

Victorian Institute of Teaching

ANNUAL REPORT 2013
1 July 2012 – 30 June 2013

Letter of transmittal

September 2013

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

Contents

Report of the Chairperson	iv
Report of the Chief Executive Officer	v
About the Institute	vi
Summary of financial position	1
Organisational structure	2
Highlights	4
The national context	5
Registration	6
Registering teachers	6
Permission to teach	6
Renewal of registration	6
Non-practising registration	6
National Criminal History Record Check	6
Registering new graduates	6
Engaging with higher education providers	6
Receiving and processing applications	7
Provisional to full registration	7
The register of teachers	7
Age and gender	7
Accreditation	9
Partnerships	9
Qualifications assessment	9
Standards and professional learning	10
Supporting teachers new to the profession	10
MyPD	11
Institute research activities	11
Disciplinary proceedings	12
Complaints	12
Notification from employer	12
Indictable offences	12
Hearings	12
Members of the hearing panels	12
Sexual offences	13
Registration matters	13

Resolution of disciplinary inquiries by other means	13
Prosecutions	13
VCAT reviews	13
Communications	14
Customer service review	14
Registrants' survey	14
www.vit.vic.edu.au	14
Search the register	15
Email circulars to principals	15
The Teachers' Hotline	15
The Principals' Hotline	16
The School portal	16
General correspondence and email	16
Change of contact details requests	17
Parent and school council organisations	17
Our business operations	18
The Council of the Victorian Institute of Teaching	20
Key relationships	20
Members of the Council of the Institute	21
The Committees of Council	22
Risk management attestation	24
Financial statements for the year ended 30 June 2013	25
Appendix 1 Index of compliance	69
Appendix 2 Acronyms and abbreviations	71
Appendix 3 Details of consultancies over \$10,000	72
Appendix 4 Additional information available on request	73

About this report

The Institute's annual report is published on the Institute website at <www.vit.vic.edu.au>.

The Institute welcomes feedback from the profession and the community and can be contacted by:

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 Australia



Report of the Chairperson

Annual reports are an interesting phenomenon. They require us as an organisation to look back and evaluate what has been attempted and what has been achieved over the course of the year. A mature organisation will treat its annual report as an opportunity and a 'springboard' rather than just another task. It is a chance to see where we have come from and where we are headed, according to the directions that we set ourselves.

The major areas of focus for the Institute for 2012/13 have been: systems, finance and communication. It is fair to say that we as a Council are pleased with the progress made in these areas in particular and in the development of the Institute as a whole.

Our ICT capacity was in need of a major overhaul and considerable energy and resources have been devoted to this area. We are serious about improving our services to teachers and to our own staff. Teachers' access to their web portals has been improved as have the web pages providing the information. We have simplified the online registration process. Technology improvements will ensure that our response times in peak periods especially are satisfactory.

Effective communications are essential for any body such as ours, particularly one that has 120,000 registrants. As I have travelled around, speaking to various individuals and groups during the year, I have been pleased with the feedback on two matters. The first is that when principals and teachers speak directly to staff here at the Institute, they invariably report that the staff are knowledgeable, polite and respectful. The second is that people are saying that our correspondence (letters, emails, brochures, etc.) are much easier to read and understand than they have been in the past.

The area of most concern from principals and teachers has been the difficulty that many have had in getting through to us by phone or email at peak periods. We have taken decisive steps to improve this. We conducted an extensive customer service review in February in preparation for this coming peak period of August to February. As a result, we have significantly increased the number of customer service staff, extended operating hours, created a dedicated Principals' Hotline and improved our technologies.

The financial position of the Institute was of concern at this time last year. Through judicious management and keen oversight we have fixed that problem and we now operate 'in the black'. For this I pay tribute to the Audit and Finance Committee and the finance personnel. This return to surplus is important for the Institute, as over the last five years the Institute has drawn down on its reserves to fund required projects, and has either only just operated in surplus or posted a deficit following the withdrawal of government funding.

When one considers that the other key areas of Registration, Accreditation, Standards and Litigation have all performed up to the high standard that Council expects, it can be said that the teaching profession has a regulator in which it can have every confidence.

During the course of the year we lost two of our senior managers – Chris Enright to Fair Work Australia and Barb Carter to retirement. Both have made a huge contribution to the Institute and we wish them well in the future.

The term of the current Council expires in November 2014. Six of the members of Council are elected to their positions by their fellow teachers. The process of election involves considerable expense for the Institute and therefore provision has been made in the budget for this purpose.

I thank all members of Council for their enthusiastic input this year and I look forward to working with them in 2014. I also thank all of the managers and staff for their dedication to task and their loyalty to the Institute. Finally, I thank Melanie Saba for her astute and forthright leadership as CEO – the fact that we have made such significant advances as a body is largely due to her leadership.

Don Paproth
Chairperson

Report of the Chief Executive Officer



As we reflect on ten years of regulation of the teaching profession in Victoria by the Institute, I note the words of my predecessor Andrew Lus in the first annual report of the Institute: 'the decision to establish a single common contemporary registration authority for all Victorian school teachers and principals was a landmark event in Victorian education.'

In that first annual report there were a total of 82,055 teachers registered with the Institute. The Professional Standards for teachers were in development, there was no requirement for a criminal history record check, renewal of registration had not yet commenced and there was no Code of Conduct and Ethics for the profession of teaching in Victoria.

There are now 119,285 teachers registered in Victoria. In consultation with the profession, Professional Standards were developed and these now underpin all aspects of teacher registration. The profession is moving to an annualised renewal of registration, the Institute completed 35,968 Criminal History Record Checks during the reporting period and the Codes of Conduct and Ethics are established and accepted by teachers.

In its first year of operations, the Institute received nearly 7000 applications for registration, in the 2012–13 reporting period this has grown to over 16,000 applications. We responded to 35,571 emails and answered 56,494 calls during the reporting period. We continue to reflect on our practice and strive to improve on our service to teachers and the education community.

As reported last year, the Institute consulted on an increase of the annual registration fee for teachers, and as a result of the increased fees the Institute has returned to a surplus position for this reporting period. The budget surplus allows for the expected program cost of Council elections in 2014.

The work of the Institute is dependent on effective collaboration with the education community, and I would like to thank our stakeholders for their continued contribution and commitment to the work of the Institute. The Institute continues to contribute to the national agenda, including the work of AITSL, ATRA and Teach for Australia.

Don Paproth and the Council continue to provide clear leadership to the Secretariat of the Institute and we thank them for their tireless and ongoing contribution to achieving high quality regulation.

Finally, I would like to acknowledge the hard work and continued commitment to the work of the Institute by the staff. They are tireless in their belief, in the importance of what we do and in their delivery of high quality and responsive regulation of the teaching profession.

A handwritten signature in black 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 four operational branches 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

The financial report and accompanying notes are for the financial year ended 30 June 2013.

Table 1
Financial results 2012–13

	2012–13 \$000
OPERATIONS	
Fees	11,618
Government grant	91
Interest	277
Other	123
Total income	12,109
Operating expenses	11,178
Other economic flows	(43)
Net result	888
FINANCIAL POSITION	
Financial assets	7,071
Non-financial assets	2,907
Total assets	9,978
Provisions and payables	2,671
Revenue received in advance	2,831
Total liabilities	5,502
Total equity	4,476

Figure 1
Total revenue for 2012–13

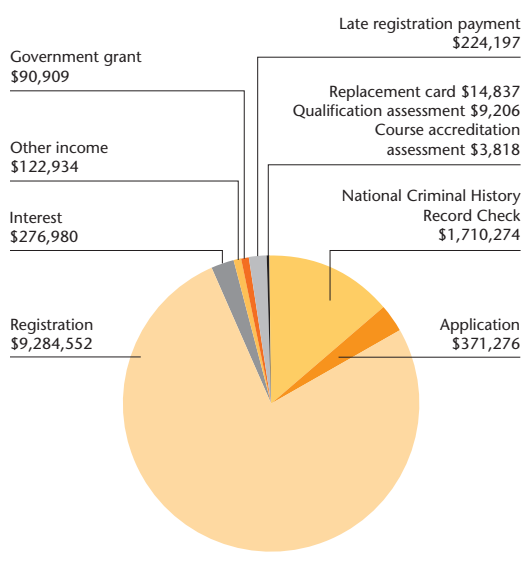
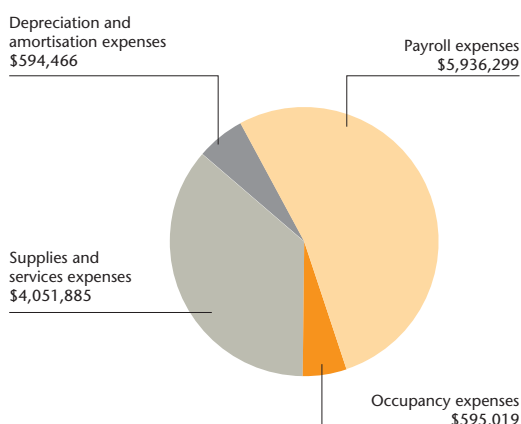


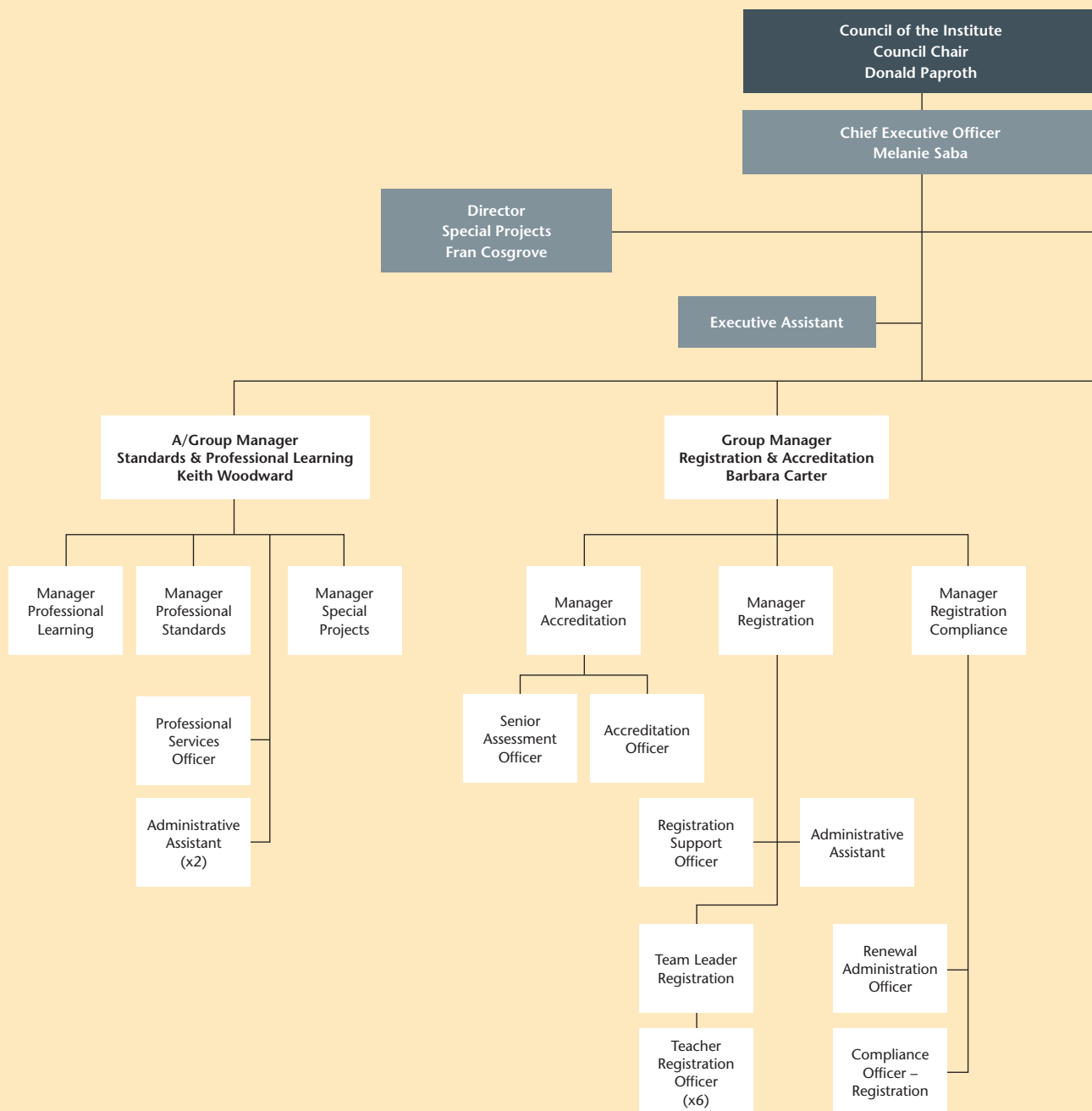
Figure 2
Expenses for 2012–13

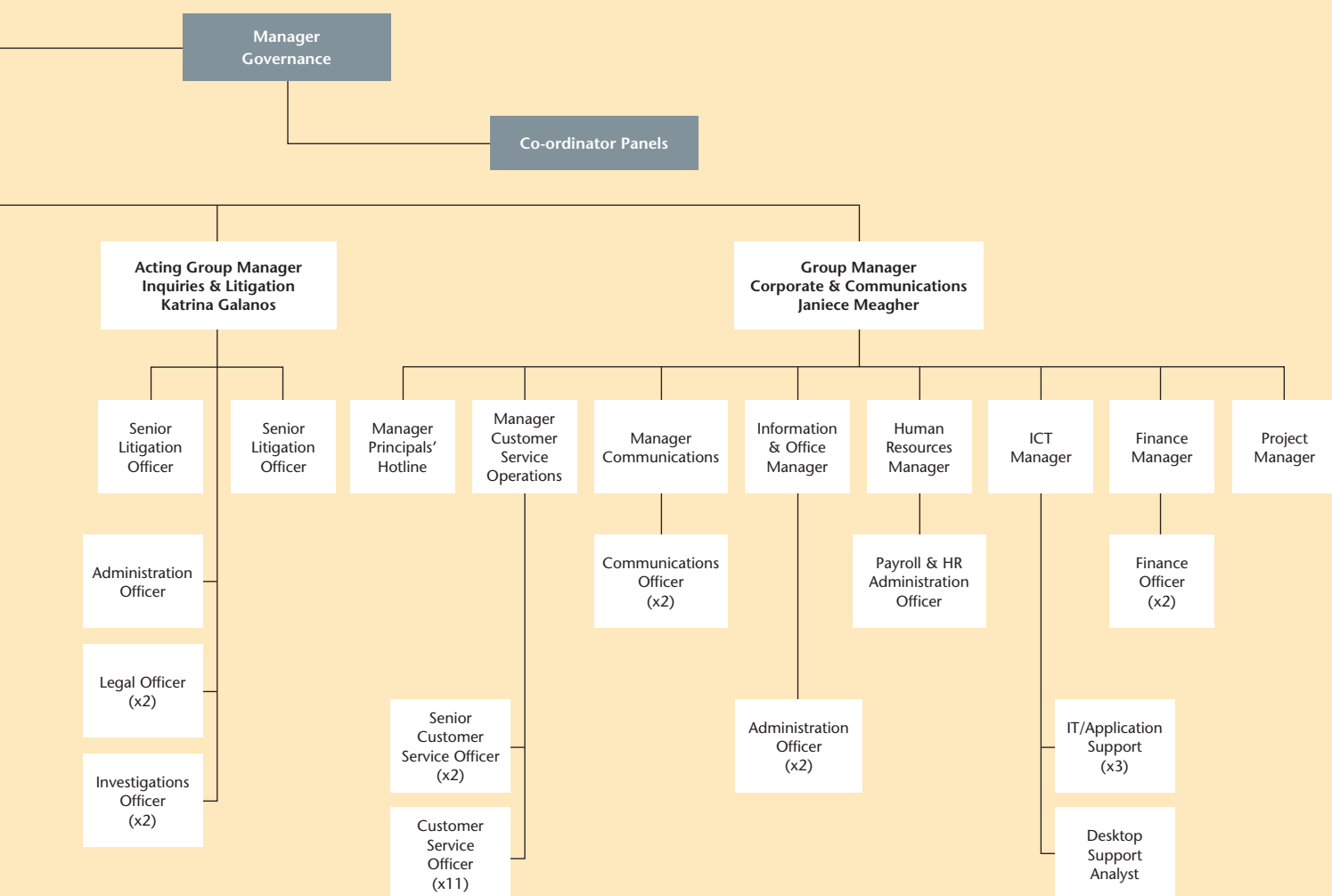


In 2012–13, the annual registration fee was increased from \$74 to \$85 per annum. Teacher registration fees are paid annually in advance and are pro-rated to each of the 12 months. Fee revenue belonging to July 2013 or after is considered revenue in advance, a current liability in this year's balance sheet.

In the last five years, the Institute has either posted a deficit or a surplus of less than \$130,000. Since 2010, the Institute has been drawing down on its reserves. In 2012–13, the Institute generated a surplus of \$888,126 compared to the \$246,643 deficit in the previous year. This surplus puts the Institute in a better position to fund commitments. 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 total of registered teachers reached 119,285, an increase of 520 from last year.
- 35,968 National Criminal History Record Checks (NCHRC) were processed.
- 329 mid-year graduates and 4781 end-of-year graduates were registered, an increase of 12 per cent
- 1800 beginning teachers attended induction support programs in metropolitan and regional locations.
- During 2013, over 1150 experienced teachers were trained as mentors for provisionally registered teachers, an increase of 25 per cent over the previous year
- Over 171 principals attended briefing sessions on the support program for provisionally registered teachers, an increase of 20 per cent over the previous year.
- Eight initial teacher education programs were reviewed and reaccredited.
- Ten new initial teacher education programs were reviewed and accredited.
- 93 per cent of provisionally registered teachers who attended the Institute's support program indicated that the seminars assisted them with the process of applying for full registration.
- The Institute commenced the application of national standards to accredit initial teacher education programs.

The national context

Nationally consistent standards for teachers

During the reporting period the Institute continued to introduce new Victorian standards and national consistencies for registration. A number of initiatives to facilitate these changes have been progressed. These are discussed below.

Trials and projects

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 continued, along with investigation of scalability and development of assessment processes. The Institute continues to monitor national developments in this area.

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. Results indicate the new process for full registration incorporating the Australian Standards and national consistencies can be used by provisionally registered teachers. Initial feedback from teachers and their mentors describes the value of the process to support professional practice.

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. Preparation for implementation of the Australian Standards for the renewal of registration period beginning 1 October 2013 was been undertaken.

Nationally consistent accreditation

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

The Accreditation Committee members have attended training in the use of the Australian Standards for program review.

Registration

Registering teachers

There are now 119,285 registered teachers in Victoria, an increase of 520 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, isolated cases of unregistered practice. Where possible, the Institute Council has worked with the relevant sector and the person and school concerned to resolve registration issues.

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. The percentage of registered teachers granted permission to teach has fallen from 2.7 per cent (3207) to 1.75 per cent (2087) over the reporting period.

Renewal of registration

All registered teachers are required to renew their registration either on an annual or a five-yearly basis by demonstrating they have met the standards for renewal of registration. The period for renewal is dependent upon the date the teacher was first granted full registration, with all fully registered teachers being moved to an annual renewal cycle by 2016. During the reporting period, 9009 teachers renewed their registration. In addition, 145 teachers requested an extension of registration to allow more time to meet the standards and 231 opted for non-practising registration because they could not meet all of the requirements for renewal.

Non-practising registration

1488 teachers have non-practising registration. This means the teacher cannot be employed as a teacher in a Victorian school, but can maintain registration until they are ready to resume the duties of a teacher in a school.

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 35,968 NCHRCs in the reporting period. During the previous two years, the Institute has processed a total of 59,825 NCHRCs. Application forms and documents have been revised to introduce the new name for the National Criminal History Record Check: the National Police History Check (NPHC).

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, 329 midyear graduates and 4781 end-of-year graduates were registered. This is an increase of 12 per cent in the reporting period.

Engaging with higher education providers

Institute staff conducted 24 graduate teacher presentations with ten higher education providers and presented information to 4201 graduating students about the role of the Institute and the registration process.

Receiving and processing applications

In 2012–13, the Institute received 5234 paper-based applications and 11,157 online applications for registration. This was an increase from 56 per cent to 68 per cent of applicants using the online process. In the previous reporting period the total number of applications increased by 693.

These applications include new applications, reapplications 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. Forty-nine applications were refused, which is an increase of 28 in the previous year when 21 applications were refused. Table 2 reports the number of new registrants by application type. The majority of these were refused on the basis that qualification and English language competency requirements were not met.

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 reapply 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.

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 an extract of the register is also on the Institute website at <www.vit.vic.edu.au>, which the public can search to check that a teacher has current registration.

During the reporting period 2564 teachers left the profession. Of these, the largest numbers were in the age ranges of 60–64 years (547), 65–69 years (505) and 55–59 years (328). Nearly all (99 per cent) of teachers leaving the profession were not in a school.

Age and gender

The largest group of registered teachers (16,131) is aged between 55 and 59 years. Of note is the 5 per cent increase of teachers aged between 25 and 34 years, the 12 per cent decrease of teachers in the age range 45 to 59 years and the 11 per cent increase in teachers aged above 65 years.

Females continue to account for 73 per cent of the teaching population and males 27 per cent, which is a proportion consistent with previous reporting periods.

Table 2
Number of registered teachers at 30 June 2013

	2013	2012	% change
Full registration	103,193	102,645	1 ↑
Provisional registration	12,517	11,599	8 ↑
Permission to teach	2,087	3,207	35 ↓
Non-practising	1,488	1,354	10 ↑
TOTAL	119,285	118,765	0.4 ↑

Table 3
Number of new registrants at 30 June 2013

	2013	2012	% change
Victorian qualifications	4,687	4,309	9 ↑
Interstate qualifications	747	756	1 ↓
Overseas qualifications	903	1,048	14 ↓
Mutual recognition	602	609	1 ↓
Permission to teach	274	269	2 ↑
TOTAL	7,213	6,991	3 ↑

Table 4
Provisional to full registration at 30 June 2013

	2013	2012	% change
Immediate full registration granted	778	898	13 ↓
Immediate full registration granted under mutual recognition	431	459	6 ↓
Full registration – experienced teachers meeting standards	511	500	2 ↑
Full registration – after evidence-based process	3,554	3,521	1 ↑
Reapplication for provisional registration made this year after previous provisional registration expired	1,740	1,278	36 ↑

Figure 3
Age profile of registered teachers

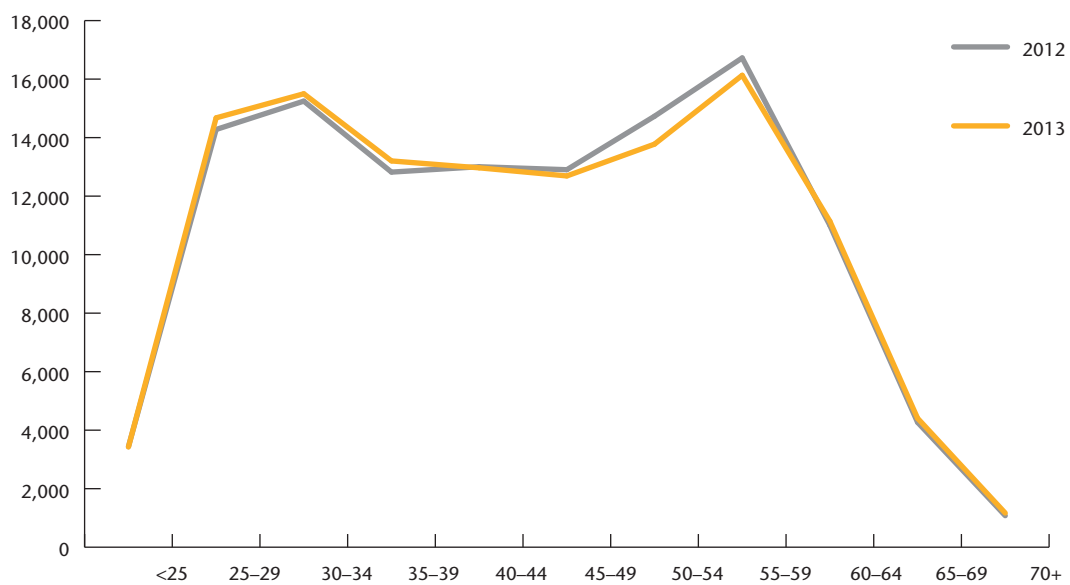


Table 5
Age profile of registered teachers

	2013	2012	% change
<25	3,426	3,435	0 ↓
25-29	14,675	14,278	3 ↑
30-34	15,499	15,247	2 ↑
35-39	13,203	12,821	3 ↑
40-44	12,967	13,005	0 ↑
45-49	12,690	12,903	2 ↓
50-54	13,777	14,731	6 ↓
55-59	16,131	16,724	4 ↓
60-64	11,140	10,999	1 ↑
65-69	4,407	4,268	3 ↑
70+	1,167	1,077	8 ↓
TOTAL	119,082	119,48	0 ↓

Accreditation

The Institute's Accreditation Committee reviews, assesses and accredits all the initial teacher education programs offered by Victorian higher education institutions on a cyclical basis at least once every five years. In 2012–13, the Accreditation Committee reaccredited eight continuing programs and accredited 10 new programs. One of the new programs was accredited under the Australian accreditation standards. 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 2013	30 June 2012
Secondary postgraduate	18	17
Secondary undergraduate	21	21
Primary postgraduate	15	12
Primary undergraduate	12	11
Primary undergraduate with optional P–10 pathway	3	3
P–10 or P–12 postgraduate	5	5
P–10 or P–12 undergraduate	8	7
Early childhood/primary postgraduate	4	3
Early childhood/primary undergraduate	8	7
TOTAL	94	86

Partnerships

The Institute has partnered with Deakin University, Monash University, Griffith University, the Department of Education and Early Childhood Development, Queensland College of Teachers and the Queensland Department of Education to investigate the effectiveness of teacher education for early career teachers in diverse settings.

This is a longitudinal study over three years and is an Australian Research Council Linkage funded project. The project commenced in late May 2011, with surveys of 2010 and 2011 Victorian and Queensland graduates in March 2012, October 2012 and April 2013. In addition, principals have been surveyed and interviews completed. The results are in the process of analysis, with the first report anticipated to be released later in 2013.

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

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

Qualifications assessment

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

Since the service commenced, 88 requests have been received, with 60 per cent of the requests from people with Australian qualifications and 40 per cent from people with overseas qualifications.

Standards and professional learning

Supporting teachers new to the profession

The Institute met with over 1800 provisionally registered teachers to welcome them to the profession and explain the full registration requirements. It is expected that numbers will increase when this seminar program is repeated in July 2013.

During 2013, over 1150 experienced teachers were trained as mentors for provisionally registered teachers. This is an increase of 25 per cent on numbers in 2012. Many were teachers who had already trained as mentors and who wished to gain further understanding of revised processes and new standards.

From the introduction of these programs in 2004, the Institute has delivered seminars to nearly 24,000 provisionally registered teachers and trained nearly 15,000 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.

Principal briefings attendances increased by 20 per cent in 2012–13. This may be in part due to the introduction of a revised process and standards for full registration.

Provisionally registered teachers (PRTs) continue to rate the content of the Institute seminars positively as shown in Figure 4. Of the 1158 PRTs who attended the 2013 seminars 93 per cent indicated that the seminars assisted them with the process of applying for full registration.

Table 7
Support program for provisionally registered teachers

Date	Teacher support	Location(s) in 2012–13		Numbers attending 2012–13	Numbers attending 2011–12
	Provisionally registered teacher seminar 2012 (repeat of seminar 1)	15 locations	9 metropolitan 6 regional	657	707
	Mentor training – day 1	25 locations	13 metropolitan 12 regional	1100	914
	Provisionally registered teacher seminar 2013	14 locations	6 metropolitan 8 regional	1158	1,911
	Principal briefing	25 locations	13 metropolitan 12 regional	171	142
	Mentor training – day 2	20 locations	13 metropolitan 12 regional	1023	861
TOTAL				3,109	4,535

Figure 4
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 5 indicates the high value mentors continue to place on the training.

MyPD

More than 33,000 teachers have logged into MyPD of 60,000 teachers provided with MyVIT access to 30 June 2013.

The Institute Council reviewed the Pdi search facility. The number of page views dropped from a high of over 140,000 in 2008 to approximately 6000 in 2012-13. As a result, the facility was discontinued.

Figure 5
Evaluation of Institute training by mentors

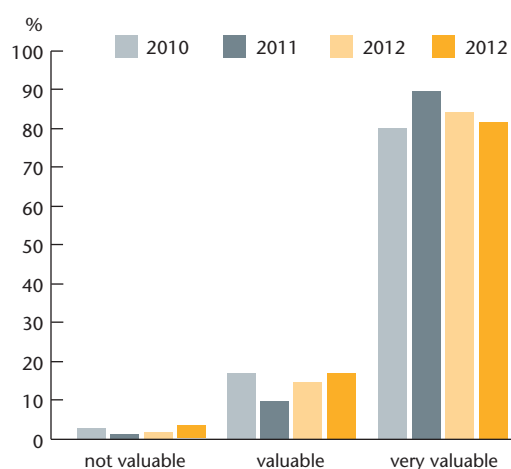


Table 8
Institute research activities 2012-13

Research topic	Partner/ Contractor	Completion date
Phase 2 pilot project – implementing national standards (assessing 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	December 2013

Disciplinary proceedings

During the reporting period, the Institute received 51 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 two 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 directly to a formal hearing. During the reporting period, 56 complaint files were opened.

Notification from employer

The Act requires employers of registered teachers to notify the Institute if they have taken action against a teacher 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. During the reporting period, there were 50 notifications from employers.

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. During the reporting period, a total of 35 indictable offences were referred to the Institute from a range of sources, including the ongoing criminal record checking process.

Hearings

In 2012–13, 21 formal hearings were held by the Institute. There are two 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 responsible for the Teaching Profession. There have been 25 members appointed to that pool.

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 2012–13, the Institute served eight 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 2012–13, seven 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 2012–13, 37 reports were prepared. The Committee found in 32 cases that the matters did not affect the applicant's suitability to be a teacher and subsequently recommended the applicants for registration. Two applicants were refused registration. These matters were outstanding from 2011–12. Three matters were summary offences and two matters are outstanding.

Resolution of disciplinary inquiries by other means

The legislation permits finalisation of a disciplinary inquiry without an investigation and/or formal hearing and enables negotiation between a teacher and the Institute towards an appropriate outcome. To this end, the Institute has a general power to enter into agreement to cancel a teacher's registration and/or to impose conditions with or without suspension, which also enables negotiation between a teacher and the Institute towards an appropriate outcome. In 2012–13 the Institute resolved 12 matters by way of Disciplinary agreement and/or undertaking.

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 2012–13, the Institute investigated or continued to investigate five cases of unregistered teaching. The Institute prosecuted no persons for teaching without registration.

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 2012–13, there was one application for review at VCAT of a hearing panel decision and two applications 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.

Customer service review

The Institute commissioned an external review of the Customer Service Centre in February 2013 in order to provide better service for registrants. The peak period of registrant activity in 2012 had highlighted issues to be addressed prior to the 2013 peak period, when a significantly higher number of teachers would be required to renew their registration.

The review looked at all relevant aspects of the Customer Service Centre, including staffing levels, workflows, technology, staff responsibilities, training, management and communications.

As a result of the review's recommendations, several measures were proposed to improve the level of customer service, including expansion of the Customer Service Centre team, extending the Customer Service Centre operation hours during peak demand periods, and simplifying the registration process by providing an individualised portal for teachers to complete registration tasks online and make payments quickly and efficiently.

Registrants' survey

An externally conducted online survey was commissioned to inform registrants of the Institute's ongoing regulatory responsibilities and communication. The survey was distributed via email from 18 March 2013 to 5 April 2013 to a randomly selected sample of 13,500 Institute registrants. A total of 1833 surveys were completed.

Questions were repeated from previous surveys conducted in 2011, 2009 and 2008 to track perceptions over time, and new questions about service delivery were included to identify operational issues.

Key findings included:

- strong acceptance of the value of professional registration
- an improvement in awareness of registrant responsibilities and Institute functions
- decline in satisfaction with the Institute's capacity to handle the volume of enquiries
- clear direction on the need for extended hotline hours
- an increase in registrant website usage
- strong concerns over the ease of access and quality of information in the online portals.

The findings of the survey confirmed the findings of the Customer Service Review, and helped to inform ongoing measures, including the expansion of the Customer Service Centre team, extension of Customer Service Centre hours during peak periods, and reviewing the Institute website and teacher portal to simplify the online registration process.

www.vit.vic.edu.au

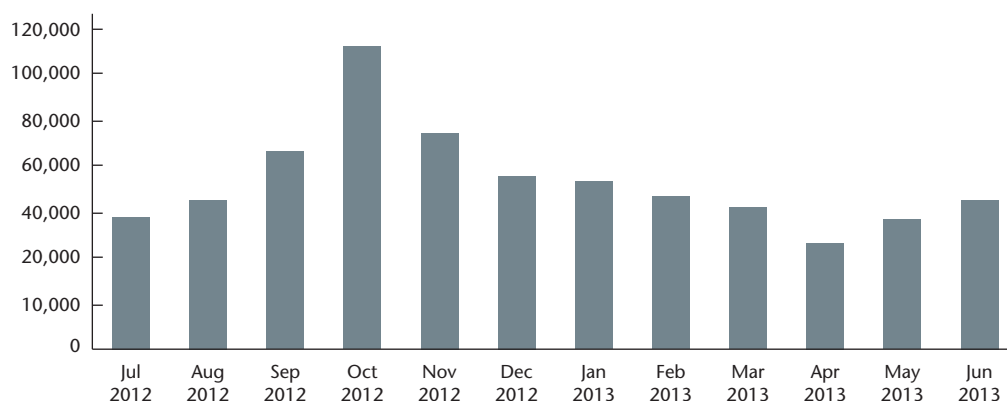
The Institute's website is a key information of resource for registered teachers, applicants for registration and members of the community; it continues to attract a large number of visitors.

Numbers of website visits rose from an average of 40,984 visits per month in the previous reporting period to 53,684 per month in the current period. Visits increased 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.

Figure 6
Number of website visits per month



Search the register

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

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

Email circulars to principals

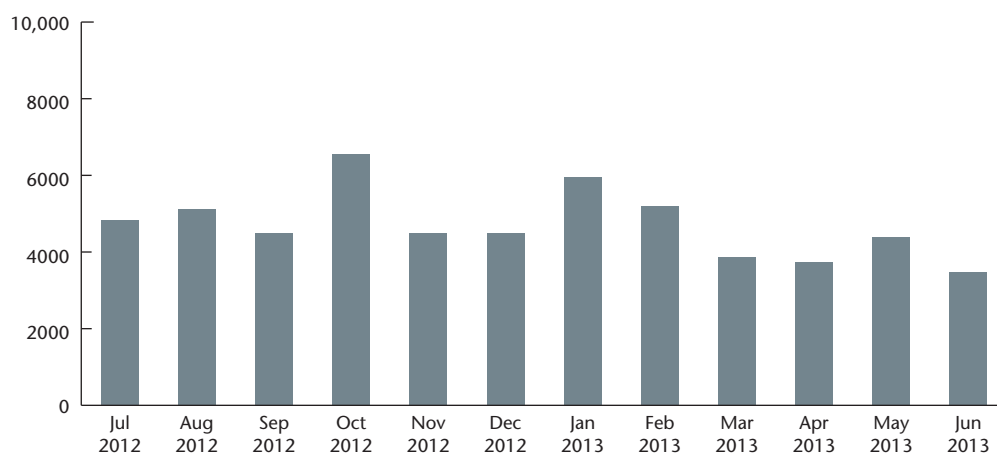
The Institute regularly communicates with principals by email to ensure they have current information on registration issues affecting teachers in their schools. In the reporting period, 11 email circulars were sent to principals. Chairperson Don Paproth also sent five 'From The Chairperson' circulars to principals during the reporting period.

The Teachers' Hotline

Figure 7 below shows the number of calls to the Teachers' Hotline answered between July 2012 and June 2013. The total number of calls answered for this reporting period was 56,494, with peak call rates recorded in October, when 6728 calls were answered, and January, when 5968 calls were answered. These spikes in calls were as a result of the further rollout of MyVIT to registered teachers, the high number of teachers required to undertake a National Criminal History Record Check (NCHRC) and inquiries from teacher graduates regarding the status of their application for initial provisional registration.

Total number of calls answered: 56,494.

Figure 7
Number of calls to Teachers' Hotline per month, July 2012 – June 2013



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 senior Institute officers answered calls during this reporting period. A total of 2993 calls to the hotline were answered for the year, an average of 249 calls answered per month.

Calls peaked between December and February, where a total 1079 calls were answered. This can generally be attributed to principals or their delegates needing assistance with access to the School portal and the checking of the status of teachers' registration for the start of the school year.

To prioritise and improve on the level of service to the Principals' Hotline, a dedicated Manager Principals' Hotline has been appointed. Also, to minimise call waiting times, calls not answered in a short timeframe are now re-routed to the Teachers' Hotline for experienced Customer Service Officers to answer.

Total number of calls answered: 2993.

The School portal

Principals and their delegates have access to the School portal using unique login details provided by the Institute. The portal allows principals to:

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

General correspondence and email

The Institute responds to general written correspondence and emails sent to the Institute's electronic mailbox. A total of 35,571 emails were received and processed in the reporting period, an average of 2964 emails processed per month. There was a significant increase in the number of emails received in October and November with a total of 14,512 emails received. The most frequent inquiries during this time were from teachers needing assistance with setting up their MyVIT account and completing the online National Criminal History Record Check (NCHRC).

Total number of emails processed: 35,571.

Figure 8
Number of calls to Principals' Hotline per month, July 2012 – June 2013

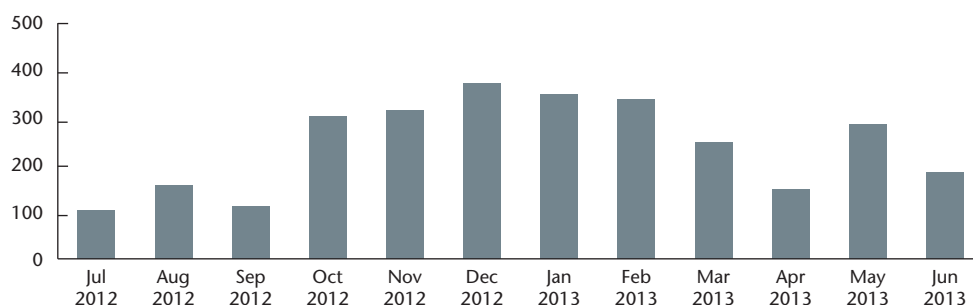
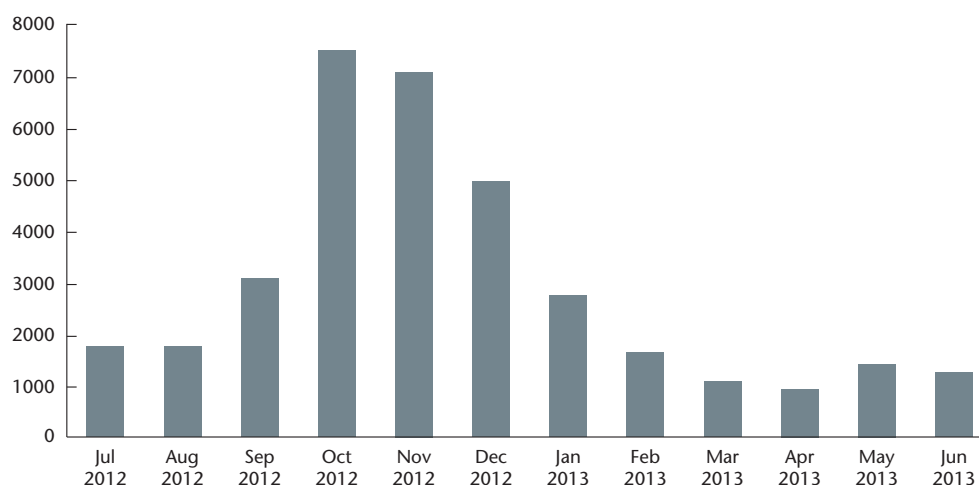


Figure 9
Number of emails received per month, July 2012 – June 2013



Change of contact details requests

The Institute encourages registrants to keep their contact details current so that they receive important correspondence regarding their registration. Teachers can confirm or update their contact details at any time through their MyVIT account. Alternatively, they can call the Institute or email their change requests to the Institute. There is also a link on the Institute website where teachers can request their contact details be updated. Between 1 July 2012 and 30 June 2013, a total of 9819 requests for change of contact details were received and processed.

Parent and school council organisations

The Institute convenes meetings of parent and school council organisations to keep them informed of 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 are chaired by Council member, Gail McHardy. The Parent and School Council Organisation met once during the reporting period.

Our business operations

Banking

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

Financial services

The Institute's accounts and IT accounting systems 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 2012–13.

In 2012–13, the Institute engaged 12 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$17,271.66 (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 9

Analysis of freedom of information requests, 2012–2013

Nature of requests		2012–13 requests
Personal (relating to a single identified person)		6
Non-personal (request for non-specific and/or summative information)		0
Outcome of request	Full access	5
	Partial access	1
	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.

Whistleblowers protection

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

Environmental sustainability

The Institute continues to further refine its practices to reduce its carbon footprint. In 2012–13 it continued work on the development of online communication and 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*.

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 10
Staff by operation as of 30 June 2013

Staff	Full-time equivalent
Casual staff	4.6
Corporate and Communications	19.4
Secretariat	3.0
Inquiries and Litigation	7.6
Registration and Accreditation	17.7
Standards and Professional Learning	6.2
TOTAL	58.5

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 reappointment.

Table 11
Number of Council meetings attended by each member
Fourth Council

Name	Meetings attended
Michael Butler	7
Stephen Dinham	7
Louise Heggen	7
Ian Johnson	7
Allen McAuliffe	6
Gail McHardy	6
Don Paproth	6
Mary-Anne Pontikis	7
Debra Punton	7
Anne Sarros	6
Leonie Sheehy	6
Arthur Townsend (appointed June 2013)	1
Jim Watterston (appointed May 2012–May 2013)	3

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. A strategic plan for 2013–16 is currently being developed.

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 strategic plans and annual business plans 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.

MEMBERS OF THE COUNCIL OF THE INSTITUTE



Don Paproth
Chairperson



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



Allen McAuliffe
Principal, Sandringham College



Gail McHardy
Executive Officer, Parents Victoria



Mary-Anne Pontikis
Meadow Heights Primary School



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



Dr Anne Sarros
Principal, Firbank Grammar



Leonie Sheehy
St Joseph's Primary School, Boronia



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



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 2012–13, the Committee held 13 meetings at the Institute's offices.

Members (Fourth Council)

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, Boronia

Audit and Finance Committee

The Audit and Finance Committee has assumed the combined functions of Administration and Finance Committee and the Audit Committee from 1 January 2013 and replaces those Committees. In its audit functions it is bound by a charter developed under guidelines determined in financial directions and issued by the Minister for Finance.

The terms of reference for the Committee are:

to oversee:

- The financial performance and the financial reporting process of the Institute, 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 monitoring and review of the risk management framework
- matters of accountability and internal control affecting the operations 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

- the sign off 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;

and to:

- make recommendations to Council in relation to financial requirements of the *Education and Training Reform Act 2006 Part 2.6 – Victorian Institute of Teaching, the Financial Management Act 1994* and other legislation influencing the financial management of the Institute.
- recommend to Council and monitor the Institute's Strategic Plan, Annual Operational Plan and Budget.
- advise Council on the adequacy and/or effectiveness of the Institute's financial and accounting policies and related control systems and administrative and operational
- To advise Council on the formulation of its Annual Report.

Members

Michael Butler, Reservoir District Secondary College

Allen McAuliffe, Sandringham Secondary College

Gail McHardy, Parents Victoria

Barbara McLure

David Nairn (Chairperson), HLB Mann Judd

Donald Paproth, Institute Council Chairperson

Debra Punton, Catholic Education Office, Melbourne

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 2012–13, the Remuneration Committee met twice.

Members

Donald Paproth (Chairperson), Institute Council Chairperson

Debra Punton, Catholic Education Office, Melbourne

Accreditation Committee

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

During 2012–13, the Committee held seven meetings.

Members

VIT Council members

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

Non VIT Council members

Lawrence Angus, University of Ballarat
Lynne Baker, Old Orchard Primary School
Damian Blake, Deakin University
Diane Bourke, Independent Schools Victoria
Deborah Corrigan, Monash University
Anne-Maree Dawson, ACU National University
Pat Drake, Victoria University
Jennifer Elsdon-Clifton, RMIT University
Peter Godden, Department of Education and Early Childhood Development
Joseph Haddad, Carwatha College P-12
Helen Hughes, Strathcona Baptist Girls Grammar School
Chris Lennon, Catholic Education Office Melbourne
Patricia McCann, La Trobe University
Larissa Mclean Davies, The University of Melbourne
Lindsay Reeve, Apollo Parkways Primary School
Margaret Ricardo, St John Vianney Primary School
Charmaine Taylor, Victorian Curriculum and Assessment Authority
Johanna Walker, Lilydale High School
David Warner, Eltham College
Amanda Watson, University High School

The 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 2012–13, the Committee met 12 times.

Members

Anne Sarros (Chairperson), Firbank Grammar School
Michael Butler, Reservoir District Secondary College
Ian Johnson, Korowa Anglican Girls' School
Gail McHardy, Parents Victoria
Mary-Anne Pontikis, Meadow Heights Primary School
Leonie Sheehy, St Joseph's Primary School, Boronia

Risk management attestation



Risk Management Attestation

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

A handwritten signature in black ink, appearing to read "Paproth", written over a faint circular stamp.

Donald Paproth
Chairperson- Victorian Institute of Teaching

Melbourne
21 August 2013

Financial statements for the year ended 30 June 2013

Comprehensive operating statement	26
Balance sheet	27
Statement of changes in equity	28
Cash flow statement	29
Notes to the financial statements	30
Independent auditor's report	67

Comprehensive operating statement for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
INCOME FROM TRANSACTIONS			
Interest	2 (a)	276,980	347,940
Fees	2 (b)	11,618,159	10,315,604
Government grant	2 (c)	90,909	–
Other income	2 (d)	122,934	149,367
Total income from transactions		12,108,982	10,812,911
EXPENSES FROM TRANSACTIONS			
Payroll expenses	3 (a)	5,936,299	5,684,087
Depreciation and amortisation	3 (b)	594,466	671,009
Supplies and services	3 (c)	4,051,885	4,133,173
Occupancy expenses	3 (d)	595,019	526,711
Total expenses from transactions		11,177,669	11,014,981
Net result from transactions (net operating balance)		931,312	(202,071)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on non-financial assets	4 (a)	(62,398)	609
Other gains/(losses) from other economic flows	4 (b)	19,211	(45,183)
Total other economic flows included in net result		(43,187)	(44,574)
Net result from continuing operations		888,126	(246,644)
Comprehensive result		888,126	(246,644)

The above comprehensive operating statement should be read in conjunction with the notes included on pages 30 to 65.

Balance sheet

as at 30 June 2013

	Note	2013 \$	2012 \$
FINANCIAL ASSETS			
Cash and deposits	18 (a)	4,369,527	4,193,034
Investments	5	2,500,000	500,000
Receivables	6	201,039	308,029
Total financial assets		7,070,566	5,001,063
NON-FINANCIAL ASSETS			
Plant and equipment	8	1,126,352	1,331,071
Intangible assets	9	1,658,182	1,877,092
Other non-financial assets	7	122,569	196,258
Total non-financial assets		2,907,103	3,404,421
Total assets		9,977,669	8,405,483
LIABILITIES			
Payables	10	1,417,667	1,540,846
Borrowings	11	16,218	23,216
Provisions	12	1,236,794	1,181,805
Income received in advance	13	2,831,260	2,072,013
Total liabilities		5,501,941	4,817,880
Net assets		4,475,729	3,587,603
EQUITY			
Accumulated surplus	19	4,475,729	3,587,603
Net worth		4,475,729	3,587,603
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 65.

Statement of changes in equity

for the financial year ended 30 June 2013

	Accumulated surplus \$	Contributions by owner \$	Total \$
Balance at 1 July 2011	3,834,247	–	3,834,247
Net result for the year	(246,644)	–	(246,644)
Balance at 30 June 2012	3,587,603	–	3,587,603
Net result for the year	888,126	–	888,126
Balance at 30 June 2013	4,475,729	–	4,475,729

The above statement of changes in equity should be read in conjunction with the notes included on pages 30 to 65.

Cash flow statement

for the financial year ended 30 June 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Government		90,909	–
Receipts from customers and registration fees		12,611,313	8,482,668
Net Goods and Services Tax recovered from the Australian Tax Office		12,337	46,381
Interest received		260,659	329,764
Total Receipts		12,975,218	8,858,813
Payments			
Payments to suppliers and employees		(10,558,492)	(9,961,888)
Total Payments		(10,558,492)	(9,961,888)
Net cash flows from operating activities	18 (b)	2,416,726	(1,103,075)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(70,936)	(75,206)
Payments for intangible assets		(162,299)	(216,901)
Proceeds from sale of plant and equipment		–	2,423
Payments for investments		(8,000,000)	(4,500,000)
Proceeds/receipts from investments		6,000,000	9,000,000
Net cash flows from/(used in) in investing activities		(2,233,235)	4,210,316
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease		(6,998)	(9,978)
Net cash flows from/(used in) in financing activities		(6,998)	(9,978)
Net increase/(decrease) in cash and deposits		176,493	3,097,263
Cash and deposits at the beginning of the financial year		4,193,034	1,095,771
Cash and deposits at the end of the financial year	18 (a)	4,369,527	4,193,034

The above cash flow statement should be read in conjunction with the notes included on pages 30 to 65.

Notes to the financial statements

for the financial year ended 30 June 2013

CONTENTS

Note	Page
1 Summary of significant accounting policies	31–39
2 Income	40
3 Expenses	41
4 Other economic flows	42
5 Investments	42
6 Receivables	42
7 Other non-financial assets	43
8 Property, plant and equipment	43–44
9 Intangible assets	45
10 Payables	46
11 Borrowings	46
12 Provisions	47–48
13 Income received in advance	48
14 Superannuation	49
15 Leases	50
16 Contingent assets and liabilities	51
17 Financial instruments	51–59
18 Cash flow information	59
19 Movements in equity	59
20 Responsible persons	60
21 Remuneration of executives	61
22 Remuneration of auditors	61
23 Commitments for expenditure	61
24 Subsequent events	62
25 AASs issued that are not yet effective	62–63
26 Glossary of terms and style conventions	64–65

Notes to the financial statements

for the year ended 30 June 2013

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

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

The annual financial statements were authorised for issue by the Chairperson of the Institute on 21 August 2013.

(b) Basis of accounting preparation and measurement

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

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

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

- the fair value of leasehold improvements, fixtures and fittings, plant and equipment;
- 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.

The accounting policies set out have been applied in preparing the financial statements for the financial year ended 30 June 2013 and the comparative information presented for the year ended 30 June 2012.

(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.

(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.

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 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) Income from transactions

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

(i) Interest

Interest 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.

(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 Record Check fees

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

(iv) Late fees

Late fees are recognised on payment.

(v) Grants

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

(vi) Other income

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

(g) Expenses from transactions

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

(i) 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.

(ii) 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 calculated on a reducing balance method for all categories to write the assets off over their estimated useful lives (assets purchased for less than \$2,000 are expensed, whereas assets purchased greater than or equal to \$2,000 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.

(iii) Amortisation

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a reducing balance method over the asset's useful life (3 years) (2012: 3 years), with the exception of the Institute's CRM assets, which are amortised on a straight line basis over the useful life (7 years) (2012: 7 years) 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.

(iv) Supplies and services

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

(v) Occupancy expenses

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

(h) 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(k) Revaluations of non-financial 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(g)(iii) Amortisation

(iv) Impairment of non-financial assets

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

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a 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(i) 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.

(i) 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) Loans and Receivables

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method, less any impairment.

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

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

(ii) 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.

(iii) 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.

(iv) 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.

(j) 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, 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.

(k) Non-financial assets

(i) Intangible assets

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

Research and development costs

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

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

(ii) Plant and equipment

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

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(m)) 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(h)(iv) Impairment of non-financial assets.

Leasehold improvements

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

Non-current physical assets arising from finance leases

Refer to Note 1(m) Leases

Revaluations of non-current physical assets

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

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

Revaluation increases and decreases relating to individual assets within a class of 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 derecognition 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(h) Other economic flows included in net result.

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

(ii) Income received in advance

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

(iii) Borrowings

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

(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.

(vii) 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.

(viii) 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.

(m) 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.

(i) 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.

(ii) Operating leases

(a) 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.

(b) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) AASs issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period. DTF assesses the impact of all these new standards and advises the Institute. The Institute is responsible for reviewing their applicability and early adoption where applicable. Refer to Note 25.

NOTE 2 Income

	2013 \$	2012 \$
INCOME FROM TRANSACTIONS		
(a) Interest income		
Interest from financial assets not at fair value through comprehensive operating statement:		
– Interest on bank deposits	100,025	63,115
– Interest on investments	176,955	284,825
Total interest income	276,980	347,940
(b) Fees		
Teacher registration	9,284,552	9,113,229
Teacher application	371,276	377,547
Criminal record check	1,710,274	607,131
Replacement card fee	14,837	6,357
Late registration payment	224,197	211,340
Qualification assessment	9,206	–
Course accreditation assessment fee	3,818	–
Total fees	11,618,159	10,315,604
(c) Government grant		
Department of Education and Early Childhood Development	90,909	–
Total Government Grants	90,909	–
(d) Other income		
Sponsorship	10,606	25,455
Pdi subscription	37,228	37,909
Cost recovery for prosecutions	3,200	2,460
Other revenue	71,900	83,543
Total other income	122,934	149,367

NOTE 3 Expenses

	2013 \$	2012 \$
EXPENSES FROM TRANSACTIONS		
(a) Payroll expenses		
Salaries and wages	5,205,619	4,989,656
Superannuation	450,685	441,275
Oncosts (Payroll tax, Fringe benefits tax and Workcover)	279,995	253,156
Total payroll	5,936,299	5,684,087
(b) Depreciation and amortisation		
Depreciation of plant and equipment		
Plant and equipment	120,635	145,125
Plant and equipment under finance lease	10,495	9,860
Fixtures and fittings	9,189	11,261
Leasehold improvements	72,938	111,555
Total depreciation of plant and equipment	213,258	277,801
Software amortisation	381,208	393,208
Total depreciation and amortisation	594,466	671,009
(c) Supplies and services		
HR expenses	292,709	63,493
Council and Committee expenses	173,835	203,271
Consultancy and Contractor expenses	809,909	1,045,897
Communication expenses	586,055	694,793
Finance expenses	239,962	299,526
Legal expenses	165,536	237,122
Printing and stationery expenses	214,340	244,138
Research and development	22,230	23,251
Travel and accommodation	61,347	131,937
Marketing expenses	179,556	193,778
Administration expenses	378,577	451,587
Criminal record checks	927,828	544,380
Total supplies and services	4,051,885	4,133,173
(d) Occupancy expenses		
Operating lease rental expenses:		
Minimum lease payments (expense)	318,161	315,775
Unwinding of discounts	29,502	(30,789)
Outgoings, cleaning and utilities	223,971	201,665
Maintenance and repairs	23,385	40,060
Total occupancy expenses	595,019	526,711

NOTE 4 Other economic flows

	2013 \$	2012 \$
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of non-financial assets	(62,398)	609
Total net gain/(loss) on non-financial assets and liabilities	(62,398)	609
(b) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	19,211	(45,183)
Total other gain/(loss) from other economic flows	19,211	(45,183)

NOTE 5 Investments

	2013 \$	2012 \$
Current investments		
Term deposits:		
Australian dollar term deposits ≥ 3 months	2,500,000	500,000
Total current investments	2,500,000	500,000

(a) Ageing analysis of investments and other financial assets

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

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

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

NOTE 6 Receivables

	2013 \$	2012 \$
Current receivables		
Contractual		
Debtors	31,124	142,098
Accrued investment income	34,498	18,178
	65,622	160,276
Statutory		
Net GST receivable	135,417	147,753
	135,417	147,753
Total current receivables	201,039	308,029
Total receivables	201,039	308,029

(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

	2013 \$	2012 \$
Current other non-financial assets		
Prepayments	98,225	146,382
Non-current non-financial assets		
Prepayments	24,345	49,876
Total other non-financial assets	122,569	196,258

NOTE 8 Property, plant and equipment

	2013 \$	2012 \$
Carrying amounts		
Classification by nature		
Leasehold Improvements:		
– At cost	1,586,099	1,634,229
– Less: accumulated depreciation	(774,624)	(727,615)
	811,475	906,614
Fixtures and fittings:		
At cost	37,333	163,201
Less: accumulated depreciation	(24,046)	(118,159)
	13,288	45,042
Plant and equipment:		
At cost	991,770	1,008,035
Less: accumulated depreciation	(702,982)	(651,917)
	288,788	356,118
Plant & equipment under finance lease:		
At cost	32,627	32,627
Less: accumulated depreciation	(19,825)	(9,330)
	12,802	23,297
Net carrying amount of PPE	1,126,352	1,331,071

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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	906,614	1,018,169	45,042	54,809	356,118	427,789	23,297	52,665	1,331,071	1,553,432
Additions	–	–	6,842	1,494	64,095	73,711	–	–	70,937	75,205
Disposals	(22,201)	–	(29,407)	–	(10,790)	(257)	–	(19,508)	(62,398)	(19,765)
Depreciation expense	(72,938)	(111,555)	(9,189)	(11,261)	(120,635)	(145,125)	(10,495)	(9,860)	(213,258)	(277,801)
Closing balance	811,475	906,614	13,288	45,042	288,788	356,118	12,802	23,297	1,126,352	1,331,071

The following rates are used in the calculation of depreciation:

	2013	2012
Leasehold improvements	10%	10%
Furniture and fittings	20%	20%
Plant and equipment	33.33%	33.33%
Plant and equipment under finance lease	45%	29%

NOTE 9 Intangible assets

Capitalised software development

	2013 \$			2012 \$		
	CRM	Other	Total	CRM	Other	Total
Gross carrying amount						
Opening balance	1,904,293	1,156,832	3,061,125	1,700,133	1,360,399	3,060,532
Additions	136,737	25,562	162,299	204,160	12,741	216,901
Disposals	–	–	–	–	(6,782)	(6,782)
CRM Depreciation Revision	–	–	–	–	(209,526)	(209,526)
Closing balance	2,041,030	1,182,394	3,223,424	1,904,293	1,156,832	3,061,125
Accumulated amortisation and impairment						
Opening balance	(272,042)	(911,992)	(1,184,034)	–	(1,005,572)	(1,005,572)
Disposals	–	–	–	–	5,221	5,221
CRM Depreciation Revision	–	–	–	–	209,526	209,526
Amortisation expense	(293,361)	(87,847)	(381,208)	(272,041)	(121,167)	(393,208)
Closing balance	(565,403)	(999,839)	(1,565,242)	(272,041)	(911,992)	(1,184,033)
Net book value at the end of the financial year	1,475,627	182,555	1,658,182	1,632,252	244,840	1,877,092

NOTE 10 Payables

	2013 \$	2012 \$
Current payables		
Contractual		
Trade creditors and accruals	1,271,347	1,286,023
Unused lease incentive – Marland House	146,320	254,823
Total payables	1,417,667	1,540,846

(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

	2013 \$	2012 \$
Current		
Secured		
VicFleet Exec. Vehicle lease (i) (Note 15)	16,218	7,183
Total current interest-bearing liabilities	16,218	7,183
Non-current		
Secured		
VicFleet Exec. Vehicle lease (i) (Note 15)	–	16,033
Total non-current interest bearing liabilities	–	16,033
Total interest bearing liabilities	16,218	23,216

(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

	2013 \$	2012 \$
Current		
Employee benefits (i) (Note 12(a)) – annual leave		
– Unconditional and expected to be settled within 12 months (ii)	210,801	225,913
– Unconditional and expected to be settled after 12 months (iii)	121,124	134,882
Employee benefits (i) (Note 12(a)) – long service leave		
– Unconditional and expected to be settled within 12 months (ii)	39,579	35,770
– Unconditional and expected to be settled after 12 months (iii)	248,233	175,746
	619,737	572,311
Employee benefit on-costs		
– Unconditional and expected to be settled within 12 months (ii)	34,592	34,933
– Unconditional and expected to be settled after 12 months (iii)	62,142	46,044
	96,734	80,977
Total current provisions	716,471	653,288
Non-current		
Employee benefits (Note 12(a))	121,580	157,199
Employee benefit on-costs (ii)	22,131	24,208
Make good provision Marland House (Note 12(b))	376,612	347,110
Total non-current provisions	520,323	528,517
Total provisions	1,236,794	1,181,805

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

	2013 \$	2012 \$
Current employee benefits:		
Annual leave entitlements	331,925	360,795
Unconditional long service leave entitlements	287,812	211,516
Non-current employee benefits		
Conditional long service leave entitlements	121,580	157,199
Total employee benefits	741,317	729,510
Current on-costs	96,734	80,977
Non-current on-costs	22,131	24,208
Total on-costs	118,865	105,185
Total employee benefits and related on-costs	860,182	834,695

(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
	2013 \$	2013 \$	2013 \$
Opening balance	347,110	105,185	452,295
Increase of provisions recognised	29,502	13,680	43,182
Closing balance	376,612	118,865	495,477
Current	–	96,734	96,734
Non-current	376,612	22,131	398,743
	376,612	118,865	495,477

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

	2013 %	2012 %
Leasehold improvements – make good provision (i) – Level 24	3.755	3.035
Leasehold improvements – make good provision (i) – Level 19	2.940	2.475

NOTE 13 Income received in advance

	2013 \$	2012 \$
Criminal record check fee	178,500	111,186
Application fee	43,897	53,988
Unearned teacher registration fees	2,571,695	1,797,180
Other income in advance	37,168	109,659
Total income received in advance	2,831,260	2,072,013

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	
	2013 \$	2012 \$	2013 \$	2012 \$
Defined benefit plans:				
State Superannuation Fund:				
Revised and new	31,811	31,446	–	–
State employees retirement benefit	12,256	12,256	–	–
Defined contribution plans:				
Vic Super	198,755	171,717	–	–
Hesta Super Fund	27,643	33,303	–	–
Uni Super	22,302	19,110	–	–
Legal Industry Super Scheme	15,268	15,777	–	–
Australian Super	13,861	22,380	–	–
Catholic Superannuation Fund	13,663	18,327	–	–
MLC Masterkey Super	13,397	8,069	–	–
Health Super	11,736	12,539	–	–
CareSuper	11,552	10,410	–	–
Retail Employees Super Trust	11,352	10,797	–	–
Recruitment Super	10,860	4,933	–	–
HostPlus	6,880	10,082	–	–
Commonwealth Bank Superannuation	6,065	5,431	–	–
Other	43,285	55,339	–	–
Total	450,685	441,917	–	–

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.

	Minimum future lease payments		Present value of minimum future lease payments	
	2013	2012	2013	2012
	\$	\$	\$	\$
Finance lease liabilities payable				
– Not longer than 1 year	16,765	8,505	16,218	7,183
– Longer than 1 year but not longer than 5 years	–	16,581	–	16,033
Minimum future lease payments	16,765	25,086	16,218	23,216
Less future finance charges	(547)	(1,870)		
Present value of minimum lease payments	16,218	23,216	16,218	23,216
Included in the financial statements as:				
Current interest bearing liabilities (Note 11)			16,218	7,183
Non-current interest bearing liabilities (Note 11)			–	16,033
			16,218	23,216

(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).

	2013	2012
	\$	\$
Non-cancellable operating leases payable		
Non-cancellable leases at the reporting date contracted for but not recognised as liabilities payable		
– Not longer than 1 year	544,133	542,248
– Longer than 1 year but not longer than 5 years	80,377	624,510
Total non-cancellable operating leases payable (exclusive of GST)	624,510	1,166,758
Add GST recoverable from the Australian Taxation Office	62,451	116,676
Total non-cancellable operating leases payable (inclusive of GST)	686,961	1,283,434
In respect of non-cancellable operating leases the following liabilities have been recognised:		
Current		
Unused lease incentive Marland House (Note 10)	146,320	254,823
	146,320	254,823

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 2013, the Institute has pending hearing expenses in the amount of \$95,150. 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. (2012: \$105,400). There is an unquantifiable liability resulting from potential additional energy cost.

NOTE 17 Financial instruments

(a) Financial risk management objectives and policies

The Institute's principal financial instruments comprise of:

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

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

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

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

TABLE 17.1: Categorisation of financial instruments

	Contractual financial assets, loans and receivables	Contractual financial liabilities at amortised cost	Total
2013			
Contractual financial assets			
Cash and deposits	4,369,527	–	4,369,527
Receivables			
– Debtors	31,124	–	31,124
– Accrued investment income	34,498	–	34,498
Investments			
– Term deposits	2,500,000	–	2,500,000
Total contractual financial assets	6,935,149	–	6,935,149
Contractual financial liabilities			
Accounts payable			
– Trade creditors and accruals	–	1,271,347	1,271,347
– Unused lease incentive Marland House	–	146,320	146,320
Borrowings			
– VicFleet Exec. Vehicle lease	–	16,218	16,218
Total contractual financial liabilities	–	1,433,885	1,433,885
2012			
Contractual financial assets			
Cash and deposits	4,193,034	–	4,193,034
Receivables			
– Debtors	142,098	–	142,098
– Accrued investment income	18,178	–	18,178
Investments			
– Term deposits	500,000	–	500,000
Total contractual financial assets	4,853,310	–	4,853,310
Contractual financial liabilities			
Accounts payable			
– Trade creditors and accruals	–	1,286,023	1,286,023
– Unused lease incentive Marland House	–	254,823	254,823
Borrowings			
– VicFleet Exec. Vehicle lease	–	23,216	23,216
Total contractual financial liabilities	–	1,564,062	1,564,062

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 \$
2013					
Contractual financial assets					
Financial assets – loans and receivables	–	276,980	–	–	276,980
Total contractual financial assets	–	276,980	–	–	276,980
Contractual financial liabilities					
Financial liabilities at amortised cost	–	–	–	–	–
Total contractual financial liabilities	–	–	–	–	–
2012					
Contractual financial assets					
Financial assets – loans and receivables	–	347,939	–	–	347,939
Total contractual financial assets	–	347,939	–	–	347,939
Contractual financial liabilities					
Financial liabilities at amortised cost	–	–	–	–	–
Total contractual financial liabilities	–	–	–	–	–

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

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

(b) Credit risk

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

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

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

The Institute does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics.

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

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

	Financial institutions (AA credit rating)	Financial institutions (VTMB)*	Govt agencies (AAA credit rating)	Other (no credit rating)
2013				
Cash and deposits	1,369,527	–	3,000,000	–
Receivables (i)	–	18,055	16,443	31,124
Investments and other financial assets	–	2,000,000	500,000	–
Total contractual financial assets	1,369,527	2,018,055	3,516,443	31,124
2012				
Cash and deposits	693,034	1,000,000	2,500,000	–
Receivables (i)	–	–	18,178	142,098
Investments and other financial assets	–	500,000	–	–
Total contractual financial assets	693,034	1,500,000	2,518,178	142,098

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

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

Contractual financial assets that are either past due or impaired

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

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

Table 17.4: Ageing analysis of contractual financial assets

			Past due but not impaired			
	Carrying amount \$	Not past due and not impaired \$	Less than 1 month \$	1–3 months \$	3 months – 1 year \$	Impaired financial assets \$
2013						
Receivables: (i)						
– Debtors	31,124	–	10,289	2,955	17,880	–
– Accrued investment income	34,498	34,498	–	–	–	–
Investments:						
Term deposit	2,500,000	2,500,000	–	–	–	–
	2,565,622	2,534,498	10,289	2,955	17,880	–
2012						
Receivables: (i)						
– Debtors	142,098	–	126,641	1,131	14,326	–
– Accrued investment income	18,178	18,178	–	–	–	–
Investments:						
Term deposit	500,000	500,000	–	–	–	–
	660,276	518,178	126,641	1,131	14,326	–

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

(c) Liquidity risk

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

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

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

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

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

Table 17.5: Maturity analysis of contractual financial liabilities

	Carrying amount \$	Nominal amount \$	Maturity dates				
			Less than 1 month \$	1–3 months \$	3 months – 1 year \$	1–5 years \$	5+ years \$
2013							
Payables:							
Trade creditors and accruals	1,271,347	1,271,347	1,271,347	–	–	–	–
Borrowings:							
VIC Fleet Exec. Vehicle lease	16,218	16,218	583	1,166	14,469	–	–
	1,287,565	1,287,565	1,271,930	1,166	14,469	–	–
2012							
Payables:							
Trade creditors and accruals	1,286,023	1,286,023	1,283,943	795	1,285	–	–
Borrowings:							
VIC Fleet Exec. Vehicle lease	23,216	23,216	595	1,194	5,380	16,047	–
	1,309,239	1,309,239	1,284,538	1,989	6,665	16,047	–

(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 below.

Interest rate risk

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

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

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

Table 17.6: Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate \$	Variable interest rate \$	Non- interest bearing \$
2013					
Financial assets					
Cash and deposits	2.99	4,368,627	3,000,000	1,368,627	900
Receivables:					
– Debtors		31,124	–	–	31,124
– Accrued investment income		34,498	–	–	34,498
Investments:					
Term deposit	3.80	2,500,000	2,500,000	–	–
Total financial assets		6,934,249	5,500,000	1,368,627	66,522
Financial liabilities					
Payables:					
– Trade creditors and accruals		1,271,347	–	–	1,271,347
– Unused lease incentive Marland House		146,320	–	–	146,320
Borrowings:					
VicFleet Exec. Vehicle lease	6.62	16,218	16,218	–	–
Total financial liabilities		1,433,885	16,218	–	1,417,667
2012					
Financial assets					
Cash and deposits	3.54	4,193,034	3,500,000	693,034	–
Receivables:					
– Debtors		142,098	–	–	142,098
– 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:					
– Trade creditors and accruals		1,286,023	–	–	1,286,023
– Unused lease incentive Marland House		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

Sensitivity disclosure

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.

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

Table 17.7: Interest rate risk sensitivity

		Interest rate	
		-1% (100 basis points)	+1% (100 basis points)
	Carrying amount \$	Net result \$	Net result \$
2013			
Contractual financial assets:			
Cash and deposits (i)	4,369,527	(13,686)	13,686
Investments:			
Term deposits	2,500,000	(25,000)	25,000
Total impact		(38,686)	38,686
Contractual financial liabilities:			
Borrowings:			
VicFleet Exec. Vehicle lease	16,218	(162)	162
Total impact		(162)	162
2012			
Contractual financial assets:			
Cash and deposits (i)	4,193,034	(6,930)	6,930
Investments:			
Term deposits	500,000	(5,000)	5,000
Total impact		(11,930)	11,930
Contractual financial liabilities:			
Borrowings:			
VicFleet Exec. Vehicle lease	23,216	(232)	232
Total impact		(232)	232

Notes:

- (i) Cash and cash deposits includes a deposit of \$1,368,627 (2012: \$693,034) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:
- 2013: $\$1,368,627 \times -.01 = -\$13,686$; and $\$1,368,627 \times .01 = \$13,686$; and
 - 2012: $\$693,034 \times -.01 = -\$6,930$; and $\$693,034 \times .01 = \$6,930$.

(e) Fair value

As a means of measurement of fair value of assets and liabilities, the following three level hierarchy are available as valuation methodologies:

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

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

NOTE 18 Cash flow information

	2013 \$	2012 \$
(a) Reconciliation of cash and cash equivalents		
Total cash and cash equivalents disclosed in the balance sheet	4,369,527	4,193,034
Balance as per cash flow statement	4,369,527	4,193,034
(b) Reconciliation of net result for the period to net cash flows from operating activities		
Net result for the reporting period	888,126	(246,644)
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	62,398	(609)
(Gain)/loss arising from revaluation of long service leave liability	(19,211)	45,183
Depreciation and amortisation of non-current assets	594,473	671,009
Movements in assets and liabilities		
(Increase)/decrease in current receivables	106,991	(40,482)
(Increase)/decrease in other current assets	73,689	(9,056)
Increase/(decrease) in current payables	(123,186)	355,011
Increase/(decrease) in unearned fees	759,247	(1,896,008)
Increase/(decrease) in provisions	74,200	18,521
Net cash flows from/(used in) operating activities	2,416,726	(1,103,075)

NOTE 19 Movements in equity

	2013 \$	2012 \$
Accumulated surplus		
Balance at beginning of financial year	3,587,603	3,834,247
Net result for the reporting period	888,126	(246,644)
Balance at end of financial year	4,475,729	3,587,603
Total equity at the end of the financial year	4,475,729	3,587,603

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, MP	Minister responsible for the Teaching Profession commenced 2 December 2010
Ms M Saba	Accountable Officer (Chief Executive Officer) commenced on 23 August 2010

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

- ‡ Mr Chris Enright – Group Manager, Inquiries and Litigation
- ‡ Ms Fran Cosgrove – Group Manager, Standards and Professional Learning

‡ Salaries included in Note 21 Remuneration of executives

Council members for the period of 1 July 2012 to 30 June 2013

** Mr D Paproth – Council Chairperson	* Ms D Punton
* Mr M Butler	* Dr A Sarros
Prof S Dinham	* Mrs L Sheehy
* Ms L Heggen	Dr Jim Watterston (May 2012 – May 2013)
* Mr I Johnson	Mr A Townsend (appointed June 2013)
** Mr A McAuliffe	
* Ms G McHardy	
* Ms M Pontikis	

Related party transactions

* Indicates Council member who paid to the Institute a teacher registration fee of \$85 in the year ended 30 June 2013.

** Indicates Council member who paid to the Institute a teacher registration fee and a Criminal Record Check fee of \$135 in the year ended 30 June 2013.

Any other transactions are at arms length between the Institute and the Council member.

The Chair of the Audit and Finance Committee is a partner in HLB Mann Judd. During the year, the Institute engaged HLB Mann Judd to perform a review of entitlements. This exercise was on normal commercial terms and the amount accrued for the year totalled \$5,750 (2012: \$64,445).

Remuneration

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

Income band	2013	2012
\$0	5	14
\$1–\$9,999	7	11
\$60,000–\$69,999	–	1
\$70,000–\$79,999	1	–
Total numbers	13	26
Total remuneration for Council members	\$98,425	\$92,841

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: \$200,000–\$209,999 (2012: \$220,000–\$229,999).

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	
	2013 No.	2012 No.	2013 No.	2012 No.
\$100,000–\$109,999		1		1
\$140,000–\$149,999	1		1	
\$150,000–\$159,999	1	1	3	2
\$160,000–\$169,999	2	1		
Total numbers	4	3	4	3
Total annualised employee equivalent (AEE) (a)	4	2.65	4	2.65
Total amount	\$633,127	\$422,759	\$616,226	\$409,533

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

	2013 \$	2012 \$
Victorian Auditor-General's Office		
Audit of the financial report	23,564	22,900
	23,564	22,900

NOTE 23 Commitments for expenditure

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

	2013 \$	2012 \$
Expenditure commitments:		
– Payable:		
– Not longer than 1 year	91,852	172,387
– Longer than 1 year and not longer than 5 years	–	172,387
– Longer than 5 years	–	–
Total commitments for expenditure (inclusive of GST)	91,852	344,774
Less GST recoverable from the Australian Taxation Office	8,350	31,344
Total commitments for expenditure (exclusive of GST)	83,502	313,430

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

NOTE 24 Subsequent events

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

NOTE 25 AASs issued that are not yet effective

As at 30 June 2013, the following AASs that have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates, as follows:

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	1-Jan-15	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
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 Australian accounting standards. 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-Jan-13	Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required assets measured using depreciated replacement cost.
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-Jul-13	Detail of impact is still being assessed.
AASB 1055 <i>Budgetary Reporting</i>	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament	1-Jan-14	May require restatement of financial budget.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2012-13 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The two AASB Interpretations in the list below are also not effective for the 2012-13 reporting period and considered to have insignificant impacts on public sector reporting.

AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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

AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters.

AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.

AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements.

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

AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.

AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.

AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20

2012-1 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements.

2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.

2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities.

2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.

2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.

2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.

2012-11 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments.

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

2013-2 Amendments to AASB 1038 – Regulatory Capital.

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

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

AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine.

AASB Interpretation 21 Levies.

NOTE 26 Glossary of terms and style conventions

Amortisation

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

Comprehensive result

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

Commitments

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

Depreciation

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

Employee benefits expenses

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

Financial asset

A financial asset is any asset that is:

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

Financial statements

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

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

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

Grants and other transfers

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

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

Intangible assets

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

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expenses include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest revenue

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

Net result

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

Net result from transactions/net operating balance

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

Net worth

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

Non-financial assets

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

Other economic flows

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

Payables

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

Pdi

Pdi is a standalone logo used to identify the Institute PD search facility. Pdi had two components. An online search function for teachers to seek programs they could undertake for renewal of registration purposes. The second was a Provider site where programs were quality assured against the teacher Standards. Both sites were managed by Australian Council for Educational Research.

Receivables

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

Sales of goods and services

Refers to revenue from the direct provision of goods and services, and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services revenue.

Supplies and services

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the Institute.

Transactions

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

Unwinding of discounts

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

Style conventions

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

The notation used in the tables is as follows:

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



Accountable Officer's, Chief Finance and Accounting Officer's and member of responsible body's declaration.

The attached financial statements for the Victorian Institute of Teaching have been prepared in accordance with Standing 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 2013 and the position of the Victorian Institute of Teaching at 30 June 2013.

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 21 August 2013.

A handwritten signature in black ink, appearing to read "Paproth", is positioned above the name and title of the Chairperson.

Donald Paproth
Chairperson- Victorian Institute of Teaching

Melbourne
21 August 2013

A handwritten signature in black ink, appearing to read "Melanie Saba", is positioned above the name and title of the Chief Executive Officer.

Melanie Saba
Chief Executive Officer

Melbourne
21 August 2013

A handwritten signature in black ink, appearing to read "Janiece Meagher", is positioned above the name and title of the Group Manager - Corporate & Communications.

Janiece Meagher
Group Manager - Corporate & Communications

Melbourne
21 August 2013

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INDEPENDENT AUDITOR'S REPORT

To the Council Members, Victorian Institute of Teaching

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of the Victorian Institute of Teaching which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's, chief finance and accounting officer's and member of responsible body's declaration has been audited.

The Council Members' Responsibility for the Financial Report

The Council 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 Council Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Council 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 2013 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 2013 included both in the Victorian Institute of Teaching's annual report and on the website. The Council 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
28 August 2013


John Doyle
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.

Report of operations

Clause	Disclosure	Page
Charter and purpose		
9.1.3 (i) (a)	Manner of establishment and Ministers	vi
9.1.3 (i) (b)	Objectives, functions, powers and duties	1, 2-3, 6-23
9.1.3 (i) (c)	Nature and range of services provided	1, 6-23
Management and structure		
9.1.3 (i) (d) (i)	Name of Chief Executive Officer	v
9.1.3 (i) (d) (ii)	Names of senior office holders and a brief description of each office	2-3, vi
9.1.3 (i) (d) (iii)	Organisational structure	2-3
Financial and other information		
9.1.3 (i) (e)	Statement of workforce data and merit and equity	18-19
9.1.3 (ii) (a)	Summary of financial results for the year	1
9.1.3 (ii) (b)	Significant changes in financial position during the year	1
9.1.3 (ii) (c)	Operational and budgetary objectives for the year and performance against objectives	1, 4-23
9.1.3 (ii) (d)	Major changes or factors affecting achievement	1
9.1.3 (ii) (e)	Subsequent events	62
9.1.3 (i) (f)	Application and operation of the Freedom of Information Act 1982	18
9.1.3 (ii) (f)	Details of consultancies over \$10,000	72
9.1.3 (ii) (g)	Details of consultancies under \$10,000	18
9.1.3 (ii) (h)	Compliance with building and maintenance provisions of the Building Act 1993	19
9.1.3 (ii) (k)	Statement on National Competition policy	18
9.1.3 (ii) (i)	Statement of availability of other information	73
9.1.3 (ii) (j)	Compliance index	69-70
9.6.2 (i) (ii) (iii) (iv)	Disclosure of major contracts	18
9.8.2	Occupational health and safety	19

Financial statements

Clause	Disclosure	Page
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Preparation

9.2.2 (ii) (a)	Statement of preparation on an accrual basis	31
9.2.2 (ii) (b)	Statement of compliance with Australian Accounting Standards and associated pronouncements	31
	Statement of compliance with accounting policies issued by the Minister for Finance	31

Operating statement

9.2.2 (i) (a)	Operating statement for the period ended 30 June 2013	26
9.2.3 (ii) (a)	Operating revenue by class	26, 40
9.2.3 (ii) (b)	Investment income by class	26, 40
9.2.3 (ii) (c)	Other material revenue by class including sale of non-goods assets and contributions of assets	26, 40
9.2.3 (ii) (d)	Material revenues arising from exchanges of goods or services	26, 40
9.2.3 (ii) (e)	Depreciation, amortisation or diminution in value	26, 41
9.2.3 (ii) (f)	Bad and doubtful debts	n/a
9.2.3 (ii) (g)	Financing costs	26, 41
9.2.3 (ii) (h)	Net increment or decrement on the revaluation of each category of assets	26, 42
9.2.3 (ii) (i)	Auditor-General's fees	61

Balance Sheet

9.2.2 (i) (b)	Balance sheet	27
Assets		
9.2.3 (iii) (a) (i)	Cash at bank or in hand	27, 59
9.2.3 (iii) (a) (ii)	Inventories by class	n/a
9.2.3 (iii) (a) (iii)	Receivables, including trade debtors, loans and other debtors	27, 42
9.2.3 (iii) (a) (iv)	Other assets, including prepayments	27, 43
9.2.3 (iii) (a) (v)	Investments by class	27, 42
9.2.3 (iii) (a) (vi)	Property, plant and equipment	27, 43-44
9.2.3 (iii) (a) (vii)	Intangible assets	27, 45
Liabilities		
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, 46
9.2.3 (iii) (b) (iv)	Finance lease liabilities	27, 46
9.2.3 (iii) (b) (v)	Provisions, including employee entitlements	27, 47-48
Equity		
9.2.3 (iii) (c) (i)	Authorised capital	n/a
9.2.3 (iii) (c) (ii)	Issued capital	n/a
9.2.3 (iii) (d)	Reserves, and transfers to and from reserves (shown separately)	28, 59

Cash flow statement

9.2.2 (i) (c)	A statement of cash flows for the year	29
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Notes to the financial statements

9.2.2 (i) (d)	Ex-gratia payments	n/a
9.2.2 (i) (d)	Amounts written off	n/a
9.2.3 (iv) (a)	Charges against assets	n/a
9.2.3 (iv) (b)	Contingent liabilities	51
9.2.3 (iv) (c)	Commitments for expenditure	61
9.2.3 (iv) (d)	Government grants received or receivable and source	26, 40
9.2.3 (iv) (e)	Employee superannuation funds	49
9.2.3 (iv) (f)	Assets received without adequate consideration	n/a
9.4.2	Transactions with responsible persons and their related parties	60
9.7.2	Motor vehicle lease commitments	50
9.10	Consistency of Budget and Departmental Reporting (Departments only)	n/a
	Statement of recognised income and expenses	26

Appendix 2

Acronyms and abbreviations

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

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

Appendix 3

Details of consultancies over \$10,000

Details of individual consultancies

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST) \$	Expenditure 2012-13 (excluding GST) \$	Future expenditure (excluding GST) \$
RSM Bird Cameron	Internal audit	2/1/2013	2/1/2016	16,600.00	16,600.00	Nil
Coulson Management Consultants	Costing analysis	8/2/2012	5/20/2013	124,503.63	124,503.63	Nil
Victorian Employer's Chamber of Commerce and Industry	EBA negotiation	7/1/2012	6/30/2013	46,149.55	46,149.55	Nil
Enterprise Knowledge	Records management	5/15/2013	6/30/2013	42,774.55	42,774.55	Nil
Landell Consulting	Administration consulting	1/20/2013	6/30/2013	40,552.51	40,552.51	Nil
Strategic Business Services Pty Ltd	Strategic review	7/1/2012	6/30/2013	29,700.00	29,700.00	Nil
Contact Centre Action	Strategic review	2/18/2013	3/31/2013	10,800.00	10,800.00	Nil

In 2012-13, the Institute engaged 12 consultancies where the total fees payable were less than \$10,000, with a total expenditure of \$17,271.66 (excl. GST).

Appendix 4

Additional information available on request

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

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

Enquiries regarding details of this information should be made to:

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Acknowledgements

The Victorian Institute of Teaching thanks all those who have participated in Institute professional development activities, events and working parties in 2012–13, for their time and professional commitment. These include the registered teachers, Council and committee members, guest presenters and stakeholder representatives who have given the Institute permission to reproduce the images used throughout this report.

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