

victorian institute
of **teaching**

annual report

1 July 2017 - 30 June 2018



Sarah Rose - Furlong Park School for Deaf Children

2017-18 at a glance

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130,856
REGISTERED TEACHERS

84,383 
RENEWED REGISTRATION



7,644
REGISTERED FOR THE
FIRST TIME

2,055 PROVISIONALLY REGISTERED
TEACHER SUPPORT SEMINAR ATTENDEES



41,953

NATIONAL POLICE
HISTORY CHECKS



106 INQUIRIES INTO
TEACHER CONCERNS

1,105
TEACHER
REGISTRATION
RENEWAL AUDITS



3 FORMAL
PANEL HEARINGS

3 INFORMAL
PANEL HEARINGS

61 CASES
INVESTIGATED WITH
45 INCIDENTS OF
UNREGISTERED TEACHING



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

Responsible Body's declaration

September 2018

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*, I am pleased to present the Victorian Institute of Teaching's Annual Report for the year ending 30 June 2018.

Yours sincerely



Lesley Lamb
Chairperson
Victorian Institute of Teaching



Visanthi Sekar - Fairhaven Kindergarten

Contents

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What VIT does	1
Statement of expectations	2
Chairperson's message	4
Chief Executive Officer's report	6
Our regulatory approach to teacher registration	8
Transforming VIT	9
Key initiatives	14
Victorian teachers	18
Accreditation of ITE programs	20
Quality	21
Professional conduct	22
Where do registration fees go?	25
Summary of financial position	27
Business operations	29
Organisational and governance structure	31
Council report	32
Council members	33
Attestation for compliance	34
Financial statements	38
Note 1: About this report	42
Note 2: Funding service delivery	43
Note 3: The costs of delivering services	45
Note 4: Key assets available to support output delivery	49
Note 5: Other assets and liabilities	52
Note 6: How VIT financed operations	55
Note 7: Risks, contingencies and valuation judgements	57
Note 8: Other disclosures	65
Appendix A: Disclosure index	73
Appendix B: AASB reporting requirements for not-for-profit entities in the Victorian public service	75
Appendix C: Australian accounting standards issued that are not yet effective	77
Appendix D: Details of consultancies	79
Appendix E: ICT expenditure	80
Appendix F: Additional information available on request	80

Note: minor edits were made to original report - this is the updated version as at 26/09/18

What VIT does

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Our vision For all Victorian children and young people to

Our purpose
To regulate for a highly qualified, proficient and reputable teaching profession

Our functions
• Register and assist compliance • Accredite teacher education programs • Ensure all teachers maintain standards • Investigate breaches of conduct

Our strategic objectives



Provide for the safety and wellbeing of children and young people

- Review and revise Codes of Conduct and Ethics
- Implement a risk management framework
- Realign disciplinary processes and delegations
- Use proactive data analysis to intervene and prevent harm



Enable quality teaching and the best educational outcomes

- Educate teachers about the standards and Codes of Conduct and Ethics
- Enhance initial teacher education and ongoing professional learning
- Showcase best teaching practices
- Use data proactively to identify improvement opportunities



Engage actively with and learn from stakeholders

- Develop a stakeholder engagement plan
- Establish a Community Expectations Advisory Committee
- Embed a process for learning from stakeholder feedback



Strengthen structure

- Build structure with co...
- Proactive childho service council
- Strengt...

to have the best teachers

Our principles

- Accountable and transparent
- Efficient and timely
- Intelligence led and expert
- Risk-based and proportionate



ngthen governance
and accountability

strategic relationships
-regulators

vely engage with early
ood and school leaders,
providers and school
s

hen our governance
res



Be a capable,
high performing and
respected regulator

Realign culture to support
organisational transformation

Enable greater internal and
external collaboration and
communication

Attract, retain and engage
people with the right
capabilities and attributes

Ensure fit for purpose ICT
systems

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.

OUR LEGISLATION

VIT was established by the *Victorian Institute of Teaching Act 2001* in December 2002.

The *Education and Training Reform Act 2006* [the Act] amalgamated all relevant education and training Acts (including the *Victorian Institute of Teaching Act 2001*), and was proclaimed 1 July 2007.

Further substantial amendments to the legislation were enacted in 2010, with effect from 1 January 2011. VIT continues in operation under, and subject to, the Act (as amended).

In the conduct of its regulatory functions, VIT is bound by the *Victorian Privacy and Data Protection Act 2014* and the *Health Records Act 2001*, and therefore must comply with the Information Privacy Principles (IPPs) and the Health Privacy Principles (HPPs). These govern the collection, use, handling and disclosure of personal and sensitive information and health information.

Statement of expectations



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.

On 21 December 2017, the Hon. James Merlino MP, Deputy Premier and Minister for Education provided VIT with a revised Statement of Expectations for the period 1 July 2017 to 30 June 2018.

VIT considers it has exceeded the expectations outlined in the Statement of Expectations and listed below.

It has moved into an online registration platform for registration that provides a highly efficient and streamlined process for learners, teachers and program providers.

VIT has included early childhood teachers in its registration process, and continues to support the professional needs and development of teachers in 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.

STATEMENT OF EXPECTATIONS

- ✓ I expect the VIT to continue to improve the targeting of its regulatory activity on areas of the greatest risk.
- ✓ 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 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 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 expect the VIT to deepen its engagement with teachers, employers and other stakeholders, to inform the ongoing improvement of its regulatory activities.
- ✓ 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 expect the VIT to promote cooperation, information sharing, regulatory coherence and efficiency with other regulators and key partners.
- ✓ I expect the VIT to ensure that all teachers have completed the professional development requirements under 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 expect the VIT to 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 expect the VIT to negotiate a new Memorandum of Understanding between the VIT and DET to manage teacher misconduct in government schools.
- ✓ I expect the VIT to work with DET on appropriate regulatory mechanisms in relation to the teaching profession to ensure that Victorian children are safe by working closely with DET on implementing the Child Safe Standards and Reportable Conduct legislative reform.
- ✓ 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 the VIT to consult with stakeholders and the broader community as appropriate.



Ruby Bangar - Fairhaven Kindergarten

Chairperson's message

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A YEAR OF CHALLENGE AND ACHIEVEMENT

The 2017-18 year marked the first full year of the entire new VIT Council, after most members were appointed in mid-2016 or later that year. Obviously, there is a steep learning curve involved in understanding the complexities of governance in this vital role of ensuring quality teachers for all Victorian learners.

This year, the VIT Council challenged itself to genuinely raise the standard of the profession and, importantly, the perception of the Victorian public.

We recognised that if you aim high, you must first reflect honestly, and be willing to accept criticism and analyse your own performance.

One of VIT's most important duties is to ensure Victorian teachers conduct themselves professionally and ethically, as their role is not only to educate the next generations but to protect and nurture them.

These expectations were outlined clearly in the recent Royal Commission into Institutional Responses to Child Sexual Abuse and also in the Victorian Government's own Reportable Conduct Scheme.

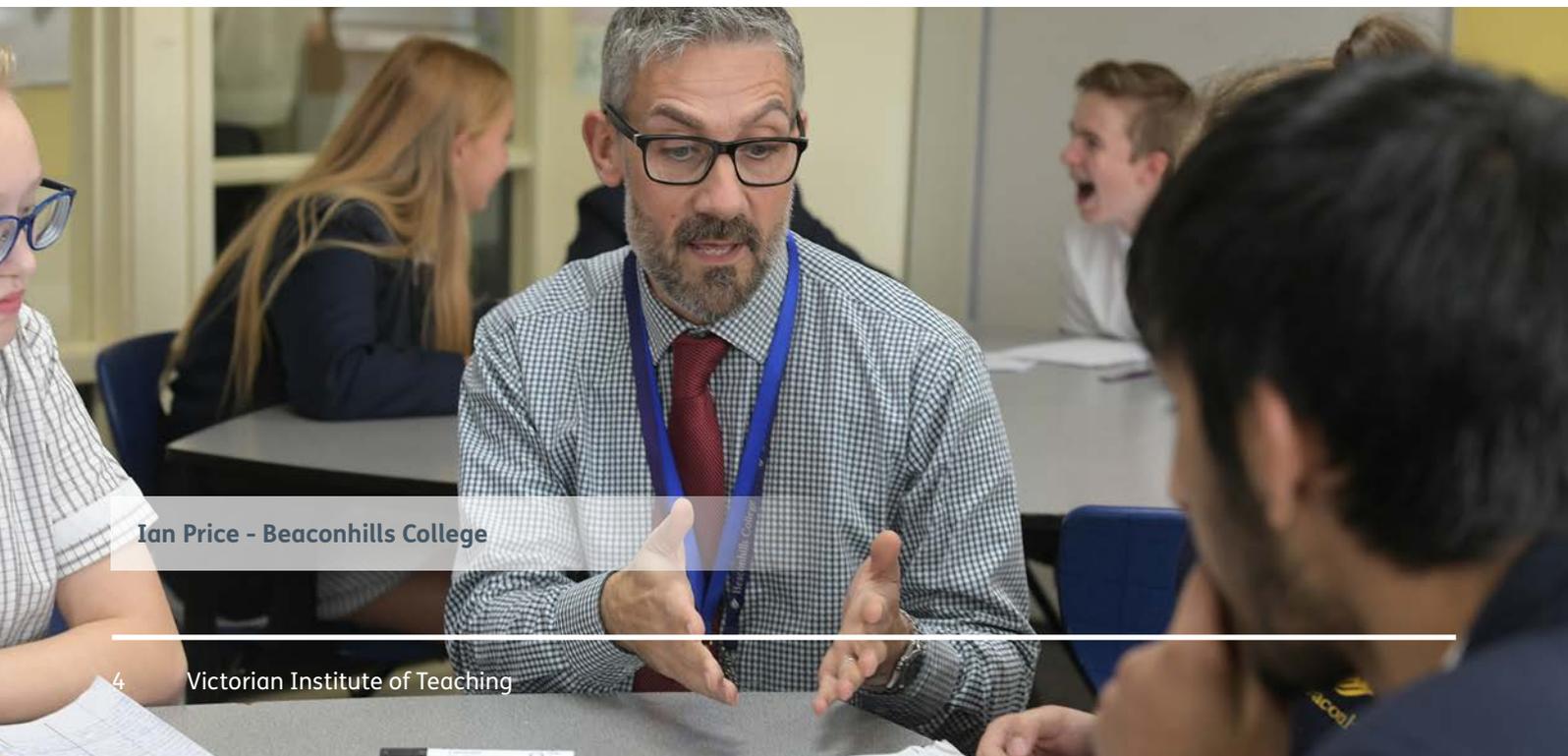
Naturally, the VIT Council is determined to rise to the challenges that this responsibility entails. In fact, in response to this heightened awareness, VIT Council has committed to tripling the number of investigations VIT conducts so we can all be confident these professional issues are seriously investigated.

Council is particularly proud of the way VIT's Conduct and Compliance team has responded to this vast increase in workload.

Another way in which we are embracing our role in ensuring young Victorians get the quality teachers they deserve is in our facilitation of the Victorian Selection Framework, the Victorian Government's initiative to strengthen entry requirements into teacher education programs.

VIT was tasked with implementation of this initiative and we are actively working with providers to ensure the Victorian Selection Framework standards are being applied uniformly across Victoria.

Another key event of the year was the Armytage Review. Minister Merlino was rightly concerned that the VIT's governance and operations needed to be carefully analysed to ensure we were meeting community expectations. This thorough and wide-ranging review was welcomed by our Council because we shared the Minister's commitment to rigorous self-analysis.



Ian Price - Beaconhills College

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One of VIT's most important duties is to ensure Victorian teachers conduct themselves professionally and ethically, as their role is not only to educate the next generations but to protect and nurture them.

”

The report was released early this year following extensive consultation with Council members and staff. Ms Armytage also investigated similar teacher registration authorities and even looked at some international comparisons so we could genuinely strive for best-practice.

Ms Armytage's recommendations were wide-ranging but centred on VIT becoming more outwardly focused, with a strong emphasis on child protection.

Council was particularly pleased the recommendations fitted 'hand in glove' with our own internal desire for self-improvement.

Another highlight of the year was the appointment of our new CEO, Peter Corcoran, following Melanie Saba's appointment as Chief Executive of Royal Australasian College of Medical Administrators.

Melanie's move left a huge gap at VIT, necessitating a diligent process to find an outstanding candidate.

Peter was appointed after a rigorous nation-wide search and, already, Council has been impressed by his excellent interpersonal skills, intellectual rigour and commitment to system-wide improvement in the public interest.

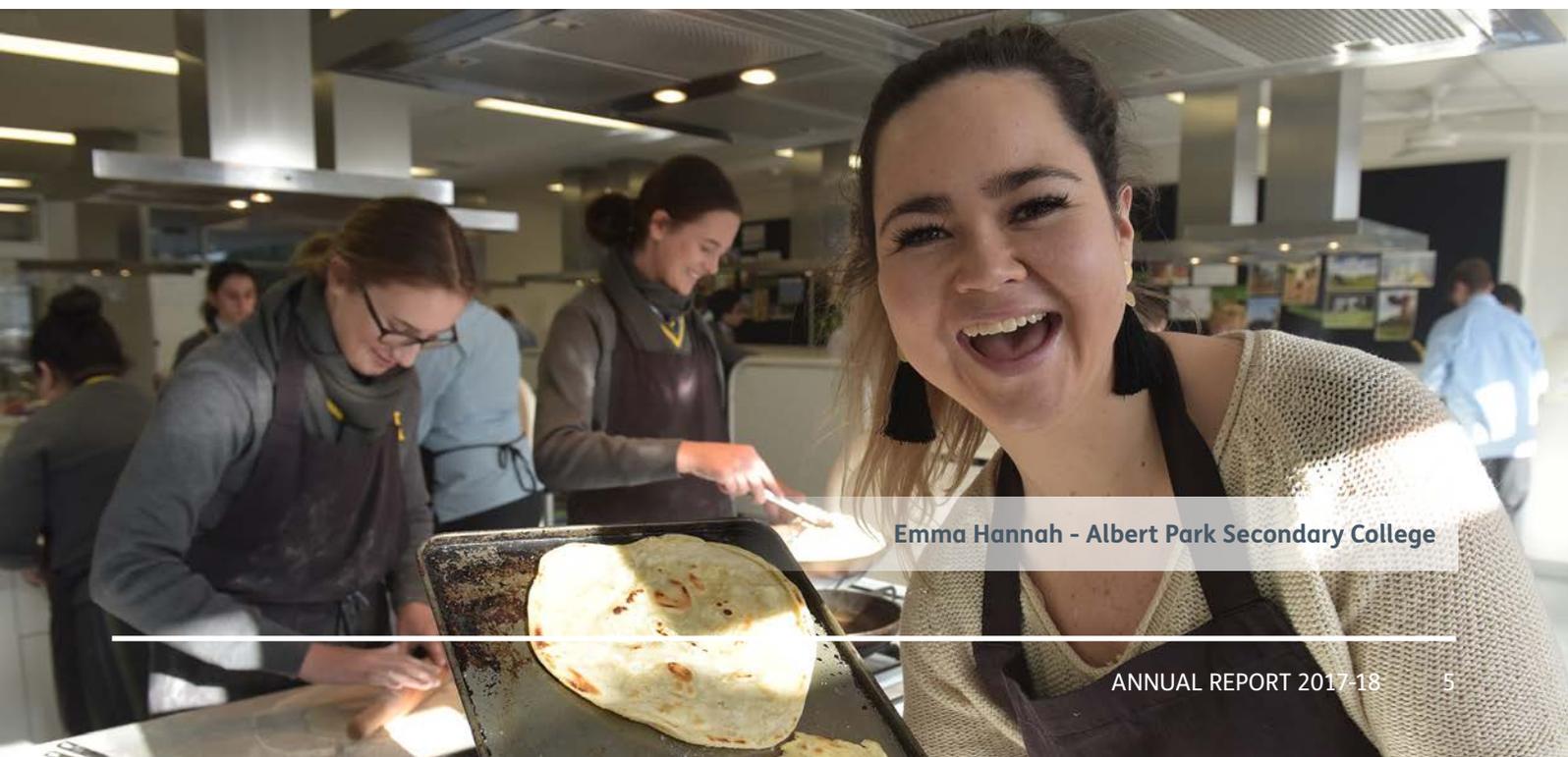
I would like to thank Fran Cosgrove, who took on the responsibility of Acting CEO in the midst of all these challenges; she did an excellent job.

There was also significant change in the Council membership itself, with the retirements of Gail McHardy, Fiona Dearn and Diana Santaera. VIT owes special thanks to Gail for her years of service as VIT Councillor, bringing the perspective of Victorian parents to VIT.

With the support of a highly capable VIT team, the stewardship of Council and the leadership of our new CEO, VIT is poised to deliver the Victorian public with the best teachers for the young people of Victoria.



Lesley Lamb



Emma Hannah - Albert Park Secondary College

Chief Executive Officer's report

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It has been a year of significant change and challenge for VIT. First and foremost, the CEO 'baton' was passed to me following the resignation of Melanie Saba. I'd like to thank Melanie for her stellar work as CEO over the past seven years, and also Fran Cosgrove who acted in the role from September until my arrival in February 2018.

As the incoming CEO, I have been overwhelmed by the level of passion and fantastic support from the VIT staff and Council.

VIT Council have tasked me to

- enhance the level of engagement with the community and key stakeholders – in particular with teachers, principals, school / early childhood management bodies and government;
- improve the culture within VIT;
- ensure we have the right structure, systems and governance to support our strategic objectives; and
- progress our strategic objectives, paying particular attention to child safety and wellbeing.

In August 2017, the Hon. James Merlino MP, Deputy Premier and Minister for Education, commissioned Penny Armytage and KPMG to undertake an independent review of VIT.

The review made a number of recommendations in relation to governance, Council functions, regulatory services, stakeholder engagement, legislation, and VIT's organisational behaviour and culture.

We welcome all of the recommendations, as they provide an excellent road map for us to improve how we operate as a regulator of the teaching profession.

VIT has commenced work addressing the recommendations (refer to page 3 of this report) and this will continue throughout the next few years.

The recent Royal Commission into Institutional Responses to Child Sexual Abuse together with mandatory reporting of suspected abuse of children through the Victorian Commissioner for Children and Young People has resulted in a significant increase in the number of misconduct

referrals to VIT (with misconduct cases increasing from 150 to almost 500 this year).

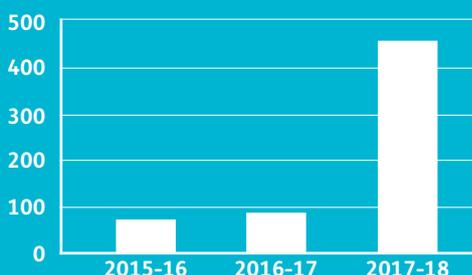
We have allocated additional resources to our investigations branch as a result, and this increase has required us to take a risk-based approach to our investigation caseload.

The workload has increased accordingly for our Professional Conduct Committee of Council and our Hearing Panel members. Conducting hearings into teacher misconduct is an extremely challenging and sometimes thankless task. Their dedication and professionalism in the most difficult of circumstances has been a significant contribution to maintaining professional standards of Victorian teachers.

While our legislative remit is to regulate the Victorian teaching profession, there is an increasing expectation that the work we do is conducted in the context of what is occurring nationally and, to some extent, internationally.

VIT has been actively engaged working within the Australian Teacher Regulatory Authorities (ATRA) network and the International Forum of Teaching Regulatory Authorities (IFTRA) - sharing information on regulatory issues, research into professional practice and teaching registration systems as well as identifying opportunities to foster greater national and international consistency.

VIT, together with the Victorian Department of Education and Training (DET), has been participating in the Australian Institute of Teaching and School Leadership's (AITSL) national review of teacher registration.



NUMBER OF PROFESSIONAL CONDUCT CONCERNS SUBMITTED TO VIT

VIT has also worked closely with the DET in implementing the government reforms to strengthen entry into teacher education programs. This is a key initiative of the Victorian Government's *Excellence in Teacher Education* policy and, as we have reported to the Minister, the reforms have positively impacted the calibre of entrants into initial teacher education.

Technology challenges remain key for VIT as we strive to move from our aging system to a new cloud-based platform. Development is well underway, however we will not be able to move our existing cohort of teachers into the new system until it is completed (hopefully within the next 12 months).

Finally, I would like to acknowledge and thank the commitment and hard work of VIT's fantastic staff.

“

While our legislative remit is to regulate the Victorian teaching profession, there is an increasing expectation that the work we do is conducted in the context of what is occurring nationally and, to some respect, internationally.

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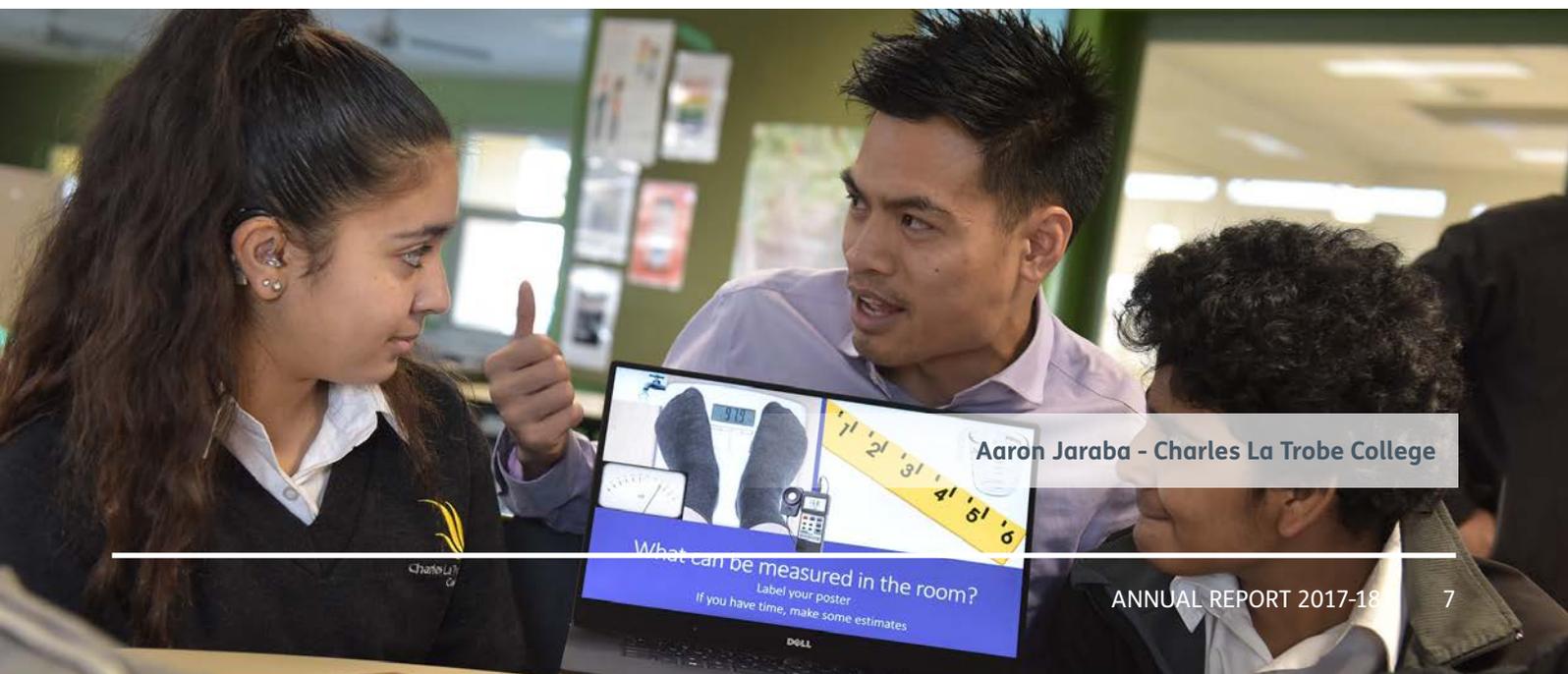
The VIT team is a passionate and dedicated group of people who

- engage with the 100,000+ teachers who contact us each year
- progress the ~130,000 registration applications and renewals we receive each year
- work tirelessly keeping our systems up and running (often working afterhours and weekends to minimise disruptions)
- investigate hundreds of cases of reported misconduct
- ensure education settings have appropriately registered teachers teaching our children
- keep the business of VIT functioning in accordance with our statutory obligations and community expectations
- communicate with our stakeholders through a variety of forums
- accredit providers of initial teacher education
- conduct professional development programs such as the Effective Mentor Program and twilight seminars for provisionally registered teachers and early childhood teachers
- support the smooth functioning of our Council, its Committees (Audit, Risk and Finance; Professional Conduct; and Executive Council) and Hearing Panels.

I am looking forward to working with Council and staff to implement VIT's new strategic plan and improve our engagement with all stakeholders.



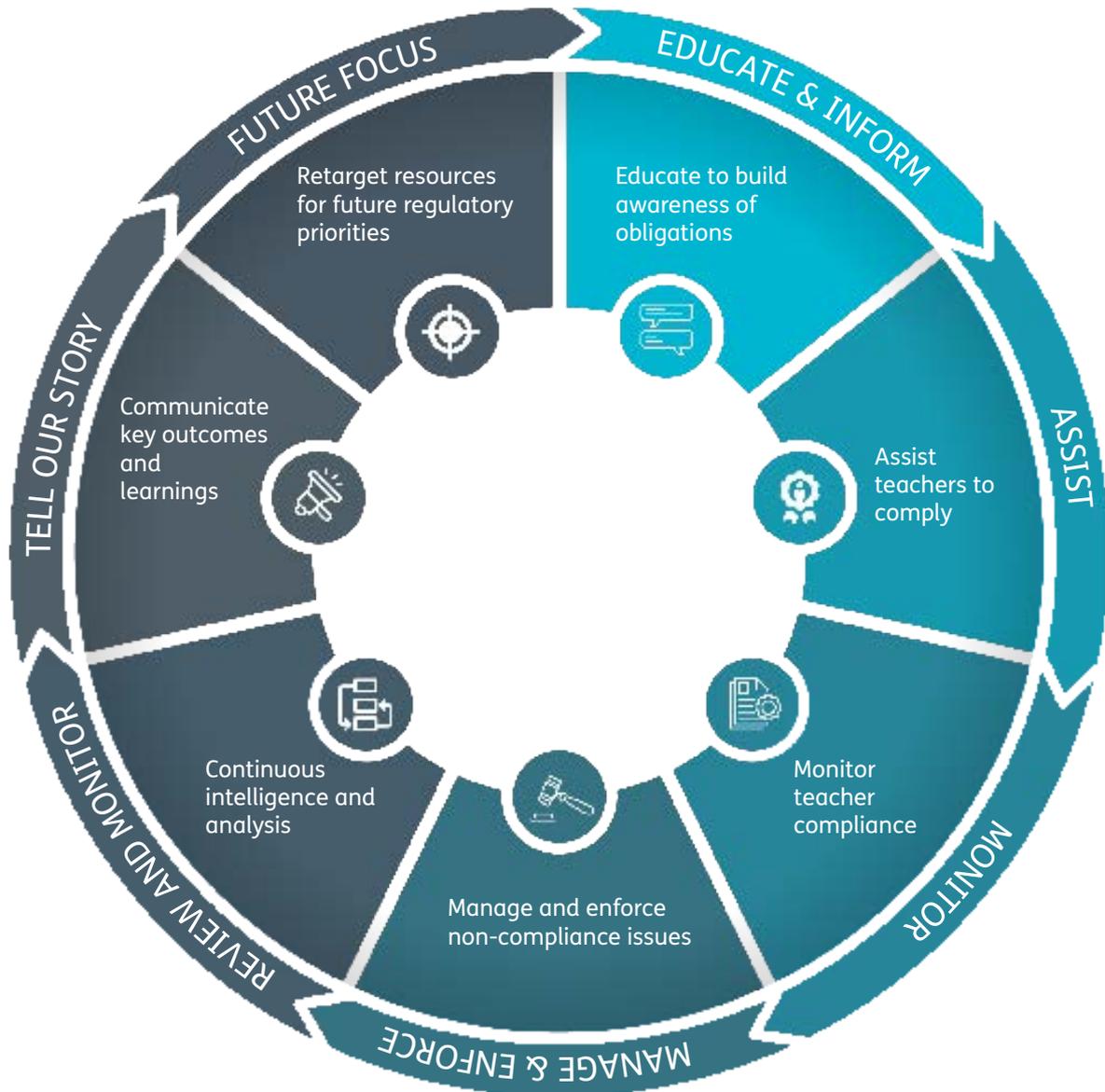
Peter Corcoran



Aaron Jaraba - Charles La Trobe College

Our regulatory approach to teacher registration

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Transforming VIT

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In August 2017, the Hon. James Merlino MP, Deputy Premier and Minister for Education, commissioned an independent review into the governance and operational frameworks of VIT and its Council.

The Minister commissioned the review following a heightened period of media and public scrutiny, particularly in relation to high profile matters considered by VIT's independent panels.

The Minister was concerned that VIT was making decisions that did not reflect community expectations, and determined that it was necessary to review VIT's role and functions, governance, operations, decision-making frameworks and capabilities.

WHAT DID THE REVIEW FIND?

The review, conducted by Penny Armytage and KPMG, involved consultation with VIT Council, executives, staff and external stakeholders to understand VIT's strengths, challenges, ways of working and ideas for the future.

The review identified challenges faced by VIT and made 34 recommendations to increase VIT's capabilities to effectively discharge its functions in accordance with evolving community expectations around child safety.

GOVERNMENT'S RESPONSE

The Victorian Government accepted 32 of the 34 review recommendations and is working with VIT to implement reforms that will contribute to developing Victoria's teachers as the best in the country, with a greater focus on improving child safety and wellbeing.

The two recommendations not accepted were the proposals to rename VIT 'Teacher Regulation Victoria', and to consider amalgamating VIT with the Victorian Registration and Qualifications Authority (VRQA).

The Minister confirmed the rationale for this decision was that the registration processes for teachers and schools are each vitally important and distinct functions that should be undertaken by separate authorities.

RECOMMENDATIONS

The review recommends action in five main areas

- 1. Fit for purpose legislative framework:** Reform VIT's legislative framework to enable it to fulfil government objectives, meet community expectations and effectively discharge its obligations.
- 2. Stronger governance arrangements:** Ensure effective public administration through good governance.
- 3. Council functions:** Improve Council operations to enhance VIT's future capability as a high performing organisation that protects learner safety and supports excellence in teaching.
- 4. Regulatory services:** Strengthen VIT's risk-based regulatory approach to enable it to respond to future challenges with agility and maturity.
- 5. Culture:** Sustain organisational development and performance through improving staff engagement, decision making transparency and cross-organisation communication.

HOW IS VIT TRANSFORMING?

VIT has developed an action plan to respond to the recommendations accepted by the Victorian Government, and is working in collaboration with the Department of Education and Training (DET) and other relevant bodies to implement reforms as soon as practicable.

Initiatives in response to the recommendations are either under way or planned and are summarised overleaf.

“

...working with VIT to implement reforms that will contribute to developing Victoria's teachers as the best in the country, with a greater focus on improving child safety and wellbeing

”

FIT FOR PURPOSE LEGISLATIVE FRAMEWORK

VIT...

- is committed to collaborating with DET to reform the *Education and Training Reform Act 2006 (Vic)* so VIT's procedures represent best regulatory practice.
- has drafted a new strategic plan to include a reframed purpose, vision and mission that reflects VIT's focus on child safety and wellbeing, community expectations and teacher quality.
- will implement changes to practices and communications that arise from the *Education Legislation Amendment (Victorian Institute of Teaching, TAFE and Other Matters) Bill 2018* (the Bill) which is currently before the Victorian Parliament.[^]

STRONGER GOVERNANCE ARRANGEMENTS

VIT...

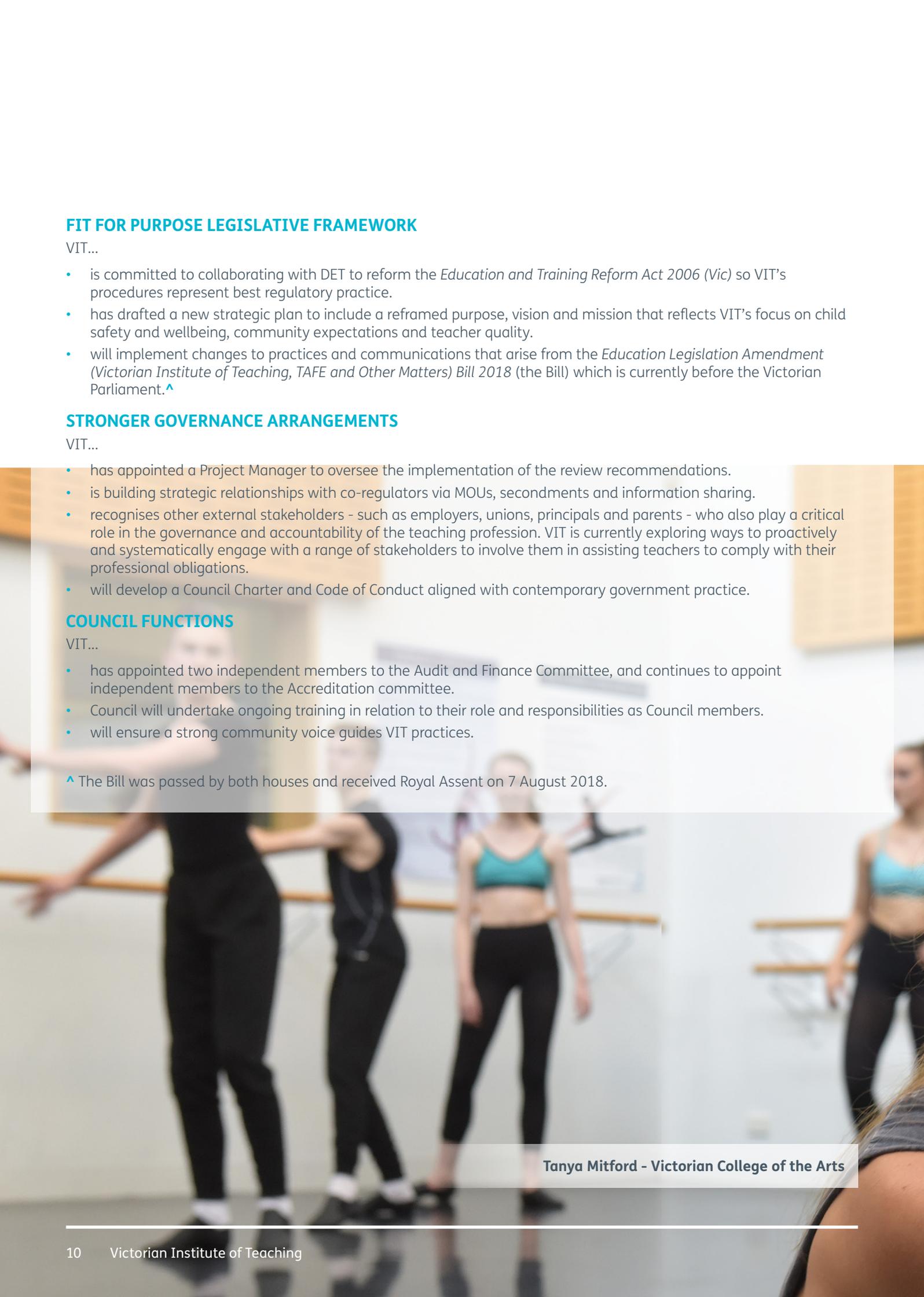
- has appointed a Project Manager to oversee the implementation of the review recommendations.
- is building strategic relationships with co-regulators via MOUs, secondments and information sharing.
- recognises other external stakeholders - such as employers, unions, principals and parents - who also play a critical role in the governance and accountability of the teaching profession. VIT is currently exploring ways to proactively and systematically engage with a range of stakeholders to involve them in assisting teachers to comply with their professional obligations.
- will develop a Council Charter and Code of Conduct aligned with contemporary government practice.

COUNCIL FUNCTIONS

VIT...

- has appointed two independent members to the Audit and Finance Committee, and continues to appoint independent members to the Accreditation committee.
- Council will undertake ongoing training in relation to their role and responsibilities as Council members.
- will ensure a strong community voice guides VIT practices.

[^] The Bill was passed by both houses and received Royal Assent on 7 August 2018.



Tanya Mitford - Victorian College of the Arts

REGULATORY SERVICES

VIT...

- has established a clear set of overarching regulatory principles to guide all functions and activities.
- is focused on proactively educating the teaching profession about the Australian Professional Standards for Teachers and the Victorian Teaching Profession Codes of Conduct and Ethics. This includes developing online modules; educational resources; and tools for teachers, principals and educational leaders.
- is identifying ways to build public trust and confidence in VIT's role and expertise to develop quality teachers.
- has developed a 'VIT Investigations Accountability Framework' (IAF) to establish the minimum standards for investigations conducted by VIT. The IAF outlines processes that enable VIT to discharge its functions and exercise its powers as the regulator for the teaching profession in a transparent and accountable manner.
- continues to enhance its online registration, renewal processes and customer interfaces.
- is reforming registration processes and customer interfaces by migrating to online registration and renewal processes through the Teacher Electronic Records Information (TERI) platform.
- will develop and refresh internal and external policies and procedures that align with our regulatory principles and reflect best practice.
- will develop intelligence-led data analytics to support VIT and expand future-focused research activities.
- will educate teachers and the community about teacher quality by showcasing best teaching practice. This involves facilitating the communication of effective and innovative teaching practice.

CULTURE

- In February 2018, VIT undertook a workplace wellbeing assessment with an external provider to identify perceived issues relating to the work environment which may present a risk to staff wellbeing. Following the assessment, VIT undertook the following actions
 - implemented 'engine rooms' as a forum for staff from different business units to collaborate on resolving specific issues facing the organisation.
 - established peer-facilitated workshops to provide staff with the opportunity to give feedback on how to optimise the organisation's workplace culture.
 - participated in the 2018 Victorian Public Sector Commission 'People Matter Survey' which is regarded in the Victorian public sector as a tool to identify levels of staff engagement and job satisfaction.
- VIT will continue to promote organisational objectives by strengthening staff engagement and encouraging cross-organisation collaboration.



Etaoin Waters - Concord School



Lee Bullock (Principal) - Furlong Park School for Deaf Children

Key initiatives

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WORKING WITH OUR STAKEHOLDERS

VIT understands that working pro-actively, respectfully and transparently with stakeholders contributes to effective regulation.

During the previous 12 months, VIT has worked to develop relationships through the following activities.

1. Meetings of the Early Childhood Teacher Registration Stakeholder Reference Group

This reference group provides opportunities for collaborative problem solving by key stakeholders in the early childhood sector as well as communicate key initiatives.

2. 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.

3. Implementing Education State reforms for initial teacher education (ITE) through regular attendance at the Victorian Council for Deans of Education meetings and through VIT facilitated forums for teacher educators

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

4. **Effective Mentor Program (EMP), to provide training (in partnership with the DET) for 665 school teachers and 190 early childhood teachers who are supporting beginning teachers.**
5. **Twilight seminars for 1,742 provisionally registered teachers and early childhood teachers. Webinars providing in an interactive online environment for a further 313 provisionally registered teachers.**
6. **Presentations at early childhood conferences and CRT professional development seminars.**
7. **CEO and other staff working co-operatively with national and international teacher regulators through the Australasian Teacher Regulatory Authorities (ATRA) and their associated networks.**

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

“
Thanks...for a very informative and engaging professional learning experience. Great opportunity to talk with other mentors about how it looks in this school.

From an EMP participant”



79% of teacher mentors agreed or strongly agreed they deepened knowledge of mentoring and what it means to be a mentor



86% of ECT mentors agreed or strongly agreed they increased skills and strategies to support them in their mentoring role



78% of PRTs agree or strongly agree they deepened their understanding of the Australian Professional Standards for Teachers

NATIONAL AND STATE REFORMS

VIT has contributed to and implemented reforms in a number of areas.

8. Royal Commission into Institutional Responses to Child Sexual Abuse

VIT is working with the DET to implement over 400 recommendations arising from the Royal Commission findings. Victoria is taking a 'whole of government' approach to the recommendations, led by the Department of Justice and Regulation. VIT is most affected by recommendations about information sharing and by the Government and Catholic involvement in the Redress Scheme, which will significantly increase the number of investigations into teacher conduct related to historical sexual offences.

9. Initial teacher education (ITE) reforms

VIT is now well into implementation of the national reforms arising from the Teacher Education Ministerial Advisory Group (TEMAG) recommendations delivered at the end of 2015.

All twelve ITE providers have submitted transition plans for their currently accredited programs, indicating how they will meet the revised standards, demonstrate evidence of impact and thus prepare 'classroom ready teachers'.

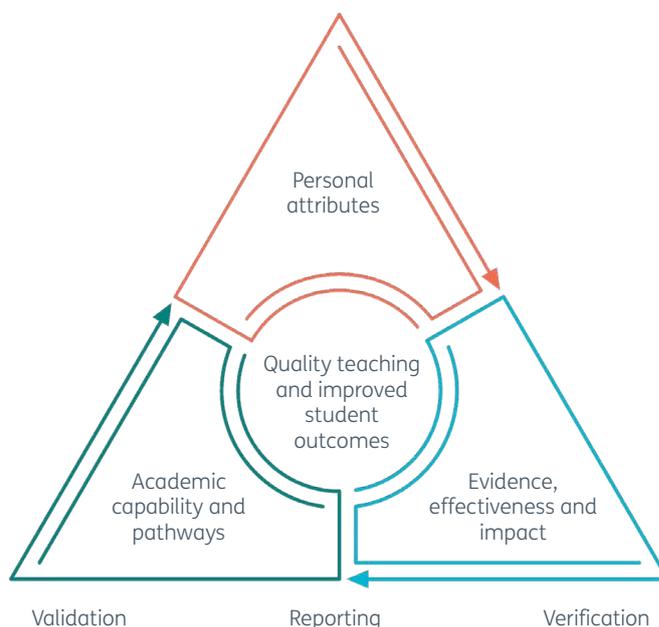
VIT has continued to work closely with other Australian and New Zealand teacher regulators to provide feedback to the Australian Institute for Teaching and School Leadership (AITSL) about further national reforms to the teacher education approval process, particularly in relation to Stage 2 accreditation.

10. Education State reforms – Excellence in Teacher Education

Teachers are the single greatest influence on the learning of children and young people. VIT is committed to working with the government to deliver the Education State initiatives, improving teacher education quality.

VIT, in collaboration with the DET and the Victorian Council of Deans of Education, has developed a Victorian Framework for Selection into Initial Teacher Education. Implementation of the Framework is well underway with all ITE providers applying a minimum ATAR ranking of 65 for entry into 2018 programs and selection on the basis of personal attributes suited to teaching.

During the next 12 months, VIT will analyse data from providers to assess the impact of the higher standards for entry into teacher education.



11. National Review of Teacher Registration

At the instigation of the Federal Minister for Education, the Australian Institute for Teaching and School Leadership (AITSL) launched a review of teacher registration towards the end of 2017. VIT has undertaken a mapping exercise with AITSL and the other state and territory teacher regulators to understand the consistencies and differences of the current federated system of teacher registration.

VIT also contributed to forums and meetings to discuss major emerging themes

- data exchange and the sharing of information about registered teachers
- transition from provisional to (full) registration and teacher professional learning at all career points
- alternative authorisation to teach (permission to teach)
- a national code of conduct
- registration requirements and mutual recognition
- registration of pre-service teachers and early childhood teachers
- managing registration of VET teachers
- consistency in the assessment of fitness and suitability to teach.

Teacher regulatory authorities are concerned about implications arising from the proposal for more centralised control of regulatory processes in the draft recommendations from the review. VIT will continue to provide feedback to the Expert Panel overseeing the review, prior to publication of a report and recommendations for the Education Council in September.

SPECIAL NEEDS

The Victorian Government has made a strong commitment to improving access to and participation in learning for children and young people with special needs (disability).

VIT has supported this initiative by requiring every registered teacher to undertake professional development (PD) to improve their capability to ensure full participation in learning of learners with disability.

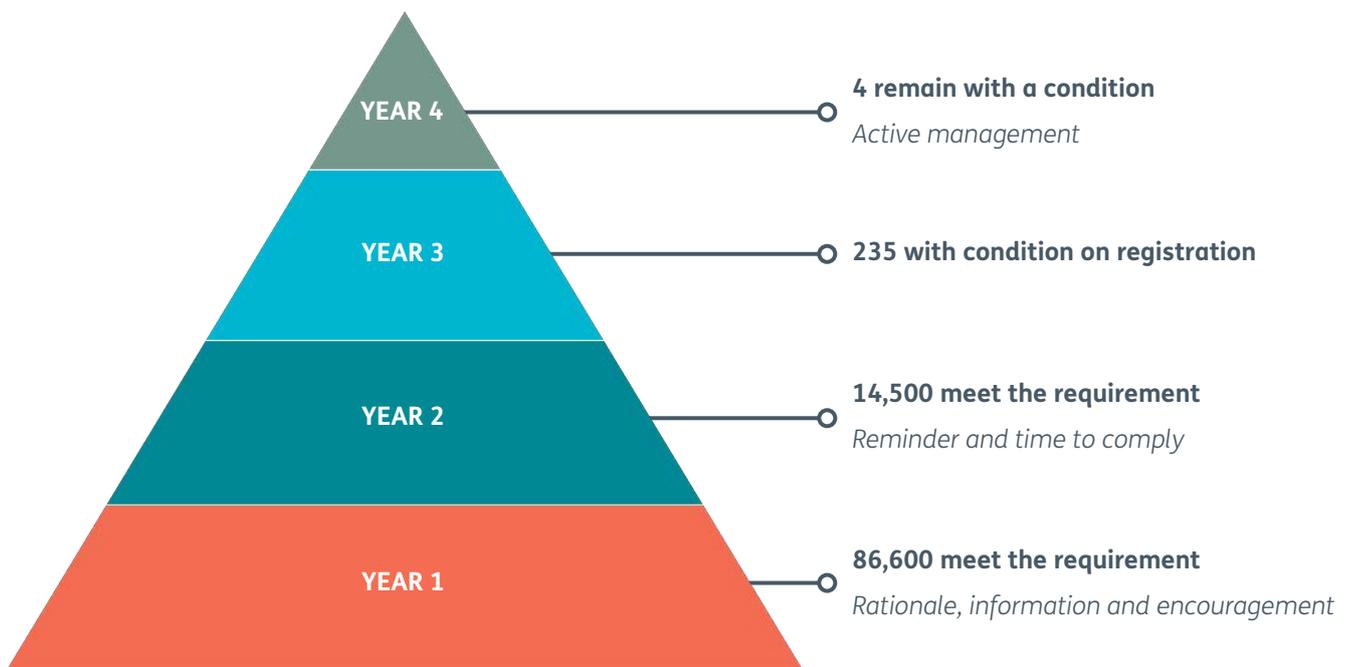
Teachers responded well, with 86,629 (93%) completing the requirement by 30 September 2016. An additional 15,000 teachers had until 30 September 2017 to complete their Special Needs PD.

Any teacher who met the renewal of registration requirements but had not completed the PD were renewed with the condition that they complete the PD and write a 400 word reflection on what they had learned and how they will apply it in their practice.

In all, only 245 teachers out of over 100,000 were granted conditional registration. These teachers were managed closely by VIT Compliance staff and, interestingly, once they understood the reasons why this PD was important, they were enthusiastic about the requirement and how it supported their practice.

As an example, one teacher said they felt angry and intimidated by the conditions on their registration. After further explanation about the importance of this type of PD, the teacher returned a detailed and insightful rectification form and indicated she would now like to keep abreast of development in teaching autistic children and do more PD on how to modify work.

This has shown that an assisted approach to compliance and graduated process of consequences for non-compliance can be highly effective in building professional capability in the profession.



SUPPORTING CASUAL RELIEF TEACHERS (CRT)

In December 2016, a Common Funding Agreement (CFA) was established between the DET and VIT to establish a CRT support partnership.

A Senior Standards Advisor was appointed in June 2017 to meet the responsibilities under the CFA. VIT and DET also work in partnership with the Teacher Learning Network which has implemented CRTPD to provide free professional development to all Victorian CRTs.

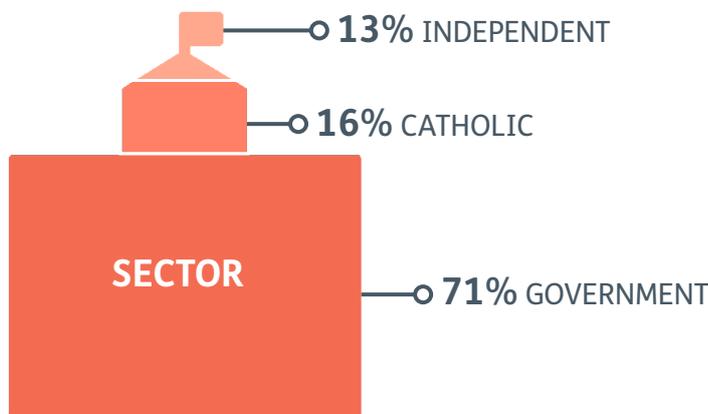
In November 2017, 4,886 CRTs responded to VIT's Casual Relief Teacher survey.

The results of the CRT survey have assisted in guiding the development of VIT supports, resources and communication to CRTs.

In the past 12 months, VIT provided targeted support for CRTs, including a guide to undertaking the (full) registration process, establishing a mailing list, articles in various VIT publications, and presentations to CRT networks, conferences and agencies.

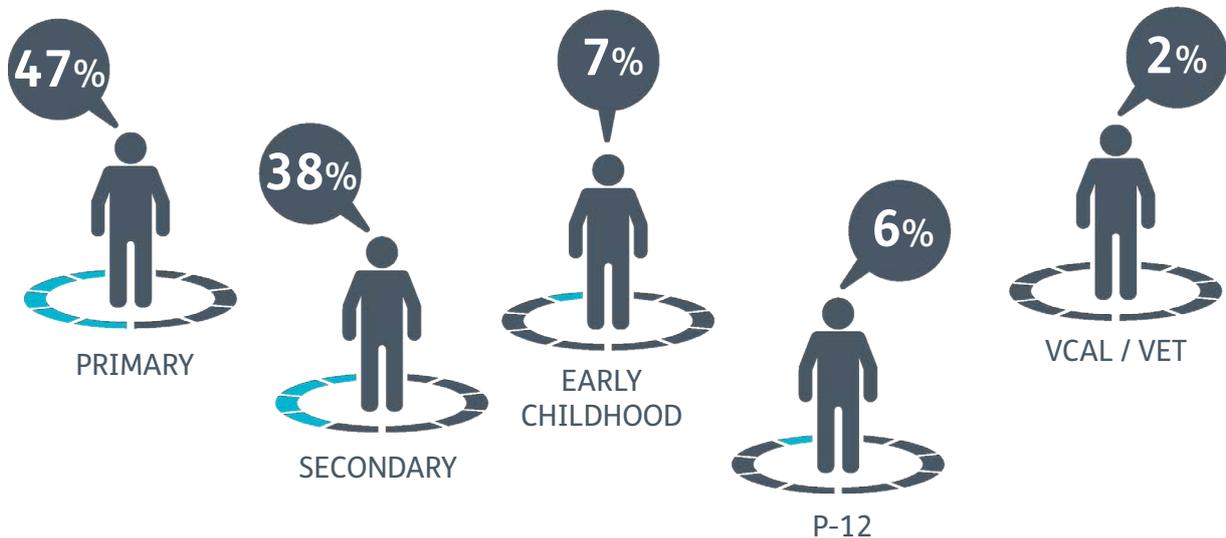
PRIMARY REASON FOR WORKING AS CRT

- + RETIRED TEACHER
- + CRT AS A CAREER
- + SEEKING MORE PERMANENT TEACHING EMPLOYMENT



33%

ARE LOOKING FOR MORE EMPLOYMENT



Victorian teachers

.....

There are 130,856 registered teachers in Victoria, of which 6,044 hold early childhood teacher (ECT) registration and 2,057 hold dual registration.

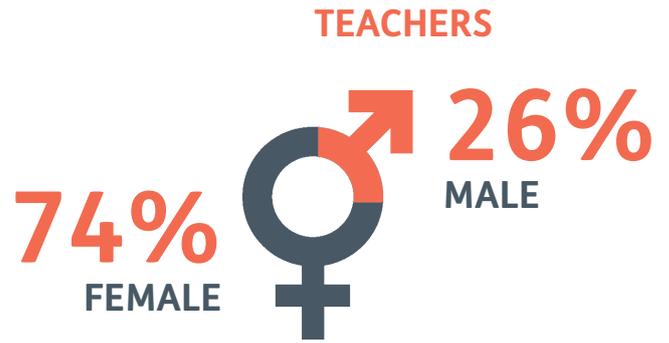
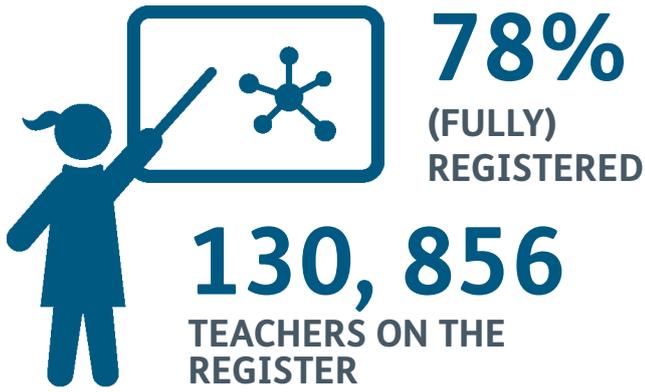
The total number of registered teachers increased by 1% from the previous year. Overall, there has been an 9% increase in the number of teachers who registered with VIT for the first time.

Table 1
Number of registered teachers

Registration type	2017	2018	% change
(Full) registration - teacher	100,790	102,080	1%
Provisional registration - teacher	15,480	15,109	-2%
(Full) registration - ECT	4,504	4,398	-2%
Provisional registration - ECT	1,159	1,481	28%
(Full) registration - dual	913	1,160	27%
Provisional registration - dual	652	881	35%
Permission to teach - teacher	1,101	1,086	-1%
Non-practising - teacher	3,570	3,703	4%
Non-practising - ECT	88	109	24%
Non-practising - dual	16	9	-44%
Returning - teacher	786	777	-1%
Returning - ECT	45	56	24%
Returning - dual	12	7	-42%
TOTAL	129,116	130,856	1%

Table 2
Number of new registrants

Qualification type	2017	2018	% change
Victorian qualifications	5,354	5,832	9%
Interstate qualifications	1,016	696	-31%
Overseas qualifications	165	610	270%
Mutual recognition	502	506	1%
TOTAL	7,037	7,644	9%



The largest group of **teachers** is aged between 30 and 34 years, with 14% of all teachers in this range.



The largest group of **ECTs** is aged between 25 and 29 years, with 15% of all ECTs in this range



40%
INCREASE IN NUMBER OF
INDIVIDUALS GRANTED
PERMISSION TO TEACH



2%

38%
Employed in a DET school

12%
Employed in an
independent
school

14%
Employed in a
Catholic school

33%
Other (incl. teachers in other education
settings /retired / casual relief teachers /
those not currently working as teachers)

♂
Employed in an early childhood service. NB: this data only includes those ECTs who have provided VIT their employment details.

Accreditation of ITE programs

VIT applies national processes for the accreditation of Initial Teacher Education (ITE) programs, which prepare about 5,000 graduates each year for entry into the teaching profession.

ACCREDITATION OF ITE PROGRAMS

In 2017-18, VIT finalised the full stage one accreditation of 19 programs submitted against the Accreditation of Initial Teacher Education Programs in Australia: Standards and Procedures (December 2015). These programs, from eight Victorian ITE providers, were new or previously accredited under the State arrangements.

KEY INITIATIVES

A key focus of the revised program standards is the introduction of strengthened reporting processes and data collection from each provider for each ITE program.

In 2017-18, VIT consulted with the Victorian Council of Deans of Education (VCDE) on a phased implementation of annual reporting and held provider forums in preparation for more rigorous data collection processes.

VIT also developed an online reporting form to gather data relating to the Victorian Selection Framework (VSF). The VSF project has been established and conducted in partnership with the Department of Education and Training (DET), and looks more closely at selection mechanisms used for entry into Victorian ITE programs. Data was collected to establish the immediate effect of new requirements, the short- to medium-term impact of requirements, and the potential impact of teacher quality and learner outcomes.

In support of the Victorian Government's Special Needs plan, VIT collected qualitative data from ITE providers that related to strengthened requirements for special needs in their teacher education programs.

Examples of good practice were identified in relation to

- evidence-based assessment tasks integrated into the delivery of program content about learners with disabilities; and
- successful initiatives providing opportunities for authentic professional experiences for pre-service teachers to apply their knowledge of teaching learners with disabilities.

PARTNERSHIPS

VIT works collaboratively with other members of the Australian Teacher Regulatory Authorities (ATRA) and the Australian Institute for Teaching and School Leadership (AITSL) to develop national consistency in the accreditation of ITE programs.

The Accreditation Committee and VIT actively support trained panellists through Accreditation Expert Group meetings. These meetings are used to discuss matters associated with ITE accreditation, reform and professional learning.

ACCREDITATION COMMITTEE

The Accreditation Committee assesses and approves ITE programs for the purposes of registration, consistent with the National Standards and Procedures for accreditation of initial teacher education programs in Australia.

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

During 2017-18, the Accreditation Committee met nine times.

Members

Audrey Brown (Committee Chair) – Council Deputy Chair

Linda Blakis – Registered teacher

Anita Brown – Employer representative, DET

Deborah Corrigan – Council member

Siobhan Hannan – Council member

Jim Laussen – Employer representative, ISV

Chris Lennon – Employer representative, CathEd

Karalynn McDonnell – Council member

Angela Pope – Registered teacher

Diana Santaera – Council member (resigned Dec 2017)



VIT ASSESSED 17 TRANSITION PLANS FOR 68 NATIONALLY ACCREDITED PROGRAMS FROM 11 PROVIDERS ADDRESSING THE NEW ELEMENTS OF THE STANDARDS AND PROCEDURES



IN VICTORIA, 12 PROVIDERS (9 UNIVERSITIES, 2 TAFES AND 1 COLLEGE) OFFER 92 ACCREDITED ITE PROGRAMS

Quality



VIT works proactively with employers and principals to ensure education settings are compliant with their legislative obligations; that only people with registration or permission to teach undertake the duties of a teacher in a school or early childhood setting; and that teachers maintain high ethical and professional standards.

UNREGISTERED TEACHING

In 2017-18, VIT investigated 61 cases and found 45 incidents of unregistered teaching.

Fourteen cases of unregistered teaching involved PRTs who taught after the expiry of their provisional registration and 8 persons teaching outside their grant of permission to teach.

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 teachers employed at the school hold registration prior to being placed in the classroom and undertaking the duties of a teacher.

In 2017-18, VIT visited 12 schools to provide assistance with their registration check procedures, in particular the effective use of their school portal and the VIT 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 renewal applications. Applicants selected for audit are required to supply documentary evidence of their days of teaching practice and hours of professional learning.

In 2017-18, VIT audited 1,105 renewal applications, with 7% 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.

ASSESSMENT OF TEACHERS RETURNING FROM NON-PRACTISING REGISTRATION

Teachers returning from non-practising registration are required to provide evidence that they have undertaken specific professional practice and professional learning requirements in order to obtain approval for (full) registration.

In 2017-18, 341 teachers submitted evidence for assessment and were approved.

AUDIT OF PROVISIONAL TO (FULL) REGISTRATION

In 2017-18, VIT randomly audited 432 applications for (full) registration, with 95% approved.

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 to submit a list of all staff employed as teachers.

In 2017-18, the Annual Census process identified 7 persons undertaking teaching duties without registration.



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



61 CASES
INVESTIGATED WITH
45 INCIDENTS
OF UNREGISTERED TEACHING

1,105
RENEWAL
AUDITS



Professional conduct

CONCERNS ABOUT TEACHERS

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

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

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

In 2017-18, VIT received a significantly high volume of professional conduct concerns, more than any previous year to date.

In total, VIT received 434 concerns relating to registered teachers, of which, 229 were notifications from employers of registered teachers, members of the public or other regulatory authorities - namely the Commission for Children and Young People (CCYP).

Of the 229 notifications received, 78% originated from the CCYP, contributing to the significant increase in caseload for the Conduct and Compliance team.

The reporting period commenced with 158 open cases and by the conclusion of this period, overall open cases were 482, with 434 new professional conduct concerns received during that time.

Of the 434 new professional conduct concerns received during the reporting period, VIT commenced 106 investigations and determined not to investigate a further 58 matters.

VIT did not investigate these matters for a variety of reasons, including lack of jurisdiction or insufficient evidence to proceed to investigation. Regarding each of these 58 matters, VIT conducts preliminary inquiries to satisfy itself that the registered teacher concerned does not pose a risk to the safety and wellbeing of children.

In 2016, VIT's powers under the *Education and Training Reform Act 2006 (Vic)* were amended to enable it to suspend a teacher's registration 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 the reporting period, VIT exercised this power on 34 occasions, primarily in circumstances where a registered teacher was under investigation for alleged sexual offending or suffering from an impairment, both of which rendered them an unacceptable risk of harm to children.

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 2017-18, the Committee met nine times.

Members

Lesley Lamb (Committee Chair) – Council Chair

Michael Butler – Council member

Peter Clifton – Council member

Fiona Dearn – Council member (ceased Nov 2017)

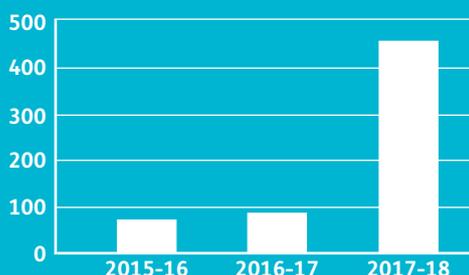
Earl James – Council member

Gail McHardy – Council member (ceased Aug 2017)

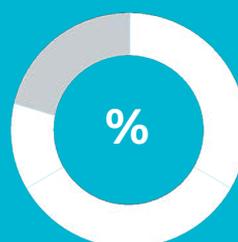
Diana Santaera – Council member (ceased Dec 2017)

Anthony Shuemack – Council member

Angela Stringer – Council member



NUMBER OF PROFESSIONAL CONDUCT CONCERNS SUBMITTED TO VIT



SOURCE OF NOTIFICATIONS

CCYP 78%
Other 22%

Table 3
Sources of investigations conducted by VIT

Sources	No.
<p>Complaints</p> <p>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.</p> <p>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.</p>	4
<p>Notifications</p> <p>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.</p> <p>The Commission for Children and Young People must immediately notify VIT if it becomes aware that a registered teacher is the subject of a reportable allegation or a finding of reportable conduct.</p>	45
<p>Own motion investigations</p> <p>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.</p>	33
<p>Indictable offences</p> <p>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 their fitness to teach.</p>	24
<p>Unacceptable risk suspensions</p> <p>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.</p>	34
<p>Sexual offence suspensions</p> <p>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.</p>	8
<p>Sexual offence cancellations</p> <p>The Act provides that a registered teacher who is convicted or found guilty of a sexual offence ceases to be a registered teacher.</p>	9

TOP 3 SOURCES OF COMPLAINTS



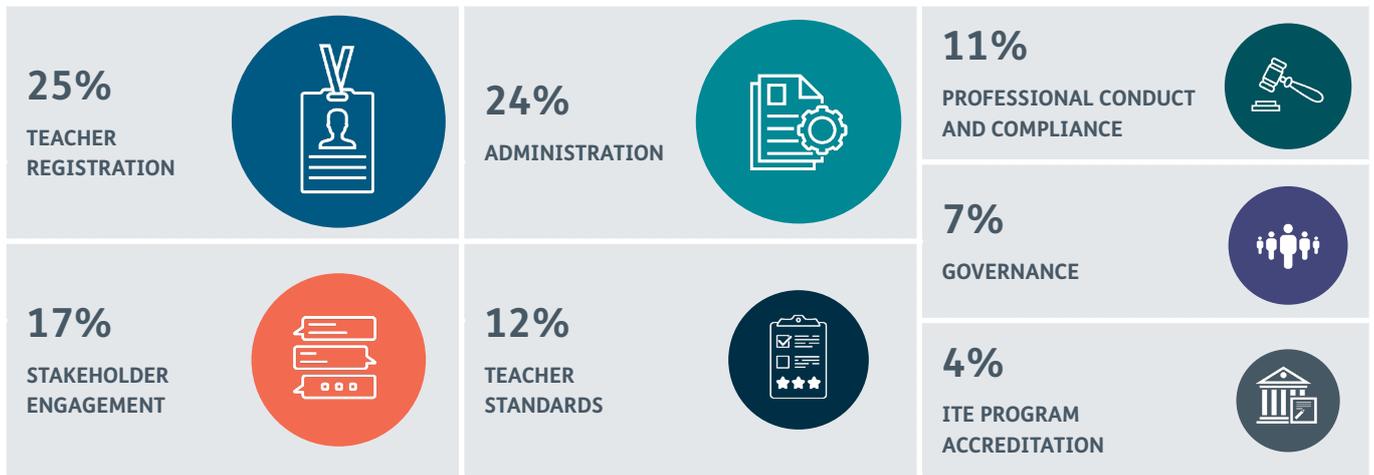
Table 4
Professional conduct and disciplinary related activity

Matters received for consideration of investigation	434
Complaints	93
Notifications	229
Own motion	88
Indictable offences	24
Inquiries commenced	106
Complaints	4
Notifications	45
Own motion	33
Indictable offences	24
Matters not resulting in an inquiry	58
Complaints	25
Employer notifications	24
Own motion	9
Hearings conducted	4
Medical panel hearings	0
Informal hearings	2
Formal hearings	2
Agreements entered into	7
To suspend registration only	0
To place conditions on registration only	6
To suspend registration and place conditions on registration	0
To cancel registration	1
Unacceptable risk suspensions	34
Sexual offence suspensions	8
Sexual offence cancellations	9
Prosecutions finalised	3
VCAT appeals finalised (registration refusal)	0
VCAT appeals finalised (disciplinary appeal)	1
Supreme Court appeals finalised (judicial review)	0

Where do registration fees go?

.....

FOR EVERY REGISTRATION FEE OF \$94, VIT DELIVERS THE FOLLOWING FUNCTIONS



Lisa Lorenzen - Magpie Primary School



Thom Irwin - Concord School

Summary of financial position

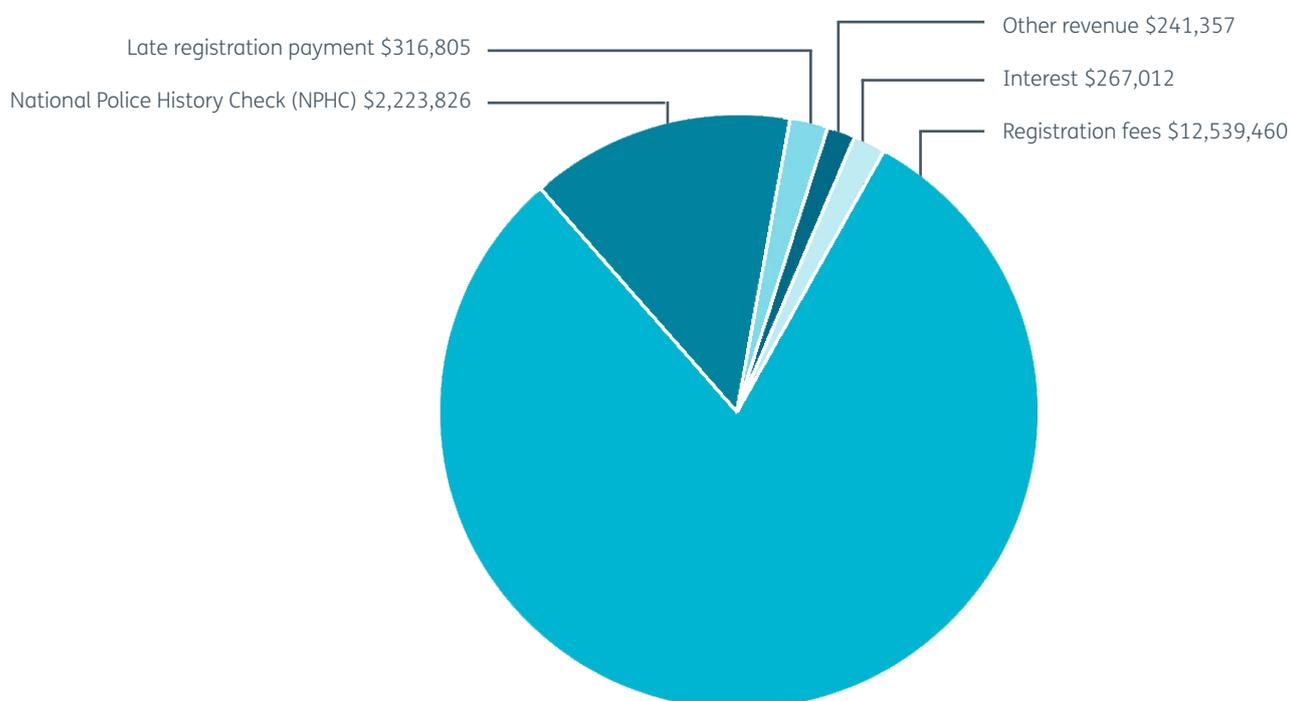
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The financial report and accompanying notes are for the financial year ended 30 June 2018.

Table 5
Financial results 2017–18

	2017–18 \$		2017–18 \$
OPERATIONS		FINANCIAL POSITION	
Fees	15,091,099	Financial assets	11,578,063
Interest	267,012	Non-financial assets	2,207,229
Other	230,349	Total assets	13,785,291
Total income	15,588,460	Provision and payable	3,215,826
Operating expenses	14,951,924	Revenue received in advance	3,362,273
		Total liabilities	6,578,098
Net result	636,536	Total equity	7,207,193

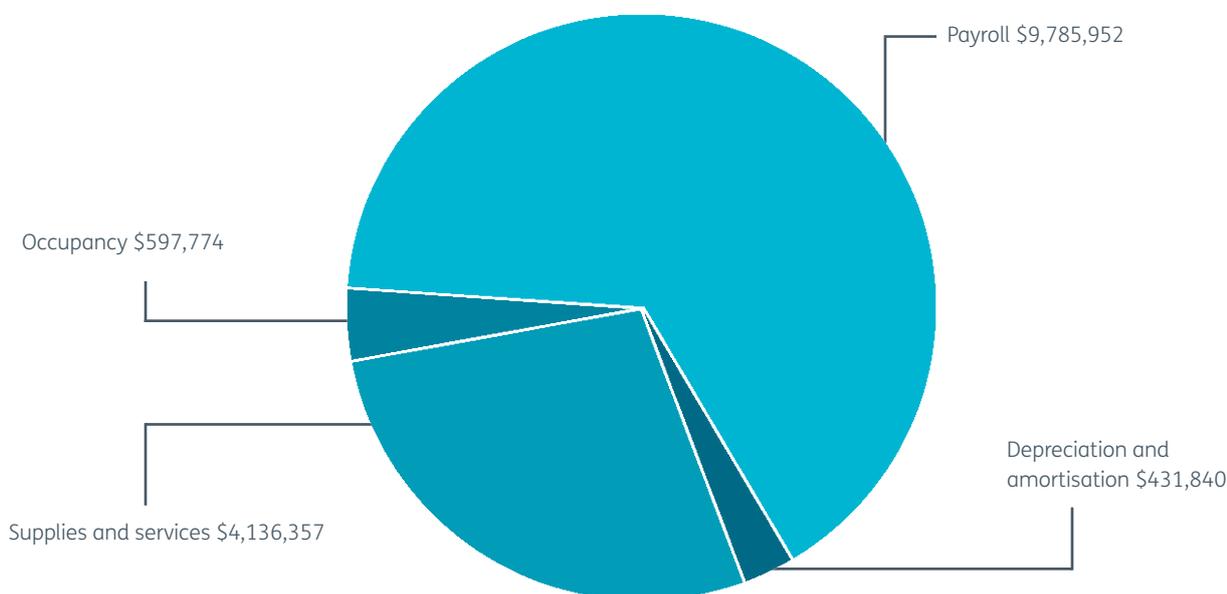
Figure 1
Revenue for 2017–18



In 2017-18, the annual registration fee was increased from \$93 to \$94. Teacher registration fees are paid annually in advance and are prorated to each of the 12 months. Fee revenue belonging to July 2018 or after is considered revenue in advance and is included as a current liability in the balance sheet.

Registration revenue increased in 2017-18 due to an increase in teacher registrations and the increase in the registration fees. Criminal record check (CRC) revenue increased as a result of the increase in the number of new applications and the higher proportion of registered teachers required to update their CRCs during the year.

Figure 2
Expenses for 2017–18



Operating expenses increased in 2017-18 with project costs increasing contractor and consulting costs, and higher communications and administrative expenses.

In summary, 2017-18 generated a surplus of \$636,536 compared to \$1,476,129 reported in the previous year. VIT’s balance sheet and cash position are at an appropriate level to cover VIT’s current and future commitments.

AUDIT RISK MANAGEMENT AND FINANCE COMMITTEE

The Audit Risk Management and Finance Committee oversees the financial, risk management, 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. It also maintains effective communication with external auditors and considers recommendations from internal and external auditors.

On behalf of the Council, the Committee manages the development and implementation of VIT’s strategic and business plan budgets. In addition, the Committee advises Council on the adequacy and effectiveness of VIT’s financial and accounting policies and related control systems. During 2017–18, the Audit and Finance Committee met six times.

Members

- David Nairn (Committee Chair) – independent external member
- Michael Butler – Council member
- Peter Clifton – Council member
- Lesley Lamb – Council Chairperson

- Gail McHardy – Council member (ceased Aug 2017)
- Gail Owen – independent external member (appointed Jun 2018)
- Kerri Reynolds – independent external member (ceased May 2018)
- Angela Stringer – Council member
- Lisa Tripodi – independent external member (appointed Jun 2018)

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 2017–18, the Remuneration Committee met twice.

Members

- Lesley Lamb (Committee Chair) – Council Chairperson
- Audrey Brown – Council Deputy Chairperson
- Michael Butler – Council member (commenced Sep 2018)

Business operations

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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 2018-17.

In 2018-17, 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.

COMPLIANCE WITH THE BUILDING ACT 1993

VIT does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012

VIT complies with the *Protected Disclosure Act 2012*. Our policy can be viewed at www.vit.vic.edu.au.

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. All decisions were made within the allotted time frame.

Table 6
Analysis of freedom of information requests

Nature of request	No.
Personal (relating to a single identified person)	8
Non-personal (request for non-specific and / or summative information)	0
Outcome: full access	6
Outcome: partial access	0
Outcome: denied	2
Outcome: pending	0
Request for internal review, partial access granted	0
Internal review confirmed initial FOI decision	0
Appeal of internal decision to VCAT	0
Carried forward to next year	0

COMPETITIVE NEUTRALITY 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

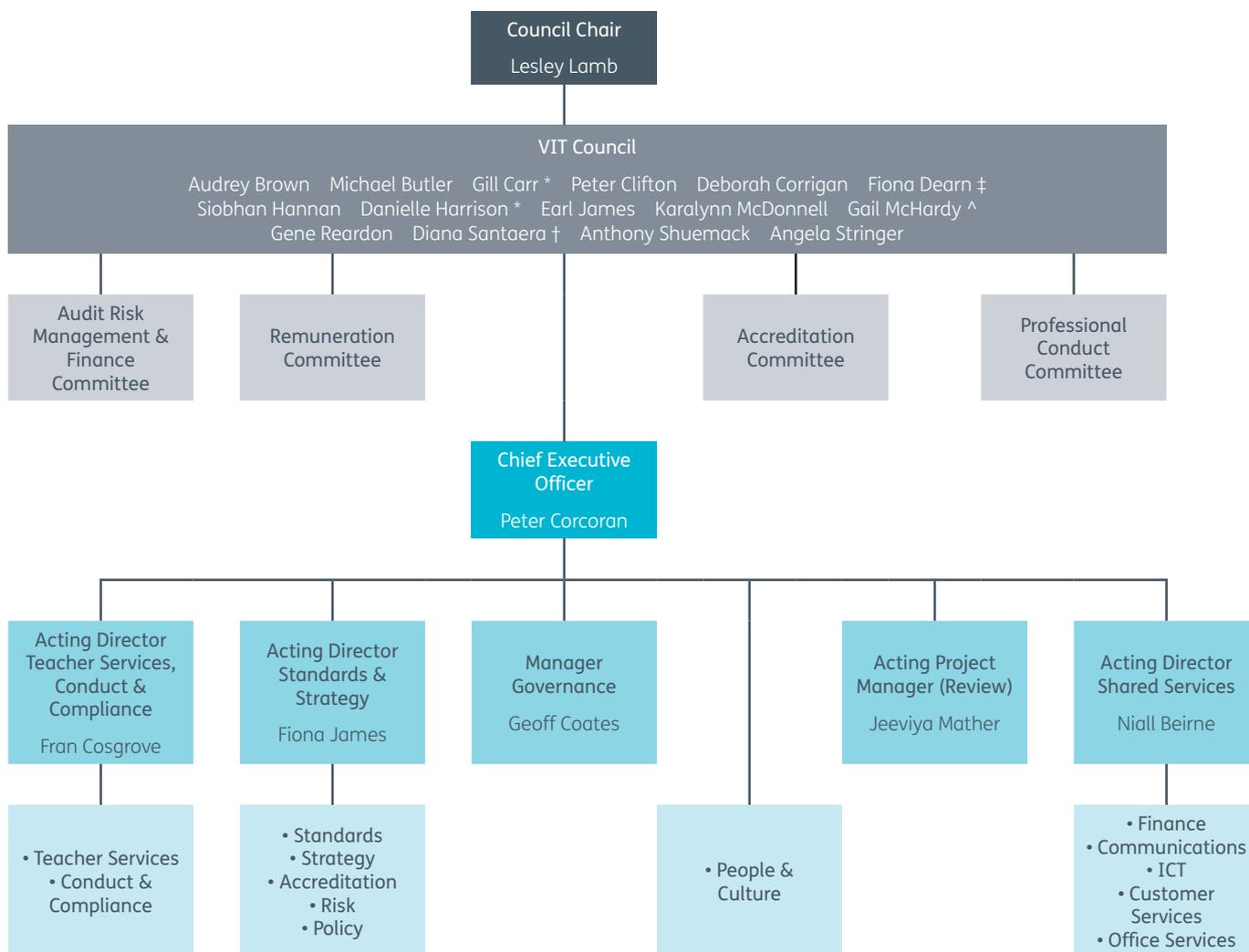
VIT's advertising expenditure did not meet the minimum threshold required for reporting.

Table 7
Staff by operation

Staff	No. of staff	Full-time equivalent
Conduct & Compliance	20	19
Customer Services	17	12
Executive	7	7
Finance	4	4
Information, Communication and Technology (ICT)	12	12
Marketing & Communications	4	3
Office Services	12	9
People & Culture	3	3
Standards, Strategy, Risk and Policy	13	11
Teacher Services	14	14
Total	106	94

Organisational and governance structure

.....



* Appointed June 2018 ^ Resigned August 2017 † Resigned December 2017 ‡ Resigned November 2017

Council report



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

A new Council was appointed in 2016 - the fifth since VIT's inception. For the reporting period, there were 11-14 members of the Council. All but one of the members (including the Chairperson) were appointed by the Governor-in-Council on the recommendation of the Minister. The remaining member is the Secretary of the Department of Education and Training's nominee.

The Council completed the existing strategic plan and developed a strategic plan for the period 2017-2020.

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; and
- approves policies for the qualifications, criteria and standards for registration or renewal of registration that have been recommended by VIT under the *Education and Training Reform Act 2006*.



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.



Table 8
Number of Council meetings attended

Name	Meetings attended		
	2017	2018	Total
Lesley Lamb	3	4	7
Audrey Brown	2	2	4
Michael Butler	3	4	7
Gill Carr *	0	2	2
Peter Clifton	3	4	7
Deborah Corrigan	2	4	6
Fiona Dearn ‡	0	0	0
Siobhan Hannan	3	4	7
Danielle Harrison *	0	2	2
Earl James	2	4	6
Karalynn McDonnell	3	4	7
Gail McHardy ^	1	0	1
Gene Reardon	2	2	4
Diana Santaera †	3	0	3
Anthony Shuemack	3	2	5
Angela Stringer	3	4	7

* Appointed June 2018

^ Resigned August 2017

† Resigned December 2017

‡ Resigned November 2017

Council members

.....



Lesley Lamb
Chairperson



Audrey Brown
Deputy Chairperson



Michael Butler
Registered teacher



Gill Carr
Registered teacher



Peter Clifton
Principal



Prof. Deborah Corrigan
Deputy Dean, Faculty of
Education, Monash Uni



Fiona Dearn
Deputy Principal



Siobhan Hannan
Registered early childhood
teacher



Danielle Harrison
Registered teacher



Earl James
Registered teacher



Karalynn McDonnell
Registered early childhood
teacher



Gail McHardy
Executive Officer, Parents
Victoria



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



Diana Santaera
Registered teacher



Tony Shuemack
Principal



Angela Stringer
Registered teacher

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

The Victorian Institute of Teaching Financial Management Compliance Attestation Statement

I, Lesley Lamb, on behalf of the Responsible Body, certify that the Victorian Institute of Teaching has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, and Instructions.



Lesley Lamb
Chairperson – Victorian Institute of Teaching

Melbourne
16 August 2018



Danny Summerell – Hazleglen College





Anna Kang - Hazel Glen College

Comprehensive operating statement for the year ended 30 June 2018

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	Notes	2018 \$	2017 \$
Continuing operations			
Income from transactions			
Fees	2.2.1	15,091,099	13,885,326
Interest	2.2.2	267,012	275,376
Other income	2.2.3	230,349	784,816
Total income from transactions		15,588,460	14,945,517
Expenses from transactions			
Employee expenses	3.1.1	9,785,953	9,434,263
Depreciation and amortisation	4.1.1, 4.2	431,840	456,220
Supplies and services	3.2.1	4,136,357	3,005,540
Occupancy expenses	3.2.2	597,774	564,721
Total expenses from transactions		14,951,924	13,460,745
Net result from transactions (net operating balance)		636,536	1,484,773
Other economic flows included in net result			
Net gain / (loss) on non-financial assets	8.2	-	(8,644)
Total other economic flows included in net result		-	(8,644)
Comprehensive result		636,536	1,476,129

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

Balance sheet

as at 30 June 2018

.....

	Notes	2018 \$	2017 \$
Assets			
Financial assets			
Cash and deposits	6.2	2,319,532	3,285,725
Investments	4.3	9,000,000	7,500,000
Receivables	5.1	258,531	472,962
Total financial assets		11,578,063	11,258,687
Non-financial assets			
Plant and equipment	4.1.2	998,314	1,274,015
Intangible assets	4.2	1,039,404	618,557
Other non-financial assets	5.3	169,511	204,139
Total non-financial assets		2,207,229	2,096,710
Total assets		13,785,292	13,355,398
Liabilities			
Payables	5.2	1,039,612	1,391,884
Employee provision	3.1.2	1,701,276	1,670,290
Other provisions	5.4	474,938	485,239
Income received in advance	2.3	3,362,273	3,237,328
Total liabilities		6,578,099	6,784,741
Net assets		7,207,193	6,570,656
Equity			
Accumulated surplus / (deficit)		7,207,193	6,570,656
Net worth		7,207,193	6,570,656
Commitments for expenditure	6.3	470,569	411,047
Contingent assets and contingent liabilities	7.2	-	11,625

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

Cash flow statement

for the year ended 30 June 2018

.....

		2018 \$	2017 \$
Cash flows from operating activities			
Receipts			
Receipts from customers and registration fees		15,744,527	14,271,835
Goods and services tax recovered from the Australian Tax Office *		351,742	399,548
Interest received		251,587	263,430
Total receipts		16,347,856	14,934,813
Payments			
Payments to suppliers and employees		(15,237,063)	(13,728,942)
Total payments		(15,237,063)	(13,728,942)
Net cash flows from / (used in) operating activities	6.2.1	1,110,793	1,205,871
Cash flows from investing activities			
Payments for plant and equipment		(6,974)	-
Payments for intangible assets		(543,349)	-
Payments for intangible WIP	4.2	(26,664)	(524,272)
Payments for investments ~		(17,500,000)	(20,000,000)
Proceeds / receipts from investments ~		16,000,000	21,500,000
Net cash flows from / (used in) investing activities		(2,076,986)	975,728
Net increase / (decrease) in cash and cash equivalents held		(966,193)	2,181,599
Cash and cash equivalents at the beginning of the financial year		3,285,725	1,104,126
Cash and cash equivalents at the end of the financial year	6.2	2,319,532	3,285,725

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 2018

.....

	Accumulated surplus \$	Contributions by owner \$	Total \$
Balance at 1 July 2016	5,094,526	-	5,094,526
Comprehensive result for the year	1,476,129	-	1,476,129
Balance at 30 June 2017	6,570,656	-	6,570,655
Comprehensive result for the year	636,536	-	636,536
Balance at 30 June 2018	7,207,193	-	7,207,193

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 2018.

Note 2

Funding of service delivery

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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	2018 \$	2017 \$
Registration and application fees	2.2.1	15,091,099	13,885,326
Interest	2.2.2	267,012	275,376
Other income	2.2.3	230,349	784,816
Total income from transactions		15,588,460	14,945,517

2.2 Income from transactions

2.2.1 Registration and application fees

	2018 \$	2017 \$
Teacher registration	12,539,460	12,153,416
National Police History Check (NPHC) - previously known as Criminal Record Check	2,223,826	1,410,516
Replacement card fee	4,708	11,330
Late registration payment	316,805	262,050
Statement of good standing	6,300	6,973
Course accreditation assessment fee	-	41,041
Total registration and application fees	15,091,099	13,885,326

Registration fees are raised annually (for the period October to September) 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

	2018	2017
	\$	\$
Interest from financial assets not at fair value through comprehensive operating statement		
Interest on bank deposits	27,362	28,592
Interest on investments	239,650	246,784
Total interest income	267,012	275,376

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. Interest on investments includes both short term and long term deposit interest.

2.2.3 Other income

	2018	2017
	\$	\$
Sponsorship (from government)	226,008	729,185
Other income	4,341	55,631
Total other income	230,349	784,816

Sponsorship income is provided for various activities conducted by VIT and includes \$340,000 paid by the Department of Education and Training for support to implement and refine the new Victorian framework for initial teacher education (ITE). This project will run from 30 June 2017 to 30 June 2019. At the time of finalisation of these accounts no work had commenced on this project but revenue is recognised in accordance with AASB 1004.

2.3 Income received in advance

	2018	2017
	\$	\$
National Police History Check (NPHC) fees	137,942	96,828
Unearned teacher registration fees	3,224,331	3,140,500
Total income received in advance	3,362,273	3,237,328

Note 3

The costs of delivering services

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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	2018 \$	2017 \$
Employee expenses	3.1.1	9,785,953	9,434,263
Depreciation / amortisation	4.1.1, 4.2	431,840	456,221
Supplies and services	3.2.1	4,136,357	3,005,540
Occupancy	3.2.2	597,774	564,721
Total expenses incurred in the delivery of services		14,951,924	13,460,745

3.1.1 Employee expenses - comprehensive operating statement

	Note	2018 \$	2017 \$
Salaries and wages		8,514,581	8,231,361
Superannuation	3.1.3	748,775	730,070
On-costs (payroll tax, fringe benefits tax and WorkCover)		522,597	472,832
Total employee expenses		9,785,953	9,434,263

Employee expenses 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.

	2018 \$	2017 \$
Current provisions		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	600,715	566,508
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	114,366	102,816
Unconditional and expected to settle after 12 months	447,401	526,319
<i>Provision for on-costs</i>		
Unconditional and expected to settle within 12 months	100,020	98,077
Unconditional and expected to settle after 12 months	71,309	83,019
Total current provisions for employee benefits	1,333,811	1,376,739
Non-current provisions		
Long service leave	316,948	253,556
On-costs	50,517	39,995
Total non-current provisions for employee benefits	367,465	293,551
Total provision for employee benefits	1,701,276	1,670,290

Salaries, annual leave and long service leave

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	
	2018	2017
	\$	\$
Defined benefit plans		
State Superannuation Fund revised and new	9,900	10,053
ESS Super	9,809	9,430
Defined contribution plans		
Vic Super	339,337	332,203
Hesta Super Fund	12,108	26,134
Uni Super	6,906	14,236
Legal Industry Super Scheme	18,507	12,633
Australian Super	78,630	53,112
Catholic Superannuation Fund	25,778	24,941
MLC Super	41,507	25,673
CareSuper	22,653	20,932
Retail Employees Super Trust	14,087	10,042
Recruitment Super	7,077	7,886
HostPlus	13,641	19,091
Other	148,835	163,706
Total	748,775	730,070

Contributions include accruals for 25-30 June for ongoing employees and 18-30 June for fixed term employees. These accruals are outstanding at balance date \$15,086.

3.2 Other operating expenses

3.2.1 Supplies and services

	2018	2017
	\$	\$
HR	174,963	136,390
Council and committee	52,926	86,554
Consultancy and contractor	948,191	339,385
Communication	648,611	570,896
Finance	111,976	139,771
Legal	155,493	299,344
Printing and stationery	130,763	53,809
Travel and accommodation	51,643	55,330
Marketing	122,885	97,387
Administration	739,098	496,933
National Police History Checks	999,808	729,741
Total supplies and services expenses	4,136,357	3,005,540

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

	2018	2017
	\$	\$
Minimum lease payments (rent expense)	342,929	327,421
Outgoings, cleaning and utilities	228,243	206,954
Maintenance and repairs	26,601	30,347
Total occupancy expenses	597,774	564,721

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

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	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Leasehold improvements	1,730,430	1,730,430	785,440	569,136	944,990	1,161,294
Furniture and fittings	84,697	84,697	42,979	32,392	41,718	52,305
Plant and equipment	608,745	601,772	597,140	541,356	11,606	60,416
Total carrying amount of plant and equipment	2,423,873	2,416,899	1,425,559	1,142,884	998,314	1,274,015

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

	2018	2017
	\$	\$
Charge for the period		
Leasehold improvements	216,304	201,931
Furniture and fittings	10,587	10,587
Plant and equipment	55,784	149,496
Total depreciation	282,675	362,014

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	
		2018 %	2017 %
Leasehold improvements	8	12.50	12.50
Furniture and fittings	8	12.50	12.50
Plant and equipment	4	20.41	28.10

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	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Opening balance	1,161,294	1,237,944	52,305	62,892	60,416	212,156	1,274,015	1,512,992
Additions	-	125,280	-	-	6,974	-	6,974	125,280
Adjustments	-	-	-	-	-	1,559	-	1,559
Disposals	-	-	-	-	-	(3,804)	-	(3,804)
Depreciation expense	(216,304)	(201,931)	(10,587)	(10,587)	(55,784)	(149,496)	(282,675)	(362,014)
Closing balance	944,990	1,161,294	41,718	52,305	11,605	60,416	998,314	1,274,015

4.2 Intangible assets

	Work in progress		CRM development		Other software		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Software and capitalised software development								
Carrying amount								
Opening balance	242,636	-	2,028,918	2,041,030	643,039	686,169	2,914,593	2,727,199
Additions	570,013	524,272	-	-	543,349	-	1,113,361	524,272
Disposals	-	-	-	(12,112)	-	(324,766)	-	(336,878)
Transfers	(543,349)	(281,635)	-	-	-	281,635	(543,349)	-
Closing balance	269,300	242,636	2,028,918	2,028,918	1,186,388	643,039	3,484,605	2,914,593
Accumulated amortisation and impairment								
Opening balance	-	-	(2,028,918)	(2,041,030)	(267,118)	(491,078)	(2,296,036)	(2,532,108)
Disposals	-	-	-	12,112	-	319,925	-	332,038
Adjustments	-	-	-	-	-	(1,759)	-	(1,759)
Amortisation expense	-	-	-	-	(149,165)	(94,207)	(149,165)	(94,207)
Closing balance	-	-	(2,028,918)	(2,028,918)	(416,284)	(267,118)	(2,445,202)	(2,296,036)
Net book value at end of financial year	269,300	242,636	-	-	770,104	375,920	1,039,404	618,557

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 by management.

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

	2018 \$	2017 \$
Current investments		
Term deposits	-	-
Australian dollar term deposits > 3 months	9,000,000	7,500,000
Total current investments	9,000,000	7,500,000

Note 5

Other assets and liabilities

.....

5.1 Receivables

	2018 \$	2017 \$
Current receivables		
Contractual		
Debtors	108,219	410,492
Accrued investment income	40,022	24,598
Total current contractual receivables	148,241	435,090
Statutory		
Net GST receivables	110,290	37,872
Total current statutory receivables	110,290	37,872
Total current receivables	258,531	472,962
Total receivables	258,531	472,962

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						
2018						
Debtors	108,219	-	79,162	17,117	11,941	-
Accrued investment income	40,022	40,022	-	-	-	-
Total contractual receivables	148,241	40,022	79,162	17,117	11,941	-
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	-

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

5.2 Payables

	2018 \$	2017 \$
Current payables		
Contractual		
Trade creditors and accruals	373,518	565,928
Unused lease incentive	159,863	159,863
Total current contractual payables	533,381	725,791
Non-current payables		
Contractual		
Unused lease incentive	506,231	666,093
Total non-current contractual payables	506,231	666,093
Total contractual payables	1,039,612	1,391,884
Total payables	1,039,612	1,391,884

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 \$
2018						
Payables	1,039,612	1,039,612	373,518	39,966	119,897	506,231
	1,039,612	1,039,612	373,518	39,966	119,897	506,231
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

5.3 Other non-financial assets

	2018 \$	2017 \$
Current other non-financial assets		
Prepayments	169,511	204,139
Total other non-financial assets	169,511	204,139

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

	2018	2017
	\$	\$
Non-current provisions		
Make good provision	474,938	485,239
Total other provisions	474,938	485,239

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 measure 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 rebate that reflects the time, value of money and risks specific to the provision.

5.4.1 Reconciliation of movement in other provisions

	2018	2017
	\$	\$
Opening balance	485,239	341,106
Increase / (decrease) of provisions recognised	(10,301)	144,133
Closing balance	474,938	485,239
Non-current	474,938	485,239
Closing balance	474,938	485,239

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.

	2018	2017
	%	%
Leasehold improvements - make good provision (Level 9 628 Bourke Street)	2.647	2.399

Note 6

How VIT financed operations

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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 2017-18 relate to VIT's office facilities at Level 9 628 Bourke Street Melbourne. The lease term is 8 years, expiring on 31 August 2022.

	2018	2017
	\$	\$
Non-cancellable operating lease payables		
Not longer than 1 year	521,177	503,553
Longer than 1 year but not longer than 5 years	1,772,407	2,196,732
Longer than 5 years	-	96,852
Total non-cancellable operating lease payable (exclusive of GST)	2,293,584	2,797,137
Add GST recoverable from the Australian Taxation Office	229,358	279,714
Total non-cancellable operating lease payable (inclusive of GST)	2,522,942	3,076,850

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

	2018	2017
	\$	\$
Current		
Unused lease incentive	159,863	159,863
Current unused lease incentive	159,863	159,863
Non-current		
Unused lease incentive	506,231	666,094
Non-current unused lease incentive	506,231	666,094
Total unused lease incentive	666,094	825,956

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.

	2018 \$	2017 \$
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents disclosed in the balance sheet	2,319,532	3,285,725
Balance as per cash flow statement	2,319,532	3,285,725

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

	2018 \$	2017 \$
Net result for the period	636,536	1,484,773
Non-cash movements		
Future value of make good provision	(10,301)	18,853
Depreciation and amortisation of non-current assets	431,840	456,220
Movements in assets and liabilities		
(Increase) / decrease in current receivables	214,431	(398,030)
(Increase) / decrease in other current assets	34,628	(196,377)
Increase / (decrease) in current payables	(352,272)	(343,753)
Increase / (decrease) in unearned fees	124,945	(7,051)
Increase / (decrease) in provisions	30,986	191,235
Net cash flows from / (used in) operating activities	1,110,793	1,205,871

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

	2018 \$	2017 \$
Payables		
Not longer than 1 year	279,283	255,475
Longer than 1 year but not longer than 5 years	238,343	195,361
Longer than 5 years	-	1,316
Total commitments for expenditure (inclusive of GST)	517,626	452,152
Less GST recoverable from the Australian Taxation Office	47,057	41,105
Total commitments for expenditure (exclusive of GST)	470,569	411,047

Note 7

Risks, contingencies and valuation judgements

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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

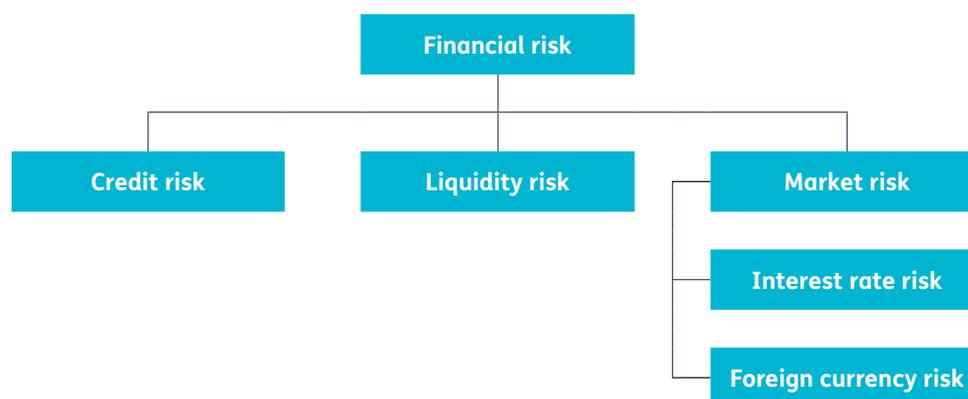
	Contractual financial assets - loans, receivables and cash \$	Contractual financial liabilities at amortised cost \$	Total \$
2018			
Contractual financial assets			
Cash and deposits	2,319,532	-	2,319,532
Receivables			
Debtors	108,219	-	108,219
Accrued investment income	40,022	-	40,022
Investments (term deposits)	9,000,000	-	9,000,000
Total contractual financial assets	11,467,773	-	11,467,773
Contractual financial liabilities			
Payables		373,518	373,518
Total contractual financial liabilities		373,518	373,518
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

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 \$
2018					
Contractual financial assets					
Financial assets - loans and receivables	-	267,012	-	-	267,012
Total contractual financial assets	-	267,012	-	-	267,012
Contractual financial liabilities					
Financial liabilities - loans and receivables	-	-	-	-	-
Total contractual financial liabilities	-	-	-	-	-
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	-	-	-	-	-

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 (BF) *	Government agencies (AAA credit rating)	Other (no credit rating)
	\$	\$	\$	\$
2018				
Cash and deposits	818,632	-	1,500,000	900
Receivables ~	-	23,973	106,529	17,739
Investments and other financial assets	-	2,000,000	7,000,000	-
Total contractual financial assets	818,632	2,023,973	8,606,529	18,639
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

* Bank First (Formerly 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

	Interest rate exposure				
	Weighted average effective interest rate %	Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
2018					
Financial assets					
Cash and deposits	1.50	2,319,532	1,500,000	818,632	900
Receivables					
Debtors	-	108,219	-	-	108,219
Accrued investment income	-	40,022	-	-	40,022
Investments (term deposits)	1.92	9,000,000	9,000,000	-	-
Total financial assets		11,467,773	10,500,000	818,632	149,141
Financial liabilities					
Payables	-	373,518	-	-	373,518
Total financial liabilities		373,518	-	-	373,518
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

Interest rate risk sensitivity

	Interest rate	
	-1% (100 basis points)	+1% (100 basis points)
Carrying amount	Net result	Net result
\$	\$	\$
2018		
Contractual financial assets		
Cash and deposits ~	2,318,632	23,186
Investments (term deposits)	9,000,000	90,000
Total impact	(113,186)	113,186
Contractual financial liabilities		
Total impact	-	-
2017		
Contractual financial assets		
Cash and deposits ~	3,284,825	32,848
Investments (term deposits)	7,500,000	75,000
Total impact	(107,848)	107,848
Contractual financial liabilities		
Total impact	-	-

~ Cash and cash deposits includes a deposit of \$818,632 (2017:\$1,284,825) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2018: $\$818,632 \times -(0.01) = (\$8,186)$ and $\$818,632 \times 0.01 = \$8,186$
- 2017: $\$1,284,825 \times -(0.01) = (\$12,848)$ and $\$1,284,825 \times 0.01 = \$12,848$

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 2018, VIT had no contingent assets (2017: \$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 hearings pending but not scheduled as at balance date. The timing and length of hearings can vary impacting estimated liabilities. VIT has not assigned any contingent liability in respect of possible hearings for the year ended 30 June 2018. Total contingent liabilities for 2018: \$0 (2017: \$17,125).

Reconciliation of Level 3 fair value movement

	Furniture and fittings \$	Plant and Equipment \$	Leasehold improvements \$
2018			
Opening balance	52,305	60,416	1,161,294
Transfer in (out) of Level 3	-	-	-
Gains or losses recognised in net results			
Depreciation / impairment	(10,587)	(55,784)	(216,304)
Acquisition / (disposal)	-	6,974	-
Subtotal	(10,587)	(48,810)	(216,304)
Closing balance	41,718	11,605	944,990
2017			
Opening balance	62,892	212,156	1,237,994
Transfer in (out) of Level 3	-	(2,244)	125,280
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	1,161,292

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Furniture and fittings	Depreciated replacement cost	Cost per unit Useful life of furniture and fittings
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of furniture and fittings
Leasehold improvements	Depreciated replacement cost	Cost per unit Useful life of furniture and fittings

Note 8

Other disclosures

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

8.1 Ex gratia payments

	2018 \$	2017 \$
Net gain / (loss) on non-financial assets		
Ex gratia payments for separation	250,848	78,863
Total ex gratia payments	250,848	78,863

Includes payments to staff of a bonafide redundancy payment

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.

	2018 \$	2017 \$
Net gain / (loss) on non-financial assets		
Net gain / (loss) on disposal of non-financial assets	-	(8,644)
Total net gain / (loss) on non-financial assets	-	(8,644)

8.3 Responsible persons

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

Names

The Hon. J Merlino, MP - Minister for Education - 1 July 2017 to 30 June 2018

Ms M Saba - Accountable Officer (Chief Executive Officer) - 1 July 2017 to 6 September 2017

Mr P Corcoran - Accountable Officer (Chief Executive Officer) - 12 February 2018 to 30 June 2018

Members of the responsible body - 1 July 2017 to 30 June 2018

Ms L Lamb* - Council Chairperson	Ms F Dearn* (1 Jul 2017 - 30 Nov 2017)	Ms G Reardon*
Ms A Brown* - Deputy Chairperson	Ms S Hannan*	Ms D Santaera* (1 Jul 2017 - 14 Dec 2017)
Mr M Butler*	Ms D Harrison* (15 May 2018 - 30 Jun 2018)	Mr A Sheumack*
Ms G Carr^ (15 May 2018 - 30 Jun 2018)	Mr E James*	Ms A Stringer*
Mr P Clifton~	Ms K McDonnell*	
Dr D Corrigan*	Ms G McHardy* (1 Jul 2017 - 29 Aug 2017)	

The above Councilors have paid teacher registration fees to VIT in the amounts indicated below. Total receipts are disclosed at note 8.5 Related parties.

* Teacher registration fee \$94

^ Teacher registration and late fee \$124

~ Teacher registration and National Police History Check fee \$148

Remuneration received or receivable by the Accountable Officer and the responsible persons in connection with the management of VIT during the reporting period was in the following range:

Income range \$	2018	2017
0-9,999	14	13
10,000-19,999	1	2
20,000-29,999	1	-
110,000-119,999	1	-
140,000-149,999	1	-
260,000-269,999	-	1
Total	18	16

8.4 Remuneration of executives and other personnel

8.4.1 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. The key management personnel are not included in this note.

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.

	2018 \$	2017 \$
Remuneration		
Short-term employee benefits	527,895	489,218
Post-employment benefits	52,785	47,035
Other long-term benefits	12,258	2,686
Termination benefits	171,070	79,898
Remuneration	764,008	618,837
Total number of executives	3	4
Total annualised employee equivalents	2.78	3.92

8.4.2 Remuneration of other personnel

VIT did not engage any contractors charged with significant management responsibilities during the reporting period (2017: nil).

8.5 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 \$198,735 (2017: \$574,654)

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

- mentor program sponsorship - \$79,226
- Casual relief teaching - \$119,509

VIT incurred expenditure with the Australian Criminal Intelligence Agency of \$939,067 and the Victorian Police of \$36,692 during 2017-18.

Significant transactions with other-related entities

VIT received an aggregate of \$1,414 from KMP's in the form of teacher registration payments from Council Members, as indicated in note 8.3 Responsible persons.

Key management personnel of VIT include

- The Minister for Education
- Council members
- The Chief Executive Officer
- Acting Chief Executive Officer*

* Part way through the year, a new CEO commenced and other staff members acted in the role of CEO during this absence / changeover.

	2018 \$	2017 \$
Compensation		
Short-term employee benefits	243,823	245,807
Post-employment benefits	11,297	19,616
Other long-term benefits	3,560	4,457
Termination fees	79,778	28,624
Total key management personnel compensation	338,458	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.

Council members were also compensated for their time and out-of-pocket expenses through expense claims and claims through their employers to the value of \$23,864 in 2017-18.

VIT received \$3,339 from the Australian Institute for Teaching and School Leadership (AITSL) for costs incurred on the TEMAG initiative. AITSL is considered a related party as the VIT's responsible person was a Director of that body.

8.6 Remuneration of auditors

	2018 \$	2017 \$
Victorian Auditor-General's Office		
Audit of financial statements	28,800	28,100
Total remuneration of auditors	28,800	28,100

8.7 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.

No significant events occurred after Balance Sheet date to materially impact on the operations.

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 2018 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 2017-18 reporting period.

8.8 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 2017-18 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.



Kayla Kelly - Featherbrook College

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 in all material respects the financial transactions during the year ended 30 June 2018 and financial position of the Victorian Institute of Teaching as at 30 June 2018.

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 2018.



Lesley Lamb
Chairperson
Victorian Institute of Teaching

Melbourne
16 August 2018



Peter Corcoran
Chief Executive Officer
Victorian Institute of Teaching

Melbourne
16 August 2018

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 30 June 2018 • 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 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 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 2018



Charlotte Jeffries

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
REPORT OF OPERATIONS		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	1
FRD 22H	Purpose, functions, powers and duties	1-33
FRD 22H	Key initiatives and projects	14-17
FRD 22H	Nature and range of services provided	1-33
Management and structure		
FRD 22H	Organisational structure	31
Financial and other information		
FRD 8D	Performance against output performance measures	n/a
FRD 8D	Budget portfolio outcomes	n/a
FRD 10A	Disclosure index	73
FRD 12B	Disclosure of major contracts	79
FRD 15D	Executive officer disclosures	66-67
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	27-28
FRD 22H	Significant changes in financial position during the year	27-28
FRD 22H	Major changes or factors affecting performance	n/a
FRD 22H	Subsequent events	67
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 Competitive Neutrality 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	79
FRD 22H	Details of consultancies under \$10,000	79
FRD 22H	Disclosure of government advertising expenditure	n/a
FRD 22H	Disclosure of ICT expenditure	80
FRD 22H	Statement of availability of other information	80
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	i-34
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction 5.1.4	34
SD 5.2.3	Declaration in report of operations	iii

FINANCIAL REPORT		
SD 5.2.2	Declaration in financial statements	70
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	42
SD 5.2.1(a)	Compliance with Ministerial Directions	42
SD 5.2.1(b)	Compliance with Model Financial Report	40-70
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	70
FRD 103F	Non Financial Physical Assets	49-54
FRD 110	Cash Flow Statements	39, 56
FRD 112D	Defined Benefit Superannuation Obligations	47
* 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>	1
	<i>Victorian Privacy and Data Protection Act 2014</i>	1
	<i>Health Records Act 2001</i>	1
	<i>Freedom of Information Act 1982</i>	29
	<i>Building Act 1993</i>	29
	<i>Financial Management Act 1994</i>	42

Appendix B

AASB reporting requirements for not-for-profit entities in the Victorian public service

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AASB	Description	Not-for-profit
1	First-time Adoption of Australian Accounting Standards	Y
3	Business Combinations	Y
5	Non-current Assets Held for Sale and Discontinued Operations	Y
6	Exploration for and Evaluation of Mineral Resources	N
7	Financial Instruments: Disclosures	Y
8	Operating Segments	N
9	Financial Instruments (1)	Applicable 1 Jan 18
10	Consolidated Financial Statements	Y
11	Joint Arrangements	Y
12	Disclosure of Interests in Other Entities	Y
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
102	Inventories	Where inventories are acquired at no cost, the cost shall be the current replacement costs as at the date of acquisition.
107	Statement of Cash Flows	Y
108	Accounting Policies, Changes in Accounting Estimates and Errors	Y
110	Events after the Reporting Period	Y
111	Construction Contracts (4)	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 (5)	Y
118	Revenue (6)	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 (7)	Y
124	Related Party disclosures	Y
127	Separate Financial Statements	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 111 Construction Contract will be superseded by AASB 15 from 2018-19 for FP entities and 2019-20 for NPF entities
- (5) AASB 117 Leases will be superseded by AASB 16 Leases from 2019-20.
- (6) AASB 118 Revenue will be superseded by AASB 15 from 2018-19 for FP entities and 2019-20 for NPF entities.
- (7) Under AASB 123 Borrowing Costs, NPF 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.

AASB	Description	Not-for-profit
128	Investments in Associates and Joint Ventures	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 (8)	Y
140	investment Property	Y
141	Agriculture	Both unconditional and conditional (9) government grants are recognised in the profit and loss on the receipt of the grant which is non-reciprocal.
1004	Contributions (10)	Y
1023	General Insurance Contracts	Y
1038	Life Insurance Contracts	N
1039	Concise Financial Reports	N
1048	Interpretation of Standards	Y
1049	Whole of Government and General Government Sector Financial Reporting	Y
1050	Administered Items	Y
1051	Land Under Roads	Y
1052	Disaggregated Disclosures	Y
1053	Application of Tiers of Australian Accounting Standards	Y
1054	Australian Additional Disclosures	Y
1055	Budgetary Reporting	Y
1056	Superannuation Entities	N
1057	Application of Australian Accounting Standards	Y
1058	Income of Not-for-Profit Entities (11)	1 Jan 19
1059	Service concession Arrangements: Grantors	1 Jan 19

- (8) AASB 9 Financial Instruments will supersede AASB 9 (2009), AASB 9 (2010) and AASB 139 Financial Instruments: Recognition and Measurement from 2018-19.
- (9) 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.
- (10) 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.
- (11) 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

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Current reporting period

The following accounting pronouncements effective from the 2017-18 reporting period are considered to have insignificant impacts on public sector reporting.

- 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
- AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle

Future reporting periods

The table below outlines the accounting pronouncements that have been issued but are not effective for 2017-18, which may result in potential impacts on public sector reporting for future reporting periods.

Topic	Key Requirements	Effective date
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 18
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018; as a consequence of Chapter 6; and to amend reduced disclosure requirements.	1 Jan 18
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 18
AASB 15 Revenue from Contracts with Customers	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 Amendments to Australian Accounting Standards - Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 18
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	"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: <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 18
AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15	"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: <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 18

Topic	Key Requirements	Effective date
<i>AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	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 19
<i>AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	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 19
<i>AASB 16 Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet. This change will have an impact on the financial statements from next year.	1 Jan 19
<i>AASB 1058 Income of Not-for-Profit Entities</i>	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 19
<i>AASB 1059 Service Concession Arrangements Grantor</i>	This standard prescribes the accounting treatment of Public Private Partnership (PPP) arrangements involving a private sector operator providing public services related to a service concession asset on behalf of the State, for a specified period of time. For social infrastructure PPP arrangements, this would result in an earlier recognition of financial liabilities progressively over the construction period rather than at completion date. For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet.	1 Jan 19
<i>AASB 17 Insurance Contracts</i>	"The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds it also provides requirements for presentation and disclosure to enhance comparability between entities. The standard does not currently apply to not-for-profit public sector entities. The AASB is undertaking further outreach to determine the applicability of this standard to the not-for-profit public sector."	1 Jan 19

The following accounting pronouncements are also issued but not effective for the 2017-18 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 2017-3 Amendments to Australian Accounting Standards - Clarifications to AASB 4*
- *AASB 2017-4 Amendments to Australian Accounting Standards - Uncertainty over Income Tax Treatments*
- *AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- *AASB 2017-6 Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation*
- *AASB 2017-7 Amendments to Australian Accounting Standards - Long term interests in Associated and Joint Ventures*
- *AASB 2018-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*
- *AASB 2018-2 Amendments to Australian Accounting Standards - Plan Amendments, Curtailment of Settlement*

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

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Details of consultancies under \$10,000

In 2017-18, there were 10 consultancies engaged during the year, where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure incurred during 2018 17 in relation to these consultancies was \$40,396 (excluding GST).

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

In 2017-18, there were thirteen consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2017-18 in relation to these consultancies was \$899,461 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Total approved project fee \$ (excl. GST)	Expenditure 2017-2018 \$ (excl. GST)	Future expenditure \$ (excl. GST)
ACER	Development of API	15,600	15,600	Nil
Benbow Consulting	Review of IT	17,680	17,680	Nil
Converge International	Employee assistance and support	51,075	51,075	Nil
Coulson Management Consulting	Activity based costing	48,000	19,250	Nil
Dilignet Pty Ltd	System support and backup	66,493	66,493	Nil
Empired	Review of system coding	12,765	12,765	Nil
Galaxy42	Finance / HR / payroll support	110,204	88,826	21,378
Landell Consulting	Business planning	35,818	35,818	Nil
Fusion 5	TERI project development	668,465	515,098	153,367
Human Webs	Consultation and facilitation	13,325	13,325	Nil
Nous Group	Advisory and facilitation services	21,564	19,364	2,200
Symmetry	Staff selection and training	32,107	32,107	Nil
Victorian Chamber of Commerce and Industry	General consulting	12,136	12,136	Nil
TOTAL			899,461	

No major contracts greater than \$10m were entered into in 2017-18.

In 2017-18 VIT engaged 10 consultancies where the total fees payable were less than \$10,000 for a total of \$40,396 (excl GST). There were no contracts related to the Victorian Industry Participation Policy.

Appendix E

ICT expenditure

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Details of Information and Communication Technology (ICT) expenditure for the 2018–17 reporting period.

The Victorian Institute of Teaching had a total ICT expenditure of \$2,620,227 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)
\$	\$	\$	\$
1,282,497	1,337,730	728,892	548,059

Appendix F

Additional information available on request

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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



Mia Williamson - Albert Park Secondary College



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

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