



Victorian Institute of Teaching

ANNUAL REPORT 2014
1 July 2013 – 30 June 2014

Letter of transmittal

September 2014

The Hon. Martin Dixon, MP
Minister for Education
2 Treasury Place
East Melbourne
Victoria 3002

Dear Minister

I am pleased to submit the annual report of the Victorian Institute of Teaching in accordance with the *Financial Management Act 1994* and the *Education and Training Reform Act 2006*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Don Paproth', with a stylized flourish at the end.

Don Paproth
Chairperson

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About this report

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

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 Victoria 8007
 Australia



Report of the Chairperson

The last year has been a highly successful one for the Victorian Institute of Teaching. We have made significant improvements in several facets of our operation. But we like to do things without great fanfare so the changes may not be immediately apparent to many of our registrants.

After a year of planning, the Victorian Institute of Teaching moved its offices further down Bourke Street. In what was a carefully planned triumph of organisation, we closed our offices for only one working day.

At this time last year I was giving undertakings that we would improve the efficiency of our communication and response systems. Our front line call people are always polite, well trained and knowledgeable but we were just taking too long to get through the call and email backlog at busy times. This was giving rise to complaints from schools and individual teachers. I am delighted to report this year that the improvement processes we put in place have worked. In the last year we have responded to 19 per cent more calls. More people in the call centre and extended hours have been the key improvement mechanisms.

The introduction of the online system for the annual process has meant that teachers have been able to complete their registration tasks in a matter of minutes in one single online transaction.

We perform a regulatory function but we try not to conduct our business in an insensitive, remote way. The Institute is constantly striving to perform our role efficiently, sensitively and effectively.

As the term of office of the current Council comes to a close I offer my personal thanks to all individual members for their commitment to the Institute and their enthusiastic input. I also thank the staff of the Institute. Their attitude to their work and to each other is a pleasure to see. I would also like to acknowledge the support of our many stakeholders who contribute to our success.

In particular I thank CEO Melanie Saba and the senior managers for their vision, skills and dedication to the ongoing improvement of the Victorian Institute of Teaching and the profession as a whole.

Lastly I must thank our previous Minister, Peter Hall, who retired during the year. Peter was a great supporter of the Institute – he was always available for advice and consultation. We all wish him well in the future.

Don Paproth
Council Chair

Report of the Chief Executive Officer



I am pleased to report on many successful projects undertaken by the Institute during this year. These projects were focused on improved service to teachers and improved efficiencies in how we conduct the business of regulation.

Every teacher would have noticed the benefits of our completely online annual processes, introduced for the last annual period. This change allows teachers to complete all their registration tasks and payments in one single online transaction. In a matter of minutes, teachers are now able to complete their regulatory requirements. This has reduced the complexity of payment, police checks and renewal of registration being treated as separate transactions. Over 70,000 teachers renewed their registration using this system. With the change to annual renewal of registration from the previously five-yearly model, we believe teachers will continue to see the benefit of this seamless online system.

We significantly increased our investment in our customer service following extensive feedback from teachers. We extended call centre opening hours, doubled the staff in that area and the allocated an officer dedicated to the Principals Hotline. This resulted in us answering an additional 19 per cent of telephone calls, and since January this year we have maintained a service level of 90 per cent of all calls being answered in less than 20 seconds. This compares very favourably with many commercial organisations and we hope to continue to improve our service to teachers.

The Institute has also relocated to 628 Bourke Street. This move has allowed us to reduce the size of our offices, improve our technology to support improved customer service and produced significant cost savings over the course of the lease.

Legislative changes have been passed that will impact on the work of the Institute in the coming year. The introduction of the registration of Early Childhood Teachers will strengthen the protection offered to children throughout their early years' and school years' education.

The Institute also developed its next strategic plan to guide its activities through to 2016.

I would like to acknowledge the work of Minister Hall, who provided the Institute with support and direction during his time as Minister responsible for the Teaching Profession. I would also like to acknowledge the leadership provided by Don Paproth and the Council of the Institute.

And yet again, I must acknowledge the continued commitment of the Institute team. They continue to strive to improve our offerings to teachers, schools, employers and students and I thank them for their efforts and support.

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

Melanie Saba
Chief Executive Officer

About the Institute

Who are we

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

What we do

The Institute is governed by a 12-member council which administers the functions laid down in the legislation.

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

The Institute's other functions include:

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

How we deliver

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

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

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

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

The Professional Conduct Branch (formerly Inquiries and Litigation) administers the Institute's disciplinary function.

Our mission

The Institute's mission is to build a profession that aspires to the highest standards of teaching practice and conduct. We act in the public interest, behaving honestly, openly and accountably. We acknowledge the professionalism, needs and commitment of teachers and others with a legitimate stake in our work. We are aware of the impact the Institute's work and decisions have on teachers, students and the wider community. We strive to be knowledgeable, objective, responsive, efficient and effective in all that we do.

Summary of financial position

The financial report and accompanying notes are for the financial year ended 30 June 2014.

Table 1
Financial results 2013–14

	2013–14 \$000
OPERATIONS	
Fees	12,400
Government grant	0
Interest	287
Other	89
Total income	12,776
Operating expenses	11,925
Other economic flows	(816)
Net result	34
FINANCIAL POSITION	
Financial assets	8,157
Non-financial assets	1,650
Total assets	9,807
Provision and payable	1,982
Revenue received in advance	3,315
Total liabilities	5,297
Total equity	4,509

Figure 1
Income for 2013–14

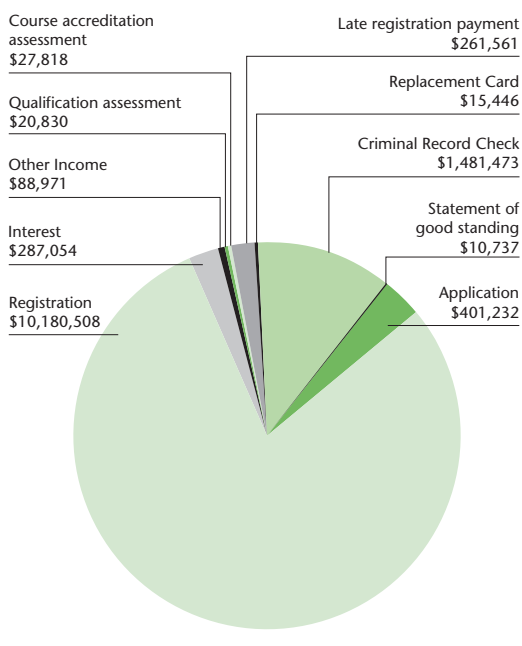
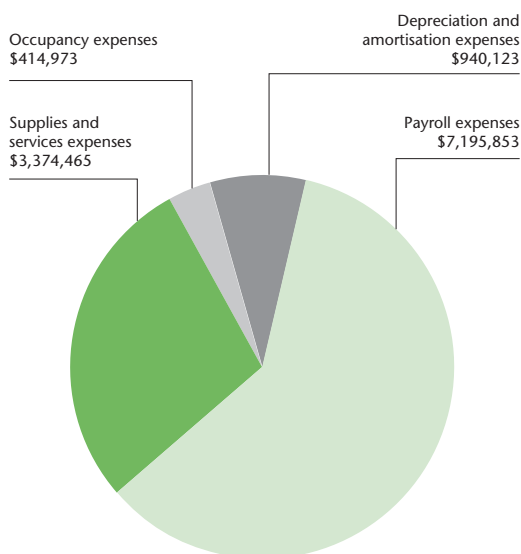


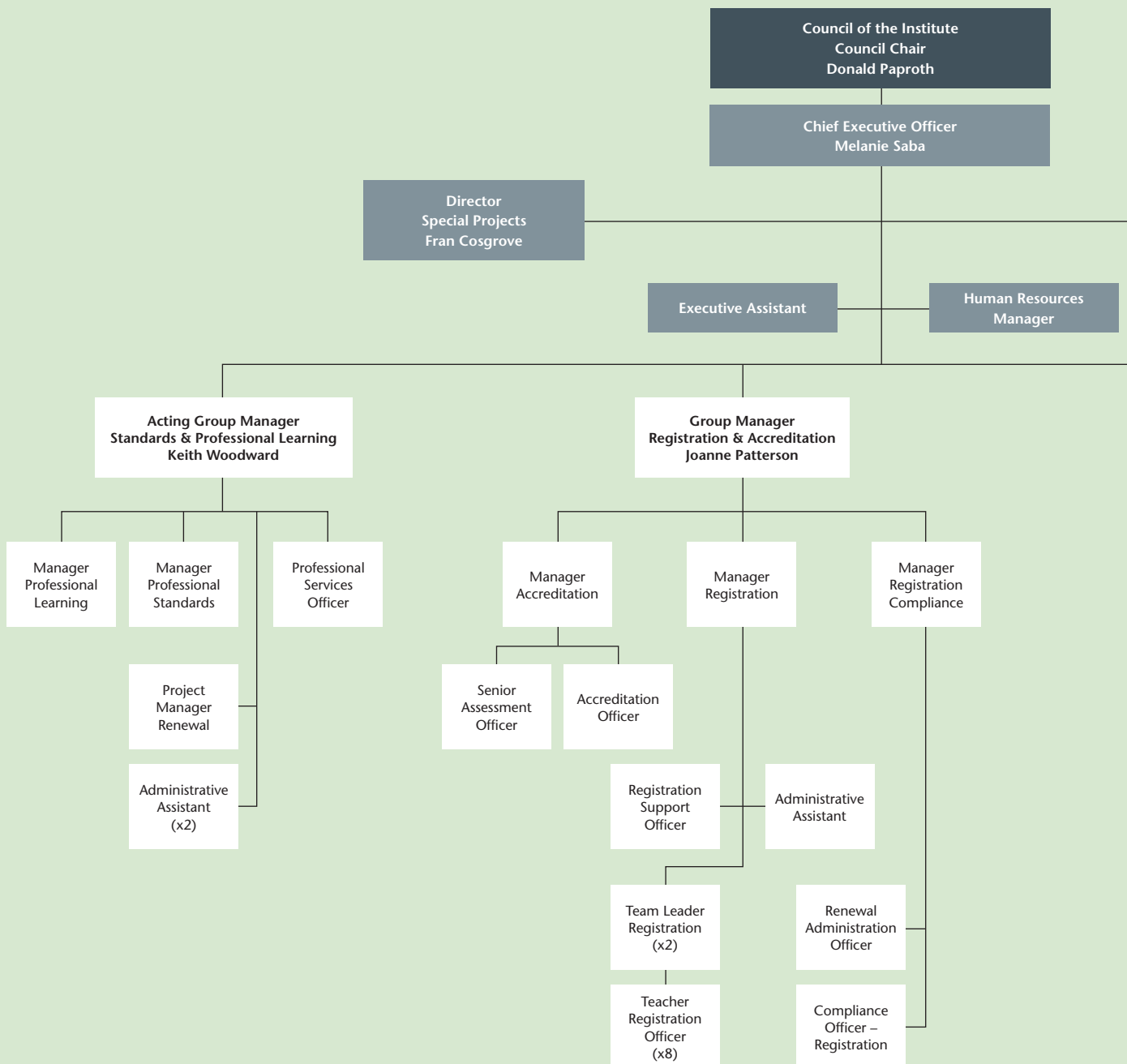
Figure 2
Expenses for 2013–14

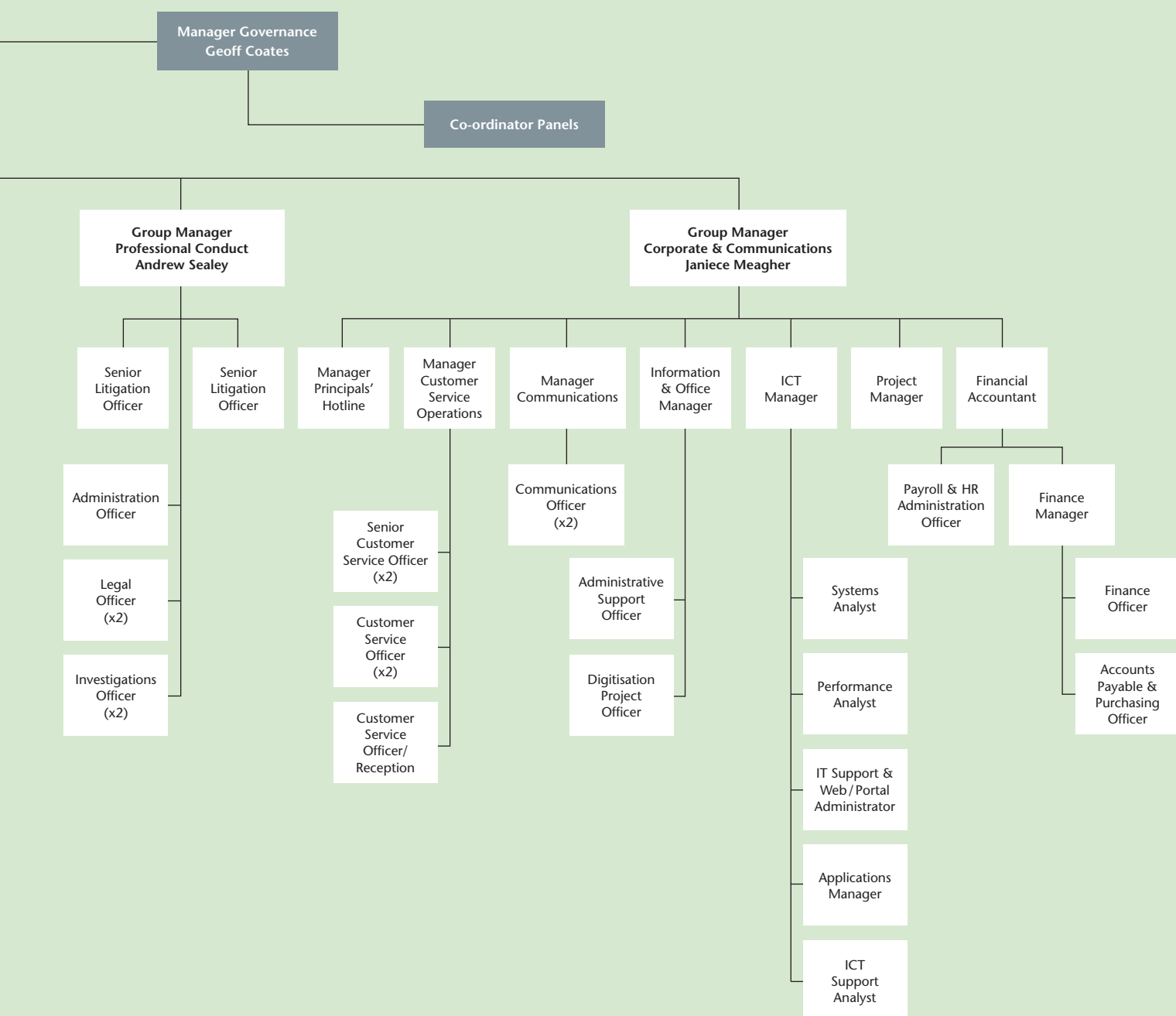


In 2013–14, the annual registration fee was increased from \$85 to \$87 per annum. Teacher registration fees are paid annually in advance and are pro rated to each of the 12 months. Fee revenue belonging to July 2014 or after is considered revenue in advance, a current liability in this year's balance sheet.

In spite of a number of financial commitments, the Institute maintained a favourable position. In 2013–14, the Institute generated a surplus of \$33,760 compared to the \$888,126 surplus in the previous year. The Institute's balance sheet and cash position remain at appropriate levels to cover the Institute's current and future commitments.

Organisational structure





Highlights

- 72,892 teachers renewed their registration
- 28,187 National Police History Checks (NPHC) were processed
- 336 mid-year graduates and 4590 end-of-year graduates were registered, an increase of 3 per cent
- 3700 beginning teachers attended induction support programs in metropolitan and regional locations, double the number of the previous year
- During 2014, over 1000 experienced teachers were trained as mentors for provisionally registered teachers
- Thirty initial teacher education programs were reviewed and re-accredited
- Six new initial teacher education programs were reviewed and accredited
- 93% of provisionally registered teachers who attended the Institute's support program indicated that the seminars assisted them with the process of applying for full registration
- Completely online annual processes were introduced, providing a single destination for all teachers to complete their registration tasks
- The total number of teachers' calls answered was 67,017, an increase of 19 per cent
- The Institute relocated to new offices, producing significant cost savings over the course of the lease

Registration

Registering teachers

There are 118,891 registered teachers in Victoria. Of this total, 100,099 (85 per cent) hold full registration, 14,044 (12 per cent) hold provisional registration, 2,785 (2 per cent) hold non-practising registration and 1,319 (1 per cent) hold permission to teach. The number of registered teachers has decreased by 1 per cent (1038) from the previous year.

Table 2
Number of registered teachers

Registration type	2014	2013	% change
Full registration	100,099	103,193	3 ↓
Provisional registration	14,044	12,517	12 ↑
Non practising	2,785	1,488	87 ↑
Permission to teach	1,319	2,087	37 ↓
TOTAL	118,891	119,285	1 ↓

To be registered as a teacher, an applicant is required to be appropriately qualified, suitable to teach, and competent in the English language.

The majority of new registrants, i.e. registering with the Institute for the first time, hold Victorian qualifications. The number of first-time registrants with interstate qualifications increased by 16 per cent over the past year. A considerable number of new registrants hold overseas qualifications and the number of new registrants gaining entry through mutual recognition increased by 5 per cent to 633.

Table 3
Number of new registrants

Registration sub type	2014	2013	% change
Interstate qualifications	870	747	16 ↑
Mutual recognition	633	602	5 ↑
Overseas qualifications	918	903	2 ↑
Victorian qualifications	4,788	4,687	2 ↑
TOTAL	7,209	6,939	4 ↑

Registering new graduates

During the reporting period the Institute granted provisional registration to 4926 graduates.

This includes 336 mid-year graduates and 4590 end-of-year graduates. The number of graduate applications processed increased by 3 per cent compared to previous years.

Engaging with higher education providers

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

Provisional to full registration

Graduate teachers are provisionally registered. To be granted registration, they must demonstrate through an evidence-based process that they meet the standards of professional practice for full registration. This generally occurs at the end of their first year of teaching, but may be completed over two years. Teachers who fail to apply for full registration after two years are no longer registered and must make a new application for provisional registration.

Experienced applicants who are able to provide evidence that they already meet the standards for registration may be granted registration at the time they are registered or shortly afterwards.

In the reporting period, a total of 1842 provisionally registered teachers made a new application for provisional registration. This was a 6 per cent increase from the previous year.

Table 4
Provisional to full registration

Number of teachers granted full registration Reporting period: 1/7/2013 – 30/6/2014			
Registration type	2014	2013	% change
Immediate full registration granted	644	778	17 ↓
Immediate full registration granted under mutual recognition	476	431	10 ↑
Full registration – experienced teachers meeting standards	265	511	48 ↓
Full registration – after evidence-based process	3,463	3,554	3 ↓
Re-application for provisional registration made this year after previous provisional registration expired	1,842	1,740	6 ↑

Permission to teach

In certain circumstances, permission to teach can be granted to individuals who may not have the teacher education qualifications required for registration, but have the appropriate skills and experience to teach. Individuals applying for permission to teach also need to be suitable to teach and competent in the English language. Permission to teach has facilitated pathways into the teaching profession for career change program applicants and Teach for Australia associates.

The percentage of the register granted permission to teach has fallen slightly from 1.75 per cent (2,087) in 2012–13 to 1.14 per cent (1,319) over the reporting period. Overall, the number of permissions to teach granted has declined 37 per cent compared to the previous year.

Non-practising registration

2,785 teachers have non-practising registration. This means the teacher cannot be employed as a teacher in a Victorian school, but can maintain registration.

Renewal of registration

All registered teachers are required to renew their registration either on an annual or a five-yearly basis by demonstrating they have met the standards for renewal of registration. The period for renewal is dependent upon the date the teacher was first granted full registration, with all fully registered teachers being moved to an annual renewal cycle by 2016. During the reporting period, 72,892 teachers renewed their registration. For the 8978 teachers who did not renew their registration, their name was removed from the register. At renewal, 2342 teachers chose to go non-practising because they could not meet all of the requirements for renewal.

National Police History Check (NPHC)

National Police History Checks are undertaken on all persons applying for registration. If an applicant for registration has been convicted or found guilty of an indictable offence or a relevant summary offence, the Institute prepares a report for consideration by the Institute's Council.

In 2013–14, nine reports were prepared for consideration by the Council who found that in all cases the matters did not affect the applicant's suitability to be a teacher and subsequently approved the applicants for registration.

Registered teachers must have a current and satisfactory NPHC conducted by the Institute, which is required to be updated before the end of every five years. Teachers holding a valid registration card with a current NPHCs date are exempt from the Working with Children Check. The Institute has processed 28,187 National Police History Checks in the reporting period.

The register of teachers

The Institute is required under the Act to maintain the register of teachers. The public register of teachers is available for inspection during office hours at the Institute's office and an extract of the register is also on the Institute website at www.vit.vic.edu.au, which the public, teachers and employers can search to check that a teacher has current registration.

During the reporting period, 2,297 teachers left the profession. This is a decrease of 10 per cent from the previous reporting period. Of the teachers leaving the profession, the largest numbers were in the age ranges of 60 to 64 years and 65 to 69 years. Nearly all (99 per cent) of teachers leaving the profession were not in a school.

Table 5
Teachers who left the profession

Age profile	2014	2013	% change
<25	15	23	35 ↓
25–29	163	201	19 ↓
30–34	147	201	27 ↓
35–39	124	172	28 ↓
40–44	97	133	27 ↓
45–49	77	124	38 ↓
50–54	93	120	22 ↓
55–59	259	328	21 ↓
60–64	553	547	1 ↑
65–69	549	505	9 ↑
70+	220	210	5 ↑
TOTAL	2,297	2,564	10 ↓

Age and gender

The largest group of registered teachers (15,948) is aged between 30 and 34 years. This is a 3 per cent increase of teachers in that age group compared to the previous year. Additionally, the number of teachers in the 50 to 54 years age group (13,057) and 55 to 59 years age group (15,396) has decreased by 5 per cent compared to the previous reporting period. Females accounted for 74 per cent of the teaching population and males 26 per cent.

Table 6
Age profile of registered teachers

Age profile	2014	2013	% change
<25	3,488	3,426	2 ↑
25–29	14,999	14,675	2 ↑
30–34	15,948	15,499	3 ↑
35–39	13,751	13,203	4 ↑
40–44	12,808	12,967	1 ↓
45–49	12,766	12,690	1 ↑
50–54	13,057	13,777	5 ↓
55–59	15,396	16,131	5 ↓
60–64	11,204	11,140	1 ↑
65–69	4,303	4,407	2 ↓
70+	1,171	1,167	0 ↑
TOTAL	118,891	119,082	0 ↓

Accreditation

Accreditation

The Institute's Accreditation Committee reviews, assesses and accredits all the initial teacher education programs offered by Victorian higher education institutions on a cyclical basis at least once every five years. In 2013–14, the Accreditation Committee re-accredited 30 continuing programs and accredited six new programs. A list of the accredited programs that accept enrolments is available on the Institute's website.

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

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

Partnerships

The Institute has partnered with Deakin University, Monash University, Griffith University, the Department of Education and Early Childhood Development, Queensland College of Teachers and the Queensland Department of Education to investigate the effectiveness of teacher education for early career teachers in diverse settings. This is a longitudinal study and an Australian Research Council Linkage funded project. The project commenced in late May 2011, with surveys of 2010 and 2011 Victorian and Queensland graduates in March 2012, October 2012, April 2013 and March 2014. In addition, principals have been surveyed and interviews completed. The final report for this project will be released later in 2014.

The Institute continues to work on developing and refining a nationally consistent approach to the Australian accreditation standards and process in partnership with other members of the Australian Teacher Regulatory Authorities and under the leadership of the Australian Institute for Teaching and School Leadership.

The Institute also continues to work with all Victorian higher education institutions offering initial teacher education programs to ensure that accredited and new programs meet the Australian standards for accreditation. This is achieved through provision of workshops, representation on faculty boards and the Victorian Council of Deans of Education, attendance and participation in a range of Program Advisory Committee meetings and formal and informal meetings at metropolitan and regional campuses.

Qualifications assessment

From mid-December 2012, the Institute has offered a fee for service qualifications assessment service for people who are not applying for teacher registration but would like information related to eligibility for teacher registration, eligibility for entry into initial teacher education programs and/or eligibility for secondary teaching (method) areas.

During 2013–14, 197 requests have been received, with 58 per cent of the requests from people with Australian qualifications and 42 per cent from people with overseas qualifications.

Nationally consistent accreditation

The Australian graduate standards, program accreditation standards and national accreditation process have been used by the Institute's Accreditation Committee to accredit all initial teacher education programs submitted for approval after 1 January 2013.

All Accreditation Committee members have been trained in using the Australian standards for program review.

Standards and professional learning

Nationally consistent standards for teachers

The Institute has now fully implemented the Australian Professional Standards for Teachers along with registration processes that are nationally consistent. Following extensive trialling in 2011 and 2012, a revised process for full registration incorporating the new standards and descriptors was implemented across the state in 2013. 2013 provided a transition period for teachers who may have begun the process associated with the Victorian Standards.

Supporting teachers new to the profession

The Institute met with over 3700 provisionally registered teachers to welcome them to the profession and explain the full registration requirements. During 2014, approximately 1000 experienced teachers were trained as mentors for provisionally registered teachers. This number is consistent with the numbers of mentors trained

in 2013. Some teachers had already trained as mentors and wished to gain further understanding of revised processes and new standards.

From the introduction of these programs in 2004, the Institute has delivered seminars to nearly 26,000 provisionally registered teachers and trained nearly 16,000 teacher mentors. This program has established the expectation that teachers beginning in Victorian schools will be supported professionally by colleagues, through school induction with a focus on mentoring.

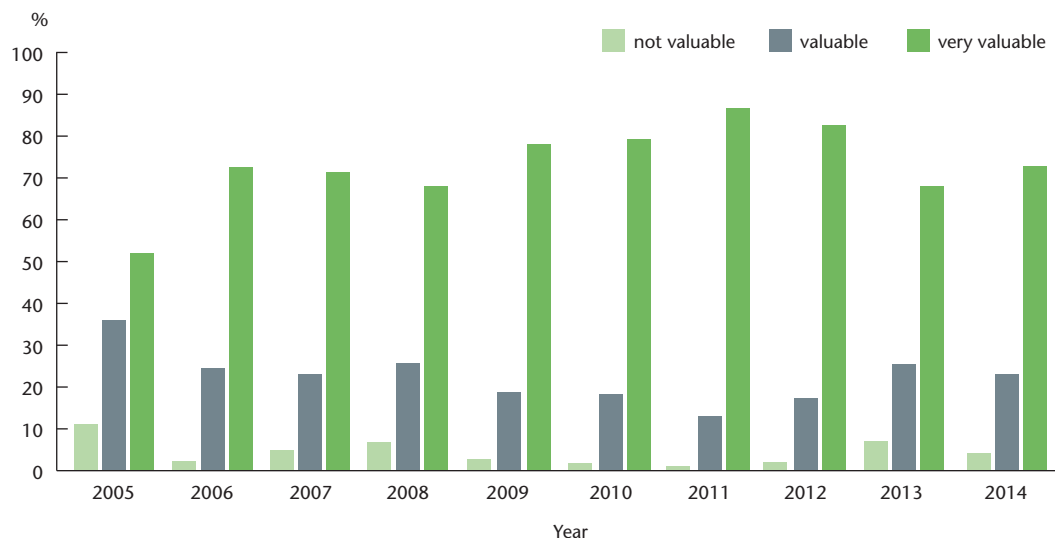
Attendance at briefings for principals increased slightly in 2014. This may be in part due to the introduction of the revised process to achieve full registration and the use of the Australian Professional Standards for teachers for renewal purposes.

Provisionally registered teachers (PRTs) continue to rate the content of the Institute seminars positively as shown in Figure 3. Of the 2373 PRTs who attended the 2014 seminars 93 per cent indicated that the seminars assisted them with the process of applying for full registration.

Table 8
Support program for provisionally registered teachers

Date	Teacher Support	Location/s in 2013/14		Numbers attending 2013–14	Numbers attending 2012–13
July/August 2013	Provisionally registered teacher seminar 2013	15 locations	9 metropolitan 6 regional	1374	657
February/May 2014	Mentor training – day 1	31 locations	19 metropolitan 12 regional	1019	1100
April/June 2014	Provisionally registered teacher seminar 2014	35 locations	21 metropolitan 14 regional	2373	3048
April/June 2014	Principal briefing	25 locations	13 metropolitan 12 regional	196	171
May/June 2014	Mentor training – day 2	31 locations	19 metropolitan 12 regional	980	1023
TOTAL				4,942	4,535

Figure 3
Evaluation of support program by provisionally registered teachers



Mentors have identified the two-day training program as significant professional learning, providing them with the skills and understanding to support new teachers as they develop their practice to meet the professional standards for full registration. Figure 4 indicates the high value mentors continue to place on the training.

MyPD

Over 60,000 teachers have logged into MyPD since its beginning in late 2011.

The Institute has redeveloped the MyPD portal to incorporate improved functionality and now hosts the teacher information.

Figure 4
Evaluation of Institute training by mentors

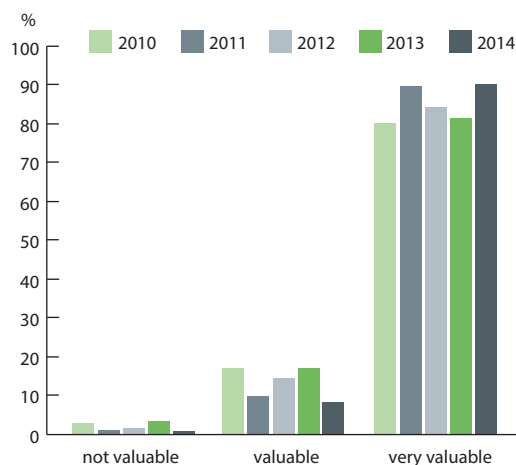


Table 9
Institute research activities 2012–13

Research topic	Partner / Contractor	Completion date
The Networked Educators advancing Research Project (Developmental Mentoring)	Deakin University and Australian Catholic University	2015
Australian Research Council Linkage Project: Investigating the effectiveness of teacher education for early career teachers in diverse settings: a longitudinal study	Deakin University, Griffith University, DEECD, Queensland Department of Education, Queensland College of Teachers	December 2014

Professional conduct

The Institute's Professional Conduct Branch, formerly known as Inquiries and Litigation, and the Institute's disciplinary hearing panels are critical in helping the Institute to meet its public protection role.

Professional conduct means the activities undertaken by the Institute in relation to allegations or concerns about registered teachers, including those in relation to misconduct, serious misconduct, serious incompetence, lack of fitness to teach, criminal conduct and impairments that have a serious detrimental effect on a teacher's ability to teach.

Concerns about teachers

The Institute is supported in detecting professional conduct concerns through complaints, employer notifications and ongoing Victoria police record checking. The Institute can also initiate its own inquiries.

In 2013–14 the Institute commenced 115 investigations. The Institute has a range of powers available to it under the Act to respond to professional conduct concerns. The Institute endeavours to conduct investigations as quickly as practicable, having regard to the nature of the matter being investigated.

The following table highlights the sources of our investigations:

Complaints	35
Employer notifications	44
Own motion investigations	5
Indictable offences	31

The following table explains the sources of information the Institute is able to investigate.

Table 10

Complaints	The Institute can enquire into any complaint that provides evidence that a registered teacher is seriously incompetent; has engaged in misconduct or serious misconduct; is unfit to teach or has an impairment that has a serious, detrimental effect on their ability to teach. Where a complaint does not provide supporting evidence, the Institute will provide the complainant an opportunity to provide such evidence. The Institute will not investigate complaints that are frivolous or vexatious, are not supported by evidence, or are not within the Institute's jurisdiction.
Employer notifications	The Institute must be advised by an employer if it has taken action taken against a teacher in response to any of the matters outlined in Section 2.6.31 of the Act. Employers must also inform the Institute of any other actions taken against registered teachers that may be relevant to their fitness to teach.
Own Motion investigations	The Institute can initiate an investigation if it reasonably believes that a registered teacher is seriously incompetent; has engaged in misconduct or serious misconduct; is unfit to teach or they have an impairment that has a serious, detrimental effect on their ability to teach. This provides the Institute with capacity to investigate cases which otherwise might escape our attention.
Indictable offences	The Institute has arrangements in place with Victoria Police, in accordance with the Act, to receive criminal history information about registered teachers. If the Institute is informed that a registered teacher has been convicted or found guilty of an indictable offence other than a sexual offence, the Institute must conduct an inquiry into the teacher's fitness to teach.
Sexual offences	The Act allows the Institute to suspend the registration or permission to teach of a person if that person is, in Victoria or elsewhere, charged with a sexual offence. A registered teacher who is convicted or found guilty of a sexual offence has their registration cancelled.

Professional conduct outcomes

The Institute has a number of disciplinary tools available that enable us to respond with flexibility and nuance to different types of concerns. In 2013–14 the investigations undertaken by the Institute resulted in the following professional conduct outcomes.

Agreements	5
Informal hearings	6
Formal hearings	5
Medical panel hearings	0
Sexual offence cancellations	4
Prosecutions	0

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

Table 11

Agreements	<p>In 2013–14 the Institute resolved five matters by way of agreements.</p> <p>The Institute's preference is to meet early with teachers (and their representatives) to clarify the nature of any allegations and to explore opportunities for early resolution. Agreements were added to the Act to enable the Institute to respond with greater flexibility and nuance to different levels of misconduct and are intended to allow the teachers and the Institute to agree to cancel or suspend registration or impose a condition without the necessity of an investigation and hearing as a pre-condition.</p>
Informal hearing	<p>In 2013–14 the Institute resolved six matters through informal hearing.</p> <p>Allegations of misconduct may be referred to an informal hearing panel for determination. Informal hearings provide the Institute with an efficient and effective mechanism to deal with misconduct that is not serious but falls short of the expected standards of professional conduct for teachers.</p> <p>An informal hearing panel has the power to make adverse findings about whether or not the teacher has engaged in misconduct and can make a determination that the teacher be cautioned, reprimanded or that conditions be placed on the teacher's registration, such as counseling and/or further education/training.</p>
Formal hearing	<p>In 2013–14 the Institute resolved five matters through formal hearing.</p> <p>A formal hearing panel has the power to make findings about whether or not a teacher has engaged in misconduct, serious misconduct, has been seriously incompetent or is not fit to teach. A formal hearing panel can make a number of determinations including: a caution; reprimand; the placement of conditions on a teacher's registration; suspension or cancellation of registration; the imposition of a period of disqualification; or that the matter be referred to a medical panel hearing.</p>
Medical panel hearing	<p>The Institute did not hold any medical panel hearings in 2013–14. Matters involving impairments have been successfully managed with agreements.</p> <p>Some complaints/notifications received by the Institute relate to impairments such as ill health or alcohol or drug abuse. The Institute endeavours to support teachers who are suffering impairments, including by exploring opportunities to manage their return to full fitness.</p> <p>Where the assessment identifies an impairment and associated management plan, the Institute will negotiate an agreement (i.e. to agree an appropriate set of conditions and/or period of suspension) to support the teacher's return to fitness. In cases where a teacher is not prepared to undertake a voluntary health assessment a medical panel may be convened that may impose a condition on the teacher's registration or suspend the registration for a period, subject to a condition specified in the determination.</p>
Prosecutions	<p>The Institute did not undertake any prosecutions in 2013–14.</p> <p>It is an offence under the Act for a person who is not registered or who does not have permission to teach to undertake the duties of a teacher in a school. Additionally, a person who is not a registered teacher must not claim to be a registered teacher or present themselves as being a registered teacher.</p> <p>It is also an offence for a person or body to employ a person to teach in a school unless the person is registered or has permission to teach.</p>
VCAT Review	<p>In 2013–14, there was one application for review of a hearing panel decision which was struck off, and one application for review of an Institute registration decision which was dismissed.</p> <p>A teacher may seek a review of a determination of a hearing panel or of an Institute decision to refuse registration or permission to teach at the Victorian Civil and Administrative Tribunal (VCAT). The Professional Conduct Branch is responsible for representing the Institute at VCAT.</p>

Professional conduct tools

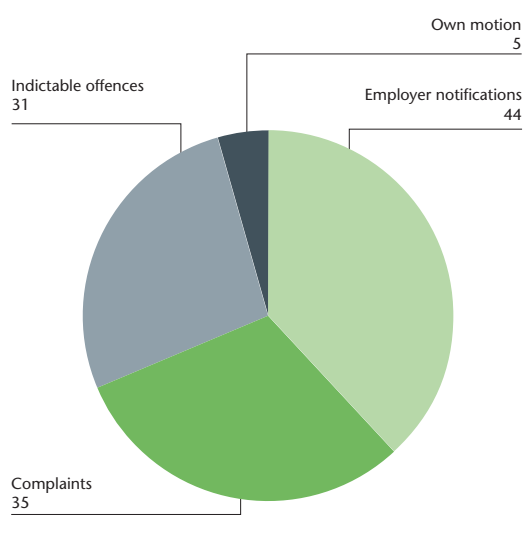
The Institute works to address professional conduct concerns proactively by providing guidance and support to the profession. Some of the initiatives undertaken in 2013–14 included:

- attending principal briefings and PRT seminars to explain the work of the Professional Conduct Branch and to help the profession understand emerging risks; and
- providing ongoing quarterly professional conduct updates in the *Professional Practice* update. These updates provide the profession with information about the types of concerns we deal with, case studies and examples of how we respond to conduct and practice issues.

Table 12
Professional conduct statistics

Reporting period 1/7/2013 – 30/6/2014	
Inquiries commenced	115
Complaints	35
Employer notifications	44
Own motion	5
Indictable offences	31
Hearings conducted	11
Medical panel hearings	0
Informal hearings	6
Formal hearings	5
Agreements	5
To suspend registration only	0
To place conditions on registration only	4
To suspend registration and place conditions on registration	1
Sexual offence cancellations	4
Prosecutions	0
VCAT appeals (registration refusal)	1
VCAT appeals (disciplinary appeal)	1
Special attention reports	9
TOTAL	146

Figure 5
Enquiries commenced



Communications

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

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

Online registration in MyVIT

72,892 teachers renewed their registration online during the 2013 invoicing period – a number nearly ten times that of the previous year. The majority of these teachers were completing this task for the first time, and to prepare for this, a system of online registration tasks was introduced in each teacher's MyVIT portal. This meant that teachers were able to log into the portal and complete all their required registration tasks online in one place. These tasks also included payment of the annual fee and in some cases updating their criminal record check. Teachers were required to complete all other tasks prior to payment. Payment options were streamlined for registered teachers, and new registrants were required to pay their fees as the first step of the online application process.

A communications campaign was undertaken to inform renewing teachers about the online process via a series of brochures, letters and email communication. MyVIT was rolled out to all registered teachers for the first time, and to prepare for the potential heavy usage of this portal, comprehensive load testing was undertaken and a rigorous usability review of the portal's features was conducted. The vast majority of registered teachers successfully completed all their registration tasks online, with minimum disruption to services.

Customer service delivery

With the high volume of teacher interactions via phone, email, website traffic and visits to the Institute expected, it was critical that measures were put in place to ensure the Institute's customer service delivery could meet the demand. After consultation with the profession and a full review of the Institute's customer service delivery during the previous reporting period, a range of measures were introduced, including extension of the call centre hours from August 2013 through until February 2014, increased staffing in the call centre from July 2013 through February 2014, providing dedicated resources to assist with enquiries at the Institute's reception, and implementing processes to streamline electronic communication so that emails were targeted to specific subject matter experts.

www.vit.vic.edu.au

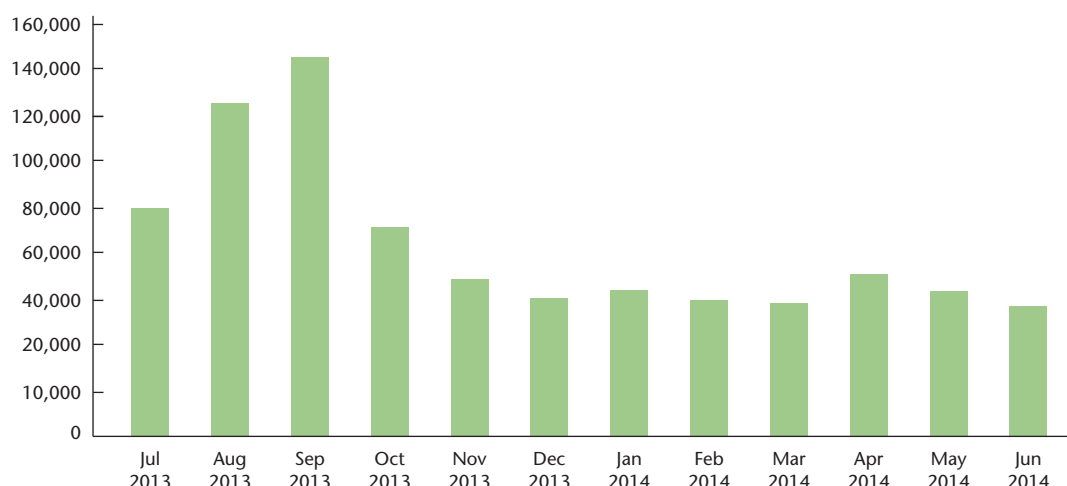
The Institute's website is a key information resource for registered teachers, applicants for registration and members of the community; it continues to attract a large number of visitors.

Numbers of website visits rose from an average of 53,684 per month in the previous reporting period to 65,133 per month in the current period. Visits particularly increased during the July–October invoicing period.

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

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

Figure 6
Number of website visits per month



Search the register

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

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

Email circulars to principals

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

The Teachers' Hotline

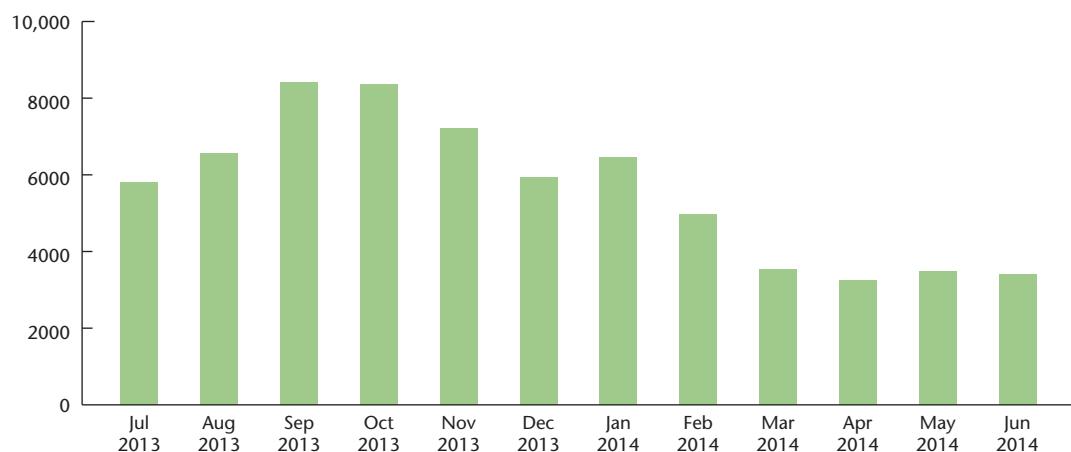
Figure x shows the number of calls to the Teachers' Hotline answered between July 2013 and June 2014. The total number of calls answered during this reporting period was 67,017. Peak call rates were recorded between September and November when 17,424 calls were answered; 26 per cent of the total number of calls answered for the year.

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

- accessing and using the MyVIT portal
- the standards for renewal of full registration
- applying for registration, including graduate teachers applying for provisional registration
- the National Police History Check
- registration fees and payment options.

Figure 7
Number of calls to Teachers' Hotline answered, July 2013 – June 2014

Total number of calls answered: 67,017.



The Principals' Hotline

Principals and their delegates have access to professional advice from the Institute via the Principals' Hotline, operating from 8.30 am to 5.30 pm, Monday to Friday. To prioritise and improve on the level of service to this hotline, a dedicated resource was appointed as Manager Principals' Hotline. To minimise call waiting times, calls not answered in a short timeframe are re-routed to the Teachers' Hotline for experienced customer service officers to answer.

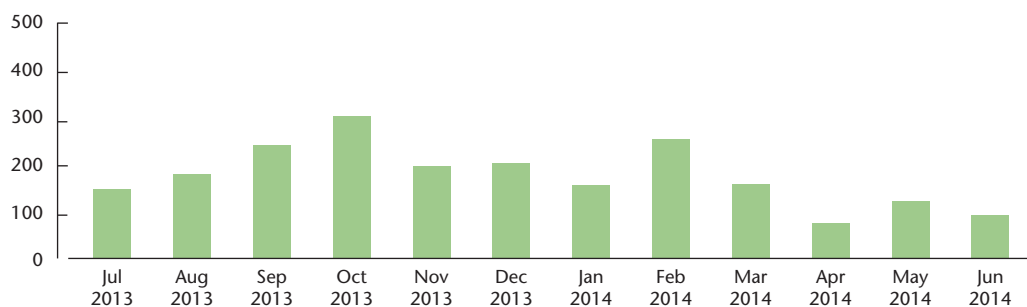
A total of 2174 calls to the hotline were answered for the year, an average of 181 calls answered per month. Call peaks were experienced in September/October when 555 calls were answered, and February when 259 calls were answered.

The most frequent calls received from principals and schools are enquiries related to:

- accessing their school portal
- the status of teachers' registration and their renewal requirements
- the registration status of graduate teachers in readiness for the start of the school year.

Figure 8
Number of calls to Principals' Hotline per month, July 2013 – June 2014

Total number of calls answered: 2174.



The school portal

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

- confirm the registration status of all teachers at their school
- confirm the registration status of a teacher they wish to appoint to their school
- confirm that a graduate teacher has been granted provisional registration and can start teaching
- submit a recommendation for full registration for provisionally registered teachers.

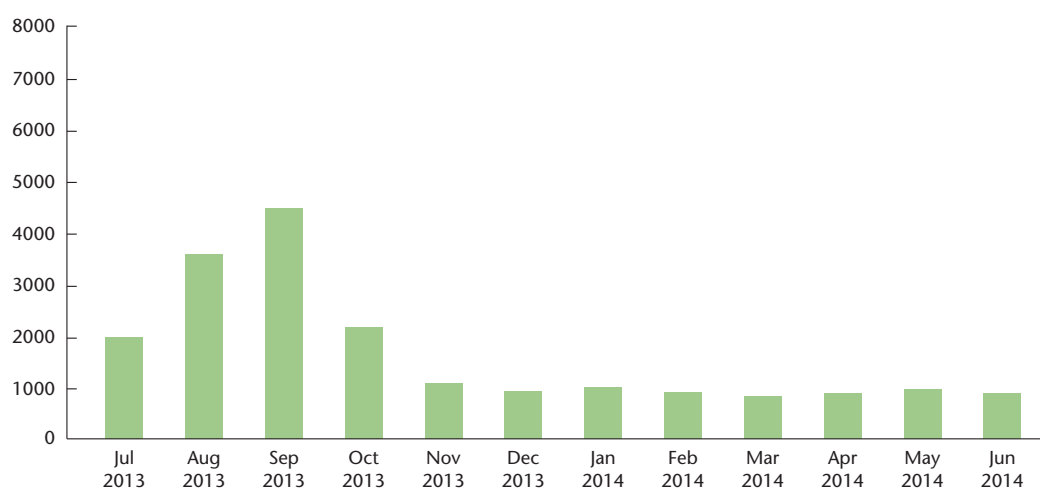
A guide and a short tutorial video, *How to use your School Portal*, were developed to assist newly appointed principals and their delegates in accessing and using the functions of their school portal.

General correspondence and our email box

The Institute responds to general written correspondence and emails sent to the Institute's electronic mailbox. A total of 19,987 emails were received and processed in the reporting period, with the highest numbers of enquiries received between August and September when 40 per cent of emails were received. The most frequent enquiries during these months were from teachers needing assistance with setting up their MyVIT account and completing the online National Police History Check and other registration renewal requirements.

Figure 9
Number of emails received per month, July 2013 – June 2014

Total number of emails processed: 19,987.



Our business operations

Banking

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

Financial services

The Institute's accounts and IT accounting systems were maintained by Milura Pty Ltd until November 2013 when the function was moved in-house.

Mail house services

The Institute contracted its mail house operations to Computershare Investment Services until March 2014 when a new contract was awarded to Lane Print and Post. Most letter printing and mailing is carried out by Lane Print and Post using encrypted files provided by the Institute under strict privacy arrangements.

The arrangement enables the Institute to access favourable bulk postage rates.

Records management

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

Consultancies and other major contracts

No major contract greater than \$10m was entered into in 2013–14. In 2013–14, the Institute engaged 14 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$54,950.65 (excl. GST). There were no contracts related to the Victorian Industry Participation Policy. For details of consultants contracts over \$10,000, refer to Appendix 3.

Freedom of Information

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

Table 13
Analysis of freedom of information requests, 2013–14

Nature of requests		
Personal (relating to a single identified person)		2
Non-personal (request for non-specific and/or summative information)		1
Outcome of request	Full access	1
	Partial access	0
	Denied	2
	Pending	0
Request for internal review partial access granted		0
Internal review confirmed initial FOI decision		0
Appeal of internal decision to VCAT		0
Carried forward to next year		0

National competition policy

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

Whistleblowers' protection

As of 30 June 2014, no disclosures had been received under the *Whistleblowers Protection Act 2001* or the *Protected Disclosure Act 2012*, nor had any matter under this Act been referred to the Ombudsman for investigation.

Environmental sustainability

The Institute continues to further refine its practices to reduce its carbon footprint. In 2013–14 it continued work on the development of online communication and resources for teachers, further reducing the need for paper-based communication. The Institute also relocated to new offices at 628 Bourke Street Melbourne, which have a Neighbours rating of 4 and incorporate a range of sustainable features, including advanced environmental lighting and water system controls.

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

Occupational health and safety

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

Staff and community wellbeing

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

Merit and equity

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

Professional development

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

Human Rights Charter

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

Table 14
Staff by operation (as of 30 June 2014)

Staff	Full-time equivalent
Casual staff	4.5
Corporate and Communications	37.7
Secretariat	3.0
Professional Conduct	7.8
Registration and Accreditation	18.2
Standards and Professional Learning	6.2
Governance/Hearing Panels	1.8
TOTAL	79.2

The Council of the Victorian Institute of Teaching

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

The Council of 12 members comprises:

- 6 members elected by teachers
- 5 members (including the Chairperson) appointed by the Governor-in-Council
- The Secretary of the Department of Education and Early Childhood Development (or their nominee).

The Governor-in-Council appointees follow consideration of names submitted by stakeholder bodies, including parents organisations, tertiary institutions and employers of teachers.

The elected members come from the Independent, Catholic and government sectors.

All Council members hold office for three years and are eligible for re-election or re-appointment.

The current Council is the fourth to be formed since 2001 and has been in operation since November 2011. The fourth Institute Council has developed a strategic plan for the period 2013–16. It can be viewed on the Institute website.

A significant change has been made to the legislation so that from the expiry of the terms of the current members of Council, all future members will be appointed and none elected. Sectoral representation is no longer fixed and members will be selected on merit and skill.

Key relationships

The Institute is required to give due regard to any advice given by the Minister in relation to its powers and functions.

Based upon the Council's recommendations, the Minister:

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

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

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

Name	Meetings attended		
	2013	2014	Total
Michael Butler	3	4	7
Stephen Dinham	1	2	3
Louise Heggen	2	4	6
Ian Johnson	3	3	6
Allen McAuliffe	3	4	7
Gail McHardy	3	4	7
Don Paproth	3	4	7
Mary-Anne Pontikis	3	4	7
Debra Punton	2	4	6
Anne Sarros	3	4	7
Leonie Sheehy	2	3	5
Arthur Townsend (June 2013–March 2014)	3	1	4
Bruce Armstrong (June 2014–)	–	1	1

MEMBERS OF THE COUNCIL OF THE INSTITUTE



Donald Paproth
Chairperson



Michael Butler
Reservoir District Secondary College



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



Louise Heggen
Bulleen Heights School



Dr Ian Johnson
Korowa Anglican Girls' School



Allen McAuliffe
Principal, Sandringham College



Gail McHardy
Executive Officer, Parents Victoria



Mary-Anne Pontikis
Meadow Heights Primary School



Debra Punton
Assistant Director, School Outcomes,
Catholic Education Office, Melbourne



Dr Anne Sarros
Former Principal, Firbank Grammar



Leonie Sheehy
St Joseph's Primary School, Boronia



Arthur Townsend – March 2014*
Executive Director, School Leadership
Performance and Policy Executive with
the Department of Education and
Early Childhood Development

* Bruce Armstrong appointed June 2014

The committees of Council

Registration Committee

The Registration Committee provides advice and makes recommendations to the Institute Council on registration matters, including the approval/refusal of registration or permission to teach. In some cases, the Committee will conduct an interview to make an informed decision about the applicant's suitability as a teacher.

During 2013–14, the Committee met 10 times.

Members

Michael Butler (Chairperson), Reservoir District Secondary College

Louise Heggen, Bulleen Heights School

Ian Johnson, Korowa Anglican Girls' School

Mary-Anne Pontikis, Meadow Heights Primary School

Leonie Sheehy, St Joseph's Primary School

Audit and Finance Committee

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

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

During 2013–14, the Audit and Finance Committee met eight times.

Members

David Nairn (Chairperson), HLB Mann Judd

Donald Paproth, Institute Council Chairperson

Allen McAuliffe, Sandringham Secondary College

Michael Butler, Reservoir District Secondary College

Gail McHardy, Parents Victoria

Debra Punton, Catholic Education Office, Melbourne

Barbara McLure

Remuneration Committee

The Remuneration Committee implements Government Sector Executive Remuneration Panel (GSERP) policies and guidelines for the employment of the Institute's executive officers. Specifically, the Remuneration Committee determines the performance criteria of the Chief Executive Officer, conducts their annual performance review and advises Council of any other relevant matters in the jurisdiction of GSERP.

During 2013–14, the Remuneration Committee met once.

Members

Donald Paproth (Chairperson), Institute Council Chairperson

Debra Punton, Catholic Education Office, Melbourne

Accreditation Committee

The Accreditation Committee assesses and approves initial teacher education programs for the purposes of registration, consistent with the standards for accreditation approved by the Institute Council. The Committee comprises teachers and principals from Victorian government and non-government schools, teacher educators, representatives of Victorian teacher employers and the Victorian Curriculum and Assessment Authority.

During 2013–14, the Committee met eight times.

Members

VIT Council members

Donald Paproth (Chairperson), Institute Council Chairperson

Stephen Dinham, The University of Melbourne

Louise Heggen, Bulleen Heights School

Non VIT Council Members

Lawrence Angus, University of Ballarat

Lynne Baker, Old Orchard Primary School

Damian Blake, Deakin University

Diane Bourke, Independent Schools Victoria

Deborah Corrigan, Monash University

Anne-Maree Dawson, ACU National University

Pat Drake, Victoria University

Jennifer Elsdon-Clifton, RMIT University

Peter Godden, Department of Education and Early Childhood Development

Joseph Haddad, Carwatha College P–12

Helen Hughes, Strathcona Baptist Girls Grammar School

Chris Lennon, Catholic Education Office Melbourne

Patricia McCann, La Trobe University

Larissa Mclean Davies, The University of Melbourne

Lindsay Reeve, Apollo Parkways Primary School

Margaret Ricardo, St John Vianney Primary School

Charmaine Taylor, Victorian Curriculum and Assessment Authority

Johanna Walker, Lilydale High School

David Warner, Eltham College

Amanda Watson, University High School

Disciplinary Proceedings Committee

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

During 2013–14, the Committee met 12 times.

Members

Anne Sarros (Chairperson), Firbank Grammar School

Michael Butler, Reservoir District Secondary College

Ian Johnson, Korowa Anglican Girls' School

Gail McHardy, Parents Victoria

Mary-Anne Pontikis, Meadow Heights Primary School

Leonie Sheehy, St Joseph's Primary School

Risk management attestation



Risk Management Attestation

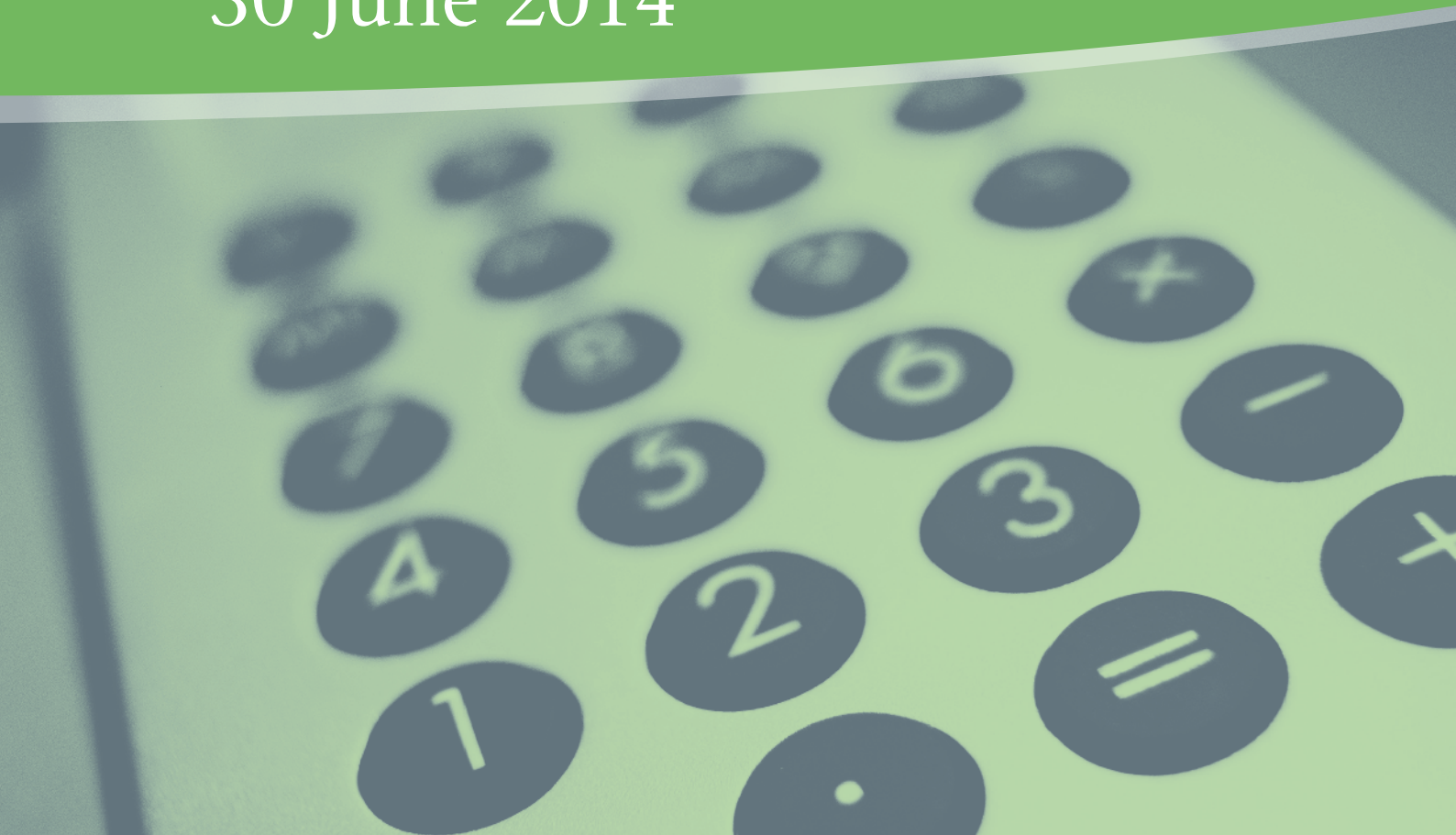
I, Donald Paproth certify that the Victorian Institute of Teaching has risk management processes in place consistent with the *Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009)* and an internal control system is in place that enables the executive to understand, manage and satisfactorily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

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

Donald Paproth
Chairperson- Victorian Institute of Teaching

Melbourne
27 August 2014

Financial statements for the year ended 30 June 2014



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Comprehensive operating statement for the financial year ended 30 June 2014

	Note	2014 \$	2013 \$
INCOME FROM TRANSACTIONS			
Interest	2 (a)	287,054	276,980
Fees	2 (b)	12,399,605	11,618,159
Government grant	2 (c)	–	90,909
Other income	2 (d)	88,971	122,934
Total income from transactions		12,775,630	12,108,982
EXPENSES FROM TRANSACTIONS			
Payroll expenses	3 (a)	7,195,853	5,936,299
Depreciation and amortisation	3 (b)	940,123	594,466
Supplies and services	3 (c)	3,374,465	4,051,885
Occupancy expenses	3 (d)	414,973	595,019
Total expenses from transactions		11,925,414	11,177,669
Net result from transactions (net operating balance)		850,217	931,312
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on non-financial assets	4 (a)	(812,038)	(62,398)
Other gains/(losses) from other economic flows	4 (b)	(4,419)	19,211
Total other economic flows included in net result		(816,457)	(43,187)
Net result from continuing operations		33,760	888,126
Comprehensive result		33,760	888,126

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

Balance sheet

as at 30 June 2014

	Note	2014 \$	2013 \$
FINANCIAL ASSETS			
Cash and deposits	18 (a)	5,047,589	4,369,527
Investments	5	2,000,000	2,500,000
Receivables	6	1,109,050	201,039
Total financial assets		8,156,639	7,070,566
NON-FINANCIAL ASSETS			
Plant and equipment	8	419,706	1,126,352
Intangible assets	9	1,037,298	1,658,182
Other non-financial assets	7	193,124	122,569
Total non-financial assets		1,650,127	2,907,103
Total assets		9,806,767	9,977,669
LIABILITIES			
Payables	10	868,310	1,417,667
Borrowings	11	0	16,218
Provisions	12	1,114,074	1,236,794
Income received in advance	13	3,314,891	2,831,260
Total liabilities		5,297,276	5,501,941
Net assets		4,509,491	4,475,729
EQUITY			
Accumulated surplus/(deficit)	19	4,509,489	4,475,729
Net worth		4,509,489	4,475,729
Commitments for expenditure	23		
Contingent assets and contingent liabilities	16		

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

Statement of changes in equity

for the financial year ended 30 June 2014

	Accumulated surplus \$	Contributions by owner \$	Total \$
Balance at 1 July 2012	3,587,603	–	3,587,603
Net result for the year	888,126	–	888,126
Balance at 30 June 2013	4,475,729	–	4,475,729
Net result for the year	33,760	–	33,760
Balance at 30 June 2014	4,509,489	–	4,509,489

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

Cash flow statement

for the financial year ended 30 June 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Government		609,091	90,909
Receipts from customers and registration fees		11,332,109	12,611,313
Net Goods and Services Tax recovered from the Australian Tax Office		112,638	12,337
Interest received		297,412	260,659
Total Receipts		12,351,249	12,975,218
Payments			
Payments to suppliers and employees		(11,731,534)	(10,556,847)
Interest and other costs of finance paid		(806)	(1,645)
Total Payments		(11,732,340)	(10,558,492)
Net cash flows from/(used in) operating activities	18 (b)	618,909	2,416,726
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(296,024)	(70,936)
Payments for intangible assets		(128,604)	(162,299)
Proceeds from sale of plant and equipment		–	–
Payments for investments		(10,750,000)	(8,000,000)
Proceeds/receipts from investments		11,250,000	6,000,000
Net cash flows from/(used in) in investing activities		75,372	(2,233,235)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease		(16,218)	(6,998)
Net cash flows from/(used in) in financing activities		(16,218)	(6,998)
Net increase/(decrease) in cash and deposits		678,063	176,493
Cash and deposits at the beginning of the financial year		4,369,527	4,193,034
Cash and deposits at the end of the financial year	18 (a)	5,047,589	4,369,527

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

Notes to the financial statements

for the financial year ended 30 June 2014

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Notes to the financial statements

for the financial year ended 30 June 2014

NOTE 1: Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Institute of Teaching (the Institute) for the year ending 30 June 2014.

The purpose of the report is to provide users with information about the Institute's stewardship of resources entrusted to it.

(a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

The Institute applies "not-for-profit" standards in accordance with Financial Reporting Direction (FRD) 108A *Classification of Entities as For-Profit*.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 26.

The annual financial statements were authorised for issue by the Chairperson of the Institute on 27 August 2014.

(b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of leasehold improvements, fixtures and fittings, plant and equipment
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

Consistent with AASB 13 *Fair Value Measurement*, the Institute determines the policies and procedures for both recurring fair value measurements such as plant and equipment, and financial instruments and for non recurring fair value measurements such as non financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For the purpose of fair value disclosures, the Institute has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

The accounting policies set out have been applied in preparing the financial statements for the financial year ended 30 June 2014 and the comparative information presented for the year ended 30 June 2013.

(c) Reporting entity

The financial statements include all the activities of the Victorian Institute of Teaching, a Statutory Authority established under the *Victorian Institute of Teaching Act 2001* for the regulation of the teaching profession in Victoria, and now operates under Part 2.6 of the *Education and Training Reform Act 2006*. The Institute reports directly to the Parliament of Victoria through the Minister for Education.

(d) Objectives and funding

The legislated objectives of the Institute are to recognise and regulate the members of the teaching profession by providing for the registration of teachers in schools in Victoria, regulating the conduct of those teachers and providing a procedure for handling complaints about teachers registered or permitted to teach under the Act.

The Institute operates as a single unit, with no associated entities and has not entered into any joint venture arrangements. The Institute has no administrative responsibility for transactions and balances relating to trust funds of third parties external to Victorian government revenues.

(e) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises two components, being 'net result from transactions' (or termed as 'net operating balance') and 'other economic flows included in net result'. The sum of the two together represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

The classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

'Transactions' and 'other economic flows' are defined by the *Australian system of government finance statistics: Concepts, Sources and Methods 2005* and Amendments to Australian System of Government Finance Statistics, 2005 (ABS Catalogue No. 5514.0) (the GFS manual) Refer to Note 26 Glossary of terms and style conventions.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include:

- gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows-other movements in equity' related to 'Transactions with owner in its capacity as owner'.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Rounding of amounts

Amounts in the financial statements (including the notes) have been rounded to the nearest whole dollar, unless otherwise stated. Figures in the financials may not equate due to rounding.

(f) Changes in accounting policies

Subsequent to the 2012–13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

AASB 13 Fair Value Measurement

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

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

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012–13 comparatives of these disclosures have not been provided, except for financial instruments, of which the fair value disclosures are required under AASB 7 Financial Instruments: Disclosures.

AASB 119 Employee benefits

In 2013–14, the Institute has applied AASB 119 Employee benefits (September 2011, as amended) and the related consequential amendments for the first time.

The revised standard also changes the definition of short term employee benefits. These were previously benefits that were expected to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short term employee benefits are now defined as benefits expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by the Institute as short term employee benefits no longer meet this definition and are now classified as long term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

The Institute does not consider the change in classification to have materially altered its measurement of the annual leave provision.

(g) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the income can be reliably measured. Income is recognised for each of the Institute's major activities as follows:

(i) Interest

Interest income includes interest received on deposits and from investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

(ii) Registration fees

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

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

(iii) Application fees and criminal record check fees

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

(iv) Late fees

Late fees are recognised on payment.

(v) Grants

Income from grants is recognised as revenue received in advance upon receipt of payment, and is recognised as revenue in the period in which the related project work is completed.

(vi) Other income

Other income primarily consists of pilot study income and sponsorship provided for various activities conducted by the Institute.

(h) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

(i) Payroll expenses

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

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

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

(ii) Depreciation

All infrastructure assets, leasehold improvements, plant and equipment and other non-financial physical assets (excluding items under operating leases) that have finite useful lives are depreciated. Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life (assets purchased for less than \$2,000 are expensed, whereas assets purchased greater than or equal to \$2,000 are capitalised).

Plant and equipment under finance lease are depreciated on a reducing balance method over the period of the lease or estimated useful life, whichever is the shorter. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Refer to Note 8 (a) for depreciation rates for each asset class.

(iii) Amortisation

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a reducing balance method over the asset's useful life (3 years) (2013: 3 years), with the exception of the Institute's CRM and TechnologyOne assets. CRM assets are amortised on a straight line basis over the useful life (4.75 years) (2013: 7 years). CRM assets were reassessed with a common expiry date of 31 March 2016. TechnologyOne assets are amortised on a straight line basis over the useful life (7 years). Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. Intangible assets purchased for less than \$2,000 are expensed, whereas assets purchased for greater than or equal to \$2,000 are capitalised.

(iv) Supplies and services

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

(v) Occupancy expenses

Occupancy expenses include rental expense, provision of make good, outgoings and repairs and maintenance charges. The lease on Marland House will expire in August 2014.

(i) Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all physical assets and intangible assets.

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

Refer to Note 1(l) Revaluations of non-financial physical assets.

(ii) Disposal of non-financial assets

Any gain or loss on the sale of non financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

(iii) Amortisation of non-produced intangible assets

Refer to Note 1(h)(iii) Amortisation

(iv) Impairment of non-financial assets

Intangible assets not yet available for use are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indication of impairment, except for financial assets.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a change to the Comprehensive Operating Statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of the depreciated replacement cost and fair value less costs to sell. The recoverable amount for an asset held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value,
- impairment and reversal of impairment for financial instruments at amortised cost, and
- disposals of financial assets.

Revaluations of financial instruments at fair value

Refer to Note 1(j) Financial instruments

Other gains/(losses) from other economic flows

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

(j) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Institute's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

(i) Loans and Receivables

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to

initial measurement, receivables are measured at amortised cost using the effective interest method, less any impairment.

Receivables category includes cash and deposits (refer to Note 1 (j) (i)), term deposits with maturity greater than three months, trade receivables, and other receivables, but not statutory receivables.

The held-to-maturity category includes certain term deposits for which the entity concerned intends to hold to maturity.

(iv) Financial liabilities at amortised cost

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

(v) Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Institute has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Reclassification of financial instruments

Subsequent to initial recognition and under rare circumstances, non-derivative financial instrument assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit and loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

(k) Financial Assets

(i) Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank (net of outstanding cheques yet to be presented by the Institute's suppliers and creditors), deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(ii) Receivables

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Amounts owing from the Victorian Government, taxes and other statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

(iii) Investments and other financial assets

The Institute classifies its other investments in the following categories: loans and receivables and investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

(iv) Impairment of financial assets

The Institute assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, the Institute applies professional judgement in assessing materiality and using estimates, averages and computational shortcuts in accordance with AASB 136 Impairment of assets.

(l) Non-financial assets

(i) Intangible assets

Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Institute.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase on an internal project) is recognised if, and only if, all of the following are demonstrated:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) an intention to complete the intangible asset and use or sell it;
- c) the ability to use or sell the intangible asset;
- d) the intangible asset will generate probable future economic benefits;

- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

(ii) Plant and equipment

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(n)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

Leasehold improvements

The cost of a leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

Non-current physical assets arising from finance leases

Refer to Note 1(n) Leases

Revaluations of non-current physical assets

Non-current physical assets are measured at fair value, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Revaluation increases and decreases relating to individual assets within a class of plant and equipment, are offset against one another

within that class but are not offset in respect of assets in different classes. Any revaluation surplus is not normally transferred to accumulated funds on de-recognition of the relevant asset.

(iii) Other non-financial assets

Prepayments

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.

Impairment of non-financial assets

Refer to Note 1 (i) Other economic flows included in net result.

(m) Liabilities

(i) Payables

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

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

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1 (j)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

(ii) Income received in advance

Registration fees are raised in advance. Income is recognised in the year to which the registration relates. The unexpired portion is recognised as unearned income. Refer to Note 13 Income received in advance.

(iii) Borrowings

All interest bearing liabilities are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also Note 1 (m) Leases). The measurement basis subsequent to initial recognition depends on whether the Institute has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

(iv) Provisions

Provisions are recognised when the Institute has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Using the discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be recognised from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(v) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(a) Wages and salaries and annual leave

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

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

(b) Long Service Leave

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

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

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

Conditional LSL (representing less than 7 years of recognised continuous service for the Institute) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

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

(c) Termination benefits

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

Employee benefits on-costs

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

Derecognition of financial liabilities

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

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

(n) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer

substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

Institute as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease plant and equipment or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are allocated between the principal component of the lease liability, and the interest expense calculated using the interest rate implicit in the lease, and charged directly to the operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating Leases

Institute as lessee

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

Lease incentive

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

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

(o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 23) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(p) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 16) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(q) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(r) Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Institute and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent reporting periods.

(s) AASs issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting period. The Institute is responsible for reviewing their applicability and early adoption where applicable. Refer to Note 25.

NOTE 2 Income

	2014 \$	2013 \$
INCOME FROM TRANSACTIONS		
(a) Interest		
Interest from financial assets not at fair value through comprehensive operating statement:		
Interest on bank deposits	57,807	100,025
Interest on investments	229,247	176,955
Total interest income	287,054	276,980
(b) Fees		
Teacher registration	10,180,508	9,284,552
Teacher application	401,232	371,276
Criminal record check	1,481,473	1,710,274
Replacement card fee	15,446	14,837
Late registration payment	261,561	224,197
Qualification assessment	20,830	9,206
Statement of good standing	10,737	–
Course accreditation assessment fee	27,818	3,818
Total fees	12,399,605	11,618,159
(c) Government grant		
Department of Education and Early Childhood Development		90,909
Total Government Grants	–	90,909
(d) Other income		
Sponsorship	27,576	10,606
Pdi subscription	–	37,228
Cost recovery for prosecutions	2,780	3,200
Profit/Loss on Sales of Plant & Equipment	4,454	–
Other revenue	54,161	71,900
Total other income	88,971	122,934

NOTE 3 Expenses

	2014 \$	2013 \$
EXPENSES FROM TRANSACTIONS		
(a) Payroll expenses		
Salaries and wages	6,301,522	5,205,619
Superannuation	561,386	450,685
Oncosts (Payroll tax, Fringe benefits tax and Workcover)	332,945	279,995
Total payroll	7,195,853	5,936,299
(b) Depreciation and amortisation		
Depreciation of plant and equipment		
Plant and equipment	102,531	120,635
Plant and equipment under finance lease	12,244	10,495
Fixtures and fittings	3,119	9,189
Leasehold improvements	74,996	72,938
Total depreciation of plant and equipment	192,889	213,258
Software amortisation	747,234	381,208
Total depreciation and amortisation	940,123	594,466
(c) Supplies and services		
HR Expenses	162,851	292,709
Council and Committee expenses	188,143	173,835
Consultancy and Contractor expenses	725,492	809,909
Communication expenses	530,863	586,055
Finance expenses	113,237	239,962
Legal expenses	66,675	165,536
Printing and stationery expenses	119,021	214,340
Research and development	31,691	22,230
Travel and accommodation	55,444	61,347
Marketing expenses	188,060	179,556
Administration expenses	430,912	378,577
Criminal record checks	762,076	927,828
Total supplies and services	3,374,465	4,051,885
(d) Occupancy expenses		
Operating lease rental expenses:		
Minimum lease payments (expense)	318,193	318,161
Unwinding of make good provision	(198,430)	29,502
Outgoings, cleaning and utilities	239,718	223,971
Maintenance and repairs	55,493	23,385
Total occupancy expenses	414,973	595,019

NOTE 4 Other economic flows

	2014 \$	2013 \$
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of non-financial assets	(812,038)	(62,398)
Total net gain/(loss) on non-financial assets and liabilities	(812,038)	(62,398)
(b) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(4,419)	19,211
Total other gain/(loss) from other economic flows	(4,419)	19,211

NOTE 5 Investments

	2014 \$	2013 \$
Current investments		
Term deposits:		
Australian dollar term deposits > three months	2,000,000	2,500,000
Total current investments	2,000,000	2,500,000

(a) Ageing analysis of investments and other financial assets

Please refer to Table 17.4 in Note 17 for the ageing analysis of investments and other financial assets.

(b) Nature and extent of risk arising from investments and other financial assets

Please refer to Note 17 for the nature and extent of risks arising from investments and other financial assets.

NOTE 6 Receivables

	2014 \$	2013 \$
Current Receivables		
Contractual		
Debtors	1,062,131	31,124
Accrued investment income	24,141	34,498
	1,086,271	65,622
Statutory		
Net GST receivable	22,779	135,417
	22,779	135,417
Total current receivables	1,109,050	201,039
Total receivables	1,109,050	201,039

(a) Ageing analysis of contractual receivables

Please refer to Table 17.4 in Note 17 for the ageing analysis of contractual receivables.

(b) Nature and extent of risk arising from contractual receivables

Please refer to Note 17 for the nature and extent of risks arising from contractual receivables.

NOTE 7 Other non-financial assets

	2014 \$	2013 \$
Current other non-financial assets		
Prepayments	184,984	98,225
Non-current other non-financial assets		
Prepayments	8,140	24,345
Total other non-financial assets	193,124	122,569

NOTE 8 Plant and equipment

	2014 \$	2013 \$
Carrying amounts		
Classification by Nature		
Leasehold Improvements:		
At cost	–	1,586,099
Less: accumulated depreciation	–	(774,624)
	–	811,475
Fixtures and fittings:		
At cost	80,725	37,333
Less: accumulated depreciation	(679)	(24,046)
	80,046	13,288
Plant and equipment:		
At cost	913,412	991,770
Less: accumulated depreciation	(573,754)	(702,982)
	339,659	288,788
Plant & equipment under finance lease:		
At cost	–	32,627
Less: accumulated depreciation	–	(19,825)
	–	12,802
Net carrying amount of Plant and equipment	419,706	1,126,352

NOTE 8(a) Plant and equipment

Movements in carrying amount

	Leasehold improvements		Fixtures and fittings		Plant and equipment		Plant and equipment under finance lease		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	811,475	906,614	13,288	45,042	288,788	356,118	12,802	23,297	1,126,352	1,331,071
Additions	6,196	–	80,725	6,842	209,104	64,095	–	–	296,025	70,937
Disposals	(742,675)	(22,201)	(10,848)	(29,407)	(55,702)	(10,790)	(559)	–	(809,784)	(62,398)
Depreciation expense	(74,996)	(72,938)	(3,119)	(9,189)	(102,531)	(120,635)	(12,244)	(10,495)	(192,889)	(213,258)
Closing balance	–	811,475	80,046	13,288	339,659	288,788	–	12,802	419,704	1,126,352

The following rates are used in the calculation of depreciation:

	2014	2013
Leasehold improvements	12.5%	10%
Furniture and fittings	12.5%	20%
Plant and equipment	33.33%	33.33%
Plant and equipment under finance lease	45%	45%

Note 8(b) Fair value

As a means of measurement of fair value of

assets and liabilities, the following three level hierarchy are available as valuation methodologies:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

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

Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Fixtures and fittings at fair value				
Fixtures and fittings	80,046	–	–	80,046
Total of fixtures and fittings at fair value	80,046	–	–	80,046
Plant and equipment at fair value				
Plant and equipment	339,659	–	–	339,659
Total of plant and equipment at fair value	339,659	–	–	339,659

Reconciliation of fair value levels for 2014

	Leasehold improvements	Fixtures and fittings	Plant and equipment
Level 3			
Opening balance	811,475	13,288	301,590
Purchases (sales)	6,196	80,725	209,104
Transfer in (out) of Level 2	–	–	–
Gains or losses recognised in net result	(742,675)	(10,848)	(56,261)
Depreciations	(74,996)	(3,119)	(114,775)
Subtotal	(811,475)	66,758	38,068
Closing balance	–	80,046	339,659

Description of significant unobservable inputs to Level 3 Valuations

	Valuation technique	Significant unobservable inputs	Range (average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Fixtures and fittings	Depreciated replacement cost	Cost per unit	\$1,000–\$11,000 (\$2,000)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of fixtures and fittings	8 years (8 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Cost per unit	\$1,000–\$173,000 (\$7,000)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of plant and equipment	4–8 years (6 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

NOTE 9 Intangible assets

Capitalised software development						
	2014			2013		
	\$			\$		
	CRM	Other	Total	CRM	Other	Total
Gross carrying amount						
Opening balance	2,041,030	1,182,394	3,223,424	1,904,293	1,156,832	3,061,125
Additions	–	128,604	128,604	136,737	25,562	162,299
Disposals	–	(19,011)	(19,011)	–	–	–
Closing balance	2,041,030	1,291,987	3,333,017	2,041,030	1,182,394	3,223,424
Accumulated amortisation and impairment						
Opening balance	(565,403)	(999,839)	(1,565,242)	(272,042)	(911,922)	(1,184,034)
Disposals	–	16,757	16,757	–	–	–
Amortisation expense	(676,418)	(70,816)	(747,234)	(293,361)	(87,847)	(381,208)
Closing balance	(1,241,821)	(1,053,898)	(2,295,719)	(565,403)	(999,839)	(1,565,242)
Net book value at the end of the financial year	799,209	238,089	1,037,298	1,475,627	182,555	1,658,182

NOTE 10 Payables

	2014	2013
	\$	\$
Current payables		
Contractual		
Trade creditors and accruals	846,629	1,271,347
Unused lease incentive – Marland House (Note 15)	21,681	146,320
Total payables	868,310	1,417,667

(a) Maturity analysis of contractual payables

Please refer to Table 17.5 in Note 17 for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 17 for the nature of risks arising from contractual payables.

NOTE 11 Borrowings

	2014 \$	2013 \$
Current		
Secured		
VIC Fleet Exec. Vehicle Lease (i) (Note 15)	–	16,218
Total current interest bearing liabilities	–	16,218
Non-current		
Secured		
VIC Fleet Exec. Vehicle Lease (i) (Note 15)	–	–
Total non-current interest bearing liabilities	–	–
Total interest bearing liabilities	–	16,218

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(a) Maturity analysis of borrowings

Please refer to Table 17.5 in Note 17 for the maturity analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to Note 17 for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

NOTE 12 Provisions

	2014 \$	2013 \$
Current		
Employee benefits (i) (Note 12(a)) – annual leave		
Unconditional and expected to be wholly settled within 12 months (ii)	263,633	210,801
Unconditional and not expected to be wholly settled within 12 months (iii)	126,356	121,124
Employee benefits (i) (Note 12(a)) – long service leave		
Unconditional and expected to be settled within 12 months (ii)	126,468	39,579
Unconditional and expected to be settled after 12 months (iii)	221,103	248,233
	737,560	619,737
Employee benefit on-costs		
Unconditional and expected to be wholly settled within 12 months (ii)	59,403	34,592
Unconditional and not expected to be wholly settled within 12 months (iii)	52,910	62,142
	112,213	96,734
Total current provisions	849,873	716,471
Non-current		
Employee benefits (Note 12(a))	81,752	121,580
Employee benefit on-costs (ii)	12,449	22,131
Make good provision (Note 12(b))	170,000	376,612
Total non-current provisions	264,201	520,323
Total provisions	1,114,074	1,236,794

NOTE 12(a) Employee benefits and related on-costs

	2014 \$	2013 \$
Current employee benefits:		
Annual leave entitlements	389,989	331,925
Unconditional long service leave entitlements	347,571	287,812
Non-current employee benefits		
Conditional long service leave entitlements	81,752	121,580
Total employee benefits	819,312	741,317
Current on-costs	112,213	96,734
Non-current on-costs	12,449	22,131
Total on-costs	124,762	118,865
Total employee benefits and related on-costs	944,074	860,182

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

(ii) The amounts disclosed are nominal amounts.

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

NOTE 12(b) Movement in provisions

	Make good provision	On-costs	Total
	2014 \$	2014 \$	2014 \$
Opening balance	376,612	118,865	495,477
Increase of provisions recognised (i)	(206,612)	5,897	(200,715)
Closing balance	170,000	124,762	294,762
Current	170,000	112,213	282,313
Non-current	–	12,449	12,449
	170,000	124,762	294,762

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

	2014 %	2013 %
Leasehold improvements – make good provision (i) – Level 24/570	n/a	3.755%
Leasehold improvements – make good provision (i) – Level 19/570	n/a	2.940%

NOTE 13 Income received in advance

	2014 \$	2013 \$
Criminal record check fee	54,550	178,500
Application fee	24,396	43,897
Unearned teacher registration fees	2,610,464	2,571,695
Government grant	609,091	–
Other income in advance	16,390	37,168
Total income received in advance	3,314,891	2,831,260

NOTE 14 Superannuation

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

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

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

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

Fund	Contribution for the Year		Contribution Outstanding at Year End	
	2014 \$	2013 \$	2014 \$	2013 \$
Defined benefit plans:				
State Superannuation Fund:				
Revised and new	7,282	31,689	–	202
State employees retirement benefit	45,106	11,765	–	810
Defined contribution plans:				
Vic Super	255,516	193,856	–	8,075
Hesta Super Fund	25,379	27,233	–	675
Uni Super	20,916	21,876	–	702
Legal Industry Super Scheme	13,108	14,881	–	638
Australian Super	26,311	13,376	–	799
Catholic Superannuation Fund	19,103	13,234	–	707
MLC Masterkey Super	31,461	13,055	–	563
Health Super	3,527	11,325	–	678
CareSuper	16,661	11,225	–	539
Retail Employees Super Trust	19,098	11,176	–	289
Recruitment Super	7,894	10,693	–	275
HostPlus	8,698	6,732	–	244
Commonwealth Bank Superannuation	2,212	5,883	–	299
Other	59,112	35,823	–	1,370
Total	561,386	433,822	–	16,863

NOTE 15 Leases

DISCLOSURES FOR LESSEES – FINANCE LEASES

Leasing Arrangements

The Institute entered into a 3 year finance lease with Vic Fleet, which ended in January 2014. Under the arrangement, the portions of the payments that relate to the right to use the assets are accounted for as finance leases as disclosed in the following table.

	Minimum future lease payments		Present value of minimum future lease payments	
	2014 \$	2013 \$	2014 \$	2013 \$
Finance lease liabilities payable				
– Not longer than 1 year	–	16,765	–	16,218
– Longer than 1 year but not longer than 5 years	–	–	–	–
Minimum future lease payments	–	16,765	–	16,218
Less future finance charges	–	(547)		
Present value of minimum lease payments	–	16,218	–	16,218
Included in the financial statements as:				
Current interest bearing liabilities (Note 11)			–	16,218
Non-current interest bearing liabilities (Note 11)			–	–
			–	16,218

(i) Minimum future lease payments include the aggregate of all lease payments and any residual.

DISCLOSURES FOR LEASEE – OPERATING LEASES

Leasing arrangements

Operating lease relates to the Institute premises at Marland House with lease terms of 10 years and Level 9/628 Bourke Street with lease terms of 8 years (commencing 1 September 2014). The lease incentive provided for Marland House is apportioned evenly over the term of the lease and recorded in current liabilities as 'Unused lease incentive Marland House' (Note 10).

	2014 \$	2013 \$
Non-cancellable operating leases payable		
Non-cancellable leases at the reporting date contracted for but not recognised as liabilities payable		
– Not longer than 1 year	482,197	544,133
– Longer than 1 year but not longer than 5 years	2,551,871	96,872
– Longer than 5 years	1,150,165	–
Total non-cancellable operating leases payable (exclusive of GST)	4,184,233	641,005
Add GST recoverable from the Australian Taxation Office	418,423	64,101
Total non-cancellable operating leases payable (inclusive of GST)	4,602,656	705,106
In respect of non-cancellable operating leases the following liabilities have been recognised:		
Current		
Unused lease incentive Marland House (Note 10)	21,681	146,320
	21,681	146,320

Maturity analysis of finance lease liabilities and the nature and extent of risk arising from finance lease liabilities are disclosed in Note 17.

NOTE 16 Contingent assets and liabilities

As at 30 June 2014, the Institute had no contingent assets (2013: \$0) or contingent liabilities (2013: \$95,150).

NOTE 17 Financial instruments

(a) Financial risk management objectives and policies

The Institute's principal financial instruments comprise of:

- cash assets
- receivables (excluding statutory receivables)
- investments (deposits receivable)
- payables (excluding statutory payables)
- finance lease payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the accounts.

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

The carrying amounts of the Institute's contractual financial assets and financial liabilities by category are disclosed in Table 17.1.

TABLE 17.1: Categorisation of financial instruments

	Contractual financial assets, loans and receivables	Contractual financial liabilities at amortised cost	Total
2014			
Contractual financial assets			
Cash and deposits	5,047,589	–	5,047,589
Receivables			
– Debtors	1,084,910	–	1,084,910
– Accrued investment income	24,141	–	24,141
Investments			
– Term deposits	2,000,000	–	2,000,000
Total contractual financial assets	8,156,639	–	8,156,639
Contractual financial liabilities			
Accounts payable			
– Trade creditors and accruals	–	868,310	868,310
Borrowings			
– VicFleet Exec. Vehicle lease	–	–	–
Total contractual financial liabilities	–	868,310	868,310
2013			
Contractual financial assets			
Cash and deposits	4,369,527	–	4,369,527
Receivables			
– Debtors	31,124	–	31,124
– Accrued investment income	34,498	–	34,498
Investments			
– Term deposits	2,500,000	–	2,500,000
Total contractual financial assets	6,935,149	–	6,935,149
Contractual financial liabilities			
Accounts payable			
– Trade creditors and accruals	–	1,271,347	1,271,347
Borrowings			
– VicFleet Exec. Vehicle lease	–	16,218	16,218
Total contractual financial liabilities	–	1,287,565	1,287,565

Table 17.2: Net holding gain/(loss) on financial instruments by category

	Net holding gain/ (loss) \$	Net interest income/ (expense) \$	Fee income/ (expense) \$	Impairment loss \$	Total \$
2014					
Contractual financial assets					
Financial assets – loans and receivables	–	287,054	–	–	287,054
Total contractual financial assets	–	287,054	–	–	287,054
Contractual financial liabilities					
Financial liabilities at amortised cost	–	–	–	–	–
Total contractual financial liabilities	–	–	–	–	–
2013					
Contractual financial assets					
Financial assets – loans and receivables	–	276,980	–	–	276,980
Total contractual financial assets	–	276,980	–	–	276,980
Contractual financial liabilities					
Financial liabilities at amortised cost	–	–	–	–	–
Total contractual financial liabilities	–	–	–	–	–

The net holding gains or losses disclosed above are determined as follows:

- For cash and cash equivalents, loans or receivables the net gain or loss is calculated by taking the interest revenue, minus any impairment recognised in the net result.

(b) Credit risk

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

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

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

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

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

Table 17.3: Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions (AA credit rating)	Financial institutions (VTMB)*	Govt agencies (AAA credit rating)	Other (no credit rating)
2014				
Cash and deposits	2,046,689	–	3,000,000	–
Receivables (i)	–	15,148	8,993	1,084,910
Investments and other financial assets	–	2,000,000		–
Total contractual financial assets	2,046,689	2,015,148	3,008,993	1,084,910
2013				
Cash and deposits	1,368,627	–	3,000,000	–
Receivables (i)	–	18,055	16,443	31,124
Investments and other financial assets	–	2,000,000	500,000	–
Total contractual financial assets	1,368,627	2,018,055	3,516,443	31,124

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

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

Contractual financial assets that are either past due or impaired

Currently the Institute does not hold any collateral as security nor credit enhancements relating to any of its financial assets. As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired.

Table 17.4: Ageing analysis of contractual financial assets

	Carrying amount \$	Not past due and not impaired \$	Past due but not impaired			Impaired financial assets \$
			Less than 1 month \$	1–3 months \$	3 months – 1 year \$	
2014						
Receivables: (i)						
– Debtors	1,084,910	22,779	1,036,539	13,294	12,298	–
– Accrued investment income	24,141	24,141	–	–	–	–
	1,109,050	46,920	1,036,539	13,294	12,298	–
2013						
Receivables: (i)						
– Debtors	31,124	–	10,289	10,277	10,558	–
– Accrued investment income	34,498	34,498	–	–	–	–
	65,622	34,498	10,289	10,277	10,558	–

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

(c) Liquidity risk

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

The Institute's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Institute manages its liquidity risk via:

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

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

The following table discloses the contractual maturity analysis for the Institute's contractual financial liabilities.

Table 17.5: Maturity analysis of contractual financial liabilities

	Carrying amount \$	Nominal amount \$	Maturity dates		
			Less than 1 month \$	1–3 months \$	3 months – 1 year \$
2014					
Payables:					
Trade creditors and accruals	868,310	868,310	868,310		–
Borrowings:					
VIC Fleet Exec. Vehicle lease					
	868,310	868,310	868,310	–	–
2013					
Payables:					
Trade creditors and accruals	1,271,347	1,271,347	1,271,347	–	–
Borrowings:					
VIC Fleet Exec. Vehicle lease	16,218	16,218	583	1,166	14,469
	1,287,565	1,287,565	1,271,930	1,166	14,469

(d) Market risk

The Institute's exposures to market risk are primarily through interest rate risk with no exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Institute does not hold any interest bearing financial instruments that are measured at fair value, therefore has nil exposure to fair value interest rate risk.

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

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

Table 17.6: Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate \$	Variable interest rate \$	Non- interest bearing \$
2014					
Financial assets					
Cash and deposits	2.52	5,047,589	3,000,000	2,046,689	900
Receivables:					
– Debtors		1,084,910	–	–	1,084,910
– Accrued investment income		24,141	–	–	24,141
Investments:					
Term deposit	3.26	2,000,000	2,000,000	–	–
Total financial assets		8,156,639	5,000,000	2,046,689	1,109,950
Financial liabilities					
Payables:					
– Trade creditors and accruals		868,310	–	–	868,310
Borrowings:					
VIC Fleet Exec. Vehicle lease					
Total financial liabilities		868,310	–	–	868,310
2013					
Financial assets					
Cash and deposits	2.99	4,369,527	3,000,000	1,368,627	900
Receivables:					
– Debtors		31,124	–	–	31,124
– Accrued investment income		34,498	–	–	34,498
Investments:					
Term deposit	3.80	2,500,000	2,500,000	–	–
Total financial assets		6,935,149	5,500,000	1,368,627	66,522
Financial liabilities					
Payables:					
– Trade creditors and accruals		1,271,347	–	–	1,271,347
Borrowings:					
VIC Fleet Exec. Vehicle lease	6.62	16,218	16,218	–	–
Total financial liabilities		1,287,565	16,218	–	1,271,347

Sensitivity disclosure analysis

The Institute's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding 5-year period, with all variables other than the primary risk variable held constant. The Institute's fund managers cannot be expected to predict movements in market rates and prices, sensitivity analyses shown are for illustrative purposes only.

Table 17.7 discloses the impact on the Institute's net result for each category of financial instrument held by the Institute at year-end as presented to key management personnel if the above were to occur.

Table 17.7: Interest rate risk sensitivity

		Interest rate	
		-1% (100 basis points)	+1% (100 basis points)
	Carrying amount \$	Net result \$	Net result \$
2014			
Contractual financial assets:			
Cash and deposits (i)	5,047,589	(50,467)	50,467
Investments:			
Term deposits	2,000,000	(20,000)	20,000
Total impact		(70,467)	70,467
Contractual financial liabilities:			
Borrowings:			
VIC Fleet Exec. Vehicle lease	–	–	–
Total impact		–	–
2013			
Contractual financial assets:			
Cash and deposits (i)	4,369,527	(13,686)	13,686
Investments:			
Term deposits	2,500,000	(25,000)	25,000
Total impact		(38,686)	38,686
Contractual financial liabilities:			
Borrowings:			
VIC Fleet Exec. Vehicle lease	16,218	(162)	162
Total impact		(162)	162

Notes:

(i) Cash and cash deposits includes a deposit of \$2,046,689(2013: \$1,368,627) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2014: $\$2,046,689 \times -0.01 = -\$20,467$; and $\$2,046,689 \times 0.01 = \$20,467$; and
- 2013: $\$1,368,627 \times -0.01 = -\$13,686$; and $\$1,368,627 \times 0.01 = \$13,686$.

NOTE 18 Cash flow information

	2014 \$	2013 \$
(a) Reconciliation of cash and cash equivalents		
Total cash and cash equivalents disclosed in the balance sheet	5,047,589	4,369,527
Balance as per cash flow statement	5,047,589	4,369,527
(b) Reconciliation of net result for the period to net cash flows from operating activities		
Net result for the reporting period	850,217	931,312
Non-cash movements:		
Depreciation and amortisation of non-current assets	940,123	594,473
Movements in assets and liabilities		
(Increase)/decrease in current receivables	(908,012)	106,991
(Increase)/decrease in other current assets	(70,554)	73,689
Increase/(decrease) in current payables	(549,357)	(123,186)
Increase/(decrease) in unearned fees	483,631	759,247
Increase/(decrease) in provisions	(127,138)	74,200
Net cash flows from/(used in) operating activities	618,909	2,416,726

NOTE 19 Movements in equity

	2014 \$	2013 \$
Accumulated surplus		
Balance at beginning of financial year	4,475,729	3,587,603
Net result for the reporting period	33,760	888,126
Balance at end of financial year	4,509,489	4,475,729
Total equity at the end of the financial year	4,509,489	4,475,729

NOTE 20 Responsible persons

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

Names

The Hon. P Hall, MLC	former Minister responsible for the Teaching Profession (1 July 2013 to 17 March 2014)
The Hon. M Dixon, MLA	Minister for Education (18 March 2014 to 30 June 2014)
Ms M Saba	Accountable Officer (Chief Executive Officer) commenced on 23 August 2010

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

‡ Ms Janiece Meagher – Group Manager, Corporate and Communications

‡ Ms Fran Cosgrove – Director, Special Projects

‡ Salaries included in Note 21 Remuneration of executives

Council members for the period fo 1 July 2013 to 30 June 2014

* Mr D Paproth – Council Chairperson	* Ms D Punton
* Mr M Butler	* Dr A Sarros
Prof S Dinham	* Mrs L Sheehy
* Ms L Heggen	Mr A Townsend (July 2013 – March 2014)
* Mr I Johnson	Mr B Armstrong (appointed June 2014)
* Mr A McAuliffe	
Ms G McHardy	
* Ms M Pontikis	

Related party transactions

* Indicates Council member who paid to the Institute a teacher registration fee of \$87 in the year ended 30 June 2014.

The Chair of the Audit and Finance Committee is a partner in HLB Mann Judd. During the year, the Institute engaged HLB Mann Judd to perform additional work resulting from the review of entitlements and provide general advice. These exercises were on normal commercial terms and the amount accrued for the year totalled \$3,218 (2013: \$5,750)

Remuneration

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

Income band	2014	2013
\$0	5	5
\$1–\$9,999	7	7
\$70,000–\$79,999	1	1
Total numbers	13	13
Total remuneration for Council members	\$104,499	\$98,425

Chief Executive Officer

Remuneration received or receivable by the Chief Executive Officer in connection with the management of the Institute during the reporting period was in the range: \$220,000–\$229,999 (2013: \$200,000–209,999).

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

Amounts relating to the Minister for Education are reported in the financial statements of the Department of Premier and Cabinet.

NOTE 21 (a) Remuneration of executives

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments and retirement benefits. The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

Income band	Total remuneration		Base remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
\$60,000 – \$69,999	–	–	1	–
\$70,000 – \$79,999	1	–	–	–
\$140,000 – \$149,999	2	1	2	1
\$150,000 – \$159,999	1	1	1	3
\$160,000 – \$169,999	–	2	–	–
\$170,000 – \$179,999	1	–	2	–
\$180,000 – \$189,999	1	–	–	–
Total numbers	6	4	6	4
Total annualised employee equivalent (AEE) (a)	5.18	4	5.18	4
Total amount	\$871,965	\$633,127	\$854,885	\$616,226

Note: (a) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

NOTE 21(b) Payments to other personnel

There were no payments to contractors with significant management responsibilities.

NOTE 22 Remuneration of auditors

	2014 \$	2013 \$
Victorian Auditor-General's Office		
Audit of the financial report	24,160	23,564
	24,160	23,564

NOTE 23 Commitments for expenditure

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

	2014 \$	2013 \$
Expenditure commitments:		
Payable:		
– Not longer than 1 year	228,661	91,852
– Longer than 1 year and not longer than 5 years	275,541	–
Total commitments for expenditure (inclusive of GST)	504,202	91,852
Less GST recoverable from the Australian Taxation Office	45,837	8,350
Total commitments for expenditure (exclusive of GST)	458,365	83,502

Pdi Management and Maintenance contract with ACER was terminated 30 June 2013. The previous year commitment is for construction of lease hold improvements.

NOTE 24 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, to affect significantly the operations, results of those operations, or the state of affairs of the Institute, in future financial years.

NOTE 25 AASs issued that are not yet effective

As at 30 June 2014, the following AASs that have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates, as follows:

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	1-Jan-17	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013–14 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2013–14 reporting period and is considered to have insignificant impacts on public sector reporting.

AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.

AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*.

2013-1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements*.

2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*.

2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*.

2013-5 *Amendments to Australian Accounting Standards – Investment Entities*

2013-6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*

2013-7 *Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders*

2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*

AASB Interpretation 21 *Levies*.

NOTE 26 Glossary of terms and style conventions

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a software internally generated or intangible asset. This expense is classified as an other economic flow.

Comprehensive result

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

Commitments

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

Depreciation

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

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

- (a) cash; or
- (b) a contractual right:
to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial statements

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

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 (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

A contractual obligation:

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

Grants and other transfers

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Intangible assets

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

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expenses include interest on bank overdrafts and short-term 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 revenue

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

Net result

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

Net result from transactions/net operating balance

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

Net worth

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

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes plant and equipment, and intangible assets.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

Payables

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

Pdi

Pdi is a standalone logo used to identify the Institute PD search facility. Pdi had two components. An online search function for teachers to seek programs they could undertake for renewal of registration purposes.

The second was a Provider site where programs were quality assured against the teacher Standards. Both sites were managed by Australian Council for Educational Research.

Receivables

Includes amounts owing from government through appropriation receivable, short- and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to revenue from the direct provision of goods and services, and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, 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 the Institute.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Unwinding of discounts

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

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

–	zero, or rounded to zero
(xxx.x)	negative numbers
200x	year period
200x-0x	year period



Accountable officer's, chief finance and accounting officer's and member of responsible body's declaration.

The attached financial statements for the Victorian Institute of Teaching have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of the Victorian Institute of Teaching at 30 June 2014.

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 27 August 2014.

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

Donald Paproth
Chairperson- Victorian Institute of Teaching

Melbourne
27 August 2014

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

Melanie Saba
Chief Executive Officer

Melbourne
27 August 2014

A handwritten signature in blue ink, appearing to read "Janiece Meagher".

Janiece Meagher
Group Manager – Corporate & Communications

Melbourne
27 August 2014



Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Council, Victorian Institute of Teaching

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the Victorian Institute of Teaching which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Accountable officer's, Chief Finance and Accounting officer's and member of responsible body's declaration has been audited.

The Council's Responsibility for the Financial Report

The Council of the Victorian Institute of Teaching are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Council determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditing in the Public Interest

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.


Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Institute of Teaching as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Victorian Institute of Teaching for the year ended 30 June 2014 included both in the Victorian Institute of Teaching's annual report and on the website. The Council of the Victorian Institute of Teaching are responsible for the integrity of the Victorian Institute of Teaching's website. I have not been engaged to report on the integrity of the Victorian Institute of Teaching's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
29 August 2014



John Doyle
Auditor-General

Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

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



Donald Paproth
Chairperson- Victorian Institute of Teaching

Melbourne
2 September 2014

Appendix 1

Disclosure Index

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

Legislation	Requirement	Page reference
Ministerial Directions		
Report of operations – FRD guidance		
Charter and purpose		
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FRD 22E	Objectives, functions, powers and duties	vi, 4–23
FRD 22E	Nature and range of services provided	vi, 4–23
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FRD 22E	Organisational structure	2–3
Financial and other information		
FRD 8B	Budget portfolio outcomes	n/a
FRD 10	Disclosure index	70–71
FRD 12A	Disclosure of major contracts	18
FRD 15B	Executive officer disclosures	62
FRD 22E, SD 4.2(k)	Operational and budgetary objectives and performance against objectives	n/a
FRD 22E	Employment and conduct principles	19
FRD 22E	Occupational health and safety policy	19
FRD 22E	Summary of the financial results for the year	1
FRD 22E	Significant changes in financial position during the year	1
FRD 22E	Major changes or factors affecting performance	n/a
FRD 22E	Subsequent events	63
FRD 22E	Application and operation of <i>Freedom of Information Act 1982</i>	18
FRD 22E	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	n/a
FRD 22E	Statement on National Competition Policy	18
FRD 22E	Application and operation of the <i>Protected Disclosure 2012</i>	18
FRD 22E	Application and operation of the <i>Carers Recognition Act 2012</i>	n/a
FRD 22E	Details of consultancies over \$10 000	73
FRD 22E	Details of consultancies under \$10 000	18
FRD 22E	Statement of availability of other information	74
FRD 24C	Reporting of officebased environmental impacts	19
FRD 25B	Victorian Industry Participation Policy disclosures	18
FRD 29	Workforce Data disclosures	18–19
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SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	69
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Ministerial Directions *(continued)*

Financial Report

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Other requirements under Standing Directions 4.2

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Other disclosures as required by FRDs in notes to the financial statements

FRD 9A	Departmental Disclosure of Administered Assets and Liabilities by Activity	n/a
FRD 11A	Disclosure of ExGratia Expenses	n/a
FRD 13	Disclosure of Parliamentary Appropriations	n/a
FRD 21B	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	61
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FRD 107	Investment Properties	n/a
FRD 110	Cash Flow Statements	29, 60
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Legislation

<i>Freedom of Information Act 1982</i>	18
<i>Building Act 1983</i>	n/a
<i>Protected Disclosure Act 2001</i>	18
<i>Carers Recognition Act 2012</i>	n/a
<i>Victorian Industry Participation Policy Act 2003</i>	18
<i>Financial Management Act 1994</i>	31

Appendix 2

Acronyms and abbreviations

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

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

Appendix 3

Details of consultancies over \$10,000

Details of individual consultancies

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST) \$	Expenditure 2013–14 (excluding GST) \$	Future expenditure (excluding GST) \$
Technology One Ltd	Financial system implementation	31/01/2014	28/02/2014	25,854.91	25,854.91	Nil
Enterprise Knowledge	Records management strategy	30/06/2013	31/05/2014	45,450.00	42,750.00	2,700.00
Able Corporate Training	Customer service project	17/01/2014	27/06/2014	10,956.00	10,956.00	Nil
RSM Bird Cameron	Risk Management and Internal Audit	24/10/2013	12/12/2013	31,740.00	31,740.00	Nil
Synoptic Consulting Pty Ltd	Process mapping consultancy	17/03/2014	30/06/2014	58,439.99	58,439.99	Nil
Victorian Employers Chamber of Commerce and Industry	General Consulting	30/07/2013	29/05/2014	26,336.00	17,015.00	9321.00
Win-Win Workplace Strategies Pty Ltd	People and Culture Strategy Development	20/12/2013	29/04/2014	23,305.41	20,824.41	2481.00
RAM IT Logic Pty Ltd	MyPD website redevelopment	9/03/2014	19/06/2014	21,420.00	16,800.00	4620.00
Valad Solutions Pty Ltd	Provisionally Registered Teachers	4/02/2014	14/05/2014	29,690.00	21,000.00	8690.00
Jones Lang LaSalle Corporate Property (VIC) Pty Ltd	Premises – consultation, design and relocation	26/08/2013	9/12/2013	23,455.00	23,455.00	Nil
Montlaur Project Services Pty Ltd	Premises – consultation, design and relocation	28/11/2013	28/05/2014	42,000.00	42,000.00	Nil
Artillery Pty Ltd	Premises – consultation, design and relocation	31/10/2013	31/05/2014	41,475.00	41,475.00	Nil
Mcorp Consulting Pty Ltd	Premises – consultation, design and relocation	13/01/2014	29/04/2014	10,680.00	10,680.00	Nil
Aston Consulting (Vic) Pty Ltd	Premises – consultation, design and relocation	28/01/2014	26/05/2014	27,075.00	27,075.00	Nil
Contact Centre Action	Customer Service Consultancy	25/02/2014	30/04/2014	18,625.00	18,625.00	Nil
Victorian Government Solicitor's Office	Premises – consultation, design and relocation	5/12/2013	23/05/2014	12,051.21	12,051.21	Nil

In 2013 – 2014, the Institute engaged 14 consultancies where the total fees payable were less than \$10,000, with a total expenditure of \$54,950.65

Appendix 4

Additional information available on request

Relevant information not included in this report is available on request to the Institute and includes:

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

Enquiries regarding details of this information should be made to:

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