

annual report

1 July 2019 - 30 June 2020



Casey Roberts (registered teacher) with learners - Hazel Glen College

2019-20 at a glance

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136,470
REGISTERED
TEACHERS*



100,086
RENEWED
REGISTRATION



8,692
FIRST TIME
REGISTRANTS



158
CONDUCT MATTERS
RESOLVED



84,432
TEACHER INQUIRIES
RESPONDED TO



30,040
NATIONALLY COORDINATED
CRIMINAL HISTORY CHECKS



23 INCIDENTS
OF UNREGISTERED
TEACHING



4,899 TEACHERS
ENROLLED IN PROVISIONALLY
REGISTERED TEACHER
SUPPORT SEMINARS



1,010 AUDITS
FOR RENEWAL OF
TEACHER REGISTRATION

*Includes holders of permission to teach and provisionally registered teachers 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

12 August 2020

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 2020.

Yours sincerely



Lesley Lamb
Chairperson

Melbourne
12 August 2020



Glenn Jessup (registered teacher) with learners - Damascus College

Contents

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Statement of Expectations	1
VIT: Our strategic direction	3
Strategic priorities and key achievements	5
Chairperson's message	9
Chief Executive Officer's report	13
Registration of Victorian teachers	17
Quick facts – 2019-20	19
Accreditation of Initial Teacher Education programs	21
Professional conduct and compliance	23
Summary of financial position	29
Business operations	31
Organisational and governance structure	34
Council report	35
Council members	36
Attestation for compliance	38
Financial statements	39
Note 1: About this report	43
Note 2: Funding service delivery	44
Note 3: The costs of delivering services	46
Note 4: Key assets available to support output delivery	50
Note 5: Other assets and liabilities	54
Note 6: How VIT financed operations	58
Note 7: Risks, contingencies and valuation judgements	61
Note 8: Other disclosures	69
Appendix A: Disclosure index	78
Appendix B: Australian Accounting Standards Board reporting requirements for not-for-profit entities in the Victorian public service	80
Appendix C: Australian accounting standards issued that are not yet effective	82
Appendix D: Details of consultancies	83
Appendix E: Information and communications technology expenditure	84
Appendix F: Additional information available on request	84

Statement of Expectations

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Ministerial statements of expectation (SOE) 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 (VIT) 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 was delivered to the Minister in 2018. VIT considers it has substantially addressed the recommendations of the Review. This view is supported by the Department of Education and Training (DET).

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 DET to further strengthen the VSF
- participating in regular DET / ITE taskforce meetings 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 (ATWD) initiative
- 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
- contributing to the Victorian Supply and Demand Report
- facilitating and contributing 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]
- collaborating with DET and the Teacher Learning Network to provide support for the professional learning of casual relief teachers, and assist them to understand and comply with their regulatory obligations
- collaborating with DET in the early childhood sector to train mentors for provisionally registered teachers (PRTs) 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.

The VIT, with the DET, commenced an evaluation of VIT's acquittal of the SOE in December 2019.

The final report will be provided to the Minister in the second half of 2020 and will be published on the VIT website following the Minister's response.



Maggie Belbasis (registered teacher) with learners - Craigieburn South Primary School

VIT: Our strategic direction

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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 vision For all Victorian children and young people to have the best teachers

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 principles

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

Our strategic objectives



Provide for the safety and wellbeing of children and young people

Review and revise Codes of Conduct and Ethics

Implement a risk management framework

Realign disciplinary processes and delegations

Use proactive data analysis to intervene and prevent harm



Enable quality teaching and the best educational outcomes

Educate teachers about the standards and Codes of Conduct and Ethics

Enhance initial teacher education and ongoing professional learning

Showcase best teaching practices

Use data proactively to identify improvement opportunities



Engage actively with and learn from stakeholders

Develop a stakeholder engagement plan

Establish a Community Expectations Advisory Committee

Embed a process for learning from stakeholder feedback



Strengthen governance and accountability

Build strategic relationships with co-regulators

Proactively engage with early childhood and school leaders, service providers and school councils

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

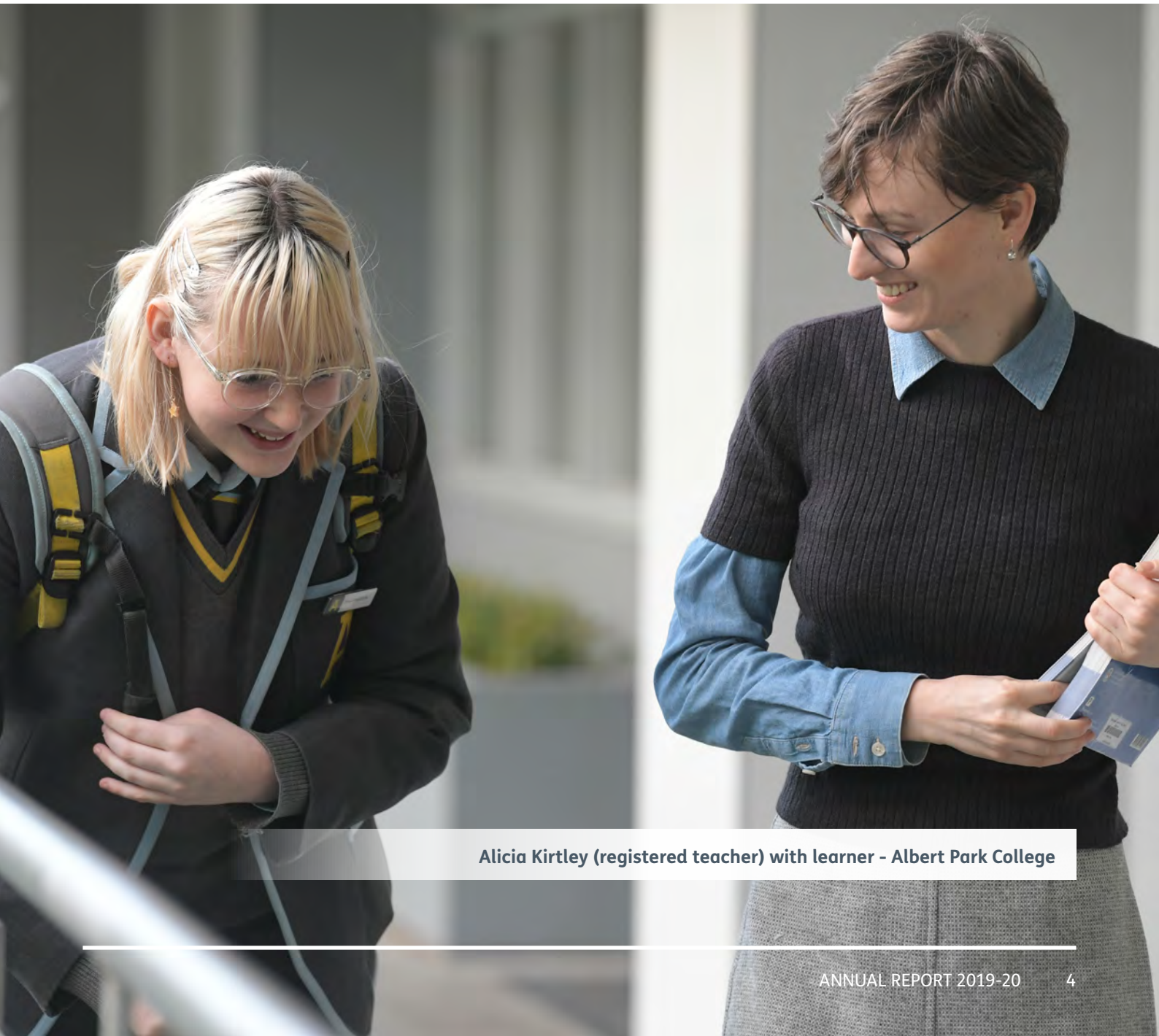
OUR LEGISLATION

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, legislation added an overarching function that VIT, when performing any regulatory function, must consider the wellbeing and safety of children, 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.



Alicia Kirtley (registered teacher) with learner - Albert Park College

Strategic priorities and key achievements



Provide for the safety
and wellbeing of children
and young people

KEY ACHIEVEMENTS

- implemented a risk-based triage system to improve efficiency, consistency and timeliness of disciplinary enforcement processes
- developed case studies and podcasts covering teacher conduct issues, professional boundaries and fitness to teach
- reduced unregistered teaching practice through targeted education and communications
- completed a consultation draft of the Victorian Teaching Profession's Code of Conduct with a focus on child safety and wellbeing
- implemented national reforms related to initial teacher education (ITE) and the revised Standards and Procedures for ITE accreditation
- met Australian Criminal Intelligence Commission (ACIC) requirements for identity validation
- used proactive data analysis to inform education of pre-service and registered teachers about conduct and ethics
- aligned Victoria's registration scheme for teachers and early childhood teachers with the scheme under the *Working with Children Act 2005* (including the development and implementation of a Suitability to Teach Framework as well as policies about fitness to teach, impairment and voluntary suspension by agreement)
- developed a provisional registration policy.



Sarah McFarlane (registered teacher) with learners - Hazel Glen College



Enable quality teaching and the best educational outcomes

KEY ACHIEVEMENTS

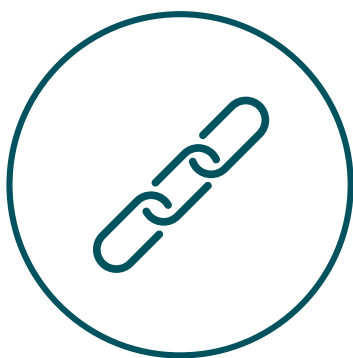
- implemented the Victorian Selection Framework designed by the Victorian Government to introduce clear, transparent, evidence-based selection criteria for entrants into ITE programs
- facilitated the pilot process for panel assessment of special needs and inclusive education-endorsed programs
- embraced a contemporary approach to Primary Specialisations, incorporating Victorian Government focus areas such as Aboriginal and Torres Strait Islander education
- engaged a panel of special needs and inclusive education experts to review processes for postgraduate professional learning programs for already qualified teachers
- provided professional support to teachers through 35 provisionally registered teacher seminars, 61 effective mentoring sessions, 20 initial teacher education presentations, 11 principal network presentations, webinars and other resources
- educated teachers about the Australian Professional Standards for Teachers and the Victorian Teaching Profession Codes of Conduct and Ethics
- updated the Professional Development Framework.



Engage actively with and learn from stakeholders

KEY ACHIEVEMENTS

- developed a Stakeholder Engagement Framework and accompanying strategy to make informed decisions that incorporate the interests and concerns of stakeholders
- worked with other Australian and New Zealand teacher regulators to develop a 'gold standard' approach to teacher fitness and suitability to teach
- implemented an expert user group and expert working group to support feedback on, and user testing of, the new teacher registration technology platform
- collaborated with the Victorian Registration and Qualifications Authority (VRQA) to develop and communicate a guidance note for religious schools that supports compliance with registration requirements, including permission to teach
- joined the Marrung Central Governance roundtable
- actively contributed to Australasian Teacher Regulatory Authorities (ATRA) and Australian Institute for Teaching and School Leadership (AITSL) meetings and workshops, promoting VIT's position in relation to the national reform agenda
- participated in a review of the AITSL Guidelines for the Accreditation of ITE programs in Australia
- supported the Teaching Academies of Professional Practice (TAPP)
- actively engaged with the profession at provisionally registered teacher seminars and mentor sessions and attended eight conferences across the sectors to enhance VIT's capability to support teachers to meet and understand their regulatory obligations, including their professional learning requirements
- increased engagement with school principals and early childhood leaders through improved readership and click through rates of circulars
- conducted targeted compliance audits to assist schools comply with legislative obligations.



Strengthen
governance and
accountability

KEY ACHIEVEMENTS

- designed and developed online accreditation systems
- implemented an ongoing professional development program for the VIT Council
- developed and strengthened memorandums of understanding with a number of key stakeholders
- commenced co-regulatory meetings on child safety and wellbeing with CCYP and VRQA and joined the Commissioner for Better Regulation monthly Regulators Forum.



Be a capable, high
performing and
respected regulator

KEY ACHIEVEMENTS

- supported the health and safety of VIT staff during COVID-19 pandemic
- developed and launched a new business system within scope, schedule and cost during the COVID-19 pandemic
- managed the seamless transition to remote work without compromising functions or service
- participated in national forums and events, including attending national panellist training to provide advice and guidance to facilitators and identify opportunities for improvements
- implemented the Teacher Education Ministerial Advisory Group (TEMAG) reform related to ITE annual reporting for the second consecutive year, providing advice and feedback on nationally developed guidance materials and reporting forms
- assisted AITSL in the Australian Teacher Workforce Data (ATWD) initiative (which will provide insights into the teaching profession and identify areas where teachers require additional support)
- supported ITE provider's internship models, allowing an innovative approach to professional experience - especially in areas of workforce shortage and rural communities
- developed an internal Learning and Development Framework and policy as well as programs for emerging leaders and team leaders.



Louise Johnson (registered teacher) with learner - Featherbrook College

Chairperson's message

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TRANSFORMATION: A DYNAMIC AND ONGOING PROCESS

2019-20 has been a year of extraordinary achievement for VIT. By transforming not only our regulatory procedures but also our organisational culture, we have been consistently implementing our vision for all Victorian children and young people to have the best teachers. We have been further spurred on and supported by new legislation which embeds our role in child safety.

REVIEW OF THE VICTORIAN TEACHING PROFESSION'S CODE OF CONDUCT

We are in the final stages of our review of the Victorian Teaching Profession's Code of Conduct. This exhaustive consultation process has seen teams of VIT staff and Council members tour the State to engage in face-to-face workshops with teachers as well as numerous other consultations to garner input from a comprehensive range of stakeholders. This process was followed by a widely-disseminated Discussion Paper which led to 29 formal submissions on the subject.

This array of considered input is currently being organised into a coherent Consultation Draft. With such valuable input, we anticipate that a final version of the Code – a clear and comprehensive statement of the expectations placed on teachers by the profession and the community – will be presented to the Minister of Education by the end of 2020.

Not only does the proposed new Code reflect a transformed regulatory process, the methodology is also demonstrative of a more outward and service-oriented focus as we seek to consider community expectations in all our activities. VIT is actively engaging with the profession and the community in multiple ways, and seeking to respond to the needs of the profession with our publications and outreach programs.

INTEGRATED TECHNOLOGY SOLUTION

Another project which is both emblematic of our transformation and outreach is our business transformation program. We recognised that our existing business systems would not adapt to the increased complexity and expanded mandate of our core work. We needed a new business system to radically improve our operational capability and give teachers an efficient end-to-end, self-service experience. The system had to integrate with all of VIT's expanded functions, and also be capable of adaptation in changing circumstances. It has been a massive undertaking.

Rather than take a piecemeal approach, VIT pursued a highly strategic and carefully structured process to implement a system capable of linking and streamlining all our operations and processes. Extensive user acceptance testing, expert user group testing and consultation has ensured it will deliver. The resulting product is already operating successfully and will be ready for the busiest period of our year: annual registration.

Our project partner, Brooke Global, has worked closely with VIT to ensure successful design and build. However, our staff deserve great thanks for the way they have worked together tirelessly on projects across all branches while maintaining business as usual.

This project would not have been successful without extraordinary levels of buy-in from staff and 'change champions' who mentored, trained and energised the organisation throughout the process.

“ VIT is actively engaging with the profession and the community in multiple ways, and seeking to respond to the needs of the profession with our publications and outreach programs. ”

COVID-19 - BUSINESS AS UNUSUAL

It was, in some ways, fortuitous that the COVID-19 induced work from home restrictions occurred during the time of intensive development of the new system. Both Brooke and VIT had to change the way we were working to operate entirely in an online environment, thus testing the system's capability constantly.

In addition, COVID-19 necessitated us provisioning some adjustments to registration requirements into the system build: we were testing the adaptability of the system - and our proficiency with it - in an environment of unprecedented change.

However, it must be recognised that this global pandemic has been an enormous challenge for the teaching profession - and they have risen to the challenge brilliantly. Teachers rapidly developed new ways of teaching, engaging, assessing and motivating in an online environment. They had to work innovatively to ensure that young people were not disadvantaged, or have their futures limited, by becoming the 'COVID cohort'.

Principals and school teams led and facilitated this process. Early childhood teachers put their own concerns aside to support children and families, and allow Victorians to more easily move into remote working environments.

The lessons learned from this experience have added to our pedagogical toolkit and will help us to prepare for any future situation. VIT recognises the huge amount of professional development engaged in by the profession.

VIT staff - while working from home themselves and often supervising their children undertaking remote schooling - efficiently put systems in place to ensure teacher services would not be jeopardised and there would be a seamless transition to an online environment.

VIT leadership took strategic actions to ensure staff had secure online access at home and could continue to work collaboratively in an environment that recognises staff wellbeing is vital for a high-performing organisation. We also adapted to ensure pre-service teachers would be assisted if they had difficulty achieving teacher placement requirements, and that registration and renewal procedures would present positive experiences to teachers.

“ **...this global pandemic has been an enormous challenge for the teaching profession - and they have risen to the challenge brilliantly.** ”



James Sutherland (registered teacher) with learner - Siena Catholic Primary School

ENSURING THE BEST TEACHERS FOR THE YOUNG PEOPLE OF VICTORIA

As the regulator of the teaching profession in Victoria, our core work is monitoring the conduct and compliance of teachers to the high standard expected by the community. The Government has been proactive in supporting these endeavours and, in September 2019, introduced a legislative amendment which further defines our responsibilities in the area of child safety.

In addition to the existing ways we assess the suitability of a person to be registered or remain registered as a teacher, the new legislation mandates our obligation to consider whether a person has been the subject of certain types of offences or conduct.

New levels of community awareness regarding teacher conduct had seen the caseload of our Conduct and Compliance Branch increase to extraordinary levels, and the new legislation has added significantly to this. We are dealing with this immense responsibility and workload strategically, and welcome the fact that Victoria now has a more rigorous and integrated child safety system in place.

“ **I am immensely proud of the way that no transitory challenges have side-tracked us from a shared commitment to doing the best we can for the profession and the community – and 2020-21 will be no different.** ”

THANK YOU

The new Council has worked productively to lead this year of extraordinary achievement. We saw changes in membership - Sharon Donald departed to take up her position as CEO of the Victorian Curriculum and Assessment Authority and Peter Clifton, whose passionate commitment to the profession and Victorian young people has benefited us greatly, retired.

New appointments Susan McDonald (Executive Director Department of Education and Training) and Amadeo Ferrar (Principal of McClelland College) will enrich the Council with their experience, wisdom and perspectives.

The year has presented VIT with significant challenges. We have faced budgetary pressures as we attempt to make our IT and telephony systems not only fit-for-purpose, but also user-friendly and respectful of the profession. We have also experienced increased workload as we deal with the burgeoning number of teacher conduct cases resulting from our commitment to ensuring the integrity of the profession. Add to this, the exigencies of working from home due to COVID-19, and you might have seen a dispirited organisation.

In fact, nothing could be further from the truth. Under the leadership of CEO, Peter Corcoran, his capable Executive team, and a culture of shared leadership and collective efficacy, VIT has recognised that transformation is a dynamic process - and one which is never finished - if you are focused to ongoing improvement.

I am immensely proud of the way that no transitory challenges have side-tracked us from a shared commitment to doing the best we can for the profession and the community – and 2020-21 will be no different.



Lesley Lamb

COMMITTEES OF VIT COUNCIL



**AUDIT RISK
MANAGEMENT &
FINANCE
COMMITTEE**



**ACCREDITATION
COMMITTEE**



**REGISTRATION
COMMITTEE**



**STAKEHOLDER
ENGAGEMENT
COMMITTEE**



**PROFESSIONAL
CONDUCT
COMMITTEE**



**REMUNERATION
COMMITTEE**



Meagan Gowing (registered teacher) with learner - Fairhaven Family and Children's Centre

Chief Executive Officer's report

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AN ENTIRELY NEW WAY OF OPERATING

I am extremely proud of what we have achieved throughout 2019-20 despite the enormous challenge and business disruption the coronavirus pandemic (COVID-19) has and continues to present for all of us.

When COVID-19 presented, like many other businesses, we were forced to rapidly change operations from an office-based model to a home-based one. This came when we were embarking on our most ambitious project to date: the development of an enterprise-wide technology platform for our teacher registration, investigation case management and initial teacher education program accreditation functions.

Staff transitioned smoothly and without complaint to an entirely new way of operating, and we were compelled to rapidly introduce a new cloud-based telephony system. We continued to provide all regulatory services and be responsive to stakeholder needs throughout this time. VIT staff have been amazingly resilient and accommodating of the dramatic changes.

OUR NEW TECHNOLOGY PLATFORM

For some time, VIT has been struggling to provide an intuitive technology platform for teacher registration. We know this has been the cause of significant frustration for teachers, employers (and VIT staff). In 2019, Council made the decision to invest in a new platform to replace a number of poorly functioning ones.

We commenced the project in October 2019 and I am pleased to say it will be completed on time, on scope and on budget. The system is expected to go live in time for the 2020-21 registration period. This has been no mean feat considering that COVID-19 forced us – developers, business analysts, testers, expert users, stakeholders, trainers and the project governance board – to collaborate and work remotely at the most critical and complex part of the build.

The level of work conducted by VIT staff in reviewing policies, processes and procedures that underpin the system has been monumental – a testament to their commitment and dedication to improving the registration experience for Victorian teachers.

I would like to pass on a huge thank you to our Business Transformation team and our business systems development partner, Brooke Global for leading this work, and for motivating and steering us through the complexity of this build. Brooke's passion for helping transform the way we do things and their integration with our team have been key success factors.



Suzanne Playfoot (registered teacher) with learners - Albert Park College

“ The level of work conducted by VIT staff in reviewing policies, processes and procedures that underpin the system has been monumental - a testament to their commitment and dedication to improving the registration experience for Victorian teachers. ”

SUPPORTING VIT COUNCIL COMMITTEES AND PANELS

VIT staff support the work of the Council and its committees and panels so that they can undertake their statutory obligations.

We have provided executive support for 37 Council and Committee meetings and a number of Hearing Panels and Initial Teacher Education Accreditation Panels this financial year. This includes two new committees: the Stakeholder Engagement Committee and the Registration Committee.

I couldn't be prouder of the work we have undertaken in support of Council and its Committees, and I pass on a huge thanks to all staff who contributed to this outcome.

A, B AND C - A NEW REGULATORY LANDSCAPE

This year has seen a monumental change to the way we regulate teachers, with the categorisation of offences (into category A, B and C) to more closely align with Working with Children Victoria. The legislative changes that came into force on 1 September 2019 have had profound impact on VIT.

I would like to congratulate staff for the enormous achievement of aligning our regulatory scheme with that of Working with Children Victoria. It has been a mountain of work, and their remarkable dedication and sheer hard work has ensured the alignment as seamless as possible.

“ ...we have achieved our best results in recent memory in relation to engaging with teachers regarding their registration ”

REGISTERING TEACHERS AND RESPONDING TO TEACHER QUERIES

This past year, we have achieved our best results in recent memory in relation to engaging with teachers regarding their registration. Late fees dropped from 21,000 the year before to 8,000 – a testimony to our strategy that involved the whole of organisation collaboration.

I want to acknowledge the steadfast and unrelenting work of the Teacher Engagement and Registration Branch who have dealt with over 43,000 emails and 55,000 phone calls throughout the year, and undertaken our core function of registering 136,470 teachers with patience and understanding. The work has been as intense as ever, but the teamwork demonstrated has made all the difference.

TEACHER CONDUCT AND REGULATORY COMPLIANCE

I am continually amazed and humbled by the quality and volume of audit and investigation work being undertaken. The roll-out of the reportable conduct scheme (commenced in 2017), the recent alignment with Working with Children Victoria's offence categorisation and our Victoria Police weekly data wash have contributed significantly to improving child safety, but has come a huge expansion of work for us.

It has been a tremendously busy year for our Conduct team, with over 800 matters requiring our attention. (Only two years ago we were sitting around 150.) This is complex and sensitive work that requires the highest level of professionalism. Each of our inquiries into teacher misconduct involves a huge amount of engagement with teachers, employers, families, law enforcement agencies and our co-regulators. The VIT has recently recruited additional staff to assist in this important work.

I have been thrilled to see VIT's regulatory approach come to life through our compliance work, in particular, responding to notifications from the Commission for Children and Young People, Victoria Police, employers and the public.

ENGAGING WITH THE TEACHING COMMUNITY

We have shifted gears in our engagement with the teaching community and our focus on professional practice.

Highlights for me have been our *Professional Practice* newsletters that have resulted in outstanding engagement rates; our presence at events and conferences; providing information and videos on professional practice on the website; delivering a superb Annual Report for Parliament and the public; presenting in-person and web-based seminars for pre-service teachers; conducting development programs for mentors, provisionally registered teachers, early childhood teachers and casual relief teachers; engaging with the community on the Code of Conduct; supporting those with LANTITE conditions – and the list goes on.

OUR QUEST TO IMPROVE THE QUALITY OF TEACHING

Over the last year, we have accredited 19 Initial Teacher Education (ITE) programs, bringing the total to 148. There is an enormous amount of work engaging with ITE providers and following up with them so that they can address identified issues.

We have been collaborating with the Department of Education and Training (DET) and the 12 Victorian ITE providers in the review of the Victorian Selection Framework, exploring issues surrounding ATARs, Literacy and Numeracy testing (LANTITE) and newly introduced requirements for teacher performance assessments (TPAs) for graduates of ITE programs – all with a single purpose of lifting standards. I am grateful for the work of the Accreditation and Professional Practice Branch and how they engage with stakeholders.

A BETTER UNDERSTANDING OF THE VICTORIAN TEACHING PROFESSION'S CODE OF CONDUCT

Work has continued on the review of the Victorian Teaching Profession's Code of Conduct with input from all of Victoria's educational contexts. Participants in workshops indicated they appreciated the ability to contribute to the review, as they understand its value in ensuring high standards for the teaching profession. Further stakeholder feedback will be sought before a final new Code is approved in late 2020.

BEHIND THE SCENES

The Shared Services Branch set an ambitious agenda to lift up the heavy rocks and 'get things right'. Of particular note, we kicked off the financial remediation project, rebuilding our financial processes and reporting from scratch.

Central to that project has been the task of addressing leave balance issues. I have been pleased to see the work carried out and encouraged by staff willingness to engage in the process and understand it.

As part of the external audit from the Victorian Attorney General's Office (VAGO), our annual financial statements received a positive report with no material adverse findings.

I want to pass on my thanks to the Shared Services Branch for their hard work providing the infrastructure, support and problem solving for our day-to-day business system needs, and for their fantastic work defending the integrity of our systems from the threat of cybersecurity attack.

I have been pleased to see the efforts of our Risk and Assurance team influencing the development of branch risk registers. This is a step along our risk management maturation journey, and puts us in a better place to identify and respond to business and regulatory risks.

I want to pay special thanks to our Office Management and Business Systems teams for providing staff with the tools and equipment necessary to undertake our job and for ensuring smooth transitions as we upgraded the office fit out. Much work was done after hours to minimise the impact on our staff – in particular, the work undertaken to rapidly transform from an office-based work environment to a home-based one. We appreciate the ongoing efforts to keep our business operational in these unprecedented times.

The level of support provided by the People and Culture Branch has been outstanding. They have been 'fighting above their weight'. We have experienced great successes building HR foundations with policies; lifting our recruitment practices; developing a Learning and Development Framework; running our first emerging leaders and team leader development programs; and introducing an online learning platform.



1,284,087
WEB VISITS
LOGGED



16,662
REGISTRATIONS
ASSESSED



84,432
TEACHER INQUIRIES
RESPONDED TO



43,704
EMAIL
RESPONSES



37,912
PHONE
CALLS

“ I have been thrilled to see VIT’s regulatory approach come to life through our compliance work, in particular, responding to notifications from the Commission for Children and Young People, Victoria Police, employers and the public. ”

LOOKING FORWARD

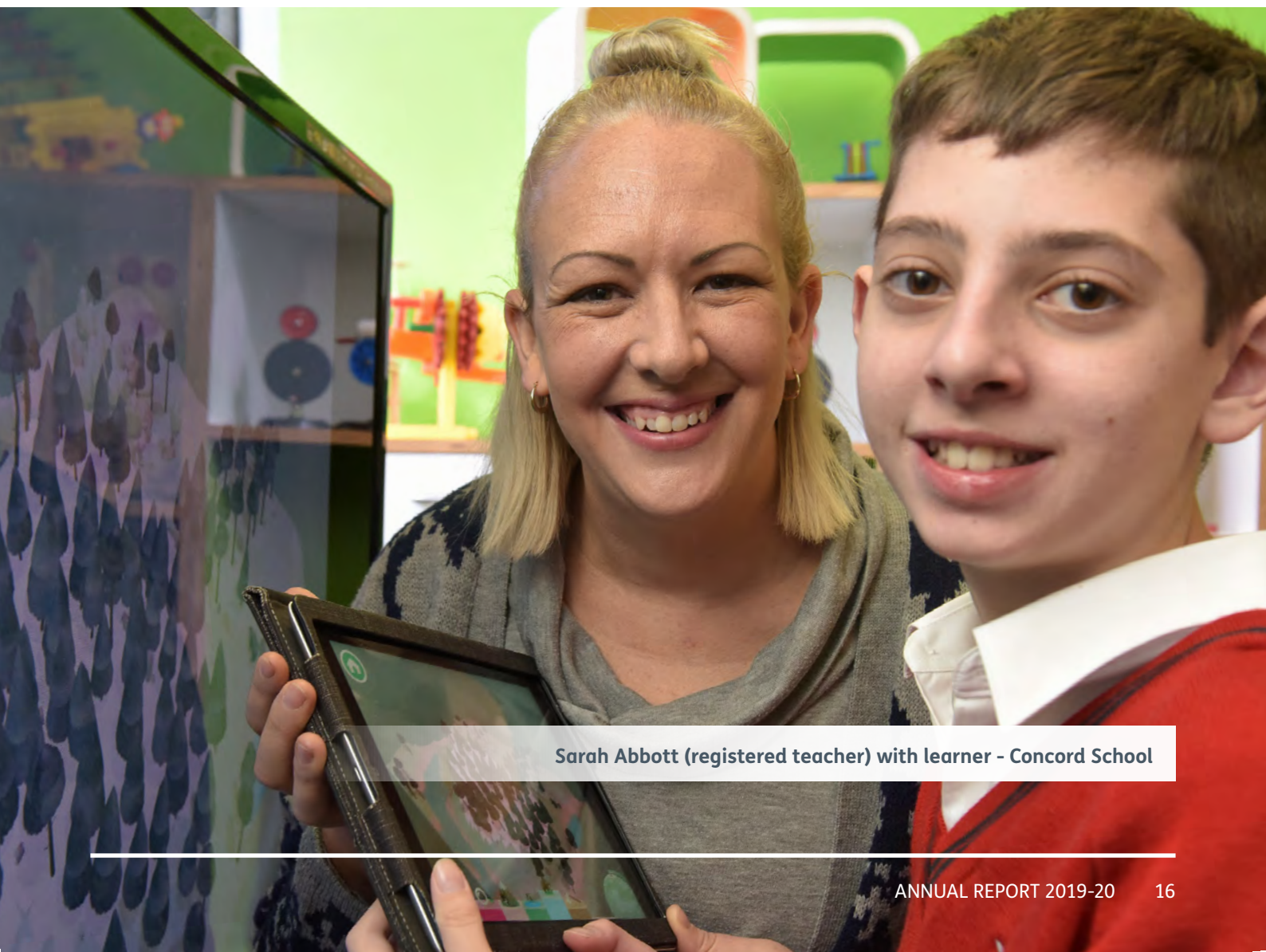
Who would have thought that 2020 would pan out how it has? As I write this, we are dealing with a return of high numbers of COVID-19 cases. So that teachers impacted by COVID-19 are not unfairly disadvantaged, we have made reasonable adjustments to our regulatory requirements.

As Melbourne goes back into lockdown and we continue to work from home, our vision for all Victorian children and young people to have the best teachers remains unabated. We continue to regulate for a highly qualified, proficient and reputable teaching profession.

I think the respect and admiration for teachers shown by the Victorian public throughout the COVID-19 period speaks volumes for the professionalism and dedication of the Victorian teaching profession, and I would like to congratulate them for it.



Peter Corcoran



Sarah Abbott (registered teacher) with learner - Concord School

Registration of Victorian teachers

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There are 136,470 registered teachers in Victoria, of which 6,967 hold early childhood teacher (ECT) registration and 3,128 hold dual registration.

The total number of registered teachers increased by 2.7% from the previous year, and the total number of new registrations processed decreased by 0.9%.

Table 1
Number of registered teachers

Registration type	2019	2020	% change
(Full) registration - school teacher	103,513	105,671	2.1
(Full) registration - early childhood teacher	4,592	4,803	4.6
(Full) registration - dual	1,472	1,850	25.7
Provisional registration - school teacher	14,489	14,565	0.5
Provisional registration - early childhood teacher	1,805	1,984	9.9
Provisional registration - dual	1,125	1,233	9.6
Non-practising - school teacher	3,632	4,005	10.3
Non-practising - early childhood teacher	118	146	23.7
Non-practising - dual	22	33	50.0
Returning from non-practising - school teacher	818	737	-9.9
Returning from non-practising - early childhood teacher	43	34	-20.9
Returning from non-practising - dual	11	12	9.1
Permission to teach	1,286	1,397	8.6
TOTAL	132,926	136,470	2.7

Table 2
Number of new registrants

Qualification type	2019	2020	% change
Victorian qualifications	6,180	6,028	-2.5
Interstate qualifications	557	540	-3.1
Overseas qualifications	632	579	-8.4
Mutual recognition	616	1,000	62.3
Permission to teach	789	545	-30.9
TOTAL	8,774	8692	-0.9

VIT AT WORK – A CASE STUDY

Pseudonyms have been used and details have been altered to protect personal privacy.

Petra is a provisionally registered early childhood teacher living in regional Victoria.

At her workplace, there are no other registered teachers and her director is not registered with VIT. Petra attended a provisionally registered teacher (PRT) seminar to learn more about moving to (full) registration, and then contacted VIT's Professional Practice team for further support in finding a mentor. The only other registered teachers in her area are at local schools, but Petra's preference is to have an early childhood teacher as her mentor.

The Professional Practice team directed Petra to the EC Mentor service operated by the Department of Education and Training (DET). This service involves mentors from Gowrie Victoria who have been trained by members of VIT's Professional Practice team and funded by DET to provide mentor support to early childhood PRTs throughout Victoria.

Petra met Kim, a mentor, through Gowrie who supported her with her teaching practice as well as participated all the necessary professional observations and conversations to meet her regulatory requirements. Kim also took on the role of panel chair for Petra's Workplace Recommendation Panel meeting.

Kim had participated in the VIT mentor training and gave this feedback

"The (mentoring) session helped me to think and work through tricky conversations. I feel I am far more knowledgeable and empowered to work with my mentee."

Through her VIT training, Kim was aware of the legislative requirements to move to (full) registration and made sure that Petra fulfilled her obligations and felt supported throughout the process.



Sally Wright (registered teacher) with learners - Damascus College

Quick facts – 2019-20

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SCHOOL TEACHERS



EARLY CHILDHOOD TEACHERS



SCHOOL TEACHER
AVERAGE AGE
44 YEARS

15% of school teachers are under 30 years and 16% over 60 years



EARLY CHILDHOOD TEACHER
AVERAGE AGE
42 YEARS

14% of early childhood teachers are under 30 years and 9% over 60 years



DUAL REGISTRANTS
AVERAGE AGE
36 YEARS

41% of dual registered teachers are under 30 years and 4% over 60 years



30,040
NATIONALLY COORDINATED
CRIMINAL HISTORY CHECKS



4,899
REGISTRANTS
FOR PROVISIONALLY REGISTERED
TEACHER SUPPORT SEMINARS

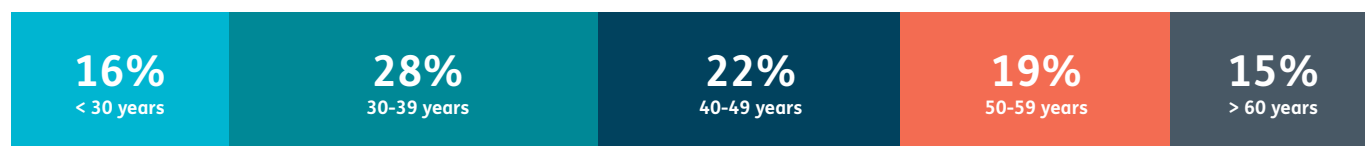


4,466
NON-PRACTISING
TEACHERS



31%
DECREASE
IN NUMBER OF INDIVIDUALS
GRANTED PERMISSION TO TEACH

AGE



REGISTRATION TYPE



SECTOR



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

VIT AT WORK – A CASE STUDY

Pseudonyms have been used and details have been altered to protect personal privacy.

Casual relief teacher (CRT), Van, was concerned about meeting the 20 hours of professional learning requirement to renew her registration; she doesn't have access to the same level of support from a school as teachers in permanent employment.

After attending an Australian Education Union (AEU) conference where a VIT staff member gave a presentation, Van spoke with the staff member about how she could meet her professional learning requirements as a CRT.

Van was advised that VIT accepts a range of professional learning activities - including professional conversations, professional readings, webinars, conferences and staff meetings.

The staff member also provided Van with a range of resources to help her identify relevant and free / low cost learning activities, including information about the free PD provided by crtpd.com; details for her local CRT network; and a link to VIT's CRT webpage which lists free / low cost professional learning opportunities.

Van was able to use this information to assist another colleague who had similar concerns about meeting the professional learning requirement. Van also joined her local CRT network, and is now able to share her experiences and knowledge with other CRTs in her community.

Van kept in touch with VIT by responding to calls for topic suggestions in VIT's *Professional Practice* newsletter, and continued to participate in regular surveys from VIT and the Teacher Learning Network about her learning needs.

Accreditation of Initial Teacher Education programs

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ACCREDITATION OF ITE PROGRAMS

The accreditation of Victorian initial teacher education (ITE) programs is a key function of VIT. It ensures that teachers' qualifications meet the required and nationally agreed Australian Professional Standards for Teachers (APST).

Accreditation of ITE programs is a key element in VIT's vision for all Victorian children and young people to have the best teachers. The rigorous process of accreditation assures the quality of Victorian ITE programs and teaching qualifications. It underpins VIT's strategic objective to enable quality teaching and the best educational outcomes.

On average, Victorian ITE programs prepare 6,000 graduates each year for entry into the teaching profession. About 4,200 of these graduates apply for VIT registration to work in Victorian schools and early childhood settings.

In 2019-20, VIT finalised the full stage one accreditation of 19 programs. There are currently 12 providers offering 148 accredited ITE programs in Victoria, 56 of which are in 'teach out'.*

ACCREDITATION COMMITTEE

The Accreditation Committee assess and approve ITE programs for the purposes of teacher registration consistent with the National Standards and Procedures for accreditation of ITE programs in Australia. The Committee comprises teachers and principals from government and non-government schools, teacher educators as well as representatives of Victorian teacher employers. During 2019-20, the Committee met seven times.

COMMITTEE MEMBERSHIP

Gillian Carr – Council member

Committee Chairperson (commenced June 2019)

Paul Desmond – Council Deputy Chairperson

Deputy Chairperson (commenced July 2019)

Joanna Barbousas – Council member

(commenced June 2019)

Linda Blakis – Registered teacher

Anita Brown – Employer representative, Department of Education and Training

Michael Butler – Council member

(ceased June 2019)

Deborah Corrigan – Higher education institution representative

(commenced as non-council representative June 2019)

Siobhan Hannan – Council member

(ceased June 2019)

Kathy Jordan – Higher education institution representative

Jim Laussen – Employer representative, Independent Schools Victoria

Karalynn McDonnell – Registered teacher

(commenced as non-council representative June 2019)

Danielle Purdy – Employer representative, Catholic Education Office

(commenced June 2020)

Shauna-Maree Sykes – Employer representative, Catholic Education Office

(ceased May 2020)

VIT AT WORK – A CASE STUDY

Pseudonyms have been used and details have been altered to protect personal privacy.

Lisa works for an initial teacher registration (ITE) provider. She is responsible for the management of their ITE accreditation submissions to VIT.

Lisa was new to the role, having replaced the previous staff member midway through the development of an accreditation submission for multiple ITE programs.

She had no experience with the national approach to accreditation of ITE programs and had not yet participated in national panellist training for ITE accreditation. Although targeted at accreditation panellists, this training provides important insights for ITE providers' staff who lead the development of accreditation submissions.

Realising Lisa's significant workload and the complexity of the task at hand, two of VIT's co-case managers initiated a meeting with her to talk through accreditation processes, the requirements of the National Standards and Procedures for accreditation of ITE programs in Australia and VIT's expectations. They provided examples of best practice evidence for the Standards, highlighted common evidence gaps, and gave her guidance on how to provide appropriate evidence to effectively address the more challenging standards.

The VIT co-case managers continued to support Lisa throughout the final development of submission documentation, the panel process and through to approval of the ITE programs.

*ITE programs in 'teach out' no longer accept new enrolments

BUSINESS TRANSFORMATION PROJECT

VIT has commenced building a new online platform that will transform the way we communicate with ITE providers.

A key component of this new system is the development of dedicated accreditation systems. With a focus on user experience, it will allow providers to self-manage their programs, increase transparency of program data and streamline processes.

VIT AT WORK – A CASE STUDY

Pseudonyms have been used and details have been altered to protect personal privacy.

After working with VIT at a recent principal network meeting, school principal, David emailed VIT's Professional Practice team to find out if they had any additional support for the process of moving classes to an online environment.

In order to support this and other requests, VIT collaborated with our networks across all sectors to provide links and resources to support teachers move to online learning. These resources were regularly updated and included a range of professional readings, webinars and other relevant materials.

One concern identified from school and early childhood centre leadership was around the professional expectations of teachers online.

From this, VIT developed a digital professionalism webinar and ran targeted sessions for early childhood and school teachers across the State.

Within a day of these webinars being advertised, they had booked out. More webinars were offered to meet the demand. In total, eight webinars were delivered, and were well attended.

David attended the webinar and gave the following feedback

"The content and discussions were fantastic, and included information about considerations when setting up a home office as well as how different schools were applying regulations."



Linda Blakis, Professional Practice (Principal Practitioner) Manager - Victorian Institute of Teaching

Professional conduct and registration compliance

PROFESSIONAL CONDUCT

From 1 September 2019, VIT's legislation was amended to align the scheme for the characterisation of criminal offences with the general scheme in the *Working with Children Act 2005* (Vic) for assessing applicants for a Working With Children Check. The amendments were in response to recommendations arising from the report of the McClellan Royal Commission into Institutional Responses to Child Sexual Abuse.

A key focus for VIT in this reporting period was the initial implementation of these legislative changes, resulting in improvements to VIT's investigatory approach, particularly in the consideration of a teacher's fitness and suitability to practise.

Consistent with previous reporting periods, VIT received a high number of notifications and complaints relating to teacher conduct. To address this continuing trend, VIT committed additional resources to the Conduct and Compliance Branch.

TRIAGE AND PRELIMINARY ASSESSMENTS

All new notifications and complaints are triaged to identify and prioritise matters according to the level of risk the teacher's alleged conduct poses to the safety and wellbeing of children. High risk matters involving serious criminal breaches invoke mandatory regulatory activities under the Act and are dealt with as a priority.

In the reporting period, VIT received 419 new notifications or complaints. The main source of new notifications to VIT were from the Commission for Children and Young People (CCYP), with 186 received. Mandatory reporting from school employers where some degree of disciplinary action had been taken against a teacher or early childhood teacher amounted to 67 for the period. Complaints from third parties, including parents and carers, accounted for 76 of the new matters received.

A growing source of notifications to VIT derives from teachers who find themselves the focus of police enquiries. These are identified as the result of VIT's legislated continuous criminal record checking arrangements with Victoria Police. In the reporting period, 90 new notifications were received in this category. Notifications of lower level criminal conduct (known as Category C conduct in the Act) are monitored as the case proceeds through the Courts. Where a potential risk to children is identified, assessments are conducted at an early stage to invoke regulatory actions, such as interim suspension, where necessary for the protection of children.

In addition to receiving notifications or complaints, VIT can also initiate an investigation on its own motion, where information is received regarding a teacher's possible lack of fitness on character grounds, offences against the Act or due to concerns about possible health impairments impacting teaching. There were 84 matters opened by VIT on its own motion in the reporting period.

During the reporting period, all new matters received were triaged based on risk. There were 256 matters that were identified as 'high risk' and prioritised for formal preliminary assessment. VIT continues to progressively allocate resources to 'low to medium' risk matters as the preliminary assessment 'high risk' matters are concluded.

Of the total number of preliminary assessments undertaken, 42 serious matters progressed to a formal investigation. The balance of matters that came to the attention of VIT were dealt with through educative guidance to the teacher concerned, centred around their obligations to adhere to the requirements of the Victorian Teaching Profession Code of Conduct and Ethics.

DIAGRAM: VIT REGULATORY FUNCTIONS



INVESTIGATIONS

The Act enables VIT to investigate allegations of misconduct, serious misconduct and where a teacher's ability to teach may be seriously affected by a health impairment. VIT may also consider allegations of serious incompetence against a teacher or their overall fitness to hold registration.

In circumstances where VIT exercises its power to suspend a teacher's registration on an interim basis, VIT must investigate the allegations against that teacher that led to the suspension.

Following an investigation, VIT refers the matter to the Professional Conduct Committee to consider a range of possible disciplinary approaches and outcomes, including

- referring a matter for consideration by a formal, informal or medical hearing panel or criminal prosecution in relation to unregistered teaching
- resolving a matter by voluntary agreement with the 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 schools about the requirement for registration and warning against the risk of recidivist unregistered teaching practice.

In the reporting period, 42 matters received were progressed to a formal investigation following a preliminary assessment.

Of the total number of investigations conducted in the reporting period, 51 were considered by the Professional Conduct Committee. Table 3 represents the outcomes of decisions made by the Committee in this reporting period.

Table 3
Professional Conduct Committee outcomes in 2019-20

Outcome	No.
Referral to an informal, formal or medical panel hearing	4
No further action	23
No further action with guidance letter	18
Agreement with teacher for imposition of conditions and/or voluntary suspension	4
Agreement with teacher to cancel registration	2

During 2019-20, the Committee met ten times.

COMMITTEE MEMBERSHIP

Lesley Lamb – Council Chairperson

Committee Chairperson

Michael Butler – Council member

Peter Clifton – Council member
(ceased September 2019)

Kevin Moloney – Council member

Anthony Shuemack – Council member

Angela Stringer – Council member

Raelene Vine – Council member



Prabh Kaur (registered teacher) with learners - Craigieburn South Primary School

REGISTRATION SUITABILITY

All Victorian teachers must establish their suitability to teach at initial registration and annually at renewal of registration. Suitability encompasses both the elements of a person's fitness to teach as well as their physical and mental capacity to teach. As outlined, changes to VIT's legislation have enabled greater consideration of suitability to teach issues as part of the annual registration renewal process.

In preparation for the 2020 annual registration period, VIT undertook work in cases relating to teachers who, at the time of renewal, had a known suitability matter requiring consideration.

These included teachers who

- had engaged in Category C conduct where their ability to teach might be affected because of their conduct, or where it might not be in the public interest to allow that person to teach because of their conduct
- were charged with, or had been found guilty of, a more serious criminal offence (Category B offence) and VIT considered that the person posed an unjustifiable risk to children
- had been the subject of a substantiated finding of reportable conduct.

At the commencement of the 2020 annual registration period, 157 teachers were identified as having a known suitability matter requiring consideration by VIT. Table 4 represents the outcomes of 102 registration suitability matters in this reporting period.

Table 4
Registration suitability matter outcomes in 2019-20

Outcomes	No.
Interim suspension of registration	1
Agreement for voluntary suspension of registration	3
Voluntary cessation of registration	11
Renewal of registration refused	3
Renewal of registration approved with conditions	9
Renewal of registration approved without conditions	66
Resolved by the Professional Conduct Committee following an investigation	9

VIT will continue to progressively resolve the remaining 55 renewal suitability matters in the next reporting period.



Alyssa McKenna (registered teacher) with learners - Beaconhills College

TEACHER REGISTRATION SUSPENSION AND CANCELLATION POWERS

VIT's powers under legislation 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.

During the reporting period, VIT exercised this power 16 times, primarily in areas concerning alleged sexual offending against children, professional boundary transgressions or where the teacher was suffering from a mental health impairment or an addiction to drugs or alcohol. VIT must review each of these suspensions monthly and decide whether it should continue or revoke the interim suspension.

In addition to its interim suspension powers, VIT is required to suspend a teacher's registration in circumstances where that person has been charged with a serious offence (Category A offence) or is the subject of an interim negative notice issued by Working with Children Check Victoria. VIT also has discretion to suspend a person's registration if they are charged with a Category B offence.

If a person is found guilty of a Category A offence, or is the subject of a negative notice issued by Working with Children Check Victoria, his or her registration is automatically cancelled and that person is disqualified from teaching in a school or early childhood centre. Table 5 outlines VIT's suspension and cancellation activity during the reporting period.

Table 5
Suspension and cancellation actions in 2019-20

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.	16
Interim suspension reviews The Act provides that VIT must review the basis for the interim suspension of a person's registration within 30 days after the suspension takes effect and within 30 days after that review and every successive review in order to determine whether or not to continue that suspension.	270
Suspensions for Category A offences or interim negative notices The Act provides that VIT must suspend the registration or permission to teach of a person if that person is charged with a Category A offence in Victoria or an equivalent offence in another jurisdiction, or has been issued with an interim negative notice.	16
Suspensions for Category B offences The Act provides that VIT may suspend the registration or permission to teach of a person if that person is charged with a Category B offence in Victoria or an equivalent offence in another jurisdiction.	1
Cancellations and disqualifications for Category A offences or negative notices The Act provides that VIT must cancel the registration or permission to teach of a person if that person is convicted or found guilty of a Category A offence in Victoria or an equivalent offence in another jurisdiction, or has been issued with a negative notice.	10

DISCIPLINARY HEARINGS AND APPEALS

On completion of an investigation, VIT is empowered to determine that an informal, formal or medical panel hearing be held into a matter. During the reporting period, VIT conducted four formal hearings in which

- one teacher had their registration suspended
- one teacher had their registration cancelled
- two teachers had their registration cancelled with a period of disqualification.

It is also open to VIT to determine there are appropriate and effective regulatory alternatives to dealing with a matter referred to formal hearing. During the reporting period, six matters originally referred to formal hearing were finalised by way of a disciplinary agreement with the teacher, or through other regulatory measures. In each of these cases, VIT ensured the safety and wellbeing of children was a paramount consideration in this decision making process.

The Act provides that in certain circumstances a person may apply to the Victorian Civil Administrative Review Tribunal (VCAT) for review of a VIT determination to cancel or suspend a person's registration, or a determination refusing a person's application for registration or renewal of registration.

In the reporting period, six applications were lodged at VCAT, of which

- one was withdrawn
- one was stayed
- four are ongoing.

REGULATORY COMPLIANCE

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

Teachers demonstrate their continuing maintenance of professional knowledge and practice through an annual renewal process, which requires self-declarations as to continued suitability to teach, days of teaching practice and hours of professional development undertaken. VIT audits a sample of renewal applications. Applicants selected for audit are required to supply documentary evidence of their days of professional practice and hours of professional learning.

During the reporting period, VIT audited 1,046 renewal applications. Of those audited, 948 teachers provided satisfactory evidence of their professional practice and professional learning requirements.

Approximately 10% of teachers were unable to substantiate their professional practice and professional learning requirements. These teachers subsequently applied for non-practising registration, ceased their registration or allowed their registration to expire.

All teachers returning from non-practising registration must provide evidence that they have undertaken specific professional practice and professional learning requirements in order to obtain approval for (full) registration. In the reporting period, 391 teachers submitted applications to return to teaching; all were approved for (full) registration following an audit.

Provisionally registered teachers become eligible for (full) registration when they have gained teaching experience and demonstrate that they have met Australian Professional Standards for Teachers at the proficient level. As a validation process, VIT audits a sample of applications for (full) registration. During the reporting period, VIT audited 224 applications for (full) registration and, of those, 96% were approved.

Every year, VIT checks the registration of all ongoing and contracted staff in Victorian schools. In government and Catholic schools, this check is done through an exchange of data between the sector authorities and VIT. During the reporting period, VIT checked the registrations of 50,827 government school teachers and 18,826 Catholic school teachers.

Within the independent sector, VIT works directly with each independent school to exchange teacher registration data. During the reporting period, VIT checked the registrations of 16,602 teachers employed in 217 independent schools.

Under the Act, it is an offence for a person who is not registered, or who does not have permission to teach, to undertake the duties of a teacher in a school. Additionally, a person who is not registered must not claim to be a registered teacher, or present themselves as being a registered teacher.

It is also an offence for a person or body to employ a person to teach in a school or early childhood service unless the person is registered or has permission to teach.

During the reporting period, VIT received 50 notifications concerning possible unregistered practice. Of those, 23 were investigated as confirmed cases. The majority of these cases involved either registrants teaching before their registration was approved or early childhood teachers being employed without the appropriate registration.

To help address the most common causes of unregistered practice, VIT published communiques to principals, early childhood leaders and teachers regarding things to check at the start of the school year, how to check the registration of graduate teachers, and the registration requirements for early childhood teachers.

VIT AT WORK – A CASE STUDY

Pseudonyms have been used and details have been altered to protect personal privacy.

Oliver is a primary school teacher in metropolitan Melbourne. While completing his annual application to renew his registration, Oliver made a declaration that he had a mental health disorder. VIT was already investigating Oliver for Category C offences, namely five counts of theft of a musical instrument.

After receiving the declaration, VIT made further inquiries with Oliver. He disclosed that, among other things, he was battling a gambling addiction which gave rise to the criminal offending. Oliver explained to VIT that he understood his criminal offending was wrong and he provided medical evidence confirming he was seeking ongoing treatment for his mental health issues.

To assist Oliver in navigating his difficult personal circumstances, VIT discussed with Oliver the prospect of his entering into a voluntary agreement to suspend his registration while he received necessary medical treatment. The voluntary agreement to suspend Oliver's registration was executed with strict conditions regarding what would be required for Oliver to have his suspension revoked.

Oliver expressed his gratitude that VIT was taking a sympathetic approach to his situation. Oliver also advised VIT that, with time, he was confident his mental health issues could be managed, and he could return to teaching and make a positive contribution to the community.



Marwa Abdul-Al (registered teacher) with learner - Al Taqwa College

Summary of financial position

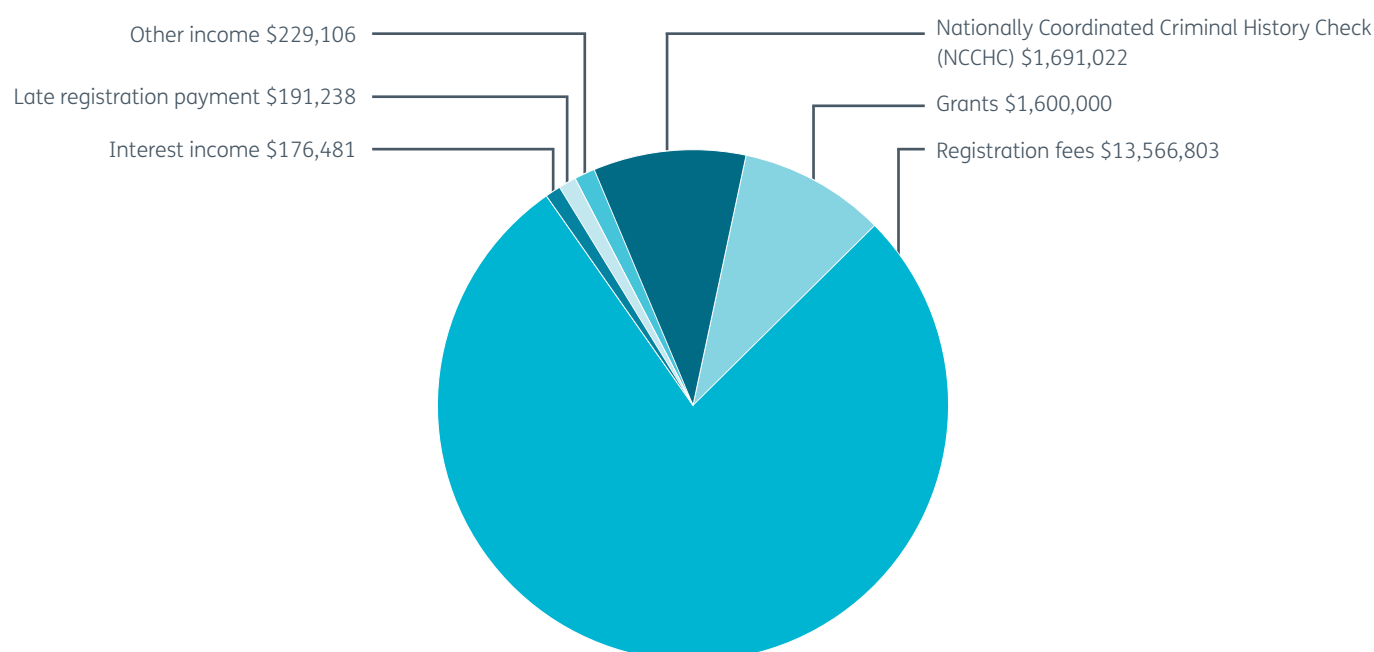
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The financial report and accompanying notes are for the financial year ended 30 June 2020.

Table 6
Financial results 2019–20

	2019-20 \$		2019-20 \$
OPERATIONS		FINANCIAL POSITION	
Fees	15,257,826	Financial assets	12,236,039
Interest	176,481	Non-financial assets	8,696,892
Grants	1,600,000	Total assets	20,932,931
Other	420,344	Provisions and payables	6,342,440
Total income	17,454,651	Revenue received in advance	3,683,460
Operating expenses	14,916,870	Total liabilities	10,025,899
Net result	2,537,781	Total equity	10,907,032

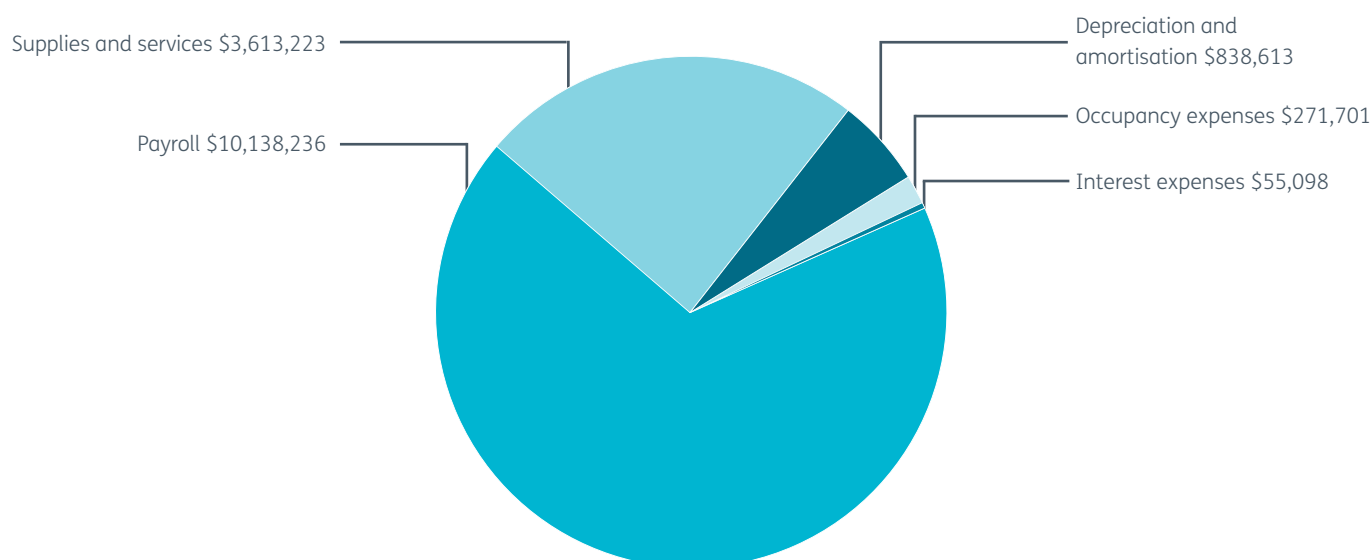
Figure 1
Revenue for 2019-20



In 2019-20, the annual registration fee was increased from \$95.55 to \$97.94. Teacher registration fees are paid in advance, on a pro-rata basis, to each of the 12 months. Fee revenue belonging to July 2020 or after is considered revenue in advance and is included as current liability in the balance sheet.

Registration revenue increased in 2019-20 due to an increase in teacher registrations and the increase in the registration fees. NCCHC revenue decreased as a result of lower numbers of new applications and the lower proportion of registered teachers required to update their NCCHC during the year.

Figure 2
Expenses for 2019-20



Operating expenses increased in 2019-20 with an increase in employee expenses, interest expenses and administrative expenses.

In summary, 2019-20 generated a surplus of \$894,182 compared to \$1,532,450 reported in the previous year.

VIT's balance sheet and cash position are lower than the last year due to the new business system outflow 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 and risk 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 2019-20, the Committee met seven times.

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 2019-20, the Committee met four times.

Members

Gail Owen – Independent external member

Committee Chairperson

Michael Butler – Council member
(ceased December 2019)

Peter Clifton – Council member
(ceased December 2019)

Danielle Harrison – Council member

Lesley Lamb – Council Chairperson

Angela Stringer – Council member

Lisa Tripodi – Independent external member

Members

Lesley Lamb – Council Chairperson
Committee Chairperson

Paul Desmond – Council Deputy Chairperson

Michael Butler – Council member

Business operations

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BANKING

VIT operates a corporate cheque account, and invests in term deposits held with the Victorian Government Centralised Banking System (CBS), implemented by VIT from May 2019 as per the DTF Standing Directions 2018.

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.

As at 30 June 2020, all excess funds were held in the CBS account (managed by Westpac Banking Corporation).

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 2019-20.

In 2019-20, VIT engaged 8 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$28,488 (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.

NATIONAL COMPETITION POLICY

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

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 7
Analysis of freedom of information requests in 2019-20

Nature of request	No.
Personal (relating to a single identified person)	13
Non-personal (request for non-specific and / or summative information)	0
Outcome: Full access	3
Outcome: Partial access	1
Outcome: Denied	3
Outcome: Pending	6
Request for internal review, partial access granted	0
Internal review confirmed initial FOI decision	0
Appeal of internal decision to VCAT	1
Carried forward to next year	2

ENVIRONMENTAL SUSTAINABILITY

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).

VIT continues to further refine its practices to reduce its carbon footprint by

- limiting all disposable products in the staff kitchen and using reusable items instead;
- reducing waste by setting up proper signage for waste and recycling receptacles;
- setting up all printers to print on both sides of paper by default;
- recycling printer consumables, paper and cardboard;
- reducing paper consumption through the use of soft copy documentation where possible; and
- encouraging green commuting by walking, biking or taking public transport to the office.

Like many organisations, VIT has not been able to operate from its building premises in 2020 owing to pandemic restrictions. Staff members have been working from home. It is too early to assess the impact of this change.

OCCUPATIONAL HEALTH AND SAFETY

VIT has an active Occupational Health and Safety (OHS) Committee that is committed to providing a safe and secure environment for staff, contractors and visitors, and complies with statutory obligations.

The Committee hosts regular meetings to review and contribute to safety and wellbeing in the workplace, and adopts a risk-based approach to hazard reduction and prevention.

VIT has in place an incident management system to address OHS incidents, hazards and near misses for all staff to identify and escalate to management. There are education and training programs to support staff in fulfilling their obligations in OHS.

The Committee has been vigilant in addressing OHS issues with the identification of specific risks from the COVID-19 pandemic. The Committee has responded to these risks by involvement in VIT's migration to work from home and ensuring staff understood the importance of a safe work environment at home. Additionally, the Committee is advising on the implementation of VIT's COVID-safe plan in support of the business.

STAFF AND COMMUNITY WELLBEING

VIT has adopted a range of measures to support staff wellbeing, beginning with the development of a Wellbeing Framework and working group, with representation from all branches. A range of training in stress management, priority setting, health and hygiene, and ergonomics was offered through VIT's learning management system. Other training included mindfulness and dealing with challenging customer interactions.

A Staff Consultative Committee was developed, pulse surveys were conducted and leadership programs offered. VIT's Social Committee hosted a series of staff events and activities, and continued to offer services to staff during the COVID-19 lockdown. As a result of the move to work from home arrangements, an online wellbeing forum was developed and wellbeing check-in calls were offered to staff.

MERIT AND EQUITY

VIT applies Victorian Public Sector employment principles relating to merit and equity 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.

During 2020 VIT has implemented a learning management system, which has a broad range of e-learning programs available to staff.

The following mandatory compliance courses were completed by all staff

- Workplace Bullying
- Sexual Harassment in the Workplace
- Privacy Awareness - Victorian Privacy and Data Protection Act.

Catalogues of a broad range of programs have been developed and included as part of the performance development process, through which staff are able to select up to five e-learning courses as part of their professional development.

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 8
Staff by operation

Staff	No. of staff	Full-time equivalent
Conduct and Compliance	24	23.6
Accreditation and Professional Practice	10	9.6
Executive and Governance	3	3.0
Shared Services	19	17.8
Stakeholder Engagement and Communications	5	4.6
Teacher Engagement and Registration	31	29.0
Business Transformation	5	4.4
	97	92.0
Vacancies not filled	4	4.0
Total	101	96.0

SOCIAL PROCUREMENT FRAMEWORK

VIT's expenditure on procurement is approximately \$4 million per annum. Following a self-assessment in August 2019, VIT developed a Social Procurement Framework to enable greater benefits from our procurement spend by delivering social and sustainable outcomes that benefit our community.

There has been an abnormal procurement spend in the reporting period, as a result of the major transformation of our business systems and processes. This has been undertaken as a discrete project, and has involved major acquisitions of software as well as working with external business partners.

VIT complies with Victorian Government Purchasing Board (VGPB) guidelines in all purchasing decisions. For the business transformation project, tendering businesses were asked to identify the way in which they met social procurement objectives. The tender evaluation process assessed each business on those criteria in addition to general value for money considerations.

CONDUCT AND COMPLIANCE BRANCH

The roll out of the reportable conduct scheme (which commenced in 2017), the recent alignment with Working with Children Victoria's offence categorisation and the Victoria Police weekly data wash have contributed significantly to improving child safety.

Staff levels in the Conduct and Compliance Branch increased in this reporting period to support VIT's legislative alignment with the criminal offence characterisation scheme used by Working With Children Check Victoria and to support the effective delivery of VIT's professional conduct function.

TEACHER ENGAGEMENT AND REGISTRATION BRANCH

There has been an increase in fixed term staff to facilitate and release ongoing staff to the development of our new technology platform as well as to support the provision of regulatory services to Victorian teachers. The project has been a significant change program which will deliver long term benefits and, therefore, has required additional resourcing through the design and implementation stages.

SHARED SERVICES BRANCH

There has been a reduction of two staff in reallocation of resources to support the Conduct and Compliance and Teacher Engagement and Registration branches.

NEW BUSINESS SYSTEM

VIT is undergoing a business transformation with the development of a Salesforce business system for all operational functions. The transformation project is redesigning registration application processes to improve user experience and processing times. The new system will also improve reporting and allow for more targeted communication with teachers and employers.

REGISTRATION COMMITTEE

The Registration Committee considers registration policy issues relating to suitability to practice, entry into the profession, the provisional to (full) process, permission to teach and return to practice.

The Committee reviews registration policy and provides advice to Council on policy matters. During 2019-20, the Committee met three times

Members

Michael Butler – Council member
Committee Chairperson

Janine Brown – Council member

Gill Carr – Council member

Siobhan Hannan – Council member

Kevin Moloney – Council member

Angela Stringer – Council member

STAKEHOLDER ENGAGEMENT COMMITTEE

The Stakeholder Engagement Committee oversees the implementation of the VIT Strategic objective to engage with and learn from stakeholders, and provides advice to Council on community expectations. During 2019-20, the Committee met three times.

Members

Lesley Lamb – Council Chairperson
Committee Chairperson

Janine Brown – Council member

Michael Butler – Council member

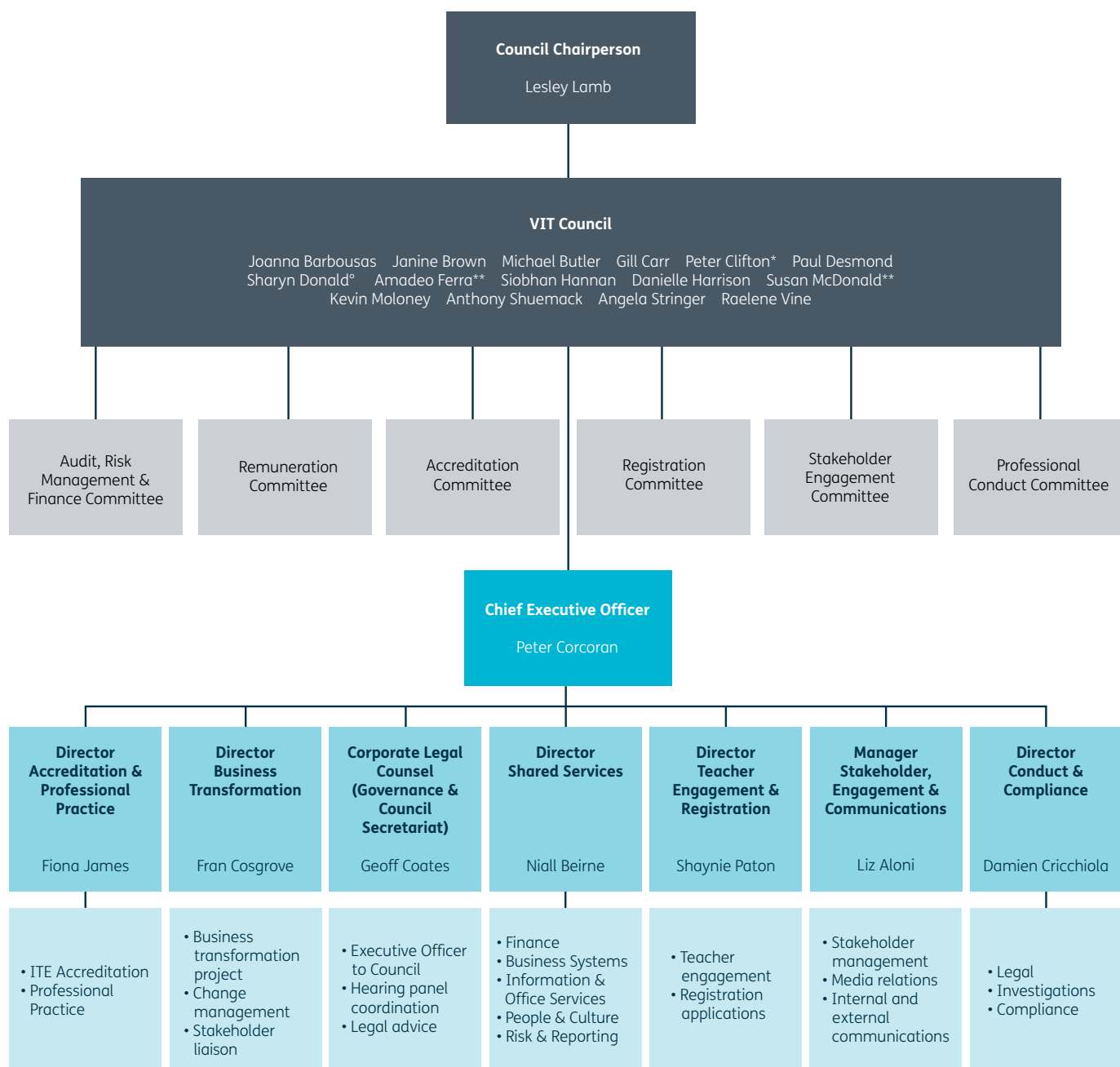
Siobhan Hannan – Council member

Karalynn McDonnell – Registered teacher
(commenced October 2019)

Raelene Vine – Council member

Organisational and governance structure

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* resigned September 2019 ° resigned January 2020 ** appointed January 2020

Council report

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The VIT Council is responsible for managing the affairs of VIT and when, carrying out its functions, considers the safety and wellbeing of children including by taking into account community expectations.

A new Council was appointed in June 2019 – the sixth since VIT’s inception. During the reporting period, the Council had its full complement of 14 members. Thirteen members (including the Chairperson) are 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*.

Table 9
Number of Council meetings attended

Name	Meetings attended		
	2019	2020	Total
Lesley Lamb	4	5	9
Paul Desmond	4	5	9
Joanna Barbousas	2	4	6
Janine Brown	4	5	9
Michael Butler	4	5	9
Gill Carr	4	5	9
Peter Clifton*	0	0	0
Sharyn Donald°	2	0	2
Amadeo Ferra**	0	4	4
Siobhan Hannan	4	5	9
Danielle Harrison	4	5	9
Susan McDonald**	0	5	5
Kevin Moloney	4	5	9
Anthony Shuemack	3	5	8
Angela Stringer	4	5	9
Raelene Vine	4	5	9

* Resigned September 2019

° Resigned January 2020

** Appointed January 2020

Council members

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Lesley Lamb
Chairperson



Paul Desmond
Deputy Chairperson



Joanna Barbousas
Chair, Council of Deans



Janine Brown
Early childhood employer



Michael Butler
Registered teacher



Gill Carr
Registered teacher



Peter Clifton
Principal
(Resigned September 2019)



Sharyn Donald
Delegate, Secretary of the Department
of Education and Training
(Resigned January 2020)



Amadeo Ferra
Principal
(Appointed January 2020)



Siobhan Hannan
Registered early childhood
teacher



Danielle Harrison
Registered teacher



Susan McDonald
Delegate, Secretary of the Department
of Education and Training
(Appointed January 2020)



Kevin Moloney
Registered teacher



Anthony Sheumack
Principal



Angela Stringer
Registered teacher



Raelene Vine
Parent



Patrick Clark (registered teacher) with learners - Craigieburn South Primary School

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 no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994*, and Instructions.



Lesley Lamb
Chairperson – Victorian Institute of Teaching

Melbourne
12 August 2020

Comprehensive operating statement for the year ended 30 June 2020

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	Notes	2020 \$	2019 \$
Continuing operations			
Income from transactions			
Registration and application fees	2.2.1	15,476,281	15,390,293
Interest income	2.2.2	176,481	353,261
Grants	2.2.3	1,600,000	-
Other income	2.2.4	201,889	311,263
Total income from transactions		17,454,651	16,054,817
Expenses from transactions			
Employee expenses	3.1.1	10,138,236	9,802,958
Depreciation and amortisation	4.1.2, 4.2	838,613	465,613
Interest expenses (i)	6.1	55,098	-
Supplies and services	3.2.1	3,613,223	3,598,072
Occupancy expenses	3.2.2	271,700	655,724
Total expenses from transactions		14,916,870	14,522,367
Net result from transactions (net operating balance)		2,537,781	1,532,450
Other economic flows included in net results			
Net gain / (loss) on non-financial assets		-	-
Total other economic flows included in net result		-	-
Comprehensive result		2,537,781	1,532,450

The accompanying notes form part of these financial statements.

(i) Interest expenses include the interest paid / payable on Right of Use (ROU) leases of property and equipment as per AASB 16 Leases. Comparative information has not been restated to reflect the new requirements.

Balance sheet

as at 30 June 2020

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	Notes	2020 \$	2019 \$
Assets			
Financial assets			
Cash and deposits	6.3	11,977,676	13,576,774
Receivables	5.1	253,647	250,905
Total financial assets		12,231,323	13,827,679
Non-financial assets			
Plant and equipment (i)	4.1	2,786,013	800,427
Intangible assets	4.2	5,511,766	846,044
Other non-financial assets	5.3	399,113	237,620
Total non-financial assets		8,696,892	1,884,091
Total assets		20,928,215	15,711,770
Liabilities			
Payables	5.2	606,587	1,041,832
Borrowings	6.1	2,930,239	-
Employee provision	3.1.2	2,314,632	1,918,237
Other provisions	5.4	486,266	496,274
Income received in advance	2.3	3,683,459	3,515,784
Total liabilities		10,021,183	6,972,127
Net assets		10,907,032	8,739,643
Equity			
Accumulated surplus / (deficit)		10,907,032	8,739,643
Net worth		10,907,032	8,739,643

The accompanying notes form part of these financial statements.

(i) The plant and equipment includes Right of Use (ROU) assets covered under AASB 16 *Leases*. Comparative information has not been restated to reflect the new requirements.

Cash flow statement

for the year ended 30 June 2020

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	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts			
Receipts from customers and registration fees		16,002,092	15,835,316
Receipts from government		1,600,000	-
Goods and Services Tax recovered from the ATO (i)		617,177	351,852
Interest received		181,543	383,232
Total receipts		18,400,812	16,570,400
Payments			
Payments to suppliers and employees		(14,508,507)	(14,238,792)
Interest paid		(55,098)	-
Total payments		(14,563,605)	(14,238,792)
Net cash flows from / (used in) operating activities	6.3.1	3,837,207	2,331,608
Cash flows from investing activities			
Payments for plant and equipment		(10,926)	(36,251)
Payments for intangible assets		-	(38,115)
Payments for intangible WIP	4.2	(4,927,974)	-
Payments for investments (ii)		-	(11,000,000)
Proceeds / receipts from investments (ii)		-	20,000,000
Net cash flows from / (used in) investing activities		(4,938,900)	8,925,634
Cash flows from financing activities			
Repayment of lease commitments (iii)		(497,405)	-
Net cash flows from / (used in) financing activities		(497,405)	-
Net increase / (decrease) in cash and cash equivalents held		(1,599,098)	11,257,242
Cash and cash equivalents at the beginning of the financial year		13,576,774	2,319,532
Cash and cash equivalents at the end of the financial year	6.3	11,977,676	13,576,774

The accompanying notes form part of these financial statements.

(i) Goods and Services 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.

(iii) The VIT has recognised cash payments for the principal portion of lease payments as financial activities. Cash payments for the interest portion as operating activities consistent with the presentation of interest payments.

Statement of changes in equity for the year ended 30 June 2020

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	Accumulated surplus \$	Contributions by owner \$	Total \$
Balance at 1 July 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
Change in accounting policy (due to AASB 16) (i)	(370,392)	-	(370,392)
Comprehensive result for the year	2,537,781	-	2,537,781
Balance at 30 June 2020	10,907,032	-	10,907,032

The accompanying notes form part of these financial statements.

(i) Changes due to Right of Use (ROU) leases occurred on 1 July 2019.

Note 1

About this report

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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.

COVID-19

This financial report has been prepared during a year in which the COVID-19 pandemic has impacted many public sector entities as well as the State of Victoria as a whole. COVID-19 has not impacted on the 2019-20 financial statements of VIT.

As COVID-19 continues into 2020-21 across Victoria, VIT will continue to monitor any impacts it may have on VIT's ability to perform its statutory functions and activities.

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 12 August 2020.

Note 2

Funding of service delivery

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

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

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

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	2020 \$	2019 \$
Registration and application fees	2.2.1	15,476,281	15,390,293
Interest income	2.2.2	176,481	353,261
Grants	2.2.3	1,600,000	-
Other income	2.2.4	201,889	311,263
Total income from transactions		17,454,651	16,054,817

2.2 Income from transactions

2.2.1 Registration and application fees

	2020 \$	2019 \$
Registration and application fee	13,566,804	12,945,840
Nationally Coordinated Criminal Record Check fee	1,691,022	1,906,552
Replacement card fee	8,916	3,195
Late registration fee	191,238	510,820
Statement of good standing fee	4,629	5,882
Course accreditation assessment fee	13,672	18,004
Total registration and application fees	15,476,281	15,390,293

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 fees 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.

Nationally Coordinated Criminal Record Check fees are charged to prospective and renewing teachers every 5 years. This charge covers the registrant for the next 5 years, from the date of successful completion of the check and the same year the income is recognised.

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

2.2.2 Interest income

	2020 \$	2019 \$
Interest from financial assets not at fair value through comprehensive operating statement		
Interest on bank deposits	7,635	43,268
Interest on investments	168,846	309,993
Total interest income	176,481	353,261

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.

Interest expenses include the interest paid / payable on Right of Use (ROU) leases of property and equipment as per AASB 16 Leases. Comparative information has not been restated to reflect the new requirements.

2.2.3 Grants

	2020 \$	2019 \$
Income recognised as income of not-for-profit entities		
General purpose	1,600,000	-
Total grants	1,600,000	-

VIT has received a grant from the Department of Education and Training in June 2020 which was recognised up front as revenue in line with AASB 1058.

2.2.4 Other income

	2020 \$	2019 \$
Sponsorship	198,079	311,091
Other income	3,810	172
Total other income	201,889	311,263

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). The project duration was from 30 June 2018 to 31 December 2019. Sponsorship revenue included in the table above has been classified as revenue from contracts with customers in accordance with AASB 15.

2.3 Income received in advance

	2020 \$	2019 \$
Nationally Coordinated Criminal Record Check fees	183,239	178,077
Unearned teacher registration fees	3,500,220	3,337,707
Total income received in advance	3,683,459	3,515,784

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	2020 \$	2019 \$
Employee expenses	3.1.1	10,138,236	9,802,958
Supplies and services	3.2.1	3,613,223	3,598,072
Occupancy expenses	3.2.2	271,700	655,724
Total expenses incurred in the delivery of services		14,023,159	14,056,754

3.1.1 Employee expenses - comprehensive operating statement

	Note	2020 \$	2019 \$
Salaries and wages		8,875,310	8,467,502
Superannuation	3.1.3	776,838	752,593
On costs (payroll tax, fringe benefit tax and WorkCover)		486,088	492,476
Ex gratia payments for separation (i)		-	90,387
Total employee expenses		10,138,236	9,802,958

(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.

	2020 \$	2019 \$
Current provisions		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	716,507	524,740
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	148,882	157,867
Unconditional and expected to settle after 12 months	646,266	542,063
<i>Provision for on-costs</i>		
Unconditional and expected to settle within 12 months	240,337	194,033
Unconditional and expected to settle after 12 months	101,572	85,202
Total current provisions for employee benefits	1,853,564	1,503,905
Non-current provisions		
Long service leave	398,446	358,053
On-costs	62,622	56,279
Total non-current provisions for employee benefits	461,068	414,332
Total provision for employee benefits	2,314,632	1,918,237

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	
	2020 \$	2019 \$
Defined benefit plans		
State Superannuation Fund revised and new	10,246	10,657
ESS Super	13,160	12,025
Defined contribution plans		
Vic Super	362,603	348,580
Other	390,829	381,331
Total	776,838	752,593

Contributions include accruals for 22-30 June for fixed term and on-going employees. These accruals are outstanding at balance date \$23,944.

3.2 Other operating expenses

3.2.1 Supplies and services

	2020 \$	2019 \$
Human resources	97,957	98,343
Council and committee	83,746	67,237
Consultancy and contractor	197,171	531,541
Communication	889,347	697,499
Finance	84,013	109,021
Legal	138,357	235,822
Printing and stationery	93,657	49,593
Travel and accommodation	45,184	62,435
Marketing	65,258	123,558
Administration	1,179,122	773,087
Nationally Coordinated Criminal History Checks	739,411	849,936
Total supplies and services expenses	3,613,223	3,598,072

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

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.

	2020 \$	2019 \$
Minimum lease payments (rent expense)	-	361,314
Outgoings, cleaning and utilities	227,590	233,560
Maintenance and repairs	44,110	60,849
Total occupancy expenses	271,700	655,724

Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised on a straight-line basis over the lease term.

From 1 July 2019, the following lease payments are recognised on a straight-line basis

- i. Short-term leases – leases with a term less than 12 months; and
- ii. Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10 000.

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

4.1 Total plant and equipment

	Carrying value		Accumulated depreciation		Net carrying amount	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Leasehold improvements (i)	5,878,050	1,766,682	3,145,370	1,003,307	2,732,680	763,375
Furniture and fittings	84,697	84,697	64,153	53,566	20,544	31,131
Plant and equipment (i)	393,848	330,741	361,059	324,820	32,789	5,921
Total carrying amount of plant and equipment	6,356,595	2,182,120	3,570,582	1,381,693	2,786,013	800,427

(i) AASB 16 Leases has been applied for the first time from 1 July 2019.

The following tables are subsets of leasehold improvements and plant and equipment by Right of Use (ROU) assets.

4.1.1 Total Right of Use (ROU) assets: building, plant and equipment

	Carrying value	Accumulated depreciation	Net carrying amount
	2020	2020	2020
	\$	\$	\$
Leasehold improvements (i)	5,379,343	2,852,682	2,526,661
Plant and equipment (i)	63,106	33,657	29,450
Net carrying value	5,442,449	2,886,339	2,556,111

	Leasehold improvements	Plant and equipment
Opening balance - 1 July 2019 (i)	3,015,692	42,071
Additions	-	-
Disposals	-	-
Depreciation	489,031	12,621
Closing balance 30 June 2020	2,526,661	29,450

(i) This balance represents the initial recognition of Right of Use (ROU) assets recorded on the balance sheet on 1 July 2019 to (ROU) assets recognised under AASB 16.

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 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.

Right of Use (ROU) asset acquired by lessees (under AASB 16 Leases from 1 July 2019) – initial measurement

The VIT recognises a Right of Use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Subsequent measurement: Plant and equipment as well as ROU assets under leases 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.

Right of Use (ROU) asset – subsequent measurement

The VIT depreciates the Right of Use (ROU) assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The ROU assets are also subject to revaluation.

In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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.

4.1.2 Depreciation and amortisation

	2020 \$	2019 \$
Charge for the period (i)		
Leasehold improvements	550,571	217,866
Furniture and fittings	10,587	10,587
Plant and equipment	15,203	5,685
Total depreciation	576,361	234,138

(i) The table incorporates depreciation of Right of Use (ROU) assets and service concession asset as AASB 16 Leases.

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.

Useful life years	Rates	
	2020 %	2019 %

Asset

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.

Right of Use (ROU) assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the VIT obtains ownership of the underlying leased asset or if the cost of the ROU asset reflects that the entity will exercise a purchase option, the entity depreciates the ROU asset over its useful life.

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.

4.1.3 Reconciliation of movements in carrying values of plant and equipment

	Leasehold improvements		Furniture and fittings		Plant and equipment		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Opening balance	763,375	944,990	31,131	41,718	5,921	11,606	800,427	998,314
Recognition of right-of-use assets on initial application of AASB 16 (i)	2,508,950	-	-	-	42,071	-	2,551,021	-
Additions / transfers	10,926	36,251	-	-	-	-	10,926	36,251
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Depreciation expense	(550,571)	(217,866)	(10,587)	(10,587)	(15,203)	(5,685)	(576,361)	(234,138)
Depreciation expense	2,732,680	763,375	20,544	31,131	32,789	5,921	2,786,013	800,427

(i) This balance represents the initial recognition of Right of Use (ROU) assets recorded on the balance sheet on 1 July 2019 relating to operating leases - refer to Note 4.1.1

4.2 Intangible assets

	Work in progress		CRM development		Other software		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Software and capitalised software development								
Carrying amount								
Opening balance	-	269,300	2,028,918	2,028,918	1,493,803	1,186,388	3,522,721	3,484,606
Additions	4,927,974	38,115	-	-	-	-	4,927,974	38,115
Disposals	-	-	-	-	-	-	-	-
Transfers	-	307,415	-	-	-	307,415	-	-
Closing balance	4,927,974	-	2,028,918	2,028,918	1,493,803	1,493,803	8,450,695	3,522,721
Accumulated amortisation and impairment								
Opening balance	-	-	(2,028,918)	(2,028,918)	(647,759)	(416,283)	(2,676,677)	(2,445,201)
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Amortisation expense	-	-	-	-	(262,252)	(231,476)	(262,252)	(231,476)
Closing balance	-	-	(2,028,918)	(2,028,918)	(910,011)	(647,759)	(2,938,929)	(2,676,677)
Net book value at end of financial year	4,927,974	-	-	-	583,792	846,044	5,511,766	846,044

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

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

Significant intangible assets: VIT is developing software (project Nexus) to replace the key business systems (CRM4 and CRM6) in phases and it has progressed into its final completion. It is estimated to finish the project by 31 August 2020 and will be capitalised as a software to facilitate VIT's various (revenue streams) registration, renewal and compliance matters. The costs incurred until 30 June are classified as capital work in progress.

Note 5

Other assets and liabilities

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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

	2020 \$	2019 \$
Current receivables		
Contractual		
Debtors	19,967	155,731
Accrued investment income	4,990	10,052
Total current contractual receivables	24,957	165,783
Statutory		
Net GST receivables	228,690	85,122
Total current statutory receivables	228,690	85,122
Total current receivables	253,647	250,905
Total receivables	253,647	250,905

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						
2020						
Debtors	19,967	-	-	2,616	16,736	615
Accrued investment income	4,990	4,990	-	-	-	-
Total contractual receivables	24,957	4,990	-	2,616	16,736	615
2019						
Debtors	155,731	-	142,863	2,772	10,096	-
Accrued investment income	10,052	6,128	-	-	-	-
Total contractual receivables	165,783	6,128	142,863	2,772	10,096	-

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

5.2 Payables

	2020 \$	2019 \$
Current payables		
Contractual		
Trade creditors and accruals	606,587	535,601
Unused lease incentive	-	159,863
Total current contractual payables	606,587	695,464
Non-current payables		
Contractual		
Unused lease incentive	-	346,368
Total non-current contractual payables	-	346,368
Total contractual payables	606,587	1,041,832
Total payables	606,587	1,041,832

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 \$
2020						
Payables	606,587	606,587	-	-	-	-
	606,587	606,587	-	-	-	-
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

5.3 Other non-financial assets

	2020 \$	2019 \$
Current other non-financial assets		
Prepayments	399,113	237,620
Total other non-financial assets	399,113	237,620

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

	2020 \$	2019 \$
Non-current provisions		
Make good provision	486,265	496,274
Total other provisions	486,265	496,274

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

	2020 \$	2019 \$
Opening balance	496,274	474,938
Increase / (decrease) of provisions recognised	(10,008)	21,336
Closing balance	486,265	496,274
Non-current	486,265	496,274

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.

	2020 %	2019 %
Leasehold improvements - make good provision (Level 9 628 Bourke Street)	0.872	1.324

Note 6

How VIT financed operations

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

Structure

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

6.1 Borrowings

	2020 \$	2019 \$
Current borrowings		
Contractual		
Lease liabilities (i)	525,203	-
Total current contractual payables	525,203	-
Non-current borrowings		
Contractual		
Lease liabilities (i)	2,405,036	-
Total non-current contractual borrowings	2,405,036	-
Total contractual borrowings	2,930,238	-
Total borrowings	2,930,238	-

(i) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

	Maturity dates					
	Carrying amount \$	Nominal amount \$	< 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$
2020						
Borrowings	2,930,238.31	2,930,238.31	41,010.23	83,784.15	400,409.14	2,405,035.59
	2,930,238	2,930,238	41,010	83,784	400,409	2,405,036
2019						
Borrowings	-	-	-	-	-	-
	-	-	-	-	-	-

Borrowings refer to interest bearing liabilities mainly raised from public borrowings raised through the lease liabilities arrangements. Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost unless the VIT elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

	2020 \$
Interest expenses	
Interest expense on lease liabilities	55,098
Total	55,098

Interest expense includes costs incurred in connection with the borrowing of funds and includes interest component of lease repayments. Interest expense is recognised in the period in which it is incurred.

6.2 Leases

Information about leases for which the VIT is a lessee is presented below.

The VIT's leasing activities

The VIT leases a property and IT equipment. The lease contracts are typically made for fixed periods of 1-8 years with an option to renew the lease after that date. Lease payments for properties are renegotiated every eight years to reflect market rentals.

Leases of IT equipment with contract terms of 1-5 years are elected to be recognized as Right of Use (ROU) assets and lease liabilities for these leases.

Right of Use (ROU) assets

ROU assets are presented in note 4.1.1.

Amounts recognised in the Statement of Comprehensive Statement

The following amounts are recognised in the Statement of Comprehensive Operating Statement relating to leases.

	2020 \$
Interest expenses	
Interest expense on lease liabilities	55,098
Total	55,098

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and ROU asset amount.

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the VIT's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or profit and loss if the ROU asset is already reduced to zero.

Presentation of Right of Use (ROU) assets and lease liabilities

The VIT presents ROU assets as 'plant and equipment'. Lease liabilities are presented as 'borrowings' in the balance sheet.

6.3 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.

	2020 \$	2019 \$
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents disclosed in the balance sheet	11,977,676	13,576,774
Balance as per cash flow statement	11,977,676	13,576,774

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

	2020 \$	2019 \$
Net result for the period	2,537,781	1,532,450
Non-cash movements		
Future value of make good provision	(10,008)	21,336
Depreciation and amortisation of non-current assets	838,613	465,612
Movements in assets and liabilities		
(Increase) / decrease in current receivables	(2,742)	7,626
(Increase) / decrease in other current assets	(161,492)	(68,109)
Increase / (decrease) in current payables	70,986	153,511
Increase / (decrease) in unearned fees	167,675	2,220
Increase / (decrease) in provisions	396,394	216,962
Net cash flows from / (used in) operating activities	3,837,207	2,331,609

6.4 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

	2020 \$	2019 \$
Payables		
Not longer than 1 year	705,451	114,123
Longer than 1 year but not longer than 5 years	297,517	52,230
Longer than 5 years	-	-
Total commitments for expenditure (inclusive of GST)	1,002,968	166,353
Less GST recoverable from the Australian Taxation Office	91,179	15,123
Total commitments for expenditure (exclusive of GST)	911,789	151,230

Note 7

Risks, contingencies and valuation judgements

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

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*.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result

- the assets are held by the VIT to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at 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); and
- term deposits.

Categories of financial liabilities

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 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 \$
2020				
Contractual financial assets				
Cash and deposits	11,977,676	-	-	11,977,676
Receivables				
Debtors	-	19,967	-	19,967
Accrued investment income	-	4,990	-	4,990
Total contractual financial assets	11,977,676	24,957	-	12,002,634
Contractual financial liabilities				
Payables	-	-	606,587	606,587
Total contractual financial liabilities	-	-	606,587	606,587
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
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

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 \$
2020					
Contractual financial assets					
Financial assets at amortised cost	-	176,481	-	-	176,481
Total contractual financial assets	-	176,481	-	-	176,481
Contractual financial liabilities					
Financial liabilities at amortised cost	-	(55,098)	-	-	(55,098)
Total contractual financial liabilities	-	(55,098)	-	-	(55,098)

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	-	-	-	-	-

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) \$	Government agencies (AAA credit rating) \$	Other (no credit rating) \$
2020			
Cash and deposits	11,976,776	-	900
Receivables (i)	4,990	19,967	-
Total contractual financial assets	11,981,766	19,967	900
2019			
Cash and deposits	13,575,874	-	900
Receivables (i)	10,052	155,731	-
Total contractual financial assets	13,585,925	155,731	900

(i) 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 the 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 2019 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2019.

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 \$
2020					
Financial assets					
Cash and deposits	1.07	11,977,676	11,500,000	476,776	900
Receivables					
Debtors	-	19,967	-	-	19,967
Accrued investment income	-	4,990	-	-	4,990
Total financial assets		12,002,634	11,500,000	476,776	25,857
Financial liabilities					
Payables	-	606,587	-	-	606,587
Total financial liabilities	-	606,587	-	-	606,587
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
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

Interest rate risk sensitivity

	Interest rate		
		-1% (100 basis points)	1% (100 basis points)
	Carrying amount \$	Net result \$	Net result \$
2020			
Contractual financial assets			
Cash and deposits (i)	11,976,776	(119,768)	119,768
Total impact		(119,768)	119,768
Contractual financial liabilities		-	-
Total impact		-	-
2019			
Contractual financial assets			
Cash and deposits (i)	13,575,874	(135,759)	135,759
Total impact		(135,759)	135,759
Contractual financial liabilities		-	-
Total impact		-	-

(i) Cash and cash deposits includes a deposit of \$476,776 (2019: \$1,075,874) that is exposed to floating rates movements.

Sensitivities to these movements are calculated as follows:

- 2020: $\$476,776 \times -(0.01) = (\$4,768)$ and $\$476,776 \times 0.01 = \$4,768$
- $\$1,075,874 \times -(0.01) = (\$10,759)$ and $\$1,075,874 \times 0.01 = \$10,759$

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 2020, VIT had no contingent assets (2019: \$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 2020. Total contingent liabilities for 2020: \$0 (2019: \$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 2020	Fair value measurement at end of reporting period		
	\$	Level 1 \$	Level 2 \$	Level 3 \$
2020				
Furniture and fittings	20,544	-	-	20,544
Plant and equipment	32,789	-	-	32,789
Leasehold improvements	2,732,680	-	-	2,732,680
	2,786,013	-	-	2,786,013
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

Reconciliation of Level 3 fair value movement

	Furniture and fittings \$	Plant and equipment \$	Leasehold improvements \$
2020			
Opening balance	31,131	5,921	763,375
Recognition of assets on initial application of AASB 16 Leases	-	42,071	2,508,950
Gains or losses recognised in net results			
Depreciation / impairment	(10,587)	(15,203)	(550,571)
Acquisition / (disposal)	-	-	10,926
Subtotal	(10,587)	26,868	1,969,305
Closing balance	20,544	32,789	2,732,680
2019			
Opening balance	41,718	11,606	944,990
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

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 plant and equipment
Leasehold improvements	Current replacement cost	Cost per unit
		Useful life of furniture and fittings

Note 8

Other disclosures

.....

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

Structure

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

8.1 Changes in accounting policies

8.1.1 Leases

This note explains the impact of the adoption of AASB 16 Leases on the VIT's financial statements.

The VIT has applied AASB 16 with a date of initial application of 1 July 2019.

The VIT has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

On transition to AASB 16, the VIT has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117

As a lessee, the VIT previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the VIT. Under AASB 16, the VIT recognises Right of Use (ROU) assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low-value leases.

On adoption of AASB 16, the VIT recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the VIT's incremental borrowing rate as of 1 July 2019. On transition, ROU assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The VIT has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117

- applied a single discount rate to a portfolio of leases with similar characteristics;
- adjusted the ROU assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- applied the exemption not to recognise ROU assets and liabilities for leases with less than 12 months of lease term;
- excluded initial direct costs from measuring the ROU asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impacts on financial statements

On transition to AASB 16, the VIT recognised \$4,163,549 of Right of Use (ROU) assets and \$2,930,239 of lease liabilities.

When measuring lease liabilities, the VIT discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 1.7465 per cent.

	1 July 2019 \$
Total operating lease commitments disclosed at 30 June 2019	3,616,729
Discounted using the incremental borrowing rate at 1 July 2019	3,427,644
Lease liabilities recognised at 1 July 2019	3,427,644

8.1.2 Income of not-for-profit entities

Note 2.2.3 Grants includes details about the application of AASB 1058 and how the standard has been applied to grant revenue transactions.

8.2 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 2019 to 30 June 2020

Mr P Corcoran – Accountable officer (Chief Executive Officer) – 1 July 2019 to 30 June 2020

Members of the responsible body – 1 July 2019 to 30 June 2020

Ms L Lamb (i) – Council Chairperson	Ms R Vine (i)	Mr P Clifton (i) (1 July - 1 September 2019)
Mr P Desmond (i) – Deputy Chairperson	Ms S Hannan (i)	Ms S Donald (1 June 2020 – 27 February 2020)
Mr M Butler (i)	Ms D Harrison (i)	Ms S McDonald (i) (27 February 2020 to 30 June 2020)
Ms G Carr (i)	Mr K Moloney (i)	Mr A Ferra (i) (15 January 2020 to 30 June 2020)
Ms A Stringer (i)	Mr A Sheumack (i)	
Ms J Brown	Ms J Barbousas	

The above Councillors have paid teacher registration fees to VIT in the amounts indicated below. Total receipts are disclosed at Note 8.4 Related parties.

(i) Teacher registration fee \$97.94.

Remuneration received or receivable by the Accountable Officer in connection with the management of VIT during the reporting period was in the range of \$290,000 – \$299,000 (\$280,000 – \$289,000 in 2018-19).

Income range \$	2020	2019
0-9,999	19	16
10,000-19,999	-	2
20,000-29,999	-	1
40,000-49,999	1	-
280,000-289,999	-	1
290,000-299,999	1	-
Total	21	20

8.3 Remuneration of executives and other personnel

8.3.1 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 8.4.

8.3.2 Remuneration of other personnel

VIT did not engage any contractors charged with significant management responsibilities during the reporting period (2019: \$0).

8.4 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 \$1,914,936 (2019: \$283,818).

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

- grant - \$1,600,000
- mentor program sponsorship - \$147,875
- casual relief teaching - \$164,325
- other - \$2,736.

VIT incurred expenditure with the Australian Criminal Intelligence Agency of \$713,460 (2019: \$786,002) and the Victorian Police of \$60,429 (2019: \$36,402) during 2019-20.

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 \$1,273 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.

	2020 \$	2019 \$
Compensation		
Short-term employee benefits	341,328	350,078
Post-employment benefits	27,229	26,823
Other long-term benefits	4,751	6,942
Termination fees	-	0
Total key management personnel compensation	373,308	383,843

Transactions and balances with key management personnel and other related parties

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

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

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

8.5 Remuneration of auditors

	2020 \$	2019 \$
Victorian Auditor-General's Office		
Audit of financial statements	30,000	29,310
Total remuneration of auditors	30,000	30,000

8.6 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.

8.7 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 2020 reporting period. DTF assess the impact of all these new standards and advises VIT of their early adoption, where applicable. Refer to Appendix C for the detailed list of the standards issued, but not effective, for the 2019-20 reporting period.

8.8 Glossary of technical terms

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

AMORTISATION

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

BORROWINGS

Refers to interest-bearing liabilities mainly raised from public borrowings raised through the lease liabilities arrangements and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that are acquired for policy purposes.

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.

LEASES

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

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 2019-20 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.



Andrew Brown (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 Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards including interpretations and other mandatory professional reporting requirements.

We further state that in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2020 and financial position of the Victorian Institute of Teaching as at 30 June 2020.

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 12 August 2020.



Lesley Lamb
Chairperson
Victorian Institute of Teaching

Melbourne
12 August 2020



Peter Corcoran
Chief Executive Officer
Victorian Institute of Teaching

Melbourne
12 August 2020



Mihir Thakar
Chief Finance Officer
Victorian Institute of Teaching

Melbourne
12 August 2020

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 2020 • 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 2020 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
23 August 2020



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	4
FRD 22H	Purpose, functions, powers and duties	1-37
FRD 22H	Key initiatives and projects	5-7
FRD 22H	Nature and range of services provided	1-37
Management and structure		
FRD 22H	Organisational structure	34
Financial and other information		
FRD 8D	Performance against output performance measures	n/a
FRD 8D	Budget portfolio outcomes	n/a
FRD 10A	Disclosure index	78-79
FRD 12B	Disclosure of major contracts	83
FRD 15E	Executive officer disclosures	70-72
FRD 22H	Employment and conduct principles	32
FRD 22H	Occupational health and safety policy	32
FRD 22H	Summary of the financial results for the year	29-30
FRD 22H	Significant changes in financial position during the year	29-30
FRD 22H	Major changes or factors affecting performance	n/a
FRD 22H	Subsequent events	72
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	31
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	n/a
FRD 22H	Statement on National Competition Policy	31
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	83
FRD 22H	Details of consultancies under \$10,000	83
FRD 22H	Disclosure of government advertising expenditure	n/a
FRD 22H	Disclosure of ICT expenditure	84
FRD 22H	Statement of availability of other information	84
FRD 24D	Reporting of office based environmental impacts	31
FRD 29C	Workforce Data disclosures	32
SD 5.2	Specific requirements under Standing Direction 5.2	i-38
Compliance attestation and declaration		
SD 5.4.1	Attestation for compliance with Ministerial Standing Direction 5.1.4	38
SD 5.2.3	Declaration in report of operations	iii

FINANCIAL REPORT		
SD 5.2.2	Declaration in financial statements	75
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	43
SD 5.2.1(a)	Compliance with Standing Directions	43
SD 5.2.1(b)	Compliance with Model Financial Report	43-75
Other disclosures as required by FRDs in notes to the financial statements *		
FRD 9B	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	75
FRD 103I (pending)	Non Financial Physical Assets	50-57
FRD 110A	Cash Flow Statements	41, 60
FRD 112D	Defined Benefit Superannuation Obligations	48
* 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>	4
	<i>Victorian Privacy and Data Protection Act 2014</i>	4
	<i>Health Records Act 2001</i>	4
	<i>Freedom of Information Act 1982</i>	31
	<i>Building Act 1993</i>	31
	<i>Financial Management Act 1994</i>	43

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	<ul style="list-style-type: none"> 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 2019-20 reporting period and are considered to have an impact on public sector reporting

- **AASB 16 Leases:** AASB 16 simplifies the recognition, measurement, presentation and disclosure of Right of Use leases. The objective is to ensure that lessees to provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- **AASB 1058 Income of Not-for-Profit Entities:** For Not-for-Profit entities, certain income items previously within the scope of AASB 1004 will now be in the scope of AASB 15 rather than AASB 1058, if the transaction has a contract with a customer as defined by AASB 15 that has a specific enforceable performance obligation.

The following accounting pronouncements effective from the 2019-20 reporting period are considered to have insignificant impacts on public sector reporting

- *AASB 2016-8 Amendments to Australian Accounting Standards – Australian implementation guidance for not-for-profit entities*
- *AASB 2018 4 Amendments to Australian Accounting Standards – Australian implementation guidance for not-for-profit entities public sector licensors*
- *AASB 2018 8 Amendments to Australian Accounting Standards – right of use assets of not-for-profit entities*

Future reporting periods

The table below outlines the accounting pronouncements that have been issued but are not effective for 2019-20, which may result in potential impacts on public sector reporting for future reporting periods.

Topic ^(a)	Key Requirements	Effective date
AASB 17 Insurance Contracts	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 2018-7 Amendments to Australian Accounting Standards – definition of material	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
AASB 2020-1 Amendments to Australian Accounting Standards – classification of liabilities as current or non-current	This standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. The standard is not expected to have a significant impact on the public sector.	1 January 2022 However, ED 301 has been issued with the intention to defer application to 1 January 2023

The following accounting pronouncements are also issued but not effective for the 2019-20 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- *AASB 2018-6 Amendments to Australian Accounting Standards – definition of a business*
- *AASB 2019-1 Amendments to Australian Accounting Standards – references to the conceptual framework*
- *AASB 2019-3 Amendments to Australian Accounting Standards – interest rate benchmark reform*
- *AASB 2019-5 Amendments to Australian Accounting Standards – disclosure of the effect of new IFRS standards not yet issued in Australia*
- *AASB 2019-4 Amendments to Australian Accounting Standards – disclosure in special purpose financial statements of not-for-profit private sector entities on compliance with recognition and measurement requirements*
- *AASB 2020-2 Amendments to Australian Accounting Standards – removal of special purpose financial statements for certain for-profit private sector entities*
- *AASB 1060 General purpose financial statements – simplified disclosures for for-profit and not-for-profit tier 2 entities (Appendix C)*

Appendix D

Details of consultancies

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

In 2019-20, there were four consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies were \$ 4,182,124 (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	Project Nexus	4,694,660.00	4,035,446.73	659,213.27
RSM Bird Cameron	Internal audit - Project Nexus Review	30,000.00	29,907.50	92.5
Galaxy 42 Pty Ltd	Finance/HR/payroll support	110,000.00	106,043.76	3,956.24
Hall & Wilcox Lawyers	Advice & training - Council	21,400.00	10,726.50	10,673.50
TOTAL		4,856,060.00	4,182,124.49	673,935.51

Details of consultancies under \$10,000

In 2019-20, there were 8 consultancies engaged during the year, where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies were \$ 28,488 (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 2019-20 reporting period.

The Victorian Institute of Teaching had a total ICT expenditure of \$2,916,239 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)
\$	\$	\$	\$
2,301,698	614,541	561,395	53,146

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

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