Victoria
The Place To Be

Victorian Registration and Qualifications Authority

Annual Report
2008–09

Victoria's education and training regulator

Victorian Registration and Qualifications Authority
Level 6, 35 Spring Street
Melbourne Victoria 3000
GPO Box 2317
Melbourne Victoria 3001

Telephone (03) 9637 2806
Facsimile (03) 9651 3266
Email vrqa@edumail.vic.gov.au
Website www.vrqa.vic.gov.au

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October 2009

The Hon. Bronwyn Pike, MP
Minister for Education
2 Treasury Place
East Melbourne Victoria 3002

Dear Minister

I am pleased to submit to you the annual report of the Victorian Registration and Qualifications Authority (VRQA) in accordance with the *Financial Management Act 1994* and the *Education and Training Reform Act 2006*.

This annual report notes the operations of the VRQA during the past year and reflects the achievements, commitment and vision of the Board and staff.

Yours sincerely

Stuart Hamilton, AO
Chair
Victorian Registration and Qualifications Authority

October 2009

The Hon. Jacinta Allan, MP
Minister for Skills and Workforce Participation
121 Exhibition Street
Melbourne Victoria 3000

Dear Minister

I am pleased to submit to you the annual report of the Victorian Registration and Qualifications Authority (VRQA) in accordance with the *Financial Management Act 1994* and the *Education and Training Reform Act 2006*.

This annual report notes the operations of the VRQA during the past year and reflects the achievements, commitment and vision of the Board and staff.

Yours sincerely

Stuart Hamilton, AO
Chair
Victorian Registration and Qualifications Authority

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Report of the Chair

The major project for the VRQA in 2008–09 was the new VRQA State Register. The State Register has been developed as an online resource for education consumers and professionals. It is a register of all providers and the accredited qualifications they offer, and provides a facility to search online for a provider. The next phase of development is the introduction of the Qualifications Navigator to enable learners to explore pathways for education and training.

The Victorian Government has provided resources of $8 million over four years to the VRQA to develop the State Register as part of the package of reforms included under *Securing Jobs for Your Future – Skills for Victoria*. The State Register supports the Government's policy direction as stated in the *Blueprint for Early Childhood Development and School Reform,* and in June 2008 the Minister for Education granted a delegation to the VRQA to collect annual reports from schools for publication on the State Register.

The VRQA has responded to the recommendations of the report from the Victorian Government's Overseas Student Education Experience Taskforce, which was presented in December 2008. We have entered into a collaborative arrangement with the Commonwealth Departments of Education, Employment and Workplace Relations (DEEWR) and Immigration and Citizenship to undertake a program of rapid audits of providers assessed as high risk in this sector. We have established risk criteria for assessing RTOs (registered training organisations) that deliver education and training to international students and these criteria have contributed to examination of the sector nationally. The outcomes of this audit program will inform future developments for quality assurance in this expanding training market.

During the 2008–09 year, legislation changes have impacted on the VRQA. The *Education and Training Reform Further Amendment Act 2008* enabled the VRQA to grant a delegation to TVET (Technical and Vocational Education and Training) Australia Ltd in respect of RTOs that operate in more than one Australian State or Territory, and meet specific criteria for having their registration managed by TVET.

In relation to overseas secondary student exchange organisations, the VRQA has been implementing guidelines for approval of these organisations and, in April 2009, introduced a guideline on minimum age for students in home stay accommodation.

A major initiative of the Commonwealth Government this year has been work on the national curriculum. The VRQA has participated in consultation and expert forums on the development of a national curriculum and achievement standards by the interim National Curriculum Board. Responsibility for the national curriculum, together with national assessment and reporting requirements, now rests with the Australian Curriculum, Assessment and Reporting Authority. The VRQA is monitoring potential regulatory issues arising from these developments for registered schools and senior secondary education providers in Victoria.

Other areas where we are influencing debate and decision-making nationally include the Australian Qualifications Framework (AQF) Council. The VRQA has outlined the connections between Victoria's work on the Credit Matrix and through consultation on strengthening the AQF. The VRQA also contributed to the National Quality Council and National Consistency Action Group, which aims to achieve consistent quality assurance arrangements nationally. The VRQA also contributed to discussion on national arrangements for higher education regulation.

The Board continued to focus on stakeholder engagement during 2008–09. Some of our activities involved consultation with Government and leaders of representative bodies. Other activities sought direct feedback from education and training providers. A highlight of this year's activities was the first annual VRQA client survey. The survey was conducted independently and confidentially online and face to face in October 2008. The results of the survey highlight strong awareness of the VRQA and its role and responsibilities, in particular knowledge of the quality assurance role. VRQA processes are seen as effective by providers overall. The survey was useful in identifying opportunities for improvement in VRQA regulatory services, and changes to business processes have been made in response. The findings will be used to provide a benchmark for future surveys in 2009 and 2010.

In this, the second year of the VRQA, we have continued to move forward in carrying out our role and functions. We have adapted to changes brought about by legislation and responded to information gained from increased interaction with our stakeholders. We are focusing on a proportionate model of regulation, thus ensuring a balance between risk assessment and quality assurance through audit for education and training providers.

The VRQA has achieved a great deal this year and I would like to thank my fellow Board members for their work on the Board and subcommittees, and the Director and staff of the VRQA for their contribution to successful implementation of the priorities of the VRQA.

Stuart Hamilton, AO
Chair

Report of the Director

The activities of the VRQA in 2008–09 were focused on our strategic priorities. Our commitment to efficiently providing quality assurance through proportionate regulation in an expanding and changing education and training environment led to reorganisation of the operational units of the VRQA. Notably, resources were directed to international education, complaints and the State Register, and to developing the differentiated risk model for review of independent schools.

The VRQA and the Office for Government School Education, Department of Education and Early Childhood Development (DEECD) have implemented the first year of the Review Body arrangements for government schools. The Catholic Education Commission of Victoria has been approved by the VRQA to undertake the same role with Catholic schools in Victoria.

The VRQA has provided resources to the Australian Council for Private Education and Training (ACPET) so that it can maintain a register of consultants to support RTOs in managing their registration.

In early 2009, in response to the outcomes of the report of the taskforce on the education experience of overseas students, the Minister for Skills and Workforce Participation requested the VRQA to undertake a program of audits of RTOs assessed as high risk, which were delivering to international students. The program of audits commenced in May 2009. A discrete, operational rapid audit unit was assembled consisting of expert auditors, a project manager and administrative support to undertake this work. The aim of the audit program is to ensure that the education and training delivered to international students is of the highest quality.

Communication is a primary focus of the VRQA. This is in direct response to the imperative to keep up to date with education provider needs and to communicate emerging regulatory requirements to them. We have redesigned our website, our main means of communicating with the public and education providers, to make it more user-friendly and to incorporate the State Register. We have revised and improved our information sessions, particularly for prospective vocational education and training providers and providers to international students.

Special events have been introduced to target stakeholders with particular needs. We conducted two contractor seminars to ensure that auditors, reviewers and regulatory partners are aware of our priorities and to receive feedback from them on how our services are being received by providers. We have introduced a series of breakfast briefings with major private providers delivering to international students to discuss issues of mutual concern relating to the quality of education and training in this sector.

I wish to thank Stuart Hamilton and all Board and Committee members for their commitment and clear direction during this year.

Lynn Glover
Director

About the VRQA

History

The VRQA was established under the *Education and Training Reform Act 2006* (the Act) on 1 July 2007. It is the peak accreditation, registration, certification and quality assurance body for school education, vocational education and training, and higher education (except universities established under their own Act).

Ministerial responsibility for the VRQA is shared by the Minister for Education and the Minister for Skills and Workforce Participation.

The Education and Training Reform Regulations 2007 include four sets of VRQA-related regulations – the registration and review of schools, the registration of home schooling, the registration of education and training organisations, and the role of the VRQA in investigating complaints.

The Act was first amended in 2007 and two sets of further amendments were incorporated in 2008.

Purpose

The VRQA's key responsibilities are to ensure that all providers of education and training meet quality standards, and that information is readily available to support informed choice.

The broad principles that underpin the work of the VRQA are set out in section 1 of the Act and may be summarised as follows:

- education and training providers conduct programs in a manner that supports and promotes the principles and practice of Australian democracy
- all Victorians have access to high-quality education
- information concerning the performance of education and training providers is publicly available
- parents choose an appropriate education for their child
- schools report their performance to their communities
- schools report on student performance to parents and students.

Functions

The functions of the VRQA are set out in Part 4.2 of the Act. The VRQA is responsible for quality assurance for education and training in Victoria. It registers students for home schooling, government and non-government schools, providers of senior secondary courses or qualifications, providers of vocational education and training, and providers of higher education (except universities established under their own Act).

The VRQA accredits courses and registers qualifications, authorises providers and organisations to award registered qualifications, and approves persons or organisations to operate student exchange programs.

The VRQA ensures that minimum standards are maintained by the providers and organisations it has registered. It maintains the State Register of registered providers and accredited courses and qualifications.

The VRQA's operational responsibilities also include:

- the provision of support to the Board and any committees it might establish
- the running of internal processes and procedures that comply with the Act and other appropriate legislation, and that are in accordance with the policy framework of DEECD
- effective communication of its policies, qualifications and initiatives.

Delegations

Section 4.2.7 of the Act sets out the delegations that may be made by the VRQA. Delegations previously granted by the VRQA Board and continuing during 2008–09 were:

- all functions and powers of the VRQA other than the power of delegation to the VRQA Director and the Deputy Director
- the investigation of courses for accreditation and extensions to scope to Box Hill and Holmesglen Institutes of TAFE, and Swinburne University of Technology (TAFE Division)
- the investigation of courses for accreditation to Chisholm Institute of TAFE.

Changes to the Act in November 2008 through the *Education and Training Reform Further Amendment Act 2008* made it possible for the VRQA to delegate registration and audit functions to TVET Australia Ltd in respect of RTOs that operate in more than one Australian State or Territory, and have their principal place of business in Victoria or conduct all or most of their operations in Victoria. The delegation to TVET was enacted in January 2009.

A report on all delegations is made to each Board meeting to ensure that statutory responsibilities are being met.

Authorised officers

Section 5.8 of the Act provides for the appointment of authorised officers. Fifteen staff were approved and trained as VRQA authorised officers in 2008–09. Staff from a range of operational areas underwent training in investigations and enforcement procedures related to the prosecution of offences in the Magistrates' Court. All authorised officers are issued with an identification card and their powers are set out in Section 5.8 of the Act.

VRQA Board

In 2008–09, all Board membership positions were filled for the whole period and there was no change in membership. The composition of the Board includes members who are highly regarded in the area of school education and post-compulsory education, including government and non-government schools, vocational education and training, private and public education and training organisations, higher education and further education. They provide a fair and balanced reflection of the diversity of the community and metropolitan and country interests, as well as management and regulatory expertise.

The Board meets six times a year on a Wednesday of every second month. The Board also meets once annually for a strategic planning day.

Mr Stuart Hamilton

Chair

Mr Stuart Hamilton AO, BA (Hons), BEc

Mr Stuart Hamilton is the Chief Executive Officer of Open Universities Australia. Mr Hamilton held the position of Secretary of the Victorian Department of Education and Training (2001–02) and Director of the Innovation Economy Advisory Board (2002–03). He was Chair of the Victorian Curriculum and Assessment Authority (2004–06) and is Secretary of the Council for the Humanities, Arts and Social Sciences. Mr Hamilton was Executive Director of the Australian Vice-Chancellors' Committee (1996–2001) and worked in the Commonwealth Public Service for many years, including in the Department of Prime Minister and Cabinet as Deputy Secretary (1987–88), and as Secretary to the Departments of Health, Housing and Community Services (1988–93) and Environment, Sport and Territories (1993–96). Mr Hamilton was a Rhodes Scholar at the University of Oxford (1971–74).

Mr Peter Annett

Member

Mr Peter Annett, BComm., TSTC

Mr Peter Annett is a part-time education consultant in Catholic education. Mr Annett held the position of Deputy Director of Catholic Education in Melbourne (1993–2005) and prior to that was Director of Catholic Education in the Archdiocese of Canberra and Goulburn. He has over 40 years experience in education as a teacher and administrator and is a former member of the National Catholic Education Commission and the Catholic Education Commission of Victoria.

Mr Brian Boyd

Member

Mr Brian Boyd, BA, DipEd

Mr Brian Boyd is the Secretary of the Victorian Trades Hall Council, elected in 2005 and re-elected in 2009. He is a member of several government committees, including the Building Industry and Manufacturing Industry Consultative committees, and has specialist industry skills in occupational health and safety (OHS), scaffolding and rigging. As a member of WorkSafe's WorkCover Advisory Committee and OHS Advisory Committee, he is consulted widely on improving workplace safety across Victoria. He is a recipient of the Australian Centenary Medal, a member of the ACTU Executive and is on the Expert Reference Group of the Victorian Bushfire Recovery and Reconstruction Authority.

Professor Wendy Brabham

Member

Professor Wendy Brabham

Professor Wendy Brabham is the Director of the Institute of Koorie Education at Deakin University and member of the Deakin University Academic Board. She was a member of the Victorian Qualifications Authority Board and holds the office of treasurer of the Victorian Aboriginal Education Association Inc., with which she has worked for 15 years. Professor Brabham has considerable experience working with Indigenous communities and in education.

Professor Gerald Burke

Member
Professor Gerald Burke, BCom, DipEd, PhD
Professor Gerald Burke was executive director of the Monash University–ACER Centre for the Economics of Education and Training from 1994 to 2008 and now has an adjunct appointment as a professor in the Faculty of Education. He is a member of Skills Australia, which was established in 2008 to provide advice to the Deputy Prime Minister on Australia's workforce development and skill needs. From 2004 to 2007, he was Chair of the Victorian Qualifications Authority and ex officio member of the Victorian Learning and Employment Skills Commission and the Victorian Curriculum and Assessment Authority.

Professor Peter Dawkins

Ex officio member
Professor Peter Dawkins
Professor Peter Dawkins is Secretary of DEECD. He is also a Professorial Fellow of the University of Melbourne. Professor Dawkins was Deputy Secretary of the Victorian Department of Treasury and Finance (2005–06) and has been an active contributor to the development and implementation of the COAG Human Capital Reform agenda. He also chaired the committee that developed the Melbourne Declaration on the Educational Goals of Young Australians, signed in December 2008 by all of Australia's Education Ministers.

Mr Alan Frees

Member

Mr Alan Frees, MAICD

Mr Alan Frees is the founder and co-owner of the business consultancy group Business Redirections, specialising in legal and governance issues. Mr Frees has been, and is, a non-executive director of a number of Australian and overseas public and private companies, and is a member (and immediate past President) of the Mentone Girls' Grammar School Council (1993–). He has been an adviser to a number of independent schools and is a member (and past Chair) of the Board of the Association of Independent Schools of Victoria (1998–) and a member of the Board of Management of the Independent Schools Council of Australia (2007–). He worked for 25 years as a corporate lawyer and was a partner in Arthur Robinson & Hedderwicks (now Allens Arthur Robinson) for 13 years.

Professor Jack Keating

Member

Professor Jack Keating, BEc, PhD

Professor Jack Keating is a Professorial Fellow at the University of Melbourne in the Centre for Post-compulsory Education and Lifelong Learning, and has over 30 years experience in education and training. During 1995, he was a policy officer at the Australian National Training Authority before becoming an Associate Professor at RMIT (1995–2003). He has been an adviser in the Ministry of Education (1988–2001), a curriculum officer at Curriculum Corporation (1991–95), an executive member of the Victorian Curriculum and Assessment Board (1987–88) and an assistant secretary at the Victorian Secondary Teachers Association (1985–87).

Ms Jan Lake

Member
Ms Jan Lake, BA, BEd
Ms Jan Lake is retired and has had over 30 years of service in education in Victoria. She was Regional Director in the Office of School Education, Southern Metropolitan Region (1999–2005) and has previously held senior positions in regional offices of the Department across the State.

Ms Julie Moss

Member
Ms Julie Moss, BA, GradDipArts(Sociology), AssocDip(Community Development)
Ms Julie Moss is the Managing Director of the Photography Studies College (Melbourne) and the immediate past National Chair of ACPET. She is also a member of the National Quality Council and the Victorian Tertiary Admissions Centre Management Committee. She served on the Victorian Qualifications Authority Board and has over 25 years experience in the post-compulsory education and training sector.

Professor Pauline Nestor

Member
Professor Pauline Nestor, BA(Hons), MPhil, PhD
Professor Pauline Nestor is Associate Dean (Research) in the Faculty of Arts at Monash University. Professor Nestor has 30 years university teaching experience in English Literature, Comparative Literature and Women's Studies, and is the author/editor of eight books. She was awarded a Rhodes scholarship to the University of Oxford (1978–83).

Mr John Parish

Member
Mr John Parish, BEd
Mr John Parish has had a long career in vocational education and training. He was Chief Executive Officer of the TAFE Development Centre (2004–06) and Chief Executive Officer of Kangan Batman TAFE (1997–2004). Mr Parish started his career as an apprentice panel beater before teaching in the trade and moving through senior teacher ranks to become a department head and Acting Director at Dandenong TAFE.

Ex officio member
Mr Howard Ronaldson
Mr Howard Ronaldson is the Secretary of the Department of Innovation, Industry and Regional Development. He was previously the Secretary of the Department of Infrastructure. Mr Ronaldson has also held executive positions in the Department of Premier and Cabinet, and was previously the Director of Gaming, the Director of Crown Lands and the Director of Housing in Victoria. He also worked in Canberra as the Chief Executive and Under Treasurer of the Department of Treasury, Australian Capital Territory.

Committees

The Board has two standing committees: the VRQA Audit and Risk Management Committee, and the Higher Education Advisory Committee. Both committees met on six occasions during 2008–09.

VRQA Audit and Risk Management Committee

- John Parish (Chair), VRQA Board
- Peter Annett, VRQA Board
- Alan Frees, VRQA Board
- Jonathan Thomas, Moore Stephens HF Assurance
- Brad Appleton, DEECD (November 2008 – 3 June 2009)
- Duncan McColl, Chief Accounting and Finance Officer, DEECD (3 June 2009–)
- Ron Cooper-Thomas, DEECD (to November 2008)

The Audit and Risk Management Committee assists the VRQA Board in fulfilling its monitoring and oversight responsibilities with regard to the VRQA's governance, risk management, audit and business assurance activities, including monitoring Board delegations. The committee informs the Portfolio Audit Committee of DEECD of its activities.

Higher Education Advisory Committee

- Stuart Hamilton (Chair), VRQA Board
- Pauline Nestor, VRQA Board
- Julie Jackson
- Alan Lindsay
- Simon Livingstone
- Anne Martin
- Brendan Sheehan, representing Deputy Secretary, Skills Victoria
- Tony Zalewski

The Higher Education Advisory Committee has responsibility for oversight of the regulation of higher education provided by non-self-accrediting institutions in Victoria in accordance with the National Protocols and Guidelines, and the VRQA's legislative obligations.

Subcommittees and working groups

In addition to the two standing committees, the Board has three subcommittees that provide the Board with advice and recommendations in specific areas: the Credit Matrix Implementation Advisory Committee; the State Register Subcommittee and the Fees Subcommittee.

Credit Matrix Implementation Advisory Committee

- Gerald Burke (Chair), VRQA Board
- Jack Keating, VRQA Board
- Wendy Brabham, VRQA Board
- Greg Clarke, DEEWR
- David Howes, Victorian Curriculum and Assessment Authority
- Bernadette Gigliotti, Director, Career Education Association of Victoria
- Verna Kearney, Adult, Community and Further Education
- Toni Kilsby, Swinburne University of Technology
- Ewa Kuriata, Department of Innovation, Industry and Regional Development
- Edmund Misson, DEECD
- Nita Schultz, Victorian TAFE Association

The Credit Matrix Implementation Advisory Committee has oversight of the implementation activities of the Credit Matrix. It brings together internal and external stakeholders, acts as the steering group for the project and monitors progress by providing advice to the VRQA Board.

State Register Subcommittee

- Julie Moss (Chair), VRQA Board
- Brian Boyd, VRQA Board
- Jan Lake, VRQA Board
- Sandy Forbes, Adult, Community and Further Education
- Michelle Hill, DEECD
- John Spasevski, Department of Innovation, Industry and Regional Development

The State Register Board Subcommittee has oversight of the implementation activities of the State Register. It brings together Board members and representatives from DEECD, Skills Victoria and the Adult, Community and Further Education Division of the Department for Planning and Community Development. It acts as the steering group for the project, monitors progress and provides advice to the VRQA Board. The subcommittee focuses on the display of public information about education and training, and the project's achievement of high-level milestones.

Fees Subcommittee

- Lynn Glover (Chair), VRQA
- Jan Lake, VRQA Board
- John Parish, VRQA Board
- Brad Appleton, DEECD
- Dina Guest, representing Secretary, DEECD
- Brendan Sheehan, representing Secretary, Department of Innovation, Industry and Regional Development
- Cheryl Wilkinson, Adult, Community and Further Education, representing Secretary, Department of Planning and Community Development

The Fees Subcommittee undertakes broad consultation with external stakeholders as part of its deliberations.

The Board also brings together ad hoc working parties from time to time to provide advice to the Board and external stakeholders on specific issues or projects. In the reporting period this involved drafting legislative amendments to allow delegation to TVET Australia Ltd.

All Board committees include representatives from key stakeholders within government who have an interest in the outcomes of the committee's discussion.

VRQA staff

VRQA staff provide advice and report to the VRQA Board on:

- accreditation of courses and registration of education and training providers
- development and implementation of certification and registration procedures and processes
- quality assurance services related to the Victorian Minimum Standards for School Registration and Home Schooling
- quality assurance services related to the provision of vocational education and training and higher education, and compliance with National Standards and Protocols
- the quality of implementation of the VRQA directions by various institutions and agencies
- strategic planning and directions
- management of the VRQA's resources.

The VRQA staff operate within the financial, asset, human resource and information technology policy frameworks of DEECD. Further details of these arrangements are provided in Appendix 1.

Director

The Director is responsible to the Chair of the VRQA for the effective and efficient implementation of the VRQA Board's decisions and to the Secretary of DEECD for the running of the organisation and its effective interaction with the Department.

Staff organisation

Executive Officers were Lynn Glover, Director and Rob Fearnside, Deputy Director. VRQA staffing is organised in three functional areas:

- corporate services
- quality assurance:
  - school education
  - vocational education and training
  - higher education
  - international education
  - senior secondary education
- State Register and Qualifications Navigator.

As at June 2009, the VRQA had 47.9 staff members. Details of VRQA staff are provided in the table below. The total staffing is made up of a core establishment plus additional staffing appointed through secondments or short-term contracts to work on specific projects.

*Staff on pay by classification, gender and time fraction, June 2008 and June 2009**

	June 2008			June 2009		
Classification	**Males**	**Females**	**Total**	**Males**	**Females**	**Total**
EO2	–	1.0	1.0	–	1.0	1.0
EO3	1.0	–	1.0	1.0	–	1.0
VPSG6	2.0	4.0	6.0	3.0	3.0	6.0
VPSG5	5.5	10.4	15.9	5.5	13.2	18.7
VPSG4	2.0	3.6	5.6	2.0	6.8	8.8
VPSG3	4.3	6.4	10.7	3.0	5.6	8.6
VPSG2	–	1.8	1.8	–	1.8	1.8
VPSG1	–	1.0	1.0	–	1.0	1.0
Other	–	–	–	1.0	–	1.0
Total	**14.8**	**28.2**	**43.0**	**15.5**	**32.4**	**47.9**

*VRQA staff are included in the DEECD workforce statistics

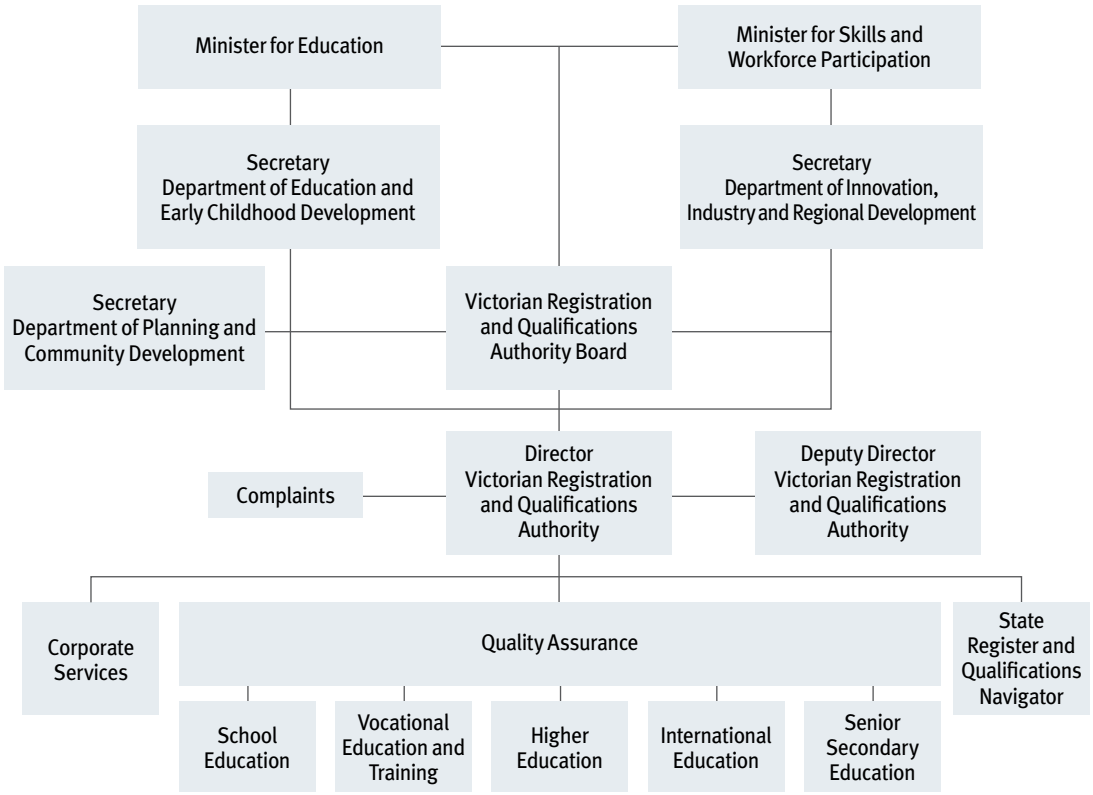
Back row (left to right): Tony Ayers, Karin Mapperson, Jontel Kiwikiwi, Ian McLiesh, Daisy Adams, Gregory Deakin, Rob Fearnside, Bronwyn Tyrrell, Brian Dennehy, Robert Johnson, Ian Penna, Jerzy Gill.

Middle row (left to right): Melinda Nulty, Ellen Young, Rachel Walker, Lynn Glover, Pauline Thambu, Aurora Nakayama, Terri Hopkins, Christine Croker.

Front row (sitting down): Wendy Down, Marie Isaacs, Mary Keary, Frances Lamb, Catherine Fitzgibbon, Kay Rodriquez, Enriqueta Dalton, Jennifer Wong.

Staff unavailable on the day of the photograph
Beverly Adams, Gary Armstrong, Eleanor Bardsley, Claire Bartle, Edward Belin, Gary Bourton, Terry Breen, Erin Brown, Maryse Felicite, Christine Finch, Sarah Foy, Frank Galati, Francesca Gibilisco, Emma Hickingbotham, John Hopkins, Don Hudgson, David Jones, Debra Jones, Lorraine Kibbis, Samantha Lawton, Colleen Marks-Desa, Janet Matheson, Geoff Morgan, Jan Mulcahy, Vi Nguyen, Katherine Papastathopoulos, Geoff Pile, Angela Russo, Leonie Sellwood, Lyn Smith, Joyce Spence, Robyn Timmins, Alison Vickers, Annette Whiter.

Organisation chart as at 30 June 2009



Summary of financial results

The table below provides a summary of financial information for 2008–09, the second year of operation for the VRQA.

The major sources of revenue for the VRQA are grants and resources received free of charge from government representing 73 per cent of the total, and fees and charges representing 26 per cent.

Total income in 2008–09 increased by $3.49 million to $11.99 million, mainly due to funding for the development of the State Register.

Total expenses in 2008–09 increased by $1.14 million to $8.37 million. This resulted in the VRQA ending the year with a net result from transactions of $3.62 million, up from $1.27 million in 2007–08.

Total assets increased by $3.77 million to $6.84 million, primarily reflecting funding and development of the State Register. Liabilities have increased by $0.15 million to $0.53 million, resulting in an increase in net assets of $3.62 million to $6.30 million.

There are currently no known events that would have a material effect on the operations of the VRQA in subsequent years.

Summary financial information

	2009 $	2008 $
Total income from transactions	**11,988,369**	8,504,792
Total expenses from transactions	**8,370,155**	7,231,103
Net result from transactions	**3,618,214**	1,273,689
Net cash flow from operating activities	**4,108,229**	1,283,932
Total assets	**6,835,395**	3,071,018
Total liabilities	**530,873**	384,710

Summary of achievements

The VRQA supports the achievement of the Victorian Government's education and training goals. The VRQA operates in a close collegiate relationship with three departments: DEECD, the Department of Innovation, Industry and Regional Development, and the Department of Planning and Community Development.

The VRQA Strategic Plan is informed by and supports the corporate plans of the three departments.

In addition to the delivery of effective regulation for Victoria's more than 3700 education and training providers, the VRQA completed work in regard to key initiatives under each of its strategic objectives.

To provide a modern proportionate regulatory framework that:

- ensures that minimum standards are met by all course developers and education and training providers
- accommodates changes in and expansion of education and training markets
- is based on co-regulation
- is responsive to client needs for an effective and efficient regulatory service.

Regulatory activities initiated by the VRQA in 2008–09 to support the provision of a proportionate regulatory framework included:

- delegation to TVET Australia Ltd of VET registration and audit functions, including approval of courses to overseas students. Multi-jurisdictional RTOs can now apply to be registered through, or transfer their registration, to TVET
- continued work on the development of the VET Student Record Archive, an electronic database to retain student records if an RTO closes

- collaboration with the Office for Government School Education and the Catholic Education Commission of Victoria to establish review bodies. Review Body arrangements enable these agencies to be responsible for and report on compliance of their schools with the prescribed minimum standards
- introduction of a risk framework to support a Differentiated School Review Model for independent schools. The type of review conducted depends on an evidence-based risk rating assigned to the school
- establishment of minimum age requirements for international students in homestay accommodation in Victoria and the publication of *The Guidelines on Home Stay Accommodation for Overseas Students*
- commencement of a rapid audit program for VET providers to international students whose operations were identified as high risk, in conjunction with State and Commonwealth authorities.

Institutions already approved by other jurisdictions that apply to deliver higher education courses in Victoria are now considered under the mutual recognition provisions in the National Protocols and National Guidelines, which focus on appropriate delivery arrangements rather than course-specific matters.

To ensure providers and consumers of education and training have access to high-quality authoritative and relevant information that meets their needs.

The State Register is a major VRQA initiative that makes high-quality authoritative and relevant information accessible to providers and consumers of education and training. The first phase of the State Register, which was implemented in 2008–09, provides a single online source of information on all Victorian registered schools and vocational education and training providers, and the accredited qualifications they offer.

The VRQA commissioned ACPET to develop a register that provides a list of recommended consultants and advisers who are able to provide services to RTOs on registration, accreditation and compliance matters.

To ensure Victoria has an effective qualifications framework that reflects the integrated provision of education and training and responds to state and national policy development.

The VRQA has been working with the Victorian Curriculum and Assessment Authority on the use of the Credit Matrix in VCE and VCAL course review and development processes. The VRQA is continuing to work with other jurisdictions in Australia and internationally on possible application of the Credit Matrix to enhance qualifications development and student pathways.

To establish collaborative and productive relationships with stakeholders which result in a shared commitment to high-quality education and training in Victoria.

The VRQA has developed a Communications strategy. Initiatives undertaken in 2008–09 included the first VRQA client survey; two seminars for all VRQA contractors; auditors and school reviewers designed to generate comment and feedback on current priorities and emerging issues; and focus groups with international students to improve information services to this sector of education and training.

An online self-assessment tool based on the prescribed minimum standards was developed and briefings to support the risk-based review of independent schools were instigated.

Achievements

To provide a modern proportionate regulatory framework that:

- ensures that minimum standards are met by all course developers and education and training providers
- accommodates changes in and expansion of education and training markets
- is based on co-regulation
- is responsive to client needs for an effective and efficient regulatory service.

Higher education

The VRQA has assessed all applications for higher education approvals in 2008–09 under the revised National Protocols and associated National Guidelines for Higher Education Approval Processes. Under these new arrangements, applications for accreditation of higher education courses are considered separately from applications for registration of higher education institutions, which has significantly streamlined course approval processes.

Applications to deliver higher education courses in Victoria from institutions approved by other jurisdictions are now considered under the mutual recognition provisions in the National Protocols and National Guidelines, which focus on appropriate delivery arrangements rather than course-specific matters.

Approval of higher education institutions and courses

In June 2009, there were 54 higher education institutions approved by the VRQA to deliver 347 accredited higher education courses in Victoria. Five TAFE institutes are registered as higher education institutions in Victoria and are approved to deliver 44 accredited higher education courses. Five interstate universities are approved to deliver almost 100 courses. The remainder are private providers ranging from professional associations and not-for-profit organisations to commercial entities.

Courses are offered in a wide range of areas, including business and information technology, natural medicine, new media, health sciences, theology, law, accounting and governance.

The overall number of providers (54) is less than the previous year (60). This is due to the reclassification of a number of providers under the National Protocols for Higher Education approval processes. Agent organisations delivering courses on behalf of the registered higher education institutions are no longer listed as separate providers.

Higher education registration and/or course accreditation approvals are based on assessments by expert panels with extensive knowledge of higher education delivery and/or higher education courses in the same or similar fields. The table on page 26 provides details of applications approved by the VRQA in 2008–09. Institutions and courses are generally approved for a period of five years.

Two new institutions were registered to operate in 2008–09 through the mutual recognition provisions. In addition, seven existing institutions were re-registered to operate in Victoria and sought approval/reapproval for 33 courses. One TAFE institute added two new courses.

Higher education CRICOS registration

VRQA quality assurance in higher education includes approval for the registration on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). Two-thirds of institutions registered by the VRQA are also approved to deliver courses to overseas students. Approximately 4000 courses are offered by Victorian universities, non-self-accrediting higher education institutions and one self-accrediting institution.

Numbers of approved higher education institutions, 30 June 2009

	Institutions	Courses
Private institutions	44	206
TAFE institutes	5	44
Interstate universities	5	97
Total	**54**	**347**

Higher education approvals, July 2008 – June 2009

	Institutions registration	Course accreditation	Courses CRICOS approved
New institutions	2	3	3
Existing institutions	7	33	27
TAFE institutes	–	2	–
Interstate universities	Not applicable	Not applicable	19
Total	**9**	**38**	**49**

Vocational education and training

VET registration

The VRQA registers and monitors all providers in Victoria that deliver accredited VET training and assessment in accordance with the Essential Standards for Registration of the Australian Quality Training Framework (AQTF) 2007. Providers are categorised as RTOs and include TAFE institutes, enterprises and businesses providing on-the-job training and professional development, community and adult education providers, schools, local government organisations and commercial private providers.

At the end of the reporting period, there were 1338 RTOs in Victoria; a slight decrease on the previous year (1345). During the financial year the new national AVETMISS 6 classification of organisation type was introduced. Details of the number of RTOs by type is presented according to the new classification.

Number of registered training organisations by type

Organisation type	Number
Education/training business or centre	741
Community-based adult education provider	222
Industry association	137
Enterprise – non-government	77
School – government	74
School – independent	30
TAFE – Technical and Further Education institute	18
School – Catholic	16
Professional association	10
Enterprise – government	7
Australian Technical College	4
Equipment and/or product manufacturer or supplier	1
Other – not elsewhere classified	1
Total	1,338

In 2008–09, 87 new VET providers were approved by the VRQA, compared to 61 new registrations in 2007–08.

New registered training organisations by type

Organisation type	Number
Education/training business or centre	67
Enterprise – non-government	5
Community-based adult education provider	4
School – government	4
School – independent	3
Professional association	2
Equipment and/or product manufacturer or supplier	1
Other – not elsewhere classified	1
Total	**87**

CRICOS registration

VRQA quality assurance in vocational education and training includes managing the approval of providers eligible to deliver courses to overseas students. These providers are listed on CRICOS. These RTOs must comply with the AQTF as well as the *Commonwealth Education Services for Overseas Students (ESOS) Act 2000* and the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007 (National Code).

At June 2009, there were 177 providers listed on CRICOS that mainly delivered courses in the VET sector.

VET audit activity

In its regulatory role, the VRQA uses a range of audit approaches to review the activities of RTOs. Audits are implemented according to an RTO's registration cycle. New providers undergo an initial registration audit and an audit at the end of their first 12 months of operation, and are then subject to audit for renewal of registration every five years. Audits are also undertaken to assess changes in registration status, such as addition of new courses, site relocation and increases in student capacity. All registration activities that involve an RTO's CRICOS status and delivery to overseas students may be subject to a site audit.

The VRQA contracts a team of independent auditors to undertake both site and desktop audits, and to report on the RTO's compliance with the requirements for registration.

Where RTOs have consistently demonstrated quality training outcomes and compliance in relation to the essential standards, the audit processes undertaken are proportional to the lower level of risk involved. Equally, a history of non-compliance by an RTO will impact on the VRQA's audit program in order to address the medium and high level of risk.

Suspensions of RTOs are imposed by the VRQA, while a registration cancellation can occur either at the provider's request because they do not want to continue in business or as a VRQA sanction. In 2008–09, 14 RTOs were suspended by the VRQA, including eight CRICOS registration suspensions. Nineteen RTOs had their registration cancelled by the VRQA and the CRICOS registration of four of these providers was also simultaneously cancelled.

Delegation to TVET Australia Ltd – National Audit and Registration Agency

Under the VRQA delegation to TVET Australia Ltd there have been 24 RTOs transferred to TVET. There have also been four new registrations by organisations establishing as RTOs through TVET.

Applications approved to have registration managed by TVET Australia Ltd – 2008–09

Transfer of RTOs	New registrations	Total
24	4	28

AQTF Quality Indicators

As of 30 June 2009, all RTOs were required to collect, use and report data on the Quality Indicators established under AQTF 2007. In the lead-up to this activity, a Quality Indicators Resource Package was published by the Australian Council for Educational Research (ACER), and statewide briefings were conducted by ACER and the VRQA.

There are three Quality Indicators: Competency Completion, Learner Engagement and Employer Satisfaction. Competency Completion data was to be submitted on or before 30 June 2009. For 2009, it was optional to submit data for the Learner Engagement and Employer Satisfaction Quality Indicators; however, RTOs that chose to provide this additional data to the VRQA were also asked to do so on or before 30 June 2009.

The submission of data for all three Quality Indicators will be required by 30 June 2010 and thereafter by 30 June each year. The data to be submitted will always relate to the previous calendar year. The Competency Completion data submitted at 30 June 2009 represented the number of enrolments and completions from 1 January 2008 to 31 December 2008.

VET student records

The VRQA is in the process of developing a VET Student Record Archive (VETSRA). When an RTO closes, it is required to retain student records of attainment of nationally recognised units of competence and qualifications for a period of 30 years.

The intention of VETSRA is to protect student records and assist RTOs to comply with this AQTF requirement.

VET courses

RTOs are able to offer three types of accredited courses to their students. These are qualifications from national training packages, Victorian-accredited courses and courses accredited in other states and territories that are recognised in Victoria.

VET courses accredited by the VRQA reflect the ongoing need by enterprises and industry for courses in areas not covered by national training packages. Under the AQF VET sector qualifications include Certificates I, II, III, IV, Diploma and Advanced Diploma, Vocational Graduate Certificate and Vocational Graduate Diploma. A short course that does not have the depth or breadth required for a qualification is referred to as a 'Course in'.

Training packages are developed by national Industry Skills Councils and are endorsed by state and territory Ministers. The VRQA works to maximise links with the developers of national training packages and is involved in a cooperative arrangement with Skills Victoria to review new and revised training packages.

Training packages reviewed 2008–09

Code	Title
CPC08	Construction, Plumbing and Services Integrated
PUA00	Public Safety
AUR05	Automotive
BSB07	Business Services
LGA04	Local government
MSA07	Manufacturing
WRH06	Hairdressing
LMF02	Furnishing
SIF08	Funeral Services
TAA04	Training and Assessment
UET09	Electrical Supply Industries – Transmission, Distribution and Rail Sector
CHC08	Community Services
LMT07	Textiles, Clothing and Footwear
TL107	Transport and Logistics
RGR02	Racing Industry
AV108	Aviation
PMA08	Chemical, Hydrocarbons and Refining

Victorian course accreditation activity

Overall, there has been a higher level of activity for new courses in this financial year, 45 compared to 34 the previous year. The 45 new courses were in a wide variety of fields, ranging from specialist interests such as Reptile and Venomous Snake Control to Chinese Astrology, as well as more traditional fields such as Literacy and Numeracy, Building/Construction and Retail. Some courses are in the emerging green economy, such as energy efficiency, sustainable living and building design. In this reporting period, 45 new courses were accredited. In addition, 37 courses were reaccredited for delivery and 106 were extended for 12 months. All new State-accredited courses were published on the VRQA State Register.

Course accreditation

	2007–08	2008–09
New courses accredited	34	45
Courses re-accredited	27	37
Course modifications	41	41
Courses accreditation extended (for maximum 12 months)	109	109
Courses expired/deleted	127	99

Victorian accredited courses available, 2008–09

At 30 June 2009, there were 481 Victorian accredited courses available for RTOs to deliver, which is a slight increase on the previous year (473), although not all courses were being delivered .

Three-quarters of Victorian accredited courses are AQF courses and a quarter are short courses or 'courses in' which are non-AQF.

In 2008–09, the VRQA continued to participate in the national course accrediting bodies network to ensure a cooperative approach to achieving consistency in course accreditation. There were two meetings; the first was held in Brisbane in October 2008 and the second in Hobart in March 2009.

Victorian accredited courses by level, 30 June 2009

	Number
Course in	131
Certificate I	14
Certificate II	38
Certificate III	36
Certificate IV	84
Diploma	75
Advanced Diploma	43
Graduate Certificate	38
Vocational Graduate Certificate	17
Vocational Graduate Diploma	5
Total	**481**

School education

The VRQA is responsible for registering all Victorian schools, both government and non-government, based on the minimum standards for registration of schools as stated in Part 5 and Schedule 2 of the Education and Training Reform Regulations 2007 (the Regulations). Under the Regulations a school caters for students in the compulsory years of schooling, from 6 to 16 years of age. A registered school offers approved curriculum for primary and secondary students from Prep to Year 10. A registered school may also be registered under Part 7 of the Regulations to deliver senior secondary accredited courses and qualifications.

School registration activity, 30 June 2008 – 30 June 2009

In the reporting period, the VRQA registered 24 new schools – 12 primary, six secondary, two P–12 and four specialist schools.

In addition, six government primary schools, five government P–12 schools and one government secondary school were registered as a result of the amalgamation of existing schools.

The VRQA also registered ten new campuses of existing schools and 21 additional secondary year levels, and managed the re-registration of 14 schools relocating to new sites.

School registration activity, 2008–09

	Government	Catholic	Independent	Total
New school				
Primary	6	4	2	**12**
Secondary	6	–	–	**6**
Primary / Secondary	1	–	1	**2**
Specialist	4	–	–	**4**
Amalgamation of schools				
Primary	6	–	–	**6**
Secondary	1	–	–	**1**
Primary / Secondary	5	–	–	**5**
Specialist	–	–	–	**–**
Additional campus	2	3	5	**10**
Additional secondary year level	1	6	14	**21**
Relocation	7	3	4	**14**

Number of registered schools

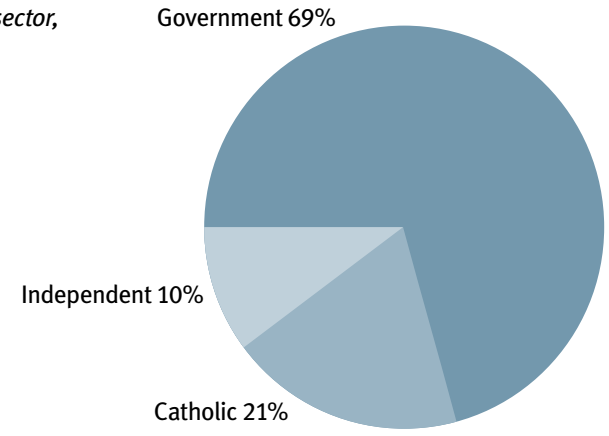
At 30 June 2009, there were 2293 registered schools in Victoria.
The VRQA data includes all registered schools, including those with transient populations. Seven non-government schools opened and seven closed; therefore the total numbers of schools recorded for 2008–09 is the same as for 2007–08.

*Number of registered schools**

Sector	30 June 2008	30 June 2009
Government	1,587	1,587
Catholic	486	486
Independent	220	220
Total	**2,293**	**2,293**

* The census dates for registered schools are February for the Department of Education and Early Childhood Development and June for the VRQA. The VRQA data includes schools with temporary populations, such as hospitals. The Department data does not include schools with temporary populations.

Registered schools by sector, 30 June 2009



Senior secondary registration

The VRQA is responsible for registering school and non-school organisations wishing to deliver a senior secondary qualification or course. Non-school organisations include TAFE institutes, adult, community and further education providers and private providers such as language schools.

Part 7 and Schedule 7 of the Regulations state the minimum standards for registration to offer senior secondary qualifications: the Victorian Certificate of Education (VCE), the Victorian Certificate of Applied Learning (VCAL) and the International Baccalaureate (IB) Diploma.

Senior secondary accreditation

The VRQA is also responsible for the accreditation of senior secondary qualifications and courses of study. In 2008–09, five VCE courses of study were re-accredited, one VCE course of study had its accreditation extended and the VCAL Literacy and Numeracy Skills units were re-accredited.

Senior secondary registration activity

Schools

In 2008–09, nine new schools were registered and one school amended its registration to include senior secondary education.

Non-school senior secondary providers

There are 48 non-school providers of senior secondary qualifications: the VCE and VCAL.

In addition to the TAFE institutes, a range of adult and community education providers offer senior secondary qualifications.

A number of language schools also offer VCE subjects. These are classified as 'Other' in the table below.

In 2008–09, the VRQA registered four organisations for delivery of the full VCAL qualification. Two organisations were registered to deliver a single language other than English (LOTE) course. One of these organisations, Community Languages Australia, represents a number of providers.

Five organisations whose registration expired during 2008–09 were re-registered. Two organisations no longer deliver a senior secondary qualification and so have not been re-registered. Another nine organisations whose registration was due to expire at the end of 2009 were undergoing the re-registration process.

School reviews

Registered schools are subject to cyclical reviews. The VRQA has developed a proportionate regulatory framework for schools based on co-regulation. In collaboration with the Office for Government School Education (OGSE) and the Catholic Education Commission of Victoria (CECV), Review Body arrangements have been agreed to enable these agencies to be responsible for and report on compliance of their schools with the minimum standards. The OGSE Review Body and CECV Review Body will report annually to the VRQA. The VRQA will receive the first report from the OGSE in July 2009. The application by CECV to act as a Review Body of Catholic schools in Victoria was approved in April 2009.

Non-school senior secondary providers, 30 June 2009

Organisation type	Number
Community-based adult education provider	24
TAFE institute	17
Other	6
Education/training business or centre	1
Total	**48**

The VRQA introduced a Differentiated School Review Model to provide a program of review for independent schools. Schools to be reviewed were assigned a risk rating indicating their potential for compliance with the minimum standards for registration. The type of review conducted depended on the risk rating. The model was evaluated and found to confirm the initial risk ratings.

In the period 30 June 2008 to 30 June 2009, 126 independent schools were reviewed. Thirty-four of these schools were identified for a full review, including visitation by a review team.

Of the 34 full reviews, nine schools were deemed compliant; 14 schools remain with conditions on their registration, and 11 reviews are currently ongoing.

Senior secondary registration – review and evaluation of a school's operations

During 2008–09, the VRQA undertook a review and evaluation of the operations of 53 schools that deliver senior secondary education and training. Of these 53 schools, 47 have been determined to be compliant with the minimum standards. The remaining six schools are addressing the matters identified as non-compliant and working towards compliance.

Home schooling

Home schooling in Victoria is a legally recognised alternative to attendance at a registered school during the compulsory years of schooling from 6 to 16 years of age.

Parents responsible for home schooling must register their children with the VRQA. Registration for home schooling for children over 16 years of age and less than 18 years of age is optional.

Requirements of registration for home schooling include a commitment to:

- provide regular and efficient instruction, substantially addressing the eight key learning areas, taken as a whole, in a manner that is consistent with the democratic principles outlined in the Act
- notify the VRQA each year by 30 November that home schooling instruction is continuing for the following 12 months
- notify the VRQA if the child ceases to be home schooled.

Legislation prohibits the details of students registered for home schooling being made public. Since its inception the VRQA has developed and maintained a secure home schooling registration database.

The VRQA website provides information about registration for home schooling and additional information to assist home schooling families.

At the end of June 2009, 2279 children from 1257 families were registered for home schooling in Victoria.

International education

Education services for overseas students

Education and training organisations that wish to deliver courses to overseas students in Australia on student visas are required to be listed on CRICOS.

The VRQA has responsibility for approving providers across all sectors – schools, vocational education and training, higher education, English Language Intensive Courses for Overseas Students (ELICOS), Foundation programs and non-award courses – that wish to be listed on CRICOS and thus be eligible to deliver courses to overseas students in Victoria.

Providers seeking CRICOS approval must be compliant with the:

- legislative requirements for approval in Victoria
- Section 9 of the Commonwealth *Education Services for Overseas Students (ESOS) Act 2000*
- National Code.

There were 345 providers listed on CRICOS in Victoria as at 30 June 2009, with most international student enrolments occurring in the higher education and VET sectors. There are 58 providers delivering courses in more than one sector. They are counted only once in the data, by main sector. In previous years, providers were counted in more than one sector.

Providers approved to deliver courses to overseas students by main course sector, 30 June 2009

Main course sector	Number
Higher education	
Victorian universities	9
Private providers	17
Interstate institutions	4
Schools	
Government schools	1*
Non-government schools	108
VET	
TAFE institutes	11
Private providers	166
Non-award	
ELICOS	17
Other	12

*DEECD is the registered provider on CRICOS for government schools. There were international students on student visas at 101 government schools at 30 June 2009.

New guidelines for overseas students under 13 years

In April 2009, the VRQA approved guidelines on a minimum age for international students in home stay accommodation in Victoria. In developing the guidelines, the VRQA consulted with and received support from the Association of Independent Schools of Victoria and the Catholic Education Commission of Victoria. The *Guidelines on Home Stay Accommodation for Overseas Students* apply to students who will be at least 13 years of age at time of commencement of studies. The new guidelines will take effect from 1 July 2009.

Overseas secondary student exchange organisations

There are 48 student exchange organisations registered with the VRQA: 21 government schools, 7 non-government schools and 18 non-school organisations.

For the period 1 July 2008 to 30 June 2009, a total of 474 overseas exchange students had undertaken studies in Victoria. Three-quarters attended government schools and one quarter non-government schools. The maximum period of study is one year. The 2008–09 exchange student cohort came to Victoria from over 28 countries, although nearly half (204 students) originated from Germany. Some rural centres were well represented in their exchange student numbers, for example Wodonga and Mildura district hosted over 20 students.

In 2009, new guidelines, conditions and application forms for the approval of overseas secondary student exchange organisations were implemented. Improved procedures for the delivery and receipt of the Acceptance Advice for Secondary Exchange Students (AASES) have been developed. The AASES document is required under joint VRQA and Department of Immigration and Citizenship regulations to enable a student to enter Australia on a student exchange visa.

Rapid Audit program

In May 2009, rapid audits of providers to international students whose operations were identified as high risk were introduced. This followed a recommendation of the Overseas Student Education Experience Taskforce Report published in December 2008. The VRQA, in collaboration with the Victorian Government, DEEWR and the Commonwealth Department of Immigration and Citizenship, investigated the compliance of a sample of RTOs against the legislative requirements of providing vocational education and training services to international students.

The three agencies then collaborated to conduct audits of seventeen RTOs assessed as high risk. The outcomes of this program of audits will contribute immediately to improvements in quality provision of education and training for international students and inform future refinements of the registration and audit processes in this sector.

The Rapid Audit model is based on an inter-agency approach to risk management. State and

Commonwealth authorities work together to scrutinise the VET international education industry. Immediate action is taken against providers shown to be operating outside legislative requirements and this information is made publicly available.

Complaints

In 2008–09, the Complaints Unit received 393 complaints, including 125 relating to the provision of educational services to overseas students. Over 80 per cent of complaints were against VET providers.

The figures do not include verbal complaints. In the case of verbal complaints, the Complaints Unit may refer the complainant to the relevant provider's own complaints and appeals process, direct the complainant to make a written complaint to the VRQA if the matter falls under the VRQA's responsibility or refer the complainant to the relevant agency, such as Consumer Affairs or the Apprenticeship Administration Branch.

The VRQA also refers a number of complaints to the DEEWR under the Shared Responsibility Framework. The Framework sets out the respective roles of the Commonwealth Government and designated state and territory authorities in administering the ESOS legislation. The VRQA and DEEWR collaborate in handling complaints and undertaking compliance and enforcement activities.

The most common complaint was in relation to the non-issue of results, with 57 complaints in the financial year, 26 of which were from international students. In both the international and domestic sectors, the investigation of these complaints can be complicated as there may be an assessment reason why the student has not received his or her results.

Non-issue of results has replaced quality of training as the main complaint. In the ESOS sector, the withholding of results extends to students who have transferred to other providers and need the results to complete the credit process at their new providers.

The VRQA is developing communication materials directed at international students to make them aware of the importance of reading, understanding and keeping their contracts with providers to protect them in the event of future problems.

The ESOS figures in the table below exclude complaints that the VRQA receives but refers directly to DEEWR under the division of responsibility in the National Code.

Complaints received, 2008–09

	VET	Higher education	Schools	Home schooling	ELICOS	VRQA	Other	Total
All complaints (including ESOS)	319	10	18	6	7	18	15	393
ESOS	108	6	0	0	7	1	3	125

To ensure providers and consumers of education and training have access to high-quality authoritative and relevant information that meets their needs.

Higher education

Quality improvement and educational outcomes in relation to re-registration of institutions and course re-accreditation was the focus of an information session held in September 2008 and attended by 140 participants from private providers of higher education. A draft framework was proposed for concurrent processes for re-registration and quality audit for those institutions approved as higher education providers under the *Higher Education Support Act 2003*.

Vocational education and training

Provider registration seminars are conducted every two months for prospective RTOs. These seminars emphasise the regulatory role of the VRQA, the registration process, AQTF 2007 standards, CRICOS registration and common complaints received by the VRQA. Supporting information, including frequently asked questions, is also provided on the VRQA website.

The VRQA contributes to national benchmarking activities for vocational education and training. VRQA staff have participated in national auditor moderation meetings as well as the Network for Course Accrediting Bodies.

ACPET/VRQA Consultant and Adviser Register

At the end of 2008, the VRQA took over the process for assessing RTO applications to add new courses to their AQTF scope of registration. This task was previously undertaken by training recognition consultants.
To support providers under this new process, the VRQA provided funding and professional development to ACPET to develop a Consultant and Adviser Register that was officially launched in May 2009. The Register provides a list of recommended consultants and advisers who are able to provide services to RTOs on registration and compliance matters, including preparation for delivery of new courses, applications for extensions to scope and the establishment of new locations for training and assessment. The operation of the Register will enable ACPET and the VRQA to monitor the standard of advice being provided by, and to offer ongoing training and information to, those listed on the Register.

Course development workshops

The VRQA provided workshops for VET course developers in Victoria. The workshops included an overview of the VRQA accreditation processes, information on writing units of competency and embedding the use of the Credit Matrix in course development and advice on developing an accreditation submission. In 2008–09, a total of 58 participants took part in the workshops.

Course accreditation advisers

Course accreditation advisers are approved by the VRQA to offer specialist advice on course accreditation and the Course Accreditation Standards of the AQTF. They ensure that the courses developed by training organisations meet the AQTF Standards by assisting in the preparation of accreditation submissions and participating in accreditation panels for courses, including preparing a report on the course submission, prior to the accreditation panel meeting.

There are currently 22 accreditation advisers; their contact details are available on the VRQA website. During the next reporting period, up to five probationary advisers will be considered for appointment depending on their continued interest in this role and completion of probationary tasks.

School education

In February and May 2009, three briefing sessions on the school registration application process and minimum standards for registration were conducted. Two sessions focused on the requirements for establishing new schools. There were 27 participants. The other session, with 19 participants, concentrated on procedures involved in amending existing school registration. The guide to minimum standards for registration was distributed at the sessions and was available with application forms on the VRQA website.

In June 2009, the Minister for Education announced that information on all Victorian registered schools would be available from a single online source, the State Register. The Minister delegated authority to the VRQA and the Director of the VRQA to collect current annual reports from all schools for publication on the State Register.

Non-school senior secondary providers

In April 2009, the VRQA published, and made available on the VRQA website, guides to assist non-school senior secondary providers with the implementation of the minimum standards for registration to provide an accredited senior secondary qualification or course.

International education

As part of its quality assurance arrangements, the VRQA conducts information sessions for individuals representing organisations that wish to become registered on CRICOS for VET, ELICOS and Foundation courses. During the reporting period, ten information sessions were held.

Two briefing sessions were provided by the VRQA to auditors contracted to assess providers for their compliance with the National Code at the point of initial registration and during their registration period.

In June 2009, the VRQA and DEEWR conducted two National Code good practice workshops. The workshops were open to Victorian CRICOS providers across all sectors and provided information updates and advice on implementing standards under the National Code. A total of 271 people participated in the workshops.

The State Register and Qualifications Navigator

One of the VRQA's functions is to maintain the State Register of registered providers and the accredited qualifications they offer. During 2008–09, the VRQA began work on a project to make it easier for its stakeholders to access and use the information in the register.

For learners and their advisers, it will be an easy-to-use source of reliable information covering all education and training sectors. Providers will have a single point at which to apply for and administer registration and accreditation. VRQA staff will have a better way to manage registration information across the several systems that regulate education and training providers.

The benefits sought for the project are clearer options and pathways for learners; stronger, more efficient quality-assurance practices; and an education and training sector that is responsive to community and industry needs.

In 2008, the VRQA received funding for the project as part of the Victorian Government's Skills Reform policy – *Securing Jobs for Your Future: Skills for Victoria*. A total of $4.203 million was allocated to the project for 2008–09. The budget over four years is $9.127 million – $7.927 million from the Skills Reform program and the remaining $1.2 million from the VRQA.

The project is managed by the State Register Project Board, which is made up of senior staff from the VRQA and DEECD's IT department. The VRQA is also a member of the Skills Reform Program Board, which oversees all projects funded under the Skills Reform program.

In 2008–09, the VRQA implemented the first phase of the project. This phase has delivered a user-friendly online search of the Register, the facility for online enquiries and complaints and, for the VRQA, a customer relationship management system for maintaining registration information.

VRQA teams have been using the customer relationship management system since 1 May. The online search is available on the VRQA's website. The VRQA announced the news in a media release on 26 June.

Anyone can now go to the VRQA's website to search for information about providers, including school annual reports, and accredited qualifications. They can also submit their enquiries or complaints online.

The remaining phases of production will continue in 2009–10. Using the Qualifications Navigator, learners will be able to log in and explore pathways to further education and training. Providers will be able to apply online and update information about their organisations.

- To ensure Victoria has an effective qualifications framework that reflects the integrated provision of education and training and responds to state and national policy development.

Credit Matrix implementation

The Credit Matrix is designed to enhance the operation of the AQF in Victoria and support the Government's goal of high-quality education and training for lifelong learning. It provides a common approach to describing, recording and comparing learning based on levels (for complexity of the learning outcomes) and points (for volume of learning).

- To establish collaborative and productive relationships with stakeholders which result in a shared commitment to high-quality education and training in Victoria.

Stakeholder relationships

The VRQA Board and staff work with the Office for Government School Education in DEECD, and consult with the Association of Independent Schools of Victoria and the Catholic Education Commission of Victoria to monitor the compliance of all Victorian schools with the minimum standards as set out in the Education and Training Reform Regulations 2007.

The VRQA also consults with ACPET; TAFE Directors Australia; the Victorian TAFE Association; and the Adult, Community and Further Education Board in regard to provision of vocational education and training, and community education.

The VRQA considers advice on courses and qualifications, and linkages between qualifications, from the Victorian Curriculum and Assessment Authority and the Victorian Skills Commission.

The VRQA has an ongoing relationship with DEEWR, particularly through the Ministerial Council for Vocational and Technical Education and the National Quality Council.

International education

The VRQA participated in the national ESOS Implementation Group meetings in November 2008 and April 2009. Items included in the November meeting were systems changes to the Provider Registration and International Student Management System (PRISMS), DEEWR–DIAC (Department of Immigration and Citizenship) course progress policy and procedure, PRISMS flag to providers that are nearing or over capacity and review of the Shared Responsibility Framework.

In April 2009, the VRQA hosted the ESOS Implementation Group meeting, on which new draft national standards for ELICOS programs, current international English language testing system requirements and proposed labour migration reforms under the Department of Immigration and Citizenship were discussed.

The VRQA was involved in the work to finalise draft national standards for ELICOS and Foundation programs. The draft standards are to be considered by the Joint Committee on International Education, Australian Education Systems Officials Committee and Ministerial Council on Education, Employment, Training and Youth Affairs.

Stakeholder dinner

To ensure that the VRQA Board is able to consider the views of all its stakeholder organisations, a workshop-style annual dinner is held. Input from key stakeholders is added to outcomes of consultation with ministers and contributes to information considered by the Board at its planning day. In 2009, the stakeholder dinner was held on 5 May. The event is a key part of the VRQA Board's planning process and aims to build the VRQA's capabilities in meeting its strategic objectives.

Communications strategy

The VRQA Communications strategy has been developed and will be implemented over a three-year period. The strategy focuses on the Victorian community understanding of the VRQA role and functions, stakeholder relations, regulatory profile and media relations. The primary objective of the Communication strategy is to increase awareness and understanding of the role and initiatives of the VRQA in the education sector and broader community.

VRQA client survey

The first VRQA client survey was conducted in October 2008 in order to collect base-line data on how the VRQA is perceived by groups and individuals in the education and training sector. The survey was conducted independently and confidentially online and face to face. There was a total of 337 responses from 720 invitations, or 46.8 per cent, a higher-than-average return for a client satisfaction survey.

The results of the survey highlight strong awareness of the VRQA and its role and responsibilities, in particular its role in quality assurance. The survey found that VRQA processes are seen as effective by providers overall (66 per cent) – schools (86 per cent), vocational education and training (74 per cent) and higher education (100 per cent). Timeframes for responses to enquiries are good – schools (93 per cent), vocational education and training (58 per cent) and higher education (76 per cent). Eighty-nine per cent of respondents had accessed the VRQA website in the 12-month period prior to the survey. Once accessed, 68 per cent of respondents indicated that information was easy to find.

Findings of the survey are being used to inform changes in VRQA business processes, including improvements in client service, editing of the VRQA website and review of the VRQA printed material for currency and relevance.

Contractor seminars

During the year, the VRQA conducted two seminars for contractors, auditors, school reviewers and those who undertake work on behalf of the VRQA across all sectors. The seminars aim to communicate the VRQA's current priorities and emerging issues and to receive feedback from this stakeholder group for consideration by the VRQA.

Publications and website

Internal systems and procedures have been improved as part of the VRQA's work towards projecting a consistent profile and image to stakeholders. Publications processes were streamlined with the development of a style guide, version control guidelines, a publications register and a communications activity calendar. The VRQA website has been edited and redeveloped to incorporate the State Register.

Focus groups for international students

In June 2009, the VRQA sponsored fact-finding focus groups for international students. The outcomes of the focus groups contributed to the development of advice to international students about education and training in Victoria.

Financial report – 30 June 2009

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Comprehensive operating statement for the financial year ended 30 June 2009

	Note	2009 $	2008 $
Income from transactions			
Grants	*2(c)*	**8,546,400**	5,724,647
Interest	*2(a)*	**185,911**	234,666
Sales of goods and services	*2(b)*	**3,065,877**	2,325,121
Fair value of assets received free of charge or for nominal consideration	*2(d)*	**189,824**	216,429
Other income	*2(e)*	**357**	3,929
Total income from transactions		**11,988,369**	8,504,792
Expenses from transactions			
Administrative expenses	*3(a)*	**4,335,970**	4,038,506
Depreciation and amortisation	*3(b)*	**2,291**	4,912
Grants and other transfers	*3(c)*	**85,695**	114,599
Supplies and services	*3(d)*	**3,946,199**	3,073,086
Total expenses from transactions		**8,370,155**	7,231,103
Net result from transactions (net operating balance)		**3,618,214**	1,273,689
Total other economic flows included in net result		**–**	–
Net result		**3,618,214**	1,273,689
Comprehensive result		**3,618,214**	1,273,689

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 53–79.

Balance sheet as at 30 June 2009

	Notes	2009 $	2008 $
Assets			
Financial assets			
Cash and deposits		**5,488,893**	2,609,902
Receivables	*4*	**37,818**	379,378
Total financial assets		**5,526,711**	2,989,280
Non-financial assets			
Property, plant and equipment	*6*	**6,127**	8,418
Intangible assets	*7*	**1,302,557**	73,320
Total non-financial assets		**1,308,684**	81,738
Total assets		**6,835,395**	3,071,018
Liabilities			
Payables	*8*	**530,873**	384,710
Total liabilities		**530,873**	384,710
Net assets		**6,304,522**	2,686,308
Equity			
Accumulated surplus		**4,891,903**	1,273,689
Contributed capital		**1,412,619**	1,412,619
Total equity		**6,304,522**	2,686,308

The balance sheet should be read in conjunction with the accompanying notes included on pages 53–79.

Statement of changes in equity for the financial year ended 30 June 2009

	Equity at 1 July 2008	Total comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June 2009
	$	$	$	$
Accumulated surplus/(deficit)	1,273,689	3,618,214	–	**4,891,903**
Contributions by owners	1,412,619	–	–	**1,412,619**
Total equity at the end of financial year	**2,686,308**	**3,618,214**	**–**	**6,304,522**

	Equity at 1 July 2007	Total comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June 2008
	$	$	$	$
Accumulated surplus/(deficit)	–	1,273,689	–	1,273,689
Contributions by owners	–	–	–	–
Administrative restructure – net assets transferred	–	–	1,412,619	1,412,619
Total equity at the end of financial year	**–**	**1,273,689**	**1,412,619**	**2,686,308**

The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 53–79.

Cash flow statement for the financial year ended 30 June 2009

	Notes	2009 $	2008 $
Cash flows from operating activities			
Receipts			
Receipts from Government		**8,878,346**	5,392,701
Receipts from other entities		**3,076,868**	2,296,013
Goods and Services Tax recovered from the ATO		**478,468**	263,444
Interest received		**185,911**	234,666
Total receipts		**12,619,593**	8,186,824
Payments			
Payments of grants and other transfers		**(85,695)**	(114,599)
Payments to suppliers and employees		**(8,424,649)**	(6,695,341)
Goods and Services Tax paid to the ATO		**(1,020)**	(92,952)
Total payments		**(8,511,364)**	(6,902,892)
Net cash flows from/(used in) operating activities	*12*	**4,108,229**	1,283,932
Cash flows from investing activities			
Payments for non-financial assets		**(1,229,238)**	(73,320)
Net cash flows from/(used in) investing activities		**(1,229,238)**	(73,320)
Cash flows from financing activities			
Owner contributions by State Government		**–**	1,399,290
Net cash flows from/(used in) financing activities		**–**	1,399,290
Net increase/(decrease) in cash and cash equivalents		**2,878,991**	2,609,902
Cash and cash equivalents at the beginning of the financial year		**2,609,902**	–
Cash and cash equivalents at the end of the financial year		**5,488,893**	2,609,902

The statement of cash flow statement should be read in conjunction with the accompanying notes included on pages 53–79.

Notes to the financial statements

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Note 1. Summary of significant accounting policies

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards and Interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

In complying AASs, the Authority has, where relevant, applied those paragraphs applicable to not-for-profit entities.

(b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain non-financial assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

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 accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

(c) Scope and presentation of financial statements

Early adoption of AASB 101 (September 2007)

As a result of a state wide policy to improve consistency in public sector reporting, the Authority has revised the presentation of its complete set of financial statements to align with the AASB 1049 presentation format, used in the Financial Report for the State and the general government sector. In addition, the Authority has also

early adopted the September 2007 version of AASB 101.

In keeping with AASB 101 (September 2007) this complete set of financial statements includes the following changes:

(a) the notion of:

- a complete set of financial statements' rather than using 'financial report';
- changes in equity' rather than 'movements in equity'; and
- transactions with owners in their capacity as owners' rather than 'transactions with owners as owners'.

(b) references to equity holders as owner.

Some of the changes applied to the financial statements and notes as a result of alignment to AASB 1049 that are allowable under the AASB 101 (September 2007) include the following:

- extended operating statement incorporating non-owner changes in equity, which is now referred to as comprehensive operating statement;
- items being presented by liquidity order in the balance sheet;
- the inclusion of a limited number of Government Finance Statistics (GFS) classifications, such as income or expenses from transactions, and other economic flows; and
- a glossary of terms included in the notes explaining certain terms, including GFS terms adopted.

Comprehensive operating statement

The comprehensive operating statement includes items previously included in the statement of changes in equity.

Income and expenses in the comprehensive operating statement are separated into either 'transactions' or 'other economic flows'.

Balance sheet

Items of assets and liabilities in the balance sheet are:

- ranked in liquidity order;
- aggregated into financial and non-financial assets;
- classified according to GFS terminology, but retain measurement and disclosure rules under existing accounting standards applicable to the Authority; and
- current versus non-current assets and liabilities 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 year to the closing balance at the end of the year, showing separately movements due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions with owners in their capacity as owners.

Cash flow statement

The cash flow statement classifies flows by operating, investing and financing activities in accordance with AASB 107 Cash Flow Statements.

There were no significant changes due to alignment of the Authority's financial statements presentation formats to AASB 1049.

(d) Reporting entity

The Victorian Registration and Qualifications Authority (VRQA) is a state owned public authority established under the Education and Training Reform Act 2006. The Act was proclaimed on 1 July 2007. As an independent public authority the VRQA is a separate legal entity and accountable for resources under its control. Section 4.2.8 of the Act requires the Authority to maintain a VRQA Fund to account for all money received and paid by the Authority.

Its principal address is:

Victorian Registration and Qualifications Authority
35 Spring Street
Melbourne VIC 3000

(e) Objectives and funding

The Authority's objectives are to:

- ensure all Victorian education and training providers meet minimum standards.
- develop a risk based and integrated quality assurance regime.
- enable informed choice through the provision of meaningful and accurate information about qualifications and registered education and training providers.

The VRQA is predominantly funded by grants from the Department of Education and Early Childhood Development. The VRQA charges fees for the registration of providers. The fees charged are determined on a cost recovery basis.

(f) 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 Authority and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to condition which arose after the reporting date and which may have a material impact on the results of subsequent years.

(g) 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.

Commitments and contingent assets or liabilities are presented on a gross basis.

(h) Income from transactions

Income is recognised for each of the Authority's major activities as follows:

Grants

Grants receivable by the Authority are recognised as income when the Authority gains control of the underlying assets. For reciprocal grants, the Authority is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Authority is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Fees

Fees are recognised in the period received.

Interest revenue

Interest revenue includes interest received on bank term deposits, interest from investments, and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Resources received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

The VRQA shares accommodation with the Department of Education and Early Childhood Development, the cost of which is not charged to the VRQA. The value is recognised in the operating statement as an expense offset by an increase in revenue as resources received free of charge.

(i) Expenses

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 Authority. These items are recognised as an expense in the reporting period in which they are incurred.

Grants and other transfers

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

Administrative expenses

All employees of the VRQA are employees of the Department of Education and Early Childhood Development and the VRQA reimburses the Department for all employee entitlements including superannuation, long service and annual leave costs including on costs. The costs are classified as administrative expenses in the operating statement.

Depreciation

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

	2009 useful life years	2008 useful life years
Computer equipment	**3**	3
Office equipment and furniture	**5–10**	5–10

(j) 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.

Impairment of non-financial assets

Good will and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (that is, 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 indications of impairment except for:

- financial assets (refer Note 1(k)
- assets arising from construction contracts (refer Note 1(k).

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 as another economic flow, 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 depreciated replacement

cost and fair value less costs to sell. Recoverable amount for assets 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.

(k) Assets

Financial assets

Cash and deposits

For the cash flow statement presentation purposes, cash includes short term deposits that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Receivables

Receivables consist predominantly of debtors in relation to grants, fees and GST input tax credits recoverable.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Non-financial assets

Property, plant and equipment

Plant, equipment and vehicles are measured at cost less accumulated depreciation.

Non-current assets constructed by the Authority

The cost of non-current assets constructed by the VRQA includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

Intangible assets

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

Intangible assets are initially recognised at cost. Subsequently, intangible assets with infinite 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 VRQA.

(l) Liabilities

Payables consist predominantly of creditors and other sundry liabilities.

Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the VRQA prior to the end of financial year that are unpaid, and arise when the VRQA becomes obliged to make future payments in respect of the purchase of these goods and services. Payables are initially recognised at fair value being the cost of the goods and services and then subsequently measured at amortised cost.

(m) Commitments

Commitments are disclosed at their nominal value and inclusive of the GST payable.

(n) 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.

(o) Equity

Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

(p) Functional and presentation currency

The functional currency of the Authority is the Australian dollar, which has also been identified as the presentation currency of this Authority.

(q) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. DTF assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As advised in Note 1(c) the Authority has early adopted the September 2007 version of AASB 101.

As at 30 June 2009, the following standards and interpretations (applicable to departments) had been issued but were not mandatory for financial year ending 30 June 2009. The Authority has not, and does not intend to, adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on departmental financial statements
AASB 8 Operating Segments	Supersedes AASB 114 Segment Reporting	Beginning 1 Jan 2009	Not applicable.
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038].	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Impact expected to be insignificant.
AASB 123 Borrowing Costs	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets. In February 2009, the AASB decided that not-for-profit public sector entities could continue to expense borrowing costs attributable to qualifying assets pending the outcome of various IPSASB/AASB projects.	Beginning 1 Jan 2009	The Authority continues to expense borrowing costs.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Same as AASB 123 above.
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs5, 7 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 and 1038]	A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRSs in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes.	Beginning 1 Jan 2009	Impact is being evaluated.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements project [AASB 1 and AASB 5]	The amendments require all the assets and liabilities of a for-sale subsidiary's to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.	Beginning 1 Jul 2009	Impact is expected to be insignificant.
AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136]	Changes mainly relate to treatment of dividends from subsidiaries or controlled entities.	Beginning 1 Jan 2009	Impact is expected to be insignificant.
AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139]	The amendments to AASB 139 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations.	Beginning 1 Jul 2009	Impact is being evaluated.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on departmental financial statements
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	Amendments to AASB 1049 for consistency with AASB 101 (September 2007) version.	Beginning 1 Jan 2009	Not applicable to public sector entities except for certain presentation formats.
AASB 2009-1 Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities [AASB 1, AASB 111 and AASB 123]	The amendments arise from the AASB's review of the requirement in AASB 123 to capitalise borrowing costs. In February 2009, the AASB decided that not-for-profit public sector entities could continue to expense borrowing costs attributable to qualifying assets pending the outcome of various IPSASB/AASB projects.	Beginning on or after 1 Jan 2009 that end on or after 30 Apr 2009	The Authority continues to expense borrowing costs.
AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 and AASB 1038]	These amendments arise from the issuance of Improving Disclosures about Financial Instruments (Amendments to IFRS 7) by the IASB in March 2009. The amendments require enhanced disclosures about fair value measurements and liquidity risk.	Beginning on or after 1 Jan 2009 that end on or after 30 Apr 2009	Impact is being evaluated.
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 and 16]	Various consequential amendments to existing standards as a result of IASB's Annual Improvement's project.	Beginning 1 Jul 2009	Impact is expected to be insignificant.
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes.	Beginning 1 Jan 2010	Impact is being evaluated.
AASB 2009-6 Amendments to Australian Accounting Standards	This standard makes numerous editorial amendments as a consequence of the issuance in September 2007 of a revised AASB 101. For example, the term 'revaluation reserve' is changed to 'revaluation surplus'.	Beginning on or after 1 Jan 2009 that end on or after 30 Jun 2009	Impact is expected to be insignificant.
AASB 2009-7 Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 and Interpretation 17]	A suite of amendments as a result of editorial corrections by the AASB and by the IASB, some of which relate to correcting errors made in AASB 2008-12.	Beginning 1 Jul 2009	Impact is being evaluated.

(s) Prospective accounting changes

Service concessions

In December 2007, the Australian Accounting Standards Board (AASB) decided that:

(a) the requirements of Interpretation 12 are not obligatory for public sector grantors; however

(b) grantors are required to consider Interpretation 12 when developing their accounting policy under the hierarchy for selecting accounting policies set out in AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The AASB did not decide on a preferred accounting policy for grantors, as the International Public Sector Accounting Standards Board (IPSASB) currently has a project looking at accounting for service concessions from an international public sector perspective. The IPSASB intends to issue an Exposure Draft in December 2009 and a new IPSASB standard is expected during 2010. Any Australian public sector standard is therefore unlikely before 2010-11.

As a result of the above and the continuing uncertainty and lack of applicable accounting guidance on the recognition and measurement by the State of assets arising from some service concession arrangements, there has been no change in policy and those assets are currently not recognised.

Borrowing costs

In May 2007, the AASB agreed on amendments to AASB 123 Borrowing Costs in respect of both for-profit entities and not-for-profit entities for application to annual reporting periods beginning on or after 1 January 2009. These amendments removed the option of recognising borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

In 2008, the IPSASB considered whether to withdraw the expensing option and proposed in Exposure Draft 35 Borrowing Costs, retention of the expense option. In February 2009, the AASB decided to extend the option to expense borrowing cost attributable to qualifying assets for another two years while AASB continues to observe developments from IPSASB. This extension is applicable to not-for-profit public sector entities only. Pending resolution of this matter, the State is continuing with its existing policy of expensing borrowing costs in the period in which they are incurred.

Note 2. Income from transactions

	Note	2009 $	2008 $
(a) Interest			
Interest from financial assets not at fair value through P/L:			
Interest on bank deposits		**185,911**	234,666
Total interest revenue		**185,911**	234,666
(b) Sales of goods and services			
Rendering of services		**3,065,877**	2,325,121
Total revenue from sale of goods and services		**3,065,877**	2,325,121
(c) Grants and other transfers (other than contributions by owners)			
Department of Education and Early Childhood Development		**8,546,400**	4,871,779
Department of Innovation, Industry and Regional Development		**–**	762,634
Grants from other State Governments		**–**	46,000
Grants from Commonwealth		**–**	44,234
Total grants		**8,546,400**	5,724,647
(d) Fair value of assets and services received free of charge or for nominal consideration:			
Services	*5*	**189,824**	216,429
Total fair value of assets and services received free of charge or for nominal consideration		**189,824**	216,429
(e) Other income			
Other		**357**	3,929
Total other income		**357**	3,929

Note 3. Expenses from transactions

	Note	2009 $	2008 $
(a) Administrative expenses			
Administrative expenses		**4,335,970**	4,038,506
Total administrative expenses		**4,335,970**	4,038,506
(b) Depreciation and amortisation			
Depreciation of non-current assets		**2,291**	4,912
Total depreciation and amortisation		**2,291**	4,912
(c) Grants and other transfers (other than contributions by owners)			
Transfer payments to Department of Education and Early Childhood Development		**1,190**	51,622
Grants to government schools		**–**	2,855
Grants from other Government entities		**4,505**	29,540
Grants to external organisations		**80,000**	30,582
Total grants and other payments		**85,695**	114,599
(d) Supplies and services			
Purchase of supplies and consumables		**275,992**	284,234
Contractors and Board members		**2,721,672**	1,950,565
Travel expenses		**64,023**	73,267
Printing		**129,904**	115,027
Legal and Insurance		**503,807**	341,723
Minor equipment purchases		**20,265**	53,468
Rental buildings	*5*	**189,824**	216,429
Advertising and other communication costs		**18,162**	17,873
Audit fees	*14*	**22,550**	20,500
Total supplies and services		**3,946,199**	3,073,086

Note 4. Receivables

	2009 $	2008 $
Current receivables:		
Contractual		
Amounts owing from Department of Education and Early Childhood Development	–	331,946
Other receivables	**28,514**	33,037
	28,514	33,037
Statutory		
GST input tax credit recoverable	**9,304**	14,396
	9,304	14,396
Total receivables	**37,818**	379,379

Notes:
The average credit period on sales of goods is 30 days. No interest is charged on receivables.

(a) Ageing analysis of contractual receivables
Please refer to Table 11.2 in Note 11 for the ageing analysis of contractual receivables.

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

Please refer to Note 11 for the nature and extent of credit risk arising from contractual receivables.

Note 5. Resources received free of charge

	2009 $	2008 $
Resources received free of charge		
Accommodation	**189,824**	216,429
Total	**189,824**	216,429

Notes:
The amount for accommodation relates to the premises occupied by the VRQA during the year at 35 Spring Street, Melbourne. Property rentals and outgoings are paid by the Department of Education and Early Childhood Development. The amounts are recognised in the operating statement as an expense and offset to revenue as resources received free of charge.

Note 6. Property, plant and equipment

	2009 $	2008 $
Computers and peripherals		
At cost	**5,242**	5,242
Less: accumulated depreciation	**5,242**	3,932
	–	1,310
Office equipment and furniture		
At cost	**8,088**	8,088
Less: accumulated depreciation	**1,961**	980
	6,127	7,108
Total property, plant and equipment	**6,127**	8,418

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out as below:

	Computers and peripherals $	Office equipment and furniture $	Total $
2009			
Opening balance	1,310	7,108	**8,418**
Additions	–	–	**–**
Depreciation expense	(1,310)	(981)	**(2,291)**
Closing balance	**–**	**6,127**	**6,127**
2008			
Opening balance	–	–	–
Acquisitions through administrative restructures	5,242	8,088	13,330
Depreciation expense	(3,932)	(980)	(4,912)
Closing balance	**1,310**	**7,108**	**8,418**

Note 7. Intangible assets

	2009 $	2008 $
Work in progress		
State Register	**1,302,557**	73,320
Total intangible assets	**1,302,557**	73,320

Reconciliations

Reconciliations of the carrying amounts at the beginning and end of the current financial year are set out below:

	Total $
2009	
Opening balance	**73,320**
Additions	**1,229,237**
Closing balance	**1,302,557**
2008	
Opening balance	**–**
Additions	**73,320**
Closing balance	**73,320**

Note 8. Payables

	2009 $	2008 $
Contractual payables		
Supplies and services	**99,120**	100,034
Accrued expenses	**431,753**	284,676
Total payables	**530,873**	384,710

Notes:
(a) Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency

(b) The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of the invoice

(a) Maturity analysis of contractual payables
Please refer to Note 11(e) for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables
Please refer to Note 11 for the nature and extent of risks arising from contractual payables.

Note 9. Commitments for expenditure

The following commitments relating to the State Register have not been recognised as liabilities in the financial statements:

	2009 $	2008 $
Capital expenditure commitments		
Intangible assets		
Payable:		
Not longer than one year	**424,153**	–
Total capital expenditure commitments	**424,153**	–

Note 10. Contingent assets and contingent liabilities

There are no known contingent assets and contingent liabilities to be disclosed in the financial period.

Note 11. Financial instruments

(a) Significant accounting policies

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

The carrying amounts of the Authority's financial assets and financial liabilities by category are in Table 11.1 below.

Table 11.1: Categorisation of financial instruments

	2009 $	2008 $
Financial assets		
Cash and deposits	**5,488,893**	2,609,902
Receivables	**28,514**	364,983
Total financial assets	**5,517,407**	2,974,885
Financial liabilities		
Payables	**530,873**	384,710
Total financial assets (a)	**530,873**	384,710

(b) Interest rate risk

The Authority's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in table 11.2. Exposure arises from assets bearing variable interest rates. As at the reporting date there is no event to indicate that any of the financial assets are impaired. The Authority has no interest bearing liabilities.

Table 11.2 Interest rate exposure

			Interest rate exposure			Past due but not impaired			
2009	**Weighted average effective interest rate %**	**Carrying amount $**	**Non-interest bearing rate $**	**Variable interest rate $**	**Not past due date and not impaired**	**Less than 1 month $**	**1–3 months $**	**More than 3 months $**	**Impaired**
Financial assets									
Cash and cash equivalents	4.21%	5,488,893	–	5,488,893	5,488,893	–	–	–	–
Trade and other receivables	–	28,514	28,514	–	12,450	10,250	5,814	–	–
Total financial assets	**–**	**5,517,407**	**28,514**	**5,488,893**	**5,501,343**	**10,250**	**5,814**	**–**	**–**

			Interest rate exposure			Past due but not impaired			
2008	**Weighted average effective interest rate %**	**Carrying amount $**	**Non-interest bearing rate $**	**Variable interest rate $**	**Not past due date and not impaired**	**Less than 1 month $**	**1–3 months $**	**More than 3 months $**	**Impaired**
Financial assets									
Cash and cash equivalents	6.84%	2,609,902	–	2,609,902	2,609,902	–	–	–	–
Trade and other receivables	–	364,983	364,983	–	364,938	45	–	–	–
Total financial assets	**–**	**2,974,885**	**364,983**	**2,609,902**	**2,974,840**	**45**	**–**	**–**	**–**

Note: Ageing analysis excludes statutory receivables (e.g. amounts owing from Victorian Government and GST input tax credit recoverable)

(c) Credit risk

Credit risk arises when there is the possibility of the VRQA's debtors defaulting on their contractual obligations resulting in financial loss to the VRQA. The VRQA measures credit risk on a fair value basis and monitors risk on a regular basis.

Credit risk associated with the VRQA's financial assets is minimal because the majority of debtors are Victorian Government bodies. For debtors, other than government it is the VRQA's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements where appropriate. Financial assets obtained by the VRQA are normally fixed interest in nature.

The VRQA does not engage in any hedging for its financial assets.

As at the reporting date, there is no event to indicate that any of the financial assets are impaired.

(d) Market risk

The Authority's exposure to interest rate risk is set out in table 11.3.

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the VRQA believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

A shift of +1.0% and 0.0% in market interest rates (AUD) from year-end rates of 3.00%;

Table 11.3 discloses the impact on net operating result and equity for each category of financial instrument held by the VRQA at year-end as presented to key management personnel, if the above movements were to occur.

Table 11.3 Market risk exposure

		Interest rate risk	
2009	**Carrying amount $**	**–0.0% Net result**	**+1.0% Net result**
Financial assets			
Cash and cash equivalents[a]	5,488,893	–	54,889
Total increase/(decrease)	**5,488,893**	**–**	**54,889**
		Interest rate risk	
2008	**Carrying amount $**	**–0.5% Net result**	**+0.5% Net result**
Financial assets			
Cash and cash equivalents[a]	2,609,902	(13,050)	13,050
Total increase/(decrease)	**2,609,902**	**(13,050)**	**13,050**

[a]Notes on calculation
Sensitivities of floating rate cash and cash equivalents are as follows:
2009 – impact on net result due to a 1per cent movement in market interest rate is $5,488,893 x [4 per cent – 3 per cent] = $54,889.
2008 – impact on net result due to a +/- .5 per cent movement in market interest rate is $2,609,902 x [7.4 per cent – 6.4 per cent] =+/- $13,050.

(e) Liquidity risk

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

Note 12. Cash flow information

Reconciliation of net result for the period to net cash flows from operating activities

	2009 $	2008 $
Net result for the period	**3,618,214**	**1,273,689**
Non-cash movements:		
Depreciation and amortisation of non-current assets	**2,291**	4,912
Movements in assets and liabilities:		
(Increase)/decrease in receivables	**341,651**	(379,379)
(Decrease)/increase in payables	**146,163**	384,710
Net cash flows from/(used in) operating activities	**4,108,229**	**1,283,932**

Note 13. 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 persons who held the positions of Ministers and Accountable Officers in the Authority are as follows:

Minister for Skills and Workforce Participation	The Hon. Jacinta Allan, MP	1 July 2008 to 30 June 2009
Minister for Education	The Hon. Bronwyn Pike, MP	1 July 2008 to 30 June 2009
Director	Lynn Glover	1 July 2008 to 30 June 2009
Chairperson	Stuart Hamilton	1 July 2008 to 30 June 2009
Board members	Peter Annett	1 July 2008 to 30 June 2009
	Brian Boyd	1 July 2008 to 30 June 2009
	Wendy Brabham	1 July 2008 to 30 June 2009
	Gerald Burke	1 July 2008 to 30 June 2009
	Peter Dawkins	1 July 2008 to 30 June 2009
	Alan Frees	1 July 2008 to 30 June 2009
	Jack Keating	1 July 2008 to 30 June 2009
	Jan Lake	1 July 2008 to 30 June 2009
	Julie Moss	1 July 2008 to 30 June 2009
	Pauline Nestor	1 July 2008 to 30 June 2009
	John Parish	1 July 2008 to 30 June 2009
	Howard Ronaldson	1 July 2008 to 30 June 2009

Responsible persons remuneration

The number of responsible persons whose emolument /remuneration fell within the following bands were:

Income band	2009 Number	2008 Number
$0 – $9,999	**3**	6
$10,000 – $19,999	**2**	6
$20,000 – $29,999	**7**	–
$30,000 – $39,999	**–**	1
$40,000 – $49,999	**1**	–
$220,000 – $229,999	**1**	–
$230,000 – $239,999	**–**	1
Total	**14**	14
Total remuneration received, or due and receivable by responsible persons	**$440,378**	$364,388

Amounts relating to Ministers are reported in the financial report of the Department of Premier and Cabinet.

Related party transactions included in the reconciliation amount:

Peter Dawkins, Secretary, Department of Education and Early Childhood Development and Howard Ronaldson, Secretary, Department of Innovation, Industry and Regional Development are ex-officio members of the VRQA Board. As these roles are ex-officio they receive no remuneration to perform these roles. Any transactions between the Departments and the Authority are at arms length.

Note 14. Remuneration of auditors

Income band	2009 $	2008 $
Victorian Auditor-General's Office		
Audit or review of the financial statements	**22,550**	20,500
	22,500	20,500

Note 15. Subsequent events

The VRQA is not aware of any event subsequent to reporting date that will have a material effect on its operations over subsequent years.

Note 16. Glossary of terms

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Commitments

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

Financial asset

A financial asset is any asset that is:

(a) cash;
(b) an equity instrument of another entity;
(c) a contractual right:
to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
(d) a contract that will or may be settled in the entity's own equity instruments and is:
a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

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

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.

Intangible assets

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

Interest revenue

Interest revenue includes interest received 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.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'.

Payables

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

Receivables

Includes short and long term trade credit and accounts receivable, 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. 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 Authority.

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

Victorian **Registration &**
Qualifications Authority

Accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for the Authority has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards 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 notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2009 and financial position of the Authority at 30 June 2009.

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 28 September 2009.

D McColl
Chief Finance and Accounting Officer
Victorian Registration and Qualifications Authority

Melbourne

28 September 2009

S Hamilton
Chairperson
Victorian Registration and Qualifications Authority

Melbourne

28 September 2009

I. Glover
Director
Victorian Registration and Qualifications Authority

Melbourne

28 September 2009

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Victorian Registration and Qualifications Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of the Victorian Registration and Qualifications Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Victorian Registration and Qualifications Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

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. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance 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 Members of the Board, 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.

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Victorian Registration and Qualifications Authority for the year ended 30 June 2009. The Members of the Board of the Victorian Registration and Qualifications Authority are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Victorian Registration and Qualifications Authority website.

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.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Registration and Qualifications Authority as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
29 September 2009

D D R Pearson
Auditor-General

2

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Appendix 1
Wider policy frameworks

The VRQA operates within the financial, asset, human resource and information technology policy frameworks of DEECD.

Staffing guidelines

The staffing guidelines were issued by the Department of Education, Employment and Training in March 2001. They are used by managers and staff to support effective human resource practices.

Policies set out in the guidelines provide for:

- establishment and maintenance of a workforce plan that provides sufficient flexibility to meet changing work demands
- alignment of the staffing profile to the work priorities of the work unit
- application of the principles of merit, fairness and diversity in all human resource practices
- recruitment of the best possible available staff from inside or outside the organisation
- merit-based selection processes for all advertised positions
- staff development that enhances career potential and supports continuous skills development of the workforce.

The VRQA and its managers are committed to these principles.

People Principles

All VRQA staff are committed to the *DEECD People Principles*:

- Deliver quality results.
- Work collaboratively.
- Behave ethically.
- Respect and value others.
- Develop self and others.

The behaviours are an integral part of VRQA staff performance plans.

Freedom of Information

This section is published to conform with the requirements of section 7 of the *Freedom of Information Act 1982* (FOI Act). During 2008–09, 14 requests were received for documents under the Act. Full access was granted for 2 requests and partial access was granted for 7 requests. Access was denied for 3 requests. At the end of the reporting period, there were no outstanding requests.

Where access was not granted to a document, the major exemption categories in the Act used in decision-making were:

- section 34 (documents relating to business or trade secrets)
- section 35 (communications in confidence).

One applicant sought an internal review and there was one appeal to the Victorian Civil and Administrative Tribunal for review of decisions.

Queries about the availability of and charges for other material prepared under Part II of the Act should be directed to the authorised officer. The authorised officer for the VRQA is:

Janet Matheson
Freedom of Information
VRQA
PO Box 2317
Melbourne Victoria 3001
Telephone (03) 9651 3290

The following are the general categories of documents maintained by the VRQA:

- correspondence, administrative and policy documents
- paper records maintained on registered files
- minutes, agenda and papers.

Paper records of agenda, papers and confirmed minutes of meetings are maintained in registered files. A register of outcomes is also maintained.

Accounting records

Accounting records are maintained on a computerised accounting system. The records deal with general ledger entries, accounts payable, payroll and other accounting functions. Paper records are also kept as registered files.

Building Act 1993

As part of its service provision mandate, the Department is committed to providing safe and secure buildings for all facilities owned and operated by DEECD. A critical part of this commitment is the development of a Building Compliance Assessment strategy for all facilities for which DEECD has a responsibility.

The VRQA is committed to providing a safe and secure building for staff and visitors, and full compliance with the provisions of the *Building Act 1993* has been maintained.

Occupational health and safety

The VRQA operates within the infrastructure of DEECD and is committed to abiding by the Department's policies and procedures in relation to OHS. (See DEECD's annual report 2008–09 for more information.)

National competition policy

The review of fees and charges indicated that the VRQA did not add any restrictions on competition between providers of accredited courses.

Fees and charges

Section 5.2.13 of the *Education and Training Reform Act 2006* enabled the Minister/s to fix fees and charges. New fees came into effect from 1 January 2008. Further details of fees and charges are available on the VRQA website at **www.vrqa.vic.gov.au**

Major consultancies and contracts

There were no major consultancies over $100,000 and no contracts over $100,000,000 let by the VRQA for the period July 2008 – June 2009.

The VRQA engaged no consultancies at a cost of less than $100,000 each during 2008–09.

As there were no contracts over $1,000,000 in regional Victoria and $3,000,000 in metropolitan Victoria, Victorian Participation policy disclosures are not identified.

Appendix 2 *Whistleblowers Protection Act 2001*

Disclosure

The VRQA accepts and investigates any disclosures made under the *Whistleblowers Protection Act 2001* (the Act) concerning members and/or employees of the VRQA and the VRQA Board. The *Whistleblowers Protection Act 2001* DEECD guidelines have been adopted as the appropriate procedures for managing disclosures made under the Act concerning members and/or employees of the VRQA and the VRQA Board.

The VRQA managed one matter lodged under Whistleblowers legislation. This matter was not accepted as a protected disclosure.

Statement of support to whistleblowers

The VRQA does not tolerate improper conduct by its employees or officers, nor the taking of reprisals against those who come forward to disclose such conduct under the *Whistleblowers Protection Act 2001*.

The VRQA recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, or conduct involving a substantial mismanagement of public resources or a substantial risk to public health and safety or the environment. The alleged conduct must be serious enough to constitute, if proven, a criminal offence or reasonable grounds for dismissal to satisfy the Act.

Corrupt conduct

Corrupt conduct means:

- conduct that adversely affects the honest performance of functions
- the dishonest performance of functions or performance with inappropriate partiality
- conduct that amounts to a breach of public trust
- conduct that amounts to the misuse of information/material acquired in the course of one's duties
- a conspiracy or attempt to engage in the above conduct.

The reporting system

Contact persons within the VRQA

Disclosures of improper conduct or detrimental action by members and/or employees of the VRQA may be made directly to the following officer:

Protected Disclosure Coordinator
Ms Janet Matheson
Senior Privacy Officer
VRQA
PO Box 2317
Melbourne Victoria 3001
Telephone (03) 9651 3290

All correspondence, telephone calls and emails from internal or external whistleblowers will be referred to the Protected Disclosure Coordinator. Where a person is contemplating making a disclosure and is concerned about confidentiality, he or she can call the Protected Disclosure Coordinator and request a meeting in a discreet location away from the workplace.

Employees can also obtain information about whistleblower policy and procedures from DEECD.

Alternative contact persons

A disclosure about improper conduct or detrimental action by employees of the VRQA may also be made directly to the Ombudsman.

The Ombudsman Victoria
459 Collins Street
Melbourne Victoria 3000
(DX 210174)
Internet: **www.ombudsman.vic.gov.au**
Email:
ombudvic@ombudsman.vic.gov.au
Telephone: (03) 9613 6222

Appendix 3
Risk attestation compliance statement

I, Stuart Hamilton, certify that the Victorian Registration and Qualifications Authority (VRQA) has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The Board of the VRQA verifies this assurance and that the risk profiles of the VRQA have been critically reviewed within the last 12 months.

Stuart Hamilton, AO
Chair, VRQA

Appendix 4
Disclosure index

The annual report of the VRQA is prepared in accordance with all relevant Victorian legislations. This index was prepared to facilitate identification of the VRQA's compliance with statutory disclosure requirements.

Ministerial Directions

Legislation requirement		Page reference
Report of operations		
Charter and purpose		
FRD 22B	Manner of establishment and the relevant Ministers	5
FRD 22B	Objectives, functions, powers and duties	5–6
FRD 22B	Nature and range of services provided	5–6
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Additional information available on request

Consistent with the requirements of the *Financial Management Act 1994*, material has been prepared on the following topics not addressed in this report:

- publications produced by the VRQA
- shares held beneficially by senior officers as nominees of a statutory authority or subsidiary
- declarations of pecuniary interests
- changes in prices, fees, charges, rates and levies
- major external reviews
- research and development activities undertaken
- overseas visits undertaken
- major promotional, public relations and marketing activities
- OHS assessments and measures
- industrial relations issues
- workforce data and equity matters
- major committees.

Enquiries regarding details of this information should be made to:

Manager Corporate Services
Victorian Registration and Qualifications Authority
GPO Box 2317
Melbourne Victoria 3001
Telephone: (03) 9651 3282

Acronyms and abbreviations

AASES	Acceptance Advice for Secondary Exchange Students
AAS	Australian Accounting Standard
ACER	Australian Council for Educational Research
ACPET	Australian Council for Private Education and Training
AQF	Australian Quality Framework
AQTF	Australian Quality Training Framework
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
COAG	Council of Australian Governments
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
DEECD	Department of Education and Early Childhood Development
DEEWR	Commonwealth Department of Education, Employment and Workplace Relations
ELICOS	English Language Intensive Courses for Overseas Students
ESOS	Education Services for Overseas Students
GST	Goods and Services Tax
IB	International Baccalaureate
OGSE	Office for Government School Education
PRISMS	Provider Registration and International Students Management System
RTO	Registered Training Organisation
TAFE	Training and Further Education
TVET	Technical and Vocational Education Training
VCAL	Victorian Certificate of Applied Learning
VCE	Victorian Certificate of Education
VET	Vocational Education and Training
VETSRA	VET Student Record Archive
VRQA	Victorian Registration and Qualifications Authority