REFORMS – EXCELLENCE IN TEACHER EDUCATION

Teachers are pivotal to building the Victorian Government Education State; improvement in the quality of initial teacher education (ITE) programs and induction into the teaching profession will support improved equity and excellence in teaching.

VIT is working with the Department of Education and Training to establish

- a Victorian framework for selection into ITE programs
- new pathways into ITE programs
- verification of alternative pathways for entry into ITE programs
- strengthened induction practice and mentoring programs for new graduates.

These initiatives will commence in the next financial year.

EDUCATION STATE REFORMS – SPECIAL NEEDS PROFESSIONAL DEVELOPMENT

VIT's commitment to the Education State priority to build the capability of Victorian teachers to support the full participation of learners with disability (special needs) has resulted in significant activity.

As part of the government initiative, teachers were given two years to undertake special needs professional development (PD) activities.

From a cohort of almost 100,000 teachers, 89% completed special needs PD related to their 2016 registration renewal. Teachers have until the end of the 2017 renewal period to complete this PD.

Nearly 40,000 teachers who met the PD requirement participated in a survey about the impact on their professional learning and the learning of those they teach with disability. The positive impacts of this initiative are highlighted on the following page.

NATIONAL REFORMS – ITE

VIT is implementing recommendations to improve the quality of ITE programs arising from the Teacher Education Ministerial Advisory Group (TEMAG) and approved by the Australian government.

The revised *Accreditation of Initial Teacher Education Programs in Australia: Standards and Procedures* has been used to evaluate ITE programs for accreditation. Program providers have been briefed about how they will meet the standards and procedures, demonstrate evidence of impact and thus prepare 'classroom ready teachers'.

VIT is working closely with the Australian Institute for Teaching and School Leadership (AITSL) to effect these national reforms at a Victorian level. VIT has led collaborative work with jurisdictional authorities in Tasmania and the Northern Territory to share practice and set standards for panels accrediting transition plans.

EARLY CHILDHOOD TEACHER REGISTRATION

30 September 2016 marked the first anniversary of the introduction of early childhood teacher (ECT) registration, with 6,657 early childhood teachers participating in annual registration requirements.

This included ECTs who hold two registrations, enabling them to teach in both early childhood services and schools.

At that time, 84% of registered ECTs were due to renew their registration. This requires maintenance of their suitability to teach and updating of their professional practice in the previous 12 months. Participation rates in renewal of registration were high, with 96% successfully renewing their registration.

In addition, 92% of ECTs who were not required to renew their registration (including provisionally registered ECTs) continued their registration for 2016-17.

In all, 95% of ECTs continued their registration into 2017. This is higher than for all registered teachers, indicating that ECTs have embraced registration and are willing to comply with the requirements to remain registered.

PROVISIONALLY REGISTERED ECTs

The number of newly-graduated ECTs has increased over the past 12 months from 12% to 20% of ECTs.

Teachers new to the profession identify mentoring as the single most important factor in the development of their professional practice in their first years of teaching.

VIT partnered with the Department of Education and Training to provide two days of training for the experienced teachers who are mentoring provisionally registered ECTs. The training develops skills in working collegially, observing practice, providing feedback and conducting professional conversations.




The majority of provisionally registered ECTs are currently working through their inquiry into practice, gathering evidence to meet the Australian Professional Standards for Teachers (APST) so they can apply for (full) registration later in 2017.

Support for these teachers is intended to provide a professional environment where they can work collaboratively to develop their practice to the standard.

SPECIAL NEEDS SURVEY: IMPACT ON PROFESSIONAL DEVELOPMENT



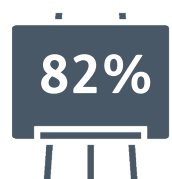
WERE MOST LIKELY TO UNDERTAKE PD ABOUT LEARNERS WITH

-  AUTISM SPECTRUM DISORDER (62%)
-  DIFFERENTIATED TEACHING INSTRUCTIONS (42%)
-  A SPECIFIC LEARNING DISABILITY (41%)

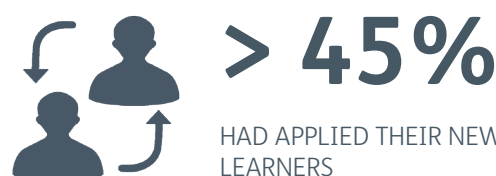
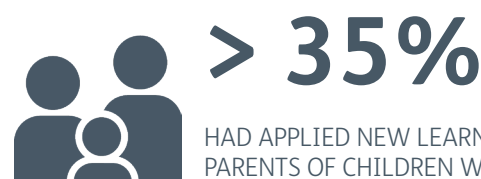


95%

HAD APPLIED THEIR NEW LEARNING IN THEIR PRACTICE AS A TEACHER



HAD APPLIED THEIR NEW LEARNING TO SUPPORT THE LEARNING OF LEARNERS WITH DISABILITY



PERCEIVED THE POSITIVE IMPACT OF PD ON LEARNING OUTCOMES FOR THEIR LEARNERS WITH DISABILITY AT
7.29 ON A 10 POINT SCALE

Summary of financial position

.....

The financial report and accompanying notes are for the financial year ended 30 June 2017.

Table 2
Financial results 2015–16

	2016–17 \$		2016–17 \$
OPERATIONS		FINANCIAL POSITION	
Fees	13,885,326	Financial assets	11,258,687
Interest	275,376	Non-financial assets	2,096,710
Other	784,816	Total assets	13,355,398
Total income	14,945,517	Provision and payable	3,547,413
Operating expenses	13,460,745	Revenue received in advance	3,237,328
Other economic flows	(8,644)	Total liabilities	6,784,741
Net result	1,476,129	Total equity	6,570,656

Figure 1
Income for 2016–17

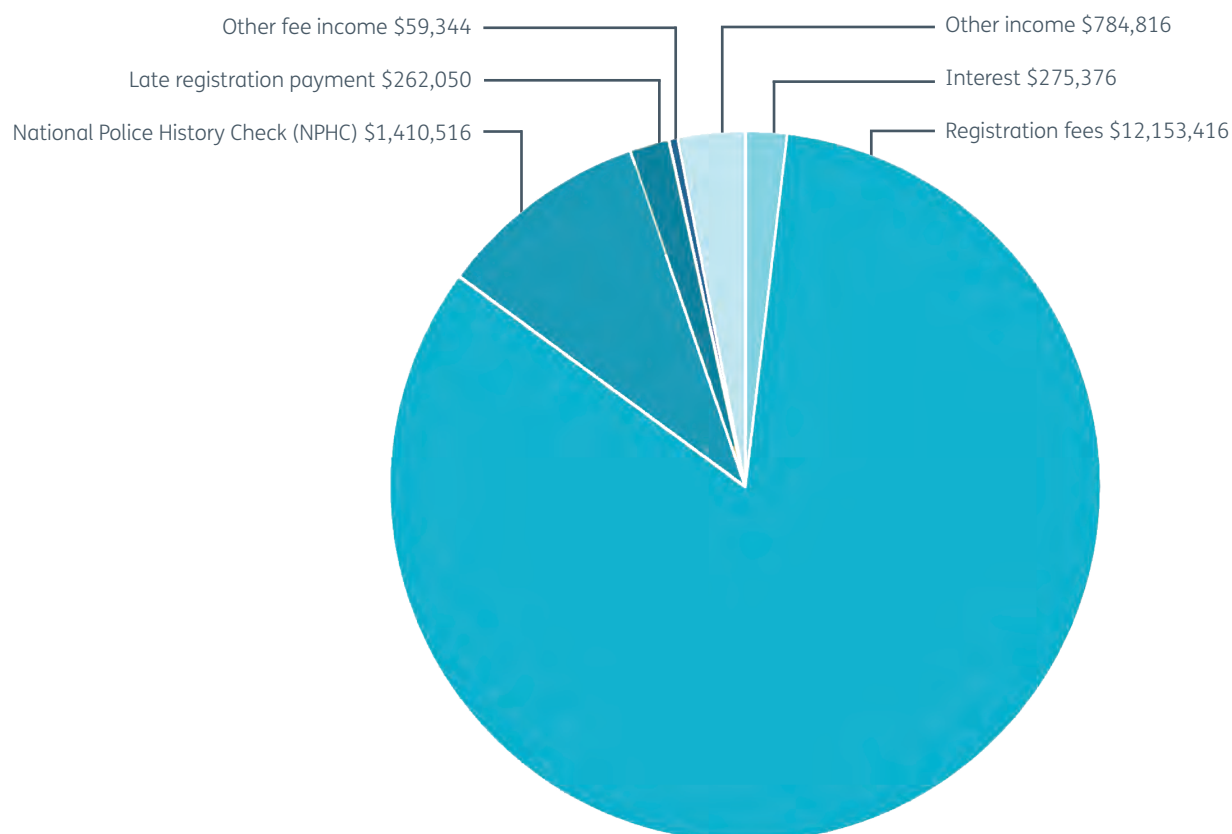
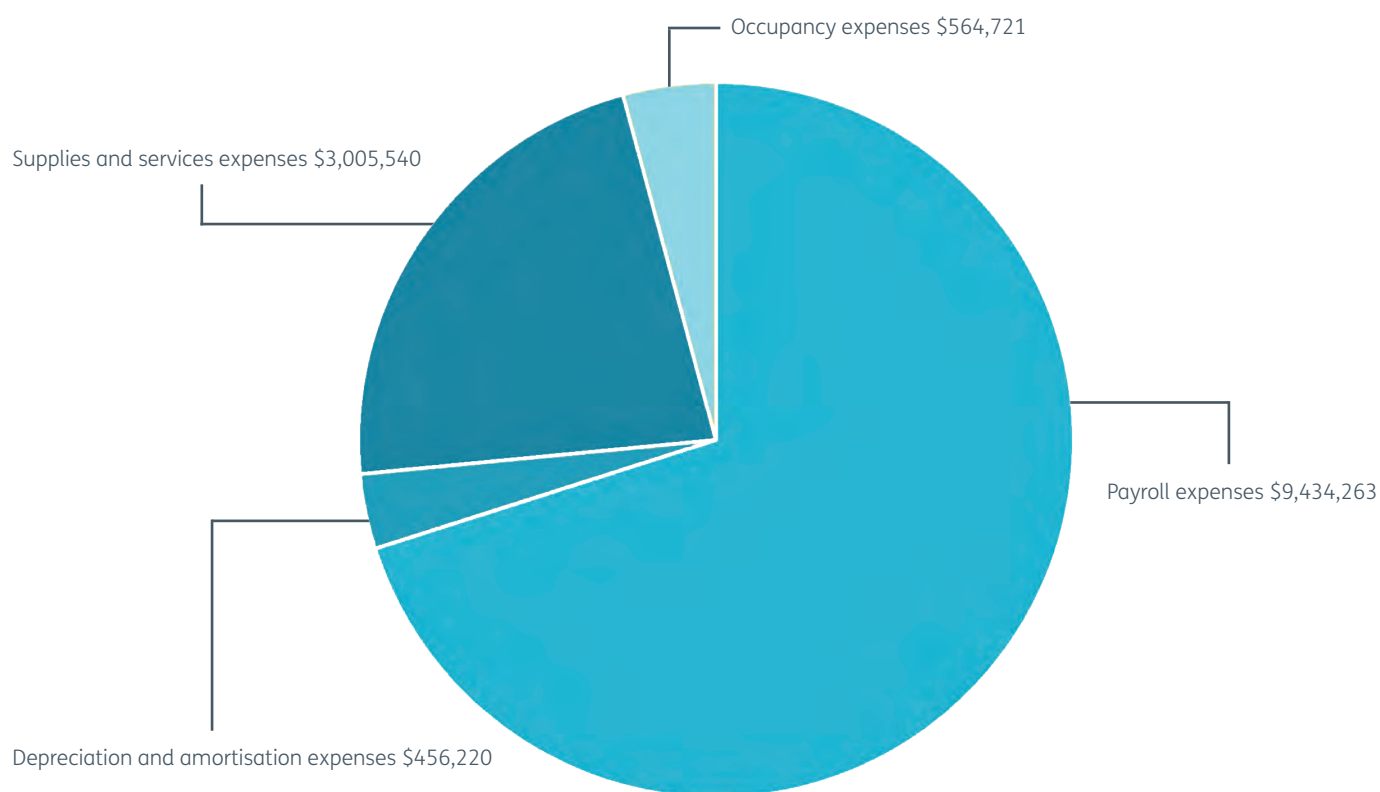


Figure 2
Expenses for 2015–16



In 2016-17, the annual registration fee was increased from \$91 to \$93 per annum. Teacher registration fees are paid annually in advance and are prorated to each of the 12 months. Fee revenue belonging to July 2017 or after is considered revenue in advance and is included as a current liability in the balance sheet.

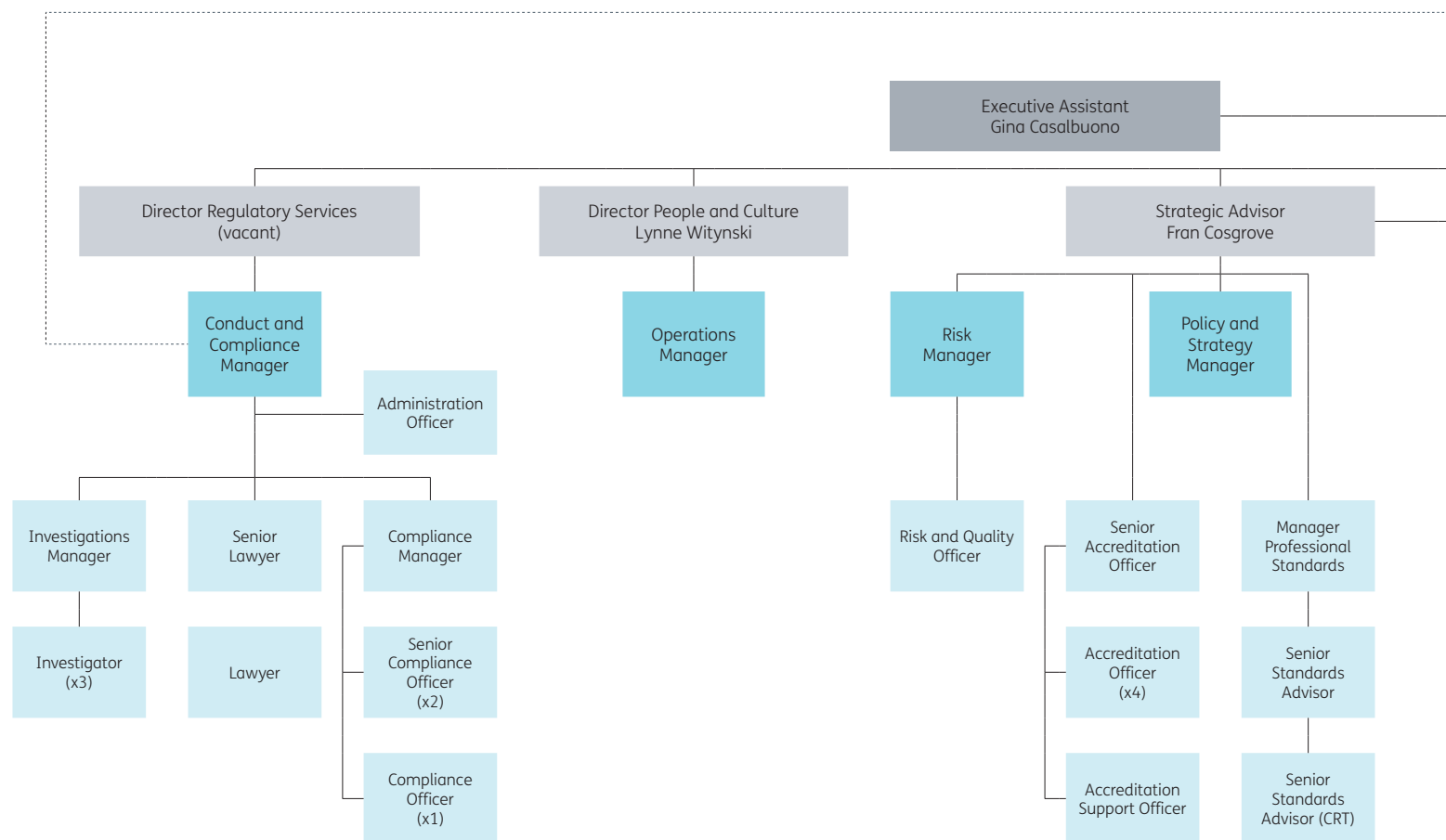
Registration revenue increased in 2016-17 due to an increase in teacher registrations and the increase in the registration fees. National Police History Check (NPHC) revenue increased as a result of higher numbers of new applications and the higher proportion of registered teachers required to update their NPHCs during the year.

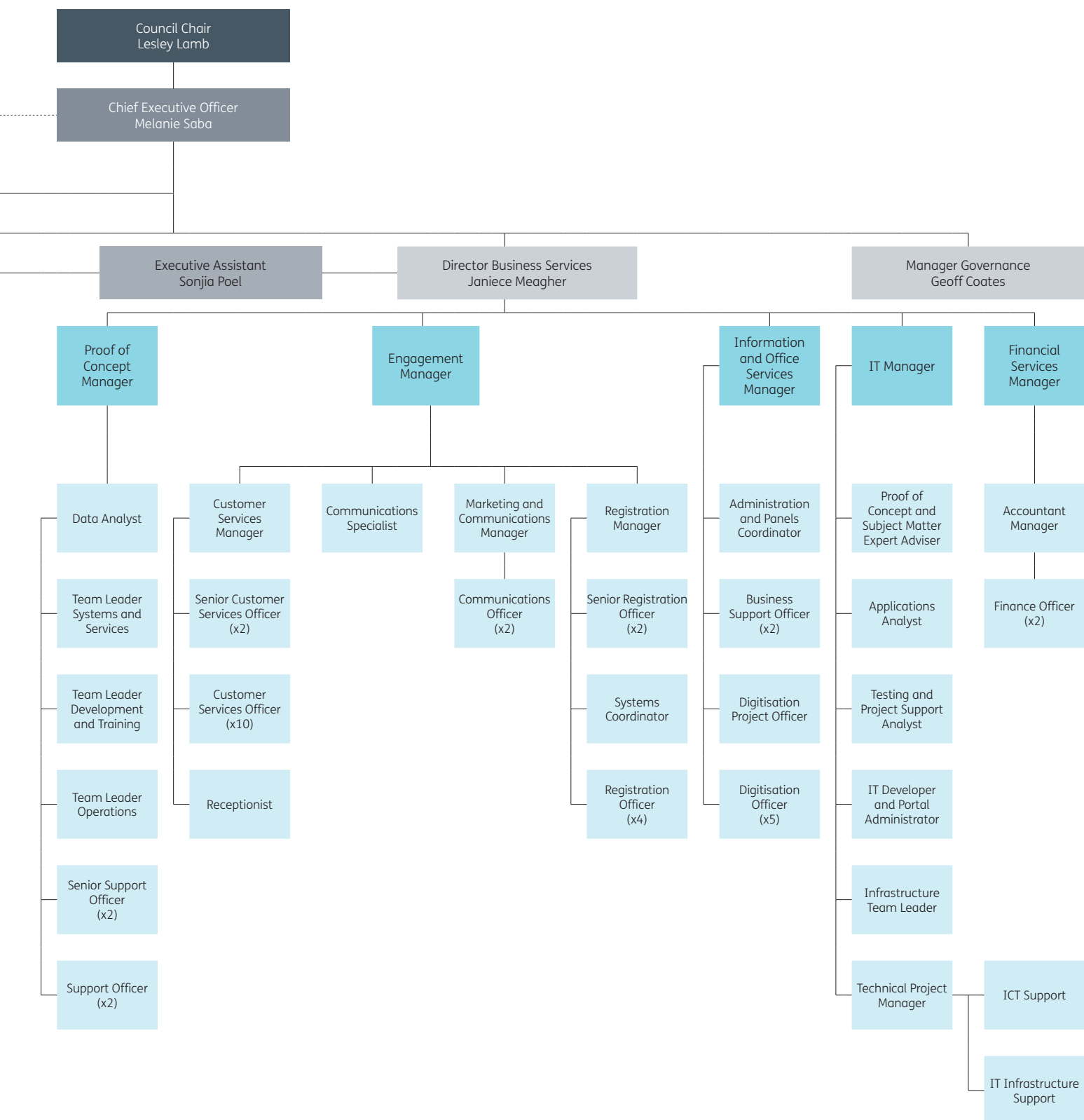
Operating expenses decreased in 2016-17 with decreases in contractors, consultants, communication, marketing and administrative expenses.

In summary, 2016-17 generated a surplus of \$1,476,129 compared to the \$85,553 deficit reported in the previous year. VIT's balance sheet and cash position remain at appropriate levels to cover VIT's current and future commitments.

Organisational structure

.....





Special needs

.....

Provisionally registered teachers (PRTs) must now focus on practice supporting the learning of those they teach with disability during their inquiry into practice, which forms evidence they meet the proficient teacher level of the Australian Professional Standards for Teachers (APST).

A special needs focus has been incorporated into the training for mentor teachers who support PRTs during their entry to the teaching profession.

Panels of teachers who assess whether a PRT's evidence of practice meets the APST now focus on evidence that the PRT knows how to support the learning of those with disability. Without special needs evidence, a panel cannot recommend a PRT to VIT for (full) registration.

“

A special needs focus has been incorporated into the training for mentor teachers.

”

Initial teacher education (ITE) providers have been informed about special needs requirements for program accreditation. These complement the national ITE reforms. Providers have incorporated a special needs focus for implementation in 2018 programs.

Working with stakeholders

.....

VIT understands that working proactively, respectfully and transparently with stakeholders contributes to effective regulation. The relationships previously established to implement early childhood teacher registration and the special needs PD requirements were further developed during the year.

KEY ACTIVITIES

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

These reference groups provide feedback on the implementation of VIT projects, and communicate key initiatives and activities to the profession.

- Presentations to key stakeholder associations and organisations.

VIT maintains close relationships with school sector and early childhood authorities, education unions, higher education institutions, peak principal and early childhood employer authorities, parent and school council organisations, and other professional organisations.

- Introducing Education State reforms for initial teacher education (ITE).

VIT has worked with the Department of Education and Training (DET) and higher education institutions to consult on and introduce the Excellence in Teacher Education reforms identified by the government as an Education State priority.

- Mentor training (in partnership with DET) for 740 school teachers and 249 early childhood teachers who are supporting beginning teachers.
- Twilight seminars for 1,732 PRTs and webinars for a further 53 PRTs.
- Presentations at early childhood conferences and casual relief teacher professional development seminars.
- CEO and other staff presenting to stakeholders and at state conferences.
- CEO and other staff working co-operatively with national and international teacher regulators through the Australasian Teacher Regulatory Authorities (ATRA) and their associated networks.
- CEO working with the Australian Institute for Teaching and School Leadership (AITSL) as a director and through other collaborative activities.

VIT continues to build relationships with a range of state, national and international stakeholders in teacher regulation.

Customer service

.....

CALL CENTRE

The call centre is staffed 8am to 5pm, Monday to Friday (off-peak), and handles the bulk of phone interactions and email traffic for VIT.

During the reporting period, the call centre handled 103,026 customer interactions, a decrease of 7% on last year. Calls relating to early childhood teaching - a new category - contributed 4% of this volume.

Email continues to be a growth channel, representing 32% of total volume. VIT's key performance indicator is all emails answered within two business days. With the exception of the late-September to mid-October peak period, 90% were answered within one business day.

Customer service levels for phone interactions are measured using a Grade of Service (GOS) calculation. VIT's GOS target is the internationally-recognised standard of 80% of calls answered within 20 seconds.

In this reporting period, VIT achieved a GOS of 91%. This is a positive reflection of the training and coaching practices that were the focus of development during the year.

CUSTOMER ENGAGEMENT

A key element of VIT's engagement strategy is to provide appropriate and timely information by using channels that are message appropriate and convenient to stakeholders.

“

At all times your staff were informative and empathetic to my situation. They provided succinct information and advice on what steps needed to be completed.

From a teacher who phoned the call centre

”

The use of short message service (SMS) to welcome newly-registered teachers immediately after they have been noted on the public register has received positive feedback, and sets the bar for the quality of customer interaction teachers can expect when communicating with VIT.

To succeed in this age of the customer, VIT believes that simply building a new website or e-news platform is not enough; it must transform every aspect of the business.

At the heart of this transformation is the need to redefine how to create, and deliver, value for customers. The new TERI portal is leading the way forward and customers can interact with VIT with minimal fuss.

Website readership has continued to grow as regular content updates provide more relevant and targeted information. The first stage of segmenting content based on interest was rolled out with the addition of a dedicated news page.

The content aims to educate and inform registrants in a format that is accessible and easy to consume. This has been complemented by actively 'marketing' the messaging through other channels such as email, video and podcasts.

VIT has focused on developing its video channel, with in excess of 80,000 views in a 12-month period, and is looking to enhance expertise through animation.

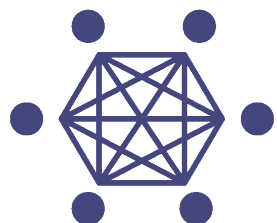
Video has proven very effective in articulating relatively complex concepts in a simple manner which can be viewed at a time and place that suits customers.

As part of the continuous improvement process, customer queries are analysed and, where necessary, messaging is adapted to make it clearer.

Comprehensive analytics of website user behaviour and how communication pieces are consumed provide information gaps and points of stakeholder interest.

VIT is well on its way down the digital transformation path, but recognises that digital is not a destination; it is a journey that requires the business to be agile. VIT will continue to work towards becoming an organisation that flexes to address customers' expectations.

VIT's call centre handles the bulk of phone interactions and email traffic.



103,026

CUSTOMER INTERACTIONS

less than a one-for-one interaction with each of VIT's registered teachers, and a reduction of 7% on the previous year



91%

GRADE OF SERVICE

for phone interactions



12% INCREASE IN EMAIL

frees up staffing and financial resources

VIT has focused on improving the website, with the view to enhanced end user experience.



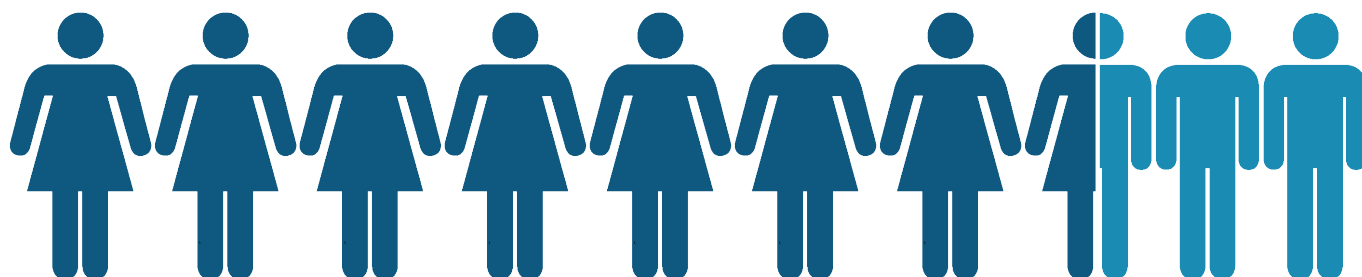
225,815

UNIQUE USERS

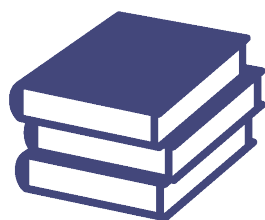
viewed the website - that's the population of the Northern Territory

VIEWERS ARE CONNECTING FROM

90% Australia
1.5% United Kingdom
1% India
1% USA
0.5% New Zealand
0.5% Singapore



FEMALES ACCOUNTED FOR 73% OF VISITORS



3.12

MILLION PAGES

were viewed during the year - that's like reading 10,000 average sized novels

VISITOR AGES vs USAGE

largest demographic is 25-34 year olds — 34%

- 18-24 yrs — 15%
- 45-54 yrs — 15%
- 35-44 yrs — 23%
- +55 yrs — 13%



46,800

VIEWS IN 12 MONTHS

almost the same amount people who can fit in the Etihad Stadium accessed a VIT information video on YouTube



the length of time users spent on a session

5MINS 40SECS

Victorian teachers

.....

There are 129,116 registered teachers in Victoria. Of this total, 5,796 hold early childhood teacher registration and 1,593 hold dual registration.

The number of registered teachers - excluding early childhood teachers (ECTs) - has increased by 1% from the previous year.

Early childhood teacher registration was introduced in 2015. The number of teachers holding non-practising registration has increased by 8% in 2017, which includes ECT non-practising for the first time. There has also been a 4% increase in the number of teachers holding permission to teach compared to last year.

Table 3
Number of registered teachers

Registration type	2017	2016
(Full) Registration	100,790	99,873
Provisional Registration	15,480	15,394
Permission To Teach	1,101	1,064
Returning	786	797
Non Practising	3,570	3,382
ECT (Full) Registration	4,504	4,982
ECT Provisional Registration	1,159	478
ECT Returning	45	-
ECT Non-Practising	88	-
(Full) Registration and (Full) ECT Registration	819	616
Provisional Registration and (Full) ECT Registration	160	258
Provisional Registration and ECT Provisional Registration	592	248
Permission To Teach and (Full) ECT Registration	10	7
Permission To Teach and ECT Provisional Registration	1	2
Returning and ECT Returning	5	-
Non Practising and ECT Non-Practising	6	-
Total	129,116	127,101

Table 4
Number of new registrants

Qualification type	2017	2016	% change
Interstate qualifications	1,016	930	9
Mutual recognition	502	442	14
Overseas qualifications	165	138	20
Victorian qualifications	5,354	4,709	14
Total	7,037	6,219	13

Overall, there has been a 13% increase in the number of teachers who registered with VIT for the first time. The majority of new registrants hold Victorian qualifications.

The number of first-time registrants with interstate or overseas qualifications has increased, and the number of teachers registered with VIT for the first time through mutual recognition increased by 14%.

REGISTERING NEW GRADUATES

During the reporting period, VIT granted provisional registration to 4,852 teacher graduates, including 819 mid-year graduates and 4,033 end-of-year graduates. The number of processed teacher graduate applications increased by 4% compared to the previous year.

VIT also granted provisional registration to 804 ECT graduates, including 167 mid-year graduates and 637 end-of-year graduates. The number of processed ECT graduate applications increased by 16% compared to the previous year.

PROVISIONAL TO (FULL) REGISTRATION

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

Provisionally registered teachers (PRTs) who don't 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

A total of 3,249 PRTs made new applications for provisional registration - a 33% increase from the previous year.

PERMISSION TO TEACH (PTT)

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

Permission to teach has facilitated pathways into the teaching profession. The number of individuals granted PTT has risen by 20% to 544 in 2017.

NON-PRACTISING REGISTRATION

Teachers holding non-practising registration cannot be employed as teachers in Victorian schools. At the end of the reporting period, 3,664 teachers and 94 ECTs were registered as non-practising.

RENEWAL OF REGISTRATION

All registered teachers are required to renew their registration annually. During the reporting period, 91,039 teachers and 5,259 ECTs renewed their registration. A further 3,293 teachers and 156 ECTs did not renew, and their names were removed from the register.

NATIONAL POLICE HISTORY CHECK (NPHC)

National Police History Checks are undertaken by VIT on all persons applying for registration. Registered teachers are also subject to NPHCs before the end of every five years. Teachers holding a valid registration card with a current NPHC date are exempt from the Working with Children Check. VIT processed 27,416 NPHCs during the reporting period.

THE REGISTER OF TEACHERS

VIT is required under the Act to maintain a record of registered teachers (the register). An extract of the register is available at www.vit.vic.edu.au, where the public, teachers and employers can search to check that a teacher has current registration. The register is also available for inspection at VIT's office facilities.

During the reporting period, 1,421 teachers and ECTs voluntarily ceased their registration. This is an increase of 21% from the previous reporting period. The largest numbers of teachers who ceased their registration were 60-69 years of age. Nearly all (95%) of those teachers ceasing their registration were not employed by a school or early childhood provider.

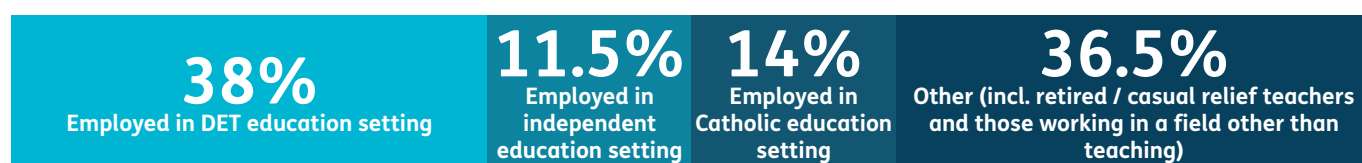
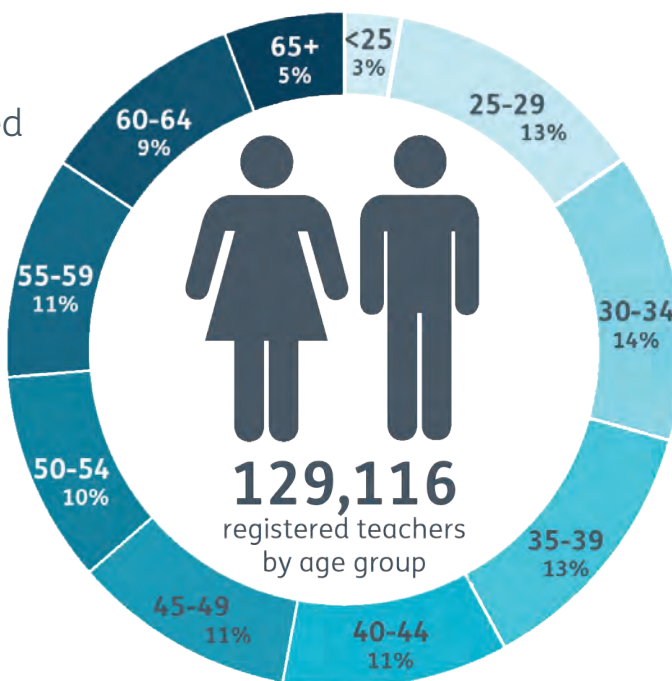
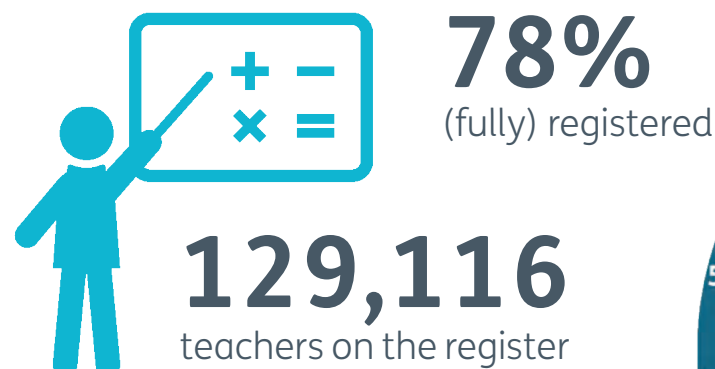
AGE AND GENDER

The average age of teachers is 44; the average age of females is 44 and males is 45. The largest group of registered teachers is aged between 30 and 34 years. This is a 3% increase in that age group compared to the previous year.

The average age of ECTs is 42. On average, females are aged 42 and males are aged 39. Those aged 25-29 years make up the largest group, a 21% increase in that age group compared to the previous year.

Females account for 74% of registered teachers and males 26%. Of early childhood teachers, females account for 98%.

Regulatory activities



1,011 renewal audits

107 unable to support their declarations



4
ITE programs accredited under the new Standards and Procedures

Accreditation of ITE programs

.....

In 2016-17, VIT commenced work on the full accreditation of 19 programs under the *Accreditation of Initial Teacher Education Programs in Australia: Standards and Procedures* (December 2015).

These programs, from eight providers, were new or previously accredited under State arrangements. During the reporting period, four were accredited.

VIT also commenced work on transition plans for 65 nationally-accredited programs from 11 providers addressing the new elements of the standards and procedures.

In order to resource the accreditation process, prospective accreditation panellists were trained by the Australian Institute for Teaching and School Leadership (AITSL) and the pool of panellists was increased from 29 to 69, including 14 panel chairs. Seven VIT staff also undertook panel training.

The timeframe for accreditation decisions for all applications is by December 2017.

PARTNERSHIPS

VIT has continued to work collaboratively with other members of the Australian Teacher Regulatory Authorities and AITSL to develop national consistency in the accreditation of ITE programs.

Partnerships were developed with the Teachers Registration Board of Tasmania and the Teacher Registration Board of the Northern Territory for the assessment and moderation of transition plans.

VIT continues to work closely with all Victorian higher education institutions, offering workshops to ensure programs meet the accreditation standards and procedures.

Support has included representation at Victorian Council of Deans of Education meetings, formal / informal meetings at metropolitan / regional campuses, formal meetings at VIT and other correspondence.

VIT and the Accreditation Committee actively support trained panellists through Accreditation Expert Group meetings. The group discusses matters associated with ITE accreditation, reform and professional development.

“

VIT continues to work closely with all Victorian higher education institutions, offering workshops to ensure programs meet the accreditation standards and procedures.

”

Quality

.....

VIT works to ensure that teachers and schools are compliant with their legislative obligations, and that teachers maintain high ethical and professional standards.

UNREGISTERED TEACHING

In 2016-17, VIT investigated 84 cases and found 45 incidents of unregistered teaching.

The majority of these cases involved either PRTs who taught after the expiry of their provisional registration or Vocational Education and Training instructors unaware of registration requirements when instruction occurred on a school site.

While incidents of unregistered teaching are marginally lower than the previous year, VIT continues to work proactively with principals and employers to ensure only people with registration or permission to teach undertake the duties of a teacher in a school or early childhood setting.

TEACHER REGISTRATION CHECK AUDITS

As part of its school visits program, VIT undertakes teacher registration check audits. VIT assesses a school's procedures for ensuring that teachers employed at the school hold registration prior to being placed in the classroom and undertaking the duties of a teacher.

In 2016-17, VIT visited 15 schools to provide assistance with their registration check procedures, in particular the effective use of their school portal and the public register in managing teacher registration checks.

AUDIT OF RENEWAL

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

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

In 2016-17, VIT audited 1,011 renewal applications, with 11% of applicants unable to support their declarations. Those applicants unable to renew their registration could not undertake the duties of a teacher in a school.

AUDIT OF PROVISIONAL TO (FULL) REGISTRATION

Provisionally registered teachers become eligible for (full) registration when they have undertaken at least 80 days of teaching experience and demonstrated (through an evidence-based process using the inquiry approach) that they have met the Australian Professional Standards for Teachers at the proficient teacher level.

In 2016-17, VIT randomly audited 107 applications for (full) registration.

ANNUAL CENSUS

Each year, VIT checks that all ongoing and contracted staff in Victorian schools are registered.

In government and Catholic schools, this check is done through an exchange of data between the sector authorities and VIT. In the independent sector, VIT works directly with each school as part of the independent school census requiring each school to submit a list of all staff employed as teachers.

In 2016-17, VIT checked the registrations of 48,881 teachers employed in government schools, 18,194 in Catholic schools and 14,835 in independent schools.

“

VIT works to ensure that teachers and schools are compliant with their legislative obligations, and that teachers maintain high ethical and professional standards.

”

Professional conduct

.....

CONCERNS ABOUT TEACHERS

VIT receives conduct concerns through a range of channels, including complaints, employer notifications and ongoing Victoria police record checking.

As a regulatory body, VIT can also initiate inquiries into conduct through its 'own motion' powers (a range of powers available under the *Education and Training Reform Act 2006* 'the Act' to respond to professional conduct concerns, including recently introduced suspension powers).

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

In 2016-17, VIT commenced 55 investigations. A further 29 matters did not proceed to investigation for reasons such as VIT not having jurisdiction or insufficient evidence to proceed to investigation.

VIT's powers under the Act have been recently amended to enable a teacher's registration to be suspended if VIT formed a reasonable belief that the teacher posed an unacceptable risk of harm to children and the suspension was necessary to protect children.

In 2016-17, VIT invoked this power on 11 occasions, primarily where VIT became aware that a registered teacher was under investigation for alleged sexual offending or where the teacher was suffering from an impairment, both of which rendered them an unacceptable risk of harm to children.

Table 5
Sources of investigations conducted by VIT

Sources	No.
Complaints VIT can inquire into any complaint that provides evidence a registered teacher is seriously incompetent; has engaged in misconduct (post 1 January 2011) or serious misconduct; is unfit to teach; or has an impairment that seriously detrimentally affects their ability to teach. Where a complaint does not provide evidence in support of a matter, VIT will provide the complainant an opportunity to provide such evidence. VIT will not investigate where a complaint is frivolous or vexatious, is not supported by evidence or is not within VIT's jurisdiction.	4
Employer notifications VIT must be advised by an employer if it has taken action against a teacher in response to any of the matters outlined in section 2.6.31 of the Act. Employers must also inform VIT of any other actions taken against registered teachers that may be relevant to their fitness to teach.	24
Own motion investigations VIT can initiate an investigation if it reasonably believes a registered teacher is seriously incompetent; has engaged in misconduct or serious misconduct; is unfit to teach; or has an impairment that seriously detrimentally affects their ability to teach. This provides VIT with the capacity to investigate cases that otherwise might escape its attention.	10
Indictable offences VIT has arrangements with Victoria Police, in accordance with the Act, to receive criminal history information about registered teachers. If VIT is informed that a registered teacher has been convicted or found guilty of an indictable offence other than a sexual offence, VIT must conduct an inquiry into the teacher's fitness to teach.	17
Unacceptable risk suspensions The Act provides that VIT may suspend the registration or permission to teach of a person if it holds a reasonable belief that the person poses an unacceptable risk of harm to children, and the suspension is necessary to protect children.	11
Sexual offence suspensions The Act provides that VIT may suspend the registration or permission to teach of a person if that person is, in Victoria or elsewhere, charged with a sexual offence.	7
Sexual offence cancellations The Act provides that a registered teacher who is convicted or found guilty of a sexual offence ceases to be a registered teacher.	6

Table 6
Professional conduct and disciplinary related activity

Inquiries commenced	No.
Complaints	4
Employer notifications	24
Own motion	10
Indictable offences	17
Matters not resulting in an inquiry	29
Complaints	20
Employer notifications	7
Own motion	2
Hearings conducted	6
Medical panel hearings	0
Informal hearings	3
Formal hearings	3
Agreements entered into	17
To suspend registration only	1
To place conditions on registration only	12
To suspend registration and place conditions on registration	1
To cancel registration	3
Unacceptable risk suspensions	11
Sexual offence suspensions	7
Sexual offence cancellations	6
Prosecutions finalised	0
VCAT appeals finalised (registration refusal)	0
VCAT appeals finalised (disciplinary appeal)	1
Supreme Court appeals finalised (judicial review)	1

Business operations

.....

BANKING

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

MAIL HOUSE SERVICES

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

RECORDS MANAGEMENT

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

CONSULTANCIES AND OTHER MAJOR CONTRACTS

No major contract greater than \$10m was entered into in 2016–17.

In 2016–17, VIT engaged 31 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$47,853 (excl. GST).

There were no contracts related to the Victorian Industry Participation Policy.

For details of consultant contracts over \$10,000, refer to Appendix D.

FREEDOM OF INFORMATION

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

Table 7
Analysis of freedom of information requests

Nature of request	No.
Personal (relating to a single identified person)	2
Non-personal (request for non-specific and / or summative information)	1
Outcome: full access	1
Outcome: partial access	-
Outcome: denied	-
Outcome: pending	2
Request for internal review, partial access granted	-
Internal review confirmed initial FOI decision	-
Appeal of internal decision to VCAT	-
Carried forward to next year	2

NATIONAL COMPETITION POLICY

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

ENVIRONMENTAL SUSTAINABILITY

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

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

OCCUPATIONAL HEALTH AND SAFETY

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

STAFF AND COMMUNITY WELLBEING

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

MERIT AND EQUITY

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

PROFESSIONAL DEVELOPMENT

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

HUMAN RIGHTS CHARTER

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

ADVERTISING EXPENDITURE

VIT's advertising expenditure did not meet the minimum threshold required for reporting.

Table 8
Staff by operation

Staff	No. of staff	Full-time equivalent
Accreditation	6	5.4
Business Services	2	2.0
Compliance	4	4.0
Conduct	7	6.8
Customer Services	15	12.0
Engagement	5	4.2
Financial Services	4	4.0
Information, Communication and Technology (ICT)	14	13.8
Mail, Digitisation and Admin	14	11.4
People and Culture	1	1.0
Registration	10	9.4
Secretariat	3	2.9
Special Projects and Risk	4	3.4
Standards	4	3.6
Total	93	83.8

Council report

.....

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

A new Council was appointed in 2016. For the reporting period, there were 14 members of the Council – 13 members (including the Chairperson) appointed by the Governor-in-Council on the recommendation of the Minister, and one member who is the nominee of the Department of Education and Training Secretary.

The Council is the fifth since VIT's inception, and has been in operation since June 2016. The Council completed the existing strategic plan and developed a strategic plan for the period 2017-20.

KEY RELATIONSHIPS

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

Based upon the Council's recommendations, the Minister

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

Table 9
Number of Council meetings attended

Name	Meetings attended		
	2016	2017	Total
Lesley Lamb	1 *	4	5
Audrey Brown	4	5	9
Michael Butler	4	4	8
Peter Clifton	3	5	8
Deborah Corrigan	3	5	8
Fiona Dearn	3	4	7
Siobhan Hannan	4	5	9
Earl James	4	5	9
Karalynn McDonnell	4	5	9
Gail McHardy	4	5	9
Gene Reardon	2	5	7
Diana Santaera	4	4	8
Anthony Shuemack	3	5	8
Angela Stringer	4	5	9

* Appointed November 2016

“

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

”

Council members

.....



Lesley Lamb - Chairperson

Lesley commenced teaching in 1977, and has taught English in high schools across Victoria.



Audrey Brown - Deputy Chairperson

Director, Catholic Education Commission (Ballarat)

Audrey has been Director of Catholic Education for the Diocese of Ballarat since 2012.



Michael Butler
Registered teacher



Peter Clifton
Principal



Deborah Corrigan
Deputy Dean, Faculty of Education, Monash Uni



Fiona Dearn
Deputy Principal



Siobhan Hannan
Registered early childhood teacher



Earl James
Registered teacher



Karalynn McDonnell
Registered early childhood teacher



Gail McHardy
Executive Officer, Parents Victoria



Diana Santaera
Registered teacher



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



Tony Shuemack
Principal



Angela Stringer
Registered teacher

Council committees

.....

AUDIT AND FINANCE COMMITTEE

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

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

During 2016-17, the Committee met six times.

Members

David Nairn (Committee Chairperson) – independent external member

Michael Butler – Council member

Peter Clifton – Council member

Lesley Lamb – Council Chairperson

Gail McHardy – Council member

Kerri Reynolds – independent external member

Angela Stringer – Council member

PROFESSIONAL CONDUCT COMMITTEE

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

During 2016-17, the Committee met 10 times.

Members

Lesley Lamb (Committee Chairperson) – Council Chairperson

Michael Butler – Council member

Peter Clifton – Council member

Fiona Dearn – Council member

Earl James – Council member

Gail McHardy – Council member

Diana Santaera – Council member

Anthony Shuemack – Council member

Angela Stringer – Council member

REMUNERATION COMMITTEE

The Remuneration Committee implements Government Sector Executive Remuneration Panel (GSERP) policies and guidelines for the employment of VIT's executive officers.

Specifically, the Remuneration Committee determines the performance criteria of the Chief Executive Officer, conducts their annual performance review and advises Council of any other relevant matters in the jurisdiction of GSERP.

During 2016-17, the Committee met twice.

Members

Lesley Lamb (Committee Chairperson) – Council Chairperson

Audrey Brown – Council Deputy Chairperson

Gail McHardy – Council member

ACCREDITATION COMMITTEE

The Accreditation Committee assesses and approves initial teacher education programs for the purposes of registration, consistent with the accreditation standards approved by Council.

The Committee comprises teachers and principals from Victorian government and non-government schools, teacher educators, representatives of Victorian teacher employers, and the Victorian Curriculum and Assessment Authority.

During 2016-17, the Committee met five times.

Members

Council members

Audrey Brown (Committee Chairperson) – Council Deputy Chairperson

Deborah Corrigan – Council member

Siobhan Hannan – Council member

Karalynn McDonnell – Council member

Diana Santaera – Council member

Non-Council Members

Linda Blakis – Registered teacher

Anita Brown – Employer representative, Department of Education and Training

Jim Laussen – Employer representative, Independent Schools Victoria

Chris Lennon – Employer representative, Catholic Education Office

Angela Pope – Registered teacher

Attestation for compliance

.....



Attestation for compliance with the Ministerial Standing Direction 3.7.1

I, Lesley Lamb certify that the Victorian Institute of Teaching has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes.

The Victorian Institute of Teaching Audit and Finance Committee has verified this.

A handwritten signature in blue ink, appearing to read "L. Lamb".

Lesley Lamb
Chairperson – Victorian Institute of Teaching

Melbourne
16 August 2017

Level 9, 628 Bourke Street, Melbourne, Victoria 3000
PO Box 531 Collins Street West, Victoria 8007
T 1 300 888 067 F 03 8601 6101
W www.vit.vic.edu.au

Comprehensive operating statement for the year ended 30 June 2017

.....

	Notes	2017 \$	2016 \$
Income from transactions			
Interest	2.2.1	13,885,326	13,040,556
Fees	2.2.2	275,376	301,788
Other income	2.2.3	784,816	514,925
Total income from transactions		14,945,517	13,857,269
Expenses from transactions			
Employee expenses	3.1.1	9,434,263	9,074,640
Depreciation and amortisation	4.1.1, 4.2	456,220	403,238
Supplies and services	3.2.1	3,005,540	3,911,155
Occupancy expenses	3.2.2	564,721	548,161
Total income from transactions		13,460,745	13,937,194
Net result from transactions (net operating balance)		1,484,773	(79,925)
Other economic flows included in net result			
Net gain / (loss) on non-financial assets	8.2	(8,644)	(5,627)
Total other economic flows included in net result		(8,644)	(5,627)
Comprehensive result		1,476,129	(85,553)

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

Balance sheet as at 30 June 2017

.....

	Notes	2017 \$	2016 \$
Assets			
Financial assets			
Cash and deposits	6.2	3,285,725	1,104,126
Investments	4.3	7,500,000	9,000,000
Receivables	5.1	472,962	159,586
Total financial assets		11,258,687	10,263,713
Non-financial assets			
Plant and equipment	4.1.2	1,274,015	1,512,993
Intangible assets	4.2	618,557	195,092
Other non-financial assets	5.3	204,139	132,842
Total non-financial assets		2,096,710	1,840,926
Total assets		13,355,398	12,104,638
Liabilities			
Payables	5.2	1,391,884	1,820,291
Employee provision	3.1.2	1,670,290	1,604,335
Other provisions	5.4	485,239	341,106
Income received in advance	2.3	3,237,328	3,244,379
Total liabilities		6,784,741	7,010,111
Net assets		6,570,656	5,094,526
Equity			
Accumulated surplus / (deficit)		6,570,656	5,094,526
Net worth		6,570,656	5,094,526
Commitments for expenditure	6.3	411,047	727,694
Contingent assets and contingent liabilities	7.2	11,625	97,350

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

Cash flow statement

for the year ended 30 June 2017

.....

	2017 \$	2016 \$
Cash flows from operating activities		
Receipts		
Receipts from customers and registration fees	14,271,835	13,599,304
Goods and services tax recovered from the Australian Tax Office *	399,548	363,458
Interest received	263,430	301,562
Total receipts	14,934,813	14,264,323
Payments		
Payments to suppliers and employees	(13,728,942)	(13,267,190)
Total payments	(13,728,942)	(13,267,190)
Net cash flows from / (used in) operating activities	1,205,871	997,133
Cash flows from investing activities		
Payments for plant and equipment	-	(9,063)
Payments for intangible assets	-	(10,500)
Payments for intangible WIP	(524,272)	-
Payments for investments ~	(20,000,000)	(17,750,000)
Proceeds / receipts from investments ~	21,500,000	14,750,000
Net cash flows from / (used in) investing activities	975,728	(3,019,563)
Net increase / (decrease) in cash and cash equivalents held	2,181,599	(2,022,430)
Cash and cash equivalents at the beginning of the financial year	1,104,126	3,126,556
Cash and cash equivalents at the end of the financial year	3,285,725	1,104,126

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

* Goods and Services Tax received from the ATO is presented on a net basis.

~ Cash exceeding short-term needs is invested for periods ranging from 1-6 months

Statement of changes in equity for the year ended 30 June 2017

.....

	Accumulated surplus \$	Contributions by owner \$	Total \$
Balance at 1 July 2015	5,180,079	-	5,180,079
Comprehensive result for the year	(85,553)	-	(85,553)
Balance at 30 June 2016	5,094,526	-	5,094,526
Comprehensive result for the year	1,476,129	-	1,136,129
Balance at 30 June 2017	6,570,656	-	6,230,656

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

Note 1

About this report

.....

The Victorian Institute of Teaching is an independent statutory authority, established in December 2002 by Part 2.6 of the *Education and Training Reform Act 2006* and reporting to Parliament through the Minister for Education.

Its principle address is

Victorian Institute of Teaching
Level 9
628 Bourke Street
Melbourne VIC 3000

A description of the nature of its operations and its principal activities is included in the 'Report of Operations' which does not form part of these financial statements.

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis

The accrual basis of accounting has been applied in preparing 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.

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of VIT.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed.

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.

Revision 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 applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading 'Significant judgement or estimates'.

These financial statements cover the Victorian Institute of Teaching as an individual reporting entity.

The amounts in the financial statements have been rounded to the nearest \$1 unless otherwise stated.

Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable 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 *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

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

Accounting policies selected and applied in these financial statements ensure the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events is reported.

These annual financial statements were authorised for issue by the VIT Chairperson on 16 August 2017.

Note 2

Funding of service delivery

.....

VIT's overall objective is to regulate the teaching profession in Victoria in the public interest by enforcing high ethical and professional standards for teachers.

To enable VIT to fulfil its objective and maintain high standards for the Victorian teaching profession, VIT receives income predominately from registered teachers in the payment of their annual registration fees. VIT also receives fees for service and departmental grants for specific purposes.

Income is recognised to the extent that it is probable the economic benefits will flow to VIT and the income can be reliably measured at fair value.

2.1 Summary of income that funds the delivery of VIT services

	Note	2017 \$	2016 \$
Registration and application fees	2.2.1	13,885,326	13,040,556
Interest	2.2.2	275,376	301,788
Other income	2.2.3	784,816	514,925
Total income from transactions		14,945,517	13,857,269

2.2 Income from transactions

2.2.1 Registration and application fees

	2017 \$	2016 \$
Teacher registration	12,153,416	11,528,469
National Police History Check (NPHC) - previously known as Criminal Record Check	1,410,516	1,181,330
Replacement card	11,330	9,944
Late registration payment	262,050	285,510
Qualification assessment	-	5,392
Statement of good standing	6,973	7,162
Course accreditation assessment	41,041	22,749
Total registration and application fees	13,885,326	13,040,556

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

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

National Police History Check (NPHC) fees are charged to prospective and renewing teachers. The income is recognised in the year in which the check is run.

Late registration payments are recognised on payment.

2.2.2 Interest income

	2017 \$	2016 \$
Interest from financial assets not at fair value through comprehensive operating statement		
Interest on bank deposits	28,592	38,600
Interest on investments	246,784	263,188
Total interest income	275,376	301,788

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.

2.2.3 Other income

	2017 \$	2016 \$
Sponsorship	202,084	59,273
Grants	527,101	15,057
Cost recovery for prosecutions	-	400
Other income	55,631	440,195
Total other income	784,816	514,925

Sponsorship income is provided for various activities conducted by VIT.

Grants income is provided to VIT to help fund reforms, reviews, studies and to implement improvements or government initiatives. VIT entered into a common funding agreement with the Department of Education and Training (DET) on 26 June 2017 for financial support to implement and refine the new Victorian framework for initial teacher education (ITE). This project is contracted to run from 30 June 2017 to 30 June 2019. VIT raised a debt on DET at 30 June 2017 for \$340,000 by agreement, which was paid on 25 July 2017. At the time of finalisation of these accounts no work had commenced on this project. VIT has been required to recognise the full value of revenue in the current year in accordance with *AASB 1004 Contributions*.

Other income primarily consists of pilot study income. The comparative year includes monies previously held in advance for the purpose of matching against the cost of activities undertaken to effect early childhood teacher registration.

2.3 Income received in advance

	2017 \$	2016 \$
National Police History Check (NPHC) fees	96,828	92,842
Unearned teacher registration fees	3,140,500	3,025,006
Other income in advance	-	126,531
Total income received in advance	3,237,328	3,244,379

Note 3

The costs of delivering services

.....

This section provides an account of the expenses incurred by VIT in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and, in this note, the costs associated with provision of services are recorded.

3.1 Expenses incurred in the delivery of services

	Note	2017 \$	2016 \$
Employee expenses	3.1.1	9,434,263	9,074,640
Depreciation / amortisation	4.1.1, 4.2	456,220	403,238
Supplies and services	3.2.1	3,005,540	3,911,155
Occupancy	3.2.2	564,721	548,161
Total expenses incurred in the delivery of services		13,460,745	13,937,195

3.1.1 Employee expenses - comprehensive operating statement

	Note	2017 \$	2016 \$
Salaries and wages		8,231,361	7,955,769
Superannuation	3.1.3	730,070	672,692
On-costs (payroll tax, fringe benefits tax and WorkCover)		472,832	446,179
Total employee expenses		9,434,263	9,074,640

Payroll costs include all costs related to employment including salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

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

VIT does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when VIT is demonstrably committed to 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.

3.1.2 Employee benefits - balance sheet

Provision is made for benefits accruing to employees in respect of salaries, annual leave (AL) and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2017 \$	2016 \$
Current provisions		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	566,508	513,404
Unconditional and expected to settle after 12 months	-	-
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	102,816	100,694
Unconditional and expected to settle after 12 months	526,319	530,263
<i>Provision for on-costs</i>		
Unconditional and expected to settle within 12 months	98,077	83,600
Unconditional and expected to settle after 12 months	83,019	84,517
Total current provisions for employee benefits	1,376,739	1,312,478
Non-current provisions		
Long service leave	253,556	251,734
On-costs	39,995	40,123
Total non-current provisions for employee benefits	293,551	291,857
Total provision for employee benefits	1,670,290	1,604,335

Liabilities for salaries (including non-monetary benefits and annual leave) are recognised in the provision for employee benefits provision as current liabilities, because VIT does not have an unconditional right to defer settlement of these liabilities.

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

The components of the current LSL liability are measured at

- undiscounted value - if VIT expects to wholly settle within 12 months; or
- present value - if VIT does not expect to wholly settle within 12 months.

Conditional long service leave 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 long service 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' in the net result.

3.1.3 Superannuation contributions

VIT's employees are entitled to receive superannuation benefits. VIT contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary. The defined benefits liability is recognised by DTF, as the sponsoring employer, as an administered liability. Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by VIT are as follows.

	Contribution for the year	
	2017 \$	2016 \$
Defined benefit plans		
State Superannuation Fund revised and new	10,053	11,409
ESS Super	9,430	19,097
Defined contribution plans		
Vic Super	332,203	304,757
Hesta Super Fund	26,134	25,597
Uni Super	14,236	23,416
Legal Industry Super Scheme	12,633	16,526
Australian Super	53,112	29,950
Catholic Superannuation Fund	24,941	26,643
MLC Super	25,673	31,074
CareSuper	20,932	20,467
Retail Employees Super Trust	10,042	13,639
Recruitment Super	7,886	7,526
HostPlus	19,091	21,213
Other	163,706	121,379
Total	730,070	672,692

Contributions include accruals for 26-30 June for ongoing employees and 19-30 June for fixed term employees. These accruals are outstanding at balance date \$7,624.

3.2 Other operating expenses

3.2.1 Supplies and services

	2017 \$	2016 \$
HR	136,390	185,717
Council and committee	86,554	123,427
Consultancy and contractor	339,385	889,434
Communication	570,896	604,466
Finance	139,771	99,869
Legal	299,344	226,694
Printing and stationery	53,809	73,434
Research and development	-	9,136
Travel and accommodation	55,330	83,434
Marketing	97,387	130,709
Administration	496,933	729,534
National Police History Check	729,741	755,301
Total supplies and services expenses	3,005,540	3,911,155

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

3.2.2 Occupancy expenses

	2017 \$	2016 \$
Minimum lease payments (rent expense)	327,421	309,698
Outgoings, cleaning and utilities	206,954	195,807
Maintenance and repairs	30,347	42,656
Total occupancy expenses	564,721	548,161

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

Note 4

Key assets available to support output delivery

.....

VIT controls assets in the course of fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to VIT to be utilised for delivery of those outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

4.1 Total plant and equipment

	Carrying value		Accumulated depreciation		Net carrying amount	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Leasehold improvements	1,730,430	1,605,150	569,136	367,206	1,161,294	1,237,944
Furniture and fittings	84,697	84,697	32,392	21,805	52,305	62,892
Plant and equipment	601,772	907,811	541,356	695,655	60,416	212,156
Total carrying amount of plant and equipment	2,416,899	2,597,658	1,142,884	1,084,666	1,274,015	1,512,992

Initial recognition: Items of plant and equipment 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. The cost of a leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life. The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

Fair value for *plant and equipment* which is specialised in use (such that it is rarely sold other than as part of a going concern) is determined using the depreciated replacement cost method. Note 7.3 includes additional information in connection with fair value determination of plant and equipment.

4.1.1 Depreciation

	2017	2016
	\$	\$
Charge for the period		
Leasehold improvements	201,931	200,644
Furniture and fittings	10,587	10,587
Plant and equipment	149,496	62,778
Total depreciation	362,014	274,009

Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the following table.

Asset	Useful life years	Rates	
		2017 %	2016 %
Leasehold improvements	8	12.50	12.50
Furniture and fittings	8	12.50	12.50
Plant and equipment	3	33.33	33.33
Plant and equipment (from 1/7/14) average	4	28.10	21.50

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

Leasehold improvements are depreciated over the lease term, which is considered to be their useful life.

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

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

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

4.1.2 Reconciliation of movements in carrying values of plant and equipment

	Leasehold improvements		Furniture and fittings		Plant and equipment		Total	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Opening balance	1,237,944	1,438,588	62,892	73,479	212,156	270,887	1,512,992	1,782,954
Additions	125,280	-	-	-	-	9,063	125,280	9,063
Adjustments	-	-	-	-	1,559	-	1,559	-
Disposals	-	-	-	-	(3,804)	(5,016)	(3,804)	(5,016)
Depreciation expense	(201,931)	(200,644)	(10,587)	(10,587)	(149,496)	(62,778)	(362,014)	(274,009)
Closing balance	1,161,294	1,237,944	52,305	62,892	60,416	212,156	1,274,015	1,512,992

Fair value assessments have been performed for all classes of asset, and the decision was made that movements were not material (less than or equal to 10%) for a full revaluation. The next scheduled full revaluation will be conducted in 2018.

4.2 Intangible assets

	Work in progress		CRM development		Other software		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Software and capitalised software development								
Carrying amount								
Opening balance	-	-	2,041,030	2,041,030	686,169	680,393	2,727,199	2,721,423
Additions	524,272	-	-	-	-	10,500	524,272	10,500
Disposals	-	-	(12,112)	-	(324,766)	(4,724)	(336,878)	(4,724)
Transfers	(281,635)	-	-	-	281,635	-	-	-
Closing balance	242,636	-	2,028,918	2,041,030	643,039	686,169	2,914,593	2,727,199
Accumulated amortisation and impairment								
Opening balance	-	-	(2,041,030)	(1,944,256)	(491,078)	(462,736)	(2,532,108)	(2,406,992)
Disposals	-	-	12,112	-	319,925	4,113	332,038	4,113
Adjustments	-	-	-	-	(1,759)	-	(1,759)	-
Amortisation expense	-	-	-	(96,774)	(94,207)	(32,454)	(94,207)	(129,228)
Closing balance	-	-	(2,028,918)	(2,041,030)	(267,118)	(491,078)	(2,296,036)	(2,532,108)
Net book value at end of financial year	242,636	-	-	-	375,920	195,092	618,557	195,092

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and 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.

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

1. technical feasibility of completing the intangible asset so that it will be available for use or sale;
2. intention to complete the intangible asset and use or sell it;
3. ability to use or sell the intangible asset;
4. intangible asset will generate probable future economic benefits;
5. availability of adequate technical, financial and other resources to complete development and use / sell the intangible asset; and
6. ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement: Intangible produced assets with finite useful lives are depreciated as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible assets have useful lives of between 3 and 7 years.

Impairment of intangible assets: Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in section 4.1.1.

Significant intangible assets: VIT is developing software (project TERI) to replace the key business system (CRM4) in stages; each stage, once complete, is put into use. This approach is termed 'agile'. Each phase is being capitalised when it is 'in use'.

4.3 Investments

	2017	2016
	\$	\$
Current investments		
Term deposits	-	-
Australian dollar term deposits > 3 months	7,500,000	9,000,000
Total current investments	7,500,000	9,000,000

Note 5

Other assets and liabilities

.....

5.1 Receivables

	2017 \$	2016 \$
Current receivables		
Contractual		
Debtors	410,492	17,685
Accrued investment income	24,598	12,652
Contractual receivables	435,090	30,337
Statutory		
Net GST receivables	37,872	129,249
Statutory receivables	37,872	129,249
Total current receivables	472,962	159,586
Total receivables	472,962	159,586

Contractual receivables are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the consolidated fund as the commitments fall due.

5.1.1 Ageing analysis of contractual receivables

	Carrying amount \$	Not past due and not impaired \$	Past due but not impaired			
			< 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$
Receivables						
2017						
Debtors	410,492	-	400,088	2,361	8,043	-
Accrued investment income	24,598	24,598	-	-	-	-
Total contractual receivables	435,090	24,598	400,088	2,361	8,043	-
2016						
Debtors	17,685	-	1,369	4,837	11,479	-
Accrued investment income	12,652	12,652	-	-	-	-
Total contractual receivables	30,337	12,652	1,369	4,837	11,479	-

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

5.2 Payables

	2017 \$	2016 \$
Current payables		
Contractual		
Trade creditors and accruals	565,928	834,472
Unused lease incentive	159,863	159,863
Total current contractual payables	725,791	994,335
Non-current payables		
Contractual		
Unused lease incentive	666,093	825,956
Total non-current contractual payables	666,093	825,956
Total current payables	1,391,884	1,820,291
Total contractual payables	1,391,884	1,820,291

Contractual payables are classified as financial instruments and are measured at amortised cost. Accounts payables represent liabilities for goods and services provided to VIT prior to the end of the financial year that are unpaid.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the payables.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and, as they are not legislative payables, they are not classified as financial instruments.

Maturity analysis of contractual payables

	Maturity dates					
	Carrying amount \$	Nominal amount \$	< 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$
2017						
Payables	1,391,884	1,391,884	565,928	39,966	119,897	666,093
	1,391,884	1,391,884	565,928	39,966	119,897	666,093
2016						
Payables	1,820,291	1,820,291	782,684	91,754	119,897	825,956
	1,820,291	1,820,291	782,684	91,754	119,897	825,956

5.3 Other non-financial assets

	2017 \$	2016 \$
Current other non-financial assets		
Prepayments	204,139	132,545
Non-current other non-financial assets		
Prepayments	-	297
Total other non-financial assets	204,139	132,842

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

5.4 Other provisions

	2017 \$	2016 \$
Non-current provisions		
Make good provision	485,239	341,106
Total other provisions	485,239	341,106

Other provisions are recognised when VIT has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discounted rate that reflects the time, value of money and risks specific to the provision.

5.4.1 Reconciliation of movement in other provisions

	2017 \$	2016 \$
Opening balance	341,106	334,451
Increase / (decrease) of provisions recognised	144,133	6,655
Closing balance	485,239	341,106
Current	-	-
Non-current	485,239	341,106
Closing balance	485,239	341,106

The make good provision is recognised in accordance with the lease agreement for VIT's office facilities. VIT must remove any leasehold improvements from the leased premises and restore the floor to its original condition at the end of the lease term.

Leasehold improvements - make good provision is calculated at the Department of Treasury and Finance rates.

	2017 %	2016 %
Leasehold improvements - make good provision (Level 9 628 Bourke Street)	2.399	1.990

Note 6

How VIT financed operations

.....

This section provides information on the sources of finance utilised by VIT during its operations.

6.1 Leases

6.1.1 Operating leases (VIT as lessee)

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

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

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

Operating leases in 2016-17 relate to VIT's office facilities at Level 9 628 Bourke Street Melbourne. The lease term is 8 years, expiring on 31 August 2022.

	2017 \$	2016 \$
Non-cancellable operating lease payables		
Not longer than 1 year	503,553	486,524
Longer than 1 year but not longer than 5 years	2,196,732	2,122,446
Longer than 5 years	96,852	674,691
Total non-cancellable operating lease payable (exclusive of GST)	2,797,137	3,283,661
Add GST recoverable from the Australian Taxation Office	279,714	328,366
Total non-cancellable operating lease payable (inclusive of GST)	3,076,850	3,612,027

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

	2017 \$	2016 \$
Current		
Unused lease incentive	159,863	159,863
Current unused lease incentive	159,863	159,863
Non-current		
Unused lease incentive	666,094	825,956
Non-current unused lease incentive	666,094	825,956
Total unused lease incentive	825,956	985,819

6.2 Cash flow information and balances

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

	2017 \$	2016 \$
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents disclosed in the balance sheet	3,285,725	1,104,126
Balance as per cash flow statement	3,285,725	1,104,126

6.2.1 Reconciliation of net results for the period to cash flow from operating activities

	2017 \$	2016 \$
Net result for the period	1,484,773	(79,925)
Non-cash movements		
Future value of make good provision	18,853	6,656
Depreciation and amortisation of non-current assets	456,220	403,238
Movements in assets and liabilities		
(Increase) / decrease in current receivables	(398,030)	(48,914)
(Increase) / decrease in other current assets	(196,377)	20,951
Increase / (decrease) in current payables	(343,753)	55,250
Increase / (decrease) in unearned fees	(7,051)	47,791
Increase / (decrease) in provisions	191,235	592,086
Net cash flows from / (used in) operating activities	1,205,871	997,133

6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. 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.

Expenditure commitments

	2017 \$	2016 \$
Payables		
Not longer than 1 year	255,475	415,946
Longer than 1 year but not longer than 5 years	195,361	375,354
Longer than 5 years	1,316	9,164
Total commitments for expenditure (inclusive of GST)	452,152	800,464
Less GST recoverable from the Australian Taxation Office	41,105	72,770
Total commitments for expenditure (exclusive of GST)	411,047	727,694

Note 7

Risks, contingencies and valuation judgements

.....

VIT is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which (for VIT) relates mainly to fair value determination.

7.1 Financial instruments specific disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of VIT's activities, certain financial assets and financial liabilities arise under statute rather than a contract (e.g. taxes). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Categories of financial instruments

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

VIT recognises the following assets in this category

- cash and deposits
- receivables (excluding statutory receivables)
- investments (term deposits)

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

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.

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.

7.1.1 Financial instruments: categorisation

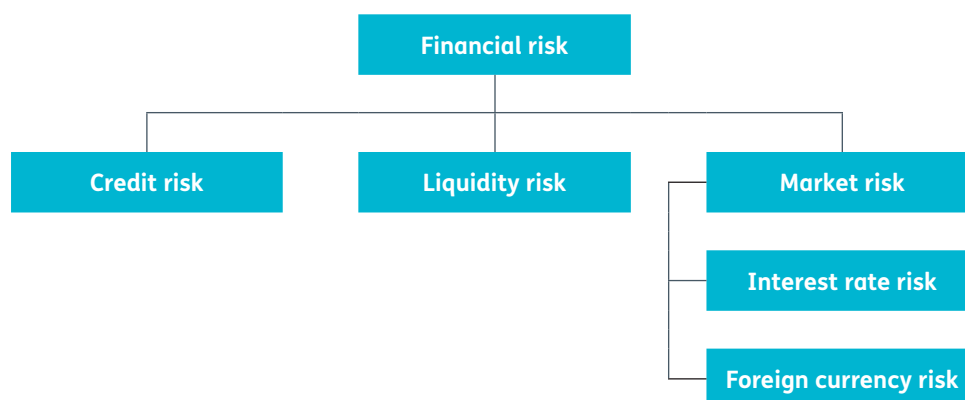
	Contractual financial assets - loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
2017			
Contractual financial assets			
Cash and deposits	3,285,725	-	3,285,725
Receivables			
Debtors	410,492	-	410,492
Accrued investment income	24,598	-	24,598
Investments (term deposits)	7,500,000	-	7,500,000
Total contractual financial assets	11,220,815	-	11,220,815
Contractual financial liabilities			
Payables		565,928	565,928
Total contractual financial liabilities		565,928	565,928
2016			
Contractual financial assets			
Cash and deposits	1,104,126	-	1,104,126
Receivables			
Debtors	17,685	-	17,685
Accrued investment income	12,652	-	12,652
Investments (term deposits)	9,000,000	-	9,000,000
Total contractual financial assets	10,134,463	-	10,134,463
Contractual financial liabilities			
Payables		834,472	834,472
Total contractual financial liabilities		834,472	834,472

7.1.2 Net holding gain / (loss) on financial instruments by category

	Net holding gain / (loss) \$	Net interest income / (expense) \$	Fee income / (expense) \$	Impairment loss \$	Total \$
2017					
Contractual financial assets					
Financial assets - loans and receivables	-	275,376	-	-	275,376
Total contractual financial assets	-	275,376	-	-	275,376
Contractual financial liabilities					
Financial liabilities - loans and receivables	-	-	-	-	-
Total contractual financial liabilities	-	-	-	-	-
2016					
Contractual financial assets					
Financial assets - loans and receivables	-	301,788	-	-	301,788
Total contractual financial assets	-	301,788	-	-	301,788
Contractual financial liabilities					
Financial liabilities - loans and receivables	-	-	-	-	-
Total contractual financial liabilities	-	-	-	-	-

7.1.3 Financial risk management objectives and policies

VIT is exposed to a number of financial risks.



As a whole, VIT's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 to the financial statements.

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

VIT's main financial risks include credit risk, liquidity risk and interest rate risk. VIT manages these financial risks in accordance with its financial risk management policy.

VIT uses varying methods to measure and manage the risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the VIT Council.

7.1.3.1 Financial instruments: credit risk

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

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

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

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

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

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

	Financial institutions (AA credit rating) \$	Financial institutions (VTMB) * \$	Government agencies (AAA credit rating) \$	Other (no credit rating) \$
2017				
Cash and deposits	1,284,825	-	2,000,000	900
Receivables ~	-	15,370	407,877	11,843
Investments and other financial assets	-	2,000,000	5,500,000	-
Total contractual financial assets	1,284,825	2,015,370	7,907,877	12,743
2016				
Cash and deposits	603,226	-	500,000	900
Receivables ~	-	2,342	10,310	17,685
Investments and other financial assets	-	2,000,000	7,000,000	-
Total contractual financial assets	603,226	2,002,342	7,510,310	18,585

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

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

7.1.3.2 Financial instruments: liquidity risk

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

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

VIT manages its liquidity risk via

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

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

The carrying amounts detailed in the table of contractual financial liabilities recorded in the financial statements at note 7.1.2 represents VIT's maximum exposure to liquidity risk.

7.1.3.3 Financial instruments: market risk

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

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. VIT does not hold any interest bearing financial instruments that are measured at fair value, therefore has no exposure to fair value interest rate risk.

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

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

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and VIT's sensitivity to interest rate risk are set out in the following table.

Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Interest rate exposure			
		Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
2017					
Financial assets					
Cash and deposits	1.53	3,285,725	2,000,000	1,284,825	900
Receivables					
Debtors	-	410,492	-	-	410,492
Accrued investment income	-	24,598	-	-	24,598
Investments (term deposits)	1.94	7,500,000	7,500,000	-	-
Total financial assets		11,220,815	9,500,000	1,284,825	435,990
Financial liabilities					
Payables		565,928	-	-	565,928
Total financial liabilities		565,928	-	-	565,928
2016					
Financial assets					
Cash and deposits	1.97	1,104,126	500,000	603,226	900
Receivables					
Debtors	-	17,685	-	-	17,685
Accrued investment income	-	12,652	-	-	12,652
Investments (term deposits)	2.36	9,000,000	9,000,000	-	-
Total financial assets		10,134,463	9,500,000	603,226	31,237
Financial liabilities					
Payables	-	834,472	-	-	834,472
Total financial liabilities		834,472	-	-	834,472

Interest rate risk sensitivity

	Interest rate		
		-1% (100 basis points)	+1% (100 basis points)
	Carrying amount \$	Net result \$	Net result \$
2017			
Contractual financial assets			
Cash and deposits ~	3,284,825	(32,848)	32,848
Investments (term deposits)	7,500,000	(75,000)	75,000
Total impact		(107,848)	107,848
Contractual financial liabilities			
		-	-
Total impact		-	-
2016			
Contractual financial assets			
Cash and deposits ~	1,103,226	(11,032)	11,032
Investments (term deposits)	9,000,000	(90,000)	90,000
Total impact		(101,032)	101,032
Contractual financial liabilities			
		-	-
Total impact		-	-

~ Cash and cash deposits includes a deposit of \$1,284,825 (2016: \$603,226) that is exposed to floating rates movements.

Sensitivities to these movements are calculated as follows

- 2017: $\$1,284,825 \times -(0.01) = (\$12,848)$ and $\$1,284,825 \times 0.01 = \$12,848$
- 2016: $\$603,226 \times -(0.01) = (\$6,032)$ and $\$603,226 \times 0.01 = \$6,032$

Foreign currency risk: All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. VIT is exposed to foreign currency risk through their engagement of a US-based organisation for the fulfilment of its payment card compliance work. VIT has no outstanding foreign exchange exposure.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

As at 30 June 2107, VIT had no contingent assets (2016: \$0).

Contingent liabilities are

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

Contingent liabilities are classified as either quantifiable, where the potential economic obligation is known, or non-quantifiable.

Non-quantifiable contingent liabilities

VIT has pending hearing expenses in the amount of \$11,625 and potential outplacement costs of \$5,500. The timing and length of the hearings (and therefore subsequent costs) can vary and the financial outcome will not be known until the hearings take place. The outplacement costs are offered for a period of 6 months and the liability will lapse if not used within that time. Total contingent liabilities for 2017: \$17,125 (2016: \$97,350).

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions.

This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of VIT.

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

The following assets and liabilities are carried at fair value

- Fixture and fittings
- Plant and equipment
- Leasehold improvements

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

Fair value hierarchy

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

The levels are as follows

- Level 1 - inputs are 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.

VIT considers the carrying amount of financial assets and liabilities recorded in the financial instruments 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

	Carrying amount as at 30 June 2017 \$	Fair value measurement at end of reporting period		
		Level 1 \$	Level 2 \$	Level 3 \$
2017				
Furniture and fittings	52,305	-	-	52,305
Plant and equipment	60,416	-	-	60,416
Leasehold improvements	1,161,294	-	-	1,161,294
	1,274,015	-	-	1,274,015
	Carrying amount as at 30 June 2016			
		Level 1 \$	Level 2 \$	Level 3 \$
2016				
Furniture and fittings	62,892	-	-	62,892
Plant and equipment	212,156	-	-	212,156
Leasehold improvements	1,237,944	-	-	1,237,944
	1,512,992	-	-	1,512,992

Reconciliation of Level 3 fair value movement

	Furniture and fittings \$	Plant and Equipment \$	Leasehold improvements \$
2017			
Opening balance	62,892	212,156	1,237,944
Transfer in (out) of Level 3	-	-	-
Gains or losses recognised in net results			
Depreciation / impairment	(10,587)	(149,496)	(201,931)
Acquisition / (disposal)	-	(2,244)	125,280
Subtotal	(10,587)	(151,740)	(76,651)
Closing balance	52,305	60,416	1,161,294
2016			
Opening balance	73,479	270,887	1,438,588
Transfer in (out) of Level 3	-	-	-
Gains or losses recognised in net results			
Depreciation / impairment	(10,587)	(62,778)	(200,644)
Acquisition / (disposal)	-	4,047	-
Subtotal	(10,587)	(58,731)	(200,644)
Closing balance	62,892	212,156	1,237,943

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
Furniture 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 furniture 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 fair value.
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 furniture and fittings	4 years (4-8 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Leasehold improvements	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 furniture 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 fair value.

Note 8

Other disclosures

.....

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

8.1 Subsequent events

The policy in connection with recognising subsequent events is as follows.

Where events occur between the end of the reporting period and the date when the financial statements are authorised for issue

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

8.2 Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that does not result from transactions. Other gains / (losses) from other economic flows include the gains / (losses) from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

	2017 \$	2016 \$
Net gain / (loss) on non-financial assets		
Net gain / (loss) on disposal of non-financial assets	(8,644)	(5,627)
Total net gain / (loss) on non-financial assets	(8,644)	(5,627)

8.3 Ex-gratia payments

	2017 \$	2016 \$
Ex-gratia payments for separation	78,863	64,407
Total ex-gratia payments for separation	78,863	64,407

Includes payments to staff of a bona fide redundancy payment.

8.4 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.

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of VIT during the reporting period was in the range of \$260,000-269,999 (2016: \$250,000-259,999).

Names

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

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

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

Ms J Meagher * - Director Business Services

Ms F Cosgrove * - Strategic Advisor

* Salaries included in Note 8.5.1 Remuneration of executives

Council Members for the period 1 July 2016 to 30 June 2017

Ms L Lamb ~
Council Chairperson (1/11/2016 - 30/06/2017)

Ms A Brown *
Council Chairperson (1/7/2016 - 31/10/2016)
Deputy Chairperson (1/11/2016 - 30/06/2017)

Mr M Butler *

Mr P Clifton *

Dr D Corrigan

Ms F Dearn *

Ms S Hannan *

Mr E James *

Ms K McDonnell

Ms G McHardy

Ms G Reardon

Ms D Santaera *

Mr A Shuemack *

Ms A Stringer *

The above Councilors have paid teacher registration fees to VIT in the amounts indicated below. Total receipts are disclosed at note 8.6 Related parties.

* Teacher registration fee \$93

~ Initial teacher registration and National Police History Check fee \$183

8.5 Remuneration of executives and other personnel

8.5.1 Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown below. Total annualised employee equivalents provide a measure of full-time equivalent executive officers over the reporting period.

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

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave, bonuses (if payable within 12 months of the end of the period, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions, other retirement benefits paid or payable on a discrete basis when employment has ceased and superannuation entitlements.

Other long-term benefits include long service leave, other long service benefits or deferred compensation and bonuses (not payable wholly within 12 months).

Termination benefits include termination of employment payments, such as severance packages.

	2017 \$	2016 \$
Remuneration		
Short-term employee benefits	489,218	732,431
Post-employment benefits	47,035	66,801
Other long-term benefits	2,686	25,656
Termination benefits	79,898	64,407
Remuneration	618,837	889,295
Total number of executives	4	6
Total annualised employee equivalents	3.92	4.68

8.5.2 Remuneration of other personnel

VIT did not engage any contractors charged with significant management responsibilities during the reporting period (2016: nil).

8.6 Related parties

VIT is a wholly-owned and controlled statutory authority. Related parties for VIT include

- all key management personnel, their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all council members and their close family members; and
- Minister for Education, Skills and Training and his close family members.

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

Significant transactions with government-related entities

VIT received funding from the Department of Education and Training of \$574,654 (2016: \$448,849)

During the year, VIT had the following government-related entity transactions

- mentor program sponsorship - \$130,084
- Casual relief teaching - \$104,570
- Initial teacher education - \$340,000 *

* At year end, VIT invoiced the Department of Education and Training \$340,000 for support of changes to initial teacher education (ITE) programs. This project is scheduled to commence in 2017-18 and conclude in 2018-19. Grant monies are subject to satisfactory completion of agreed objectives over the project life. No works had commenced or resources committed at 30 June 2017.

Significant transactions with other-related entities

VIT received an aggregate of \$1,113 from key management personnel in the form of teacher registration payments from Council Members, as indicated in note 8.4. VIT received funding from the Australian Institute for Teaching and School Leadership (AITSL) of \$67,474 for a review of accreditation of initial teacher education programs. AITSL is considered a related party as the VIT's responsible person is a Director of that body.

Key management personnel of VIT include

- Chief Executive Officer
- Council members
- Minister for Education

	2017 \$
Compensation	
Short-term employee benefits	245,807
Post-employment benefits	19,616
Other long-term benefits	4,457
Board member fees	28,624
Total key management personnel compensation	298,504

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of state government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public (e.g. stamp duty and other government fees and charges). Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside normal citizen type transactions, there were no related party transactions that involved key management personnel, their close family members and / or their personal business interests.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.7 Remuneration of auditors

	2017 \$	2016 \$
Victorian Auditor-General's Office		
Audit of financial statements	28,100	28,494
Total remuneration of auditors	28,100	28,494

8.8 Australian Accounting Standards issued that are not yet effective

The following Australian Accounting Standards become effective for reporting periods commencing after the operative dates stated.

Certain new standards have been published that are not mandatory for the 30 June 2017 reporting period. DTF assess the impact of all these new standards and advises VIT of their early adoption, where applicable. Please refer to Appendix B for the detailed list of the standards issued but not effective for the 2016-17 reporting period.

8.9 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

AMORTISATION

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

COMMITMENTS

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

COMPREHENSIVE RESULT

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

DEPRECIATION

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

EMPLOYEE BENEFITS EXPENSES

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

EX-GRATIA EXPENSES

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

FINANCIAL ASSET

A financial asset is any asset that is

(a) cash

(b) an equity instrument of another entity

(c) a contractual or statutory right

- to receive cash or another financial asset from another entity
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity
- (d) a contract that will or may be settled in the entity's own equity instruments and is
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

FINANCIAL INSTRUMENT

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

FINANCIAL LIABILITY

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

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

FINANCIAL STATEMENTS

Financial statements in the Model Report comprises

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

INTANGIBLE ASSETS

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

INTEREST EXPENSE

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

INTEREST INCOME

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

NET RESULT

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

NET RESULT FROM TRANSACTIONS / NET OPERATING BALANCE

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

NET WORTH

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

NON-FINANCIAL ASSETS

Non-financial assets are all assets that are not 'financial assets'. They include 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. They include 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

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

RECEIVABLES

Receivables include 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.

SUPPLIES AND SERVICES

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

TRANSACTIONS

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity (such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset). Taxation is regarded as mutually-agreed interactions between the government and taxpayers.

Transactions can be in-kind (e.g. assets provided / given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

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) negative numbers

20xx year period

20xx-xx year period

The financial statements and notes are presented based on the illustration for a government department in the 2016-17 Model Report for Victorian Government departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of VIT's annual reports.

Declaration in the financial statements

The attached financial statements for the Victorian Institute of Teaching have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the Victorian Institute of Teaching at 30 June 2017.

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 16 August 2017.



Lesley Lamb
Chairperson
Victorian Institute of Teaching

Melbourne
16 August 2017



Melanie Saba
Chief Executive Officer
Victorian Institute of Teaching

Melbourne
16 August 2017



Janiece Meagher
Director, Business Services
Victorian Institute of Teaching

Melbourne
16 August 2017

Independent Auditor's Report

To the Council of the Victorian Institute of Teaching

Opinion	<p>I have audited the financial report of the Victorian Institute of Teaching (the entity) which comprises the:</p> <ul style="list-style-type: none"> balance sheet as at 31 December 2017 comprehensive operating statement for the year then ended statement of changes in equity for the year then ended cash flow statement for the year then ended notes to the financial statements, including a summary of significant accounting policies declaration in the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Council's responsibilities for the financial report	<p>The Council of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Council determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Council is responsible for assessing the entity's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's
responsibilities
for the audit
of the financial
report**

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

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

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

MELBOURNE
17 August 2017



Simone Bohan
as delegate for the Auditor-General of Victoria

APPENDIX A

DISCLOSURE INDEX

.....

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

Legislation	Requirement	Page reference
MINISTERIAL DIRECTIONS		
REPORT OF OPERATIONS – FRD GUIDANCE		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	6
FRD 22H	Purpose, functions, powers and duties	6-33
FRD 22H	Key initiatives and projects	12-13
FRD 22H	Nature and range of services provided	6-33
Management and structure		
FRD 22H	Organisational structure	16-17
Financial and other information		
FRD 8D	Performance against output performance measures	n/a
FRD 8D	Budget portfolio outcomes	n/a
FRD 10A	Disclosure index	70
FRD 12B	Disclosure of major contracts	76
FRD 15D	Executive officer disclosures	62-64
FRD 22H	Employment and conduct principles	30
FRD 22H	Occupational health and safety policy	30
FRD 22H	Summary of the financial results for the year	14-15
FRD 22H	Significant changes in financial position during the year	14-15
FRD 22H	Major changes or factors affecting performance	n/a
FRD 22H	Subsequent events	62
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	29
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	n/a
FRD 22H	Statement on National Competition Policy	29
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	n/a
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	n/a
FRD 22H	Details of consultancies over \$10,000	76
FRD 22H	Details of consultancies under \$10,000	76
FRD 22H	Disclosure of government advertising expenditure	n/a
FRD 22H	Disclosure of ICT expenditure	77
FRD 22H	Statement of availability of other information	77
FRD 24C	Reporting of office based environmental impacts	30
FRD 25C	Victorian Industry Participation Policy disclosures	n/a
FRD 29B	Workforce Data disclosures	30
SD 5.2	Specific requirements under Standing Direction 5.2	1-34
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction 3.7.1	34
SD 5.2.3	Declaration in report of operations	3

FINANCIAL REPORT		
SD 5.2.2	Declaration in financial statements	67
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	39
SD 5.2.1(a)	Compliance with Ministerial Directions	39
SD 5.2.1(b)	Compliance with Model Financial Report	35-68
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 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	67
FRD 103F	Non Financial Physical Assets	46-51
FRD 110	Cash Flow Statements	37, 53
FRD 112D	Defined Benefit Superannuation Obligations	44
* Note: References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure		
LEGISLATION		
	<i>Education and Training Reform Act 2006</i>	6
	<i>Victorian Privacy and Data Protection Act 2014</i>	6
	<i>Health Records Act 2001</i>	6
	<i>Freedom of Information Act 1982</i>	29
	<i>Building Act 1993</i>	30
	<i>Financial Management Act 1994</i>	39

APPENDIX B

AASB REPORTING REQUIREMENTS FOR NOT-FOR-PROFIT ENTITIES IN THE VICTORIAN PUBLIC SERVICE

.....

AASB	Description	Not-for-profit
1	First-time adoption of Australian Accounting Standards	Y
7	Financial instruments: disclosures	Y
8	Operating segments	N
9	Financial instruments (1)	Applicable 1 Jan 18
13	Fair value measurement	Y
15	Revenue from contracts with customers (2)	Applicable 1 Jan 19
16	Leases (3)	Applicable 1 Jan 19
101	Presentation of financial statements	Y
107	Statement of cash flows	Y
108	Accounting policies, changes in accounting estimates and errors	Y
110	Events after the reporting period	Y
112	Income taxes	A deferred tax asset does not arise on a non-taxable government grant related to an asset.
116	Property, plant and equipment	Revaluation increments and decrements are offset by class of assets.
117	Leases (4)	Y
118	Revenue (5)	Y
119	Employee benefits	Employee benefit obligations shall be determined using market yields on government bonds.
120	Accounting for government grants and disclosure of government assistance	N
123	Borrowing costs	Y (6)
124	Related party disclosures	Y
127	Separate financial statements	Y
132	Financial instruments: presentation	Y
134	Interim financial reporting	N
136	Impairment of assets	Value in use shall be determined by depreciated replacement cost. Impairment loss on a revalued asset can be applied against revaluation reserve by class of assets.
137	Provisions, contingent liabilities and contingent assets	Y
138	Intangible assets	Revaluation increments and decrements are offset by class of assets.
139	Financial instruments: recognition and measurement (7)	Y
1004	Contributions (9)	Y
1048	Interpretation of standards	Y
1049	Whole of government and general government sector financial reporting	Y

1050	Administered items	Y
1054	Australian additional disclosures	Y
1055	Budgetary reporting	Y
1057	Application of Australian Accounting Standards	Y
1058	Income of not-for-profit entities (10)	Y

- (1) *AASB 9 Financial Instruments* will supersede AASB 9 (2009), AASB 9 (2010) and *AASB 139 Financial Instruments: Recognition and Measurement* from 2018-19.
- (2) *AASB 15 Revenue from Contracts with Customers* will supersede *AASB 111 Construction Contract* and *AASB 118 Revenue* from 2018-19 for FP entities and 2019-20 for NPF entities.
- (3) *AASB 16 Leases* will supersede *AASB 117 Leases* from 2019-2020.
- (4) *AASB 117 Leases* will be superseded by *AASB 16 Leases* from 2019-20.
- (5) *AASB 118 Revenue* will be superseded by AASB 15 from 2018-19 for FP entities and 2019-20 for NPF entities.
- (6) Under *AASB 123 Borrowing Costs*, NFP entities can elect to recognise borrowing cost as an expense regardless of how the borrowings are applied. However, FRD 105B Borrowing costs requires entities to expense all borrowing costs.
- (7) *AASB 9 Financial Instruments* will supersede AASB 9 (2009), AASB 9 (2010) and *AASB 139 Financial Instruments: Recognition and Measurement* from 2018-19.
- (8) From 2019-20, the treatment of unconditional grants related to a biological asset will fall under AASB 1058 and the conditional grants will fall under AASB 15. The recognition requirements for unconditional grants will be the same, however, conditional grants will be recognised as revenue when the performance obligations are satisfied.
- (9) The majority of income recognition requirements in AASB 1004 will be superseded by AASB 15 and AASB 1058 from 2019-20. However, AASB 1004 will still retain the accounting requirements in relation to parliamentary appropriations by government departments, restructures of administrative arrangements for other government controlled NFP entities and contributions by owners and distributions to owners by WoG and local government.
- (10) *AASB 1058 Income of Not-for-Profit Entities* will be effective from 2019-20.

APPENDIX C

AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

.....

Current reporting period

The following accounting pronouncements effective from the 2016-17 reporting period are considered to have insignificant impacts on public sector reporting.

- AASB 1056 *Superannuation entities*
- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-1 *Amendments to Australian Accounting Standards [Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts only]*
- AASB 2014-3 *Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interest in Joint Operations [AASB 1 & AASB 11]*
- AASB 2014-6 *Amendments to Australian Accounting Standards - Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]*
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]*
- AASB 2015-5 *Amendments to Australian Accounting Standards - Investment Entities: Applying the consolidation Exception [AASB 10, AASB 12, AASB 128]*
- AASB 2015-9 *Amendments to Australian Accounting Standards - Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]*
- AASB 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128*
- AASB 2016-1 *Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.*

Future reporting periods

The table below outlines the accounting pronouncements that have been issued but are not effective for 2016-17, which may result in potential impacts on public sector reporting for future reporting periods.

Topic	Key Requirements	Effective date
AASB 9 <i>Financial Instruments</i>	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</i>	<p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows.</p> <ul style="list-style-type: none"> • the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 Jan 2018
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018; as a consequence of Chapter 6; and to amend reduced disclosure requirements.	1 Jan 2018
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 <i>Amendments to Australian Accounting Standards - Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	<p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows.</p> <ul style="list-style-type: none"> the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 Jan 2018
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	<p>Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when</p> <ul style="list-style-type: none"> the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount can be measured reliably. 	1 Jan 2017 - except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply 1 Jan 2018
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	<p>This standard amends AASB 15 to clarify requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require</p> <ul style="list-style-type: none"> a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 Jan 2018
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019
AASB 1058 Income of Not-for-Profit Entities	This standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives.	1 Jan 2019
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	This standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 Jan 2019

The following accounting pronouncements are also issued but not effective for the 2016-17 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Shared-based Payment Transactions
- AASB 2016-6 Amendments Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-2 Amendments to Australian Accounting Standards.

Notes

For the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*, the standards / interpretations have been grouped together to provide a more relevant view of the upcoming changes.

APPENDIX D DETAILS OF CONSULTANCIES

.....

Details of consultancies under \$10,000

In 2016-17, there were 31 consultancies engaged during the year, where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure incurred during 2016 17 in relation to these consultancies was \$47,978 (excluding GST).

Details of consultancies (valued at \$10,000 or greater)

In 2016 17, there were eleven consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2016 17 in relation to these consultancies was \$277,112 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Total approved project fee \$ (excl. GST)	Expenditure 2015-2016 \$ (excl. GST)	Future expenditure \$ (excl. GST)
Communications Public Relations	Communications advice	11,445	11,445	-
Coulson Management Consulting	Activity based costing	11,000	11,000	-
Dilignet Pty Ltd	TERI project development	71,502	71,502	-
Landell Consulting	Business plan	10,489	10,489	-
Myriad IT Pty Ltd / Fusion 5	TERI project development	35,922	35,922	-
Oakton Pty Ltd	CRM consulting	13,920	13,920	-
RSM Pty Ltd	Investigation	32,247	32,247	-
Salple	Staff report templates	24,709	24,709	-
Squiz Australia Pty Ltd	Website	13,500	13,500	-
Technology One Corporation Ltd	ECM development, Payroll configuration	11,940	11,940	-
Victorian Chamber of Commerce and Industry	General consulting	40,438	40,438	-

APPENDIX E

ICT EXPENDITURE

.....

Details of Information and Communication Technology (ICT) expenditure for the 2016–17 reporting period, the Victorian Institute of Teaching had a total ICT expenditure of \$1,878,679 with the details shown below.

Business as usual (BAU) ICT expenditure	Non-business as usual (non-BAU) ICT expenditure	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
\$1,355,693	\$522,986	\$133,9450	\$524,271

APPENDIX F

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

.....

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

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

Enquiries should be made to

Chief Executive Officer
Victorian Institute of Teaching
PO Box 531
Collins Street West
Victoria 8007 Australia

Victorian Institute of Teaching

Level 9 628 Bourke Street, Melbourne VIC 3000
PO Box 531, Collins Street West VIC 8007

t. 1300 888 067

f. (03) 8601 6101

e. vit@vit.vic.edu.au

w. vit.vic.edu.au

.....