

# Victorian Institute of Teaching



# Letter of transmittal

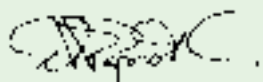
September 2012

Peter Hall, MLC  
Minister responsible for the Teaching Profession  
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 welcomes feedback from the profession and the community and can be contacted by:

Email [vit@vit.vic.edu.au](mailto:vit@vit.vic.edu.au)  
Telephone 1300 888 067  
Mail Victorian Institute of Teaching  
PO Box 531  
Collins Street West  
Victoria 8007  
Australia



# Report of the Chairperson

As we approach the end of the first year of the new Victorian Institute of Teaching Council, it is appropriate to look back and also to look forward. Taking over as Council Chairperson was always going to be an exciting and stimulating challenge, even more so because a new council with a new structure had been introduced at the same time.

The outcomes of the King Review have led to the formation of a radically different council structure and style of operation. The transition from 20 to 12 members, only six of whom have had Council experience, has occurred remarkably smoothly. This speaks volumes for the culture of the previous Council and for the expertise of our senior staff. All members of the Council are aware of the responsibility that goes with membership and take that responsibility very seriously.

At the end of 2011 the Victorian Auditor General's (VAGO) Report stated:

*The community can be confident that teachers in Victorian schools are appropriately qualified, suitable to teach and competent in the English language. VIT is a sound regulator and its registration practices give a high level of assurance that only those teachers who meet the regulatory standards are registered and that any unregistered practising teachers are identified.*

The Report gave an extremely positive description of how the Institute was fulfilling its regulatory role. It was highly complimentary of most aspects of the Institute's operation, which was very confirming for the staff and for the previous Council. There was, however, one crucial area of the Report in which the Institute was seen as inadequate – *communication*. It was clear from the report that the Institute was thorough and meticulous in its duty and discharged its responsibilities admirably. But it was equally clear that our stakeholders frequently didn't understand what we do and why we do it. This has caused significant aggravation towards the Institute from various individuals and groups.

The new Council quickly embraced effective communication with the profession as a major priority. To this end we have been writing directly to principals and schools as well as speaking personally to organisations right across the education spectrum. At the same time we are openly and honestly seeking feedback from interested parties and this has led to significant changes of policy and practice, particularly in our disciplinary functions.

There is still much to be done before we will be satisfied that the role of the Institute is properly understood and accepted by the profession. But we are making progress.

Another major priority for the Council in this period has been to place the Institute on a solid financial footing. For the first decade of its existence, the Institute received some financial support from the Victorian Government. In the start-up years this was necessary to ensure the survival of the organisation. We no longer receive any funding from the government or any other source, so 2011–12 has been a year of concentrating on fiscal matters. I thank the finance team as well as the Administration & Finance Committee for their mature and sensible approach to this difficult task. Their hard work has produced an outstanding result for our future.

A large number of people work for the Institute on various boards and committees such as Accreditation, Registration and Disciplinary Proceedings. They give freely of their time and their chief reward is the contribution they are making to the profession and to public protection. I thank them most sincerely and hope that they will continue in the future.

I recognise the staff at the Institute for their dedication to task and also for the cooperative culture that exists in the workplace. In particular, I thank Melanie Saba and all the Senior Managers.

I also thank the members of the Council for their professionalism and commitment to the Institute and to the profession. Discussion of issues at Council meetings flows freely and all members make strong contributions: it is a sign of a healthy organisation.

In closing, I pay tribute to my predecessor, Susan Halliday, whose vision and application played a key role in making the Victorian Institute of Teaching the highly credible organisation we have today.

Don Paproth  
Chairperson

# Report of the Chief Executive Officer



The Institute has seen a year full of change, including a new Council, implementation of significant legislative change and the introduction of a new information technology system. This coincided with the first year of the Institute being self-funded from fees generated, after government funding ceased.

During this reporting period the Institute has implemented the legislative changes that occurred at the beginning of 2011, including aligning all teachers to a single payment date of 30 September each year. The transition to an annualised renewal process has commenced, with the majority of teachers changing to annual renewal in 2013; the transition will be complete in 2016. In addition, the Institute has introduced continual criminal record checking with Victoria Police, which allows for early identification of any charges or convictions recorded against a registered teacher.

The Institute also introduced a new computer system, which allowed us to provide a broader suite of online services. Teachers were able to submit applications for registration and complete their National Criminal History Record Check online. It was pleasing to see that thousands of teachers utilised these online services. However, the introduction of an online portal account for teachers led to unprecedented demands on our customer service centre, which resulted in the Institute not being able to deliver our usual standards of customer service. We are currently implementing service improvements prior to the next peak period of service.

It has been another year in which the Institute has contributed actively to the national agenda, including implementing elements of nationally consistent registration, preparing to implement the national professional standards and working with education providers and the Australian Institute for Teaching and School leadership (AITSL) to implement a national approach to initial teacher education accreditation. The Institute, with its partners the Catholic Education Commission of Victoria, Independent Schools Victoria and the Department of Education and Early Childhood Development, is in the second phase of trialling a process to identify and assess teachers meeting the standards for certification at higher levels. I will also shortly finish my term as the Chairperson of the Australasian Teacher Regulatory Authorities (ATRA), and with our teacher regulatory colleagues throughout Australia we have played an important role in the national agenda in teaching.

Despite diligent cost controls, the removal of government funding, the cost of a Council election, one of the lowest annual registration fees in the country and the introduction of a new information technology system has meant the Institute will record a deficit; only the second deficit in its history. At the time of writing this report the Institute is consulting on a fee increase that will return the Institute to a better financial situation.

I would like to acknowledge the work and commitment of the staff of the Institute, who continue to provide the highest quality service to teachers and schools during periods of significant change. I would also like to acknowledge the work of the previous Council of the Institute, whose term finished in November 2011. Many of the members of that Council have served the Institute and the profession since the inception of the Institute. Special mention must be made of Susan Halliday, the first Chairperson of the Institute. Her drive, commitment and vision were integral to the establishment of the Institute. I would like to acknowledge the new Council and Chairperson Don Paproth, and the Secretariat looks forward to working under their guidance for their three-year term.

Finally, I would like to acknowledge and thank our many stakeholders – employers, unions, principal groups, parents and teachers for their support and feedback to the Institute, and for their partnerships and support for our work at the Institute.

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

Melanie Saba  
Chief Executive Officer

# About the Institute

## Who we are

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* (the Act) 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 determined by the Act.

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 renewing 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 structured into five operational branches and units who report to the Chief Executive Officer. 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 Act.

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 Inquiries and Litigation Branch and the Panels Unit administer 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

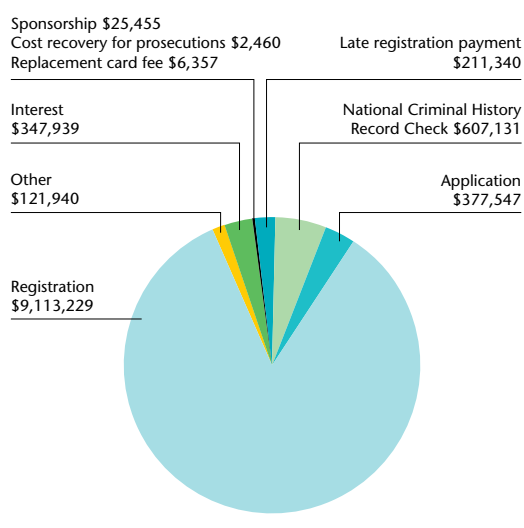
## Reporting period

The financial report and accompanying notes are for the financial year ended 30 June 2012.

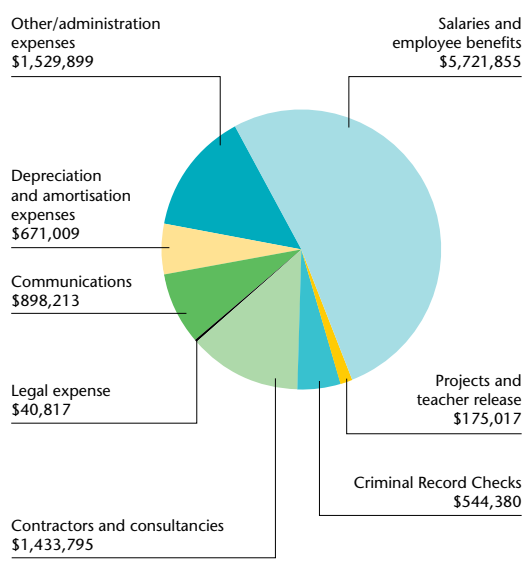
**Table 1**  
**Financial results 2011–12**

	2011–12 \$000
<b>OPERATIONS</b>	
Registration, application, National Criminal History Record Check and late fees	10,318
Fees from DEECD	–
Sponsorship	25
Interest	347
Other	121
<b>Total income</b>	<b>10,812</b>
<b>Operating expenses</b>	<b>11,014</b>
<b>Net result</b>	<b>(202)</b>
<b>FINANCIAL POSITION</b>	
Financial assets	5,001
Non-financial assets	3,404
<b>Total assets</b>	<b>8,405</b>
Provisions, payables and borrowings	2,745
Revenue received in advance	2,072
<b>Total liabilities</b>	<b>4,817</b>
<b>Total equity</b>	<b>3,587</b>

**Figure 1**  
**Total revenue for 2011–12**



**Figure 2**  
**Expenses for 2011–12**



In 2011–12 annual registration fees were increased from \$72 to \$74 per annum. Teacher registration fees are paid annually in advance and are pro-rata to each of the 12 months. Fee revenue belonging to July 2012 or after is considered revenue in advance, a current liability in this year's balance sheet.

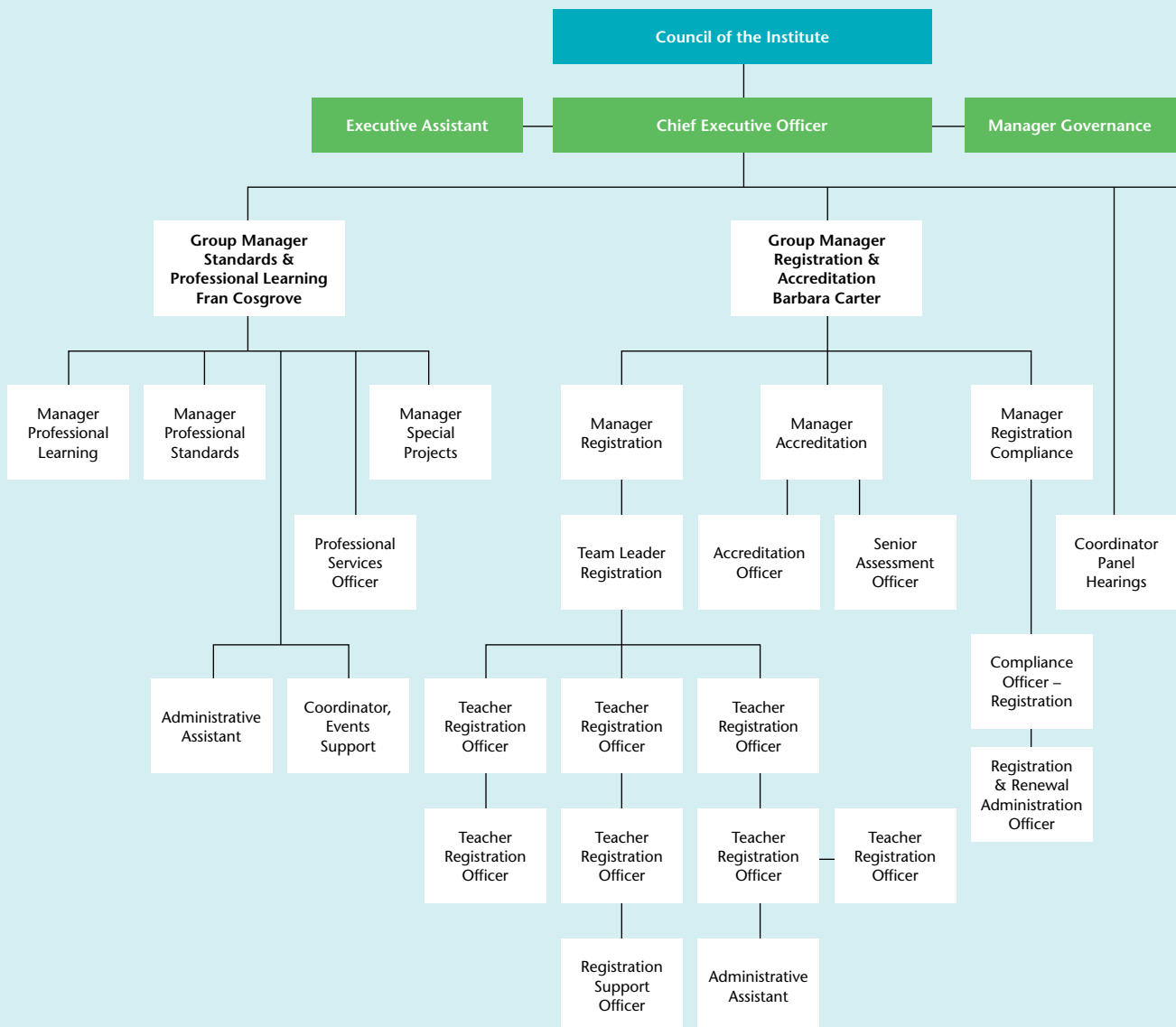
Interest revenue decreased in 2011–12 as a result of lower interest rates.

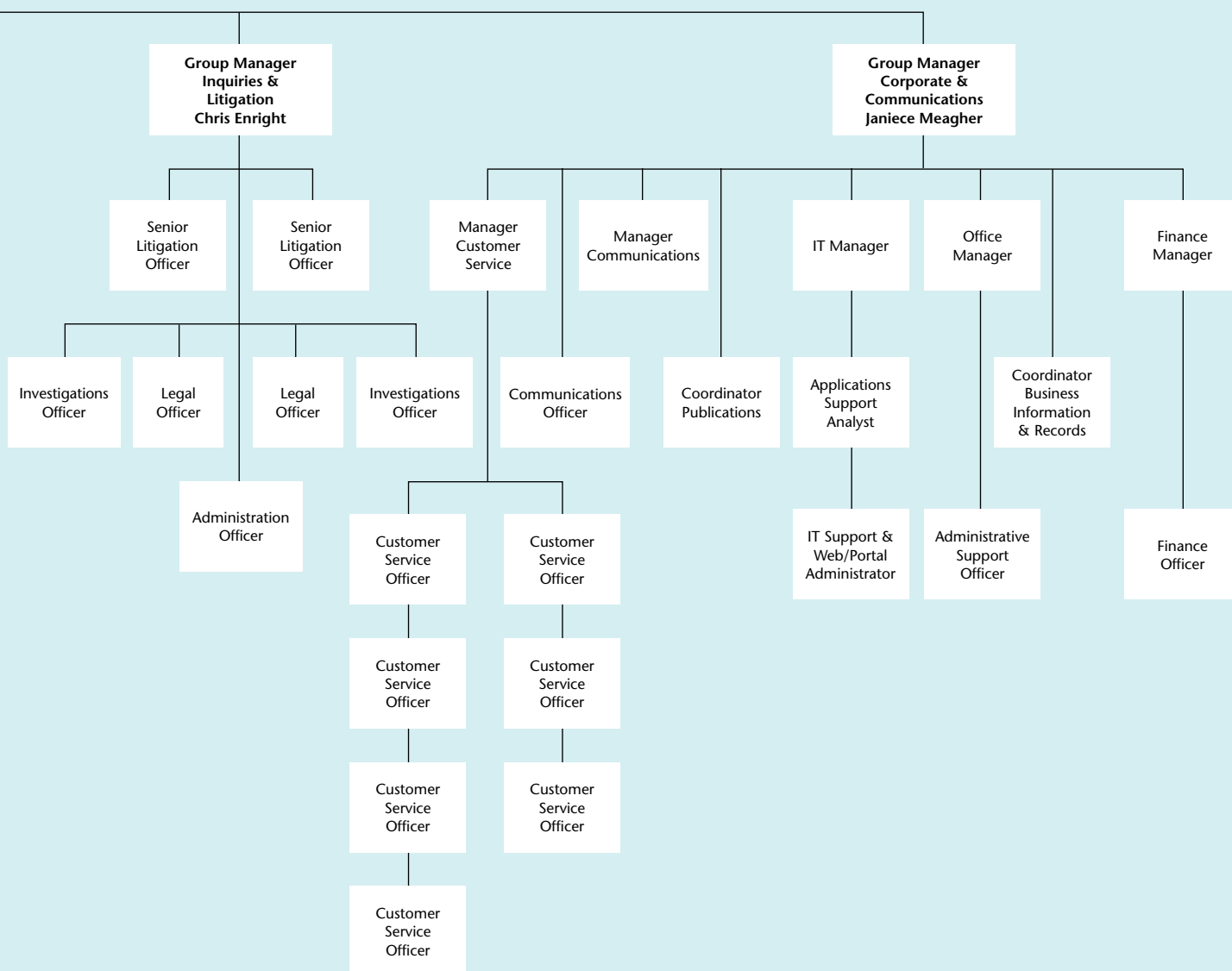
Operating expenses increased in 2011–12 with an increase in depreciation, amortisation, contractors, consultants and administrative expenses.

In summary, 2011–12 generated a deficit of \$246,643 compared to the \$29,649 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

- The Institute commenced the move of all teachers to a common payment date for registration.
- The Institute continued the transition of all teachers from five yearly to annual renewal of registration.
- The total of registered teachers reached 118,765, an increase of 2917 from last year.
- 23,857 National Criminal History Record Checks were processed.
- 3856 end-of-year graduates were available to teach in February 2012.
- 4489 beginning teachers and teacher mentors attended induction support programs in metropolitan and regional locations.
- Over 142 principals attended briefing sessions on the support program for provisionally registered teachers during February and March 2012.
- Eleven initial teacher education programs were reviewed and re-accredited.
- Seven new initial teacher education programs were reviewed and accredited.
- 97 per cent of provisionally registered teachers who attended the Institute's support program indicated they were comfortable or very comfortable with the process of applying for full registration.
- Casual relief teacher networks increased to 26, with 2077 members and 20 supporting schools.
- The number of professional development (PD) activities on the Institute's online search facility Pdi continued to increase.
- Processes were implemented to commence ongoing Victoria Police checks for registered teachers.
- The Institute introduced online applications.
- A secure online portal for teachers, MyVIT, was introduced.
- A new website to support provisionally registered teachers was developed.
- A new online platform for internal data management was successfully introduced.

# The National context

## Nationally consistent standards for teachers

From 2013 the Institute will introduce new Victorian standards and registration processes that are nationally consistent. A number of initiatives were undertaken during 2011–12 to facilitate these changes, including:

### **Trials and projects**

A trial of the use of national standards with 15 regional and metropolitan schools and involving 35 mentors and provisionally registered teachers was conducted between July and November 2011. This was supported and evaluated by the Australian Institute for Teaching and School Leadership (AITSL). Results indicated that the standards could be successfully incorporated into the full registration process.

The *Identifying High Performing Teachers* project, a partnership with the Catholic Education Commission of Victoria to develop and trial a framework for the identification and assessment of high performing teachers, was completed. This was referenced to the draft National Professional Standards for Teachers at the Highly Accomplished level. Evaluation indicated that the model was robust and consistent, but scalability needed to be further tested.

Development of the *Identifying High Performing Teachers* project continued into Phase 2, involving the government, Catholic and independent school sectors. Alignment to the AITSL Principles and Process for the Certification of Highly Accomplished and Lead Teachers continues, along with investigation of scalability and development of assessment processes. Testing is occurring with 38 teachers and 31 assessors drawn from school leadership

Testing of a revised process for full registration incorporating the new standards and descriptors commenced. Trialling took place with five metropolitan schools. Work was undertaken with AITSL to identify resources for provisionally registered teachers, their mentors and their school principals to support the full registration process in regional schools. Further trialling took place with five schools in the Ballarat region.

## Nationally consistent registration

Policy development and review of policy continued throughout the reporting period, as the Institute actively aligns itself with nationally consistent registration policy.

An increase in the English language requirements for registration came into effect from April 2012, consistent with all other Australian teacher regulatory authorities.

## Nationally consistent accreditation

The Institute has been working closely with the Australian Institute for Teaching and School Leadership and other regulatory bodies to develop the national accreditation program standards and a national accreditation process. The national program standards and accreditation process have been developed and a significant number of Accreditation Committee members have undergone training in using the national standards for program review. The Institute will commence using the new standards to accredit programs later in 2012.

# Registration

There are now 118,765 registered teachers in Victoria, an increase of 2917 from the previous year.

To be registered as a teacher, an applicant is required to be appropriately qualified, suitable to teach, and competent in the English language. It is an offence to teach without registration under the Act. The Institute has conducted staffing audits in all school sectors (government, Catholic and independent) to ensure that all persons undertaking the duties of a teacher hold current registration. The audits have identified, in each sector, unregistered practice and employment matters. Where possible, the Institute Council has worked with the relevant sector and the person concerned to resolve registration issues.

## Common payment date

During this reporting period, the Institute moved all teachers to a common date for payment of registration of 30 September annually. This was a significant undertaking and included a pro-rata payment scheme to facilitate a smooth transition. The move came as a result of legislative change, and was undertaken to align payment and renewal of registration dates, which will assist teachers to manage the requirements of registration.

## 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. Permission to teach has facilitated pathways into the teaching profession for Career Change Program applicants and Teach for Australia associates.

## 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 teachers being moved to an annual renewal cycle by 2016. During the reporting period, 4507 teachers renewed their registration.

In addition, 204 teachers requested an extension of registration to allow more time to meet the standards, and 121 opted for non-practising registration because they could not meet all of the requirements for renewal.

## Non-practising registration

1354 teachers have non-practising registration. This means the teacher cannot be employed as a teacher in a Victorian school, but can maintain professional registration.

## National Criminal History Record Check (NCHRC)

Registered teachers must have a current and satisfactory National Criminal History Record Check (NCHRC) 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 NCHRC date are exempt from the Working with Children check. The Institute has processed 23,857 NCHRCs in the reporting period.

## Registering new graduates

The Institute has established processes for the receipt and assessment of registration applications to ensure graduates can start teaching as soon as possible. During the reporting period 160 midyear graduates and 3856 end-of-year graduates were registered.

## Engaging with higher education providers

Institute staff have visited ten higher education providers and presented information to 4332 graduating teachers about the role of the Institute and the registration process.

## Registering teachers

There has been a 3 per cent increase in the number of registered teachers (Table 2).

**Table 2**  
Number of teachers registered as at 30 June

	2012	2011	% change
Full registration	102,645	100,576	2 ↑
Provisional registration	11,559	10,782	7 ↑
Permission to teach	3,207	3,570	11 ↓
Non-practising	1,354	920	47 ↑
<b>TOTAL</b>	<b>118,765</b>	<b>115,848</b>	<b>3 ↑</b>

## Receiving and processing applications

In 2011–12 the Institute introduced online applications for teacher registration. During this time, the Institute received 7269 paper based applications and 8429 online applications for registration.

These applications include new applications, re-applications for provisional registration or permission to teach and applications for full registration by those holding provisional registration. A large number of applications lapse because the applicant withdraws the application, has failed to provide the required documents or pay the relevant fees. Twenty-one applications were refused, compared with 37 in the previous year. Table 3 reports the number of new registrants by application type.

**Table 3**  
Number of new registrants

	2012	2011	% change
Victorian qualifications	4,309	3,378	28 ↑
Interstate qualifications	756	585	29 ↑
Overseas qualifications	1,048	797	31 ↑
Mutual recognition	609	642	5 ↓
Permission to teach	269	329	22 ↓
<b>TOTAL</b>	<b>6,991</b>	<b>5,731</b>	<b>22 ↑</b>

## Provisional to full registration

Graduate teachers are provisionally registered. To be granted full 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 re-apply for provisional registration.

Experienced applicants who are able to provide evidence that they already meet the standards for full registration may be granted full registration at the time they are registered or shortly afterwards. Table 4 presents these situations.

**Table 4**  
Provisional to full registration

	2012	2011	% change
Immediate full registration granted	898	977	9 ↓
Immediate full registration granted under mutual recognition	459	446	3 ↑
Full registration – experienced teachers meeting standards	500	491	2 ↑
Full registration – after evidence-based process	3,521	3,331	6 ↑
Re-application for provisional registration made this year after previous provisional registration expired	1,278	1,277	–

## The register of teachers

The Institute is required under legislation to maintain the register of teachers. The public register of teachers is available for inspection during office hours at the Institute's office and also on the Institute website at <[www.vit.vic.edu.au](http://www.vit.vic.edu.au)> where the public can search to check that a teacher has current registration.

During the reporting period 2109 teachers left the profession. Of these, the largest numbers occur in the age ranges of 60–64 years (349), 65–69 years (293) and 55–59 years (238). Consistent with the last reporting period, the majority (70 per cent) of teachers leaving the profession were not in a school.

## Age and gender

The largest group of registered teachers (16,624) is aged between 55 and 59 years. It is also noted that there is a 40 per cent increase in the number of teachers in the 65 to 69 age range and a 36 per cent increase in the 70 and above age range.

Males continue to account for 27 per cent of the teaching population, which is a proportion consistent with previous reporting periods.

Table 5 provides the age profile of registered teachers.

**Table 5**  
**Age profile of registered teachers**

	2012	2011	% change
<25	3,435	4,683	27 ↓
25–29	14,228	14,073	1 ↑
30–34	15,147	14,153	8 ↑
35–39	12,721	12,214	4 ↑
40–44	12,905	12,566	3 ↑
45–49	12,803	12,951	1 ↓
50–54	14,631	16,017	9 ↓
55–59	16,624	15,900	5 ↑
60–64	10,949	9,455	16 ↑
65–69	4,245	3,043	40 ↑
70+	1,077	792	36 ↑



# Accreditation

The Institute's Accreditation Committee reviews, assesses and accredits all the initial teacher education programs in Victoria on a cyclical basis at least once every five years. New programs need to be approved and accredited before students commence. In 2011–12, the Accreditation Committee re-accredited 11 continuing programs and accredited seven new programs. A list of the accredited programs that accept enrolments is available on the Institute's website.

**Table 6**  
**Total number of approved initial teacher education programs accepting enrolments**

Approved initial teacher education programs	30 June 2012	30 June 2011
Secondary postgraduate	17	17
Secondary undergraduate	21	20
Primary postgraduate	12	10
Primary undergraduate	11	10
Primary undergraduate with optional P–10 pathway	3	5
P–10 or P–12 postgraduate	5	4
P–10 or P–12 undergraduate	7	4
Early childhood/primary postgraduate	3	1
Early childhood/primary undergraduate	7	7
<b>TOTAL</b>	<b>86</b>	<b>78</b>

## 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 over three years and is an Australian Research Council Linkage funded project. The project commenced in late May 2011, with the first survey of beginning teachers in March 2012.

The Institute has continued to work with the Department of Education, Employment and Workplace Relations, the Department of Education and Early Childhood Development, the University of Melbourne and Teach For Australia to support the implementation of the Teach For Australia program in Victorian schools. In this work, the Institute ensures that the initial teacher education program studied by the participants in the program continues to meet the required standards and that participants meet the requirements to be granted permission to teach in appropriate teaching discipline areas.

The Institute continues to work with all Victorian providers of initial teacher education programs through attendance at Advisory Committee meetings, representation on Faculty Boards and participation in a range of formal and informal meetings at metropolitan and regional campuses to ensure that accredited and new programs meet the standards for accreditation.

# Standards and professional learning

## Supporting teachers new to the profession

The Institute met with nearly 2000 provisionally registered teachers to welcome them to the profession and explain the full registration requirements. The change from school-based seminar registrations to individual online registration by the teacher accounts for a decline in numbers. It is expected that numbers will increase when this seminar program is repeated in July 2012.

During 2012, over 900 experienced teachers were trained as mentors for provisionally registered teachers.

From the introduction of these programs in 2004 the Institute has delivered seminars to over 21,000 provisionally registered teachers and trained nearly 14,000 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.

Provisionally registered teachers continue to rate the content of the Institute seminars highly as shown in Figure X. Of the 2,714 PRTs who attended the seminars 97% indicated they were comfortable or very comfortable with the process of applying for full registration.

**Table 7**  
**Support program for provisionally registered teachers**

Date	Teacher support	Location(s)		Numbers attending 2011–12	Numbers attending 2010–11
July 2011	Provisionally registered teachers working as CRTs seminar	1 location	Melbourne	96	83
July/August 2011	Provisionally registered teacher seminar (repeat of seminar 1)	20 locations	9 metropolitan 9 regional	707	607
February/March 2012	Mentor training – day 1	27 locations	14 metropolitan 13 regional	914	975
February/March 2012	Provisionally registered teacher seminar	27 locations	14 metropolitan 13 regional	1,911	2,603
February/March 2012	Principal briefing	27 locations	14 metropolitan 13 regional	142	182
May 2012	Mentor training – day 2	27 locations	14 metropolitan 13 regional	861	882
<b>TOTAL</b>				<b>4,631</b>	<b>5,332</b>

**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.

**Figure 4**  
Evaluation of Institute Training by Mentors



## Supporting casual relief teachers (CRTs)

The Institute has facilitated the development of casual relief teacher networks and their link to a supporting school. These provide professional learning communities for teachers working in relief teaching. There are now 26 CRT networks in metropolitan and regional locations with 2077 members and 20 supporting schools.

In addition, the Institute conducted seminars for CRTs at the regional locations of Horsham, Echuca and Lakes Entrance, and the metropolitan locations of Moorabbin, Point Cook and Greensborough.

## Pdi

Pdi is the search engine for professional development activities that are referenced to the standards of professional practice for renewal of registration. In the reporting period 1 July to 30 June 2012 there were 145 registered providers. During that period, 1184 professional development programs for teachers were entered on Pdi. There were over 15,000 page views in the reporting period. With the activation of the MyVIT portal and the access to MyPD, teachers are now recording their professional development activity online. Over 12,000 teachers have logged into MyPD out of an initial 30,000 teachers provided with MyVIT access.

# Disciplinary proceedings

During the reporting period, the Institute received 76 general inquiries from teachers, the community and employers about matters relating to the disciplinary process and the Code of Conduct. These general inquiries of varying complexity were recorded and satisfactorily resolved by a range of responses, including referral to an employer, union or parent support groups, or by specific recommendations relating to seeking independent legal advice. The Institute initiated five own motion inquiries.

## Complaints

A member of the public may make a complaint to the Institute about a teacher's misconduct, serious misconduct, serious incompetence or suitability to teach. The Disciplinary Proceedings Committee receives and considers complaints and any supporting material in determining whether or not to inquire into the complaint, defer the decision in order to obtain further information, or in some cases to refer the matter direct to a formal hearing.

**Table 8**

Complaint files opened	111
Unconfirmed complaints	24
Committee decision deferred	1
No further action	50
Referred to Investigation	14
No further action	3
Formal hearing	0
Investigation continuing	5
Awaiting investigation	5
Investigation not proceed	0
Awaiting consideration by Committee	1
Referred direct to Formal Hearing	0
Waiting for complaint form	7
Yet to be considered by Committee	1

## Notification from employer

The Act requires employers of registered teachers to notify the Institute if they have taken action against teachers in relation to serious misconduct, serious incompetence or suitability to teach. An employer is required to provide the Institute with any information the Institute may reasonably require to conduct an investigation. The employer's notification is required if the teacher has been suspended, dismissed or subjected to any other disciplinary action in relation to serious misconduct, serious incompetence or suitability to teach. This reporting requirement continues to operate if a teacher has resigned during such an investigation by the employer.

**Table 9**

Notifications from employers	77
No further action	4
Committee decision deferred	2
Referred to investigation	17
No further action	0
Formal hearing	0
Investigation continuing	10
Awaiting investigation	6
Awaiting consideration by Committee	1
Referred direct to Formal Hearing	1
Yet to be considered by Committee	36

## Indictable offences

The Institute must conduct an inquiry into a teacher's fitness to teach if the teacher is convicted or found guilty of an indictable offence. Registered teachers are required under the Act to advise the Institute if they have been committed for trial or convicted or found guilty of an indictable offence. The Chief Commissioner of Police is also required to notify the Institute if a teacher has been charged, committed for trial, convicted or found guilty of indictable offences as specified in the Act.

The 2011 legislative amendments have enabled greater scrutiny of the ongoing fitness of registered teacher through the implementation of systematic, routine, ongoing criminal record checking being undertaken by the Institute. Under this procedure, Victoria Police are providing the Institute with regular reports identifying registered teachers who have matters in Victoria under police investigation, matters awaiting a court hearing or relevant criminal history information. The Institute has been advised about and taken action in relation to a number of matters emerging through this procedure, which has enhanced its ability to ensure an effective regulatory response. Table 10 shows the total number of indictable offences referred to the Institute in 2011–12 from a range of sources, including the ongoing criminal record checking process:

Table 10

Indictable offences	51
No further action	19
Waiting for further information	23
Referred to Investigation	2
Referred to Formal Hearing	3
Legal proceedings pending	0
Not proceed/outside jurisdiction	4

## Hearings

In 2011–12, 11 formal hearings were held by the Institute. There are four panel decisions outstanding. There have been no informal hearings during the reporting period.

### Members of the hearing panels

Hearing panel members are selected from a pool of not more than 30 persons approved by the Governor in Council, on the recommendation of the Minister. There have been 18 members appointed to that pool and recruitment has commenced for further members.

## Sexual offences

The definition of a sexual offence is set out in the Act. If a registered teacher is charged with a sexual offence, the Institute may suspend the registration of a teacher without inquiry. In 2011–12, the Institute served six notices of suspension on teachers charged with sexual offences.

If a registered teacher has been convicted or found guilty of a sexual offence as defined in the Act, the teacher's registration is cancelled from the date of the conviction or finding of guilt and the teacher is disqualified from teaching in a school.

In 2011–12, five teachers had their registration cancelled as a result of a conviction or finding of guilt for sexual offences.

## Registration matters

National Criminal History Record 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 Inquiries and Litigation Branch prepares a special attention report for the Registration Committee of Council. In 2011–12, 157 reports were prepared. The Committee found in 149 cases that the matters did not affect the applicant's suitability to be a teacher and subsequently recommended the applicants for registration. Five applicants were refused registration and three matters are outstanding.

## Prosecutions

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.

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.

In 2011–12, the Institute investigated or continued to investigate 125 cases of unregistered teaching. The Institute prosecuted four persons for teaching without registration and in each case the person was convicted or found guilty by a Magistrate.

## VCAT reviews

A teacher may seek a review at the Victorian Civil and Administrative Tribunal (VCAT) of a determination of a hearing panel or of an Institute decision to refuse registration or permission to teach. The Inquiries & Litigation Branch is responsible for representing the Institute at VCAT.

In 2011–12, there were no applications for review at VCAT of hearing panel decisions and one application for review at VCAT of an Institute registration decision.

# 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
- seminars for teachers and other education stakeholders.

## 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 dropped from an average 47,402 visits per month in the previous reporting period to 40,984 per month in the current period. There was increased use, however, in the invoicing period and with new graduates applying for registrations.

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

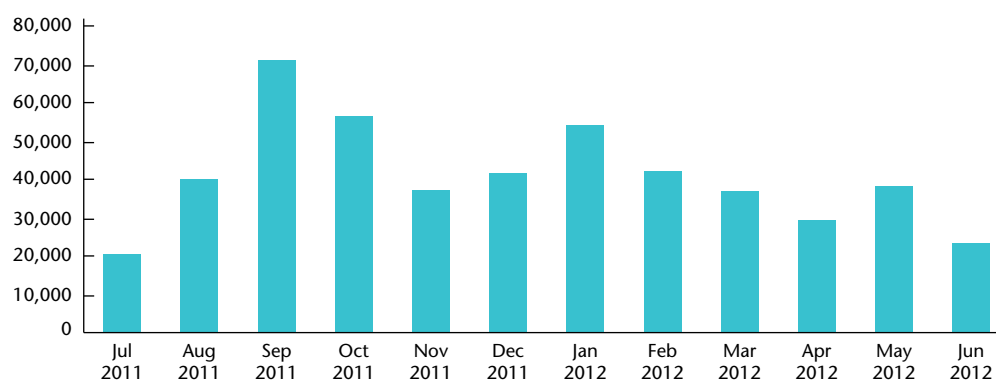
- how to qualify as a teacher
- how to apply for registration
- registration matters
- professional learning
- professional standards.

In January, the Institute developed a new website, <www.vit.vic.edu.au/prt/>, to support provisionally registered teachers. This site allows newly qualified teachers with provisional registration to access information and resources required to apply for full registration.

**Table 11**  
**Number of website visits per month**

Year	Month	Numbers of visits
2011	July	20,407
	August	39,653
	September	71,317
	October	57,274
	November	38,192
	December	40,195
2012	January	53,927
	February	41,872
	March	37,578
	April	29,976
	May	38,974
	June	22,440
		<b>TOTAL 491,805</b>

**Figure 5**



## 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 13 email circulars were sent to principals.

## The Teachers' Hotline

Figure 6 below shows the number of calls to the Teachers' Hotline answered between July 2011 and June 2012. The total number of calls answered for this reporting period was 61,217, with peak call rates recorded between August through October where over 6,000 calls were answered each month. This spike in calls was as a direct result of teachers updating their email addresses, the rollout of MyVIT to teachers, the move to a common annual payment date of 30 September and notification to teachers required to undertake a National Criminal History Record Check (NCHRC).

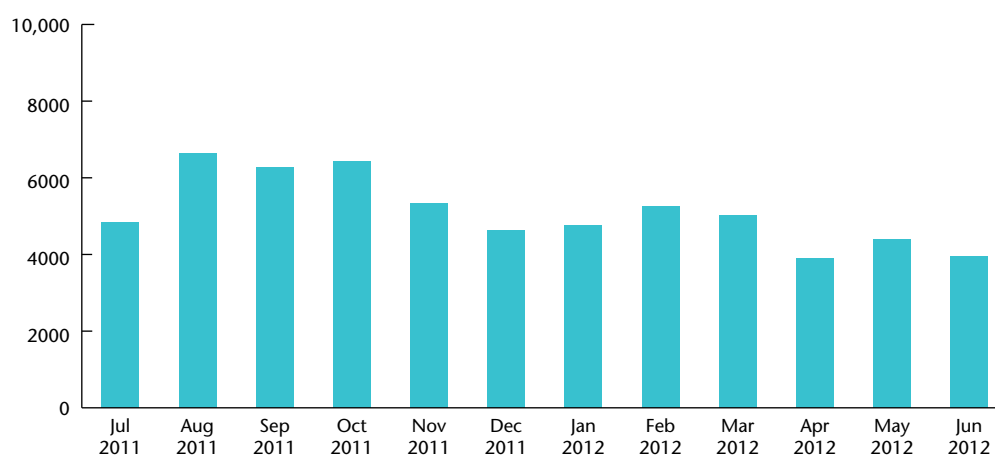
Total number of calls answered: 61,217.

## The Principals' Hotline

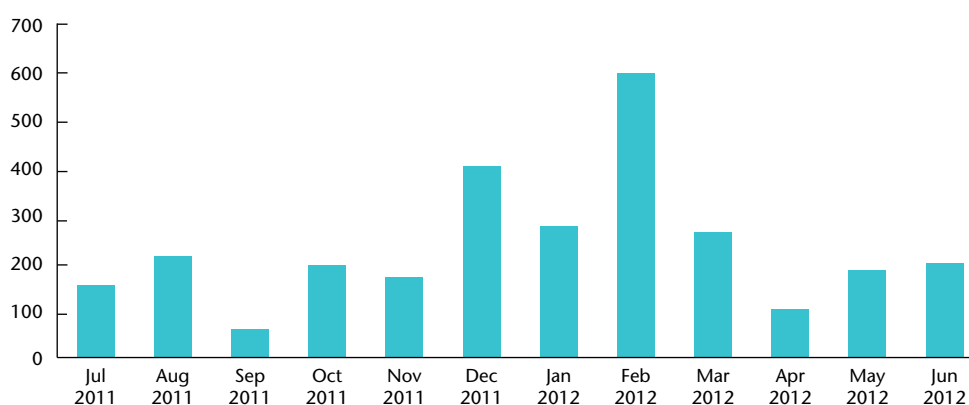
Principals and their delegates have access to professional advice from the Institute via the Principals' Hotline, operating from 8.30 am to 5.30 pm, Monday to Friday. Up to ten Institute officers answer calls to this hotline. A total of 2894 calls to the hotline were answered during this reporting period, an average of 241 calls per month. Calls peaked in particular in February, where 601 calls were answered. This can generally be attributed to principals or their delegates checking the status of teachers' registration for the start of the new school year.

Total number of calls answered: 2894.

**Figure 6**  
Number of calls to Teachers' Hotline per month, July 2011 – June 2012



**Figure 7**  
Number of calls to Principals' Hotline per month, July 2011 – June 2012





### School Portal

During the reporting year, the school portal was re-launched, using unique login details provided by the Institute, and allowing principals to access:

- current registration status of registered teachers on their teacher list
- current registration status of a teacher they wish to appoint to the school
- whether a beginning teacher has been granted provisional registration and can start teaching
- online forms for their approval.

### General correspondence and email

The Institute also responds to general written correspondence and emails sent to the Institute’s electronic mailbox. A total of 30,659 emails were received and processed in the reporting period, with an average of 2555 emails per month. There was a significant increase in the number of emails received in September in response to the rollout of MyVIT to teachers.

Total number of emails answered: 30,659.

### Parent and school council organisations

The Institute convenes meetings of parent and school council organisations to keep them informed about Institute operations. Representatives from the Victorian Parents Council, Parents Victoria, the Association of School Councils in Victoria, the Victorian Catholic Schools Parent Body and the Victorian Council of School Organisations attend these meetings. The meetings were chaired by Council member, Gail McHardy. There were two meetings in the reporting period.

### Twilight seminars for the education community

In the reporting period, the Institute hosted two seminars to promote discussion on education issues of common interest. Audiences comprised teachers, representatives from education unions, teacher and professional associations, teacher educators, teacher employers, parent and school council groups.

The seminars for stakeholders were:

- *Identifying bullying: A classroom teacher’s perspective* (Guest speaker: Mandy Ross, The Alannah and Madeline Foundation)
- *‘FIT’ to Teach: Sustaining a healthy workforce* (Guest speakers: Associate Professor Paul Richardson and Associate Professor Helen Watt, Monash University).

**Figure 8**  
Number of emails responded to per month, July 2011 – June 2012



## Career expos

To promote the role and purpose of the Victorian Institute of Teaching, the Institute exhibited at the Education Show in August 2011. The Institute provided a seminar on maintaining continuous professional learning, emphasising the role of Pdi. Over 3500 registered and pre-service teachers attended the two days of the show.

## World Teachers' Day

The Institute has been celebrating UNESCO's World Teachers' Day since 2003. World Teachers' Day provides an opportunity to profile the profession to the broader community and to show teachers how much their work and professional commitment is valued. In 2011, the Institute's chosen theme was 'Teachers matter'.

The campaign included:

- promotional posters distributed to schools, libraries and universities
- email circulars to principals encouraging schools to mark the day
- letters to key stakeholders, local and municipal councils, MPs and school councils
- a competition inviting members of the school community to nominate a teacher who matters – who inspires colleagues, expands students' horizon, or challenges a community to engage in a particular project
- regional and metropolitan media releases.

**Table 12**  
**Institute research activities 2011–12**

Research Topic	Partner / Contractor	Completion date
Evaluation of the 2010 Supporting Provisionally Registered Teachers program	Ric-Edu consulting	July 2011
Referencing the Victorian Institute of Teaching process for full registration to the National Professional Standards for Teachers	AITSL	November 2011
Identifying and acknowledging high performing teachers in the Catholic sector	Catholic Education Commission Victoria	December 2011
Phase 2 pilot project – implementing national standards (certifying teachers at the highly accomplished level)	Catholic Education Commission Victoria DEECD Independent Schools Victoria	December 2012
AITSL Pilots Phase 2 (implementing national standards for full registration)	AITSL	December 2012
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	June 2013

# Our business operations

## Banking

The Institute operates a corporate cheque account and invests in term deposits held with the Treasury Corporation of Victoria. 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 continue to be maintained by Milura Pty Ltd. This outsourced service assists the Institute in ensuring it maintains contemporary systems and can draw upon up-to-date accounting advice.

## Mail house services

The Institute contracts its mail house operations to Computershare Investment Services. Most letter printing and mailing is carried out by Computershare 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 contracts greater than \$10m were entered into in 2011–12.

In 2011–12, the Institute engaged nine consultancies where the total fees payable to the consultants were less than \$10 000, with a total expenditure of \$26,018.65 (excl. GST).

For details of consultancies 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, 2011–2012**

Nature of requests		2011–12 requests
Personal (relating to a single identified person)		1
Non-personal (request for non-specific and/or summative information)		0
Outcome of request	Full access	1
	Partial access	0
	Denied	0
	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. The Institute maintains a watching brief on National Competition Policy.

## Whistleblowers protection

As of 30 June 2012, no disclosures had been received under the *Whistleblowers Protection Act 2001*, 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 2011–12 it continued work on the development of online resources for teachers, further reducing the need for paper-based communication. 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 the *Building Act 1993*.

### Staff and community wellbeing

Employees of the Institute, through the Working Environment Group, are encouraged to participate in activities that promote morale and wellbeing. Funds are raised for charities from various social events and functions. The series of lunchtime seminars continued for staff, featuring guest speakers and facilitators, dealing with a range of topics of interest to staff.

### 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 has been taken to ensure that all acknowledged human rights of the individual are not compromised by the operations, policies and procedures of the Institute.

### Staff by operation

Table 14

Staff	Full-time equivalent
Casual staff	3.43
Corporate and Communications	16.7
Secretariat	3.0
Inquiries and Litigation	7.5
Teacher registration	17.8
Standards and Professional Learning	6.2
<b>TOTAL</b>	<b>54.63</b>

# 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 Third Institute Council had developed a Strategic Plan for the period 2010–13 and this plan has been adopted by the Fourth Council. It can be viewed on the Institute website.

## 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.

### Number of Council meetings attended by each member

Name	Meetings attended
<b>Third Council</b>	
Stephen Bhogal	2
Michael Butler	2
Jean Cooke	2
Jennifer Costello	2
Marino D'Ortenzio	1
Susan Halliday	2
Dale Hendrick	1
Nicole Lylak	1
Diane Mayer	2
Gail McHardy	1
Kevin Moloney	1
Jane O'Shannessy	2
Judy Petch	1
Mary-Anne Pontikis	1
Debra Punton	1
Garry Salisbury	2
Anne Sarros	2
Heather Schnagl	2
Leonie Sheehy	1

Name	Meetings attended
<b>Fourth Council</b>	
Michael Butler	5
Stephen Dinham	5
Louise Heggen	5
Ian Johnson	5
Allen McAuliffe	5
Gail McHardy	5
Don Paproth	4
Judy Petch (ceased May 2012)	3
Mary-Anne Pontikis	4
Debra Punton	5
Anne Sarros	4
Leonie Sheehy	5
Jim Watterston (appointed May 2012)	1

# MEMBERS OF THE COUNCIL OF THE INSTITUTE



**Don Paproth**  
Chairperson



**Allen McAuliffe**  
Principal, Sandringham College



**Michael Butler**  
Reservoir District Secondary College



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



**Louise Heggen**  
Bulleen Heights School



**Dr Ian Johnson**  
Korowa Anglican Girls' School



**Gail McHardy**  
Executive Officer, Parents Victoria



**Mary-Anne Pontikis**  
Government primary school teacher



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



**Dr Anne Sarros**  
Principal, Firbank Grammar



**Leonie Sheehy**  
St Joseph's Primary School, Boronia



**Dr Jim Watterston**  
Deputy Secretary, School Education  
Group with the Department of  
Education and Early Childhood  
Development



# 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 2011–12, the Committee held 13 meetings at the Institute's offices.

### Members (Fourth Council)

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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

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## Administration and Finance Committee

The Administration 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 2011–12, the Administration and Finance Committee met eight times.

### Members

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Donald Paproth (Chairperson), Institute Council Chairperson

Allen McAuliffe, Sandringham Secondary College

Michael Butler, Reservoir District Secondary College

Gail McHardy, Parents Victoria

Debra Punton, Catholic Education Office, Melbourne

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## Audit Committee

The Audit Committee is bound by a charter developed under guidelines determined in financial directions and issued by the Minister for Finance.

Under that charter, the Audit Committee oversees:

- financial performance and the financial reporting process, including the annual financial statements
- the scope of work, performance and independence of internal audit
- the engagement and dismissal by management of any chief internal audit executive
- the scope of work, independence and performance of the external auditor
- the operation of the risk management framework
- matters of accountability and internal control affecting the operation of a public sector agency
- the effectiveness of management information systems and other systems of internal control
- the acceptability of, and correct accounting treatment for and disclosure of, significant transactions which are not part of the public sector agency's normal course of business
- formal approval of accounting policies
- the public sector agency's process for monitoring compliance with laws and regulations and its own code of conduct and code of financial practice.

During 2011–12, the Audit Committee met three times.

### Members

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David Nairn (Chairperson), HLB Mann Judd

Craig Geddes, Oakton Consulting Technology

Debra Punton, Catholic Education Office, Melbourne

Warwick Spargo, RSM Bird Cameron (resigned 27/6)

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## 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 2011–12, the Remuneration Committee met twice.

### Members

Susan Halliday (Chairperson), Institute Council Chairperson  
 Heather Schnagl, Ivanhoe Girls' Grammar School  
 Jean Cooke, Aurora School  
 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 and guidelines issued by the Institute and described in *Preparing Future Teachers*. The Committee comprises teachers and principals from Victorian government and non-government schools, teacher educators, parents, and representatives of Victorian teacher employers.

During 2011–12, the Committee held seven meetings.

### Members

#### VIT Council members

Don Paproth (Chairperson), Institute Council Chairperson  
 Professor Stephen Dinham, University of Melbourne  
 Louise Heggen, Bulleen Heights School

#### Non VIT Council Members

Lawrence Angus, University of Ballarat  
 Lynne Baker, Old Orchard Primary School  
 Diane Bourke, Melbourne Girls Grammar School  
 Deborah Corrigan, Monash University  
 Anne-Maree Dawson, ACU National University  
 Bill Eckersley, Victoria University  
 Julie Faulkner, RMIT University  
 Stephen Franz-Ford, Association of School Councils in Victoria  
 Peter Godden, Department of Education and Early Childhood Development  
 Eleni Goulas, Lowther Hall Anglican Grammar School  
 Joseph Haddad, Carwatha P–12 College  
 Helen Hughes, Strathcona Baptist Girls Grammar School  
 Alan Marshall, Deakin University  
 Patricia McCann, La Trobe University  
 Glenn Proctor, Hume Central Secondary College  
 Margaret Ricardo, St John Vianney Primary School  
 Vicki Steinle, The University of Melbourne  
 Lorraine Tran, 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 2011–2012, the Committee met 10 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 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 brown ink, appearing to read "D Paproth".

Donald Paproth  
Chairperson- Victorian Institute of Teaching

Melbourne  
22 August 2012

# Financial statements for the year ended 30 June 2012

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## Comprehensive operating statement for the financial year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>INCOME FROM TRANSACTIONS</b>			
Interest	2 (a)	347,940	382,444
Fees	2 (b)	10,318,064	9,051,405
Government grant	2 (c)	0	300,000
Other income	2 (d)	146,907	96,478
<b>Total income from transactions</b>		<b>10,812,911</b>	<b>9,830,327</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Grants and other payments	3 (a)	175,017	273,234
Employee expenses	3 (b)	5,721,855	5,028,995
Depreciation and amortisation	3 (c)	671,009	522,408
Supplies and services	3 (d)	4,162,114	3,660,482
Borrowing expenses	3 (e)	(30,789)	20,203
Other expenses	3 (f)	315,775	288,367
<b>Total expenses from transactions</b>		<b>11,014,981</b>	<b>9,793,690</b>
<b>Net result from transactions (net operating balance)</b>		<b>(202,071)</b>	<b>36,637</b>
<b>OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>			
Net gain/(loss) on non-financial assets	4 (a)	609	(7,251)
Other gains/(losses) from other economic flows	4 (b)	(45,183)	262
<b>Total other economic flows included in net result</b>		<b>(44,574)</b>	<b>(6,989)</b>
<b>Net result from continuing operations</b>		<b>(246,644)</b>	<b>29,649</b>
<b>Comprehensive result</b>		<b>(246,644)</b>	<b>29,649</b>

The above comprehensive operating statement should be read in conjunction with the notes included on pages 30 to 70.

## Balance sheet

as at 30 June 2011

	Note	2012 \$	2011 \$
<b>FINANCIAL ASSETS</b>			
Cash and deposits	18 (a)	4,193,034	1,095,771
Investments	5	500,000	5,000,000
Receivables	6	308,029	249,937
<b>Total financial assets</b>		<b>5,001,063</b>	<b>6,345,708</b>
<b>NON-FINANCIAL ASSETS</b>			
Plant and equipment	8	1,331,071	1,553,432
Intangible assets	9	1,877,092	2,054,960
Other non-financial assets	7	196,258	205,379
<b>Total non-financial assets</b>		<b>3,404,421</b>	<b>3,813,771</b>
<b>Total assets</b>		<b>8,405,484</b>	<b>10,159,479</b>
<b>LIABILITIES</b>			
Payables	10	1,540,846	1,185,842
Borrowings	11	23,216	53,268
Provisions	12	1,181,805	1,118,101
Income received in advance	13	2,072,013	3,968,021
<b>Total liabilities</b>		<b>4,817,880</b>	<b>6,325,232</b>
<b>Net assets</b>		<b>3,587,603</b>	<b>3,834,247</b>
<b>EQUITY</b>			
Accumulated surplus	19	3,587,603	3,834,247
<b>Net worth</b>		<b>3,587,603</b>	<b>3,834,247</b>
Commitments for expenditure	23		
Contingent assets and contingent liabilities	16		

The above balance sheet should be read in conjunction with the notes included on pages 30 to 70.

## Statement of changes in equity

for the financial year ended 30 June 2012

	Note	Accumulated surplus \$	Contributions by owner \$	Total \$
Balance at 1 July 2010		3,804,598	–	3,804,598
Net result for the year		29,649	–	29,649
<b>Balance at 30 June 2011</b>		<b>3,834,247</b>	<b>–</b>	<b>3,834,247</b>
Net result for the year		(246,644)	–	(246,644)
<b>Balance at 30 June 2012</b>		<b>3,587,603</b>	<b>–</b>	<b>3,587,603</b>

The above statement of changes in equity should be read in conjunction with the notes included on pages 30 to 70.

## Cash flow statement

for the financial year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from Government		–	330,000
Receipts from customers and registration fees		8,482,668	9,152,406
Net Goods and Services Tax recovered from the ATO		46,381	527,865
Interest received		329,764	459,739
<b>Total receipts</b>		<b>8,858,813</b>	<b>10,470,009</b>
<b>Payments</b>			
Payments to suppliers and employees		(9,961,888)	(10,465,963)
<b>Total payments</b>		<b>(9,961,888)</b>	<b>(10,465,963)</b>
<b>Net cash flows from operating activities</b>	<b>18 (b)</b>	<b>(1,103,075)</b>	<b>4,046</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(75,206)	(707,296)
Payments for intangible assets		(216,901)	(1,494,115)
Proceeds from sale of plant and equipment		2,423	73
Payments from redemption of investments		9,000,000	2,000,000
Payments for investments		(4,500,000)	–
<b>Net cash flows from/(used in) in investing activities</b>		<b>4,210,316</b>	<b>(201,338)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease (i)		(9,978)	(10,358)
<b>Net cash flows from/(used in) in financing activities</b>		<b>(9,978)</b>	<b>(10,358)</b>
<b>Net increase/(decrease) in cash and deposits</b>		<b>3,097,263</b>	<b>(207,650)</b>
Cash and deposits at the beginning of the financial year		1,095,771	1,303,421
<b>Cash and deposits at the end of the financial year</b>	<b>18 (a)</b>	<b>4,193,034</b>	<b>1,095,771</b>

(i) During the period, the Institute disposed of property, plant & equipment with a written down value of \$19,508 which was under a VicFleet finance lease. Cash payments of \$2,423 were received in relation to the disposal of the vehicle.

The above cash flow statement should be read in conjunction with the notes included on pages 30 to 70.



# Notes to the financial statements

## for the financial year ended 30 June 2011

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# Notes to the financial statements

## for the year ended 30 June 2012

### 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).

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

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.

#### (a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* 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.

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.

The annual financial statements were authorised for issue by the Chairperson of the Institute on 22 August 2012.

#### (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 land, buildings, infrastructure, plant and equipment
- superannuation expense
- actuarial 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;
- derivative financial instruments, managed investment schemes, certain debt securities, investment properties after initial recognition, which are measured at fair value, with changes reflected in the comprehensive operating statement (fair value through profit and loss).

The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 30 June 2012 and the comparative information presented for the year ended 30 June 2011.

#### (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 responsible for the Teaching Profession.

Its principal address is:  
Victorian Institute of Teaching  
Level 24, 570 Bourke Street  
Melbourne VIC 3000

A description of the nature of the Institute's operations and its principal activities is included in the report of operations on pages 18–19, which does not form part of these financial statements.

#### (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

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This 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
- actuarial gains and losses arising from defined benefit superannuation plans.

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

##### 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 equity 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 policy and estimates

##### Amortisation

During the year the Institute reassessed the amortisation methods for its CRM software assets. In prior years, these assets were amortised using the reducing balance method, the current financial year calculates amortisation using the straight line method. There has been no change to prior year figures due to this change. The net financial effect of this change in estimates is disclosed in Note 25 Revision of accounting estimates.

##### Income

During the year the institute reassessed its treatment of income received from application fees and national criminal history record check fees. In prior years, income from these transactions was recognised in the period of payment. The Institute now recognises income from these transactions in the year to which the fee relates. The impact of this change is immaterial and therefore no prior year figures have been adjusted.

### (g) Income from transactions

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

#### (i) 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.

#### (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 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 National Criminal History Record Check fees

Application fees and National Criminal History Record Check Fees (NCHRCs) 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) Interest

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

#### (vi) Other income

Other income primarily consists of 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) Grants and other transfers

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable.

Grants are made to schools to reimburse the cost of releasing teachers to attend Institute activities. Refer to Glossary of terms and style conventions in Note 26 for an explanation of grants and other transfers.

#### (ii) Employee 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.

On commencement of the Institute a number of staff were transferred to the Institute from the Department of Education and Early Childhood Development (DEECD – previously Department of Education). The leave entitlements accrued by these staff members while employed by DEECD were transferred to the Institute under a reciprocal agreement. These entitlements are recognised as both a current receivable from DEECD and a current liability in the Institute's accounts. As the transferred leave entitlements are taken, the Institute is reimbursed by DEECD for the nominal value of the leave taken (the DEECD contribution is based on the final salary at the time the employee transferred to the Institute, while the Institute pays leave entitlements based on the salary at the time leave is taken from the Institute).

#### (iii) Depreciation

All infrastructure assets, plant and equipment and other non-financial physical assets (excluding items under operating leases) that have finite useful lives are depreciated. Depreciation is generally calculated on a reducing balance method to write the assets off over their estimated useful lives (assets purchased for less than \$1,000 are expensed, whereas assets purchased greater than or equal to \$1,000 are capitalised).

Leasehold improvements and 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.

#### (iv) 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, with the exception of the Institute's CRM assets, which are amortised using on a straight line basis over the useful life of the assets. 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. CRM assets are depreciated at a rate 14.29% and all other intangible produced assets at a rate of 33.3%.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

#### (v) Interest expenses

Interest expense costs are recognised as expenses in the period in which they are incurred and include:

- finance lease charges; and
- the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

#### (vi) 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.

#### (vii) Bad and doubtful debts

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Those written off unilaterally and the allowance for doubtful receivables, are classified as other economic flows (refer to Note 1(k)(iv) Financial assets – Impairment of financial assets).

### (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)(iv) Amortisation.

##### (iv) Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and 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 charge 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. However, guarantees issued by the Treasurer on behalf of the Institute are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

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) 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(k)(i)), term deposits with maturity greater than three months, trade receivables, and other receivables, but not statutory receivables.

##### *(ii) Held-to-maturity financial assets*

If the entity concerned has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. The held-to-maturity category includes certain term deposits for which the entity concerned intends to hold to maturity.

The Institute makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held-to-maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The Institute would also be prevented from classifying investment securities as held-to-maturity for the current and the following two financial years.

##### *(iii) Financial assets and liabilities at fair value through profit and loss*

Financial assets are categorised as fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

##### *(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 instruments 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.

## (I) 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 it 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
- 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 improvement 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.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in other comprehensive income and accumulated in equity under the revaluation surplus, except that the net revaluation increase shall be recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as other economic flows in the net result, except that the net revaluation decrease is recognised in 'other economic flows – other movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in 'other economic flows – other movements in equity' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, 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)(iv) 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 2(b) Fees.

**(iii) Borrowings**

All interest-bearing liabilities are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also to Note 1(n) Leases). The measurement basis subsequent to initial recognition depends on whether the Department 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) Financial guarantees**

Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it is measured at the higher of the amount determined in accordance with AASB 137 Provisions, contingent liabilities and contingent assets and the amount initially recognised less cumulative amortisation, where appropriate.

In the determination of fair value, consideration is given to factors including the overall capital management/prudential supervision framework in operation, the protection provided by the State Government by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the Institute in the event of default.

**(vi) 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 property, 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 property 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 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 the 30 June 2012 reporting period. DTF assesses the impact of all these new standards and advises the Institute of their applicability and early adoption where applicable.

As at 30 June 2012, the following AASs 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 departmental 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 January 2013	Detail of impact is still being assessed.
AASB 10 <i>Consolidated Financial Statements</i>	This Standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and supersedes those requirements in AASB 127 <i>Consolidated and Separate Financial Statements</i> and Interpretation 112 <i>Consolidation – Special Purpose Entities</i> .	1 January 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 10 in a not-for-profit context.  As such, impact will be assessed after the AASB's deliberation.
AASB 11 <i>Joint Arrangements</i>	This Standard requires entities that have an interest in arrangements that are controlled jointly to assess whether the arrangement is a joint operation or joint venture. AASB 11 shall be applied for an arrangement that is a joint operation. It also replaces parts of requirements in AASB 131 <i>Interests in Joint Ventures</i> .	1 January 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 11 in a not-for-profit context.  As such, impact will be assessed after the AASB's deliberation.
AASB 12 <i>Disclosure of Interests in Other Entities</i>	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1 January 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context.  As such, impact will be assessed after the AASB's deliberation.
AASB 13 <i>Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 January 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 <i>Employee Benefits</i>	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 January 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date.  While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on departmental financial statements
AASB 127 <i>Separate Financial Statements</i>	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context.  As such, impact will be assessed after the AASB's deliberation.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context.  As such, impact will be assessed after the AASB's deliberation.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2010–2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2010–7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i>	These consequential amendments are in relation to the introduction of AASB 9.	1 January 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010–8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]</i>	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 <i>Investment Property</i> .	Beginning 1 January 2012	This amendment provides additional clarification through practical guidance.
AASB 2010–10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 &amp; AASB 2010–7]</i>	The amendments ultimately affect AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 January 2013	No significant impact is expected on entity reporting.
AASB 2011–2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 &amp; AASB 1054]</i>	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on departmental financial statements
AASB 2011–3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i> [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	1 July 2012	This amendment provides clarification to users preparing the whole of government and general government sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used.  No impact on departmental or entity reporting is expected.
AASB 2011–4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i> [AASB 124]	This Standard amends AASB 124 <i>Related Party Disclosures</i> by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011–6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements</i> [AASB 127, AASB 128 & AASB 131]	The objective of this Standard is to make amendments to AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011–7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i> [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 Consolidated and Separate Financial Statements are amended to AASB 10 Consolidated Financial Statements or AASB 127 Separate Financial Statements, and references to AASB 131 Interests in Joint Ventures are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 January 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011–8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i> [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 January 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011–9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i> [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1 July 2012	This amending Standard could change the current presentation of 'Other economic flows – other movements in equity' that is grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently.  No other significant impact is expected.



Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on departmental financial statements
AASB 2011–10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i> [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 <i>Employee Benefits</i> .	1 January 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011–11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 <i>Employee Benefits</i> (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impact of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011–12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> [AASB 1]	This Standard makes amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> , as a consequence of the issuance of IFRIC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i> . This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.	1 January 2013	There may be an impact for new agencies that adopt Australian Accounting Standards for the first time.  No implication is expected for existing entities in the Victorian public sector.
2011–13 <i>Amendments to Australian Accounting Standard – Improvements to AASB 1049</i>	This Standard aims to improve the AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1 July 2012	No significant impact is expected from these consequential amendments on entity reporting.
2012–1 <i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements</i> [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 <i>Fair Value Measurement</i> .	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 Application of Tiers of Australian Accounting Standards), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.
AASB Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.	1 January 2013	No significant impact is expected on entity reporting.

## NOTE 2 Income

	2012 \$	2011 \$
<b>INCOME FROM TRANSACTIONS</b>		
<b>(a) Interest income</b>		
Interest from financial assets not at fair value through comprehensive operating statement:		
Interest on bank deposits	63,115	78,096
Interest on investments	284,825	304,348
<b>Total interest income</b>	<b>347,940</b>	<b>382,444</b>
<b>(b) Fees</b>		
Teacher registration	9,113,229	8,007,387
Teacher application	377,547	398,673
National Criminal History Record Checks	607,131	388,575
Cost recovery for prosecutions	2,460	–
Replacement card fee	6,357	–
Late registration payment	211,340	256,770
<b>Total fees</b>	<b>10,318,064</b>	<b>9,051,405</b>
<b>(c) Government grant</b>		
Department of Education and Early Childhood Development	–	300,000
<b>Total income from government</b>	<b>–</b>	<b>300,000</b>
<b>(d) Other income</b>		
Sponsorship	25,455	22,727
Pdi subscription	37,909	19,592
Accreditation consultancies	83,543	54,159
<b>Total other income</b>	<b>146,907</b>	<b>96,478</b>



### NOTE 3 Expenses

	2012 \$	2011 \$
<b>EXPENSES FROM TRANSACTIONS</b>		
<b>(a) Grants and other payments</b>		
Projects and teacher release	175,017	273,234
<b>Total grants and other payments</b>	<b>175,017</b>	<b>273,234</b>
<b>(b) Employee expenses</b>		
Salaries and wages	5,026,782	4,366,668
Superannuation	441,917	426,931
On-costs (Payroll tax, Fringe benefits tax and WorkCover)	253,156	235,397
<b>Total employee benefits</b>	<b>5,721,855</b>	<b>5,028,995</b>
<b>(c) Depreciation and amortisation</b>		
<b>Depreciation of plant and equipment</b>		
Plant and equipment	145,125	104,842
Plant and equipment under finance lease	9,860	10,326
Fixtures and fittings	11,261	11,918
Leasehold improvements	111,555	93,784
<b>Total depreciation of plant and equipment</b>	<b>277,801</b>	<b>220,869</b>
Software amortisation	393,208	301,539
<b>Total depreciation and amortisation</b>	<b>671,009</b>	<b>522,408</b>
<b>(d) Supplies and services</b>		
Contractors	1,132,459	625,115
Consultancies	301,336	9,403
Legal expenses	40,817	116,465
National Criminal History Record Check and ongoing criminal record check	544,380	566,322
Communications expenses – other	343,455	403,524
Communications expenses – mail house and packaging	431,417	551,760
Communications expenses – printing	123,341	183,787
Administration expenses – other	1,061,425	994,552
Administration expenses – events	183,484	209,554
<b>Total supplies and services</b>	<b>4,162,114</b>	<b>3,660,482</b>
<b>(e) Borrowing costs*</b>		
Unwinding of discounts	(30,789)	20,203
<b>Total finance costs</b>	<b>(30,789)</b>	<b>20,203</b>
<b>(f) Other expenses</b>		
Operating lease rental expenses:		
Minimum lease payments (expense)	315,775	288,367
<b>Total other expenses</b>	<b>315,775</b>	<b>288,367</b>

\* (Interest paid to VicFleet for car lease \$2,367 (10/11 = \$3,173), total costs recovered through employee contributions)

#### NOTE 4 Other economic flows

	2012 \$	2011 \$
<b>OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>		
<b>(a) Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of physical assets	609	(7,251)
<b>Total net gain/(loss) on non-financial assets and liabilities</b>	<b>609</b>	<b>(7,251)</b>
<b>(b) Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service liability	(45,183)	262
<b>Total other gain/(loss) from other economic flows</b>	<b>(45,183)</b>	<b>262</b>

#### NOTE 5 Investments

	2012 \$	2011 \$
<b>Current investments</b>		
<b>(i) Term deposits:</b>		
Australian dollar term deposits $\geq$ 3 months	500,000	5,000,000
<b>Total current investments</b>	<b>500,000</b>	<b>5,000,000</b>

(i) Term deposits under 'investments' class include only term deposits with maturity equal or greater than 90 days.

(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

	2012 \$	2011 \$
<b>Current receivables</b>		
<b>Contractual</b>		
Debtors	142,098	17,320
Department of Education and Early Childhood Development		
employee benefits	–	4,709
Accrued investment income	18,178	33,773
	<b>160,276</b>	<b>55,803</b>
<b>Statutory</b>		
Net GST receivable	147,753	194,134
	<b>147,753</b>	<b>194,134</b>
<b>Total current receivables</b>	<b>308,029</b>	<b>249,937</b>
<b>Total receivables</b>	<b>308,029</b>	<b>249,937</b>

(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

	2012 \$	2011 \$
<b>Current other non-financial assets</b>		
Prepayments	196,258	205,379
<b>Total current other assets</b>	<b>196,258</b>	<b>205,379</b>
<b>Total other non-financial assets</b>	<b>196,258</b>	<b>205,379</b>

## NOTE 8 Property, plant and equipment

	2012 \$	2011 \$
<b>Carrying amounts</b>		
<b>Classification by nature</b>		
Leasehold improvements:		
At cost	1,634,229	1,634,229
Less: accumulated depreciation	(727,615)	(616,060)
	<b>906,614</b>	<b>1,018,169</b>
Fixtures and fittings:		
At cost	163,201	161,706
Less: accumulated depreciation	(118,159)	(106,897)
	<b>45,042</b>	<b>54,810</b>
Plant and equipment:		
At cost	1,008,035	938,494
Less: accumulated depreciation	(651,917)	(510,705)
	<b>356,118</b>	<b>427,789</b>
Plant and equipment under finance lease:		
At cost	32,627	74,106
Less: accumulated depreciation (i)	(9,330)	(21,441)
	<b>23,297</b>	<b>52,665</b>
<b>Net carrying amount of PPE</b>	<b>1,331,071</b>	<b>1,553,432</b>

(i) Plant and equipment under finance lease is depreciated in accordance with the VicFleet lease agreement (whole of life depreciation over 3-year term of lease = \$20,993.58).

## 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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>	<b>1,018,169</b>	<b>655,895</b>	<b>54,809</b>	<b>53,696</b>	<b>427,789</b>	<b>251,748</b>	<b>52,665</b>	<b>30,364</b>	<b>1,553,432</b>	<b>991,703</b>
Additions	–	456,058	1,494	13,031	73,711	288,207	–	32,627	75,205	789,923
Write-offs	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	(257)	(7,324)	(19,508)	–	(19,765)	(7,324)
Depreciation expense	(111,555)	(93,784)	(11,261)	(11,918)	(145,125)	(104,842)	(9,860)	(10,326)	(277,801)	(220,869)
<b>Closing balance</b>	<b>906,614</b>	<b>1,018,169</b>	<b>45,042</b>	<b>54,809</b>	<b>356,118</b>	<b>427,789</b>	<b>23,297</b>	<b>52,665</b>	<b>1,331,071</b>	<b>1,553,432</b>

The following rates are used in the calculation of depreciation:

	2012	2011
Leasehold improvements	10%	10%
Furniture and fittings	20%	20%
Plant and equipment	33.33%	33.33%
Plant and equipment under finance lease	18%	18%

#### NOTE 8(b) Aggregate depreciation recognised as an expense during the year

	2012 \$	2011 \$
Leasehold improvements	111,555	93,784
Fixtures and fittings	11,261	11,918
Plant and equipment	145,125	104,842
Plant and equipment under finance lease	9,860	10,326
	<b>277,801</b>	<b>220,869</b>

#### NOTE 9 Intangible assets

	Capitalised software development	
	2012 \$	2011 \$
<b>Gross carrying amount</b>		
Opening balance	3,060,532	1,566,415
Additions	216,901	150,021
Disposals	(6,782)	–
CRM Depreciation Revision	(209,526)	–
WIP	–	1,344,096
<b>Closing balance</b>	<b>3,061,125</b>	<b>3,060,532</b>
<b>Accumulated amortisation and impairment</b>		
Opening balance	(1,005,572)	(704,033)
Disposals	5,221	–
CRM Depreciation Revision	209,526	–
Amortisation expense	(393,208)	(301,539)
<b>Closing balance</b>	<b>(1,184,033)</b>	<b>(1,005,572)</b>
<b>Net book value at the end of the financial year</b>	<b>1,877,092</b>	<b>2,054,960</b>

#### Work in progress

Costs involved with the Institute's online communications and CRM software development, which was under development as at 30 June 2011 was capitalised on 30 June 2012. The amount within the work-in-progress account is \$0 (2011: \$1,344,096).

#### Depreciation adjustment

During the year, the Institute revised the amortisation of its online communications and CRM software, the net financial effect of this is disclosed in Note 25 Revision of accounting estimate.

## NOTE 10 Payables

	2012 \$	2011 \$
<b>Current payables</b>		
<b>Contractual</b>		
Trade creditors and accruals	1,286,023	836,097
Unused lease incentive – Marland House (Note 15)	254,823	349,744
<b>Total payables</b>	<b>1,540,846</b>	<b>1,185,841</b>

(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

	2012 \$	2011 \$
<b>Current</b>		
<b>Secured</b>		
VicFleet Exec. Vehicle Lease (i) (Note 15)	7,183	30,037
<b>Total current interest bearing liabilities</b>	<b>7,183</b>	<b>30,037</b>
<b>Non-current</b>		
<b>Secured</b>		
VicFleet Exec. Vehicle Lease (i) (Note 15)	16,033	23,230
<b>Total non-current interest bearing liabilities</b>	<b>16,033</b>	<b>23,230</b>
<b>Total interest bearing liabilities</b>	<b>23,216</b>	<b>53,267</b>

(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

	2012 \$	2011 \$
<b>Current</b>		
Employee benefits (i) (Note 12(a)) – annual leave		
Unconditional and expected to be settled within 12 months (ii)	225,913	205,218
Unconditional and expected to be settled after 12 months (iii)	134,882	138,859
Employee benefits (i) (Note 12(a)) – long service leave		
Unconditional and expected to be settled within 12 months (ii)	35,770	29,707
Unconditional and expected to be settled after 12 months (iii)	175,746	176,054
	572,311	549,838
Employee benefit on-costs		
Unconditional and expected to be settled within 12 months (ii)	34,933	30,887
Unconditional and expected to be settled after 12 months (iii)	46,044	46,872
	80,977	77,759
<b>Total current provisions</b>	<b>653,288</b>	<b>627,597</b>
<b>Non-current</b>		
Employee benefits (Note 12(a))	157,199	97,404
Employee benefit on-costs (ii)	24,208	15,201
Make good provision Marland House (Note 12(b)) (ii)	347,110	377,899
<b>Total non-current provisions</b>	<b>528,517</b>	<b>490,504</b>
<b>Total provisions</b>	<b>1,181,805</b>	<b>1,118,101</b>

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

	2012 \$	2011 \$
<b>Current employee benefits:</b>		
Annual leave entitlements	360,795	344,077
Unconditional long service leave entitlements	211,516	205,761
<b>Non-current employee benefits</b>		
Conditional long service leave entitlements	157,199	97,404
<b>Total employee benefits</b>	<b>729,510</b>	<b>647,242</b>
Current on-costs	80,977	77,759
Non-current on-costs	24,208	15,201
<b>Total on-costs</b>	<b>105,185</b>	<b>92,960</b>
<b>Total employee benefits and related on-costs</b>	<b>834,695</b>	<b>740,202</b>

(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
	2012 \$	2012 \$	2012 \$
<b>Opening balance</b>	<b>377,899</b>	<b>92,960</b>	<b>470,859</b>
Additional provisions recognised	–	–	–
Reductions of provisions recognised	–	12,225	12,225
Unwinding of discount and effect of changes in the discount rate	(30,789)	–	(30,789)
<b>Closing balance</b>	<b>347,110</b>	<b>105,185</b>	<b>452,295</b>
Current	–	80,977	80,977
Non-current	347,110	24,208	371,318
	<b>347,110</b>	<b>105,185</b>	<b>452,295</b>

#### NOTE 13 Income received in advance

	2012 \$	2011 \$
National Criminal History Record Check fee	111,186	–
Application fee	53,988	–
Unearned teacher registration fee	1,797,180	3,968,021
Other income advance	109,659	–
<b>Total revenue received in advance</b>	<b>2,072,013</b>	<b>3,968,021</b>



## 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	
	2012 \$	2011 \$	2012 \$	2011 \$
<b>Defined benefit plans:</b>				
State Superannuation Fund:				
Revised and new	31,446	23,241	–	–
State employees retirement benefit	12,256	12,408	–	–
<b>Defined contribution plans:</b>				
VicSuper	171,717	177,527	–	–
Other (i)	226,498	213,755	–	–
<b>Total</b>	<b>441,917</b>	<b>426,931</b>	<b>–</b>	<b>–</b>

(i) Includes payments made to Department of Education and Early Childhood Development for superannuation on-costs in relation to secondments.

## NOTE 15 Leases

### DISCLOSURES FOR LEASEES – FINANCE LEASES

#### Leasing Arrangements

The Institute has entered into a 3-year finance lease with VicFleet. 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.

Other finance lease relates to equipment with lease terms of 5 years.

	Minimum future lease payments		Present value of minimum future lease payments	
	2012 \$	2011 \$	2012 \$	2011 \$
<b>Finance lease liabilities payable</b>				
– Not longer than 1 year	8,505	32,643	7,183	30,037
– Longer than 1 year but not longer than 5 years	16,581	25,100	16,033	23,230
– Longer than 5 years	–	–	–	–
<b>Minimum future lease payments</b>	<b>25,086</b>	<b>57,743</b>	<b>23,216</b>	<b>53,268</b>
Less future finance charges	(1,870)	(4,475)		
<b>Present value of minimum lease payments</b>	<b>23,216</b>	<b>53,268</b>	<b>23,216</b>	<b>53,268</b>
<b>Included in the financial statements as:</b>				
Current interest bearing liabilities (Note 11)			7,183	30,037
Non-current interest bearing liabilities (Note 11)			16,033	23,230
			<b>23,216</b>	<b>53,268</b>

(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. The lease incentive provided is apportioned evenly over the term of the lease and recorded in current liabilities as 'Unused lease incentive Marland House' (Note 10).

	2012 \$	2011 \$
<b>Non-cancellable operating leases payable</b>		
Non-cancellable leases at the reporting date contracted for but not recognised as liabilities payable		
– Not longer than 1 year	542,248	525,070
– Longer than 1 year but not longer than 5 years	624,510	1,166,758
<b>Total non-cancellable operating leases payable (exclusive of GST)</b>	<b>1,166,758</b>	<b>1,691,828</b>
Add GST recoverable from the Australian Taxation Office	116,676	169,183
<b>Total non-cancellable operating leases payable (inclusive of GST)</b>	<b>1,283,434</b>	<b>1,861,011</b>
In respect of non-cancellable operating leases the following liabilities have been recognised:		
<b>Current</b>		
Unused lease incentive Marland House (Note 10)	254,823	349,744
	<b>254,823</b>	<b>349,744</b>

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 2012, the Institute has pending hearing expenses in the amount of \$105,400. The timing and length of these hearings and therefore subsequent costs can vary and the financial outcome will not be known until the hearings take place. (2011:\$0)

### 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 following.

**TABLE 17.1: Categorisation of financial instruments**

	Contractual financial assets, loans and receivables	Contractual financial liabilities at amortised cost	Total
<b>2012</b>			
<b>Contractual financial assets</b>			
Cash and deposits	4,193,034	–	4,193,034
Receivables			
– Sale of goods and services	142,098	–	142,098
– DEECD employee benefits	–	–	–
– Accrued investment income	18,178	–	18,178
Investments			
– Term deposits	500,000	–	500,000
<b>Total contractual financial assets</b>	<b>4,853,310</b>	<b>–</b>	<b>4,853,310</b>
<b>Contractual financial liabilities</b>			
Accounts payable			
– Supplies and services	–	1,286,023	1,286,023
– Unused lease incentive Marland House	–	254,823	254,823
Borrowings			
– VicFleet Exec. Vehicle lease	–	23,216	23,216
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>1,564,062</b>	<b>1,564,062</b>
<b>2011</b>			
<b>Contractual financial assets</b>			
Cash and deposits	1,095,771	–	1,095,771
Receivables			
– Sale of goods and services	17,320	–	17,320
– DEECD employee benefits	4,709	–	4,709
– Accrued investment income	33,773	–	33,773
Investments			
– Term deposits	5,000,000	–	5,000,000
<b>Total contractual financial assets</b>	<b>6,151,573</b>	<b>–</b>	<b>6,151,573</b>
<b>Contractual financial liabilities</b>			
Accounts payable			
– Supplies and services	–	836,097	836,097
– Unused lease incentive Marland House	–	349,744	349,744
Borrowings			
– VicFleet Exec. Vehicle lease	–	53,268	53,268
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>1,239,109</b>	<b>1,239,109</b>

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
	\$	\$	\$	\$	\$
<b>2012</b>					
<b>Contractual financial assets</b>					
Financial assets – loans and receivables	–	347,939	–	–	347,939
<b>Total contractual financial assets</b>	<b>–</b>	<b>347,939</b>	<b>–</b>	<b>–</b>	<b>347,939</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	–	–	–	–	–
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>2011</b>					
<b>Contractual financial assets</b>					
Financial assets – loans and receivables	–	382,444	–	–	382,444
<b>Total contractual financial assets</b>	<b>–</b>	<b>382,444</b>	<b>–</b>	<b>–</b>	<b>382,444</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	–	–	–	–	–
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

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 (AAA credit rating)	Financial institutions (VTMB)	Govt agencies (AAA credit rating)	Govt agencies (BBB credit rating)	Other (min BBB rating)
<b>2012</b>					
Cash and deposits	693,034	1,000,000	2,500,000	–	–
Receivables (i)	–	–	18,178	–	–
Investments and other financial assets	–	500,000	–	–	–
<b>Total contractual financial assets</b>	<b>693,034</b>	<b>1,500,000</b>	<b>2,518,178</b>	<b>–</b>	<b>–</b>
<b>2011</b>					
Cash and deposits	1,094,644		–	–	–
Receivables (i)	–		38,481	–	–
Investments and other financial assets	–		5,000,000	–	–
<b>Total contractual financial assets</b>	<b>1,094,644</b>		<b>5,038,481</b>	<b>–</b>	<b>–</b>

(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

			Past due but not impaired				
	Carrying amount \$	Not past due and not impaired \$	Less than 1 month \$	1–3 months \$	3 months – 1 year \$	1–5 years \$	Impaired financial assets \$
<b>2012</b>							
<b>Receivables: (i)</b>							
– Sale of goods and services	142,098	–	126,641	1,131	14,326	–	–
– DEECD employee benefits	–	–	–	–	–	–	–
– Accrued investment income	18,178	18,178	–	–	–	–	–
<b>Investments:</b>							
Term deposit	500,000	500,000	–	–	–	–	–
	<b>660,276</b>	<b>518,178</b>	<b>126,641</b>	<b>1,131</b>	<b>14,326</b>	<b>–</b>	<b>–</b>
<b>2011</b>							
<b>Receivables: (i)</b>							
– Sale of goods and services	17,320	–	17,320	–	–	–	–
– DEECD employee benefits	4,709	4,709	–	–	–	–	–
– Accrued investment income	33,773	33,773	–	–	–	–	–
<b>Investments:</b>							
Term deposit	5,000,000	5,000,000	–	–	–	–	–
	<b>5,055,802</b>	<b>5,038,482</b>	<b>17,320</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

(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 and 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 \$	1–5 years \$	5+ years \$
2012							
Payables:							
Supplies and services	1,286,023	1,286,023	1,283,943	795	1,285	–	–
Other payables	254,823	254,823	–	–	–	–	–
Borrowings:							
VicFleet Exec. Vehicle lease	23,216	23,216	595	1,194	5,380	16,047	–
	1,564,062	1,564,062	1,284,538	1,989	6,665	16,047	–
2011							
Payables:							
Supplies and services	836,097	836,097	827,179	7,178	1,740	–	–
Other payables	349,744	349,744	–	–	–	–	–
Borrowings:							
VicFleet Exec. Vehicle lease	53,268	53,268	1,269	2,537	26,600	22,862	–
	1,239,109	1,239,109	828,448	9,715	28,340	22,862	–

**(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.

*Foreign currency risk*

The Institute is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a very limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement. The Institute manages its risk through monitoring movements in exchange rates against the US dollar and ensures availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Institute to enter into any hedging arrangements to manage the risk.

*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 \$
2012					
Financial assets					
Cash and deposits	3.54	4,193,034	3,500,000	693,034	–
Receivables:					
– Sale of goods and services		142,098	–	–	142,098
– DEECD employee benefits		–	–	–	–
– Accrued investment income		18,178	–	–	18,178
Investments:					
Term deposit	5.00	500,000	500,000	–	–
Total financial assets		4,853,310	4,000,000	693,034	160,276
Financial liabilities					
Payables:					
– Supplies and services		1,286,023	–	–	1,286,023
– Other payables		254,823	–	–	254,823
Borrowings:					
VicFleet Exec. Vehicle lease	6.62	23,216	23,216	–	–
Total financial liabilities		1,564,062	23,216	–	1,540,846
2011					
Financial assets					
Cash and deposits	3.74	1,095,771	–	1,094,644	1,127
Receivables:					
– Sale of goods and services		17,320	–	–	17,320
– DEECD employee benefits		4,709	–	–	4,709
– Accrued investment income		33,773	–	–	33,773
Investments:					
Term deposit	4.96	5,000,000	5,000,000	–	–
Total financial assets		6,151,573	5,000,000	1,094,644	56,929
Financial liabilities					
Payables:					
– Supplies and services		836,097	–	–	836,097
– Other payables		349,744	–	–	349,744
Borrowings:		–	–	–	–
VicFleet Exec. Vehicle lease	7.12	53,268	53,268	–	–
Total financial liabilities		1,239,109	53,268	–	1,185,842



### 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 Department's fund managers cannot be expected to predict movements in market rates and prices, sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 200 basis points up and down (2011: 200 down and 200 up) in market interest rates (AUD).

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	
		-2% (200 basis points)	+2% (200 basis points)
	Carrying amount \$	Net result \$	Net result \$
<b>2012</b>			
<b>Contractual financial assets:</b>			
Cash and deposits (i)	4,193,034	(13,861)	13,861
Investments:			
Term deposits	500,000	(10,000)	10,000
<b>Total impact</b>		<b>(23,861)</b>	<b>23,861</b>
<b>Contractual financial liabilities:</b>			
Borrowings:			
VicFleet Exec. Vehicle lease	23,216	(464)	464
<b>Total impact</b>		<b>(464)</b>	<b>464</b>
<b>2011</b>			
<b>Contractual financial assets:</b>			
Cash and deposits (i)	1,095,771	(21,892)	21,892
Investments:			
Term deposits	5,000,000	(100,000)	100,000
<b>Total impact</b>		<b>(121,892)</b>	<b>121,892</b>
<b>Contractual financial liabilities:</b>			
Borrowings:			
VicFleet Exec. Vehicle lease	53,268	(1,065)	1,065
<b>Total impact</b>		<b>(1,065)</b>	<b>1,065</b>

### Notes:

(i) Cash and cash deposits includes a deposit of \$693,034 (2011: \$1,094,644) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2012:  $\$693,034 \times -.02 = - \$13,861$ ; and  $\$1,094,644 \times .02 = \$13,861$ ; and
- 2011:  $\$1,094,644 \times -.02 = - \$21,892$ ; and  $\$1,094,644 \times .02 = \$21,892$ ; and

#### (e) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined in accordance with using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Institute does not have any financial assets or financial liabilities that meet these three levels of classifications.

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.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

**Table 17.8: Comparison between carrying amount and fair value**

	Carrying amount 2012 \$	Fair value 2012 \$	Carrying amount 2011 \$	Fair value 2011 \$
<b>Contractual financial assets</b>				
Cash and deposits	4,193,034	4,193,034	1,095,771	1,095,771
Receivables:				
– Sale of goods and services	142,098	142,098	17,320	17,320
– DEECD employee benefits	–	–	4,709	4,709
– Accrued investment income	18,178	18,178	33,773	33,773
Investments:				
Term deposit	500,000	500,000	5,000,000	5,000,000
<b>Total contractual financial assets</b>	<b>4,853,310</b>	<b>4,853,310</b>	<b>6,151,573</b>	<b>6,151,573</b>
<b>Contractual financial Liabilities:</b>				
Payables:				
– Supplies and services	1,286,023	1,286,023	836,097	836,097
– Other payables	254,823	254,823	349,744	349,744
Borrowings:			–	–
VicFleet Exec. Vehicle lease	23,216	23,216	53,268	53,268
<b>Total contractual financial liabilities</b>	<b>1,564,062</b>	<b>1,564,062</b>	<b>1,239,109</b>	<b>1,239,109</b>

## NOTE 18 Cash flow information

	2012 \$	2011 \$
<b>(a) Reconciliation of cash and cash equivalents</b>		
Total cash and cash equivalents disclosed in the balance sheet	4,193,034	1,095,771
<b>Balance as per cash flow statement</b>	<b>4,193,034</b>	<b>1,095,771</b>
<b>(b) Reconciliation of net result for the period to net cash flows from operating activities</b>		
<b>Net result for the reporting period</b>	<b>(246,644)</b>	<b>29,649</b>
<b>Non-cash movements:</b>		
(Gain)/loss on sale or disposal of non-current assets	(609)	7,251
(Gain)/loss arising from revaluation of long service leave liability	45,183	(262)
Depreciation and amortisation of non-current assets	671,009	522,408
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in current receivables	(40,482)	117,677
(Increase)/decrease in other current assets	(9,056)	(125,400)
(Increase)/decrease in current payables	355,011	(448,938)
(Increase)/decrease in unearned fees	(1,896,008)	(129,285)
Net (increase)/decrease in provisions	18,521	30,946
<b>Net cash flows from/(used in) operating activities</b>	<b>(1,103,075)</b>	<b>4,046</b>

## NOTE 19 Movements in equity

	2012 \$	2011 \$
<b>Accumulated surplus</b>		
Balance at beginning of financial year	3,834,247	3,804,598
Net result for the reporting period	(246,644)	29,649
<b>Balance at end of financial year</b>	<b>3,587,603</b>	<b>3,834,247</b>
<b>Total equity at the end of the financial year</b>	<b>3,587,603</b>	<b>3,834,247</b>

## 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	Minister responsible for the Teaching Profession commenced 2 December 2010
Ms M Saba	Accountable Officer (CEO) commenced on 23 August 2010

Assignment of the CEO responsibilities were delegated to a Interim Leadership Group while the CEO was on leave during the year:

- ‡ Mrs Barbara Carter – Group Manager, Registration and Accreditation
- ‡ Ms Fran Cosgrove – Group Manager, Standards and Professional Learning
- ‡ Ms Janiece Meagher – Group Manager, Corporate and Communications

‡ Salaries included in Note 21 Remuneration of executives

### Council members as at 30 June 2012

* Mr D Paproth – Council chairperson	Dr Jim Watterston
* Ms D Puntton	* Mrs L Sheehy
* Mr A McAuliffe	* Ms L Heggen
* Dr A Sarros	* Ms M Pontikis
Ms G McHardy	* Mr M Butler
* Dr Ian Johnson	Prof S Dinham OAM

### Council members whose term of office concluded in November 2011

Ms S Halliday	Prof D Mayer
* Mr G Salisbury	* Ms J Cooke
* Dr H Schnagl	* Mr K Moloney
* Ms J O'Shannessy	* Ms N Lylak
* Mr D Hendrick	* Mr G Spence
* Mr S Bhogal	* Mr M D'Ortenzio
* Mrs J Costello	

### Council members who resigned in June 2012

\*Ms J Petch

### Related party transactions

\*Indicates Council member who paid to the Institute a pro-rata teacher registration fee of \$56 in the year ended 30 June 2012. Any other transactions are at arms length between the Institute and the council member.

The Chair of the Audit Committee is a partner in HLB Mann Judd. During the year, the Institute engaged HLB Mann Judd to perform four exercises the main two being Activity Based Costing Work and a revenue Receipting Review. These exercises were on normal commercial terms and the amounts paid totalled \$64,445.

### Remuneration

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

Income band	2012	2011
\$0	14	11
\$–\$9,999	11	8
\$50,000–\$59,999	–	–
\$60,000–\$69,999	1	1
Total numbers	26	20
Total remuneration for Council members	\$92,841	\$81,841

#### 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 (2011: \$160,000–169,999).

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

Amounts relating to the Minister responsible for the Teaching Profession 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	
	2012 No.	2011 No.	2012 No.	2011 No.
\$100,000–\$109,999	1		1	
\$110,000–\$119,999				
\$120,000–\$129,999				
\$130,000–\$139,999				
\$140,000–\$149,999		1		1
\$150,000–\$159,999	1	1	2	2
\$160,000–\$169,999	1	2		1
<b>Total numbers</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>
<b>Total annualised employee equivalent (AEE) (a)</b>	<b>2.65</b>	<b>3.9</b>	<b>2.65</b>	<b>3.9</b>
<b>Total amount</b>	<b>\$422,759</b>	<b>\$633,483</b>	<b>\$409,533</b>	<b>\$626,855</b>

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

	2012 \$	2011 \$
<b>Victorian Auditor General's Office</b>		
Audit of the financial report	22,900	22,236
	<b>22,900</b>	<b>22,236</b>

## NOTE 23 Commitments for expenditure

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

	2012 \$	2011 \$
<b>Expenditure commitments:</b>		
Pdi Management and Maintenance fee to ACER for 12 months service		
– Payable:		
– Not longer than 1 year	172,387	172,387
– Longer than 1 year and not longer than 5 years	172,387	344,774
– Longer than 5 years	–	–
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>344,774</b>	<b>517,161</b>
Less GST recoverable from the Australian Taxation Office	31,344	47,016
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>313,430</b>	<b>470,145</b>

## 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 Revision of accounting estimates

During the year the Institute reassessed the amortisation method and useful life for its CRM assets. In prior years, these assets were amortised using the reducing balance method over a useful of 5 years, the current financial year calculates amortisation using the straight line method over a useful life of 7 years. The net financial effect of this policy change to the current financial year is disclosed below. There has been no financial impact on prior financial year results.

Year ending 30 June 2012	2012 \$
Depreciation expense – revised	272,042
Depreciation expense – prior to revision	(634,701)
<b>Net decrease in depreciation expense</b>	<b>(362,662)</b>

## 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 non-produced physical 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 or intangible 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;
- (b) an equity instrument of another entity;
- (c) 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; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is: a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

### Financial 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) 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; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

### Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

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 received on bank term deposits, interest from investments, and other interest received.

#### **Net acquisition of non-financial assets (from transactions)**

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write downs and revaluations.

#### **Net result**

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

#### **Net result from transactions/net operating balance**

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

#### **Net worth**

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

#### **Non-financial assets**

Non-financial assets are all assets that are not 'financial assets'. They include plant and equipment, and intangible assets.

#### **Non-profit institution**

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

#### **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.

#### **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 Directions 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 2012 and the position of the Victorian Institute of Teaching at 30 June 2012.

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 22 August 2012.

A handwritten signature in brown ink, appearing to read 'D Paproth'.

Donald Paproth  
Chairperson- Victorian Institute of Teaching

Melbourne  
22 August 2012

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

Melanie Saba  
Chief Executive Officer

Melbourne  
22 August 2012

A handwritten signature in blue ink, appearing to read 'Jan Meagher'.

Janiece Meagher  
Group Manager – Corporate & Communications

Melbourne  
22 August 2012

Level 24, 570 Bourke Street, Melbourne, Victoria 3000  
PO Box 531 Collins Street West, Victoria 8007  
T 03 8601 5800 F 03 8601 5801  
W [www.vit.vic.edu.au](http://www.vit.vic.edu.au)



Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Victorian Institute of Teaching

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2012 of the Victorian Institute of Teaching which comprises the comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity, 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 Board Member's Responsibility for the Financial Report*

The Board Members 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 Board Members determine is necessary to enable the preparation 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 Board Members, 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 2012 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 2012 included both in the Victorian Institute of Teaching's annual report and on the website. The Board Members 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  
27 August 2012

  
Pv D D R Pearson  
Auditor-General

# Appendix 1

## Index of compliance

The annual report of the Victorian Institute of Teaching is prepared in accordance with the *Financial Management Act 1994* and the Directions of the Minister for Finance. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

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## Financial statements

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9.2.3 (iii) (a) (iii)	Receivables, including trade debtors, loans and other debtors	27, 47
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9.2.3 (iii) (b) (i)	Overdrafts	n/a
9.2.3 (iii) (b) (ii)	Bank loans, bills payable, promissory notes, debentures and other loans	n/a
9.2.3 (iii) (b) (iii)	Trade and other creditors	27, 51
9.2.3 (iii) (b) (iv)	Finance lease liabilities	27, 54–55
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# Appendix 2

## Acronyms and abbreviations

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

<b>AASI</b>	Australian Accounting Standards and Interpretations
<b>AASB</b>	Australian Accounting Standards Board
<b>the Act</b>	the <i>Education and Training Reform Act 2006</i>
<b>ADI</b>	Authorised deposit-taking institution
<b>AITSL</b>	Australian Institute for Teaching and School Leadership
<b>ATO</b>	Australian Tax Office
<b>ATRA</b>	Australasian Teacher Regulatory Authorities
<b>AUD</b>	Australian dollars
<b>CEO</b>	Chief Executive Officer
<b>the Council</b>	the Council of the Institute
<b>CRM</b>	Customer Relationship Management
<b>CRT</b>	casual relief teacher
<b>DEECD</b>	Department of Education and Early Childhood Development
<b>DTF</b>	Department of Treasury and Finance
<b>FDRs</b>	Financial Reporting Directions
<b>FOI</b>	Freedom of Information
<b>the FOI Act</b>	the <i>Freedom of Information Act</i>
<b>GFS</b>	Government Finance Statistics
<b>GSERP</b>	Government Sector Executive Remuneration Panel
<b>GST</b>	Goods and Services Tax
<b>IASB</b>	International Accounting Standards Board
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>IFRS</b>	International Financial Reporting Standards
<b>the Institute</b>	the Victorian Institute of Teaching
<b>IT</b>	information technology
<b>LSL</b>	long service leave
<b>the Minister</b>	the Minister responsible for the Teaching Profession
<b>MP</b>	Member of Parliament
<b>MLC</b>	Member Legislative Council
<b>NCHRC</b>	National Criminal History Record Check
<b>P-10</b>	Preparatory (year of schooling) to Year 10
<b>P-12</b>	Preparatory (year of schooling) to Year 12
<b>PD</b>	professional development
<b>PRT</b>	provisionally registered teacher
<b>RDRs</b>	Reduced Disclosure Requirements
<b>SERB</b>	State Employees Retirement Benefits
<b>VCAT</b>	Victorian Civil and Administrative Tribunal
<b>VIT</b>	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 2011-12 (excluding GST) \$	Future expenditure (excluding GST) \$
Victorian Electoral Commission	Institute council elections October 2011	28/11/11	28/11/11	133,334.11	133,334.11	Nil
Landell Consulting	Administration consulting	25/06/12	25/06/12	65,318.17	65,318.17	Nil
CPR Communications & Public Relations	Communications strategy	31/07/11	30/06/12	58,950.00	58,950.00	Nil
HLB Mann Judd	Financial & accounting advice	9/03/12	9/05/12	57,677.62	57,677.62	Nil
Victorian Employer's Chamber of Commerce and Industry	EBA negotiations	4/07/11	30/06/12	35,255.00	35,255.00	Nil
Enterprise Knowledge	Records management	16/04/12	30/06/12	15,120.00	15,120.00	Nil
Strategic Business Services	Strategic review	1/06/12	30/06/12	22,500.00	22,500.00	Nil
Regulatory Impact Solutions	Assessment of regulatory fees	14/05/12	30/06/12	22,727.27	22,727.27	Nil
WHK Day Neilson	Internal audit	30/09/11	21/11/11	14,100.00	14,100.00	Nil



# 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:

CEO

Victorian Institute of Teaching

PO Box 531

Collins Street West

Victoria 8007

Australia

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# Victorian Institute of Teaching

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Victorian Institute of Teaching  
Level 24 Marland House  
570 Bourke Street  
Melbourne  
PO Box 531  
Collins Street West  
Victoria 8007  
Telephone (03) 8601 5800  
Facsimile (03) 8601 5801  
Email [vit@vit.vic.edu.au](mailto:vit@vit.vic.edu.au)  
Website [www.vit.vic.edu.au](http://www.vit.vic.edu.au)  
Teachers' Hotline 1300 888 067  
Principals' Hotline 1300 650 375



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