September 2012

The Hon. Peter Hall, MLC
Minister for Higher Education and Skills
Minister responsible for the Teaching Profession

The Hon. Martin Dixon, MP
Minister for Education

2 Treasury Place
East Melbourne Victoria 3002

Dear Ministers

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
Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report of the Chair</td>
<td>1</td>
</tr>
<tr>
<td>Report of the Director</td>
<td>3</td>
</tr>
<tr>
<td>About the VRQA</td>
<td>5</td>
</tr>
<tr>
<td>History</td>
<td>5</td>
</tr>
<tr>
<td>Purpose</td>
<td>5</td>
</tr>
<tr>
<td>Functions</td>
<td>6</td>
</tr>
<tr>
<td>Values</td>
<td>6</td>
</tr>
<tr>
<td>Delegations</td>
<td>7</td>
</tr>
<tr>
<td>Authorised officers</td>
<td>7</td>
</tr>
<tr>
<td>VRQA Board</td>
<td>7</td>
</tr>
<tr>
<td>Committees</td>
<td>12</td>
</tr>
<tr>
<td>Subcommittees and working groups</td>
<td>13</td>
</tr>
<tr>
<td>VRQA staff</td>
<td>14</td>
</tr>
<tr>
<td>Organisational chart as at 30 June 2012</td>
<td>16</td>
</tr>
<tr>
<td>Summary of financial results</td>
<td>17</td>
</tr>
<tr>
<td>The year in review</td>
<td>18</td>
</tr>
<tr>
<td>Higher education</td>
<td>19</td>
</tr>
<tr>
<td>Vocational education and training</td>
<td>21</td>
</tr>
<tr>
<td>School education</td>
<td>28</td>
</tr>
<tr>
<td>International education</td>
<td>31</td>
</tr>
<tr>
<td>Complaints</td>
<td>33</td>
</tr>
<tr>
<td>Access to information</td>
<td>34</td>
</tr>
<tr>
<td>Relationship with stakeholders</td>
<td>35</td>
</tr>
<tr>
<td>Financial Statements for the financial year ended 30 June 2012</td>
<td>37</td>
</tr>
<tr>
<td>Appendices</td>
<td>72</td>
</tr>
<tr>
<td>1  Wider policy frameworks</td>
<td>72</td>
</tr>
<tr>
<td>2  Whistleblowers Protection Act 2001</td>
<td>75</td>
</tr>
<tr>
<td>3  Risk attestation compliance statement</td>
<td>77</td>
</tr>
<tr>
<td>4  Disclosure index and additional information</td>
<td>78</td>
</tr>
<tr>
<td>Acronyms and abbreviations</td>
<td>81</td>
</tr>
</tbody>
</table>
The 2011–12 Annual Report is my last as Chair and member of the Victorian Registration and Qualifications Authority (VRQA) Board, as my term of office ends on 16 October 2012. I was appointed as inaugural Chair in 2006 when the VRQA was established and have been pleased to serve in that position for six years. During that time the VRQA has carried out far-reaching regulatory reform in the vocational education and training (VET) sector on behalf of the Victorian Government. Following the VRQA Rapid Audit program in 2010–11, the Education and Training Reform Act 2006 was amended to put in place new powers that strengthened VRQA’s ability to regulate VET providers. In addition, the VRQA developed guidelines to which VET providers must adhere. These guidelines are aligned with the Australian Quality Training Framework (AQTF), and also strengthen financial management and governance requirements. Organisations now need to demonstrate that they have strong financial and governance foundations before the VRQA will register them as providers of education and training.

The VRQA also implemented regulatory reform in the school education sector. System owners are now recognised as review bodies responsible for reporting to the VRQA on the compliance of their schools with the minimum standards for school registration. There may also be, in coming years, an opportunity to consider consumer protection mechanisms for school students similar to those that now exist in the VET sector in Victoria.

The VRQA is no longer the sole regulator of VET in Victoria. On 1 July 2011, we transferred regulation of VET providers that are multi-jurisdictional (apart from those delivering in Victoria and Western Australia only) or provide education and training to international students to the national VET regulator, the Australian Skills Quality Authority (ASQA). Similarly, higher education providers were transferred to the national higher education regulator, the Tertiary Education Quality and Standards Agency (TEQSA) in January 2012. The VRQA undertook an extensive communications campaign to ensure that Victorian providers of both VET and higher education were well aware of the impact of these changes.

The Education Legislation Amendment (VET Sector, Universities and Other Matters) Act 2012, which received royal assent on 27 June 2012, transfers the regulation of apprenticeships and traineeships in Victoria from the Victorian Skills Commission to the VRQA. We are currently making preparations for taking on this new function later in 2012.

In 2011–12, as in all years since the VRQA commenced, we conducted stakeholder engagement events. We hosted several focus groups for education and training providers and peak bodies to gain their input into a future direction statement. This input has now been incorporated into our future strategic direction. We held the annual stakeholder dinner and discussion forum in May 2012. Emerging from that event was a clear statement of satisfaction with our approach and also a request to consider more co-regulatory practices. Education providers and relevant
stakeholders were asked to complete the annual independent survey in November 2011 to help us gain insight into their knowledge of and experience with the VRQA. The results indicated a high level of stakeholder engagement and satisfaction with VRQA’s services together with a view that improvement in explanation of regulatory procedures is always desirable. Following the changes to VET and higher education and the establishment of ASQA and TEQSA, VRQA stakeholders expressed the need for clear information on our functions and regulatory direction.

Each year the VRQA renews a number of Board positions and I have been fortunate as Chair to work alongside many individuals with great expertise and commitment to quality education and training in Victoria. This year we welcomed Ms Di Rule, Mr Tim Smith, Mr Rick Tudor, Mr Stephen Elder and Ms Michonne van Rees to the Board. Professor Pauline Nestor, Mr Brian Boyd, Mr Alan Frees and Mr Peter Lewinsky, whose terms of office ended in October 2011, retired. I note with sadness the recent death of Professor Jack Keating, one of the VRQA’s inaugural Board members and an esteemed academic. Jack made a significant contribution to the design of qualification frameworks here and overseas and had a deep passion for the value of vocational education and training.

I would like to acknowledge the work of all members of the Board, both past and present, and thank them, the Director Lynn Glover, and staff of the VRQA for their contribution to the successful implementation of the priorities of the VRQA this year and each year during my time as Chair.

Stuart Hamilton, AO
Chair
Over the past year the VRQA has managed major changes to its regulatory role with the advent of two national regulators ASQA and TEQSA, new regulatory powers in the VET sector, and the passage of legislation to transfer the regulation of apprenticeships and traineeships later in 2012.

The Education and Training Reform Amendment (Skills) Act 2010 (the Skills Act) has strengthened VET regulation. Under the Skills Act, the principal purpose of a registered training organisation (RTO) must be to provide education and training. This requirement took effect from 1 January 2012. Applications for both initial registration and re-registration are now assessed against this requirement. The VRQA has published guidelines to assist RTOs to meet these requirements. The Skills Act also requires that ‘for profit’ RTOs must have an effective student complaint-handling system. On the application of the VRQA, the Supreme Court now has the power to appoint an administrator to a failing provider to protect students’ interests where necessary. Regulations are being drafted to introduce ‘fair contract’ terms for students and provide detail on complaint-handling processes. The draft regulations will be available for public consultation later in the year.

The VRQA reviewed the evidence required to demonstrate compliance with the minimum standards for registration of a school. This involved two rounds of consultation with key stakeholders and will result in the publication of a new, updated evidence guide, Minimum Standards and Other Requirements for School Registration, for use by schools and review bodies. The VRQA and the Catholic Education Commission of Victoria (CECV) collaborated in a review of the effectiveness of the Memorandum of Understanding (MoU) that enables the CECV to act as a review body for Catholic schools. The review confirmed the effectiveness of the arrangements for Catholic schools, in particular the ability of the CECV to assure, monitor and report on compliance of their schools with the minimum standards.

Following commencement of the ASQA, the VRQA had transferred RTO files and other data for over 500 providers to the regulator by 1 October 2011. The VRQA also transferred responsibility for 174 accredited courses. Higher education regulatory functions were transferred to the Commonwealth Government at the start of 2012, and 58 non self-accrediting higher education institutions and approximately 455 qualifications were transferred to TEQSA by 29 January 2012. These changes have necessitated major redevelopment of the State Register. The register can only record the information relating to VRQA-registered education and training providers.

This year the VRQA extended the frequency and variety of information provided to stakeholders and the Victorian community via our website, E-news, information sheets, guidelines, workshops and the annual report. Current information on education and training regulation in Victoria is available on our website.
In March 2012, the VRQA provided the first of its twice-yearly reports to the National Skills Standards Council (NSSC). The report provided data and information on all VET activity. The report also raised a number of emerging issues in VET regulation for consideration by the NSSC.

The work of the VRQA is underpinned by the RITE values – Respect and Diversity, Integrity, Transparency and Empowerment. Through effective communication with our education and training providers and stakeholders, we aim to provide transparent regulation that is responsive to the needs of providers and which protects students as consumers. I invite you to communicate with us through our website and by subscribing to our E-news.

Stuart Hamilton retires as Chair of the VRQA Board this year. It has been my pleasure to work alongside Stuart for his six years as Chair. He has provided clear direction and commitment to improving the quality of education and training in Victoria. I thank Stuart and all VRQA Board members for their continued support, which enables us to achieve the VRQA priorities each 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. From this date until 30 June 2011, the VRQA was the peak accreditation, registration, certification and quality assurance body for school education, VET, and higher education (except universities established under their own Acts) in Victoria. Ministerial responsibility for the VRQA is with the Minister for Education (for schools) and the Minister for Higher Education and Skills (for tertiary providers).

The National Vocational Education and Training Regulator Act 2011 commenced on 1 July 2011, and approximately 570 VET providers came under Commonwealth jurisdiction. On 29 January 2012, the national Tertiary Education Quality and Standards Agency (TEQSA) was established under the Tertiary Education Quality and Standards Agency Act 2011 (TEQSA Act). TEQSA assumed the regulatory responsibility for the registration of higher education institutions and the accreditation of courses delivered. A further amendment will be required to remove an instance of residual higher education activity. This is discussed elsewhere in this report.

The Ministerial Order on Anaphylaxis, which is administered by the VRQA as part of the registration requirements for schools, is with the Minister for Education.

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
- the role of the VRQA in investigating complaints.

The Education and Training Reform Amendment (Skills) Act 2010 substantially amended Victorian legislation on VET regulation, TAFE governance and consumer protection for students. These amendments widened the functions of the VRQA to strengthen the regulatory system for training organisations and progressively commenced from 1 April 2011. The implementation of the Skills Act is discussed elsewhere in this report.

Purpose

The VRQA’s key responsibilities are to ensure that providers of education and training registered by the VRQA meet quality standards, and that information is readily available to support informed choice in education and training.
The broad principles that underpin the work of the VRQA are set out in Part 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 have the right to 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 a statutory authority responsible for registration of education and training providers of:

- VET who deliver accredited training to domestic students in Victoria only or Victoria and Western Australia only
- school education, including any English Language Intensive Courses for Overseas Students (ELICOS) and foundation program courses delivered by schools
- senior secondary education, both school and non-school providers, including any ELICOS and foundation program courses delivered by schools
- Overseas Secondary Student Exchange Organisations (OSSEOs).

The VRQA registers children for home schooling in Victoria. 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. The VRQA has a responsibility to assess and reassess from time to time the financial capability of registered providers and protect the interests of students as consumers in the delivery of accredited courses and qualifications. It maintains the State Register of providers registered by the VRQA and accredited courses and qualifications.

Values

The VRQA RITE values are embedded in all levels of the organisation and underpin interactions with staff, external stakeholders and the community. These values complement the Department of Education and Early Childhood Development’s (DEECD) values and reflect the VRQA’s role as a regulator. The RITE values are:

- respect and diversity
- integrity
- transparency
- empowerment.
Delegations

Section 4.2.7 of the Act sets out the delegations that may be made by the VRQA. Delegations by the VRQA Board during 2011–12 were as follows:

- all functions and powers of the VRQA other than the power of delegation to the VRQA Director and the Deputy Director
- all functions and powers of the VRQA other than the power of delegation to the VRQA Manager Regulatory Projects, VRQA Manager Governance and Corporate Services and VRQA Manager International Education. These delegated powers are subject and subordinate to the Director and/or Deputy Director.

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.

In 2011–12, the number of approved and trained VRQA authorised officers was 20. All authorised officers are issued with identification cards and their powers are set out in Section 5.8 of the Act.

VRQA Board

In 2011–12, as a result of the Board renewal process, there were three new members appointed and one acting member made permanent. A new Secretary was appointed to DEECD and subsequently became an ex-officio member of the Board in August 2011. Following machinery-of-government changes that transferred Skills Victoria from the Department of Business and Innovation (DBI) to DEECD, the Government gazetted Administrative Arrangement Order (No. 209) 2011 (the Order) on 25 February 2011 that affected the membership of the VRQA. The Order means the ex-officio position of the Secretary of the Department of Innovation, Industry and Regional Development (subsequently DBI) is no longer required on the VRQA Board.

VRQA Board membership is by Ministerial nomination and appointment is by the Governor in Council. Section 4.2.4 of the Act sets out criteria that the Minister has regard to in considering nominees: nominations are made to ensure that the Board includes members who have skills and experience that are drawn from appropriate fields relevant to the functions of the VRQA, including education (school education; VET; adult, community and further education; and higher education), quality assurance, business management, institutional governance, law, finance and industry. The composition of the VRQA Board is a fair and balanced reflection of the diversity of the community and reflects both metropolitan and country interests.

The Board met six times during the reporting period on a Wednesday of every second month. The Board also met once for a strategic planning day.

Mr Stuart Hamilton AO, BA (Hons), BEc
Chair

Mr Stuart Hamilton provides strategic advice in education and public policy. He was the Chief Executive Officer of Open Universities Australia from 2003 to 2012. He has held the positions of Secretary of the Victorian Department of Education and Training

Mr Hamilton was Executive Director of the Australian Vice-Chancellors’ Committee (now Universities Australia) (1996–2001) and worked in the Commonwealth Public Service for many years, including as Deputy Secretary in the Department of the Prime Minister and Cabinet and as Secretary to the Department of Health, Housing and Community Services and the Department of Environment, Sport and Territories.

Ms Elizabeth Alexander, BCom, FCPA, FCA, FAICD

Member

Ms Elizabeth Alexander is the Chancellor of the University of Melbourne, Chairman of CSL, a non-executive director of DEXUS Property Group and Medibank Private and an adviser to Blake Dawson’s corporate team. Ms Alexander is Chair of the Nossal Institute and Australian International Health Institute. She has been the independent Chairman of the Portfolio Audit Committee of DEECD (2003–10) and the Audit Risk Committee of the Australian Prudential Regulations Authority (2002–10).

Mr Christopher Bennett, BBus (Accounting)

Member

Mr Chris Bennett is a Partner with PricewaterhouseCoopers (PwC) and formerly the leader of their Government Sector in Australia, overseeing all engagement with government across the firm’s audit, tax and advisory businesses. He has a background in information technology and transformational change for large organisations. Mr Bennett has specialist knowledge about the education sector and was PwC’s lead partner for education in Victoria for a number of years.

Mr Richard Bolt, BEng (Electrical), MPubPolMgt

Ex officio member from 29 August 2011

Mr Richard Bolt joined DEECD as Secretary on 29 August 2011. As Secretary, he leads the Department in building a system that supports children, students and adults to form the skills and capabilities that make lifelong learning and genuine social and economic participation a reality.

Prior to joining DEECD, Mr Bolt was Secretary of Victoria’s Department of Primary Industries.

Mr Brian Boyd, BA, DipEd

Member until 16 October 2011

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 the Australian Council of Trade Unions Executive and a member of the Victorian Transport Industry Council. He is also a member of several government committees, including the Building Industry Consultation Committee, the Environment Protection Authority’s Hazardous Industrial Waste Committee and the Manufacturing Industry Council. He 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.
Mr Stephen Elder, BEd, DipEd
Member from 17 October 2011

Mr Stephen Elder became the Executive Director of Catholic Education in Victoria in 2006. Mr Elder is on the Senate of Australian Catholic University, a Director of Catholic Network Australia, a Director of the Board of Management of Church Resources, a member of the Board of Catholic Development Fund, an Executive Director of the Catholic Education Commission of Victoria, a Director of the National Catholic Education Commission and the Secretary of Catholic Capital Grants.

Mr Elder is also a Director of the Australian Institute for Teaching and School Leadership. He was a member of the Victorian Legislative Assembly from 1988 to 1999 in the Seat of Ballarat North and Ripon. During this time, he was the Parliamentary Secretary for Education.

Mr Alan Frees, MAICD
Member until 16 October 2011

Mr Alan Frees is the founder and co-owner of the business consultancy group Business Redirections, specialising in legal and governance issues. He worked for 25 years as a corporate lawyer and was a partner in Arthur Robinson & Hedderwicks (now Allens) for 13 years, before retiring from practice in 1996. Mr Frees is a non-executive director of a number of Australian and overseas public and private companies. He has been an adviser to a number of independent schools, and is a member (and immediate past President) of the Mentone Girls’ Grammar School Council (1993–2011), a current member (and past Chairman) of the Board of Independent Schools Victoria (ISV) (1998–) and a former member of the Board of Management of the Independent Schools Council of Australia (2007–11).

Mr Peter Lewinsky, BEc, MBA, FCA, SFFin, FAICD
Member until 16 October 2011

Mr Peter Lewinsky provides consultancy services to the private and public sector on corporate governance, business and strategic planning, and audit and risk management. He has worked with all tiers of government on major projects and strategic planning in a range of portfolios. He has particular experience over the last ten years as an administrator in reforming organisations and overseeing significant organisational change, and has extensive experience as a non-executive director of listed public and private companies. He is currently the Chair of the Panel of the Administrators at the City of Brimbank, a part-time appointment.

Ms Patricia Neden, BA, DipEd, GradDipBusAdmin
Member

Ms Patricia Neden is the Chief Executive Officer of Innovation and Business Skills Australia. Ms Neden is a member of the Australian Human Resources Institute’s National Accreditation Committee and a member of the Commonwealth Government’s Contributions Review Panel. Ms Neden worked in the Victorian Public Service for many years, holding the position of Deputy Secretary, Skills Victoria between 2005 and 2008.
Professor Pauline Nestor, BA (Hons), MPhil, PhD  
Member until 16 October 2011  
Professor Pauline Nestor is Senior Associate Dean and Associate Dean Research in the Faculty of Arts, and Academic Adviser Research Development to the Senior Deputy Vice-Chancellor and Deputy Vice-Chancellor Research, 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 Michael Perry, BCom, FCA, SAFSIA, MAICD  
Member  
Mr Michael Perry is a former Senior Partner of Ernst & Young Australia. He has extensive experience in financial consulting services, with specialist skills in auditing, government advisory services, public company floats and takeovers, the preparation of prospectuses, the valuation of companies, corporate financing, internal audit structures and business acquisition planning and implementation. He is a Director and Treasurer of the Museums Board of Victoria and Chair of its Finance, Audit and Risk Committee, as well as fulfilling similar roles for a number of other government and corporate listed and unlisted entities.

Mr Jeff Rosewarne  
Ex officio member until 28 August 2011  
Mr Jeff Rosewarne was appointed Secretary, Department of Primary Industries in August 2011. Prior to this he was Acting Secretary of DEECD and the Chief Operating Officer and the Deputy Secretary of the Office for Resources and Infrastructure in DEECD, a role to which he was appointed in 2003. Previously he held executive positions in the Department of Treasury and Finance (DTF).

Between February and June in 2009, Mr Rosewarne was appointed acting Chief Executive Officer of the Victorian Bushfire Reconstruction and Recovery Authority and was responsible for establishing the Authority.

Ms Di Rule, BA, DipEd  
Member from 13 December 2011  
Ms Di Rule is Managing Director of Floradale Productions, a publishing company she jointly established in 1987. As a former secondary teacher, she taught at metropolitan and country schools in both the public and private system. She has worked as a Senior Adviser and Chief of Staff to both state and federal politicians. She is a member of the advisory board of the Australian Prostate Cancer Research Centre Epworth and the Friends of kConFab (Peter MacCallum Cancer Institute). She is a Director of the James Macready-Bryan Foundation and the Centre for Books, Writing and Ideas (The Wheeler Centre).
Mr Tim Smith, BA, BEd
Acting member 1 July 2011 – 16 October 2011
Member from 17 October 2011

Mr Tim Smith is an adviser and consultant, specialising in tertiary education and training. He is a member of the Board of Directors of the TAFE Development Centre, as a Ministerial nominee. For seven years he was the Chief Executive of the Australian Council for Private Education and Training (ACPET). Prior to his ACPET role, he was a Senior Executive for the Education Department, first as a Ministerial Adviser to Education and Training Ministers in the Victorian Government and then as Assistant Secretary Higher Education, with responsibility for managing the private provider approval process. Mr Smith has also held executive appointments in TAFE and the former Centre for Adult Education systems and was a member of the governing Councils of Victoria University and Holmesglen Institute of TAFE.

Ms Glenda Strong, GradDipEdStudies (Literacy), DipTeaching (Primary)
Member

Ms Glenda Strong is the Executive Director of the Royal Children’s Hospital Education Institute, Melbourne. Ms Strong holds appointments with various education and health-related organisations, including membership of the Jack Brockhoff Foundation Child Health and Wellbeing Advisory Committee. Ms Strong has held executive roles in DEECD central office and as Regional Director of Barwon South Western region. She has specialist knowledge in the areas of the early years of schooling and literacy and numeracy.

Mr Rick Tudor, BSc(Hons), MSc, DipEd, FACE, FACEL
Member from 17 October 2011

Mr Rick Tudor has held the position of Headmaster of Trinity Grammar School, Kew for 13 years. Previously he was Deputy Headmaster and Head of Senior School of Melbourne Grammar School, and Headmaster of Beaconhills College. Mr Tudor has also contributed to educational development through involvement in the Association of Heads of Independent Schools, the Council of the Centre for Strategic Education and the Anglican Co-ordinating Committee on Education. He is currently Chair of the Associated Grammar Schools of Victoria, a member of the Board of Anglicare Victoria, the Melbourne Anglican Foundation and the Board of the Science Experience, and previously a member of the Ethics Committee at the Royal Women’s Hospital.

Ms Michonne van Rees, BA, Dip Ed, MA, GradDip (Management), GradDip (Government Law)
Member from 17 October 2011

Ms Michonne van Rees retired as the Regional Director Gippsland for DEECD in early 2011 to set up her own consulting business. Ms van Rees has previously worked as a Senior Executive with Parks Victoria. She has held senior leadership roles with a focus on public sector and organisational reform in a number of State Government departments, including the Department of Premier and Cabinet. She has also worked within the TAFE sector. Ms van Rees has held a number of Board and committee positions, including membership of the Gippsland Advisory Council of Monash University.
Committees

The Board has two standing committees: the Audit and Risk Management Committee and the Higher Education Advisory Committee (until 22 November 2011).

VRQA Audit and Risk Management Committee

- Michael Perry (Chair), VRQA Board
- Peter Lewinsky, VRQA Board, until 26 September 2011
- Patricia Neden, VRQA Board
- Elizabeth Alexander, VRQA Board
- Tim Smith, VRQA Board, from 30 January 2012
- Duncan McColl, Chief Accounting and Finance Officer, DEECD, until 22 August 2011
- Beverly Hanton, Acting Chief Accounting and Finance Officer, DEECD, from 26 September 2011 to 29 January 2012
- Dennis Bastas, Chief Accounting and Finance Officer, DEECD, from 30 January 2012
- Jonathan Thomas, Moore Stephens HF Assurance, until 22 August 2011

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.

The Audit and Risk Management Committee met on five occasions during 2011–12.

Higher Education Advisory Committee (until 22 November 2011)

- Stuart Hamilton (Chair), VRQA Board
- Pauline Nestor, VRQA Board, until 9 August 2011
- Tim Smith, VRQA Board, attended on 9 August 2011
- Julie Jackson, Victorian Vice-Chancellors’ Committee
- Alan Lindsay, Senior Panel Chair
- Simon Livingstone, Council of Private Higher Education and the Australian Council of Independent Vocational Colleges
- Anne Martin, Senior Panel Chair
- Greg O’Brien, Senior Panel Chair
- Nick Chiam, Higher Education and Skills Group from 22 November 2011

The Higher Education Advisory Committee had 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.

The Higher Education Advisory Committee met on two occasions during 2011–12. The final meeting was held on 22 November 2011, prior to handover of higher education regulatory functions to the Commonwealth.
Subcommittees and working groups

Subcommittees

The VRQA Board has subcommittees that provide advice and make recommendations to the Board on specific areas. Board subcommittees included from time to time representatives of key stakeholders from government and the private sector.

The following subcommittees were convened during 2011–12.

Compliance and Quality Subcommittee

- Chris Bennett (Chair), VRQA Board
- Peter Lewinsky, VRQA Board, until 26 July 2011
- Stephen Elder, VRQA Board, from 14 March 2012
- Patricia Neden, VRQA Board
- Michonne van Rees, VRQA Board, from 14 March 2012

The role of the subcommittee is to oversee the compliance and quality assurance processes, and ensure their effectiveness in enabling the VRQA to meet its legislative obligations in relation to registration of education and training providers in all sectors except higher education, which was overseen by the Higher Education Advisory Committee until 22 November 2011.

The subcommittee convened four times during 2011–12.

Qualifications Subcommittee

- Stuart Hamilton (Chair), VRQA Board
- Pauline Nestor, VRQA Board, until 26 August 2011
- Rick Tudor, VRQA Board, from 24 February 2012
- Di Rule, VRQA Board, from 24 February 2012
- Glenda Strong, VRQA Board
- Professor Gerald Burke, Monash University
- Professor Jack Keating, University of Melbourne, until 24 February 2012

The role of the subcommittee is to oversee the accreditation of courses and qualifications (including qualifications developed outside Australia) and the registration of Awarding Bodies. This includes related quality assurance processes that enable the VRQA to meet its legislative obligations across all sectors in relation to accreditation and qualifications function.

The subcommittee convened three times during 2011–12.

State Register Project Subcommittee (until 28 November 2011)

- Brian Boyd (Chair), VRQA Board until 8 September 2011
- Glenda Strong, VRQA Board
- Chris Bennett, VRQA Board

The State Register Project Subcommittee ensured that the State Register met the requirements of the Act. It monitored the implementation of a fully functional and
integrated VRQA operating system across all sectors and assessed the impact on the State Register Project of the introduction of national regulators in VET and higher education.

The subcommittee convened twice in 2011.

**Working parties**

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:

**Apprenticeships and Traineeships**
- Patricia Neden (Chair), VRQA Board
- Chris Bennett, VRQA Board
- Alan Frees, VRQA Board, until 15 August 2011
- Stuart Hamilton, VRQA Board
- Tim Smith, VRQA Board
- Andrew Abbott, Secretary’s nominee, DEECD

The Apprenticeships and Traineeships Working Party oversees assessment of the VRQA’s capability to assume implementation and governance responsibility for apprenticeship and traineeship regulation from 1 January 2013.

The working party convened three times during 2011–12.

**Future Direction (from 15 February 2012)**
- Stuart Hamilton (Chair), VRQA Board
- Chris Bennett, VRQA Board
- Stephen Elder, VRQA Board
- Tim Smith, VRQA Board
- John Sullivan, Secretary’s nominee, DEECD

The Future Direction Working Party was established following substantial changes to VRQA regulatory functions to draft a Future Direction statement for recommendation to the Ministers.

The working party convened three times in 2012.

**VRQA staff**

The 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 VET and compliance with National Standards and Protocols
About the VRQA

• 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, DEECD, for the running of the organisation and its effective interaction with the Department.

Staff organisation

Executive Officers were Lynn Glover, Director, and Robyn Timmins, Deputy Director. VRQA staffing was organised in four functional areas:

• Governance and Corporate Services
• Quality Assurance
  – school education
  – senior secondary education
  – international education
  – higher education (up until 29 January 2012)
  – vocational education and training
• State Register
• Major Projects.

As at June 2012, the VRQA had the full-time equivalent of 48.1 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

<table>
<thead>
<tr>
<th>Classification</th>
<th>June 2012</th>
<th></th>
<th></th>
<th>June 2011</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
<td>Total</td>
<td>Males</td>
<td>Females</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>FTE</td>
<td>Per cent</td>
<td>FTE</td>
<td>Per cent</td>
<td>FTE</td>
<td>Per cent</td>
</tr>
<tr>
<td>Executive Officers</td>
<td>–</td>
<td>–</td>
<td>2.0</td>
<td>100.0</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>VPSG6</td>
<td>5.8</td>
<td>59.2</td>
<td>4.0</td>
<td>40.8</td>
<td>9.8</td>
<td></td>
</tr>
<tr>
<td>VPSG5</td>
<td>6.0</td>
<td>39.5</td>
<td>9.2</td>
<td>60.5</td>
<td>15.2</td>
<td></td>
</tr>
<tr>
<td>VPSG4</td>
<td>–</td>
<td>–</td>
<td>6.0</td>
<td>100.0</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>VPSG3</td>
<td>4.0</td>
<td>37.7</td>
<td>6.6</td>
<td>62.3</td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td>VPSG2</td>
<td>–</td>
<td>–</td>
<td>1.8</td>
<td>100.0</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Casual</td>
<td>2.1</td>
<td>77.8</td>
<td>0.6</td>
<td>22.2</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17.9</td>
<td>30.2</td>
<td>48.1</td>
<td>18.5</td>
<td>38.7</td>
<td>57.2</td>
</tr>
</tbody>
</table>
Organisational chart as at 30 June 2012
The table below provides a summary of financial information for 2011–12 and comparison with previous years. This is the fifth year of operation of the VRQA.

In 2011–12, total income from transactions decreased $4.03 million to $11.12 million. The major sources of revenue for the VRQA are grants and resources received free of charge from government representing 85 per cent of the total. Fees represent 10 per cent, and interest and other income represents 5 per cent.

Total expenses from transactions decreased $3.23 million to $11.43 million. The fall in both revenue and expenses reflects the transfer of registration and accreditation functions to ASQA in the case of VET and TEQSA in respect of higher education.

The VRQA ended the year with net deficit of $0.31 million compared to a surplus of $0.50 million in 2010–11.

Impairment of the State Register of $0.64 million resulted in a comprehensive deficit of $0.95 million.

Total assets decreased $1.61 million to $7.38 million, primarily due to a reduction in cash and deposits. Total liabilities decreased $0.66 million to $1.93 million, primarily due to a decrease in payables at year end.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income from transactions</td>
<td>11,122,075</td>
<td>15,155,184</td>
<td>15,130,372</td>
<td>11,988,369</td>
<td>8,504,792</td>
</tr>
<tr>
<td>Total expenses from transactions</td>
<td>11,427,435</td>
<td>14,659,392</td>
<td>15,380,811</td>
<td>8,370,155</td>
<td>7,231,103</td>
</tr>
<tr>
<td>Net result from transactions</td>
<td>(305,360)</td>
<td>495,792</td>
<td>(250,439)</td>
<td>3,618,214</td>
<td>1,273,689</td>
</tr>
<tr>
<td>Net gain/loss on non-financial assets</td>
<td>(641,806)</td>
<td>(147,186)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Comprehensive result</td>
<td>(947,166)</td>
<td>348,606</td>
<td>(250,439)</td>
<td>3,618,214</td>
<td>1,273,689</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>(261,122)</td>
<td>1,616,189</td>
<td>618,859</td>
<td>4,108,229</td>
<td>1,283,932</td>
</tr>
<tr>
<td>Total assets</td>
<td>7,381,206</td>
<td>8,991,336</td>
<td>7,538,972</td>
<td>6,835,395</td>
<td>3,071,018</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,925,683</td>
<td>2,588,647</td>
<td>1,484,889</td>
<td>530,873</td>
<td>384,710</td>
</tr>
</tbody>
</table>
The year in review

The VRQA supports the achievements of the Victorian Government’s education and training goals. The VRQA operates in a close collegiate relationship with DEECD.

In 2011–12, in addition to the regulation of education and training providers the work of the VRQA was directed at achieving the Board priorities, which were to:

1. engage effectively with Ministers, including seeking direction in regard to policy expectations of the VRQA
2. achieve a smooth transition of providers that will come under Commonwealth jurisdiction to ASQA and TEQSA
3. review the current VRQA Communications Strategy and introduce strategies in order to effectively engage with the changed provider base
4. clarify the purpose and functions of the State Register following the transition of many Victorian RTOs currently listed on the State Register to ASQA and for higher education to TEQSA
5. implement the Education and Training Reform Amendment (Skills) Act 2010 in relation to VRQA functions and powers including conduct of the Regulatory Impact Statement and review of fees
6. conduct a review of the minimum standards for the operation of government and non-government schools in Victoria as required under Section 4.2.2 (2) of the Education and Training Reform Act 2006
7. assure the quality and compliance of VRQA operations through regular monitoring, reporting and internal audit
8. build the VRQA’s relationships with established and new stakeholders
9. maintain sound financial management and oversight of budget and resources.

Throughout the reporting period the strategic priorities were integrated into the VRQA’s 2011–12 Operational Plan. The Operational Plan detailed the specific outcomes, milestones and assigned responsibilities for each strategic priority. Progress on the VRQA’s achievements was reported to the Board mid-cycle and a final report prepared at the end of the financial year.
Higher education

The VRQA was responsible for the regulation of non self-accrediting higher education institutions (NSAIs) in Victoria up until 29 January 2012 when the Commonwealth Government regulator TEQSA commenced. Under the functions and powers set out in the Tertiary Education Quality and Standards Agency Act 2011 (TEQSA Act), TEQSA assumed the regulatory responsibility for the registration of higher education institutions and the accreditation of courses delivered. TEQSA also assumed the Education Services for Overseas Students (ESOS) functions and responsibilities relating to higher education.

The VRQA negotiated arrangements with TEQSA to ensure a smooth transfer of the higher education data and records for 58 NSAIs and 455 accredited higher education courses for which TEQSA assumed responsibility. This process involved the preparation of over 998 documents dating back to July 2007.

The VRQA continued to regulate the Bureau of Meteorology, which does not meet the definition of a higher education provider as set out in the TEQSA Act. The VRQA must regulate this provider until either the Bureau of Meteorology changes its legal entity or the Commonwealth legislation is amended.

Key achievements

- Information about TEQSA was provided to NSAIs and other stakeholders via the VRQA website, E-news articles and responses to direct enquiries.

- A meeting was held with Panel Chairs to review the year’s higher education activity. Panel Chairs were responsible for the overall management of the panel assessment process and for ensuring that panel members were thorough and impartial in their consideration of applications.

- The VRQA approved an application from the Melbourne College of Divinity to operate as a specialised university with the title MCD University of Divinity for a period of five years from 1 January 2012. This decision was made after public consultation and a comprehensive assessment in accordance with the relevant provisions of the Education and Training Reform Act 2006 and the National Protocols and Guidelines for establishing universities. A specialised university is one which delivers qualifications, including higher degree research qualifications, in one or two broad fields of study only and sets standards for those qualifications that are equivalent to Australian and international standards. MCD University of Divinity can deliver qualifications in the field of Philosophy and Religious Studies. It is the first specialised university in Australia.

- A total of 43 NSAIs submitted annual reports in 2011 for the 2010 calendar year; 30 Victorian-based institutions and 13 institutions whose primary jurisdiction was based in another state.

- Five new higher education institutions commenced operation in 2011–12: Photography Studies College, Swinburne College, Investment Banking Institute Business School, Australian College of the Arts Pty Ltd and Canberra Institute of Technology.
- Two organisations discontinued operation as higher education institutions between 1 July 2011 and 29 January 2012: Gordon Institute of TAFE and Oceania Polytechnic Institute of Education.
- Five applications for higher education approval were rejected, ten were withdrawn (post recommendation) and five were independently withdrawn.

### Number of approved higher education institutions, 29 January 2012

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Courses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private institutions</td>
<td>50</td>
</tr>
<tr>
<td>TAFE institutes</td>
<td>5</td>
</tr>
<tr>
<td>Interstate universities</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
</tr>
</tbody>
</table>

### Higher education approvals, July 2011 – end of January 2012*

<table>
<thead>
<tr>
<th>Institution registration</th>
<th>Course accreditation</th>
<th>Courses CRICOS approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>New institutions</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Existing institutions</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>TAFE institutes</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>Interstate universities</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>69</strong></td>
</tr>
</tbody>
</table>

* Covers the seven-month period to the end of January when functions were transferred to TEQSA
Vocational education and training

Since 1 July 2011, the VRQA has had responsibility for registering and regulating RTOs who deliver VET only to domestic students in Victoria and/or Victoria and Western Australia. These RTOs include privately operated education/training businesses or centres, community-based adult education providers, government and non-government enterprises, industry associations, professional associations and registered schools. The national regulator for the VET sector – ASQA – was established under the National Vocational Education and Training Regulator Act 2011 and commenced operations on 1 July 2011. ASQA assumed responsibility for RTOs that are multi-jurisdictional and/or deliver to international students.

The VRQA is responsible for the accreditation of Victorian Crown copyright courses and courses of RTOs registered with the VRQA. ASQA is responsible for the accreditation of VET courses owned by RTOs that transferred to ASQA.

The VRQA manages registration and accreditation responsibilities within the regulatory framework of the:

- Education and Training Reform Act 2006 (the Act)
- Education and Training Reform Regulations 2007
- Australian Quality Training Framework (AQTF) Essential Conditions and Standards for Initial Registration (version 2010)
- AQTF Essential Conditions and Standards for Continuing Registration (version 2010)
- VRQA Guidelines for VET Providers
- AQTF 2007 Standards for State and Territory Registering Bodies
- AQTF 2007 Standards for Accredited Courses
- AQTF 2007 Standards for State and Territory Course Accrediting Bodies
- Ministerial Delegation for an exemption to the principal purpose requirement under the Act.

RTOs can apply for registration to offer nationally recognised Australian Qualifications Framework VET qualifications or units of competency. These may be qualifications from national training packages, Victorian accredited courses and courses that are recognised in Victoria. VET courses accredited by the VRQA reflect the ongoing need of industries, enterprises and the community for courses in areas not covered by nationally endorsed training packages.

Training packages are developed by national Industry Skills Councils and are endorsed by the NSSC, which superseded the National Quality Council in 2011. The VRQA works with the developers of national training packages and is involved in a cooperative arrangement with the Higher Education and Skills Group (HESG) DEECD to review new and revised training packages.
Key achievements

Transfers of RTOs between VRQA and ASQA

As part of the new national VET regulation arrangements, the VRQA was required to transfer RTO registrations to ASQA by 1 October 2011. The transfer of registrations and information from the VRQA to ASQA is subject to a Deed of Indemnity executed on 24 June 2011 between the Commonwealth of Australia as represented by the Department of Education, Employment and Workplace Relations (now Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE)) and the VRQA.

On 29 June 2011, the VRQA signed a Bilateral MoU with the National VET Regulator Taskforce detailing the data and timing requirements for the transfer of records. The transfer of VRQA State Register electronic data took place on 1 July 2011 (2025 VET records and 177 ESOS records). A total of 726 hard-copy files were scanned and transferred to ASQA by 30 September 2011, along with 249 VET applications in progress.

By 1 November 2011, all courses that were accredited by the VRQA but owned by ASQA-regulated RTOs (159 VRQA accredited courses, 15 TVET–NARA accredited courses and 11 intentions to accredit proposed courses) were transferred. Transfers continued to take place between the ASQA and the VRQA if an RTO’s delivery to international students commenced or ceased, or there was a change in the jurisdiction where training was offered. The Deed of Indemnity continues to apply to these transfers. Between 1 October 2011 and 30 June 2012, the VRQA completed transfers of 25 RTOs to ASQA. In the same period, two ASQA RTOs were transferred back to VRQA. An MoU concerning the cooperative arrangements and information sharing between ASQA and the VRQA and Western Australia is in the process of being developed.

VET registration

The VRQA has a two-phase approach to initial registration and re-registration:

- Phase 1 comprises a principal purpose requirement assessment, a financial health assessment, a governance review, and a fit and proper person check
- Phase 2 is an on-site quality audit. In addition, extension to scope applications may be subject to an on-site audit following a risk assessment.

At 30 June 2012, there were 507 RTOs regulated by the VRQA. This is considerably fewer than at 30 June 2011 (1157), due to the transfer of over 570 RTOs in Victoria to ASQA and cancellations. Of those RTOs transferred, 141 were approved to deliver courses to international students.

Course accreditation

Following the transfer of 174 courses to ASQA, VRQA course accreditation activity decreased in the period 2011–12. There were six new courses accredited. The courses cover a range of industry, community and education fields that are not covered in nationally endorsed training packages.

At 30 June 2012, the total number of accredited courses managed by the VRQA was 235.

Under the arrangement with HESG, the VRQA reviewed 41 training packages in 2011–12.
Financial management of RTOs
The VRQA provides free compulsory financial management guidance sessions for prospective RTOs. The sessions are conducted on behalf of the VRQA by Grant Thornton Australia Ltd.

The booklet *Financial Management for RTOs* is made available to applicants for registration and to existing RTOs to assist them in financial discipline, reducing the risk of business failure, preparing an application for initial registration and contributing to a high-quality education sector.

Suspensions and cancellations
Registrations may be cancelled at the provider’s request or as a VRQA sanction. In 2011–12, 55 RTOs voluntarily chose to have their registration cancelled and the VRQA instigated another 20 RTO registration cancellations. The VRQA suspended one RTO. Details of suspended or cancelled RTO registrations are published on the VRQA website.

National Skills Standards Council reporting
In March 2012, the VRQA provided its first report to the NSSC. The report highlighted the significant changes that occurred in VET regulatory operations leading up to, and following, the establishment of ASQA and the issues emerging as a result of the implementation of the new regulatory arrangements. The report also provided data and information on RTO registration, audit, education services for overseas students, course accreditation, litigation and communication activities for the 2011 calendar year. This report was published on the VRQA website.

VET audit activity
VRQA RTO audits occur when providers apply for initial registration, during the first 12 months of registration, when providers apply for renewal of registration, for some applications to extend the scope of registration, and in response to exceptional circumstances. The VRQA has a risk-based approach to audits. Risk factors considered include the stage of the provider’s registration, financial viability, compliance history, complaints and the type of qualifications being delivered or sought. Audits are conducted by auditors selected from a panel of six audit firms contracted by the VRQA, or by VRQA officers.

AQTF quality indicators
RTOs are required to collect and use data and report annually on three quality indicators:

- Competency Completion
- Learner Engagement
- Employer Satisfaction.

In relation to Competency Completion, data on the number of units and qualifications undertaken and completed is submitted by RTOs through the Competency Completion Online System (CCOS), which is managed by the National Centre for Vocational Education Research Ltd.
In relation to Learner Engagement and Employer Satisfaction, the VRQA developed a reporting template in 2011 for RTOs that were not using the Survey Management Analysis and Reporting Tool system to report. All VRQA RTOs were required to collect and submit data to the VRQA by 30 June 2012 on all three quality indicators.

<table>
<thead>
<tr>
<th>Organisation type</th>
<th>2012*</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education/training business or centre</td>
<td>217</td>
<td>679</td>
</tr>
<tr>
<td>Community-based adult education provider</td>
<td>139</td>
<td>174</td>
</tr>
<tr>
<td>Adult education institution</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Industry association</td>
<td>35</td>
<td>104</td>
</tr>
<tr>
<td>Professional association</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>Enterprise – non-government</td>
<td>16</td>
<td>62</td>
</tr>
<tr>
<td>Enterprise – government</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>TAFE institute</td>
<td>–</td>
<td>18</td>
</tr>
<tr>
<td>School – government</td>
<td>44</td>
<td>50</td>
</tr>
<tr>
<td>School – independent</td>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td>School – Catholic</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Other – not elsewhere classified</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>University – government</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>507</strong></td>
<td><strong>1157</strong></td>
</tr>
</tbody>
</table>

* Data relate to Victorian providers registered by the VRQA and do not include providers registered by ASQA. The 2011 data relate to all Victorian registered providers.

<table>
<thead>
<tr>
<th>Organisation type</th>
<th>2011–12*</th>
<th>2010–11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education/training business or centre</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td>Enterprise – non-government</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Community-based adult education provider</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Enterprise – government</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>School – government</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>School – independent</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>School – Catholic</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>Industry association</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other – not elsewhere classified</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>53</strong></td>
</tr>
</tbody>
</table>

* Data relate to Victorian providers registered by the VRQA and do not include providers registered by ASQA. The 2010–11 data relate to all Victorian registered providers.
### Training packages reviewed 2011–12

<table>
<thead>
<tr>
<th>Code</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACM10 V2</td>
<td>Animal Care and Management</td>
</tr>
<tr>
<td>AHC10 V3</td>
<td>Agriculture, Horticulture and Conservation and Land Management</td>
</tr>
<tr>
<td>AUM12 V1</td>
<td>Automotive Manufacturing</td>
</tr>
<tr>
<td>AUR05 V4</td>
<td>Automotive Retail, Service and Repair</td>
</tr>
<tr>
<td>AVI08 V4</td>
<td>Aviation</td>
</tr>
<tr>
<td>BSB07 V6</td>
<td>Business Services</td>
</tr>
<tr>
<td>CHC08 V4</td>
<td>Community Services</td>
</tr>
<tr>
<td>CPC08 V7</td>
<td>Construction, Plumbing and Services</td>
</tr>
<tr>
<td>CPP07 V10</td>
<td>Property Services</td>
</tr>
<tr>
<td>CPP07 V8</td>
<td>Property Services</td>
</tr>
<tr>
<td>CPP07 V9</td>
<td>Property Services</td>
</tr>
<tr>
<td>CSC12 V1</td>
<td>Correctional Services</td>
</tr>
<tr>
<td>CUL11 V1</td>
<td>Library, Information and Cultural Services</td>
</tr>
<tr>
<td>DEF12 V1</td>
<td>Defence</td>
</tr>
<tr>
<td>FDF10 V2</td>
<td>Food Processing</td>
</tr>
<tr>
<td>FDF10 V3</td>
<td>Food Processing</td>
</tr>
<tr>
<td>FNS10 V2</td>
<td>Financial Services</td>
</tr>
<tr>
<td>FNS10 V3</td>
<td>Financial Services</td>
</tr>
<tr>
<td>FPI11 V1</td>
<td>Forest and Forest Products</td>
</tr>
<tr>
<td>HLT07 V5</td>
<td>Health</td>
</tr>
<tr>
<td>ICP10 V2</td>
<td>Printing and Graphic Arts</td>
</tr>
<tr>
<td>LMF02 V7</td>
<td>Furnishing</td>
</tr>
<tr>
<td>LMT07 V4</td>
<td>Textiles, Clothing and Footwear</td>
</tr>
<tr>
<td>MEA11 V1</td>
<td>Aeroskills</td>
</tr>
<tr>
<td>MEM05 V6</td>
<td>Metal and Engineering</td>
</tr>
<tr>
<td>MEM05 V7</td>
<td>Metal and Engineering</td>
</tr>
<tr>
<td>MEM05 V8</td>
<td>Metal and Engineering</td>
</tr>
<tr>
<td>MSA07 V7</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>MSA07 V8</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>MSS11 V2</td>
<td>Sustainability</td>
</tr>
<tr>
<td>MTM11 V2</td>
<td>Australian Meat Industry</td>
</tr>
<tr>
<td>NWP07 V3</td>
<td>Water</td>
</tr>
<tr>
<td>PMA08 V3</td>
<td>Chemical, Hydrocarbons and Refining</td>
</tr>
<tr>
<td>RII09 V3</td>
<td>Resources and Infrastructure</td>
</tr>
<tr>
<td>SIR07 V2</td>
<td>Retail Services</td>
</tr>
<tr>
<td>SIT07 V3</td>
<td>Tourism, Hospitality and Events</td>
</tr>
<tr>
<td>TAE10 V2</td>
<td>Training and Education</td>
</tr>
<tr>
<td>TLI10 V2</td>
<td>Transport and Logistics</td>
</tr>
<tr>
<td>UEE11 V1</td>
<td>Electrotechnology</td>
</tr>
<tr>
<td>UEG11 V1</td>
<td>Gas Industry</td>
</tr>
<tr>
<td>UEP12 V1</td>
<td>Electricity Supply Industry – Generation Sector</td>
</tr>
</tbody>
</table>
Course accreditation activity

<table>
<thead>
<tr>
<th>Activity</th>
<th>2011–12*</th>
<th>2010–11</th>
</tr>
</thead>
<tbody>
<tr>
<td>New courses accredited</td>
<td>6</td>
<td>43</td>
</tr>
<tr>
<td>Courses re-accredited</td>
<td>14</td>
<td>42</td>
</tr>
<tr>
<td>Course modifications</td>
<td>22</td>
<td>63</td>
</tr>
<tr>
<td>Course accreditations extended (for maximum 12 months)</td>
<td>47</td>
<td>87</td>
</tr>
<tr>
<td>Courses expired/deleted</td>
<td>79</td>
<td>83</td>
</tr>
</tbody>
</table>

* Data relate to Victorian courses accredited by the VRQA and do not include courses accredited by ASQA. The 2010–11 data relate to all Victorian accredited courses.

VRQA-accredited courses by level, 30 June 2012

<table>
<thead>
<tr>
<th>Level</th>
<th>Number*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate I</td>
<td>11</td>
</tr>
<tr>
<td>Certificate II</td>
<td>27</td>
</tr>
<tr>
<td>Certificate III</td>
<td>14</td>
</tr>
<tr>
<td>Certificate IV</td>
<td>40</td>
</tr>
<tr>
<td>Diploma</td>
<td>38</td>
</tr>
<tr>
<td>Advanced Diploma</td>
<td>15</td>
</tr>
<tr>
<td>Graduate Certificate</td>
<td>7</td>
</tr>
<tr>
<td>Vocational Graduate Certificate</td>
<td>14</td>
</tr>
<tr>
<td>Vocational Graduate Diploma</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>235</td>
</tr>
</tbody>
</table>

* Data relate to Victorian courses accredited by the VRQA and do not include courses accredited by ASQA.

Implementation of the Skills Act

In 2011–12, the VRQA began to implement the *Education and Training Reform Amendment (Skills) Act 2010* (the Skills Act). These amendments widened the functions of the VRQA to strengthen the regulatory system for training organisations and progressively commenced from 1 April 2011.

Under the Skills Act, the principal purpose of an RTO must be to provide education and training. This requirement took effect from 1 January 2012. Applications for both initial registration and re-registration are now assessed against this requirement. The VRQA has published guidelines to assist RTOs to meet the requirements. These were published on the VRQA website.

RTOs that operate ‘for profit’ must have an effective student complaint-handling system in place to be registered. The VRQA also has new and more robust powers to monitor and enforce compliance by RTOs regulated by the VRQA. The Supreme Court has the power to appoint an administrator to a failing provider to protect students’ interests where necessary.
The VRQA is currently undertaking the preparation of two Regulatory Impact Statements (RISs). One relates to the introduction of new regulations to give effect to the Skills Act provisions, particularly handling of student complaints, the setting of ‘fair or standard contract terms’, requirements of RTOs in relation to these matters, and related infringement offences.

The second RIS relates to the introduction of a new schedule of fees for VRQA-regulated RTOs, schools and overseas secondary student exchange organisations. This process is expected to conclude during the December quarter of 2012. Arrangements are already in place in relation to the principal purpose entity requirements.
School education

The VRQA is responsible for registering all Victorian schools, government and non-government, non-school senior secondary providers and students for home schooling. In addition, the VRQA directly conducts reviews of independent schools and non-school senior secondary providers, assessing them against the minimum standards for registration. A range of organisations, including TAFEs, offer senior secondary qualifications – the Victorian Certificate of Education (VCE) and Victorian Certificate of Applied Learning (VCAL) – in a non-school environment.

Reviews of the operations of independent non-government schools are conducted on a five-year cyclical basis. However, a school review can be required at any time to determine compliance with the minimum standards and other requirements for school registration.

The VRQA uses a ‘differentiated review model’ to determine the types of reviews that will be undertaken each year. A risk assessment is undertaken of all the schools nominally due for review in the coming year, to determine how the review should proceed. Schools determined to present a high risk of not complying with the standards for registration are usually selected to undergo full reviews and site visits. Schools determined to be at low risk of not complying with the minimum standards are reviewed via a desk audit and an attestation of compliance from the school’s principal. Schools determined to be at medium risk of non-compliance typically receive a more extensive desk audit.

Key achievements

School and senior secondary

- A total of 13 new schools were registered. In addition, there were four government schools and one independent school registered as a result of amalgamation of existing schools.
- Sixteen schools and one new non-school senior secondary provider were registered for senior secondary provision.
- Three non-government schools were granted re-approval and three schools were granted initial approval to deliver courses to international students.
- A review and re-registration process for non-school senior secondary providers was conducted, resulting in the re-registration of 14 non-school senior secondary providers for five years.
- The MoU between the VRQA and the CECV, which sets out arrangements for the CECV to act as a review body for Catholic schools, was reviewed by an independent reviewer. The overall assessment of the MoU concluded that it is fit-for-purpose and fulfils its primary objective of ensuring that minimum standards are upheld within Victorian Catholic schools. Recommendations from the review will inform a new MoU to be drafted in 2012–13.
- The VRQA commenced a review of the evidence required to demonstrate compliance with the minimum standards for registration of a school. This involved consultation with key stakeholders.
- The VRQA participated in the Australian Curriculum Assessment and Reporting Authority recognition process for alternative curricula.
Home schooling
- At 30 June 2012, a total of 3233 children from 1869 families were registered for home schooling. This represents an increase of 368 children over the same period last year.

School review
- School reviews are conducted on a calendar-year basis. At 1 July 2011, 10 school reviews were in progress from the 2011 cycle. Three school reviews commenced during the second half of 2011. Two of the 2011 reviews remained open at 30 June 2012.
- In the 2012 cycle, reviews of 48 schools commenced. Of these, nine were identified as requiring a full review, including a site visit by a review team, and 39 underwent a desk audit.

As at 30 June 2012, no conditions had been placed on any school’s registration following a 2012 review. Twenty-nine reviews were in progress and 19 school reviews had been satisfactorily concluded. Six schools were scheduled for site visit review in the second half of 2012.
- The VRQA completed the first five-year cycle of all independent schools and commissioned a further development of the school review model for independent schools.

### School registration activity 2011–12

<table>
<thead>
<tr>
<th>Activity</th>
<th>Government</th>
<th>Catholic</th>
<th>Independent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New school</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>–</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Secondary</td>
<td>3</td>
<td>–</td>
<td>–</td>
<td>3</td>
</tr>
<tr>
<td>Primary/secondary</td>
<td>4</td>
<td>–</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Specialist</td>
<td>–</td>
<td>1</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td>Amalgamation of schools</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>1</td>
<td>–</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Secondary</td>
<td>1</td>
<td>–</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td>Primary/secondary</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Specialist</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Additional campus</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Additional secondary year level</td>
<td>1</td>
<td>5</td>
<td>18</td>
<td>24</td>
</tr>
<tr>
<td>Additional primary year level</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Relocation</td>
<td>6</td>
<td>–</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Senior secondary registration</td>
<td>8</td>
<td>7</td>
<td>1</td>
<td>16</td>
</tr>
</tbody>
</table>
number of registered schools, 30 june

<table>
<thead>
<tr>
<th>Organisation type</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>1548</td>
<td>1550</td>
</tr>
<tr>
<td>Catholic</td>
<td>486</td>
<td>486</td>
</tr>
<tr>
<td>Independent</td>
<td>215</td>
<td>215</td>
</tr>
<tr>
<td>Total</td>
<td>2249</td>
<td>2251</td>
</tr>
</tbody>
</table>

DEECD’s census date for registered schools is February; VRQA’s census date is June. Unlike DEECD’s data, VRQA data includes schools with temporary populations such as hospitals.

registered schools by sector, 30 june 2012

- Independent: 9%
- Catholic: 22%
- Government: 69%

non-school senior secondary providers, 30 june

<table>
<thead>
<tr>
<th>Organisation type</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community-based adult education provider</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>TAFE institute</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Education/training business or centre</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Adult education institution</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
<td>56</td>
</tr>
</tbody>
</table>
International education

Education and training organisations that deliver courses to overseas students in Australia on student visas are required to be listed on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS).

The VRQA is the Designated Authority responsible for providers of schools sector courses, including VCE and VCAL, to international students in Victoria. There are currently 111 non-government schools (Catholic and independent), 195 government schools and a number of universities and TAFE institutes registered to provide school sector courses. There is one CRICOS registration (for DEECD) for government schools while non-government schools are registered individually. The schools sector has experienced a significant decline in international student enrolments; the number of new entrants has halved in non-government schools and declined by a quarter in government schools in the last three years.

Key achievements

- The responsibility for the regulation of international education in VET and higher education was transferred by the VRQA to ASQA and TEQSA respectively.

- The VRQA worked extensively with schools and school sector stakeholders in international education to assist them with changes arising from the Baird Review, a review of the ESOS Act released in March 2010 aimed at providing better support for international students in Australia.

- A new assessment model was designed and implemented for schools and non-school senior secondary providers applying for approval to offer a course of study to overseas students and for registration on CRICOS.

- The re-approval process commenced for 26 schools whose CRICOS registration was due to expire at the end of 2012. An ESOS review of three schools was scheduled as part of this process.

- One non-government school, whose registration period for re-approval to provide courses to international students was due to expire at the end of 2011, was reviewed against the ESOS Act, National Code and VRQA Guideline quality standards.

- A tender process was undertaken to appoint a panel for a three-year period beginning in June 2012 to provide review and evaluation of schools and senior secondary providers delivering courses to international students.
Overseas Secondary Student Exchange Organisations

The VRQA has the responsibility for approval of Overseas Secondary Student Exchange Organisations (OSSEO) under the Education and Training Reform Act 2006. In December 2011, the VRQA Board approved revised VRQA Guidelines for Overseas Secondary Student Exchange Organisations. The guidelines apply to all student exchange organisations providing programs in Victoria from 1 July 2012 and reflect significant changes to national minimum standards.

At 30 June 2012, there were 25 student exchange organisations registered with the VRQA, comprising nine government schools, four non-government schools and 12 non-school organisations.

In 2011–12, the VRQA issued documentation for 438 overseas students, from over 20 countries, to undertake a secondary student exchange program in Victoria. The major source countries for overseas exchange students in 2011–12 were Germany, Italy, France and Japan. Under reciprocal arrangements, an equivalent number of Victorian secondary students undertook exchange programs of up to one year at overseas schools.
Complaints

The role of the VRQA in investigating complaints is set out in the Education and Training Reform Regulations 2007. The VRQA investigates complaints about independent schools, education and training organisations delivering VET, and OSSEOs. The complaints unit also handles complaints about the VRQA. The VRQA works with relevant school sector authorities, including DEECD and the CECV, in regard to complaints about government and Catholic schools.

Under the AQTF, all education and training organisations registered by the VRQA are required to have implemented complaints and grievances policies and procedures. The VRQA may only proceed with an investigation if it has been assured that the complainant has exhausted the local processes.

Complaints against RTOs are investigated against the AQTF. Complaints against independent schools are investigated against the prescribed minimum standards for school regulation (the minimum standards). Complaints against OSSEOs are investigated against the Guidelines, Conditions and Application Forms for the Approval of Overseas Secondary Student Exchange Organisations.

During 2011–12, the VRQA received 156 complaints. This figure includes 36 complaints that were referred with the consent of complainants to ASQA as they were within ASQA’s jurisdiction.

The number of domestic and international complaints reduced significantly due to the transfer of VET providers to ASQA and higher education providers to TEQSA.

<table>
<thead>
<tr>
<th>Complaints received, 2011–12(^1)</th>
<th>VET</th>
<th>Higher education</th>
<th>Schools</th>
<th>VRQA</th>
<th>Senior secondary</th>
<th>OSSEO</th>
<th>Home-school</th>
<th>Other</th>
<th>Total</th>
<th>2010–11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>114</td>
<td>7</td>
<td>19</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>156</td>
<td>312</td>
</tr>
</tbody>
</table>

\(^1\) This year’s total is not comparable with the 2010–11 total due to the transfer of providers to ASQA and TEQSA respectively.
Access to information

The VRQA ensures that consumers have access to high-quality information about providers and the VRQA’s role in regulation. Through the State Register, the VRQA provides information about all current education and training organisations registered by the VRQA in Victoria. The State Register also provides information about accredited courses and qualifications offered by these providers.

Key achievements

- The State Register includes all registered schools’ annual reports and government schools’ performance summaries.
- During the reporting period, the State Register received a total of 55,865 hits, including 30,070 new visitors.
- After the transition of providers to ASQA and TEQSA, the search functions on the State Register were updated to improve consumer protection by displaying additional warnings about the completeness of the search results returned and publishing links to these other organisations.
Relationships with stakeholders

The VRQA strives to establish collaborative and productive relationships with stakeholders, which results in a shared commitment to high-quality education and training development in Victoria. In school education, the VRQA works with the Regional Support Group in DEECD, CECV and ISV to monitor the compliance of all Victorian schools with the minimum standards.

The majority of communication with stakeholders is via the VRQA website and other forms of electronic communication. In addition, the VRQA maintains ongoing and effective relationships with key peak bodies through direct communication.

Key achievements

- The annual stakeholder dinner was held on 3 May 2012. The purpose of this event was to enable stakeholder organisations to discuss their views with VRQA Board members. Input from key stakeholders contributes to the Board planning day.
- Online newsletter publications (E-news) were regularly sent out to stakeholders and are an important medium of communication. Each edition included key information about legislative changes and topical articles relevant to providers. In the reporting period, the number of subscribers to E-news increased to 2930.
- The VET forms for initial registration, renewal of registration and amendment of the scope of registration were revised, making it easier to understand the processes and the evidence required to be submitted with the various application forms.
- An information sheet about trends observed in the number of overseas students studying in Victorian and Australian schools was developed to provide stakeholders with information to assist them to make informed decisions.
- An online fees estimator tool was developed for the VRQA website. This tool was designed to provide existing and prospective VET providers (including schools delivering VET and adult education providers) with fee information and an estimate of costs prior to their submitting applications for initial registration, re-registration, annual registration, extension to scope of registration or course accreditation.
- One re-registration audit workshop was held, specifically targeted at Adult, Community and Further Education providers whose audit for RTO registration renewal was imminent. The workshop included information about preparing for the audit in terms of compliance requirements and aspects of the audit process.
- The VRQA held an audit panel briefing in December 2011 focused on auditing schools that are RTOs, issues and risks arising from 2011, and the forward audit program for 2012.
- Four professional development workshops were held for the 26 VRQA-appointed accreditation advisers.
- A list of cancelled and suspended RTOs, the reasons for cancellation or suspensions and the names of their high managerial officers continued to be published on the website.
- Eleven information sessions and four financial management sessions were delivered by VRQA units to prospective and existing providers.
- The VRQA has an ongoing relationship with other government agencies and held regular meetings with the ASQA, the TEOSA, DEECD and DIISRTE.
Education provider and stakeholder survey

The VRQA conducts an annual survey that focuses on measuring aspects of provider and stakeholder satisfaction, clarity of compliance requirements, ease of access to information on compliance and adequacy of VRQA support. In October 2011, the VRQA engaged an independent company, Sweeney Research, to conduct the survey.

The survey program comprised two phases of research:

- quantitative research with education providers, for which a total of 429 internet surveys were completed (52 per cent completion rate)
- qualitative research with VRQA stakeholders, for which a total of 15 telephone in-depth interviews were conducted (of 24 nominated contacts).

The key findings of the survey highlighted that the VRQA’s management and operations have been positive, with two-thirds of education providers describing their experience to be ‘very/fairly satisfied’. This was consistent across all sector involvements and geographic locations.

The VRQA website continued to be an important source of information, with nine out of ten education providers having accessed the website in the six-month period before the survey took place. Many of the VRQA communication materials were rated positively and considered adequate in keeping them up to date with information relevant to their sector.

Opportunities for improving the VRQA’s regulatory processes were identified, particularly with regard to the explanation of VRQA procedures; 57 per cent of respondents agreed that the rationales for processes are clearly explained.

A priority for the VRQA is to clarify its role and responsibilities as a result of the commencement of ASQA, TEQSA and changes to regulatory functions. Education providers requested greater clarity about the VRQA’s future plans and a greater degree of certainty about how these changes will affect their organisation.
Financial Statements for the financial year ended 30 June 2012

Comprehensive operating statement 38
Balance sheet 39
Statement of changes in equity 40
Cash flow statement 41
Notes to the Financial Statements 42
Accountable officer’s and chief finance and accounting officer’s declaration 69
Auditor-General’s report 70
### Comprehensive operating statement for the financial year ended 30 June 2012

<table>
<thead>
<tr>
<th>Continuing operations</th>
<th>Notes</th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income from transactions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and other transfers</td>
<td>2(c)</td>
<td>9,276,930</td>
<td>10,814,855</td>
</tr>
<tr>
<td>Interest</td>
<td>2(a)</td>
<td>295,332</td>
<td>314,208</td>
</tr>
<tr>
<td>Registration and accreditation fees</td>
<td>2(b)</td>
<td>1,144,731</td>
<td>3,854,945</td>
</tr>
<tr>
<td>Fair value of assets and services received free of charge or for nominal consideration</td>
<td>2(d)</td>
<td>198,678</td>
<td>170,810</td>
</tr>
<tr>
<td>Other income</td>
<td>2(e)</td>
<td>206,404</td>
<td>366</td>
</tr>
<tr>
<td><strong>Total income from transactions</strong></td>
<td></td>
<td>11,122,075</td>
<td>15,155,184</td>
</tr>
</tbody>
</table>

| Expenses from transactions |       |        |        |
| Administrative expenses | 3(a)  | 5,177,361 | 5,591,059 |
| Depreciation and amortisation | 3(b)  | 564,144 | 238,503 |
| Grants and other transfers | 3(c)  | 310 | 2,220 |
| Supplies and services | 3(d)  | 5,685,620 | 8,827,610 |
| **Total expenses from transactions** |       | 11,427,435 | 14,659,392 |

| **Net result from transactions (net operating balance)** |       | (305,360) | 495,792 |
| **Net gain/(loss) on non-financial assets** | 7(c)  | (641,806) | (147,186) |

| **Total other economic flows included in net result** |       | (641,806) | (147,186) |
| **Net result** |       | (947,166) | 348,606 |
| **Comprehensive result** |       | (947,166) | 348,606 |

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 42 to 68.
## Balance sheet as at 30 June 2012

<table>
<thead>
<tr>
<th>Notes</th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>3,225,160</td>
<td>5,117,924</td>
</tr>
<tr>
<td>Receivables</td>
<td>203,850</td>
<td>316,683</td>
</tr>
<tr>
<td>Prepayments</td>
<td>–</td>
<td>30,215</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>3,429,010</td>
<td>5,464,832</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>15,082</td>
<td>9,305</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>3,937,114</td>
<td>3,517,199</td>
</tr>
<tr>
<td><strong>Total non-financial assets</strong></td>
<td>3,952,196</td>
<td>3,526,504</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>7,381,206</td>
<td>8,991,336</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>1,925,683</td>
<td>2,588,647</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,925,683</td>
<td>2,588,647</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>5,455,523</td>
<td>6,402,689</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>4,042,904</td>
<td>4,990,070</td>
</tr>
<tr>
<td>Contributed capital</td>
<td>1,412,619</td>
<td>1,412,619</td>
</tr>
<tr>
<td><strong>Net worth</strong></td>
<td>5,455,523</td>
<td>6,402,689</td>
</tr>
</tbody>
</table>

The balance sheet should be read in conjunction with the accompanying notes included on pages 42 to 68.
Statement of changes in equity for the financial year ended 30 June 2012

<table>
<thead>
<tr>
<th></th>
<th>Contributed capital $</th>
<th>Accumulated surplus $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2010</strong></td>
<td>1,412,619</td>
<td>4,641,464</td>
<td>6,054,083</td>
</tr>
<tr>
<td><strong>Net result for the year</strong></td>
<td></td>
<td>–</td>
<td>348,606</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>1,412,619</td>
<td>4,990,070</td>
<td>6,402,689</td>
</tr>
<tr>
<td><strong>Net result for the year</strong></td>
<td></td>
<td>–</td>
<td>(947,166)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2012</strong></td>
<td>1,412,619</td>
<td>4,042,904</td>
<td>5,455,523</td>
</tr>
</tbody>
</table>

The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 42 to 68.
## Cash flow statement
for the financial year ended 30 June 2012

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>Notes</th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from Government</td>
<td></td>
<td>9,776,930</td>
<td>10,814,855</td>
</tr>
<tr>
<td>Receipts from other entities</td>
<td></td>
<td>1,439,234</td>
<td>3,757,979</td>
</tr>
<tr>
<td>Goods and Services Tax recovered from the ATO(i)</td>
<td></td>
<td>611,459</td>
<td>832,307</td>
</tr>
<tr>
<td>Interest received</td>
<td></td>
<td>295,332</td>
<td>314,208</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td></td>
<td>12,122,955</td>
<td>15,719,349</td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments of grants and other transfers</td>
<td></td>
<td>(310)</td>
<td>(2,220)</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td></td>
<td>(12,383,767)</td>
<td>(14,100,940)</td>
</tr>
<tr>
<td><strong>Total payments</strong></td>
<td></td>
<td>(12,384,077)</td>
<td>(14,103,160)</td>
</tr>
<tr>
<td><strong>Net cash flows from/(used in) operating activities</strong></td>
<td>12</td>
<td>(261,122)</td>
<td>1,616,189</td>
</tr>
</tbody>
</table>

| Cash flows from investing activities |       |        |        |
| Payments for non-financial assets   |       | (1,631,642) | (1,394,490) |
| **Net cash flows from/(used in) investing activities** | | (1,631,642) | (1,394,490) |

| **Net increase/(decrease) in cash and cash equivalents** |       | (1,892,764) | 221,699 |
| Cash and deposits at the beginning of the financial year | | 5,117,924 | 4,896,225 |
| Cash and deposits at the end of the financial year | | 3,225,160 | 5,117,924 |

**Note:**
(i) Goods and Services Tax recovered from the ATO is presented on a net basis.
The cash flow statement should be read in conjunction with the accompanying notes included on pages 42 to 68.
Notes to the Financial Statements

Contents
Note 1. Summary of significant accounting policies 43
Note 2. Income from transactions 52
Note 3. Expenses from transactions 53
Note 4. Receivables 54
Note 5. Resources received free of charge 54
Note 6. Property, plant and equipment 55
Note 7. Intangible assets 55
Note 8. Payables 57
Note 9. Commitments for expenditure 57
Note 10. Contingent assets and contingent liabilities 58
Note 11. Financial instruments 58
Note 12. Cash flow information 62
Note 13. Responsible persons 63
Note 14. Remuneration of auditors 65
Note 15. Subsequent events 65
Note 16. Glossary of terms and style conventions 65
Note 1 Summary of significant accounting policies

These annual Financial Statements represent the audited general purpose Financial Statements for the Victorian Registration and Qualifications Authority (VRQA) for the period ended 30 June 2012. The purpose of the report is to provide users with information about the VRQA’s stewardship of resources entrusted to it.

(A) Statement of compliance

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

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 16.

These annual Financial Statements were authorised for issue by the Director on 28 August 2012.

(B) Basis of accounting preparation and measurement

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

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

These Financial Statements are presented in Australian dollars and prepared in accordance with the historical cost convention.

(C) Reporting entity

The Financial Statements cover the VRQA as an individual reporting entity.

The 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 VRQA to maintain a fund to account for all money received and paid by the VRQA.

Its principal address is:

Victorian Registration and Qualifications Authority
35 Spring Street, Melbourne VIC 3000
Note 1 Summary of significant accounting policies
(continued)

(D) Objectives and funding

The Authority’s objectives are to ensure:

• high standards of education and training of Victorian registered providers
• information concerning the performance of education and training providers is publicly available
• decisions of the VRQA have regard to the interests of students and the public
• regulatory processes are procedurally fair.

The VRQA is economically dependent, predominantly on the Department of Education and Early Childhood Development (DEECD) and the Victorian Skills Commission (VSC) in the form of grant funding which is determined on an annual basis. The VRQA charges fees for the registration of providers. The fees charged are determined on a cost recovery basis.

(E) Scope and presentation of Financial Statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from ‘transactions’ or ‘other economic flows’. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of Financial Statements.

‘Transactions’ and ‘other economic flows’ are defined by the Australian system of government finance statistics: concepts, sources and methods 2005 and Amendments to Australian system of government finance statistics, 2005 (ABS Catalogue No. 5514.0) (the GFS manual, refer to Note 16).

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

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

• gains and losses from disposals
• revaluations and impairments of non-current physical and intangible assets
• fair value changes of financial instruments and agricultural assets.

The net result is equivalent to profit or loss derived in accordance with AASs.
Balance sheet
Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.
Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

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

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

Rounding
Amounts in the Financial Statements have been rounded to the nearest dollar, unless otherwise stated. Please refer to the end of Note 16 for a style convention explaining that minor discrepancies in totals of tables are due to rounding.

(F) Income from transactions
Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

Grants and other transfers
Income from grants (other than contributions by owners) is recognised when the VRQA gains control over the contribution. For reciprocal grants, the VRQA is deemed to have assumed control when the performance has occurred under the terms of the grants. For non-reciprocal grants, the VRQA 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.

Income from Registration and accreditation fees
Income from registration and accreditation fees is recognised when:
• the amount of income, and the costs incurred or to be incurred in respect of the transactions can be reliably measured, and
• it is probable that the economic benefits associated with the transactions will flow to the VRQA.
Sale of goods and services includes regulatory fees which are recognised at the time the regulatory fee is billed.

Interest income
Interest income includes interest received on bank deposits, interest from investments, and other interest received. Interest income is recognised using the effective interest rate method which allocates the interest over the relevant period.
Note 1 Summary of significant accounting policies
(continued)

Fair value of assets and services 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 control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. 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 received as a donation.

The VRQA shares accommodation with the DEECD, 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 income as resources received free of charge.

(G) Expenses from transactions

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

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

Administrative expenses relate to employee benefits for VRQA staff who are employees of the DEECD. The VRQA reimburses DEECD for all employee entitlements including superannuation, long service and annual leave costs including on costs. The costs are classified as administrative expenses in the comprehensive operating statement.

Depreciation and amortisation

All assets, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset’s value, less any estimated residual value, over its estimated useful life.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. The following estimated useful lives are used in the calculation of depreciation:

<table>
<thead>
<tr>
<th></th>
<th>2012 Useful life years</th>
<th>2011 Useful life years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Office equipment and furniture</td>
<td>5–10</td>
<td>5–10</td>
</tr>
</tbody>
</table>

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight-line) basis over the asset’s useful life.
Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(H) Other economic flows included in net result

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

Impairment of non-financial assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) 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 to Note 1(i)).

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 an other 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.

(I) Assets

Financial Assets

*Cash and deposits*

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

*Receivables*

Receivables consist predominantly of debtors in relation to grants, regulatory fees and Goods and Services Tax (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.
Note 1 Summary of significant accounting policies
(continued)

Prepayments
Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-financial assets

Property, plant and equipment
Plant and equipment are measured at cost less accumulated depreciation. The cost of non-financial intangible 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 are initially recognised at cost. Subsequently, intangible assets with finite 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.

(J) Liabilities
Payables consist of:
• contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to the VRQA prior to the end of the financial year that are unpaid, and arise when the VRQA becomes obliged to make future payments in respect of the purchase of those goods and services; and
• statutory payables, such as goods and services tax and fringe benefits tax payables.
Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

(K) Equity
Contributions by owners
Contributions received from DEECD from the 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. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.
(L) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 9) at their nominal value and inclusive of the GST payable.

(M) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 10) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(N) Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable 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 and liabilities are also stated inclusive of GST.

(O) Events after reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the VRQA 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 conditions which arose after the reporting period and which may have a material impact on the results of subsequent years.

(P) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2012 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 at 30 June 2012, the following AASs have been issued by the AASB but not effective. They become effective for the first Financial Statements for reporting periods commencing after the stated operative dates as follows.
### Note 1 Summary of significant accounting policies (continued)

<table>
<thead>
<tr>
<th>Standard/Interpretation</th>
<th>Standard/Interpretation Details</th>
<th>Applicable for annual reporting periods beginning on</th>
<th>Impact on Authority Financial Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 9 Financial instruments</td>
<td>This Standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).</td>
<td>1 Jan 2013</td>
<td>Detail of impact is still being assessed.</td>
</tr>
<tr>
<td>AASB 13 Fair Value Measurement</td>
<td>This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a ‘fair value hierarchy’ which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.</td>
<td>1 Jan 2013</td>
<td>Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.</td>
</tr>
<tr>
<td>AASB 1053 Application of Tiers of Australian Accounting Standards</td>
<td>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose Financial Statements.</td>
<td>1 July 2013</td>
<td>The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.</td>
</tr>
<tr>
<td>AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</td>
<td>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.</td>
<td>1 July 2013</td>
<td>The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.</td>
</tr>
<tr>
<td>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</td>
<td>These consequential amendments are in relation to the introduction of AASB 9.</td>
<td>1 Jan 2013</td>
<td>No significant impact is expected from these consequential amendments on entity reporting.</td>
</tr>
<tr>
<td>AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 &amp; AASB 1054]</td>
<td>The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose Financial Statements under Australian Accounting Standards – Reduced Disclosure Requirements.</td>
<td>1 July 2013</td>
<td>The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.</td>
</tr>
<tr>
<td>AASB 2011-3 Amendments to Australian Accounting Standards – Ordinarily Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]</td>
<td>This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.</td>
<td>1 July 2012</td>
<td>This amendment provides clarification to users preparing the whole of government and general government sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on departmental or entity reporting.</td>
</tr>
<tr>
<td>Standard/Interpretation</td>
<td>Summary</td>
<td>Applicable for annual reporting periods beginning on</td>
<td>Impact on Authority Financial Statements</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>AASB 2011-4</td>
<td>This Standard amends AASB 124 Related Party Disclosures by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).</td>
<td>1 July 2013</td>
<td>No significant impact is expected from these consequential amendments on entity reporting.</td>
</tr>
<tr>
<td>AASB 2011-8</td>
<td>This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.</td>
<td>1 Jan 2013</td>
<td>Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.</td>
</tr>
<tr>
<td>AASB 2011-9</td>
<td>The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.</td>
<td>1 July 2012</td>
<td>This amending Standard could change the current presentation of ‘other economic flows – other movements in equity’ that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact will be expected.</td>
</tr>
<tr>
<td>2011-13 Amendments</td>
<td>This Standard aims to improve the AASB 1049 Whole of Government and General Government Sector Financial Reporting at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between ‘transactions’ and ‘other economic flows’ for GAAP items without GFS equivalents.</td>
<td>1 July 2012</td>
<td>No significant impact is expected from these consequential amendments on entity reporting.</td>
</tr>
<tr>
<td>2012-1 Amendments</td>
<td>This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 Fair Value Measurement.</td>
<td>1 July 2013</td>
<td>As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 Application of Tiers of Australian Accounting Standards), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.</td>
</tr>
</tbody>
</table>
## Note 2 Income from transactions

<table>
<thead>
<tr>
<th>Notes</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on bank deposits</td>
<td>295,332</td>
<td>314,208</td>
</tr>
<tr>
<td>Total interest</td>
<td>295,332</td>
<td>314,208</td>
</tr>
<tr>
<td>(b) Registration and accreditation fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registration and accreditation fees</td>
<td>1,144,731</td>
<td>3,854,945</td>
</tr>
<tr>
<td>Total registration and accreditation</td>
<td>1,144,731</td>
<td>3,854,845</td>
</tr>
<tr>
<td>(c) Grants and other transfers (other than contributions by owners)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Education and Early Childhood Development</td>
<td>6,486,930</td>
<td>6,553,902</td>
</tr>
<tr>
<td>Victorian Skills Commission</td>
<td>2,790,000</td>
<td>4,280,953</td>
</tr>
<tr>
<td>Total grants</td>
<td>9,276,930</td>
<td>10,814,855</td>
</tr>
<tr>
<td>(d) Fair value of assets and services received free of charge or for nominal consideration:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td>198,678</td>
<td>170,810</td>
</tr>
<tr>
<td>Total fair value of assets and services received free of charge or for nominal consideration</td>
<td>198,678</td>
<td>170,810</td>
</tr>
<tr>
<td>(e) Other income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>206,404</td>
<td>366</td>
</tr>
<tr>
<td>Total other income</td>
<td>206,404</td>
<td>366</td>
</tr>
</tbody>
</table>
## Note 3 Expenses from transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(a) Administrative expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits for VRQA staff employed by DEECD</td>
<td>5,177,361</td>
<td>5,591,059</td>
</tr>
<tr>
<td><strong>Total administrative expenses</strong></td>
<td>5,177,361</td>
<td>5,591,059</td>
</tr>
<tr>
<td><strong>(b) Depreciation and amortisation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>3,413</td>
<td>2,646</td>
</tr>
<tr>
<td>Intangible asset</td>
<td>560,731</td>
<td>235,857</td>
</tr>
<tr>
<td><strong>Total depreciation and amortisation</strong></td>
<td>564,144</td>
<td>238,503</td>
</tr>
<tr>
<td><strong>(c) Grants and other transfers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer payments to DEECD</td>
<td>310</td>
<td>2,220</td>
</tr>
<tr>
<td><strong>Total grants and other payments</strong></td>
<td>310</td>
<td>2,220</td>
</tr>
<tr>
<td><strong>(d) Supplies and services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of supplies and consumables</td>
<td>179,074</td>
<td>296,680</td>
</tr>
<tr>
<td>Contractors and Board members</td>
<td>4,082,682</td>
<td>5,949,829</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>41,417</td>
<td>47,635</td>
</tr>
<tr>
<td>Printing</td>
<td>102,887</td>
<td>136,643</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>1,007,192</td>
<td>2,132,323</td>
</tr>
<tr>
<td>Insurance</td>
<td>29,898</td>
<td>38,213</td>
</tr>
<tr>
<td>Minor equipment purchases</td>
<td>15,923</td>
<td>18,093</td>
</tr>
<tr>
<td>Rental of buildings</td>
<td>198,678</td>
<td>170,810</td>
</tr>
<tr>
<td>Advertising</td>
<td>2,069</td>
<td>12,284</td>
</tr>
<tr>
<td>Audit fees</td>
<td>25,800</td>
<td>25,100</td>
</tr>
<tr>
<td><strong>Total supplies and services</strong></td>
<td>5,685,620</td>
<td>8,827,610</td>
</tr>
</tbody>
</table>
Note 4 Receivables

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contractual</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>161,947</td>
<td>226,482</td>
</tr>
<tr>
<td></td>
<td>161,947</td>
<td>226,482</td>
</tr>
<tr>
<td><strong>Statutory</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GST input tax credit recoverable</td>
<td>41,903</td>
<td>90,211</td>
</tr>
<tr>
<td></td>
<td>41,903</td>
<td>90,211</td>
</tr>
<tr>
<td><strong>Total receivables</strong></td>
<td>203,850</td>
<td>316,693</td>
</tr>
</tbody>
</table>

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 11.3 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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources received free of charge</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation for 35 Spring Street, Melbourne</td>
<td>110,306</td>
<td>110,306</td>
</tr>
<tr>
<td>Accommodation for 41a St Andrews Place, East Melbourne</td>
<td>15,888</td>
<td>7,944</td>
</tr>
<tr>
<td>Accommodation for 157 Spring Street, Melbourne</td>
<td>5,913</td>
<td>52,560</td>
</tr>
<tr>
<td>Accommodation for 55 Collins Street, Melbourne</td>
<td>66,571</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>198,678</td>
<td>170,810</td>
</tr>
</tbody>
</table>

Note: The amounts are recognised in the operating statement as an expense and offset to income as resources received free of charge from DEECD.
Note 6 Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Computers and peripherals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>5,242</td>
<td>5,242</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(5,242)</td>
<td>(5,242)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Office equipment and furniture</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>25,610</td>
<td>16,420</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(10,528)</td>
<td>(7,115)</td>
</tr>
<tr>
<td></td>
<td>15,082</td>
<td>9,305</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>15,082</td>
<td>9,305</td>
</tr>
</tbody>
</table>

Note 6(a) Reconciliation

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 below.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Opening balance</strong></td>
<td>9,305</td>
<td>11,951</td>
</tr>
<tr>
<td><strong>Additions</strong></td>
<td>9,190</td>
<td>–</td>
</tr>
<tr>
<td><strong>Depreciation expense</strong></td>
<td>(3,413)</td>
<td>(2,646)</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>15,082</td>
<td>9,305</td>
</tr>
</tbody>
</table>

Note 7 Intangible assets

<table>
<thead>
<tr>
<th>State Register</th>
<th>Notes</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work in progress</td>
<td>7(a)</td>
<td>1,067,889</td>
<td>1,394,490</td>
</tr>
<tr>
<td>Intangible asset at cost</td>
<td>7(b)</td>
<td>4,454,805</td>
<td>2,505,752</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>7(c)</td>
<td>(796,588)</td>
<td>(235,857)</td>
</tr>
<tr>
<td>Impairment</td>
<td>7(c)</td>
<td>(788,992)</td>
<td>(147,186)</td>
</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
<td></td>
<td>3,937,114</td>
<td>3,517,199</td>
</tr>
</tbody>
</table>
Note 7(a) Work in progress

<table>
<thead>
<tr>
<th>State Register</th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>1,394,490</td>
<td>2,505,752</td>
</tr>
<tr>
<td>Additions</td>
<td>1,622,452</td>
<td>1,394,490</td>
</tr>
<tr>
<td>Transfer</td>
<td>(1,949,053)</td>
<td>(2,505,752)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>1,067,889</td>
<td>1,394,490</td>
</tr>
</tbody>
</table>

Note 7(b) Intangible assets

<table>
<thead>
<tr>
<th>State Register</th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>2,505,752</td>
<td>–</td>
</tr>
<tr>
<td>Transfer from work in progress</td>
<td>1,949,053</td>
<td>2,505,752</td>
</tr>
<tr>
<td>Closing balance</td>
<td>4,454,805</td>
<td>2,505,752</td>
</tr>
</tbody>
</table>

Note 7(c) Accumulated amortisation and impairment

<table>
<thead>
<tr>
<th>State Register</th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>383,043</td>
<td>–</td>
</tr>
<tr>
<td>Amortisation expense</td>
<td>560,731</td>
<td>235,857</td>
</tr>
<tr>
<td>Impairment losses charged to net result</td>
<td>641,806</td>
<td>147,186</td>
</tr>
<tr>
<td>Closing balance</td>
<td>1,585,580</td>
<td>383,043</td>
</tr>
</tbody>
</table>

Note:
a) The VRQA has capitalised expenditure for the development of the State Register software. The State Register can be viewed online and comprises all education and training organisations registered by the VRQA and the accredited courses they deliver. The carrying amount of the capitalised software development expenditure is $4.45 million (2011: $2.51 million).
b) Work in progress represents current development expenditure which includes software enhancements and the final phase of the development of the State Register relating to a fee processing solution integrated with the VRQA’s financial systems. This work is expected to be completed by September 2012.
c) The VRQA Board has reviewed the useful life of the State Register and determined that from 2012 and going forward it should be 5 years from when it or parts thereof are completed and operational (2011: 10 years). This measurement has resulted in an additional current year amortisation charge of $245k. The State Register will be fully amortised in 2017.
d) The VRQA has taken an impairment charge during the year of $642k associated with State Register development with respect to functions no longer undertaken by the VRQA and with respect to an on-line fee/application process no longer required by the VRQA. This impairment has been based on an independent evaluation of the State Register developments (2011: $147k).
Note 8 Payables

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies and services</td>
<td>168,351</td>
<td>265,613</td>
</tr>
<tr>
<td>Amounts payable to government</td>
<td>1,153,336</td>
<td>1,125,982</td>
</tr>
<tr>
<td>Other payables</td>
<td>603,996</td>
<td>1,197,052</td>
</tr>
<tr>
<td><strong>Total payables</strong></td>
<td>1,925,683</td>
<td>2,588,647</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Capital expenditure commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not longer than one year</td>
<td>302,929</td>
<td>262,970</td>
</tr>
<tr>
<td><strong>Total capital expenditure commitments</strong></td>
<td>302,929</td>
<td>262,970</td>
</tr>
<tr>
<td>(ii) Other expenditure commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance agreement on State Register</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable:</td>
<td>48,400</td>
<td>39,600</td>
</tr>
<tr>
<td><strong>Total other expenditure commitments</strong></td>
<td>48,400</td>
<td>39,600</td>
</tr>
<tr>
<td><strong>Total commitments for expenditure (inclusive of GST)</strong></td>
<td>351,329</td>
<td>302,570</td>
</tr>
</tbody>
</table>
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 VRQA’s financial assets and financial liabilities by category are in Table 11.1 below.

Table 11.1: Categorisation of financial instruments

<table>
<thead>
<tr>
<th></th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>3,225,160</td>
<td>5,117,924</td>
</tr>
<tr>
<td>Receivables</td>
<td>161,947</td>
<td>226,482</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>3,387,107</td>
<td>5,344,406</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies and services</td>
<td>168,351</td>
<td>265,613</td>
</tr>
<tr>
<td>Amounts payable to government</td>
<td>1,153,336</td>
<td>1,125,382</td>
</tr>
<tr>
<td>Other payables</td>
<td>603,996</td>
<td>1,197,052</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td>1,925,683</td>
<td>2,588,647</td>
</tr>
</tbody>
</table>

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

(b) Interest rate risk

The VRQA’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 VRQA has no interest bearing liabilities.
Table 11.2: Interest rate exposure

<table>
<thead>
<tr>
<th>Weighted average effective interest rate %</th>
<th>Carrying amount $</th>
<th>Non-interest bearing $</th>
<th>Variable interest rate $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2012</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>4.30%</td>
<td>3,225,160</td>
<td>–</td>
</tr>
<tr>
<td>Other receivables</td>
<td>–</td>
<td>161,947</td>
<td>161,947</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>–</td>
<td>3,387,107</td>
<td>161,947</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies and services</td>
<td>–</td>
<td>168,351</td>
<td>168,351</td>
</tr>
<tr>
<td>Amounts payable to government</td>
<td>–</td>
<td>1,153,336</td>
<td>1,153,336</td>
</tr>
<tr>
<td>Other payables</td>
<td>–</td>
<td>603,996</td>
<td>603,996</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td>–</td>
<td>1,925,683</td>
<td>1,925,683</td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>4.32%</td>
<td>5,117,924</td>
<td>–</td>
</tr>
<tr>
<td>Other receivables</td>
<td>–</td>
<td>226,482</td>
<td>226,482</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>–</td>
<td>5,344,406</td>
<td>226,482</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies and services</td>
<td>–</td>
<td>265,613</td>
<td>265,613</td>
</tr>
<tr>
<td>Amounts payable to government</td>
<td>–</td>
<td>1,125,982</td>
<td>1,125,982</td>
</tr>
<tr>
<td>Other payables</td>
<td>–</td>
<td>1,197,052</td>
<td>1,197,052</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td>–</td>
<td>2,588,657</td>
<td>2,588,647</td>
</tr>
</tbody>
</table>

Note: The total amounts disclosed here exclude 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.
Note 11 Financial instruments
(continued)

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.

Table 11.3: Ageing analysis of contractual financial assets

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount</th>
<th>Not past due and not impaired</th>
<th>Less than 1 month</th>
<th>1–3 months</th>
<th>Greater than 3 months</th>
<th>Impaired</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>161,947</td>
<td>58,658</td>
<td>9,850</td>
<td>93,439</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>161,947</td>
<td>58,658</td>
<td>9,850</td>
<td>93,439</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>226,482</td>
<td>219,622</td>
<td>60</td>
<td>50</td>
<td>6,750</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>226,482</td>
<td>219,622</td>
<td>60</td>
<td>50</td>
<td>6,750</td>
<td>–</td>
</tr>
</tbody>
</table>

(d) Market risk

The VRQA’s exposure to interest rate risk is set out in table 11.4.

Sensitivity disclosure analysis and assumptions

The VRQA’s sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The VRQA cannot be expected to predict movements in market rates and prices, sensitivity analyses shown are for illustrative purposes only. The following movements are ‘reasonably possible’ over the next 12 months:

- a movement of 1 per cent up and down in market interest rates (AUD) from year-end rates (2011: A movement of 1 per cent up and down).

Table 11.4 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 11.4: Market risk exposure

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount $</td>
<td>-1.0% Net result</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits (a)</td>
<td>3,225,160</td>
<td>(32,252)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>161,947</td>
<td>–</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>1,925,683</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total increase/(decrease)</strong></td>
<td>(32,252)</td>
<td></td>
</tr>
</tbody>
</table>

(a) Notes on calculation
Sensitivities of floating rate cash and cash equivalents are as follows:
• 2012 – impact on net result due to a 1 per cent movement in market interest rate is $3,225,160 x [+/– 1 per cent] = $32,252.
• 2011 – impact on net result due to a 1 per cent movement in market interest rate is $5,117,924 x [+/– 1 per cent] = $51,179.

(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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net result</strong></td>
<td>$(947,167)</td>
<td>$348,606</td>
</tr>
<tr>
<td><strong>Non-cash movements:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Depreciation and amortisation expense</td>
<td>$564,144</td>
<td>$238,503</td>
</tr>
<tr>
<td>– Impairment of non-current assets</td>
<td>$641,806</td>
<td>$147,186</td>
</tr>
<tr>
<td><strong>Movements in assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– (Increase)/decrease in receivables</td>
<td>$112,843</td>
<td>$(191,649)</td>
</tr>
<tr>
<td>– (Increase)/decrease in other current assets</td>
<td>$30,215</td>
<td>$(30,215)</td>
</tr>
<tr>
<td>– (Decrease)/increase in payables</td>
<td>$(1,162,964)</td>
<td>$1,103,758</td>
</tr>
<tr>
<td>– (Decrease)/increase in revenue in advance</td>
<td>$500,000</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net cash flows from/(used in) operating activities</strong></td>
<td>$(261,122)</td>
<td>$1,616,189</td>
</tr>
</tbody>
</table>
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 VRQA are as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister for Higher Education and Skills</td>
<td>The Hon. Peter Hall, MLC</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td>Minister for Education</td>
<td>The Hon. Martin Dixon, MP</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td>Director</td>
<td>Lynn Glover</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td>Chairperson</td>
<td>Stuart Hamilton</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td>Board members</td>
<td>Elizabeth Alexander</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Christopher Bennett</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Richard Bolt</td>
<td>29 August 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Brian Boyd</td>
<td>1 July 2011 to 16 October 2011</td>
</tr>
<tr>
<td></td>
<td>Stephen Elder</td>
<td>17 October 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Alan Frees</td>
<td>1 July 2011 to 16 October 2011</td>
</tr>
<tr>
<td></td>
<td>Peter Lewinsky</td>
<td>1 July 2011 to 16 October 2011</td>
</tr>
<tr>
<td></td>
<td>Patricia Neden</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Pauline Nestor</td>
<td>1 July 2011 to 16 October 2011</td>
</tr>
<tr>
<td></td>
<td>Michael Perry</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Jeff Rosewarne</td>
<td>1 July 2011 to 28 August 2011</td>
</tr>
<tr>
<td></td>
<td>Dianne Rule</td>
<td>15 December 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Timothy Smith</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Glenda Strong</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Richard Tudor</td>
<td>17 October 2011 to 30 June 2012</td>
</tr>
<tr>
<td></td>
<td>Michonne van Rees</td>
<td>17 October 2011 to 30 June 2012</td>
</tr>
</tbody>
</table>
Note 13 Responsible persons
(continued)

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

<table>
<thead>
<tr>
<th>Income band</th>
<th>No 2012</th>
<th>No 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0–$9,999</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>$10,000–$19,999</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>$40,000–$49,999</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>$240,000–$249,999</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td>$250,000–$259,999</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18</td>
<td>15</td>
</tr>
</tbody>
</table>

Total remuneration received, or due and receivable by responsible persons $478,587 $476,536

The Director is an employee of DEECD.
Ministers are reported in the financial report of the Department of Premier and Cabinet.

Related Party transactions included in the reconciliation amount:

Jeff Rosewarne, former Acting Secretary, DEECD and Richard Bolt, Secretary, DEECD are ex-officio members of the VRQA Board. As these roles are ex-officio they receive no remuneration to perform these roles. Elizabeth Alexander is the Chancellor of the University of Melbourne, Christopher Bennett is a partner of PricewaterhouseCoopers and Stephen Elder is a Director of the Catholic Education Commission of Victoria.

Any transactions between DEECD, the University of Melbourne, PricewaterhouseCoopers, Catholic Education Commission of Victoria and the VRQA are at arms length. Amounts received by the VRQA from DEECD are $6,486,930 ($6,533,902 for 2011). Amounts transacted with the University of Melbourne are $20,321 ($15,437 for 2011), PricewaterhouseCoopers are $259,304 ($382,561 for 2011) and with the Catholic Education Commission of Victoria are $10,675 (n/a for 2011).
Note 14 Remuneration of auditors

<table>
<thead>
<tr>
<th>Victoria Auditor-General’s Office</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit of the Financial Statements</td>
<td>25,800</td>
<td>25,100</td>
</tr>
</tbody>
</table>

Note 15 Subsequent events

Legislation has been passed in Parliament which will result in the transfer of powers in relation to the regulation of apprenticeships and traineeships and other related matters of the Victorian Skills Commission to the VRQA.

These powers will come into operation on the day on which the Education Legislation Amendment (VET Sector, Universities and Other Matters) Bill 2012 receives Royal Assent (1 October 2012) or on 1 January 2013.

This will have a material effect on VRQA operations over subsequent years.

Note 16 Glossary of terms and style conventions

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as a ‘transaction’ and so reduces the ‘net result from transactions’.

Commitments

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

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.

Depreciation

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

Financial asset

A financial asset is any asset that is:

(a) cash;

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

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

Financial liability

A financial liability is any liability that is:

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

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

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.

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.

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

**Intangible produced assets**

Refer to produced assets in this glossary.

**Interest income**

Interest income 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 income, 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 income 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’. It includes plant and equipment and intangible and biological assets.

**Payables**

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

**Produced assets**

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

**Receivables**

Includes short and long term trade credit and accounts receivable, grants, taxes and interest receivable.
Note 16 Glossary of terms and style conventions
(continued)

Sales of goods and services
Refers to income 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 income.

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 VRQA.

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

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

The notation used in the tables is as follows:
- zero, or rounded to zero
- (xxx.x) negative numbers
- 200x year period
- 200x-0x year period

The Financial Statements and notes are presented based on the illustration for a government department in the 2011–12 Model Report for Victorian Government departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the VRQA’s annual reports.
Accountable officer’s and chief finance and accounting officer’s declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2012 and financial position of the Victorian Registration and Qualifications Authority at 30 June 2012.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 28 August 2012.

D Bastas, CPA
Chief Finance and Accounting Officer
Victorian Registration and Qualifications Authority
Melbourne
28 August 2012

S Hamilton
Chairperson
Victorian Registration and Qualifications Authority
Melbourne
28 August 2012

L Glover
Director
Victorian Registration and Qualifications Authority
Melbourne
28 August 2012
INDEPENDENT AUDITOR’S REPORT

To the Board Members of Victorian Registration and Qualifications Authority

The Financial Report
The accompanying financial report for the year ended 30 June 2012 of the Victorian Registration and Qualifications Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer’s 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, and the financial reporting requirements of the Financial Management Act 1994, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Registration and Qualifications Authority as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the Financial Management Act 1994.

Matters Relating to the Electronic Publication of the Audited Financial Report
This auditor’s report relates to the financial report of the Victorian Registration and Qualifications Authority for the year ended 30 June 2012 included both in the Victorian Registration and Qualifications Authority’s annual report and on the website. The Board Members of the Victorian Registration and Qualifications Authority are responsible for the integrity of the Victorian Registration and Qualifications Authority’s website, I have not been engaged to report on the integrity of the Victorian Registration and Qualifications Authority’s website. The auditor’s report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
11 September 2012

D D R Pearson
Auditor-General
Appendix 1 Wider policy frameworks

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

Staffing guidelines

The VRQA applies the standards issued by the Public Sector Standards Commissioner, which set out the essential requirements for managers and principals to apply the public sector values and employment principles, under the Public Administration Act 2004.

The standards stipulate that:

- employment decisions are based on merit
- public sector employees are treated fairly and reasonably
- equal employment opportunity is provided
- public sector employees have a reasonable avenue of redress against unfair or unreasonable treatment
- a career in public service is fostered in the case of the public service bodies.

The VRQA’s human resources policies go beyond the minimum requirements set by these standards and reflect best practice, consistent with the Commissioner’s non-binding guidelines.

The VRQA is committed to developing and supporting its workforce by:

- building leadership capacity
- building the future workforce through enhancing workforce capacity
- actively shaping supply and managing employee relations
- creating and supporting a culture of health, safety and wellbeing
- creating and supporting a performance and development culture
- implementing robust human resource management systems.

All VRQA staff and managers are committed to the DEECD values:

- collaboration and knowledge sharing
- outcomes
- respect and diversity
- empowerment.
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 2011–12, five requests were received for documents under the Act. Of these:

- one request was provided with full access
- one application was denied in full
- one was withdrawn
- one application had no documents identified
- one request was outstanding at the end of the reporting period.

Six valid requests were carried over from 2010–11 and settled in 2011–12. Of these, one was granted in part, one was denied in full, two were withdrawn and two were not proceeded with. Five applications were appealed at the Victorian Civil and Administrative Tribunal (VCAT), of which three were subsequently withdrawn, one dismissed and one settled by release of documents through mediation.

Queries about the availability of, and charges for, other material prepared under Part 2 of the FOI Act should be directed to the authorised officer:

Freedom of Information Officer
PO Box 2317
Melbourne Victoria 3001
Telephone (03) 9651 3282

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.

Freedom of information access arrangements, including links to whole-of-government guidelines, are provided on the VRQA website at www.vrqa.vic.gov.au.

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, DEECD 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 occupational health and safety. (See DEECD’s annual report 2011–12 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 enables the Minister/s to fix fees and charges.

The fees for schools and VET providers were increased on 6 January 2012. 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 $10,000 and no contracts over $10,000,000 let by the VRQA for the period July 2011 – June 2012. The VRQA engaged no consultancies at a cost of less than $10,000 each during 2011–12. There were no contracts related to the Victorian Industry Participation Policy. Details of contracts that have been disclosed can be viewed at www.contracts.vic.gov.au.
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 Board. The VRQA assessed one disclosure under the Act in 2011–12. The disclosure was assessed as not a protected disclosure under the Act (and therefore was not a public interest disclosure).

Accordingly:

- no disclosures were referred by the VRQA to the Ombudsman for determination as to whether they were public interest disclosures
- no disclosed matters were referred by the VRQA to the Ombudsman to investigate
- no investigations of disclosed matters were taken over by the Ombudsman from the VRQA
- no requests were made under Section 74 of the Act to the Ombudsman to investigate disclosed matters
- the VRQA did not decline to investigate any disclosed matters
- there were no recommendations of the Ombudsman under this Act that relate to the VRQA.

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 Act.

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 person within the VRQA

Disclosures of improper conduct or detrimental action by members and/or employees of the VRQA may be made directly to:
Protected Disclosure Coordinator
VRQA
GPO Box 2317
Melbourne Victoria 3001
Telephone: (03) 9651 3282

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.

The VRQA policy and procedures for whistleblowers’ protection are published on the VRQA website www.vrqa.vic.gov.au.

Alternative contact person

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
7 August 2012
Appendix 4 Disclosure index and additional information

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

- Procedures for Government School Closures, July 2007
- VET Guidelines, September 2009
- Government School Performance Summaries, November 2009
- Financial Health Assessments of RTOs, December 2009
- Delegation of Ministerial Powers to Mandate the Collection of Annual Reports to the School Community, June 2011
- Delegation of Ministerial Powers to the VRQA Director to grant exemptions to the principal purpose requirement, January 2012.

Report of operations

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Requirement</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Charter and purpose</strong></td>
<td></td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Manner of establishment and the relevant Ministers</td>
<td>5</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Objectives, functions, powers and duties</td>
<td>5–8</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Nature and range of services provided</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td><strong>Management and Structure</strong></td>
<td></td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Organisational structure</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td><strong>Financial and other information</strong></td>
<td></td>
</tr>
<tr>
<td>FRD 8A</td>
<td>Budget portfolio outcomes</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 10</td>
<td>Disclosure index</td>
<td>78</td>
</tr>
<tr>
<td>FRD 12A</td>
<td>Disclosure of major contracts</td>
<td>74</td>
</tr>
<tr>
<td>FRD 15B</td>
<td>Executive Officer disclosures</td>
<td>64</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Summary of the financial results for the year</td>
<td>17</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Significant changes in financial position during the year</td>
<td>17</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Operational and budgetary objectives and performance against objectives</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Major changes or factors affecting performance</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Subsequent events</td>
<td>65</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Application and operation of the Freedom of Information Act 1982</td>
<td>73</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Compliance with building and maintenance provisions of the Building Act 1993</td>
<td>73</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Statement on National Competition policy</td>
<td>74</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Application and operation of the Whistleblowers Protection Act 2001</td>
<td>75</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Details of consultancies over $10,000</td>
<td>74</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Details of consultancies under $10,000</td>
<td>74</td>
</tr>
</tbody>
</table>
### Legislation Requirement Page

**Financial and other information**

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Requirement</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRD 22C</td>
<td>Statement of availability of other information</td>
<td>80</td>
</tr>
<tr>
<td>FRD 22C</td>
<td>Occupational health and safety</td>
<td>74</td>
</tr>
<tr>
<td>FRD 24B</td>
<td>Reporting of office-based environmental impacts</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 25A</td>
<td>Victorian Industry Participation policy disclosures</td>
<td>74</td>
</tr>
<tr>
<td>FRD 29</td>
<td>Workforce data disclosures</td>
<td>15</td>
</tr>
<tr>
<td>SD 4.2(g)</td>
<td>General information requirements</td>
<td>5–36</td>
</tr>
<tr>
<td>SD 4.2(j)</td>
<td>Sign-off requirements</td>
<td>(frontice)</td>
</tr>
<tr>
<td>SD 4.5.5</td>
<td>Risk management compliance attestation</td>
<td>77</td>
</tr>
</tbody>
</table>

**Financial Statements**

Financial Statements required under Part 7 of the *Financial Management Act 1994*

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Requirement</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SD 4.2(b)</td>
<td>Operating statement</td>
<td>38</td>
</tr>
<tr>
<td>SD 4.2(b)</td>
<td>Balance sheet</td>
<td>39</td>
</tr>
<tr>
<td>SD 4.2(b)</td>
<td>Statement of changes in equity</td>
<td>40</td>
</tr>
<tr>
<td>SD 4.2(b)</td>
<td>Statement of cash flows during the year</td>
<td>41</td>
</tr>
<tr>
<td>SD 4.2(a)</td>
<td>Compliance with Australian Accounting Standards and other authoritative</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>pronouncements</td>
<td></td>
</tr>
<tr>
<td>SD 4.2(c)</td>
<td>Accountable Officer’s declaration</td>
<td>69</td>
</tr>
<tr>
<td>SD 4.2(d)</td>
<td>Rounding of amounts</td>
<td>45</td>
</tr>
<tr>
<td>SD 4.2(f)</td>
<td>Model financial report</td>
<td>37–68</td>
</tr>
</tbody>
</table>

**Other disclosures in notes to the Financial Statements**

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Requirement</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRD 9A</td>
<td>Departmental disclosure of administered assets and liabilities</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 11</td>
<td>Disclosure of ex-gratia payments</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 13</td>
<td>Disclosure of parliamentary appropriations</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 21A</td>
<td>Responsible Person and Executive Officer disclosures</td>
<td>63–64</td>
</tr>
<tr>
<td>FRD 102</td>
<td>Inventories</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 103D</td>
<td>Non-current physical assets</td>
<td>55</td>
</tr>
<tr>
<td>FRD 104</td>
<td>Foreign currency</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 106</td>
<td>Impairment of assets</td>
<td>55–56</td>
</tr>
<tr>
<td>FRD 107</td>
<td>Investment properties</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 109</td>
<td>Intangible assets</td>
<td>55–56</td>
</tr>
<tr>
<td>FRD 110</td>
<td>Cash flow statements</td>
<td>41, 62</td>
</tr>
<tr>
<td>FRD 112B</td>
<td>Defined benefit superannuation obligations</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 113</td>
<td>Investments in subsidiaries, jointly controlled entities and associates</td>
<td>n/a</td>
</tr>
<tr>
<td>FRD 114A</td>
<td>Financial instruments – general government entities and public non-financial</td>
<td>58–61</td>
</tr>
<tr>
<td></td>
<td>corporations</td>
<td></td>
</tr>
<tr>
<td>FRD 119</td>
<td>Contributions by owners</td>
<td>40</td>
</tr>
</tbody>
</table>
Legislation

Audit Act 1994
Building Act 1993
Education and Training Reform Act 2006
Financial Management Act 1994
Freedom of Information Act 1982
Public Administration Act 2004
Victorian Industry Participation Act 2003
Whistleblowers Protection Act 2001

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
• details of consultancies and contractors.

Enquiries regarding details of this information should be made to:
Manager
Governance and Corporate Services
VRQA
GPO Box 2317
Melbourne Victoria 3001
Telephone: (03) 9651 3282
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAS</td>
<td>Australian Accounting Standard</td>
</tr>
<tr>
<td>AASB</td>
<td>Australian Accounting Standards Board</td>
</tr>
<tr>
<td>ACPET</td>
<td>Australian Council for Private Education and Training</td>
</tr>
<tr>
<td>AQTF</td>
<td>Australian Quality Training Framework</td>
</tr>
<tr>
<td>ASQA</td>
<td>Australian Skills Quality Authority</td>
</tr>
<tr>
<td>ATO</td>
<td>Australian Taxation Office</td>
</tr>
<tr>
<td>AUD</td>
<td>Australian dollar</td>
</tr>
<tr>
<td>CECV</td>
<td>Catholic Education Commission of Victoria</td>
</tr>
<tr>
<td>CRICOS</td>
<td>Commonwealth Register of Institutions and Courses for Overseas Students</td>
</tr>
<tr>
<td>DBI</td>
<td>Department of Business and Innovation</td>
</tr>
<tr>
<td>DEECD</td>
<td>Department of Education and Early Childhood Development</td>
</tr>
<tr>
<td>DTF</td>
<td>Department of Treasury and Finance</td>
</tr>
<tr>
<td>DIIRSTE</td>
<td>Department of Industry, Innovation, Science, Research and Tertiary Education</td>
</tr>
<tr>
<td>ELICOS</td>
<td>English Language Intensive Courses for Overseas Students</td>
</tr>
<tr>
<td>ESOS</td>
<td>Education Services for Overseas Students</td>
</tr>
<tr>
<td>FOI</td>
<td>Freedom of Information</td>
</tr>
<tr>
<td>GAAP</td>
<td>Generally Accepted Accounting Principles</td>
</tr>
<tr>
<td>GFS</td>
<td>Government Finance Statistics</td>
</tr>
<tr>
<td>GG</td>
<td>General Government</td>
</tr>
<tr>
<td>GGS</td>
<td>General Government Sector</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and services tax</td>
</tr>
<tr>
<td>HESG</td>
<td>Higher Education and Skills Group</td>
</tr>
<tr>
<td>ISV</td>
<td>Independent Schools Victoria</td>
</tr>
<tr>
<td>KMP</td>
<td>Key Management Personnel</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>NARA</td>
<td>National Audit and Registration Agency</td>
</tr>
<tr>
<td>NSAI</td>
<td>Non self-accrediting institution</td>
</tr>
<tr>
<td>NSSC</td>
<td>National Skills Standards Council</td>
</tr>
<tr>
<td>OCI</td>
<td>Other comprehensive income</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
</tr>
<tr>
<td>OHS</td>
<td>Occupational health and safety</td>
</tr>
<tr>
<td>OSSEO</td>
<td>Overseas Secondary Student Exchange Organisations</td>
</tr>
<tr>
<td>RDR</td>
<td>Reduced Disclosure Requirement</td>
</tr>
<tr>
<td>RIS</td>
<td>Regulatory Impact Statement</td>
</tr>
<tr>
<td>RTO</td>
<td>Registered training organisation</td>
</tr>
<tr>
<td>TAFE</td>
<td>Training and Further Education</td>
</tr>
<tr>
<td>TEQSA</td>
<td>Tertiary Education Quality and Standards Agency</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical and Vocational Education Training</td>
</tr>
<tr>
<td>VCAL</td>
<td>Victorian Certificate of Applied Learning</td>
</tr>
<tr>
<td>VCAT</td>
<td>Victorian Civil and Administrative Tribunal</td>
</tr>
<tr>
<td>VCE</td>
<td>Victorian Certificate of Education</td>
</tr>
<tr>
<td>VET</td>
<td>Vocational education and training</td>
</tr>
<tr>
<td>VRQA</td>
<td>Victorian Registration and Qualifications Authority</td>
</tr>
</tbody>
</table>