

Financial Report

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This financial report covers the Victorian Skills Commission as an individual entity.

The Victorian Skills Commission is a Statutory Authority under the *Education and Training Reform Act 2006*. The Victorian Skills Commission reports separately to Parliament through the Minister for Skills and Workforce Participation.

Its principal address is:

Victorian Skills Commission
Level 3
2 Treasury Place
East Melbourne VIC 3002

Financial Report

Comprehensive operating statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	NOTES	2009 \$'000	2008 \$'000
Income from transactions			
Grant income	2(a)(i)	1,117,377	1,061,793
Specific purpose income	2(a)(ii)	23,923	23,651
Interest		7,211	7,601
Other income	2(b)	1,058	471
Total income from transactions		1,149,569	1,093,516
Expenses from transactions			
Administrative expenses		12,786	10,240
Grants to TAFE institutes		903,504	852,562
Grants to private/public providers		130,899	116,874
Specific purpose and trust payments		66,981	67,590
Depreciation	3	215	333
Other operating expenses		16,916	11,468
Total expenses from transactions		1,131,301	1,059,067
Net result from transactions (net operating balance)		18,268	34,449
Other economic flows included in net result			
Increment/(decrement) arising from asset valuation		–	(3,028)
Net gain/(loss) on disposal of non-financial assets		(5)	–
Total other economic flows included in net results		(5)	(3,028)
Net result from continuing operations		18,263	31,421
Other economic flows – other non-owner changes in equity			
Changes in physical asset revaluation reserve		–	3,156
Total other economic flows – other non-owner changes in equity		–	3,156
Comprehensive result		18,263	34,577

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet

AS AT 30 JUNE 2009

	NOTES	2009 \$'000	2008 \$'000
Assets			
Financial assets			
Cash and deposits	15(b)	141,222	121,279
Receivables	4	21,360	20,587
Total financial assets		162,582	141,866
Non-financial assets			
Other non-financial assets	6	10	1,463
Property, plant and equipment	5	8,999	9,194
Total non-financial assets		9,009	10,657
Total assets		171,591	152,523
Liabilities			
Payables	7	25,614	24,809
Total liabilities		25,614	24,809
Net assets		145,977	127,714
Equity			
Contributed capital		23,059	23,059
Reserves	16	3,156	3,156
Accumulated surplus/(deficit)		119,762	101,499
Total equity		145,977	127,714
Commitments for expenditure	13		
Contingent assets and contingent liabilities	12		

The above balance sheet should be read in conjunction with the accompanying notes.

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Statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	EQUITY AT 1 JULY 2008	TOTAL COMPREHENSIVE RESULT	TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	EQUITY AT 30 JUNE 2009
	\$'000	\$'000	\$'000	\$'000
2009				
Accumulated surplus	101,499	18,263	–	119,762
	101,499	18,263	–	119,762
Contributions by owners	23,059	–	–	23,059
	23,059	–	–	23,059
Physical asset revaluation reserve	3,156	–	–	3,156
	3,156	–	–	3,156
				–
Total equity at the end of the financial year	127,714	18,263	–	145,977
	EQUITY AT 1 JULY 2007	TOTAL COMPREHENSIVE RESULT	TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	EQUITY AT 30 JUNE 2008
	\$'000	\$'000	\$'000	\$'000
2008				
Accumulated surplus	70,078	31,421	–	101,499
	70,078	31,421	–	101,499
Contributions by owners	14,350	–	8,709	23,059
	14,350	–	8,709	23,059
Physical asset revaluation reserve	–	3,156	–	3,156
	–	3,156	–	3,156
Total equity at the end of the financial year	84,428	34,577	8,709	127,714

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	NOTES	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Receipts from government		1,140,681	1,047,015
Receipts from other entities		1,899	24,121
GST recovered from the ATO		16,220	13,347
GST paid to the ATO		(995)	(1,611)
Interest received		7,211	7,601
Payments to suppliers and others		(54,439)	(14,055)
Payments for training delivery		(1,090,608)	(1,039,088)
Net cash flows from/(used in) operating activities	15(a)	19,969	37,330
Cash flows from investing activities			
Payment for property plant and equipment / non-financial assets		(26)	(556)
Net cash flows from/(used in) investing activities		(26)	(556)
Net increase/(decrease) in cash and deposits			
		19,943	36,774
Cash and deposits at the beginning of the year		121,279	84,505
Cash and deposits at the end of the year	15(b)	141,222	121,279

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

Note 1. Summary of accounting policies

(A) Statement of compliance

This general purpose financial report has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AASs), interpretations and other mandatory professional requirements. AASs include Australian equivalents to International Financial Reporting Standards.

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

The financial report also complies with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions by the Minister for Finance.

(B) Basis of preparation

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

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

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

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

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

(C) Scope and presentation of financial statements

Early adoption of AASB 101 (September 2007)

As a result of a state-wide policy to improve consistency in public sector reporting, the Commission has revised the presentation of its complete set of financial statements to align with the AASB 1049 presentation format, used in the Financial Report for the State and the general government sector. In addition, the Commission has also early adopted the September 2007 version of AASB 101.

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

(a) The notion of

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

(b) references to equity holders as *owners*.

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

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

Comprehensive operating statement

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

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

Balance sheet

Items of assets and liabilities in the balance sheet are:

- ranked in liquidity order
- aggregated into financial and non-financial assets
- classified according to GFS terminology, but retain measurement and disclosure rules under existing accounting standards applicable to the Commission
- current versus non-current assets and liabilities are disclosed in the notes where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliation of each non-owner and owner equity opening balance at the beginning of the year to the closing balance at the end of the year, showing separately movements due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions with owners in their capacity as owners.

Cash flow statement

The cash flow statement classifies flows by operating, investing and financing activities in accordance with AASB 107 *Cash Flow Statements*. There were no significant changes due to alignment of the Commission's financial statements presentation formats to AASB 1049.

(D) Reporting entity

The Victorian Skills Commission is a Statutory Authority established under the *Education and Training Reform Act 2006*. The Victorian Skills Commission reports separately to Parliament through the Minister for Skills and Workforce Participation. Its principal address is:

Victorian Skills Commission
Level 3
2 Treasury Place
East Melbourne 3002

The financial statements include all activities of the Victorian Skills Commission for the year ended 30 June 2009.

(E) Rounding of amounts

Amounts in the financial report have been rounded to the nearest thousand dollars, or in some instances, to the nearest dollar.

(F) Revenue recognition

State and Commonwealth Governments' grants over which the Commission gains control during a reporting period are recognised as revenue of that reporting period consistent with Australian Accounting Standard AASB 1004: *Contributions* and other relevant accounting concepts, pronouncements and views. 'Control' arises on the earlier event of receipt or notification of eligibility for grants by relevant authorities. Revenue also includes minor amounts for services provided and recognised as they are earned.

Interest revenue includes interest received on bank term deposits and interest from investments with Treasury Corporation of Victoria. Interest is recognised on a time proportionate basis and takes into account the effective yield on the financial asset.

Rental income from the leasing of investment properties is recognised on a straight-line basis over the lease term.

(G) Payments for training delivery

The Commission and each TAFE Institute sign an individual performance agreement annually to determine training outcomes and capital expenditure requirements. Based on this agreement, twice monthly payments are made to TAFE institutes. The Commission has sophisticated reporting mechanisms in place to monitor training delivery and there are agreed policies to ensure the state and Commonwealth grants are used to achieve the two levels of governments' objectives.

Similarly the Commission enters into contracts with a range of non-TAFE providers for the delivery of training outcomes. These organisations receive payments in the month following delivery based on the training hours delivered as reported through the contract payments system administered by the Commission.

The Commission also makes payments from funds received for specific purposes which require specific outcomes along with acquittal of those funds in terms specified.

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Note 1. Summary of accounting policies (continued)

(H) Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand, cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For the cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as interest bearing liabilities on the balance sheet.

(I) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to its estimated residual value. Estimates of remaining useful lives are reviewed at least annually. The expected useful lives are as follows:

	2009	2008
Computers and peripheral equipment	3 years	3 years
Furniture, fittings and office equipment	5-10 years	5-10 years
Buildings	40 years	40 years

(J) Receivables

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax credits receivable.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest 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.

(K) Leased non-current assets

At reporting date:

- No assets subject to a finance lease were held
- No incentives had been received on entering into operating leases
- No surplus leased space existed under non-cancellable operating leases.

Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight-line basis over the period of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease assets are consumed.

(L) Payables

Payables represent liabilities for goods and services provided to the Commission that are unpaid at the end of the financial year. Payables are initially measured at fair value, being the cost of the goods and services, and then subsequently measured at amortised cost.

(M) Contributions by owners

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

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

(N) Administrative expenses

All employees of the Commission are deemed to be employees of the Department of Innovation, Industry and Regional Development and the Commission reimburses the department for all employee entitlements including superannuation, long service and annual leave costs (including on-costs). The costs are classified as administrative expenses in the comprehensive operating statement.

(O) Goods and services tax (GST)

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

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

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

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

(P) Investments

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(Q) New accounting standards and interpretations

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

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

As at 30 June 2009, a number of standards and interpretations applicable to the Commission had been issued but were not mandatory for financial year ending 30 June 2009. The Commission has not, and does not intend to adopt these standards early. Please see Note 17 for details of these standards and interpretations.

(R) Revaluation of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRDs issued by the Minister for Finance. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Revaluation increases are credited directly to equity in the revaluation reserve, except to the extent that an increase reverses a revaluation decrease in respect of that class of property, plant and equipment, previously recognised as an expense (other economic flows) in the net result, the increase is recognised as income (other economic flows) in determining the net result.

Revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of property, plant and equipment, they are debited to the revaluation reserve.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not normally transferred to accumulated funds on de-recognition of the relevant asset.

(S) Functional and presentation currency

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

(T) Impairment of non-financial assets

Non-financial assets with finite useful lives are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired.

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

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

(U) Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred.

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Note 2. Revenue

	2009 \$'000	2008 \$'000
(a) Revenue from continuing operations		
(i) Grants revenue		
State Government grants		
Recurrent grants	735,717	717,347
Capital grants	53,632	41,554
	789,349	758,901
Commonwealth Government grants		
Recurrent grants	134,621	259,497
Capital grants	30,967	43,395
Specific Purpose Payments *	162,440	–
	328,028	302,892
Total grants revenue	1,117,377	1,061,793
(ii) Specific purpose revenue		
Revenue from projects that require specific outcomes		
Commonwealth projects	16,759	15,565
State Government projects	7,164	8,086
Total specific purpose revenue	23,923	23,651
(b) Other income		
Rent	209	365
Other	849	106
Total other income	1,058	471

* The Commission has entered into a new national agreement with the Commonwealth Government effective 1 January 2009. The new National Agreement now includes in the base funding a number of elements which previously either required separate reporting (such as Major Capital) or which funded some national projects (such as some Indigenous programs). These funds are now considered part of recurrent Specific Purpose Payments funding for the purposes of indexation.

Note 3. Expenses

	2009 \$'000	2008 \$'000
Net expenses		
Result from continuing operations includes the following net expenses		
Depreciation		
Buildings	21	62
Furniture, fittings and office equipment	–	4
Computers and peripherals	194	267
Total depreciation	215	333
Rental expense relating to operating leases		
Minimum lease payments	52	57
Total rental expense relating to operating leases included in other operating expenses	52	57

Note 4 Receivables

	2009 \$'000	2008 \$'000
Current		
Contractual receivables	15,931	16,538
Statutory receivable (GST receivable from ATO)	5,429	4,049
	21,360	20,587

The average credit period is 30 days. No interest is charged on other receivables.

The receivables were determined to be current and not impaired.

Refer to Note 8(e) for an ageing analysis of contractual receivables.

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Note 5. Property plant and equipment

	2009 \$'000	2008 \$'000
Land at fair value	7,800	7,800
	7,800	7,800
Buildings		
At fair value	977	977
At Cost	32	32
Less: Accumulated depreciation	(23)	(2)
	986	1,007
Computers and peripheral equipment		
At cost	892	953
Less: Accumulated depreciation	(679)	(566)
	213	387
Office equipment and furniture		
At cost	64	64
Less: Accumulated depreciation	(64)	(64)
	-	-
Total property, plant and equipment	8,999	9,194

Reconciliations

	LAND	BUILDINGS	COMPUTERS	FURNITURE AND EQUIPMENT	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
2009					
Carrying amount at start of year	7,800	1,007	387	-	9,194
Additions	-	-	26	-	26
Disposals	-	-	(6)	-	(6)
Net revaluation increments/(decrements)	-	-	-	-	-
Depreciation and amortisation	-	(21)	(194)	-	(215)
Carrying amount at end of year	7,800	986	213	-	8,999

	LAND	BUILDINGS	COMPUTERS	FURNITURE AND EQUIPMENT	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
2008					
Carrying amount at start of year	-	-	130	4	134
Additions	4,644	4,097	524	-	9,265
Net revaluation increments/(decrements)	3,156	(3,028)	-	-	128
Depreciation and amortisation	-	(62)	(267)	(4)	(333)
Carrying amount at end of year	7,800	1,007	387	-	9,194

Land and buildings were re valued by Landlink Valuation and Advisory Services at fair value as of 30 June 2008. This resulted in an increment of \$3,156,000 in the fair value of land and a decrement of \$3,087,685 in the fair value of buildings.

Note 6. Other non-financial assets

	2009 \$'000	2008 \$'000
Current other non-financial assets		
Prepayments	10	1,463
Total current other non-financial assets	10	1,463
Non-current other non-financial assets	–	–
Total other non-financial assets	10	1,463

Note 7. Payables

	2009 \$'000	2008 \$'000
Current payables		
Contractual payables (Trade and other payable)	23,011	23,201
Statutory payable (Taxes)	2,603	1,608
Total current payables	25,614	24,809
Non-current payables	–	–
Total non-current payables	–	–
Total payables	25,614	24,809

The average credit period is 30 days. No interest is charged on late or non-payment of debts.

These payables are current and the due dates for payments are less than 30 days.

Refer to Note 8(f) for an ageing analysis of contractual payables.

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Note 8. Financial instruments

8(a) Financial risk management objectives and policies

The Commission's activities expose it primarily to the financial risks of changes in interest rates. The Commission does not enter into derivative financial instruments to manage its exposure to interest rate risk.

The Commission does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Commission's principal financial instruments comprise of:

- Cash assets and cash equivalents
- Term deposits
- Receivables excluding statutory receivables
- Payables excluding statutory payables.

The Commission's Members have the overall responsibility for the establishment and oversight of the Commission's risk management framework. The Commission's overall risk management program focuses on the interest movement of short-term/long-term money market.

Market risk

Market risk is the risk that will affect the fair value or future cash flows of the Commission's financial instruments due to changes in market prices. Market risk comprises interest rate risk, foreign exchange risk and other price risk. The Commission is only exposed to interest rate risk. Objectives, policies and processes used to minimise this risk are given below:

Interest rate risk

Interest rate risk arises from the potential for a change in net interest earnings in the current reporting period and in future years. The objective is to manage the rate risk to achieve stable and sustainable net interest earnings in the long term. This is managed predominately through a mixture of short-term and long-term investments.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Commission's year end result.

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

	2009 \$'000	2008 \$'000
Financial assets		
Cash and deposits	141,222	121,279
	141,222	121,279
Financial liabilities		
At amortised cost	(25,614)	(24,809)
	(25,614)	(24,809)

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

- For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result
- For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost
- For financial asset and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

8(b) Interest rate exposure of financial instruments

The Commission's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the table below:

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	CARRYING AMOUNT	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
	%	\$'000	\$'000	\$'000	\$'000
2009					
Financial assets					
Cash and cash equivalents	3.10	21,142	–	21,142	–
Deposits	4.70	120,080	120,080	–	–
Receivables	–	15,931	–	–	15,931
		157,153	120,080	21,142	15,931
Financial liabilities					
Payables	–	23,011	–	–	23,011
		23,011	–	–	23,011
		134,142	120,080	21,142	(7,080)

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	CARRYING AMOUNT	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
	%	\$'000	\$'000	\$'000	\$'000
2008					
Financial assets					
Cash and cash equivalents	7.09	27,350	–	27,350	–
Deposits	7.10	93,929	93,929	–	–
Receivables	–	16,538	–	–	16,538
		137,817	93,929	27,350	16,538
Financial liabilities					
Payables	–	23,201	–	–	23,201
		23,201	–	–	23,201
		114,616	93,929	27,350	(6,663)

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Note 8. Financial instruments (continued)

8(c) Market Risk Sensitivity Analysis

The sensitivity analysis below takes into consideration past performance, future expectations, economic forecasts and management knowledge and experience of the financial markets. The Commission believes that a movement of one per cent in interest rates is reasonable over the next 12 months.

	CARRYING AMOUNT	INTEREST RATE RISK			
		(1%)		1%	
		PROFIT	EQUITY	PROFIT	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
2009					
Financial assets					
Cash and cash equivalents	21,142	(211)	(211)	211	211
Cash assets – Deposits at call	5,612	(56)	(56)	56	56
Term Deposits	114,468	(1,145)	(1,145)	1,145	1,145
Receivables	15,931	–	–	–	–
Financial liabilities					
Payables	23,011	–	–	–	–
Total Increase/(Decrease)		(1,412)	(1,412)	1,412	1,412

	CARRYING AMOUNT	INTEREST RATE RISK			
		(1%)		1%	
		PROFIT	EQUITY	PROFIT	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
2008					
Financial assets					
Cash and cash equivalents	21,997	(220)	(220)	220	220
Cash assets – Deposits at call	5,353	(53)	(53)	53	53
Term Deposits	93,929	(910)	(910)	910	910
Receivables	16,538	–	–	–	–
Financial liabilities					
Payables	23,201	–	–	–	–
Total Increase/(Decrease)		(1,183)	(1,183)	1,183	1,183

8(d) The carrying amounts and net fair values of financial assets and liabilities at reporting date were:

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Commission approximates their carrying amounts

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

8(e) Credit risk

The Commission minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers. The majority of customers are concentrated in Australia and the debts relate to the provision of Vocational Education and Training services to industry and the community. The Commission continues to provide training facilitation to TAFE institutes and other service providers who adhere to industry trade terms. The risk is further minimised because large amount of the debts are due from governments.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days from date of invoice
- debtors with accounts in excess of 30 days are sent a statement of account, indicating terms of 30 days to make payment.

There has been no significant change in the Commission's exposure, or its objectives, policies and processes for managing funding risk or the methods used to measure this risk from the previous reporting period.

Financial assets that are either past due or impaired

Currently the Commission does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing of financial assets that are past due:

Ageing analysis of financial assets

	CARRYING AMOUNT	NOMINAL AMOUNT	MATURITY DATES			
			LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS
			\$'000	\$'000	\$'000	\$'000
2009						
Receivables						
Contractual receivables	561	561	—	—	537	24
Total	561	561	—	—	537	24

	CARRYING AMOUNT	NOMINAL AMOUNT	MATURITY DATES			
			LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS
			\$'000	\$'000	\$'000	\$'000
2008						
Receivables						
Contractual receivables	24	24	—	—	—	24
Total	24	24	—	—	—	24

\$24,173 in contractual receivable is considered to be impaired.

Financial Report

Note 8. Financial instruments (continued)

8(f) Liquidity risk

Liquidity risk is the risk associated with the Commission's ability to pay its dues as and when they fall due. The Commission's policy is to settle its financial obligations within 30 days and in the event of dispute settling within 30 days from the date of resolution.

The Commission manages liquidity risk by maintaining adequate reserves and continuously monitoring forecasts and actual cash flows and liquidity and working capital ratios.

The Commission's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed in the face of the balance sheet.

The following table discloses the contractual maturity analysis of the Commission's financial liabilities:

Maturity analysis of financial liabilities

	CARRYING AMOUNT	NOMINAL AMOUNT	MATURITY DATES			
			LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2009						
Payables						
Other payables	23,011	23,011	23,011	—	—	—
Total	23,011	23,011	23,011	—	—	—

	CARRYING AMOUNT	NOMINAL AMOUNT	MATURITY DATES			
			LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2008						
Payables						
Other payables	23,201	23,201	23,201	—	—	—
Total	23,201	23,201	23,201	—	—	—

Note 9. 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:

Responsible Minister

The Hon. Jacinta Allan, MP 1 July 2008 to 30 June 2009

Commission Members

Mr Peter Thomas AM (Chair)	1 July 2008 to 31 August 2008
Ms Rowena Allen (Acting Chair)	15 September 2008 to 30 June 2009
Ms Rowena Allen (member)	1 July 2008 to 14 September 2009
Ms Gillian Robertson	1 July 2008 to 30 June 2009
Mr Stuart Hamilton AO	1 July 2008 to 30 June 2009
Ms Lynne Wannan	1 July 2008 to 12 August 2008
Ms Megan Lilly	1 July 2008 to 30 June 2009
Mr Julius Roe	1 July 2008 to 30 June 2009
Mr John Sharkey AM	1 July 2008 to 30 June 2009
Mr Peter Coyne	1 July 2008 to 30 June 2009
Mr Howard Ronaldson	1 July 2008 to 30 June 2009
Mr Roger Leeming	2 April 2009 to 30 June 2009
Mr Adrian Nye	13 August 2008 to 30 June 2009

Accountable Officer

Mr Howard Ronaldson

1 July 2008 to 30 June 2009

Accountable Officer's remuneration

The accountable officer's remuneration was paid by the Department of Innovation, Industry and Regional Development and is included in the department's annual financial statements.

Amounts relating to the Minister are included in the annual financial statements of the Department of Premier and Cabinet.

Commission Members' remuneration

The remuneration/emolument received or receivable by members of the Commission as members of the Commission during the reporting period totalled:

	2009	2008
	\$186,370	\$128,760

The Department of Innovation, Industry and Regional Development paid the Commission Members' remuneration for the respective period.

The number of members of the Commission, excluding the accountable officer, with remuneration/emolument that fell within the following bands was:

BAND	2009	2008
\$0 – \$ 9,999	3	2
\$10,000 – \$19,999	7	6
\$20,000 – \$29,999	0	0
\$30,000 – \$39,999	1	1
Total	11	9

Note 10. Remuneration of executives

There were six executive officers whose remuneration exceeded \$100,000 during the reporting period (nine in 2007-08). They are disclosed in the annual financial statements (2008-09) of the Department of Innovation, Industry and Regional Development.

Note 11. Remuneration of auditors

	2009 \$	2008 \$
Paid or payable at 30 June Victorian Auditor-General's Office for financial statements' audit	47,580	43,500

Note 12. Contingent liabilities and contingent assets

The Commission has no known contingent assets at the reporting date.

On 22 June 2009, the Commission received a writ seeking unspecified damages alleging breach of contract. The Commission has lodged a defence against this action. No allowance is made in the accounts for any costs or settlement (if any) of this action as no substantial payment is expected to be made.

Financial Report

Note 13. Commitments for expenditure

(a) Operating lease commitments

	2009 \$'000	2008 \$'000
Payable within one year	29	15
Payable later than one year but not later than five years	43	–
	72	15

These commitments refer to leases entered into for photocopiers.

(b) Capital expenditure commitments

	2009 \$'000	2008 \$'000
Payable within one year	218,033	64,815
Payable later than one year but not later than five years	45,936	20,549
	263,969	85,364

(c) Outsourcing commitments

The Commission has training contracts, under the Priority Education and Training Program and the Apprenticeship/Traineeship Training Program, with a number of registered training organisations. These contracts cover training over a number of years and payments are due as long as the contractual obligations are fulfilled by the registered training organisations. These commitments have not been recognised as liabilities, but quantified as at 30 June were:

	2009 \$'000	2008 \$'000
Payable within one year	51,629	68,860
Payable later than one year but not later than five years	21,065	27,131
	72,694	95,991

Note 14. Events occurring after reporting date

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

Note 15. Cash flow reconciliation

(a) Reconciliation of net result for the period to net cash flow from operating activities

	2009 \$'000	2008 \$'000
Results from ordinary activities	18,263	31,421
Depreciation and amortisation	215	333
Loss on disposal of property plant and equipment	5	–
Revaluation decrement	–	3,028
(Increase)/decrease in other assets	1,453	(1,463)
Increase/(decrease) in payables	806	20,401
(Increase)/decrease in receivables	(773)	(16,390)
Net cash flow from operating activities	19,969	37,330

(b) Reconciliation of cash and cash equivalents

	2009 \$'000	2008 \$'000
Cash at bank	21,142	21,997
Term deposits	120,080	99,282
Total cash balance	141,222	121,279

Note 16. Reserves

	2009 \$'000	2008 \$'000
Physical asset revaluation reserve ⁰⁾		
Balance at beginning of financial year	3,156	–
Revaluation increment/(decrements)	–	3,156
Balance at end of financial year	3,156	3,156

⁰⁾ The asset revaluation reserve arises on the revaluation of land.

Note 17. New accounting standards and interpretation

The Commission has not and does not intend to, adopt the following standards as at 30 June 2009 or earlier than the mandatory starting date:

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Commission's financial statements
AASB 8 Operating Segments	Supersedes AASB 114 Segment Reporting	Beginning 1 January 2009	Not applicable.
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038].	An accompanying amending standard, also introduced consequential Amendments into other Standards.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 123 Borrowing Costs	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets. In February 2009, the AASB decided that not-for-profit public sector entities could continue to expense borrowing costs attributable to qualifying assets pending the outcome of various IPSASB/AASB projects.	Beginning 1 January 2009	Not applicable
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	An accompanying amending standard also introduced consequential amendments into other Standards.	Beginning 1 January 2009	Same as AASB 123 above.

Financial Report

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Commission's financial statements
AASB 2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]	This Amending Standard introduces an exception to the definition of financial liability to classify as equity instruments certain puttable financial instruments and certain instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation of the entity.	Beginning 1 January 2009	Not applicable to not-for-profit entities.
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 & AASB 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]	This Standard gives effect to consequential changes arising from revised AASB 3 and amended AASB 127. The Prefaces to those Standards summarise the main requirements of those Standards.	Beginning 1 July 2009	Impact expected to be insignificant.
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs5, 7 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]	A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRSs in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes.	Beginning 1 January 2009	Impact is being evaluated.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements project [AASB 1 & AASB 5]	The amendments require all the assets and liabilities of a for-sale subsidiary's to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.	Beginning 1 July 2009	Not applicable
AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	Changes mainly relate to treatment of dividends from subsidiaries or controlled entities	Beginning 1 January 2009	Not applicable
AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139]	The amendments to AASB 139 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations.	Beginning 1 July 2009	Impact is being evaluated.
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	Amendments to AASB 1049 for consistency with AASB 101 (September 2007) version.	Beginning 1 January 2009	Not applicable to public sector entities except for certain presentation formats.

Note 18. Glossary of terms

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense from transactions and actual experience.

Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs.

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.

Employee benefits expenses

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

Financial asset

A financial asset is any asset that is:

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

Grants and other transfers

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

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

Grants for on-passing

All grants paid to one institutional sector (e.g. a state general government) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

Financial statements

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

Intangible assets

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

Interest expense

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

Interest revenue

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

Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Financial Report

Note 18.

Glossary of terms (continued)

Joint ventures

Joint ventures are contractual arrangements between the department and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Net acquisition of non-financial assets (from transactions)

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

Net result

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

Net result from transactions/net operating balance

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

Non-financial assets

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

Other economic flows

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

Payables

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

Receivables

Includes short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

Sales of goods and services

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

Supplies and services

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

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.

Accountable Officer's Declaration

We certify that the accompanying Financial Statements for the Victorian Skills Commission have been prepared in accordance with Standing Direction 4.2 of the Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the operating statement, balance sheet, statement of changes in equity, cash flows statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2009 and financial position of the Victorian Skills Commission as at 30 June 2009.

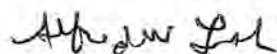
We are not aware of any circumstance that would render any particulars included in the financial statements to be misleading or inaccurate.

We authorize the attached financial report for issue on 14 September 2009.



ROWENA ALLEN
Commission Member (Acting Chair)
Victorian Skills Commission

Date: 14 / 09 / 2009



ALF SMITH
A/Accountable Officer
Victorian Skills Commission

Date 14 / 09 / 2009

INDEPENDENT AUDITOR'S REPORT

To the Secretary, Department of Innovation, Industry and Regional Development

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of the Department of Innovation, Industry and Regional Development which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Accountable Officer's and Chief Finance Officer's declaration has been audited.

The Secretary's Responsibility for the Financial Report

The Secretary is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

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

Auditor's Responsibility

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

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

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

Independence

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

Auditor's Opinion

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

MELBOURNE
17 September 2009


D D R Pearson
Auditor-General

Appendices

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Appendix 2 Risk Attestation
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Appendix 4 Freedom of Information
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Appendix 1. The state training system

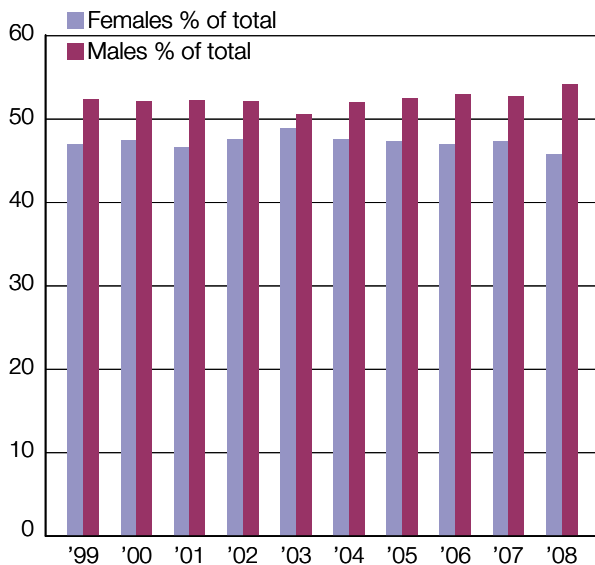
As at June 2009, the state training system, with the VSC as the state training agency, included 18 TAFE institutes (including four TAFE divisions within universities), 1,320 registered training organisations, 376 Adult Community Education (ACE) organisations and 16 industry training advisory bodies (ITABs).

In 2008, students at 599 schools were enrolled in Vocational Education and Training in Schools programs.

Proportion of women in VET programs in Victoria – all providers (excludes non-VET activity)

The proportion of women participating in VET programs in the Victorian state training system and the proportion of delivery of training delivered to women are indicated in the graph below. In 2008, women accounted for 46 per cent of reported VET students in Victoria. The proportion of women in the Victorian VET system has fluctuated between 46 to 49 per cent over the past 10-year period.

Proportion of women in the VET system



Note:
A small proportion of 'not stated' responses for gender are included in the student statistical data collection.

TAFE institutes

As at 30 June 2009, the Victorian TAFE institutes network comprised 14 TAFE institutes and four TAFE divisions in universities. All institutes are funded by the government to provide training and further education. TAFE institutes and multi-sector TAFE providers at 30 June 2009 were:

- Bendigo Regional Institute of TAFE
- Box Hill Institute of TAFE
- Central Gippsland Institute of TAFE
- Chisholm Institute of TAFE
- East Gippsland Institute of TAFE
- Gordon Institute of TAFE
- Goulburn Ovens Institute of TAFE
- Holmesglen Institute of TAFE
- Kangan Batman Institute of TAFE
- Northern Melbourne Institute of TAFE
- Royal Melbourne Institute of Technology (TAFE Division)
- South West Institute of TAFE
- Sunraysia Institute of TAFE
- Swinburne University of Technology (TAFE Division)
- University of Ballarat (TAFE Division)
- Victoria University of Technology (TAFE Division)
- William Angliss Institute of TAFE
- Wodonga Institute of TAFE

TAFE institutes provide skills training in the following areas:

- operative/clerical
- trades
- professional/paraprofessional.

Courses are accredited under the Australian Qualifications Framework. A qualification is granted to a student who completes the relevant award course. Students who partially complete a course, or who complete a short course, receive a Statement of Results or Statement of Attainment as their record of achievement. Such arrangements are consistent with the major role of TAFE institutes in providing part-time award courses, stand-alone modules and short, non-award courses.

Seven TAFE institutes act as Curriculum Maintenance Managers, providing advice on national training packages and state VET products. These institutes play an important role in reviewing training packages, updating and reviewing curriculum, and providing advice on curriculum for their industry sectors.

Sources of TAFE institute funding in Victoria

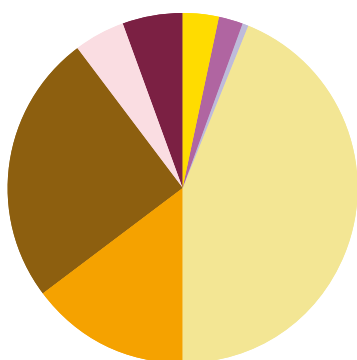
TAFE institutes are increasingly customising their products and services to meet the needs of their clients. As a result, approximately 29 per cent of total TAFE institute funding sources are from fee-for-service operations, of which funding from international activities has shown strong growth despite the current economic climate. Victoria's TAFE institutes are less reliant on government funding than their interstate peers as the government-funded recurrent provision has consistently declined over the past three years to a total of 60 per cent in 2008, whilst funding from other sources such as donations and grants, ancillary trading, and income from investments, remains at around 11 per cent of total funding sources.

Regulation

In 2008-09, the regulation of TAFE institutes and registered training organisations was managed by the Victorian Registration and Qualifications Authority (VRQA). As well as responsibility for the registration and monitoring of training organisations, the VRQA also approves RTOs to deliver courses to overseas students and recommends their inclusion on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). The VRQA also authorises TAFE institutes to conduct undergraduate courses in higher education that have vocational outcomes and industry support.

The VSC had responsibility for the allocation of funding for vocational education and training and regulation of the Victorian apprenticeship and traineeship system. The VSC and VRQA are independent statutory authorities and report separately to Parliament.

Sources of TAFE funding Victoria 2008



- Student fees and charges 4%
- Ancillary trading 2%
- Commonwealth specific-purpose grants 0%
- State current 44%
- Commonwealth current 15%
- Fee-for-service 25%
- Capital 5%
- Other (inc. asset sales & investments) 5%

Appendices

Appendix 2. Risk Attestation

I, Rowena Allen, certify that the Victorian Skills Commission has risk management processes in place broadly consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Victorian Skills Commission verifies this assurance and that the risk profile of the Commission has been critically reviewed within the last 12 months.

Rowena Allen



Acting Chairperson

Appendix 3. TAFE Capital Resources

Asset Management

The TAFE asset portfolio is made up of over 1,055 buildings worth approximately \$2.3 billion. The age of the asset portfolio ranges from new to over 100 years old. The average age of the building stock is approximately 24 years.

The Minister for Skills and Workforce Participation's statewide property portfolio responds to the requirements of the various TAFE institutes and government. The ongoing property management program deals with asset disposals declared surplus by TAFE institutes and property acquisitions where government determines that a need exists to expand the TAFE system.

Asset Investment

TAFE Capital Works Projects Completed in 2008-09:

Victorian Government funded:

The Chisholm Institute of TAFE Berwick Technical Education Centre.

Australian Government funded:

- fibre optic link between the East Gippsland Institute of TAFE Bairnsdale and Lakes Entrance campuses
- relocation and consolidation of the Kangan Batman Institute of TAFE fashion programs
- installation of Internet Protocol telephony for the Sunraysia Institute of TAFE and the East Gippsland Institute of TAFE
- information and Communications Technology upgrade at the South West Institute of TAFE Warrnambool campus
- upgrade of Building W on the Dandenong campus for the Chisholm Institute of TAFE.

TAFE Capital Works Projects in Progress in 2008-09

Victorian Government funded:

- development of the Nursing Skills Centre of Excellence for the Box Hill Institute of TAFE
- Stage 1 of the redevelopment of the Epping campus of the Northern Melbourne Institute of TAFE
- redevelopment of the Charleston Road campus of the Bendigo Regional Institute of TAFE.

Australian Government funded:

- construction of the William Angliss Institute of TAFE Latrobe Street link building
- construction of the Grant Street Bridge at the University of Ballarat
- development of a new campus at Leongatha for the Central Gippsland Institute of TAFE
- construction of a new Primary Industries Centre at Wangaratta for the Goulburn Ovens Institute of TAFE
- redevelopment of Building Q at the Fairfield campus of the Northern Melbourne Institute of TAFE.

Equipment Replacement Program

State and Commonwealth Government capital infrastructure funding includes the ongoing replacement of teaching equipment, enabling TAFE institutes to keep pace with new and emerging technology. Teaching equipment is aligned to industry standards, which ensures that students are well prepared for the workplace.

TAFE Capital Works Projects started in 2008-09**Victorian Government funded:**

- design and construction of the Kangan Batman Institute of TAFE Automotive Centre of Excellence Stage 2
- redevelopment of Building 55 for the RMIT Advanced Manufacturing Precinct
- construction of Technical Education Centres at the Northern Melbourne Institute of TAFE Heidelberg campus and the Goulburn Ovens Institute of TAFE Wangaratta campus
- new building construction and improvements to surrounds at the South West Institute of TAFE Warrnambool campus.

Australian Government funded:

- design and construction of an amenities building for the Chisholm Institute of TAFE at the Berwick campus
- upgrade of training kitchens for the William Angliss Institute of TAFE
- design and construction of the Automotive and Logistics Training Centre for the Chisholm Institute of TAFE at the Dandenong campus.

The Commonwealth Government has also funded, through the Education Investment Fund, the design and construction of the:

- Manufacturing Technology Centre at the University of Ballarat
- Echuca Trade Training Centre for the Bendigo Regional Institute of TAFE
- redevelopment of the Chadstone campus for the Central Gippsland Institute of TAFE
- Childhood Development and Related Services Building at Waverley for the Holmesglen Institute of TAFE.

Under the Commonwealth Nation Building Teaching and Learning Capital Fund – Better TAFE Facilities, funds have been provided for the statewide rollout of Wireless Infrastructure for computers at TAFE institutes and 21 projects ranging from major equipment purchases and building services upgrades through to major refurbishments.

Asset disposal

The former Kangan Batman Institute of TAFE campus in Avondale Heights was sold to VicUrban in June 2009.

Appendices

Appendix 4. Freedom of Information

The Freedom of Information Service under the *Freedom of Information Act 1982* (FOI Act) is maintained by the Department of Innovation, Industry and Regional Development (DIIRD) on behalf of the VSC.

Requests for documents under the FOI Act commonly relate to policy matters, programs, projects, proposals, consultancies and contracts.

In 2008-09, the VSC received no requests for information under the FOI Act.

Making a request

Access to documents may be obtained through written request to the Freedom of Information Unit, as detailed in section 17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

- it should be in writing
- it should identify as clearly as possible what document is being requested
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Request for documents in the possession of DIIRD should be addressed to:

Freedom of Information Unit

Department of Innovation, Industry and Regional Development
PO Box 4509
Melbourne VIC 3001

Requests can also be lodged online at www.foi.vic.gov.au.

From 1 July 2009, the required application fee per request is \$23.40.

Access charges may also apply once documents have been processed and a decision on access made, for example photocopying, search and retrieval charges.

Further information regarding Freedom of Information can be found on FOI online at www.foi.vic.gov.au.

Appendix 5. Whistleblower

The VSC has nominated the Department of Innovation Industry and Regional Development (DIIRD) as its agent to accept and investigate any disclosures made under the *Whistleblowers Protection Act 2001* (the Act) concerning VSC Members and Secretariat staff. Department procedures for managing disclosures made under the Act are detailed below.

The Act encourages and assists people making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

DIIRD does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment. DIIRD will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

DIIRD did not receive any disclosures made under the Act in relation to VSC Members or Secretariat staff, nor did the Ombudsman refer any disclosures made under the Act to the department for investigation during 2008-09.

Reporting procedures

Disclosures of improper conduct or detrimental action by VSC Members or Secretariat staff may be made to

DIIRD's Protected Disclosure Coordinator:

Rosemary Martin

Director, Legal, Audit and Risk
Department of Innovation, Industry and Regional
Development
Level 31, 121 Exhibition Street
Melbourne Vic 3000

Tel: 03 9651 9862

Email: rosemary.martin@diird.vic.gov.au

You can also make your complaint or provide information directly to the Ombudsman.

The Ombudsman, George Brouwer

Level 22, 459 Collins Street
Melbourne Vic 3000 (DX 210174)

Tel: 03 9613 6202

Toll Free: 1800 806 314

Email: ombudvic@ombudsman.vic.gov.au

Internet: www.ombudsman.vic.gov.au

Disclosures can be made in writing or made orally. You may also provide information anonymously.

Appendix 6. Other statutory reporting requirements

Disclosure of major contracts and consultancies

During the year ended 30 June 2009, the VSC did not enter into any contracts greater than \$10 million in value.

Details of major contracts are disclosed in accordance with the principles of the *Freedom of Information Act 1982*, and/or Government guidelines and can be viewed online at www.contracts.vic.gov.au

Details of consultants engaged by the VSC in 2008-09 were as follows:

- consultancies in excess of \$100,000: There were no consultancies where expenditure incurred by the VSC during 2008-09 was greater than \$100,000
- consultancies less than \$100,000: Two consultancies, for each of which the total expenditure incurred during the year was less than \$100,000, were engaged, at a total cost for the year of \$143,035 excluding GST.

Compliance with the Building Act

All government departments and funded agencies are required to comply with the requirements of the *Building Act 1993*, the Building Code of Australia and statutory obligations set by government.

The *Building Act 1993* applies to construction, demolition, removal and refurbishment of capital projects and the Building Code of Australia relates to standards set for building regulations.

The TAFE asset portfolio is made up of over 1,055 buildings worth approximately \$2.3 billion. The age of the asset portfolio ranges from new to over 100 years old. The average age of the building stock is approximately 24 years.

The Minister for Skills and Workforce Participation's statewide property portfolio responds to the requirements of the various TAFE institutes and government. The ongoing property management program deals with asset disposals declared surplus by TAFE institutes and property acquisitions where government determines that a need exists to expand the TAFE system.

See Appendix 3 for further information.

Progress in implementing National Competition Policy

The VSC continues to comply with the requirements of the National Competition Policy.

Appendices

Appendix 6. Other statutory reporting requirements (continued)

Human Resources

All employees of the VSC are deemed to be employees of the Department of Innovation, Industry and Regional Development (DIIRD). The 2008-09 DIIRD Annual Report covers matters relating to staffing, diversity, employment and conduct principles, workforce data disclosures, office-based environmental impacts and occupational health and safety, and can be found at www.diird.vic.gov.au

Summary of additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the Victorian Skills Commission (VSC) and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- a a statement that declarations of pecuniary interests have been duly completed by all relevant officers of the VSC
- b details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary
- c details of publications produced by the VSC about the activities of the VSC and where they can be obtained
- d details of changes in prices, fees, charges, rates and levies charged by the VSC for its services, including services that are administered
- e details of any major external reviews carried out in respect of the operation of the VSC
- f details of any other research and development activities undertaken by the VSC that are not otherwise covered either in the Report of Operations or in a document which contains the financial report and Report of Operations
- g details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- h details of major promotional, public relations and marketing activities undertaken by the VSC to develop community awareness of the services provided by the VSC
- i details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the Report of Operations

j a general statement on industrial relations within the VSC and details of time lost through industrial accidents and disputes, which are not otherwise detailed in the Report of Operations

k a list of major committees sponsored by the VSC, the purposes of each committee and the extent to which the purposes have been achieved.

The information is available on request from the VSC Secretariat Tel: 03 9637 3784.

Appendix 7. Disclosure Index

The Annual Report of the Victorian Skills Commission is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Commission's compliance with statutory disclosure requirements.

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Appendices

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	<i>Victorian Industry Participation Policy Act 2003</i>	N/A
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Note: Material not available in this report is included in the Department of Innovation, Industry and Regional Development Annual Report 2008-09.



