

annual report

1 July 2018 - 30 June 2019



Sid Sideris (registered teacher) with learners - Fairhaven Family and Children's Centre

2018-19 at a glance

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132,926
REGISTERED
TEACHERS*



97,758
RENEWED
REGISTRATION



8,774
FIRST TIME
REGISTRANTS



150
INVESTIGATIONS
INTO PROFESSIONAL CONDUCT
MATTERS COMPLETED



100,000
TEACHER INQUIRIES
RESPONDED TO



34,752
NATIONAL POLICE
HISTORY CHECKS



30 INCIDENTS
OF UNREGISTERED
TEACHING



2,336 ATTENDEES
AT PROVISIONALLY REGISTERED
TEACHER SUPPORT SEMINARS



995 AUDITS
FOR RENEWAL OF
TEACHER REGISTRATION

*Includes permission to teach and provisionally registered teacher registrants who may not be required to renew annually



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

Responsible Body's declaration

August 2019

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 2019.

Yours sincerely



Lesley Lamb
Chairperson
Victorian Institute of Teaching



Andria Mavrikakis (registered teacher) with learners - Furlong Park School for Deaf Children

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Jessica Frangos (registered teacher) with learner - Hazel Glen College

Statement of Expectations

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Ministerial statements of expectation 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 26 June 2018, the Hon. James Merlino MP, Deputy Premier and Minister for Education, provided the Victorian Institute of Teaching with a Statement of Expectations for the period 1 July 2018 to 30 June 2020.

The Minister stated

"I expect the VIT to work with the Department to deliver on all of the actions outlined in the Government response to the VIT Review."

The VIT Review 2017, conducted by Penny Armytage, was delivered to the Minister in 2018. VIT has substantially addressed the recommendations of the Review. An interim report of VIT's acquittal against the Review recommendations was provided to the Minister in February 2019.

The Minister also stated

"I expect the VIT to continue to advise and support the Government's policy agenda as appropriate, and to play a role in achieving this agenda through the VIT's regulatory function and by cooperating with my Department and other regulators and departments across jurisdictions and portfolios.

This includes collaborating on the Government's agenda to make Victoria's teachers the best in the country, through our continued focus on ensuring excellence in teacher quality, education and practice. It also includes the provision of data, information and advice to my Department.

VIT will need to consider any schools and teaching initiatives agreed with the Commonwealth Government, any relevant actions agreed in response to the Royal Commission into Institutional Responses to Child Sexual Abuse, and any other emerging policy issues requiring VIT input, including matters arising from the National Review of Teacher Registration being conducted by an Expert Panel under the auspice of the Australian Institute for Teaching and School Leadership."

VIT has undertaken the following activities to address the Minister's expectations

- reporting to the Minister on the compliance of Initial Teacher Education (ITE) providers with the Victorian Selection Framework (VSF), including selection into ITE programs on the basis of a minimum ATAR ranking of 70 and personal attributes
- working in partnership with the Department of Education and Training (DET) to further strengthen the VSF
- participation in regular meetings of a DET / ITE taskforce to collaborate on improving the quality of ITE program graduates, including a VIT staff member working onsite at DET
- contribution to, and participation in, working groups for the Australian Teacher Workforce Data Base
- partnership with DET in the Effective Mentoring Program to train mentors providing support for teachers and early childhood teachers seeking to move from provisional to (full) registration
- contribution to the Victorian Supply and Demand Report
- facilitation of, and contribution to, Australian Teacher Regulatory Authorities Network groups advancing recommendations arising from the National Review of Teacher Registration (including information sharing, consistent approaches to suitability to teach, consistent judgements about provisional to (full) registration and updated approaches to the requirements for English language competency)
- collaboration with DET and the Teacher Learning Network to provide support for the professional learning of casual relief teachers and to assist them to understand and comply with their regulatory obligations
- collaboration with DET in the early childhood sector to train mentors for provisionally registered teachers in early childhood settings and to support their professional learning
- continued implementation of the Reportable Conduct Scheme
- undertaking extensive work with the Department of Justice and Community Safety Working with Children Check Unit to prepare for implementation of the *Education Legislation Amendment (VIT, TAFE and Other Matters) Act 2018* from 1 September 2019.

Transforming VIT: our strategic direction

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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
- Accredit 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	Enable quality teaching and the best educational outcomes	Engage actively with and learn from stakeholders	Strengthen and improve the Victorian Institute of Teaching
<div>Review and revise Codes of Conduct and Ethics</div> <div>Implement a risk management framework</div> <div>Realign disciplinary processes and delegations</div> <div>Use proactive data analysis to intervene and prevent harm</div>	<div>Educate teachers about the standards and Codes of Conduct and Ethics</div> <div>Enhance initial teacher education and ongoing professional learning</div> <div>Showcase best teaching practices</div> <div>Use data proactively to identify improvement opportunities</div>	<div>Develop a stakeholder engagement plan</div> <div>Establish a Community Expectations Advisory Committee</div> <div>Embed a process for learning from stakeholder feedback</div>	<div>Build strong relationships with community</div> <div>Proactively engage with child health service council</div> <div>Strengthen internal structure</div>

o have the best teachers

Our principles

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



Strengthen governance and accountability

Strengthen strategic relationships with regulators

Actively engage with early childhood and school leaders, providers and schools

Strengthen our governance structures



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 2018, legislative reforms added an overarching function that VIT, when performing any regulatory function, must consider the safety and wellbeing of children and young people, including by taking into account community expectations.

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.

Strategic priorities and key achievements

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Provide for the safety and wellbeing of children and young people

KEY ACHIEVEMENTS

- commenced organisation-wide application of new function to consider the safety and wellbeing of children and young people, including by taking into account community expectations
- commenced close legislative alignment with the Working with Children (WWC) Check scheme
- commenced review of the Victorian Teaching Profession's Code of Conduct to ensure child safety and wellbeing is a prominent focus
- assisted teachers to comply with the Australian Professional Standards for Teachers and to understand and engage with the Victorian Teaching Profession Code of Conduct and Ethics by delivering seminars, conducting tertiary visits for ITE providers to educate pre-service teachers and publishing supporting resources online
- implemented a risk-based triage system to improve efficiency, consistency and timeliness of disciplinary enforcement processes
- increased Conduct and Compliance Branch resourcing
- developed case studies / podcasts covering teacher conduct issues, professional boundaries and fitness to teach
- investigated 150 professional conduct matters
- implemented Investigations Accountability Framework.



Enable quality teaching and the best educational outcomes

KEY ACHIEVEMENTS

- launched the Excellence in Teaching campaign showcasing the high professional and ethical standards of registered teachers
- strengthened specialist knowledge and understanding of contemporary teaching practice by recruiting a Principal Practitioner who has current and extensive experience in the Victorian education sector
- conducted a range of compliance audits to ensure teachers undertake relevant and high quality professional development and maintain their engagement with the profession.



Engage actively with stakeholders

KEY ACHIEVEMENTS

- established a Stakeholder Committee
- strengthened relationships with stakeholders including Victorian Registration and Qualifications Authority (VRQA), Victoria Police, Victorian Commission for Children and Young People (CCYP)
- developed and initiated a feedback policy
- developed a Stakeholder and Communication Strategy
- sought feedback from stakeholders regarding topics for research and case studies
- increased communication with principals and early career teachers through Principal / Early Career Teacher (P/ECT) circles and Principals' hotline.



with and learn from
holders

KEY ACHIEVEMENTS

holder Engagement

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holder Engagement
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news items, podcasts

ication with school
childhood leaders
Early Childhood
al / Early Childhood



Strengthen governance and
accountability

KEY ACHIEVEMENTS

- declared as a public entity under Part 5 of the *Public Administration Act 2004 (Vic)*
- established a Memorandum of Understanding (MoU) with CCYP, defining roles and responsibilities
- maintained currency of MoUs with key stakeholders including VRQA, Victoria Police, and Quality Assessment and Regulation Division - DET (QARD)
- developed a fraud risk-management framework
- realigned committee structure to reflect strategic objectives
- established a new VIT Council Charter
- reviewed and strengthened VIT Council secretariat support
- provided ongoing training and development opportunities for VIT Council
- refreshed internal and external policies and procedures
- completed the majority of Transforming VIT priorities.



Be a capable, high performing and
respected regulator

KEY ACHIEVEMENTS

- revised organisational structure and realigned branches to integrate like functions, and ensure an appropriate balance between corporate and regulatory resource allocation
- strengthened staff engagement and increased decision-making transparency
- prioritised the safety and wellbeing of employees
- commenced the development of a new Teacher Registration System, Nexus
- improved processes to provide a higher level of financial insight and accountability.

Chairperson's message

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2018-2019: THE CHALLENGE OF CHANGE

The past year has seen VIT immersed in a transformation process in every area of our operations. This transformation has been derived, in part, from the Armytage Review recommendations, which we used to critically analyse our practice as well as position VIT as a respected and trusted regulator.

Led by Council and our new CEO, Peter Corcoran, we came up with a simple but ambitious vision for VIT: for all Victorian children and young people to have the best teachers.

Our vision was further honed by new legislation enacted on 7 August 2018, which stated that VIT must consider *all* its regulatory activities through the lens of *child safety and wellbeing and community expectations*.

There are many facets of this vision. One important starting point is the review of the Code of Conduct to align it with the Australian Professional Standards for Teachers as an enforceable code for Victorian teachers, so that it reflects current teaching practice and community expectations of the profession.

We launched the critical consultation process with a Professional Boundaries Workshop, facilitated by Geraldine Doogue and attended by more than 100 education stakeholders. Input from the event will form the next

stage of the review – the distribution of a discussion paper and call for submissions from stakeholders covering all areas of the education community.

This consultation and workshop is one element of the more outward-facing VIT which we are forming. We have appointed a Principal Practitioner who is ensuring that our policies and practice are founded in the professional and pragmatic needs of teachers and principals.

A number of our staff are attending principal conferences across the various sectors, new graduates' forums, pre-service teacher seminars and numerous other gatherings where VIT can not only provide information, but also hear from those in the field about how we can better meet their needs. All of these activities are aimed at supporting compliance rather than merely policing it.

Clearly, if Victorian young people are to have teachers of the highest standard, pre-service courses must have consistent and high entry standards, but also rigorous programs and



Ed Harris (registered teacher) with learners - Albert Park College

“ We have witnessed huge changes during the past three years, and there is no sign of this abating as the education landscape is, by nature, ambitious and dynamic. We will continue to work collaboratively, and approach the challenges of extensive change with wisdom and optimism. ”

agreed standards of satisfactory achievement. VIT is leading work in this area to fulfil government and community expectations of the profession.

We further recognised that if our children and young people deserved the best teachers, then the profession deserved that we ‘lift our game’ in terms of our regulatory operations. For this to become a reality, we needed to focus on improving our IT infrastructure to deliver greater reliability and efficiency.

I would like to commend the VIT Officers and Directors, led by Peter, for their work in laying the foundations for future implementation of an integrated IT system that we can rely on and be proud of.

I wish to acknowledge the hard work and commitment of Audrey Brown, Gene Reardon, Earl James, Deborah Corrigan and Karalynn McDonnell who retired from the Council on 31 May. They, with all their fellow Councillors, have been ardent advocates for the Victorian education system and VIT as its regulator.

The new Council commenced on 1 June, and we welcomed Paul Desmond, Raelene Vine, Janine Brown, Joanna Barbousas and Sharyn Donald – all of whom bring new educational perspectives and experience to their positions.

VIT Council has been strongly focused on the challenge of transformation and is excited about the new VIT we see emerging. We have witnessed huge changes during the past three years, and there is no sign of this abating as the education landscape is, by nature, ambitious and dynamic. We will continue to work collaboratively, and approach the challenges of extensive change with wisdom and optimism.



Lesley Lamb

COMMITTEES OF VIT COUNCIL



Audit Risk Management & Finance Committee



Accreditation Committee and Professional Practice Committee



*Registration Committee



*Stakeholder Engagement Committee



Professional Conduct Committee



Remuneration Committee

Chief Executive Officer's report

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TRANSFORMING VIT

2018-19 has truly been a year of transformation for VIT; we have fundamentally changed our systems, processes, people and technology across the whole business. Already, we are starting to see improvements in efficiency, effectiveness and stakeholder satisfaction, however we recognise that these changes will take some time to be fully realised.

Legislative changes made in September 2018 required us, for the first time, to consider the safety and wellbeing of children when performing any regulatory function. The safety of children has always been foremost in our mind, however now there is an explicit legislative obligation on VIT; we are now well and truly a child safety organisation.

VIT is operating in an entirely different environment post Betrayal of Trust Inquiry and Royal Commission into Institutional Response to Child Sexual Abuse. Community expectations have changed, and this is reflected in a significant increase in our important work investigating reports of misconduct. The number of professional conduct matters have increased from under 150 eighteen months ago to over 700 as at the end of June 2019.

As part of our transformation, VIT is implementing changes to registration processes to ensure equivalency with the Department of Justice and Community Safety's Working with Children Check scheme. We have also entered into a Memorandum of Understanding with the Commissioner for Children and Young People (CCYP) to ensure we are meeting our obligations with respect to the Reportable Conduct Scheme.

With the significant increase in investigations, we must now use risk-based approaches to best target our limited resources. We have also directed additional resources to our Conduct and Compliance Branch in an effort to

- target the most serious issues of misconduct
- complete more investigations
- improve the timeliness of our investigations
- assist duty holders to comply with regulatory obligations (rather than allocate resources to non-compliance).

Each year the majority of teachers are required to undergo their annual registration renewal by 30 September. This year, a large number of teachers did not comply with this obligation (for a range of reasons, mostly related to emailed invoices). This resulted in headaches for those teachers who became unregistered and for employers who were endeavouring to have a registered teacher in front of every class (as well as for the VIT who received a record number of inquiries and calls for assistance). We are committed to improving the efficiency and effectiveness of the teacher registration process and the underlying technology platform, and have committed significant resources to make this happen.

In fulfilling VIT's strategic objective 'to enable quality teaching and the best educational outcomes', VIT has

- accredited 20 Initial Teacher Education (ITE) programs, bringing the number to a total of 84 accredited programs being delivered by Victorian ITE providers. Accreditation ensures Victorian ITE programs are aligned and assessed in accordance with the national accreditation system
- provided professional support to teachers through the delivery of
 - seminars for provisionally registered teachers on how to achieve proficient standards required for (full) registration
 - effective mentoring programs for mentors of PRTs
 - resources for early childhood teachers (ECTs) and casual relief teachers (CRTs) to undertake the provisional to (full) registration process within their unique context
 - professional standards presentations to final year ITE students

“

The safety of children has always been foremost in our mind, however now there is an explicit legislative obligation on VIT; we are now well and truly a child safety organisation.

”

“

We look forward to continuing the transformation of VIT as we regulate for a highly qualified, proficient and reputable teaching profession.

”

- initiated a major review of the Victorian teaching profession's Code of Conduct.

Over the past year, VIT has responded to a number of significant changes to its regulatory environment. Of note, VIT has been compelled to

- comply with new identity validation requirements by the Australian Criminal Intelligence Commission (ACIC) – there will be changes to the way you need to prove your identity with us when you register for the first time or when you undertake your five-yearly Nationally Coordinated Criminal History Check (NCCHC)
- align our teacher registration system and exchange of data obligations with Working with Children Check Victoria (WWCCV)
- implement the Victorian Government's Protected Data Security Framework (VPDSF) for all data held.

There have also been significant changes made over the past year to our governance arrangements. The *Public Administration Act 2004* now identifies VIT as a public entity, and sets out a mandated framework for good governance in the Victorian public sector and in public administration.

A new VIT Council was appointed in early June 2019 (for a three year term) and it has refreshed its charter, including the formation of four existing committees and two new committees.

VIT has undertaken a major organisational restructure to ensure a more appropriate balance is struck between our corporate and regulatory resource allocation (to be more outwardly focused) and that we have appropriately balanced spans of control, functions and responsibilities for our new executive leadership team.



Maria Burgess (registered teacher) with learners - Furlong Park School for Deaf Children

Previous staff surveys and independent reviews have identified the need for significant change to VIT's culture. Over the past year we have endeavoured to strengthen staff engagement, improve transparency in decision making (including recruitment decisions) and enhance communication across the organisation. We are now participating in the Victorian Public Sector Commissioner's (CPSC) People Matters Survey to gain some measureable feedback on our progress.



One of the great outcomes of this work has been the development of The VIT Way – a values-based statement made by staff that sets out the behaviours and attitudes that every person at VIT should live by every day, and identifies our common purpose and what we are working towards achieving together.

A key focus in 2018-19 was the active engagement with, and learning from, VIT's extensive breadth of stakeholders. VIT Council has established terms of reference for a new Stakeholder Engagement Committee. The Committee will play an important role in understanding community expectations in relation to key activities such as handling teacher conduct issues and registration processes, and will commence operation at the start of the 2019-20 reporting period.

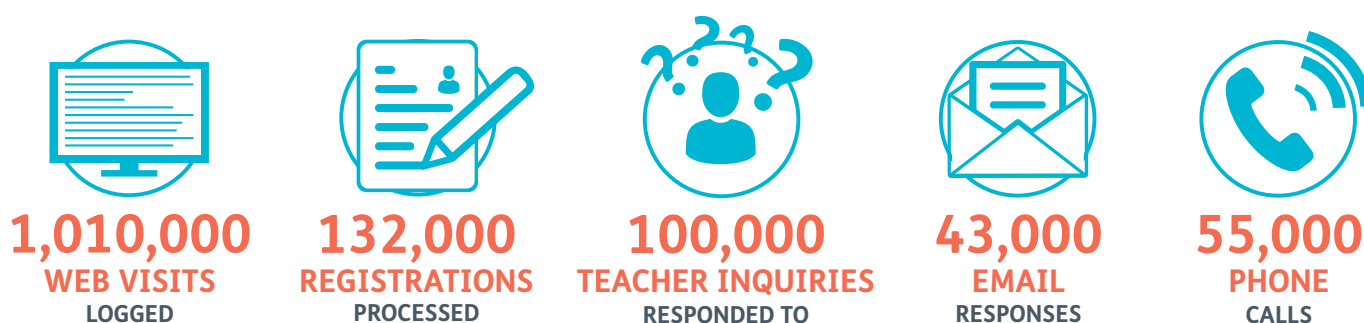
During the year, VIT both facilitated and attended a wide range of events, forums, expos and conferences. These activities provided valuable opportunities to engage with teachers, employers, parents, students, government and other regulatory authorities. Feedback collected has already informed process and communications enhancements, as well as spearheaded the development of new initiatives.

VIT's website remains the preferred method of engagement in terms of sourcing information regarding registration, accreditation and conduct matters, with 1,010,000 web sessions logged during the period. Information was also shared via seminars, webinars, podcasts, videos, news articles and e-newsletters.

I would like to acknowledge and thank our team of dedicated staff, who have processed 132,000 teacher registrations, and responded to over 100,000 teacher inquiries, including 55,000 telephone calls and 43,000 emails, during the reporting period.

It has certainly been a big year, and none of the above could have happened without the support and leadership from our committed and professional team at VIT, and the fantastic level of support from our Council. We look forward to continuing the transformation of VIT as we regulate for a highly qualified, proficient and reputable teaching profession.

Peter Corcoran





Samiksha Sharma (registered teacher) with learners - KU Craigieburn Children's Centre

Why is VIT registration important for my teaching profession?

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Provides for the safety of Victorian children and young people



Ensures that my qualifications meet the national standards, including by accrediting Victorian initial teacher education programs



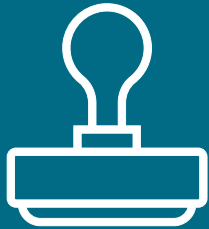
Grants me provisional registration to begin my teaching journey



Assures the public I am maintaining my knowledge and competence through professional learning requirements



Confirms integrity of my profession by taking appropriate action against those who do the wrong thing



Enables me to be recognised
as part of a regulated and
registered profession



Supports me in gaining
proficiency to move from
provisional to (full) registration



Develops and promotes Codes
of Conduct and Ethics that
demonstrate my positive
contribution to the teaching
profession



Makes my ethical and
professional credentials visible
to the community



Recognises my registration
across Australia and
New Zealand

Registration of Victorian teachers

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Grants me provisional registration to begin my teaching journey



Supports me in gaining proficiency to move from provisional to (full) registration



Enables me to be recognised as part of a regulated and registered profession

There are 132,926 registered teachers in Victoria, of which 6,558 hold early childhood teacher (ECT) registration and 2,630 hold dual registration. The total number of registered teachers increased by 1.6% from the previous year, and the total number of new registrations processed increased by 6.2%.

Table 1
Number of registered teachers

Registration type	2018	2019	% change
(Full) registration - school teacher	102,080	103,513	1
(Full) registration - early childhood teacher	4,398	4,592	4
(Full) registration - dual	1,160	1,472	27
Provisional registration - school teacher	15,109	14,489	-4
Provisional registration - early childhood teacher	1,481	1,805	22
Provisional registration - dual	881	1,125	28
Non-practising - school teacher	3,703	3,632	-2
Non-practising - early childhood teacher	109	118	8
Non-practising - dual	9	22	144
Returning from non-practising - school teacher	777	818	5
Returning from non-practising - early childhood teacher	56	43	-23
Returning from non-practising - dual	7	11	57
Permission to teach	1,086	1,286	18
TOTAL	130,856	132,926	1.6

Table 2
Number of new registrants

Qualification type	2018	2019	% change
Victorian qualifications	5,832	6,180	6
Interstate qualifications	696	557	-20
Overseas qualifications	610	632	4
Mutual recognition	506	616	22
Permission to Teach	619	789	28
TOTAL	8,263	8,774	6.2

Quick facts

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SCHOOL
TEACHERS



EARLY CHILDHOOD
TEACHERS



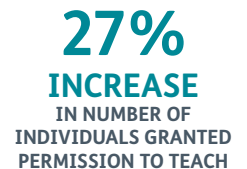
16% of school teachers are under 30 years and 16% over 60 years



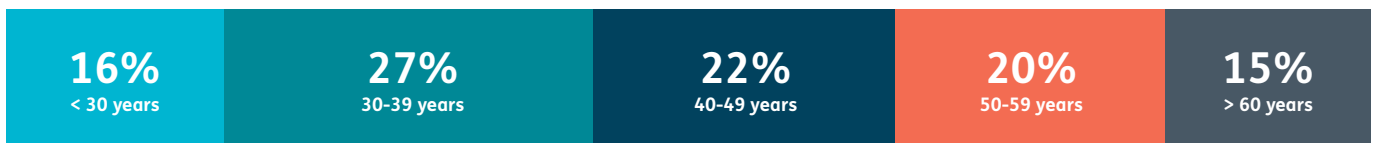
15% of early childhood teachers are under 30 years and 8% over 60 years



42% of dual registered teachers are under 30 years and 4% over 60 years



AGE



REGISTRATION TYPE



SECTOR



*includes teachers in other education settings / retired / casual relief teachers / those not currently working as teachers.

Accreditation of Initial Teacher Education programs

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Ensures that my qualifications meet the national standards, including by accrediting Victorian initial teacher education programs



Assures the public I am maintaining my knowledge and competence through professional learning requirements



Recognises my registration across Australia and New Zealand

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

ACCREDITATION OF ITE PROGRAMS

In 2018-19, VIT finalised the full stage one accreditation of 20 programs from four Victorian ITE providers submitted against the Accreditation of Initial Teacher Education Programs in Australia: Standards and Procedures (December 2015). There are currently 12 ITE providers delivering a total number of 84 accredited ITE programs in Victoria.

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 2018, VIT developed an online reporting form for the collection of ITE annual reporting data and data relating to the Victorian Selection Framework (VSF).

The ITE annual reporting data included an analysis of nationally required data sets to contribute to national and / or jurisdictional collections, and data for compliance and accountability purposes relating to all Victorian ITE programs.

There were also Victorian overlays to the national reporting requirements, including data relating to the Victorian Government's Special Needs plan. VIT was the only jurisdiction in Australia to complete the annual reporting process and submit an analysis of nationally required data to the Australian Institute of Teaching and School Leadership (AITSL).

VIT also developed an online reporting form to gather data relating to the VSF. The VSF project was established and conducted in partnership with the Department of Education and Training, and looked 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.

PARTNERSHIPS

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

In 2018, to further support national consistency and a national approach to implementation of ITE reforms, the ATRA network established the ITE Executive Officers' Group (EOG), which includes accreditation staff from each jurisdiction who work directly with ITE providers and panels in the accreditation process.

The EOG meets regularly and works collaboratively on joint projects, including undertaking an Environmental Scan of the Standards and Procedures for ITE accreditation, and has provided advice to ATRA Senior Officers and AITSL on accreditation matters.

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

ACCREDITATION COMMITTEE AND PROFESSIONAL PRACTICE COMMITTEE

The Accreditation Committee and Professional Practice Committee assess and approve ITE programs for the purposes of registration, consistent with the National Standards and Procedures for accreditation of ITE programs in Australia.

The Committees comprise teachers and principals from government and non-government schools, teacher educators and representatives of Victorian teacher employers. During 2018–19, the Committees met seven times.

Members

Audrey Brown – Council Deputy Chair

Committee Chair (ceased December 2018)

Deborah Corrigan – Higher education institution representative

Committee Chair (January – May 2019)

Gillian Carr – Council member

Interim Committee Chair (commenced June 2019)

Joanna Barbousas – Council member

(commenced June 2019)

Linda Blakis – Registered teacher

Anita Brown – Employer representative, DET

Michael Butler – Council member

Siobhan Hannan – Council member

Kathy Jordan – Higher education institution representative

Jim Laussen – Employer representative, ISV

Karalynn McDonnell – Council member

(ceased May 2019)

Shauna-Maree Sykes – Employer representative, Catholic Education Office



Joshua Long (registered teacher) with learners - Beaconhills College

Professional conduct and registration compliance

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Provides for the safety of Victorian children and young people



Confirms integrity of my profession by taking appropriate action against those who do the wrong thing



Develops and promotes Codes of Conduct and Ethics that demonstrate my positive contribution to the teaching profession

In October 2018, VIT's legislation was amended to mandate that, when performing any regulatory function, it must consider the safety and wellbeing of children, including by taking into account community expectations.

OUR NEW FUNCTION

Child safety and wellbeing has always been key to VIT's regulatory activity, particularly in relation to teachers' professional conduct and registration compliance.

In 2018-19, VIT developed and commenced implementation of an Investigations Accountability Framework (IAF). The IAF sets out minimum standards for VIT's investigations into professional conduct matters, and outlines how VIT categorises, assesses and prioritises its resources. This work has been vital to shaping VIT's approach to managing the growth in notifications about teachers' personal and professional conduct, competence and fitness to teach.

A key focus of the IAF has been VIT's approach to managing high-risk matters. In allocating limited resources, priority is given to investigating those matters where the professional conduct of a teacher poses the greatest risk of harm to the safety and wellbeing of children.



Pardeep Samra (registered teacher) with learner - KU Craigieburn Children's Centre

PROFESSIONAL CONDUCT MATTERS

VIT receives a large number of notifications about teachers' professional conduct, competence and fitness to teach through a range of channels, including the general public, employers of registered teachers and early childhood teachers, the Commission for Children and Young People (under the Reportable Conduct Scheme), Victoria Police and other agencies. In circumstances where VIT has not received a notification, it can still consider professional conduct matters using its 'own motion' powers.

This year, VIT commenced the reporting period with 482 professional conduct matters received during 2017-18. During the reporting period, VIT received 437 additional professional conduct matters, ending the reporting period with 703.

VIT assessed all 703 professional conduct matters against its Investigations Accountability Framework. Each matter was assigned with a categorisation of high, medium or low risk of harm to the safety and wellbeing of children. During the reporting period, VIT prioritised 150 high risk professional conduct matters for investigation.

Table 3
Sources of the 150 high risk professional conduct matters investigated in 2018-19

Sources	Number of investigations
Notifications: employers 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. 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.	18
Notifications: general public VIT receives complaints from the general public. 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.	7
Notifications: Victoria Police 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.	11
Notifications: unregistered teaching practice VIT receives notifications of unregistered teaching practice from a range of sources, including individuals and employers. It is a criminal offence for a person to teach without registration and for an education setting to employ a person who does not hold registration to undertake the duties of a teacher.	74
Own motion investigations VIT can initiate an investigation if it reasonably believes a registered teacher is seriously incompetent; has engaged in misconduct or serious misconduct; is unfit to teach; or has an impairment that seriously detrimentally affects their ability to teach. This provides VIT with the capacity to investigate cases that might otherwise escape its attention.	40

VIT's categorisation against the IAF also resulted in 129 professional conduct matters being assessed as a low risk of harm to the safety and wellbeing of children, and it was determined that investigation was not warranted. VIT's decisions were influenced by information that

- appropriate regulatory action had already been taken by the employer
- the teacher had demonstrated sufficient insight and self-reflection into their conduct to suggest that further regulatory intervention by VIT was unnecessary
- the allegations were not supported by evidence or outside VIT's jurisdiction
- the allegations were frivolous or vexatious.

The remaining 424 professional conduct matters were not assessed as urgent but attracted a low to medium risk. VIT continues to progressively allocate resources to these matters as high risk matters are finalised.

Of the 150 professional conduct matters investigated by VIT during the reporting period, 136 were finalised and the findings of these investigations were referred to the Professional Conduct Committee for a decision on potential disciplinary action or criminal prosecution.

The Committee is responsible for considering professional conduct matters and determining whether further disciplinary action or a criminal prosecution is required. It has a range of options open to it, including

- referring a matter for consideration by a formal, informal hearing panel or criminal prosecution in relation to unregistered teaching
- resolving a matter by voluntary agreement between the registered teacher to impose conditions, suspend or cancel registration
- taking no further action due to insufficient evidence or where the teacher has demonstrated sufficient insight and remorse to render further regulatory intervention unnecessary
- undertaking educative intervention with individuals and employers about registration requirements, including the risk of recidivist unregistered teaching practice.

Table 4 represents the outcomes of decisions made by the Committee in this reporting period.

Table 4
Professional Conduct Committee outcomes in 2018-19

Outcome	No.
Professional conduct matters referred to formal hearing	6
Professional conduct matters referred to informal hearing	1
Professional conduct matters resolved by agreement	14
No further action	41
Unregistered teaching practice confirmed	30
Unregistered teaching practice not confirmed	44

During 2018-2019, the Professional Conduct Committee met nine times.

Members

Lesley Lamb – Council Chair
Committee Chairperson

Michael Butler – Council member

Peter Clifton – Council member

Siobhan Hannan – Council member
(ceased May 2019)

Earl James – Council member
(ceased May 2019)

Anthony Sheumack – Council member

Angela Stringer – Council member

Raelene Vine – Council member
(commenced June 2019)



Kar Hoon Chua (registered teacher) with learners - Mt Ridley P-12 College

TEACHER REGISTRATION SUSPENSION AND CANCELLATION POWERS

In 2016, VIT's powers under legislation were amended to allow it to suspend a teacher's registration on an interim basis where the person poses an unacceptable risk of harm to children and the suspension is necessary to protect children.

This year, VIT exercised its powers 19 times, primarily at the commencement of an investigation into a professional conduct matter relating to alleged sexual offending, or where the teacher was suffering from a mental health impairment or an addiction to drugs or alcohol. VIT reviews each of these suspensions monthly and decides whether it should continue or revoke the interim suspension of the teacher's registration. VIT also prioritises the investigation of these professional conduct matters where there is no legal impediment to doing so. Towards the end of the 2018-19 period, further resources were committed to this area to ensure VIT is fulfilling its legislative obligation to undertake disciplinary processes as expeditiously as possible.

In addition to its interim suspension powers, VIT is also empowered to suspend a teacher's registration in circumstances where that person has been charged with a sexual offence against a child. If a person is found guilty of a sexual offence against a child, his or her registration is automatically cancelled and that person is disqualified from undertaking the duties of a teacher. Table 5 outlines VIT's suspension and cancellation actions in 2018-19.

Table 5
Suspension and cancellation actions in 2018-19

Nature of request	No.
Interim suspensions	
The Act provides that VIT may suspend the registration or permission to teach of a person if it holds a reasonable belief that the person poses an unacceptable risk of harm to children and the suspension is necessary to protect children.	19
Suspensions for sexual offence charges	
The Act provides that VIT may suspend the registration or permission to teach of a person if that person is, in Victoria or elsewhere, charged with a sexual offence.	7
Cancellations and disqualifications for sexual offence findings of guilt	
The Act provides that a registered teacher who is convicted or found guilty of a sexual offence ceases to be a registered teacher and is disqualified from undertaking the duties of a teacher.	10

COMPLIANCE WITH REGISTRATION OBLIGATIONS

VIT undertakes a range of regulatory activities to ensure compliance with registration obligations, including periodic audits of various registration applications as well as an annual registration census, which helps identify the school or early childhood setting at which a registered teacher is employed.

As part of the annual renewal process, (fully) registered teachers are required to make self-declarations regarding their days of teaching practice and hours of professional learning. 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 2018-19, VIT audited 995 renewal applications, with only a small percentage unable to support their declarations. Those unable to support their declarations were not eligible to renew their registration and therefore could not undertake the duties of a teacher.

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 2018-19, 380 teachers submitted evidence for assessment and 100% were approved for (full) registration following an audit.

VIT also randomly audits a sample of applications for (full) registration. These are applications initiated by provisionally registered teachers seeking to move to (full) registration on the basis that they have demonstrated competence against the Australian Professional Standards for Teachers at the Proficient level. In 2018-19, VIT randomly audited 152 applications for (full) registration, with 95% of those approved.

Under legislation, all registered teachers must notify VIT in writing of the name of any school at which they are employed. To ensure information is accurate, VIT conducts annual checks across all government, Catholic and independent schools in Victoria. Information from these checks is used to communicate key messages to teachers about their registration and to confirm with employers that all ongoing and contracted teaching staff in Victorian schools are registered.

The Annual Census commences in April each year and concludes in August, spanning across two reporting periods. Through the 2018 Annual Census, six instances of unregistered teaching were identified. To date, the 2019 Annual Census has identified only one instance, representing a significant reduction.

PARTNERSHIPS WITH CO-REGULATORS

VIT recognises a key component to ensuring the safety and wellbeing of children and young people is its relationships with co-regulators.

In 2018-19, VIT continued its strong partnership with Victoria Police, referring matters for their consideration in respect of a criminal investigation and prosecution. As a result of VIT referrals, a number of successful criminal prosecutions of teachers were conducted. VIT also routinely presented to new cohorts of detectives undertaking the Victoria Police Sexual Offences and Child Investigation Team Training Course.

During the period, VIT entered into a Memorandum of Understanding with the Commission for Children and Young People, which reflects a shared commitment to working collaboratively, co-operatively and transparently in facilitating the exchange of information under the Reportable Conduct Scheme.

As part of its commitment to assisting duty holders to comply, VIT attended ten schools due to unregistered teaching practice notifications to provide assistance to principals and school leaders with their registration checking procedures.

SUPPORTING OUR PEOPLE

A number of professional conduct matters investigated by VIT relate to allegations of sexual impropriety against children and young people. As an employer, VIT is acutely aware of the effects of vicarious trauma and compassion fatigue that might be experienced by those who undertake this work. As such, a pilot support and wellbeing program commenced for staff who undertake investigations into professional conduct matters. Through this support program, VIT has engaged a registered psychologist with a background in trauma-informed practice to provide one-on-one support and group reflective practice sessions.

“**As a result of VIT referrals, a number of successful criminal prosecutions of teachers were conducted.**”





Carly Toy (registered teacher) with learners - Craigieburn South Primary School



Tim Beacham (registered teacher) with learner - Magpie Primary School

Summary of financial position

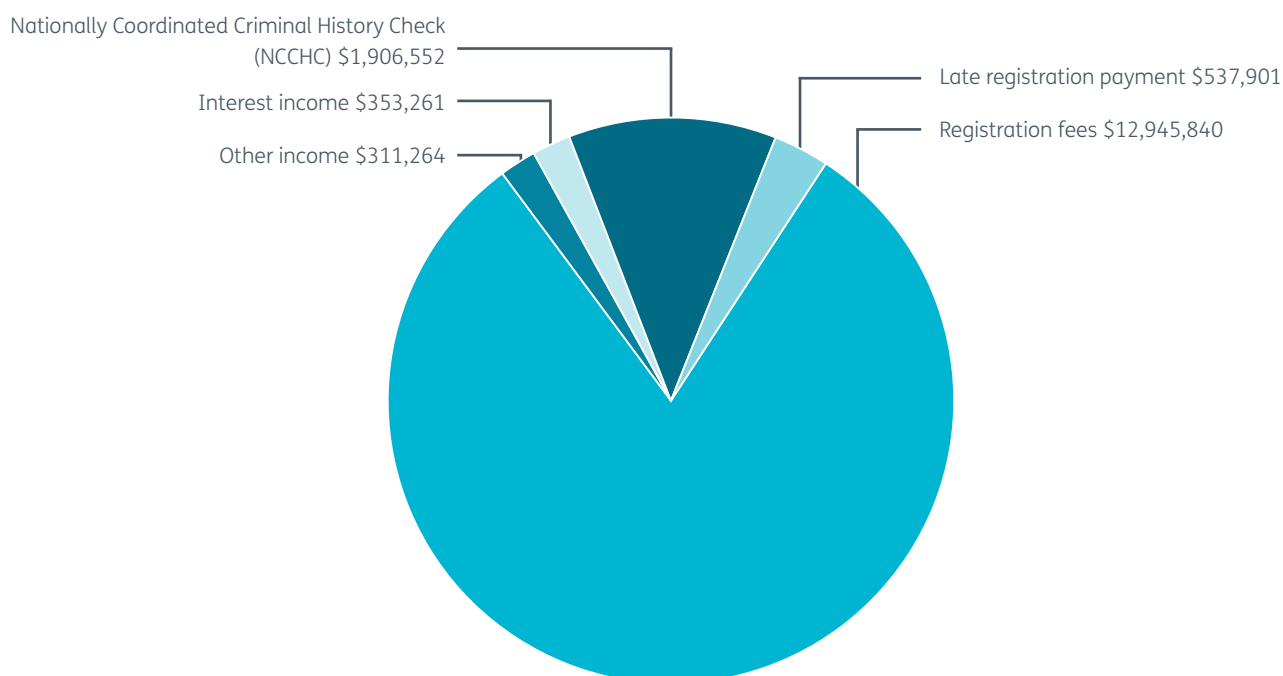
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The financial report and accompanying notes are for the financial year ended 30 June 2019.

Table 5
Financial results 2018–19

	2018–19 \$		2018–19 \$
OPERATIONS		FINANCIAL POSITION	
Fees	15,390,293	Financial assets	13,827,679
Interest	353,261	Non-financial assets	1,884,091
Other	311,263	Total assets	15,711,770
Total income	16,054,817	Provisions and payables	3,456,343
Operating expenses	14,522,367	Revenue received in advance	3,515,784
		Total liabilities	6,972,127
Net result	1,532,450	Total Equity	8,739,643

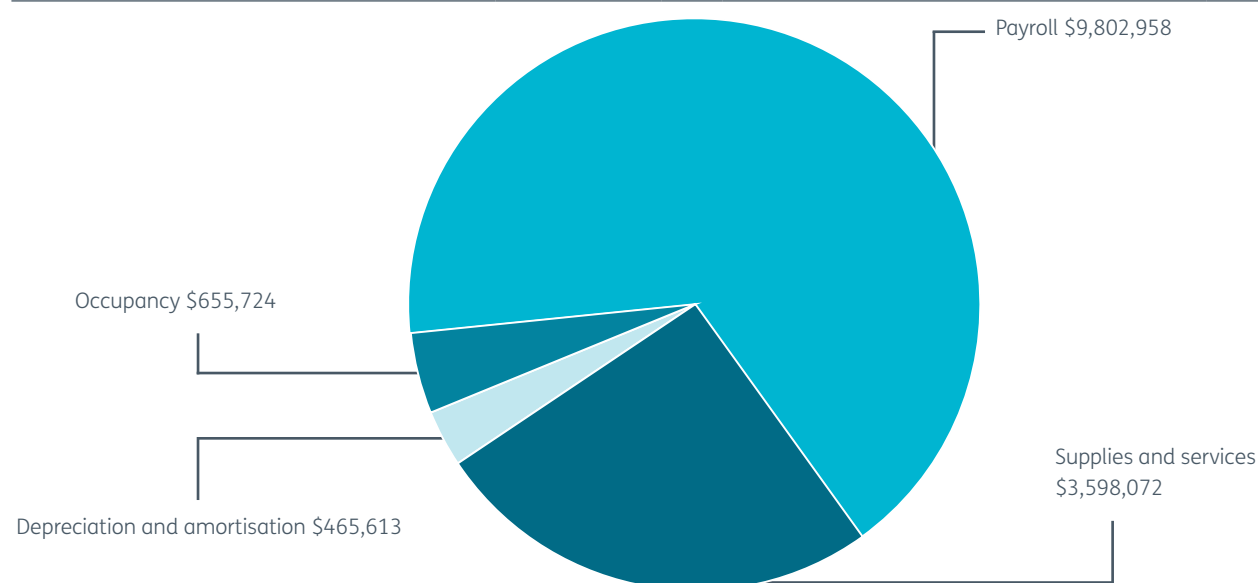
Figure 1
Revenue for 2018–19



In 2018-19, the annual registration fee was increased from \$94 to \$95.55. Teacher registration fees are paid in advance, on a pro-rata basis, to each of the 12 months. Fee revenue belonging to July 2019 or after is considered revenue in advance and is included as current liability in the balance sheet.

Registration revenue increased in 2018-19 due to an increase in teacher registrations and the increase in the registration fees. NCCHC revenue increased as a result of higher numbers of new applications and the higher proportion of registered teachers required to update their NCCHC during the year.

Figure 2
Expenses for 2018–19



Operating expenses decreased in 2018-19 with reduction in project costs in the area of consultants / contractors and administrative expenses.

In summary, 2018-19 generated a surplus of \$1,532,450 compared to \$636,536 reported in the previous year. VIT's balance sheet and cash position are stronger than the previous year and 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. The Committee maintains effective communication with external and internal auditors, and reviews their scope of work, independence and performance. It also receives, discusses and monitors significant findings and recommendations from reports by internal and external auditors.

On behalf of the Council, the Committee reviews and recommends 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, related control systems and management information systems. During 2018–19, the Audit, Risk Management and Finance Committee met six times.

Members

David Nairn – Independent external member
Committee Chair (ceased August 2018)
Michael Butler – Council member
Peter Clifton – Council member
Lesley Lamb – Council Chairperson

Gail Owen – Independent external member
Committee Chair from September 2018 (commenced June 2018)
Angela Stringer – Council member
Lisa Tripodi – Independent external member
(commenced June 2018)
Danielle Harrison – Council member
(commenced September 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 2018–19, the Remuneration Committee met twice.

Members

Lesley Lamb – Council Chairperson
Committee Chair
Audrey Brown – Council Deputy Chairperson
(ceased December 2018)
Paul Desmond – Council Deputy Chairperson
(commenced January 2019)
Michael Butler – Council member
(commenced September 2018)

Business operations

.....

BANKING

VIT operates a corporate cheque account, and until May 2019, invested in term deposits held with the Treasury Corporation of Victoria (TCV) and the Victorian Teachers Mutual Bank. From May 2019, the Victorian Government Centralised Banking System (CBS) was implemented by VIT as per the DTF Standing Directions 2018. All VIT term deposits have been transferred to CBS from TCV as at 30 June 2019. VIT uses the CBS to hold all excess cash funds while retaining a minimum cash balance in its operating bank account for day to day expenses. VIT seeks to minimise risk and maximise return on funds available to meet its future needs.

MAIL HOUSE SERVICES

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

RECORDS MANAGEMENT

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

CONSULTANCIES AND OTHER MAJOR CONTRACTS

No major contract greater than \$10m was entered into in 2018–19.

In 2018–19, VIT engaged 11 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$34,812 (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, 2018–19

Nature of request	No.
Personal (relating to a single identified person)	12
Non-personal (request for non-specific and / or summative information)	0
Outcome: Full access	5
Outcome: Partial access	0
Outcome: Denied	2
Outcome: Pending	5
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	5

NATIONAL COMPETITION POLICY

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

ENVIRONMENTAL SUSTAINABILITY

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

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

OCCUPATIONAL HEALTH AND SAFETY

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

STAFF AND COMMUNITY WELLBEING

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

MERIT AND EQUITY

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

PROFESSIONAL DEVELOPMENT

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

HUMAN RIGHTS CHARTER

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

ADVERTISING EXPENDITURE

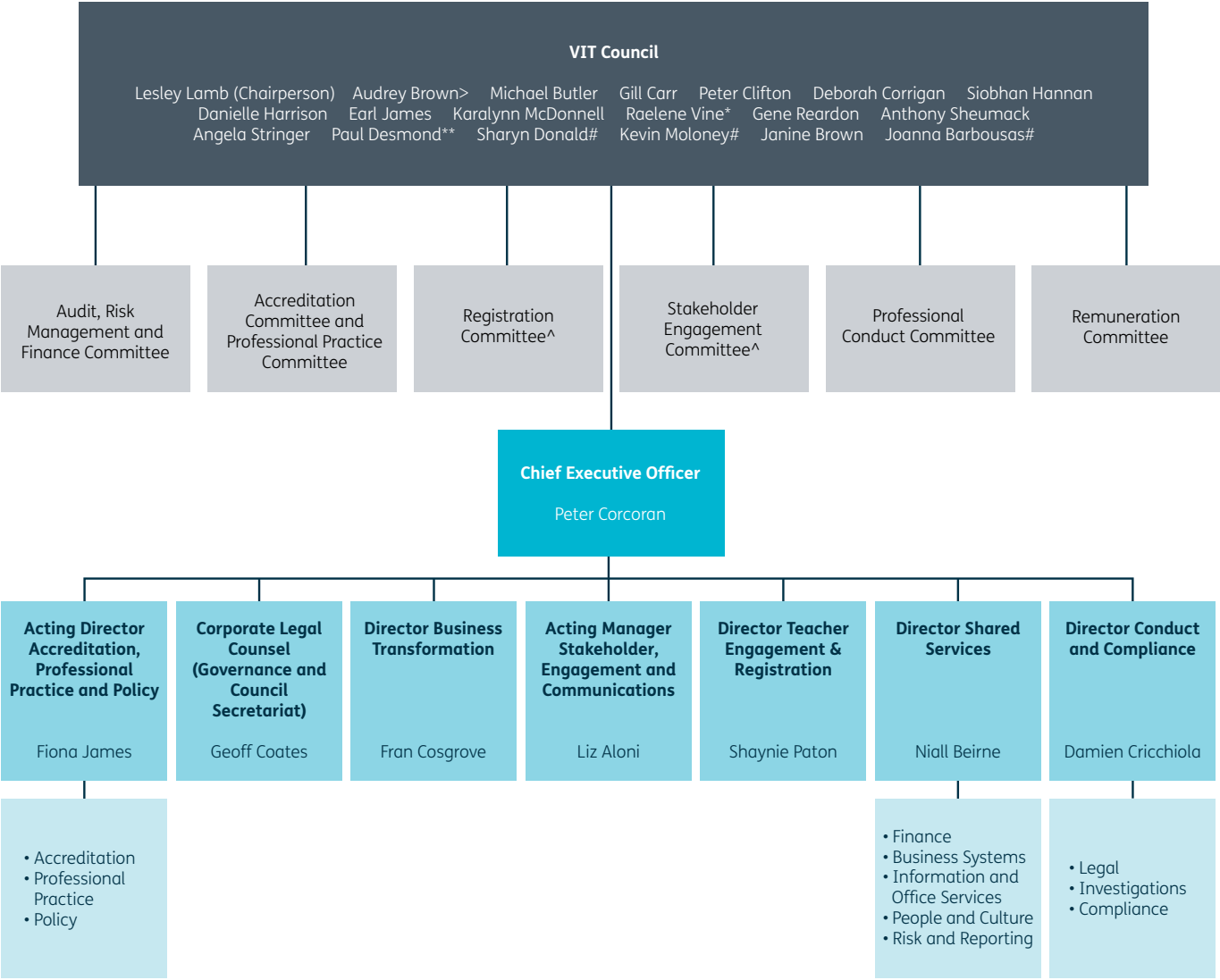
VIT's advertising expenditure did not meet the minimum threshold required for reporting.

Table 7
Staff by operation

Staff	No. of staff	Full-time equivalent
Conduct and Compliance	18	17
Accreditation, Professional Practice and Policy	10	9
Executive and Governance	3	3
Shared Services	21	20
Stakeholder Engagement and Communications	5	4
Teacher Engagement and Registration	27	25
Business Transformation	5	4
	89	82
Vacancies: People on leave / secondment	3	3
Vacancies: New positions identified in the structure (not filled as at 30.6.19)	14	14
Total	105	99

Organisational and governance structure

.....



* appointed October 2018 > resigned December 2018 ** appointed January 2019 # appointed June 2019 ^ formed but not met

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 June 2019 - the sixth since VIT's inception. During the reporting period, there were two Councils of 14 members. 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 nominee of the Secretary of the Department of Education and Training.

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 and early childhood settings;
- 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 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.

”

Table 8
Number of Council meetings attended

Name	Meetings attended		
	2018	2019	Total
Lesley Lamb	4	4	8
Audrey Brown>	3	0	3
Paul Desmond**	0	4	4
Joanna Barbousas#	0	1	1
Janine Brown#	0	1	1
Michael Butler	4	4	8
Gill Carr	4	3	7
Peter Clifton	4	3	7
Deborah Corrigan	4	4	8
Sharyn Donald#	0	0	0
Siobhan Hannan	3	3	6
Danielle Harrison	4	3	7
Earl James	4	3	7
Karalynn McDonnell	4	4	8
Kevin Moloney#	0	1	1
Gene Reardon	3	4	7
Anthony Sheumack	4	2	6
Angela Stringer	4	4	8
Raelene Vine*	2	4	6

* Appointed October 2018

> Resigned December 2018

** Appointed January 2019

Appointed June 2019

Council members

.....



Lesley Lamb
Chairperson



Audrey Brown
Deputy Chairperson
(1 June 2018-31 December 2018)



Paul Desmond
Deputy Chairperson
(1 January 2019-30 June 2019)



Joanna Barbousas
Chair, Council of Deans
(1-30 June 2019)



Janine Brown
Early childhood employer
(1-30 June 2019)



Michael Butler
Registered teacher



Gill Carr
Registered teacher



Peter Clifton
Principal



Prof. Deborah Corrigan
Deputy Dean, Faculty of Education, Monash University
(1 July 2018-31 May 2019)



Sharyn Donald
Delegate, Secretary of the Department of Education and Training
(1-30 June 2019)



Siobhan Hannan
Registered early childhood teacher



Danielle Harrison
Registered teacher



Earl James
Registered teacher
(1 July 2018-31 May 2019)



Karalynn McDonnell
Registered early childhood teacher
(1 July 2018-31 May 2019)



Kevin Moloney
Registered teacher
(1-30 June 2019)



Gene Reardon
Delegate, Secretary of the Department of Education and Training
(1 July 2018-31 May 2019)



Anthony Sheumack
Principal



Angela Stringer
Registered teacher



Raelene Vine
Parent

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
14 August 2019



Jenna Mitchell (registered teacher) with learners - Siena Catholic Primary School





Katrina Fisher (registered teacher) with learners - Beaconhills College

Comprehensive operating statement for the year ended 30 June 2019

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	Notes	2019 \$	2018 \$
Continuing operations			
Income from transactions			
Registration and application fees	2.2.1	15,390,293	15,091,099
Interest income	2.2.2	353,261	267,012
Other income	2.2.3	311,263	230,349
Total income from transactions		16,054,817	15,588,460
Expenses from transactions			
Employee costs	3.1.1	9,802,958	9,785,953
Depreciation and amortisation	4.1.1, 4.2	465,613	431,840
Supplies and services	3.2.1	3,598,072	4,136,357
Occupancy expenses	3.2.2	655,724	597,774
Total expenses from transactions		14,522,367	14,951,924
Net result from transactions (net operating balance)		1,532,450	636,536
Other economic flows included in net results			
Net gain / (loss) on non-financial assets		-	-
Total other economic flows included in net result		-	-
Comprehensive result		1,532,450	636,536

The accompanying notes form part of these financial statements.

Balance sheet as at 30 June 2019

.....

	Notes	2019 \$	2018 \$
Assets			
Financial assets			
Cash and deposits	6.2	13,576,774	2,319,532
Investments	4.3	-	9,000,000
Receivables	5.1	250,905	258,531
Total financial assets		13,827,679	11,578,063
Non-financial assets			
Plant and equipment	4.1.2	800,427	998,314
Intangible assets	4.2	846,044	1,039,404
Other non-financial assets	5.3	237,620	169,511
Total non-financial assets		1,884,091	2,207,229
Total assets		15,711,770	13,785,292
Liabilities			
Payables	5.2	1,041,832	1,039,612
Employee provision	3.1.2	1,918,237	1,701,276
Other provisions	5.4	496,274	474,938
Income received in advance	2.3	3,515,784	3,362,273
Total liabilities		6,972,127	6,578,099
Net assets		8,739,643	7,207,193
Equity			
Accumulated surplus / (deficit)		8,739,643	7,207,193
Net worth		8,739,643	7,207,193
Commitments for expenditure	6.3	151,230	470,569
Contingent assets and contingent liabilities	7.2	-	-

The accompanying notes form part of these financial statements.

Cash flow statement for the year ended 30 June 2019

.....

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts			
Receipts from customers and registration fees		15,835,316	15,744,527
Goods and Services Tax recovered from the ATO (i)		351,852	351,742
Interest received		383,232	251,587
Total Receipts		16,570,400	16,347,856
Payments			
Payments to suppliers and employees		(14,238,792)	(15,237,063)
Total Payments		(14,238,792)	(15,237,063)
Net cash flows from / (used in) operating activities	6.2.1	2,331,608	1,110,793
Cash flows from investing activities			
Payments for plant and equipment		(36,251)	(6,974)
Payments for intangible assets		(38,115)	(543,349)
Payments for intangible WIP	4.2	-	(26,664)
Payments for investments (ii)		(11,000,000)	(17,500,000)
Proceeds / receipts from investments (ii)		20,000,000	16,000,000
Net cash flows from / (used in) investing activities		8,925,634	(2,076,986)
Net increase / (decrease) in cash and cash equivalents held		11,257,242	(966,193)
Cash and cash equivalents at the beginning of the financial year		2,319,532	3,285,725
Cash and cash equivalents at the end of the financial year	6.2	13,576,774	2,319,532

The accompanying notes form part of these financial statements.

(i) Goods and service tax received from the ATO is presented on a net basis.

(ii) 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 2019

.....

	Accumulated surplus \$	Contributions by owner \$	Total \$
Balance at 1 July 2017	6,570,656	-	6,570,656
Comprehensive result for the year	636,536	-	636,536
Balance at 30 June 2018	7,207,193	-	7,207,193
Comprehensive result for the year	1,532,450	-	1,532,450
Balance at 30 June 2019	8,739,643	-	8,739,643

The accompanying notes form part of these 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 14 August 2019.

Note 2

Funding of service delivery

.....

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

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

Structure

- 2.1 Summary of income that funds the delivery of VIT services
- 2.2 Income from transactions
- 2.3 Income received in advance

2.1 Summary of income that funds the delivery of VIT services

	Note	2019 \$	2018 \$
Registration and application fees	2.2.1	15,390,293	15,091,099
Interest income	2.2.2	353,261	267,012
Other income	2.2.3	311,263	230,349
Total income from transactions		16,054,817	15,588,460

2.2 Income from transactions

2.2.1 Registration and application fees

	2019 \$	2018 \$
Teacher registration	12,945,840	12,539,460
Criminal record check	1,906,552	2,223,826
Replacement card fee	3,195	4,708
Late registration payment	510,820	316,805
Statement of good standing	5,882	6,300
Course accreditation assessment fee	18,004	-
Total registration and application fees	15,390,293	15,091,099

Registration and application 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.

Criminal record check is charged to prospective and renewing teachers every 5 years. This charge is covered for next 5 years from the date of successful completion of criminal record check and the same year the income is recognised.

Late registration payments are recognised in the same year when it is received. The late fees are charged only when the payment is not received on or before 30 September of every year.

2.2.2 Interest income

	2019 \$	2018 \$
Interest from financial assets not at fair value through comprehensive operating statement		
Interest on bank deposits	43,268	27,362
Interest on investments	309,993	239,650
Total interest income	353,261	267,012

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

	2019 \$	2018 \$
Sponsorship (from government)	311,091	226,008
Other income	172	4,341
Total other income	311,263	230,349

Sponsorship is provided for various activities conducted by VIT and 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 ran from 30 June 2018 and will be completed on 31 December 2019. At the time of finalisation of these accounts, the work had commenced on this project and revenue is recognised in accordance with AASB 1004.

2.3 Income received in advance

	2019 \$	2018 \$
Nationally Coordinated Criminal History Check (NCCHC) fees	178,077	137,942
Unearned teacher registration fees	3,337,707	3,224,331
Total income received in advance	3,515,784	3,362,273

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.

Structure

- 3.1 Expenses incurred in the delivery of services
- 3.2 Other operating expenses

3.1 Expenses incurred in the delivery of services

	Note	2019 \$	2018 \$
Employee expenses	3.1.1	9,802,958	9,785,953
Depreciation and amortisation	4.1.1, 4.2	465,613	431,840
Supplies and services	3.2.1	3,598,072	4,136,357
Occupancy expenses	3.2.2	655,724	597,774
Total expenses incurred in the delivery of services		14,522,367	14,951,924

3.1.1 Employee expenses - comprehensive operating statement

	Note	2019 \$	2018 \$
Salaries and wages		8,467,502	8,263,733
Superannuation	3.1.3	752,593	748,775
On costs (payroll tax, fringe benefit tax and WorkCover)		492,476	522,597
Ex gratia payments for separation (i)		90,387	250,848
Total employee expenses		9,802,958	9,785,953

(i) Includes payments to staff of a bona fide redundancy payment.

Employee expenses include all costs related to employment including salaries, fringe benefits tax, leave entitlements, termination payments including ex gratia 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 - in the 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.

	2019 \$	2018 \$
Current provisions		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	524,740	600,715
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	157,867	114,366
Unconditional and expected to settle after 12 months	542,063	447,401
<i>Provision for on-costs</i>		
Unconditional and expected to settle within 12 months	194,033	100,020
Unconditional and expected to settle after 12 months	85,202	71,309
Total current provisions for employee benefits	1,503,905	1,333,811
Non-current provisions		
Long service leave	358,053	316,948
On-costs	56,279	50,517
Total non-current provisions for employee benefits	414,332	367,465
Total provision for employee benefits	1,918,237	1,701,276

Salaries, annual leave and long service leave

Liabilities for salaries (including non-monetary benefits, annual leave and on-costs) 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	
	2019 \$	2018 \$
Defined benefit plans		
State Superannuation Fund revised and new	10,657	9,900
ESS Super	12,025	9,809
Defined contribution plans		
Vic Super	348,580	339,337
Hesta Super Fund	16,879	12,108
Uni Super	6,472	6,906
Legal Industry Super Scheme	10,678	18,507
Australian Super	76,311	78,630
Catholic Superannuation Fund	24,952	25,778
MLC Super	34,373	41,507
CareSuper	29,270	22,653
Retail Employees Super Trust	36,527	14,087
Kinetic Super	1,245	7,077
HostPlus	25,461	13,641
Other	119,163	148,835
Total	752,593	748,775

Contributions include accruals for 17-30 June for fixed term and ongoing employees. These accruals are outstanding at balance date \$15,093.

3.2 Other operating expenses

3.2.1 Supplies and services

	2019 \$	2018 \$
HR	98,343	174,963
Council and committee	67,237	52,926
Consultancy and contractor	531,541	948,191
Communication	697,499	648,611
Finance	109,021	111,976
Legal	235,822	155,493
Printing and stationery	49,593	130,763
Travel and accommodation	62,435	51,643
Marketing	123,558	122,885
Administration	773,087	739,098
National Police History Checks	849,936	999,808
Total supplies and services expenses	3,598,072	4,136,357

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

	2019 \$	2018 \$
Minimum lease payments (rent expense)	361,314	342,929
Outgoings, cleaning and utilities	233,561	228,243
Maintenance and repairs	60,849	26,601
Total occupancy expenses	655,724	597,774

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

Note 4

Key assets available to support output delivery

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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.

Structure

- 4.1 Total plant and equipment
- 4.2 Intangible assets
- 4.3 Investments

4.1 Total plant and equipment

	Carrying value		Accumulated depreciation		Net carrying amount	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Leasehold improvements	1,766,682	1,730,430	1,003,307	785,440	763,375	944,990
Furniture and fittings	84,697	84,697	53,566	42,979	31,131	41,718
Plant and equipment	330,741	608,745	324,820	597,140	5,921	11,606
Total carrying amount of plant and equipment	2,182,120	2,423,873	1,381,693	1,425,559	800,427	998,314

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 and amortisation

	2019 \$	2018 \$
Charge for the period		
Leasehold improvements	217,866	216,304
Furniture and fittings	10,587	10,587
Plant and equipment	5,685	55,784
Total depreciation	234,138	282,675

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	
		2019 %	2018 %
Leasehold improvements	8	12.5	12.5
Furniture and fittings	8	12.5	12.5
Plant and equipment	4	20.41	20.41

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	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Opening balance	944,990	1,161,294	41,718	52,305	11,606	60,416	998,314	1,274,015
Additions / transfers	36,251	-	-	-	-	6,974	36,251	6,974
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Depreciation expense	(217,866)	(216,304)	(10,587)	(10,587)	(5,685)	(55,784)	(234,138)	(282,675)
Closing balance	763,375	944,990	31,131	41,718	5,921	11,606	800,427	998,314

4.2 Intangible assets

	Work in progress		CRM development		Other software		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Software and capitalised software development								
Carrying amount								
Opening balance	269,300	242,636	2,028,918	2,028,918	1,186,388	643,039	3,484,606	2,914,593
Additions	38,115	570,013	-	-	-	543,349	38,115	1,113,362
Disposals	-	-	-	-	-	-	-	-
Transfers	(307,415)	(543,349)	-	-	307,415	-	-	(543,349)
Closing balance	-	269,300	2,028,918	2,028,918	1,493,803	1,186,388	3,522,721	3,484,605
Accumulated amortisation and impairment								
Opening balance	-	-	(2,028,918)	(2,028,918)	(416,283)	(267,118)	(2,445,201)	(2,296,036)
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Amortisation expense	-	-	-	-	(231,476)	(149,165)	(231,476)	(149,165)
Closing balance	-	-	(2,028,918)	(2,028,918)	(647,759)	(416,283)	(2,676,677)	(2,445,201)
Net book value at end of financial year	-	269,300	-	-	846,044	770,105	846,044	1,039,404

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 was developing software (project TERI) to replace the key business system (CRM4). Each phase was being capitalised when it was 'in use'. In December of 2018, the VIT Council decided to discontinue investment in the TERI project and chose to assess options for the development of a new teacher registration system using an alternative technology platform.

4.3 Investments

	2019	2018
	\$	\$
Current investments		
Australian dollar term deposits > 3 months	-	9,000,000
Total current investments	-	9,000,000

Note 5

Other assets and liabilities

.....

This section sets out those assets and liabilities that arose from VIT's controlled operations.

Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Other non-financial assets
- 5.4 Other provisions

5.1 Receivables

	2019 \$	2018 \$
Current receivables		
Contractual		
Debtors	155,731	108,219
Accrued investment income	10,052	40,022
Total current contractual receivables	165,783	148,241
Statutory		
Net GST receivables	85,122	110,290
Total current statutory receivables	85,122	110,290
Total current receivables	250,905	258,531
Total receivables	250,905	258,531

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 for disclosure purposes. The VIT applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the consolidated fund as the commitments fall due.

Details about the VIT's impairment policies, the VIT's exposure to credit risk, and the calculation of the loss allowance are set out in note 7.1.3.

5.1.1 Ageing analysis of contractual receivables

	Past due but not impaired					
	Carrying amount	Not past due and not impaired	< 1 month	1-3 months	3-12 months	1-5 years
	\$	\$	\$	\$	\$	\$
Receivables						
2019						
Debtors	155,731	-	142,863	2,772	10,096	-
Accrued investment income	10,052	10,052	-	-	-	-
Total contractual receivables	165,783	10,052	142,863	2,772	10,096	-
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	-

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

5.2 Payables

	2019 \$	2018 \$
Current payables		
Contractual		
Trade creditors and accruals	535,601	373,518
Unused lease incentive	159,863	159,863
Total current contractual payables	695,464	533,381
Non-current payables		
Contractual		
Unused lease incentive	346,368	506,231
Total non-current contractual payables	346,368	506,231
Total contractual payables	1,041,832	1,039,612
Total payables	1,041,832	1,039,612

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 \$
2019						
Payables	1,041,832	1,041,832	535,601	39,966	119,897	346,368
	1,041,832	1,041,832	535,601	39,966	119,897	346,368
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

5.3 Other non-financial assets

	2019 \$	2018 \$
Current other non-financial assets		
Prepayments	237,620	169,511
Total other non-financial assets	237,620	169,511

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

	2019 \$	2018 \$
Non-current provisions		
Make good provision	496,274	474,938
Total other provisions	496,274	474,938

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

	2019 \$	2018 \$
Opening balance	474,938	485,239
Increase / (decrease) of provisions recognised	21,336	(10,301)
Closing balance	496,274	474,938
Non-current	496,274	474,938
Closing balance	496,274	474,938

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.

	2019 %	2018 %
Leasehold improvements - make good provision (Level 9 628 Bourke Street)	1.324	2.647

Note 6

How VIT financed operations

.....

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

Structure

- 6.1 Leases
- 6.2 Cash flow information and balances
- 6.3 Commitments for expenditure

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 2018-19 relate to VIT's office facilities at Level 9 628 Bourke Street Melbourne. The lease term is 8 years, expiring on 31 August 2022.

	2019 \$	2018 \$
Non-cancellable operating lease payables		
Not longer than 1 year	539,418	521,177
Longer than 1 year but not longer than 5 years	1,232,989	1,772,407
Longer than 5 years	-	-
Total non-cancellable operating lease payable (exclusive of GST)	1,772,407	2,293,584
Add GST recoverable from the Australian Taxation Office	177,241	229,358
Total non-cancellable operating lease payable (inclusive of GST)	1,949,648	2,522,942

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

	2019 \$	2018 \$
Current		
Unused lease incentive	159,863	159,863
Current unused lease incentive	159,863	159,863
Non-current		
Unused lease incentive	346,368	506,231
Non-current unused lease incentive	346,368	506,231
Total unused lease incentive	506,231	666,094

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.

	2019 \$	2018 \$
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents disclosed in the balance sheet	13,576,774	2,319,532
Balance as per cash flow statement	13,576,774	2,319,532

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

	2019 \$	2018 \$
Net result for the period	1,532,450	636,536
Non-cash movements		
Future value of make good provision	21,336	(10,301)
Depreciation and amortisation of non-current assets	465,612	431,840
Movements in assets and liabilities		
(Increase) / decrease in current receivables	7,626	214,431
(Increase) / decrease in other current assets	(68,109)	34,628
Increase / (decrease) in current payables	2,220	(352,272)
Increase / (decrease) in unearned fees	153,511	124,945
Increase / (decrease) in provisions	216,962	30,986
Net cash flows from / (used in) operating activities	2,331,608	1,110,793

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

	2019 \$	2018 \$
Payables		
Not longer than 1 year	114,123	279,283
Longer than 1 year but not longer than 5 years	52,230	238,343
Longer than 5 years	-	-
Total commitments for expenditure (inclusive of GST)	166,353	517,626
Less GST recoverable from the Australian Taxation Office	15,123	47,057
Total commitments for expenditure (exclusive of GST)	151,230	470,569

Note 7

Risks, contingencies and valuation judgements

.....

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

Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Payables
- 7.3 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*.

From 1 July 2018, the VIT applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial instruments under AASB 9

Financial assets at amortised cost

Financial assets are measured at amortised costs if they

- are held by VIT to collect the contractual cash flow;
- hold contractual terms that give rise to cash flows that are solely payments of principal and interests; and
- are not designated as fair value through net result.

These assets are initially recognised as fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

VIT recognises the following assets in this category

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

Categories of financial assets previously under AASB 139

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).

Categories of financial liabilities under AASB 9 and previously under AASB 139

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

	Cash and deposits \$	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
2019				
Contractual financial assets				
Cash and deposits	13,576,774	-	-	13,576,774
Receivables				
Debtors	-	155,731	-	155,731
Accrued investment income	-	10,052	-	10,052
Investments (term deposits)	-	-	-	-
Total contractual financial assets	13,576,774	165,783	-	13,742,557
Contractual financial liabilities				
Payables			535,601	535,601
Total contractual financial liabilities			535,601	535,601
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	11,319,532	148,241	-	11,467,773
Contractual financial liabilities				
Payables			373,518	373,518
Total contractual financial liabilities			373,518	373,518

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

	Net holding gain / (loss) \$	Net interest income / (expense) \$	Fee income / (expense) \$	Impairment loss \$	Total \$
2019					
Contractual financial assets					
Financial assets at amortised cost	-	353,261	-	-	353,261
Total contractual financial assets	-	353,261	-	-	353,261
Contractual financial liabilities					
Financial liabilities at amortised cost	-	-	-	-	-
Total contractual financial liabilities	-	-	-	-	-
2018					
Contractual financial assets					
Financial assets at amortised cost	-	267,012	-	-	267,012
Total contractual financial assets	-	267,012	-	-	267,012
Contractual financial liabilities					
Financial liabilities at amortised cost	-	-	-	-	-
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.

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) (i) \$	Government agencies (AAA credit rating) \$	Other (no credit rating) \$
2019				
Cash and deposits	13,575,874	-	-	900
Receivables (ii)	10,052	-	155,731	-
Investments and other financial assets	-	-	-	-
Total contractual financial assets	13,585,926	-	155,731	900
2018				
Cash and deposits	818,632	-	1,500,000	900
Receivables (ii)	-	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

(i) Bank First (Formerly Victorian Teachers Mutual Bank) does not hold a credit rating.

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

Statutory receivables at amortised cost

The VIT's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

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.

Financial instruments: market risk

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

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

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

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

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

Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
2019					
Financial assets					
Cash and deposits	1.66	13,576,774	12,500,000	1,075,874	900
Receivables					
Debtors	-	155,731	-	-	155,731
Accrued investment income	-	10,052	-	-	10,052
Investments (term deposits)	-	-	-	-	-
Total financial assets		13,742,557	12,500,000	1,075,874	166,683
Financial liabilities					
Payables	-	535,601	-	-	535,601
Total financial liabilities		535,601	-	-	535,601
2018					
Financial assets					
Cash and deposits	1.5	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

Interest rate risk sensitivity

	Interest rate	
	-1% (100 basis points)	+1% (100 basis points)
Carrying amount \$	Net result \$	Net result \$
2019		
Contractual financial assets		
Cash and deposits (i)	13,575,874	(135,759)
Investments (term deposits)	-	-
Total impact	(135,759)	135,759
Contractual financial liabilities		
Total impact	-	-
2018		
Contractual financial assets		
Cash and deposits (i)	2,318,632	(23,186)
Investments (term deposits)	9,000,000	(90,000)
Total impact	(113,186)	113,186
Contractual financial liabilities		
Total impact	-	-

(i) Cash and cash deposits includes a deposit of \$1,075,874 (2018:\$818,632) that is exposed to floating rates movements.

Sensitivities to these movements are calculated as follows:

- 2019: \$1,075,874 x -(0.01) = (\$10,759) and \$1,074,102 x 0.01 = \$10,759
- 2018: \$818,632 x -(0.01) = (\$8,186) and \$818,632 x 0.01 = \$8,186

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 2019, VIT had no contingent assets (2018: \$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 2019. Total contingent liabilities for 2019: \$0 (2018: \$0).

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions.

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

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

The following assets and liabilities are carried at fair value

- furniture and fittings
- plant and equipment
- leasehold improvements.

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

Fair value hierarchy

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

The levels are as follows

- Level 1 - inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period		
		Level 1	Level 2	Level 3
	\$	\$	\$	\$
2019				
Furniture and fittings	31,131	-	-	31,131
Plant and equipment	5,921	-	-	5,921
Leasehold improvements	763,375	-	-	763,375
	800,427	-	-	800,427
2018				
Furniture and fittings	41,718	-	-	41,718
Plant and equipment	11,606	-	-	11,606
Leasehold improvements	944,990	-	-	944,990
	998,314	-	-	998,314

Reconciliation of Level 3 fair value movement

	Furniture and fittings \$	Plant and equipment \$	Leasehold improvements \$
2019			
Opening balance	41,718	11,606	944,990
Transfer in (out) of Level 3	-	-	-
Gains or losses recognised in net results			
Depreciation / impairment	(10,587)	(5,685)	(217,866)
Acquisition / (disposal)	-	-	36,251
Subtotal	(10,587)	(5,685)	(181,615)
Closing balance	31,131	5,921	763,375
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	11,606	944,990

Description of significant unobservable inputs to Level 3 valuations

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

Structure

- 8.1 Responsible persons
- 8.2 Remuneration of executives and other personnel
- 8.3 Related parties
- 8.4 Remuneration of auditors
- 8.5 Subsequent events
- 8.6 Australian Accounting Standards issued that are not yet effective
- 8.7 Glossary of technical terms

8.1 Responsible persons

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

Names

The Hon. J Merlino, MP – Deputy Premier and Minister for Education – 1 July 2018 to 30 June 2019

Mr P Corcoran – Accountable officer (Chief Executive Officer) – 1 July 2018 to 30 June 2019

Members of the responsible body - 1 July 2018 to 30 June 2019

Ms L Lamb(i) – Council Chairperson	Mr M Butler(i)	Ms S Hannan(i)	Ms G Reardon (1 July 2018 - 31 May 2019)
Ms A Brown(i) – Deputy Chairperson (1 July 2018 - 31 December 2018)	Ms G Carr	Ms D Harrison(i) (15 May 2018 - 30 June 2019)	Mr A Sheumack(i)
Mr P Desmond – Deputy Chairperson (1 January 2019 - 30 June 2019)	Mr P Clifton	Mr E James(i) (1 July 2018 - 31 May 2019)	Ms A Stringer(i)
Ms J Barbousas (1 June 2019 - 30 June 2019)	Dr D Corrigan (1 July 2018-31 May 2019)	Ms K McDonnell(i) (1 July 2018 - 31 May 2019)	Ms R Vine(i) (17 September 2018 - 30 June 2019)
Ms J Brown (1 June 2019 - 30 June 2019)	Ms S Donald (1 June 2019 - 30 June 2019)	Mr K Moloney (1 June 2019 - 30 June 2019)	

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.

(i) Teacher registration fee \$95.55.

Remuneration received or receivable by the Accountable Officer in connection with the management of VIT during the reporting period was in the range of \$280,000-\$289,999 (\$260,000-\$269,999 in 2017-18).

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 \$	2019	2018
0-9,999	16	14
10,000-19,999	2	1
20,000-29,999	1	1
110,000-119,999(i)	-	1
140,000-149,999(i)	-	1
280,000-289,999	1	-
Total	20	18

(i) There were 2 Chief Executive Officers working during the year 2017-18.

8.2 Remuneration of executives and other personnel

8.2.1 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.

As per FRD21C *Disclosure of responsible persons and executive officers in the financial report* (May 2017), the only VIT staff member at VIT who is employed as an executive under Part 3 of the *Public Administration Act 2004* or is a person whom the Victorian Government's Policy on Executive Remuneration in Public Entities applies, is the Chief Executive Officer. The Chief executive Officer's remuneration is covered in note 8.3.

8.2.2 Remuneration of other personnel

VIT did not engage any contractors charged with significant management responsibilities during the reporting period (2018: nil).

8.3 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 \$283,818 (2018: \$198,735).

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

- mentor program sponsorship - \$134,432
- casual relief teaching - \$149,386

VIT incurred expenditure with the Australian Criminal Intelligence Agency of \$786,002 (2018: \$939,067) and the Victorian Police of \$36,402 (2018: \$36,692) during 2018-19.

Significant transactions with other-related entities

The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

VIT received an aggregate of \$1,447 from KMPs in the form of teacher registration payments from Council Members, as indicated in note 8.1 Responsible persons.

Key management personnel of VIT include

- The Minister for Education
- Council members
- The Chief Executive Officer
- Acting Chief Executive Officer (i)

(i) Other staff member acted in the role of CEO during his absence.

	2019 \$	2018 \$
Compensation		
Short-term employee benefits	350,078	243,823
Post-employment benefits	26,823	11,297
Other long-term benefits	6,942	3,560
Termination fees	-	79,778
Total key management personnel compensation	383,843	338,458

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 \$ 31,968 in 2018-19 (2018:\$23,864).

8.4 Remuneration of auditors

	2019 \$	2018 \$
Victorian Auditor-General's Office		
Audit of financial statements	29,310	28,800
Total remuneration of auditors	29,310	28,800

8.5 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.

8.6 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 2019 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 2018-19 reporting period.

8.7 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 2018-19 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.



Alannah Barua (registered teacher) with learners - Mt Ridley P-12 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 2019 and financial position of the Victorian Institute of Teaching as at 30 June 2019.

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 14 August 2019.



Lesley Lamb
Chairperson
Victorian Institute of Teaching

Melbourne
14 August 2019



Peter Corcoran
Chief Executive Officer
Victorian Institute of Teaching

Melbourne
14 August 2019



Mihir Thakar
Chief Finance Officer
Victorian Institute of Teaching

Melbourne
14 August 2019

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 2019 • 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 2019 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 APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
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
18 August 2019



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Appendix A

Disclosure index

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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	3
FRD 22H	Purpose, functions, powers and duties	1-31
FRD 22H	Key initiatives and projects	4-5
FRD 22H	Nature and range of services provided	1-31
Management and structure		
FRD 22H	Organisational structure	29
Financial and other information		
FRD 8D	Performance against output performance measures	n/a
FRD 8D	Budget portfolio outcomes	n/a
FRD 10A	Disclosure index	72
FRD 12B	Disclosure of major contracts	78
FRD 15D	Executive officer disclosures	65-66
FRD 22H	Employment and conduct principles	28
FRD 22H	Occupational health and safety policy	28
FRD 22H	Summary of the financial results for the year	25-26
FRD 22H	Significant changes in financial position during the year	25-26
FRD 22H	Major changes or factors affecting performance	n/a
FRD 22H	Subsequent events	66
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	27
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	n/a
FRD 22H	Statement on National Competition Policy	28
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	78
FRD 22H	Details of consultancies under \$10,000	78
FRD 22H	Disclosure of government advertising expenditure	n/a
FRD 22H	Disclosure of ICT expenditure	79
FRD 22H	Statement of availability of other information	79
FRD 24C	Reporting of office based environmental impacts	28
FRD 29C	Workforce Data disclosures	28
SD 5.2	Specific requirements under Standing Direction 5.2	i-32
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction 5.1.4	32
SD 5.2.3	Declaration in report of operations	iii

FINANCIAL REPORT		
SD 5.2.2	Declaration in financial statements	69
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	40
SD 5.2.1(a)	Compliance with Standing Directions	40
SD 5.2.1(b)	Compliance with Model Financial Report	40-69
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	69
FRD 103G	Non Financial Physical Assets	47-53
FRD 110A	Cash Flow Statements	38, 55
FRD 112D	Defined Benefit Superannuation Obligations	45
* 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>	3
	<i>Victorian Privacy and Data Protection Act 2014</i>	3
	<i>Health Records Act 2001</i>	3
	<i>Freedom of Information Act 1982</i>	27
	<i>Building Act 1993</i>	27
	<i>Financial Management Act 1994</i>	40

Appendix B

Australian Accounting Standards Board 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 2019-19 for FP entities and 2019-20 for NPF entities.
- (7) Under AASB 123 *Borrowing Costs*, NFP entities can elect to recognise borrowing cost as an expense regardless of how the borrowings are applied. However, FRD 105B *Borrowing Costs* requires entities to expense all borrowing costs.

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 standards are effective from the 2018-19 reporting period and are considered to have an impact on public sector reporting

- AASB 9 *Financial Instruments*: AASB 9 simplifies the classification and subsequent measurement of financial assets from four categories (fair value through profit or loss, loans and receivables and held to maturity to three categories (fair value through profit or loss, fair value through other comprehensive income and amortised cost).

The following accounting pronouncements effective from the 2018-19 reporting period are considered to have insignificant impacts on public sector reporting

- AASB 2014 1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*
- AASB 2014 7 *Amendments to Australian Accounting Standards arising from AASB 9*
- AASB 2014 5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*

Future reporting periods

The table below outlines the accounting pronouncements that have been issued but are not effective for 2018-19, which may result in potential impacts on public sector reporting for future reporting periods.

Topic ^(a)	Key Requirements	Effective date
AASB 1059 <i>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 January 2020 ^(b)
AASB 2018-5 <i>Amendments to Australian Accounting Standards – Deferral of AASB 1059</i>	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020. VIT has done an impact assessment which is not material to be effected in the financial statements applicable from 2019-20.	1 January 2019
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet, which has an impact on net debt. VIT has assessed the impact and the Leased asset and liability will be disclosed separately in the 2019-20 balance sheet.	1 January 2019
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017. VIT has done an impact assessment which is not material to be effected in the financial statements applicable from 2019-20.	1 January 2019
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	<p>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.</p> <p>The amendments</p> <ul style="list-style-type: none"> • require non-contractual receivable arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15. 	1 January 2019

Topic	Key Requirements	Effective date
AASB 2018-4 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors</i>	AASB 2018-4 provides the following guidance <ul style="list-style-type: none"> • matters to consider in distinguishing between a tax and a licence, with all taxes being accounted for under AASB 1058; • IP licences are to be accounted for under AASB 15; and • non-IP, such as casino licences, are to be accounted for in accordance with the principles of AASB 15, after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16. 	1 January 2019
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard will replace AASB 1004 <i>Contributions</i> 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. The restructure of administrative arrangement will remain under AASB 1004.	1 January 2019
AASB 2018-8 <i>Amendments to Australian Accounting Standards – Right of use asset</i>	This standard amends various AASB standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1 January 2019
AASB 17 <i>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 reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This 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 January 2021
AASB 2018-6 <i>Amendments to Australian Accounting Standards – Definition of a Business</i>	This standard amends AASB 3 <i>Business Combinations</i> to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments <ul style="list-style-type: none"> • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. 	1 January 2020
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This standard amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine the definition of material in AASB 10 <i>Events after the Reporting Period</i> , include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. The amendments also clarify the definition of material and its application by improving the wording and aligning the definition across AASB standards and other publications.	1 January 2020

The following accounting pronouncements are also issued but not effective for the 2018-19 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- 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 Associates 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 or Settlement*
- AASB 2018-3 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*

Notes

(a) 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.

(b) The state is intending to early adopt AASB 1059 *Service Concession Arrangements*.

Appendix D

Details of consultancies

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Details of consultancies under \$10,000

In 2018-19, there were 11 consultancies engaged during the year, where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure incurred during 2018-19 in relation to these consultancies was \$34,812 (excl GST).

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

In 2018-19, there were four consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018-19 in relation to these consultancies was \$418,601 (excl GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Total approved project fee \$ (excl. GST)	Expenditure 2018-2019 \$ (excl. GST)	Future expenditure \$ (excl. GST)
Brooke Institute Pty Ltd	CRM software assessment	250,000.00	231,039.00	18,961.00
Fusion5 Pty Ltd	CRM software maintenance	130,000.00	125,911.80	4,088.20
Galaxy 42 Pty Ltd	Finance / HR / payroll support	116,850.00	40,250.00	76,600.00
SenateSHJ	Armytage review	21,400.00	21,400.00	-
TOTAL		518,250.00	418,600.80	99,649.20

No major contracts greater than \$10m were entered into in 2018-19.

In 2018-19 VIT engaged 11 consultancies where the total fees payable were less than \$10,000 for a total of \$34,812 (excl GST). There were no contracts related to the Victorian Industry Participation Policy.

Appendix E

Information and communications technology expenditure

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Details of Information and Communication Technology (ICT) expenditure for the 2018-19 reporting period.

The Victorian Institute of Teaching had a total ICT expenditure of \$2,898,686 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)
\$	\$	\$	\$
2,477,132	421,554	310,493	111,061

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
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