

Victorian Registration and Qualifications Authority

Victoria's education and
training regulator

Annual Report 2009–10



Published by the Communications Division
for the Victorian Registration and Qualification Authority
Department of Education and Early Childhood Development

Melbourne
September 2010

© State of Victoria (Department of Education
and Early Childhood Development) 2010

The copyright in this document is owned by the State of Victoria (Department of Education and Early Childhood Development), or in the case of some materials, by third parties (third party materials). No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*, the National Education Access Licence for Schools (NEALS) (see below) or with permission.



An educational institution situated in Australia which is not conducted for profit, or a body responsible for administering such an institution, may copy and communicate the materials, other than third party materials, for the educational purposes of the institution.

Authorised by the Department of Education
and Early Childhood Development,
2 Treasury Place, East Melbourne, Victoria, 3002.
ISBN No. 978-0-7594-0628-5

Accessibility

If you would like to receive this publication in an accessible format, such as large print or audio, please telephone 1800 809 834 or email edline@vic.gov.au

This document is also available in PDF format on the internet at www.education.vic.gov.au

September 2010

The Hon Bronwyn Pike MP
Minister for Education
Minister for Skills and Workforce Participation

2 Treasury Place
East Melbourne Victoria 3002

Dear Minister

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart Hamilton', with a stylized flourish at the end.

Stuart Hamilton, AO
Chair
Victorian Registration and Qualifications Authority

Contents

Report of the Chair	5
Report of the Director	6
About the VRQA	7
History	7
Purpose	7
Functions	7
Delegations	8
Authorised officers	8
VRQA Board	8
Committees	13
VRQA staff	15
Organisational chart as at 30 June 2010	17
Summary of financial results	18
Achievements	19
Financial statements	40
Appendices	73
1 Wider policy frameworks	73
2 <i>Whistleblowers Protection Act 2001</i>	76
3 Risk attestation compliance statement	78
4 Disclosure index	79
Acronyms and abbreviations	82

Report of the Chair



Stuart Hamilton, AO

The financial year 2009–10 was a time of considerable change and significant challenge for the VRQA. The *Education and Training Reform Act 2006* has been amended four times and the powers of the VRQA as regulator were strengthened in order to support quality in delivery of courses to overseas students and to protect their interests. In the school sector, the minimum leaving age was increased to 17 years, learning areas subject to free instruction have been amended to reflect the nationally agreed learning areas set out in the Melbourne Declaration, and senior secondary registration has been aligned with school registration for registered schools.

At the direction of the Minister for Skills and Workforce Participation, the VRQA developed guidelines for vocational education and training (VET) Providers aligned with the Australian Quality Training Framework (AQTF) to strengthen quality standards required for registration as a registered training organisation (RTO) and delivery to international students. The guidelines support maintenance of quality provision in the vocational education industry in Victoria.

Also at the direction of the Minister for Skills and Workforce Participation, the VRQA conducted Financial Health Assessments of RTOs. The Financial Health Assessments have required the VRQA to satisfy itself of the financial viability of RTOs. The aim of the assessments is to support a strong vocational training industry by establishing the capacity of providers to maintain their businesses and to avoid college closures that disadvantage students.

The Rapid Audit Program has continued and the risk criteria for assessing RTOs that deliver education and training to international students have been validated and adopted nationally.

There has been significant impact on the international education and training industry as a result of the global financial crisis, attacks on international students and the changes to Commonwealth immigration policy. These facts have resulted in declining international student enrolments and college closures. The VRQA has directly supported students affected by these closures.

The VRQA has been involved in Commonwealth education and training issues as they emerge. We have contributed to consultation on strengthening the Australian Qualifications Framework. We are preparing for the transfer of higher education registration and accreditation of Victorian providers to the new Commonwealth Tertiary Education Quality Standards Agency. The work on the National Curriculum has continued and the VRQA is consulting with the Victorian Curriculum and Assessment Authority regarding the impact on school education providers in Victoria.

The annual Board renewal process is established and this led to six new members joining the VRQA during 2009–10. I would like to acknowledge the work of those members who retired during the year and welcome new members who bring a range of expertise in education, industry, governance and management to our work on the Board and subcommittees. I thank my fellow Board members, the Director, Lynn Glover, and staff of the VRQA for their contribution to the successful implementation of the priorities of the VRQA.

Stuart Hamilton, AO
Chair

Report of the Director



Lynn Glover

The activities of the VRQA in 2009–10 were focused on our strategic priorities. Our commitment to efficiently provide quality assurance through proportionate regulation in an expanding and changing education and training environment underpinned our work in continuing the Rapid Audit Program and conducting the Financial Health Assessments of RTOs. We also began the work associated with implementing changes to legislation that impact on school education.

In November 2009, the Minister directed the VRQA to publish government school performance summaries on the State Register, following the publication of annual reports of all schools. The VRQA State Register supports the Government's policy of choice, quality and transparency in school education.

The VRQA has contributed to the development of new national requirements for VET registration and accreditation. The Australian Quality Training Framework (AQTF) 2010 will bring changes to requirements for VET providers and the VRQA will work with the Commonwealth to assist providers to meet new requirements, which will be implemented later in 2010.

National standards for Foundation Programs were endorsed in December 2009. The VRQA has revised its application process and communicated with providers in order to implement the new standards.

The VRQA has put in place processes in response to changes to requirements for the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). These changes resulted from the Commonwealth *Education Services for Overseas Students (ESOS) Amendment (Re-registration of Providers and other Measures) Act 2010*. All providers registered must meet the new requirements and be re-registered by December 2010.

Communication is a primary focus of the VRQA. This is in direct response to the imperative to keep up to date with education provider needs and to communicate emerging regulatory requirements to them. In addition to communicating through our website and conducting our schedule of information sessions for all sectors, we introduced VRQA E-news, which is sent to all stakeholders regularly and provides the latest information on regulation in education and training.

The VRQA has undergone an audit for the Australian Universities Quality Agency and submitted its report to comply with the requirements for agencies registering and accrediting higher education providers.

Ms Robyn Timmins was appointed Deputy Director of the VRQA in April 2010. Robyn shares executive responsibility with me in managing the VRQA.

I wish to thank Stuart Hamilton and all Board and committee members for their commitment and clear direction to the VRQA staff, which enabled us to achieve VRQA priorities during this year.

Lynn Glover
Director

About the VRQA

History

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

The Education and Training Reform Regulations 2007 include four sets of VRQA-related regulations:

- the registration and review of schools
- the registration of home schooling
- the registration of education and training organisations
- the role of the VRQA in investigating complaints.

Purpose

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

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

- education and training providers conduct programs in a manner that supports and promotes the principles and practice of Australian democracy
- all Victorians have access to high-quality education
- information concerning the performance of education and training providers is publicly available
- parents 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 responsible for quality assurance for education and training in Victoria. The VRQA is also responsible for registering all Victorian schools (government and non-government) school and non-school senior secondary providers, students for home schooling, providers of vocational education and training, and providers of higher education (except universities established under their own Acts).

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

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

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 2009–10 were:

- all functions and powers of the VRQA other than the power of delegation to the VRQA Director and the Deputy Director
- from 9 December 2009, all functions and powers of the VRQA other than the power of delegation to the VRQA director of the Rapid Audit Program and VRQA manager of Governance and Corporate Services; these delegated powers are subject and subordinate to the Director and/or Deputy Director
- the investigation of courses for accreditation and extensions to scope of registration to Box Hill and Holmesglen Institutes of TAFE, and Swinburne University of Technology (TAFE Division)
- the investigation of courses for accreditation to Chisholm Institute of TAFE
- registration and audit functions to TVET Australia Ltd in respect of registered training organisations (RTOs) that operate in more than one Australian state or territory, and have their principal place of business in Victoria or conduct all or most of their operations in Victoria.

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. Four staff were approved and trained as VRQA authorised officers in 2009–10, bringing the total number to 17. All authorised officers are issued with identification cards and their powers are set out in section 5.8 of the Act.

VRQA Board

In 2009–10, as a result of the Board renewal process, there were three new members appointed in 2009 and three acting appointments were made in 2010. The Board comprises members who are highly regarded in the area of school education and post-compulsory education, including government and non-government schools, vocational education and training, private and public education and training organisations, higher education and further education. They provide a fair and balanced reflection of the diversity of the community and metropolitan and country interests, as well as management and regulatory expertise.

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

Mr Stuart Hamilton AO, BA (Hons), BEc

Chair

Mr Stuart Hamilton is the Chief Executive Officer of Open Universities Australia. He was previously Secretary of the Victorian Department of Education and Training (2001–02), Director of the Innovation Economy Advisory Board (2002–03) and Chair of the Victorian Curriculum and Assessment Authority (2004–06). 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 Departments of Health, Housing and Community Services and Environment, Sport and Territories. Mr Hamilton was a Rhodes Scholar at the University of Oxford (1971–74).

Mr Peter Annett, BCom, TSTC

Member until 25 May 2010

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

Mr Christopher Bennett, BBus (Accounting)

Acting member from 30 May 2010

Mr Christopher Bennett is Partner in Charge of PricewaterhouseCoopers' (PwC) 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. Before moving to PwC, he was an employee of the Department of Education in Victoria (1979–86), working in both finance and technology.

Mr Bennett is an Affiliate of the Institute of Chartered Accountants in Australia, a Fellow of the Australian Society of CPAs, a graduate of the Australian Institute of Company Directors and a member of the Australian Computer Society (Senior).

Mr Brian Boyd, BA, DipEd

Member

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

Professor Wendy Brabham

Member until 25 May 2010

Professor Wendy Brabham is the Director of the Institute of Koorie Education at Deakin University and member of the Deakin University Academic Board. She was a member of the Victorian Qualifications Authority Board and holds the office of treasurer of the Victorian Aboriginal Education Association Inc., with which she has worked for 16 years. Professor Brabham has considerable experience working with Indigenous communities and in education.

Professor Gerald Burke, BCom, DipEd, PhD

Member until 25 May 2010

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

Professor Peter Dawkins

Ex-officio member

Professor Peter Dawkins is Secretary of the Department of Education and Early Childhood Development (DEECD). He joined the Department in 2006 following a period as Deputy Secretary of the Department of Treasury and Finance (2005–06). He has also been active on the national stage, for example as Chair of the committee that produced the Melbourne Declaration on the Educational Goals for Young Australians, and a member of the Productivity Agenda Working Group, which developed the National Productivity Agenda for COAG.

Prior to joining the public service, Professor Dawkins held a number of university positions, including Director of the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne (1996–2005). He remains an honorary Professorial Fellow of the Melbourne Institute. Professor Dawkins is a Fellow of the Academy of Social Sciences in Australia and a Fellow of the Institute of Public Administration (Victoria).

Mr Alan Frees, MAICD

Member

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 Arthur Robinson) for 13 years, before retiring from practice in 1996. Mr Frees has been, and is, a non-executive director of a number of Australian and overseas public and private companies, and is a member (and immediate past President) of the Mentone Girls' Grammar School Council (1993–). He has been an adviser to a number of independent schools and is a member (and past Chair) of the Board of Independent Schools Victoria (1998–) and a member of the Board of Management of the Independent Schools Council of Australia (2007–).

Professor Jack Keating, BEc, PhD

Member until 16 October 2009

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

Ms Jan Lake, BA, BEd

Member until 16 October 2009

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

Mr Peter Lewinsky, BEc, MBA, FCA, SFFin, FAICD

Acting member from 30 May 2010

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. Mr Lewinsky is also on the boards of a number of not-for-profit companies.

Ms Julie Moss, BA, GradDipArts (Sociology), AssocDip (Community Development)

Member

Ms Julie Moss is the Managing Director of the Photography Studies College (Melbourne). She has been a member of the VRQA since its inception and also served on the Victorian Qualifications Authority Board. She is the former National Chair of the Australian Council for Private Education and Training (ACPET) and a former member of the National Quality Council. She is a member of the Victorian Tertiary Admissions Centre Management Committee and the TAFE Development Centre, and has over 25 years experience in the post-compulsory education and training sector.

Ms Patricia Neden, BA, DipEd, GradDipBusAdmin

Member from 17 October 2009

Ms Patricia Neden is the Chief Executive Officer of Innovation and Business Skills Australia (IBSA). IBSA operates across the VET sector, developing training packages and working with industry on workforce development issues. Ms Neden is a Director of TVET Australia; 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. She also spent time in the private sector, working predominantly in information technology and human resource management in the manufacturing and mining sectors.

Professor Pauline Nestor, BA (Hons), MPhil, PhD

Member

Professor Pauline Nestor is Associate Dean Research in the Faculty of Arts, and Academic Adviser 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 John Parish, BEd

Member until 16 October 2009

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

Mr Roger Peacock, BA (Hons)

Member from 17 October 2009

Mr Roger Peacock has expertise in relationships with Asia, international education and university development. He has served at Australian embassies in Thailand, Indonesia and China. He was Executive Director of the Asian Studies Council; Head of the International Division of the Commonwealth Department of Employment, Education and Training; founding head of Australia Education International (AEI) and Vice-Principal (University Development) at the University of Melbourne.

Mr Michael Perry, BCom, FCA, SAFSIA, MAICD

Acting member from 30 May 2010

Mr Michael Perry is a recently retired Senior Partner of Ernst & Young's Melbourne office. 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 (both local and overseas), internal audit structures and business acquisition planning and implementation. Mr Perry has specialised and headed the firm's Government Sector and the Utilities, Property and Communication industry teams. He is a member 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 entities.

Mr Howard Ronaldson

Ex officio member

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

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

Member from 17 October 2009

Ms Glenda Strong has worked in the Victorian education sector for almost 30 years. With a background in primary teaching, Ms Strong has held positions in DEECD's central office, working on a range of curriculum initiatives including the Early Years Literacy and Numeracy strategies. During this time she was awarded a Public Service Medal for her contribution to education generally and the early years of schooling in particular. Ms Strong then took up the role of Regional Director of the DEECD Barwon South Western Region. She is now the Executive Director at the Royal Children's Hospital Education Institute, where she is a driving force in ensuring that students with health conditions are educationally supported throughout their health journeys.

Ms Strong holds several notable appointments with various education and health-related organisations, including member of the Jack Brockhoff Foundation Child Health and Wellbeing Advisory Committee; member of the Victorian Australian Early Development Index (AEDI) Data Dissemination Committee and Chair of the AEDI in Schools Study Advisory Group.

Committees

The Board has two standing committees: the VRQA Audit and Risk Management Committee, and the Higher Education Advisory Committee. Both committees met on six occasions during 2009–10.

VRQA Audit and Risk Management Committee

- John Parish (Chair), VRQA Board until 16 October 2009
- Peter Annett, VRQA Board until 25 May 2010
- Alan Frees (Chair), VRQA Board from 17 October 2009
- Patricia Neden, VRQA Board from 17 October 2009
- Jonathan Thomas, Moore Stephens HF Assurance
- Duncan McColl, Chief Accounting and Finance Officer, DEECD

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

Higher Education Advisory Committee

- Stuart Hamilton (Chair), VRQA Board
- Pauline Nestor, VRQA Board
- Julie Jackson, 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
- Kym Peake, Skills Victoria from 29 January 2010
- Brendan Sheehan, Skills Victoria until 28 January 2010
- Tony Zalewski, ACPET

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

Subcommittees and working groups

The Board has subcommittees that provide advice and make recommendations to the VRQA Board in specific areas. The changing priorities of the VRQA and the focus on quality of delivery in VET resulted in a revision of Board subcommittees during 2009. All Board committees include representatives from key stakeholders from within government and the private sector who have an interest in the outcomes of the committee's discussion.

The following subcommittees were convened during 2009–10:

State Register Subcommittee

- Julie Moss (Chair), VRQA Board
- Brian Boyd, VRQA Board
- Jan Lake, VRQA Board until 16 October 2009
- Glenda Strong, VRQA Board from 17 October 2009
- Sandy Forbes, ACFE until November 2009
- Michelle Hill, DEECD
- John Spasevski, DIIRD from February 2010
- Wendy Timms, Skills Victoria, until February 2010
- Sian Lewis, ACFE from March 2010

The State Register Subcommittee has oversight of the implementation of the State Register. It acts as the steering group for the project, focusing on the display of public information about education and training, and the project's achievement of high-level milestones.

Credit Matrix Implementation Advisory Committee until 4 September 2009

- Gerald Burke (Chair), VRQA Board
- Jack Keating, VRQA Board
- Wendy Brabham, VRQA Board
- Greg Clarke, DEEWR
- David Howes, VCAA
- Bernadette Gigliotti, Career Education Association of Victoria
- Verna Kearney, ACFE
- Toni Kilsby, Swinburne University of Technology
- Ewa Kuriata, DIIRD
- Edmund Misson, DEECD
- Nita Schultz, VTA

The Credit Matrix Implementation Advisory Committee had oversight of the implementation activities of the Credit Matrix. It brought together internal and external stakeholders and acted as the steering group for the project.

Quality Assurance Subcommittee from 15 September 2009

- Roger Peacock (Chair), VRQA Board from 17 October 2009
- Alan Frees, VRQA Board (held Chair position until 16 October 2009)
- Patricia Neden, VRQA Board from 17 October 2009
- Julie Moss, VRQA Board
- Jane McInnis, Skills Victoria

The Quality Assurance Subcommittee addresses issues in relation to registration and ongoing regulation of providers in all sectors, with a particular focus in 2009–10 on delivery in the VET sector and to international students.

Fees Subcommittee

The Fees Subcommittee is convened as required to undertake broad consultation with external stakeholders as part of its deliberations on any review of fees. The Fees Subcommittee did not convene in 2009–10.

Qualifications and Credit Recognition Subcommittee

The Qualifications and Credit Recognition Subcommittee addresses issues in relation to the Credit Matrix and accredited qualifications.

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:

- developing the new VRQA Guidelines for VET Providers and the CRICOS risk assessment processes
- contributing to the Australian Qualifications Framework (AQF) consultation – Strengthening the AQF
- contributing to drafting legislative amendments for the Education and Training Reform Amendment (Skills) Bill 2010.

VRQA staff

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

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

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

Director

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

Staff organisation

Executive Officers were Lynn Glover, Director; Rob Fearnside, Deputy Director (until 26 July 2009), and Robyn Timmins, Acting Deputy Director (from 27 July 2009), appointed Deputy Director on 26 April 2010.

VRQA staffing is organised in four functional areas:

- Governance and Corporate Services
- Quality Assurance:
 - school education
 - senior secondary education
 - international education
 - higher education
 - vocational education and training
- State Register and Qualifications Navigator
- Major Projects:
 - Rapid Audit Program
 - Financial Health Assessments.

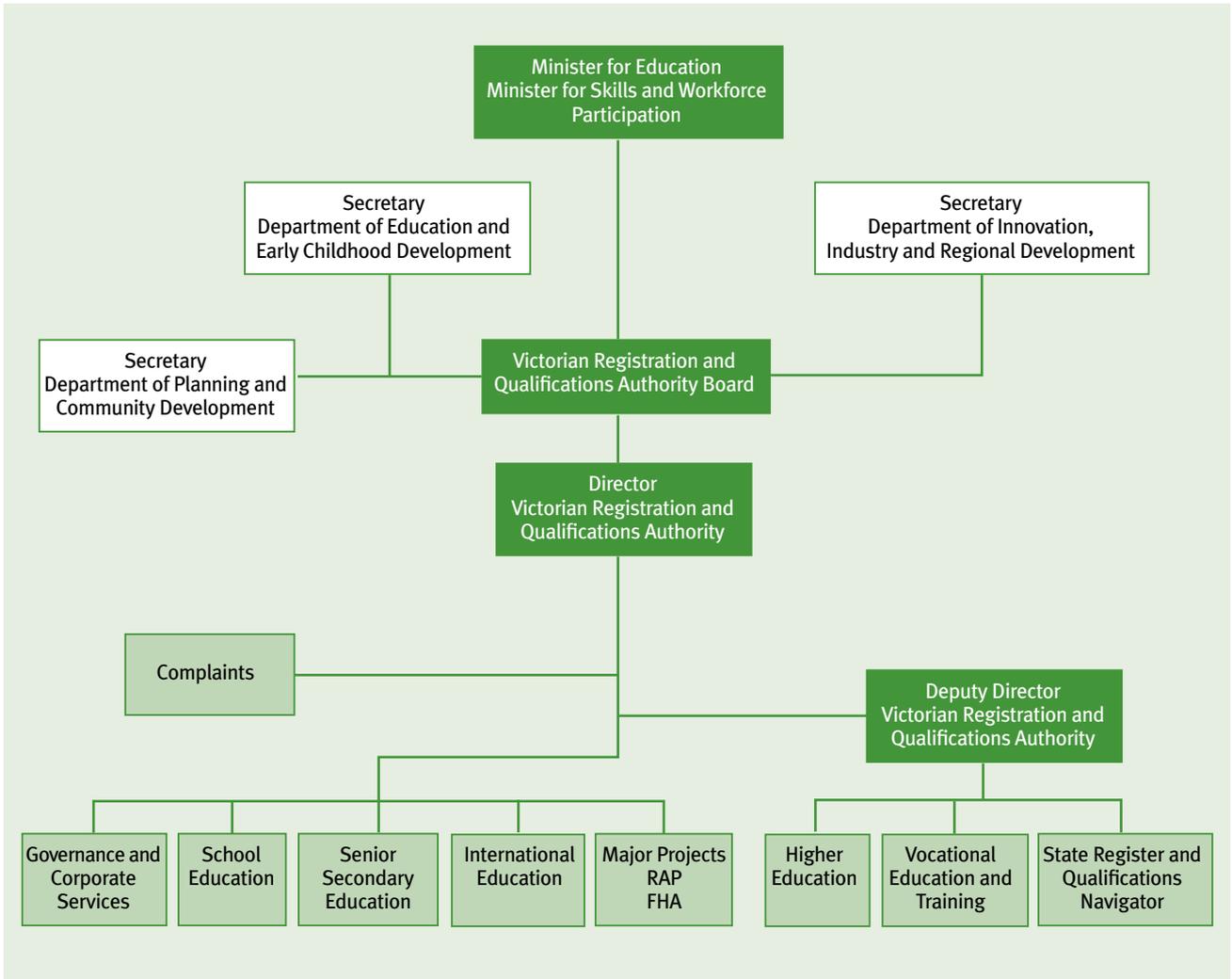
As at June 2010, the VRQA had the full-time equivalent of 51.1 staff members. Details of VRQA staff are provided in the table below. The total staffing is made up of a core establishment plus additional staffing appointed through secondments or short-term contracts to work on specific projects.

Staff on pay by classification, gender and time fraction

Classification	June 2010			June 2009		
	Males	Females	Total	Males	Females	Total
EO2	–	1.0	1.0	–	1.0	1.0
EO3	–	1.0	1.0	1.0	–	1.0
VPSG6	4.0	3.0	7.0	3.0	3.0	6.0
VPSG5	7.5	11.8	19.3	5.5	13.2	18.7
VPSG4	1.0	9.2	10.2	2.0	6.8	8.8
VPSG3	2.0	8.0	10.0	3.0	5.6	8.6
VPSG2	–	0.6	0.6	–	1.8	1.8
VPSG1	–	1.0	1.0	–	1.0	1.0
Other	–	1.0	1.0	1.0	–	1.0
Total	14.5	36.6	51.1	15.5	32.4	47.9

VRQA staff are included in DEECD workforce data.

Organisational chart as at 30 June 2010



Summary of financial results

The table below provides a summary of financial information for 2009–10 and comparison with previous years. This is the third year of operation of the VRQA.

The major sources of revenue for the VRQA are grants and resources received free of charge from government representing 72 per cent of the total and fees and charges representing 26 per cent.

In 2009–10 total income increased \$3.49 million to \$15.13 million primarily due to government funding for the Rapid Audit and Financial Health Assessment programs and increased revenue from fees. Total expenses increased \$7.01 million to \$15.38 million reflecting the cost of Rapid Audits and Financial Health Assessments of providers, development of audit processes, revision of guidelines and provision of information on the State Register, and increases in provider audit and legal costs.

The VRQA ended the year with a deficit of \$0.25 million compared to a surplus of \$3.62 million in 2008–09.

Total assets increased \$0.70 million to \$7.54 million, primarily reflecting development of the State Register. Liabilities have increased from \$0.95 million to \$1.48 million.

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

Summary of financial information

	2010 \$	2009 \$	2008 \$
Total income from transactions	15,130,372	11,988,369	8,504,792
Total expenses from transactions	15,380,811	8,370,155	7,231,103
Net result from transactions	(250,439)	3,618,214	1,273,689
Net cash flow from operating activities	618,859	4,108,229	1,283,932
Total assets	7,538,972	6,835,395	3,071,018
Total liabilities	1,484,889	530,873	384,710

Achievements

The VRQA supports the achievement of the Victorian Government's education and training goals. The VRQA operates in a close collegiate relationship with three departments: DEECD, DIIRD, and Department of Planning and Community Development (DPCD). The VRQA Strategic Plan is informed by and supports the corporate plans of the three departments. In addition to the delivery of effective regulation for Victoria's 3559 education and training providers, the VRQA completed work in regard to key initiatives under each of its strategic objectives.

Registration, accreditation and regulation

To provide a modern regulatory framework that:

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

Higher education

The VRQA is responsible for the regulation of non-self-accrediting higher education institutions in Victoria. Institutions are registered and their courses accredited against minimum standards set out in the National Protocols and National Guidelines for higher education approval processes and requirements in the *Education and Training Reform Act 2006*, based on an approval cycle of up to five years.

Key achievements 2009–10

- There was an increase in higher education applications. Most of the increase involved re-approvals of existing institutions and courses.
- Three higher education institutions due for re-registration and for quality audit under the *Higher Education Support Act 2003* in 2009 were offered a concurrent process developed by the VRQA in cooperation with the Australian Universities Quality Agency. This meant that two separate regulatory processes were able to be treated conjointly.
- In Victoria, higher education institutions are required to submit annual reports using a proforma developed by the VRQA in consultation with other state regulatory bodies. The year 2009 was the fifth year of annual reporting in Victoria, and positive trends included steady improvements in the provision of physical facilities, library and learning resources, academic governance and approaches to quality improvement.
- The VRQA participated in the Australian Universities Quality Agency (AUQA) Audit of the VRQA through consolidation of information to be considered in the audit, which involved the preparation of a detailed self-assessment portfolio against the standards, a survey of providers and Higher Education Advisory Committee representation on the national expert group.

Number of approved higher education institutions, 30 June 2010

	Institutions	Courses
Private institutions	44	217
TAFE institutes	5	52
Interstate universities	3	79
Total	52	348

Higher education approvals, July 2009 – June 2010

	Institution registration	Course accreditation	CRICOS Courses approved
New institutions	1	2	2
Existing institutions	11	33	18
TAFE institutes	4	16	23
Interstate universities	n/a	n/a	8
Total	16	51	51

Vocational education and training

The VRQA registers and monitors all providers in Victoria that deliver accredited VET training and assessment consistent with the Essential Standards for Registration of the AQTF 2007 and the VRQA Guidelines for VET Providers. The AQTF 2010 will replace AQTF 2007.

VET registration

Providers are categorised as RTOs and include TAFE institutes, enterprises and businesses providing on-the-job training and professional development, community and adult education providers, schools, local government organisations and commercial private providers.

At the end of the reporting period there were 1232 RTOs in Victoria; a notable decrease on the previous year (1338). Of the Victorian total, 1176 were registered with the VRQA and 56 RTOs with TVET Australia Ltd – the National Audit and Registration Agency (NARA) under delegation from the VRQA.

Number of registered training organisations by type, 30 June

Organisation type	2010	2009
Education/Training business or centre	712	741
Community-based adult education provider	200	222
Adult Education Institution	2	–
Industry association	116	137
Professional association	11	10
Enterprise – non-government	68	77
Enterprise – government	5	7
TAFE institute	18	18
School – government	55	74
School – independent	27	30
School – Catholic	14	16
Australian Technical College	–	4
Other – not elsewhere classified	2	1
Equipment/product manufacturer or supplier	1	1
University – government	1	–
Total	1,232	1,338

Of the total, 56 RTOs were registered with TVET-NARA.

In 2009–10, 72 new VET Providers were approved by the VRQA and TVET-NARA, compared to 87 in 2008–09.

New registered training organisations by type

Organisation type	2009–10	2008–09
Education/training business or centre	60	67
Enterprise – non-government	6	5
Community-based adult education provider	3	4
School – Catholic	1	–
School – government	1	4
School – independent	–	3
Professional association	–	2
Equipment and/or product manufacturer or supplier	–	1
Other – not elsewhere classified	1	1
Total	72	87

Of the total, six RTOs were registered with TVET-NARA.

VET audit activity

The VRQA operates an extensive audit program with RTOs. New providers undergo an initial registration audit and an audit at the end of their first 12 months of operation, and are then subject to audit for renewal of registration every five years. Audits may also be undertaken to assess changes in registration status, such as addition of new courses and site relocation. All registration activities that involve an RTO's CRICOS status and delivery to overseas students may be subject to a site audit. Audits may be completed by VRQA staff or a team of independent auditors contracted to the VRQA. The VRQA has developed a risk-based approach to ensure efficient allocation of audit resources. Risk factors that are considered include the RTO's compliance history with the AQTF standards, complaints against the RTO and the qualifications being delivered.

During 2009–10, audit processes were reviewed and re-engineered to address increased compliance requirements for RTOs as a result of the introduction of the VRQA Guidelines for VET Providers and a greater focus on high-risk providers. The audit initiatives undertaken included:

- refinement of the audit risk criteria, audit scoping and allocation
- re-engineering of audit work programs and reporting to align with the revised risk-based approach to audit scope
- introduction of a two-phased audit approach to initial registration application to reflect requirements of the VRQA Guidelines for VET Providers, including financial health requirements and the *Education and Training Reform Act 2006*
- development of service standards for the VET audit and compliance area to facilitate more efficient processes and greater focus on customer service.

When non-compliance has been identified through the audit process, the VRQA may require the RTO to submit evidence of their rectification or may require a further audit of the RTO to confirm that the rectification has been completed. In cases of severe non-compliance, the VRQA has a range of actions available, comprising restriction of the RTO's activity, sanctions against the RTO and suspension or cancellation of registration.

In 2009–10, 11 RTOs were suspended by the VRQA, including five CRICOS registration suspensions. Forty-four RTOs had their registration cancelled, including 19 CRICOS registrations.

Cancellation may also occur at the provider's request and not as a VRQA sanction. This was the case for 141 providers in 2009–10.

Delegation to TVET Australia Ltd – National Audit and Registration Agency

At June 2010, there were 56 Victorian RTOs registered with TVET-NARA. Under the VRQA delegation to TVET Australia Ltd, 50 RTOs have transferred their registration to TVET-NARA. There have also been six new registrations by organisations establishing as RTOs through TVET-NARA.

TVET-NARA registered RTOs, 30 June 2010

Organisation type	Number
Education/training business or centre	38
Enterprise – non-government	12
Industry association	3
Professional association	2
Community-based adult education provider	1
Total	56

Of the total, 50 RTOs were transferred to TVET-NARA with the approval of the VRQA, and six were independently registered. Eight providers are delivering to overseas students.

AQTF Quality Indicators

AQTF 2007 Quality Indicators have been designed to assist RTOs to strengthen their training and business performance, and to inform risk assessment for registering bodies. All RTOs were required to submit their Quality Indicator data on Competency Completion to the VRQA by 30 June 2009. By 30 June 2010, RTOs are required to submit data on all three Quality Indicators – Competency Completion, Learner Engagement and Employer Satisfaction.

VET courses

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

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

Training packages are developed by national Industry Skills Councils and are endorsed by the National Quality Council. The VRQA works to maximise links with the developers of national training packages and is involved in a cooperative arrangement with Skills Victoria to review new and revised training packages. The VRQA, in conjunction with Skills Victoria, reviewed 26 training packages in 2009–10.

Training packages reviewed 2009–10

Code	Title
ACM10	Animal Management
AVI08	Aviation
BSB07 V3	Business Services
CHCo8	Community Services
CPCo8	Construction, Plumbing and Services Integrated Framework
CPCo8 V4	Construction, Plumbing and Services Integrated Framework
CPCo8 V5	Construction, Plumbing and Services Integrated Framework
CPCo8 V5	Construction, Plumbing and Services Integrated Framework
FNS10	Financial Services
HLT07	Health
ICT10	Integrated Telecommunications
LGA04	Local Government
LMFo2	Furnishing
LMT07	Textiles, Clothing and Footwear
LMT07 V3	Textiles, Clothing and Footwear
MEM05 V2	Metal and Engineering
MSA07	Manufacturing
MSLo9	Laboratory Operations
PMC10	Manufactured Mineral Products
TAE10	Training and Education
TLI07 V3	Transport and Logistics
TLI07 V4	Transport and Logistics
UEE07 V3	Electrotechnology
UET07	Electricity Supply Industry – Transmission, Distribution and Rail Sector
UTE09	Electricity Supply Industry Package
WRHo6	Hairdressing

Victorian course accreditation activity

Overall, there has been a lower level of activity for new courses in this financial year, 33 courses compared to 45 the previous year. The 33 new courses were in a wide variety of fields, ranging from specialist interests such as dance to more traditional fields such as manufacturing. Many of the courses are in the emerging green economy. Forty-two courses were reaccredited and 94 were extended for 12 months. All new state-accredited courses have been published on the VRQA State Register. As at 30 June 2010, there were 459 Victorian-accredited courses available for RTOs to deliver, a small decrease from the previous year (481).

Course accreditation

	2009–10	2008–09
New courses accredited	33	45
Courses re-accredited	42	37
Course modifications	34	45
Course accreditations extended (for maximum 12 months)	94	106
Courses expired/deleted	92	99

Victorian accredited courses by level, 30 June 2010

	Number
Course in	122
Certificate I	12
Certificate II	34
Certificate III	25
Certificate IV	77
Diploma	83
Advanced Diploma	43
Graduate Certificate	2
Vocational Graduate Certificate	54
Vocational Graduate Diploma	7
Total	459

Key achievements 2009–10

- In response to a Direction from the Minister for Skills and Workforce Participation, the VRQA developed the VRQA Guidelines for VET Providers, approved by the VRQA Board in December 2009. The guidelines align with the AQTF 2007 and AQTF 2010 and significantly strengthen the quality standards required for initial registration as an RTO and for approval to deliver VET courses to international students. All AQTF and ESOS audits undertaken by the VRQA after 1 July 2010 will assess providers against AQTF standards and the guidelines.
- The VRQA has transferred data on qualifications to the State Register to support the introduction of the Qualifications Navigator.
- A major set of activities has been undertaken by the VRQA to move VRQA registration and accreditation processes online. To date, the work has involved updating forms and realigning processes to assist the phased introduction of VRQA Online.

Major project: Rapid Audit Program

In May 2009, the Minister for Skills and Workforce Participation announced the establishment of an independent inter-agency audit of providers in Victoria's post-secondary international education sector, involving the Department of Education, Employment and Workplace Relations (DEEWR), the Department of Immigration and Citizenship (DIAC), and the VRQA as the lead agency. This program of targeted audits was established as a result of a recommendation of the Victorian Overseas Student Education Experience Taskforce, December 2008.

Seventeen audits were initially conducted between June and September 2009, with DEEWR auditors participating in six of the 17 audits and DIAC staff participating in 16. Of these, four providers have since closed and one has withdrawn from delivery to international students.

As a result of the high levels of non-compliance discovered in the initial rapid audits, the Minister for Skills and Workforce Participation decided in August 2009 to extend the Rapid Audit Program with the addition of 24 audits, using the same methodology (Phase 2).

Twenty-three Phase 2 audits were conducted between September and December 2009.

The audit outcomes have so far confirmed the validity of the refined risk criteria in identifying providers who are operating in a high-risk environment. These criteria have now been adopted by all states and territories and are forming the basis for assessment of providers for re-registration under the Commonwealth ESOS re-registration process.

Major project: Financial Health Assessments

In December 2009, the Minister for Skills and Workforce Participation, issued a Direction to the VRQA, requiring it to satisfy itself as to the financial viability of RTOs.

This action was taken against a background of significant challenges confronting education and training providers in Victoria, particularly those providing courses to international students, including the closure of a number of private RTOs and indications of a decline in applications for enrolments by international students for 2010.

On 9 December 2009, the VRQA Board approved Financial Health Guidelines relating to the financial assessment of RTOs. These are available on the VRQA's website <www.vrqa.vic.gov.au/vet/monitoring.htm> and were communicated to all RTOs registered in Victoria.

Grant Thornton Australia is engaged by the VRQA to conduct these assessments. The assessments involve a combination of desktop analysis and on-site visits.

Assessments of 130 private RTOs have now been completed. Around one-quarter of these providers now have no international students currently enrolled, and a number of providers have moved out of training delivery to international students and relinquished their registration.

The VRQA is reviewing final assessments progressively to identify whether any further monitoring or other action is required. The VRQA, with Grant Thornton Australia, has completed some briefings and is planning the delivery of further provider briefing sessions to discuss the implications of the findings and steps providers can take to improve their financial health.

School education

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

Key achievements 2009–10

- The VRQA registered a total of 16 new schools. In addition, there were 25 government schools registered as a result of amalgamation of existing schools.
- The VRQA registered 14 schools for senior secondary provision and six new non-school senior secondary providers.
- Thirty-two non-government schools were granted re-approval and two schools were granted initial approval to deliver courses to international students.
- The VRQA established and successfully implemented a new review and re-registration process for non-school senior secondary providers, resulting in the re-registration of 13 non-school senior secondary providers for five years.
- Sixty-eight independent schools were reviewed against minimum standards for registration; 40 of these schools were deemed to be fully compliant and a further 28 were identified for a full review, including visitation by a review team. Of the schools that underwent a full review, nine were deemed compliant, 11 schools had conditions placed on their registration and eight reviews are in progress.
- At 30 June 2010, 2569 children from 1442 families were registered for home schooling. This represents an increase of 290 children over the same period last year.
- In conjunction with staff from DEECD, the VRQA participated in the inaugural Ministerial Roundtable on Home Schooling.
- In response to the Victorian Bushfires Royal Commission Interim Report, the VRQA developed and communicated a Notice and Guidelines for Bushfire Preparedness to all schools. The guidelines elaborate on Minimum Standards 12 and 13 for the care, safety and welfare of students, and for buildings, facilities and grounds.
- From January 2010, the VRQA is responsible for the registration of providers seeking approval to offer Foundation Programs (non-award courses) to international students. Foundation Programs are now assessed against national standards agreed upon in 2009.

School registration activity, 2009–10

	Government	Catholic	Independent	Total
New school				
Primary	3	3	1	7
Secondary	2	–	2	4
Primary/secondary	–	–	2	2
Specialist	2	1	–	3
Amalgamation of schools				
Primary	17	–	–	17
Secondary	2	–	–	2
Primary/secondary	6	–	–	6
Specialist	–	–	–	–
Additional campus	4	1	4	9
Additional secondary year level	4	5	13	22
Additional primary year level	–	–	3	3
Relocation	6	2	5	13
Senior secondary registration	8	4	2	14

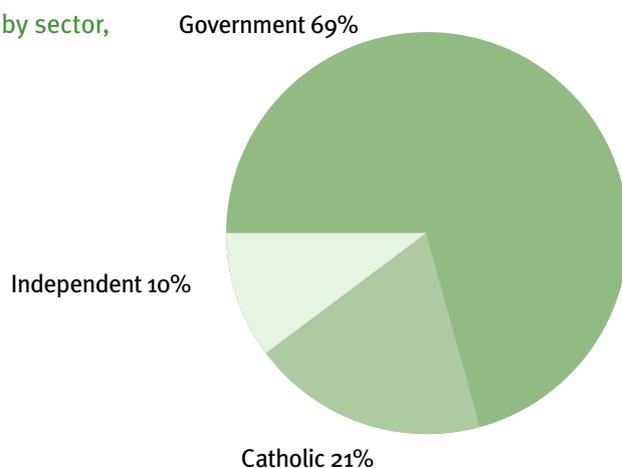
DEECD holds the registration for all government schools that deliver courses to international students in the school sector.

Number of registered schools, 30 June

	2010	2009
Government	1,567	1,587
Catholic	489	486
Independent	219	220
Total	2,275	2,293

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 2010



Non-school senior secondary providers, 30 June

Organisation type	2010	2009
Community-based Adult Education Provider	30	24
TAFE institute	18	17
Other	5	6
Education/Training Business or Centre	2	1
Adult Education Institution	1	–
Total	56	48

International education

Education services for international students

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

Providers seeking CRICOS approval must be compliant with:

- the legislative requirements for approval in Victoria under Part 4.5 of the *Education and Training Reform Act 2006*
- section 9 of the Commonwealth *Education Services for Overseas Students (ESOS) Act 2000*
- the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007 (National Code)
- the VRQA Guidelines for VET Providers introduced in December 2009.

Following the Commonwealth *Education Services for Overseas Students Amendment (Re-registration of Providers and Other Measures) Act 2010* receiving Royal Assent on 3 March 2010, all providers on CRICOS must be re-registered by 31 December 2010. The process of re-registration is being managed by the VRQA.

There were 333 providers listed on CRICOS in Victoria as at 30 June 2010, with most international student enrolments occurring in the higher education and VET sectors. There are 55 providers delivering courses in more than one sector. They are counted only once in the data, by main sector.

Overseas Secondary Student Exchange Organisations

The VRQA has the responsibility for approval of Overseas Secondary Student Exchange Organisations. At 30 June 2010, there were 42 student exchange organisations registered with the VRQA: 19 government schools, 6 non-government schools and 17 non-school organisations.

In 2009–10, a total of 466 overseas exchange students had undertaken studies in Victoria. The maximum period of study is one year. Approximately 75 per cent attended government schools and 25 per cent non-government schools. The 2009–10 exchange student cohort came to Victoria from over 27 countries, although nearly a third originated from Germany.

Providers approved to deliver courses to overseas students by main course sector, 30 June 2010

Main course sector	2010	2009
Higher education		
Victorian universities	9	9
Private institutions	17	17
Interstate universities	3	4
Schools		
Government schools	1*	1
Non-government schools	108	108
VET		
TAFE institutes	11	11
Private providers	154	166
Non-award		
ELICOS	19	17
Others	11	12
Total	333	345

*DEECD is the registered provider for CRICOS for government schools. There were overseas students on student visas at 103 government schools at 30 June 2010.

Complaints

The VRQA investigates complaints about independent schools and providers of education and training. The complaints unit also handles complaints about the VRQA. The VRQA works with relevant school sector authorities, including the Office for Government School Education in DEECD and the Catholic Education Commission of Victoria, to investigate complaints about government and Catholic schools.

In 2009–10, the VRQA received 442 complaints, including 112 relating to the provision of educational services to international students. Over 80 per cent of complaints were against VET Providers.

The figures in the table opposite show complaints the VRQA has received and registered, or which were automatically registered through the online complaints form provided by the State Register. The figures do not include verbal complaints.

When responding to general enquiries, the VRQA will first refer the person to the complaints process at his or her provider. If a person has already accessed this process and the matter falls under the VRQA's jurisdiction, the VRQA will invite the person to submit a complaint in writing, at which point it is registered.

The figures also exclude complaints that the VRQA has forwarded directly to another agency. The VRQA forwards directly to DEEWR certain complaints about providers of education and training to international students. The Shared Responsibility Framework, which sets out the respective roles of the Commonwealth Government and designated state and territory authorities in administering the Commonwealth Education Services for Overseas Students legislation, allocates certain types of complaints to DEEWR.

Complaints received 2009–10

	VET	Higher education	Schools	Home school	VRQA	Senior secondary	Other	Total
Non-ESOS	260	6	40	1	13	3	7	330
ESOS	109	2	–	–	–	–	1	112
Total	369	8	40	1	13	3	8	442

Key achievements 2009–10

In collaboration with ACPET, DEEWR and DIAC the VRQA took on additional responsibility working to handle student wellbeing issues as a result of provider closures. The VRQA provided information to affected students, put in place arrangements for their transfer to other providers, arranged for the collection of student records and distributed certificates to students.

Access to information

To ensure consumers have access to high-quality information about providers and the VRQA's role in regulation.

Key achievements 2009–10

- The Victorian Government has provided resources of \$7.4 million over four years to the VRQA to develop the State Register as part of the package of reforms included under Securing Jobs for Your Future – Skills for Victoria. The State Register supports the Government's policy direction as stated in the Blueprint for Early Childhood Development and School Reform, and the key principles underpinning the *Education and Training Reform Act 2006*:
 - choice – 'parents have a right to choose an appropriate education'
 - quality – 'all Victorians ... should have access to a high-quality education'
 - transparency – 'information concerning the performance of education and training providers should be publicly available'.
- All Victorian education and training providers are on the State Register and over 8000 accredited courses and qualifications.
- Following a Direction from the Minister for Education, Government School Performance Summaries were available on the State Register from November 2009. The VRQA published current annual reports from all registered schools on the State Register.
- During 2009–10, the VRQA published communication materials online for international students to make them aware of their rights and responsibilities, in particular the need to be aware of their contractual obligations as set out in their written agreements.
- The VRQA published advice on their website for students displaced by unexpected college closures.
- An additional search function on the State Register was released in 2010 to show education and training providers in a local area.

Credit recognition and qualifications

To ensure Victoria has an effective framework of credit recognition and qualification linkage which supports the integrated provision of education and training and responds to state and national policy development.

Key achievements 2009–10

- The Qualifications Navigator phase of the State Register project was released. Operating within the public interface of the State Register, the Qualifications Navigator allows individuals to:
 - search for accredited qualifications, courses and units and find a local provider registered to deliver them
 - open an account and build a learning profile (a list of units completed, or of interest to the learner) to see the accredited courses and qualifications that these units can lead to
 - see how learning completed in one qualification and sector compares and relates to learning in another, with a view to assisting in the negotiation of credit arrangements and the building of qualification pathways through use of a credit system called the Credit Matrix (points for volume of learning and levels for complexity of learning).
- The VRQA provided feedback to the Australian Qualifications Framework Council on the Strengthening the AQF project, the AQF Qualification Issuance Policy, their pathways project and the policy for the addition and removal of qualification types.

Relationships with stakeholders

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

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

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

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

The VRQA has an ongoing relationship with DEEWR and DIAC in relation to provision of education and training to international and domestic students and national education and training initiatives, particularly through the Ministerial Council for Education, Early Childhood Development and Youth Affairs, the Ministerial Council for Tertiary Education and Employment, and the National Quality Council.

Key achievements 2009–10

- The VRQA conducted two seminars for contractors, auditors, school reviewers and those who undertake work on behalf of the VRQA across all sectors. The seminars aim to communicate the VRQA's priorities and emerging issues, and to receive feedback from this stakeholder group.
- The annual stakeholder dinner was held on 11 May, the purpose of which is to ensure that the VRQA Board is able to consider the views of all its stakeholder organisations. Input from key stakeholders is added to outcomes of consultation with the Minister and contributes to information considered by the Board at its planning day.
- The VRQA participated in the national course accrediting bodies network to discuss the impact of changes in national policy and to improve national consistency in accreditation processes and decision-making. The VRQA liaised with Skills Victoria, TVET Australia and industry organisations to contribute to national and state accreditation innovations.
- The VRQA conducted four information sessions on the registration process for potential and existing providers in both the schools and senior secondary sectors.
- Guides to minimum standards for school registration and non-school senior secondary providers were published on the VRQA website.
- Clearer processes were established for higher education accreditation applications.
- The VRQA worked with ACPET to facilitate the transfer of displaced international students following the business failure of a number of colleges, resulting in the cancellation of the college's registration. Students were consequently able to continue their training.
- The VRQA Chair and Director hosted a series of breakfast seminars for the Chief Executive Officers of the eight largest private RTOs delivering to international students in Victoria. These eight providers account for 40 per cent of international student enrolments in the state. The seminars are an opportunity to exchange information on current issues in training provision and to seek feedback from providers.

VRQA client survey

The second VRQA client survey was conducted in October 2009. The focus of the survey was on understanding and knowledge of the VRQA, communication and stakeholder engagement. The survey used the same key measurement criteria as the 2008 survey. The survey was conducted independently and confidentially, online and face to face.

The results of the survey indicate that the VRQA has improved both its awareness and communication with stakeholders. Understanding and knowledge of the VRQA was very high: 90 per cent compared with 88 per cent in 2008. Knowledge of the VRQA as the agency responsible for quality assurance was 94.5 per cent, compared with 93.2 per cent (2008). Communication with stakeholders was perceived as strong: 72 per cent had attended seminars or information workshops, 63 per cent found the website provided the information they needed and 64 per cent found the site easy to understand and navigate.

The area of stakeholder engagement and satisfaction with services had a 63 per cent overall satisfaction rating. The responses indicated that ease of dealing with relevant staff, response to requests and response times in processing applications require attention. Business processes are currently being improved, including the introduction of VRQA Online for processing applications and a rebuild of the VRQA website.

National and state priorities

Deal proactively with state and national priorities in education and training and contribute to legislative changes at the state and national level.

The VRQA operates within a national context, taking into account:

- the specifications of the Commonwealth *Education Services to Overseas Students Act 2000*, which mandates a nationally consistent approach to the approval of providers of courses to overseas students
- the National Training Framework, which is made up of the AQTF and Training Packages
- national protocols for higher education approval processes.

Changes to the *Education and Training Reform Act 2006*

In 2009–10, a number of amendments were made to the *Education and Training Reform Act 2006*.

Education and Training Reform Amendment (School Age) Act 2009

This amendment came into effect on 1 January 2010 and changes the compulsory school age from 16 to 17 years. The VRQA communicated these changes to home-schooling families.

Education and Training Reform Amendment (Overseas Students) Act 2009

This amendment came into effect on 16 December 2009 and provides additional protection for students enrolled in education and training organisations, in particular overseas students. The amendment increases the VRQA's powers in regard to information the VRQA can publish about cancelled providers, including the names and positions of owners, directors, partners, high managerial agents or principal executive officers. It enables faster action in exceptional circumstances and reduction in the time allowed for providers to show cause why suspension or cancellation should not occur. These amendments do not apply to schools and only the public disclosure amendments apply to universities.

Key achievements 2009–10

- The VRQA participated in an expert panel reference group for the establishment of the Tertiary Education Quality and Standards Agency (TEQSA), a single national body for the regulation of higher education in Australia, along with preparation for handover to the new agency.
- The VRQA contributed to COAG discussions on the establishment of a new national VET regulator.
- The VRQA provided feedback to ACARA for the development of the national curriculum and the launch of the My School website.
- The VRQA contributed to the *Review of the Vocational Education and Training Industry Regulation, Education and Training Reform Act 2006* commissioned by the DIIRD Regulation Reform Branch.
- The VRQA contributed to the Victorian Government submission to the review of the Commonwealth *Education Services for Overseas Students Act 2000* (Baird Review).
- The VRQA commenced the re-registration of Victorian CRICOS providers following the Commonwealth *Education Services for Overseas Students (ESOS) Amendment (Re-registration of Providers and other Measures) Act 2010*.
- The VRQA contributed to the development and implementation of the AQTF 2010, providing feedback to the National Quality Council on the *User's Guide to the Essential Standards for Registration*.
- The Director, VRQA, was appointed Deputy Chair of the International Quality Implementation Group (IQIG), which was established in August 2009 to monitor the regulatory and quality frameworks associated with the provision of education and training services to international students, both onshore and offshore. The VRQA led development of IQIG's terms of reference.
- The VRQA contributed to the development of national standards for Foundation Programs, endorsed by the Ministerial Council for Tertiary Education and Employment (MCTEE) in December 2009. The VRQA also played a significant role in developing a nationally agreed approach to the implementation of the standards and the application form.

Financial statements for the financial year ended 30 June 2010

Contents

Comprehensive operating statement	41
Balance sheet	42
Statement of changes in equity	43
Cash flow statement	44
Notes to the financial statements	45
Accountable officer's and chief finance and accounting officer's declaration	70
Auditor-General's report	71

Comprehensive operating statement for the financial year ended 30 June 2010

	Note	2010 \$	2009 \$
Income from transactions			
Grants	2(c)	10,600,300	8,546,400
Interest	2(a)	284,629	185,911
Registration and accreditation fees	2(b)	3,969,806	3,065,877
Fair value of assets and services received free of charge or for nominal consideration	2(d)	272,859	189,824
Other income	2(e)	2,778	357
Total income from transactions		15,130,372	11,988,369
Expenses from transactions			
Administrative expenses	3(a)	5,123,902	4,335,970
Depreciation	3(b)	2,508	2,291
Grants and other transfers	3(c)	223,091	85,695
Supplies and services	3(d)	10,031,310	3,946,199
Total expenses from transactions		15,380,811	8,370,155
Net result from transactions (net operating balance)		(250,439)	3,618,214
Total other economic flows included in net result		-	-
Net result		(250,439)	3,618,214
Comprehensive result		(250,439)	3,618,214

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 45–69.

Balance sheet as at 30 June 2010

	Note	2010 \$	2009 \$
Assets			
Financial assets			
Cash and deposits		4,896,225	5,488,893
Receivables	4	125,044	37,818
Total financial assets		5,021,269	5,526,711
Non-financial assets			
Property, plant and equipment	6	11,951	6,127
Intangible assets	7	2,505,752	1,302,557
Total non-financial assets		2,517,703	1,308,684
Total assets		7,538,972	6,835,395
Liabilities			
Payables	8	1,484,889	530,873
Total liabilities		1,484,889	530,873
Net assets		6,054,083	6,304,522
Equity			
Accumulated surplus		4,641,464	4,891,903
Contributed capital		1,412,619	1,412,619
Net worth		6,054,083	6,304,522

The balance sheet should be read in conjunction with the accompanying notes included on pages 45–69.

Statement of changes in equity for the financial year ended 30 June 2010

	Equity at 1 July 2009	Total comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June 2010
Accumulated surplus/(deficit)	4,891,903	(250,439)	–	4,641,464
Contributions by owners	1,412,619	–	–	1,412,619
Total equity at end of financial year	6,304,522	(250,439)	–	6,054,083

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

The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 45–69.

Cash flow statement for the financial year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts			
Receipts from Government		10,598,010	8,878,346
Receipts from other entities		3,888,446	3,076,868
Goods and Services Tax recovered from the ATO		1,064,426	478,468
Interest received		284,629	185,911
Total receipts		15,835,511	12,619,593
Payments			
Payments of grants and other transfers		(236,851)	(85,695)
Payments to suppliers and employees		(14,979,003)	(8,424,649)
Goods and Services Tax paid to the ATO		(798)	(1,020)
Total payments		(15,216,652)	(8,511,364)
Net cash flows from/(used in) operating activities	12	618,859	4,108,229
Cash flows from investing activities			
Payments for non-financial assets		(1,211,526)	(1,229,238)
Net cash flows from/(used in) investing activities		(1,211,526)	(1,229,238)
Net increase/ (decrease) in cash and cash equivalents		(592,668)	2,878,991
Cash and deposits at the beginning of the financial year		5,488,893	2,609,902
Cash and deposits at the end of the financial year		4,896,225	5,488,893

The cash flow statement should be read in conjunction with the accompanying notes included on pages 45–69.

Notes to the financial statements

Contents

Note 1	Summary of significant accounting policies	46
Note 2	Income from transactions	54
Note 3	Expenses from transactions	55
Note 4	Receivables	56
Note 5	Resources received free of charge	56
Note 6	Property, plant and equipment	57
Note 7	Intangible assets	58
Note 8	Payables	59
Note 9	Commitments for expenditure	59
Note 10	Contingent assets and contingent liabilities	59
Note 11	Financial instruments	60
Note 12	Cash flow information	64
Note 13	Responsible persons	65
Note 14	Remuneration of auditors	67
Note 15	Subsequent events	67
Note 16	Glossary of terms	68

Note 1 Summary of significant accounting policies

(A) Statement of compliance

These financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, including interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

Where applicable, those paragraphs of the AASs applicable to not for profit entities have been applied.

(B) Basis of preparation

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.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Authority.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented for the year ended 30 June 2009.

(C) Reporting entity

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

Its principal address is:

Victorian Registration and Qualifications Authority
35 Spring Street
Melbourne VIC 3000

(D) Objectives and funding

The Authority's objectives are to:

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

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

(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* Cat. No. 5514.0 published by the Australian Bureau of Statistics (see Note 44).

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

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-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.

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

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into, financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

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

(F) Income from transactions

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

Grants

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

Registration and accreditation fees

Registration and accreditation fees are recognised in the period applications are received.

Interest income

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

Resources received free of charge or for nominal consideration

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

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

(G) Expenses

Supplies and services

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

Grants and other transfers

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

Administrative expenses

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

Depreciation

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

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

	2010 Useful life years	2009 Useful life years
Computer equipment	3	3
Office equipment and furniture	5–10	5–10

(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 (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

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

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

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

Receivables

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

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

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

Non-financial assets

Property, plant and equipment

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

Non-current assets constructed by the Authority

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

Intangible assets

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

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

(J) Liabilities

Payables consist predominantly of creditors and other sundry liabilities.

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

(K) Commitments

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

(L) Contingent assets and contingent liabilities

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

(M) 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.

Up to and including 30 June 2010 VRQA has operated under the Australian Business Number (ABN) of the Department of Education and Early Childhood Development and as a trading name of the Department. In July 2010 VRQA has applied for its own ABN to be effective 1 July 2010 onwards.

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

(N) Events after reporting date

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

(O) Equity

Contributions by owners

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

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

(P) Functional and presentation currency

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

(Q) Rounding of amounts

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

(R) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2010 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 2010, the following standards and interpretations (applicable to departments) had been issued but were not mandatory for financial year ending 30 June 2010. The Authority has not early adopt these standards.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Authority financial statements
AASB 2009–5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009–9 Amendments to Australian Accounting Standards – additional exemptions for first-time adopters [AASB 1]	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
Erratum General Terminology changes	Editorial amendments to a range of Australian Accounting Standards and Interpretations.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009–13 Amendments to Australian Accounting Standards arising from interpretation 19 [AASB 1]	Consequential amendment to AASB 1 arising from publication of Interpretation 19.	Beginning 1 Jul 2010	Authorities do not extinguish financial liabilities with equity instruments, therefore requirements of Interpretation 19 and related amendments have no impact.
AASB 2010–1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 and AASB 7]	This amendment provides limited exemptions from the requirements of adhering to AASB 1 and AASB 7 that arise from AASB 2009–2.	Beginning 1 Jul 2010	No impact. Relates only to first time adopters of AASB7.
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	Guidance to assist entity in accounting for transactions that involves extinguishing a liability fully or partially by issuing equity instruments to the creditor.	Beginning 1 Jul 2010	Expected to have no significant impact.
AASB 2010–3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 and AASB 139]	This standard makes amendments to AASB 3, AASB 7, AASB 132 and AASB 139 as a consequence of changes to AASB 3. It also makes amendments to AASB121, ASB128 and AASB131 for transition requirements for amendments arising as a result of AASB 127.	Beginning 1 Jul 2010	Expected to have no significant impact.
AASB 124 Related party disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests that impact is insignificant. However, the Authority is still assessing the detailed impact and whether to early adopt.

Financial Liabilities with Equity	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Authority financial statements
AASB 2009–12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Authorities therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009–14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of Prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact
AASB 2010–4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 and AASB 134 and Interpretation 13]	This standard make various changes as a consequence of the Annual Improvements Project.	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 9 Financial instruments	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).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 1053 Application of Different Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 Jan 2013	No impact. AASB 1053 does not apply to government departments.
AASB 2009–11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2010–2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	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.	Beginning 1 Jan 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.

Note 2 Income from transactions

	Note	2010 \$	2009 \$
(a) Interest			
Interest on bank deposits		284,629	185,911
Total interest revenue		284,629	185,911
(b) Registration and accreditation fees			
Registration and accreditation fees		3,969,806	3,065,877
Total revenue from sale of goods and services		3,969,806	3,065,877
(c) Grants and other transfers (other than contributions by owners)			
Department of Education and Early Childhood Development		5,623,300	8,546,400
Department of Innovation, Industry and Regional Development		1,387,000	-
Victorian Skills Commission		3,590,000	-
Total grants		10,600,300	8,546,400
(d) Fair value of assets and services received free of charge or for nominal consideration:			
Accommodation	5	272,859	189,824
Total fair value of assets and services received free of charge or for nominal consideration		272,859	189,824
(e) Other income			
Other		2,778	357
Total other income		2,778	357

Note 3 Expenses from transactions

	Note	2010 \$	2009 \$
(a) Administrative Expenses			
Employee benefits for VRQA staff employed by DEECD		5,123,902	4,335,970
Total administrative expenses		5,123,902	4,335,970
(b) Depreciation and amortisation			
Depreciation of non-current assets		2,508	2,291
Total depreciation		2,508	2,291
(c) Grants and other transfers (other than contributions by owners)			
Transfer payments to Department of Education and Early Childhood Development		4,230	1,190
Grants to other Government entities		81,261	4,505
Grants to external organisations		137,600	80,000
Total grants and other payments		223,091	85,695
(d) Supplies and services			
Purchase of supplies and consumables		352,033	275,992
Contractors and Board members		6,523,451	2,721,672
Travel expenses		54,037	64,023
Printing		96,168	129,904
Legal expenses		2,105,932	475,639
Insurance		36,527	28,168
Minor equipment purchases		50,028	20,265
Rental buildings	5	272,859	189,824
Advertising		515,695	18,162
Audit fees	14	24,580	22,550
Total supplies and services		10,031,310	3,946,199

Note 4 Receivables

	2010 \$	2009 \$
Current receivables		
Contractual		
Other receivables	113,450	28,514
	113,450	28,514
Statutory		
GST input tax credit recoverable	11,594	9,304
	11,594	9,304
Total receivables	125,044	37,818

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

(a) Ageing analysis of contractual receivables

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

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

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

Note 5 Resources received free of charge

	2010 \$	2009 \$
Resources received free of charge		
Accommodation	272,859	189,824
Total	272,859	189,824

Notes:

The amount for accommodation relates to the premises occupied by the VRQA during the year, at 35 Spring Street, Melbourne where property rentals and outgoings (\$220,609) are paid by the Department of Education and Early Childhood Development and 157 Spring Street, Melbourne where property rentals and outgoings (\$52,250) are paid by the Victorian Skills Commission. The amounts are recognised in the operating statement as an expense and offset to revenue as resources received free of charge.

Note 6 Property, plant and equipment

	2010 \$	2009 \$
Computers and peripherals		
At cost	5,242	5,242
Less: accumulated depreciation	5,242	5,242
	-	-
Office equipment and furniture		
At cost	16,420	8,088
Less: accumulated depreciation	4,469	1,961
	11,951	6,127
Total property, plant and equipment	11,951	6,127

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.

	Computers and peripherals \$	Office equipment and furniture \$	Total \$
2010			
Opening balance	-	6,127	6,127
Additions	-	8,332	8,332
Depreciation expense	-	(2,508)	(2,508)
Closing balance	-	11,951	11,951
2009			
Opening balance	1,310	7,108	8,418
Acquisitions through administrative restructures	-	-	-
Depreciation expense	(1,310)	(981)	(2,291)
Closing balance	-	6,127	6,127

Note 7 Intangible assets

	2010 \$	2009 \$
Work in progress		
State Register	2,505,752	1,302,557
Total intangible assets	2,505,752	1,302,557

Reconciliation

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

	2010 \$	2009 \$
Opening balance	1,302,557	73,320
Additions	1,203,195	1,229,237
Closing balance	2,505,752	1,302,557
Net book value at end of financial year	2,505,752	1,302,557

Note 8 Payables

	2010 \$	2009 \$
Contractual payables		
Supplies and services	677,822	99,120
Amounts payable to government	376,194	103,248
Other payables	430,873	328,505
Total payables	1,484,889	530,873

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:

	2010 \$	2009 \$
Capital expenditure commitments		
Intangible assets		
Payable		
Not longer than one year	508,652	424,153
Total capital expenditure commitments	508,652	424,153

Note 10 Contingent assets and contingent liabilities

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

Note 11 Financial instruments

(a) Significant accounting policies

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

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

Table 11.1 Categorisation of financial instruments

	2010 \$	2009 \$
Financial assets		
Cash and deposits	4,896,225	5,488,893
Receivables	113,450	37,818
Total financial assets	5,021,269	5,526,711
Financial liabilities		
Supplies and services	677,822	99,120
Amounts payable to government	376,194	103,248
Other payables	430,873	328,505
Total financial liabilities	1,484,889	530,873

(b) Interest rate risk

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

Table 11.2 Interest rate exposure

	Weighted average effective interest rate	Carrying amount	Interest rate exposure	
			Non-interest bearing	Variable interest rate
			\$	\$
2010				
Financial assets				
Cash and deposits	3.59	4,896,225	–	4,896,225
Other receivables	–	113,450	113,450	–
Total financial assets		5,009,675	113,450	4,896,225
Financial liabilities				
Supplies and services	–	677,822	677,822	–
Amounts payable to government	–	376,194	376,194	–
Other payables	–	430,873	430,873	–
Total financial liabilities		1,484,889	1,484,889	–
2009				
Financial assets				
Cash and deposits	4.21	5,488,893	–	5,488,893
Other receivables	–	28,514	28,514	–
Total financial assets		5,517,407	28,514	5,488,893
Financial liabilities				
Supplies and services	–	99,120	99,120	–
Amounts payable to government	–	103,248	103,248	–
Other payables	–	328,505	328,505	–
Total financial liabilities		530,873	530,873	–

Note:

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

(c) Credit risk

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

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

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

	Carrying amount \$	Not past due and not impaired \$	Past due but not impaired			Impaired \$
			Less than 1 month \$	1 – 3 months \$	3 months – 1 year \$	
2010						
Other receivables	113,450	83,444	10,500	18,256	1,250	–
Total	113,450	83,444	10,500	18,256	1,250	–
2009						
Other receivables	28,514	12,450	10,250	5,814	–	–
Total	28,514	12,450	10,250	5,814	–	–

(d) Market risk

The Authority's exposure to interest rate risk is set out in table 11.4.

Sensitivity disclosure analysis and assumptions

The Authority'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 Authority 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% up and down (2009: A shift of +1.0% in market interest rates (AUD) from year-end rates).

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

	Carrying amount \$	Interest rate risk	
		-1.0% Net result	+1.0% Net result
2010			
Financial assets			
Cash and deposits ^(a)	4,896,225	(48,962)	48,962
Other receivables	113,450	-	-
Financial liabilities			
Payables	1,484,889	-	-
Total increase/(decrease)		(48,962)	48,962
2009			
Financial assets			
Cash and deposits ^(a)	5,488,893	-	54,889
Other receivables	28,514	-	-
Financial liabilities			
Payables	530,873	-	-
Total increase/(decrease)		-	54,889

(a) Notes on calculation

Sensitivities of floating rate cash and cash equivalents are as follows:

- 2010 – impact on net result due to a 1 per cent movement in market interest rate is $\$4,896,225 \times [+/- 1 \text{ per cent}] = \$48,962$.
- 2009 – impact on net result due to a 1 per cent movement in market interest rate is $\$5,488,893 \times [+1 \text{ per cent}] = \$54,889$.

(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

	2010 \$	2009 \$
Net result	(250,439)	3,618,214
Non-cash movements:		
Depreciation and amortisation of non-current assets	2,508	2,291
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(87,226)	341,561
(Decrease)/increase in payables	954,016	146,163
Net cash flows from/(used in) operating activities	618,859	4,108,229

Note 13 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

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

Minister for Skills and Workforce Participation	The Hon Jacinta Allan MP	1 July 2009 to 19 January 2010
Minister for Skills and Workforce Participation	The Hon Bronwyn Pike MP	20 January 2010 to 30 June 2010
Minister for Education	The Hon Bronwyn Pike MP	1 July 2009 to 30 June 2010
Director	Lynn Glover	1 July 2009 to 30 June 2010
Chairperson	Stuart Hamilton	1 July 2009 to 30 June 2010
Board members	Peter Annett	1 July 2009 to 25 May 2010
	Christopher Bennett	30 May 2010 to 30 June 2010
	Brian Boyd	1 July 2009 to 30 June 2010
	Wendy Brabham	1 July 2009 to 25 May 2010
	Gerald Burke	1 July 2009 to 25 May 2010
	Peter Dawkins	1 July 2009 to 30 June 2010
	Alan Frees	1 July 2009 to 30 June 2010
	Jack Keating	1 July 2009 to 16 October 2009
	Jan Lake	1 July 2009 to 16 October 2009
	Peter Lewinsky	30 May 2010 to 30 June 2010
	Julie Moss	1 July 2009 to 30 June 2010
	Patricia Neden	17 October 2009 to 30 June 2010
	Pauline Nestor	1 July 2009 to 30 June 2010
	John Parish	1 July 2009 to 16 October 2009
	Roger Peacock	17 October 2009 to 30 June 2010
	Michael Perry	30 May 2010 to 30 June 2010
	Howard Ronaldson	1 July 2009 to 30 June 2010
	Glenda Strong	17 October 2009 to 30 June 2010

Responsible persons remuneration

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

Income band	2010 #	2009 #
\$0-\$9,999	6	3
\$10,000-\$19,999	9	2
\$20,000-\$29,999	–	7
\$30,000-\$39,999	–	–
\$40,000-\$49,999	1	1
\$160,000-\$169,999	–	–
\$220,000-\$229,999	1	1
Total	17	14
Total remuneration received, or due and receivable by responsible persons	\$441,783	\$440,378

The Director is an employee of the Department of Education and Early Childhood Development.

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

Related Party transactions included in the reconciliation amount:

Peter Dawkins, Secretary, Department of Education and Early Childhood Development and Howard Ronaldson Secretary, Department of Innovation, Industry and Regional Development are ex-officio members of the VRQA Board. As these roles are ex-officio they receive no remuneration to perform these roles. Any transactions between the Departments and the Authority are at arms length. Amounts received by the VRQA from the Department of Education and Early Childhood Development are \$5,623,300 (\$8,546,400 for 2009) and from the Department of Innovation, Industry and Regional Development \$1,387,000 (nil for 2009).

Note 14 Remuneration of auditors

	2010 \$	2009 \$
Victorian Auditor-General's Office		
Audit or review of the financial statements	24,580	22,550
	24,580	22,550

Note 15 Subsequent events

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

Note 16 Glossary of Terms

Comprehensive result

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

Commitments

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

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:

to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

- (d) a contract that will or may be settled in the entity's own equity instruments and is:

a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Grants and other transfers

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

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

Financial statements

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

Intangible assets

Intangible assets represent identifiable non monetary assets without physical substance.

Interest revenue

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

Net result

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

Net result from transactions/net operating balance

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

Non financial assets

Non financial assets are all assets that are not ‘financial assets’.

Payables

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

Receivables

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

Sales of goods and services

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services. User charges includes sale of goods and services revenue.

Supplies and services

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

Transactions

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



Victorian Registration &
Qualifications Authority

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

We certify that the attached financial statements for the Authority has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2010 and financial position of the Authority at 30 June 2010.

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 25 August 2010.

D McColl
Chief Finance and Accounting Officer
Victorian Registration and Qualifications Authority
Melbourne
25 August 2010

S Hamilton
Chairperson
Victorian Registration and Qualifications Authority
Melbourne
25 August 2010

L Glover
Director
Victorian Registration and Qualifications Authority
Melbourne
25 August 2010

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Victorian Registration and Qualifications Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of Victorian Registration and Qualifications Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the accountable officer's and chief finance officer and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1

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

Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Victorian Registration and Qualifications Authority for the year ended 30 June 2010. The Board Members of the Victorian Registration and Qualifications Authority are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Victorian Registration and Qualifications Authority web site.

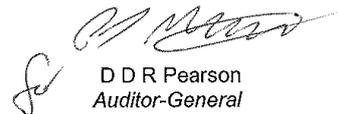
Independence

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 Registration and Qualifications Authority as at 30 June 2010 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
30 August 2010



D D R Pearson
Auditor-General

2

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

Auditing in the Public Interest

Appendices

Appendix 1 Wider policy frameworks

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

Staffing guidelines

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

Policies set out in the guidelines provide for:

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

The VRQA and its managers are committed to these principles.

People Principles

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

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

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

Freedom of information

This section is published to conform with the requirements of section 7 of the *Freedom of Information Act 1982* (FOI Act). During 2009–10, four requests were received for documents under the Act. There were no requests for full access and partial access was granted for one request. Access was not denied for any of the requests. At the end of the reporting period, there were three outstanding requests.

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

Annette Whiter
Freedom of Information

VRQA
 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.

Accounting records

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

Building Act 1993

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

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

Occupational health and safety

The VRQA operates within the infrastructure of DEECD and is committed to abiding by the Department's policies and procedures in relation to OHS. (See DEECD's annual report 2009–10 for more information.)

National competition policy

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

Fees and charges

Section 5.2.13 of the *Education and Training Reform Act 2006* enabled the Minister/s to fix fees and charges.

There were no changes to fees in 2009–10. Further details of fees and charges are available on the VRQA website at <www.vrqa.vic.gov.au>.

Major consultancies and contracts

There were no major consultancies over \$100,000 and no contracts over \$10,000,000 let by the VRQA for the period July 2009 – June 2010.

The VRQA engaged no consultancies at a cost of less than \$100,000 each during 2009–10.

Victorian Industry Participation policy disclosures do not apply as there were no contracts over \$1,000,000 in regional Victoria and \$3,000,000 in metropolitan Victoria.

Appendix 2 *Whistleblowers Protection Act 2001*

Disclosure

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

One matter was lodged under Whistleblowers legislation. On 30 June 2010, assessment of this matter was in progress.

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 persons within the VRQA

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

Annette Whiter

Protected Disclosure Coordinator

VRQA

PO 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.

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

Alternative contact persons

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

The Ombudsman Victoria

459 Collins Street
Melbourne Victoria 3000
(DX 210174)

Internet: www.ombudsman.vic.gov.au

Email: ombudvic@ombudsman.vic.gov.au

Telephone: (03) 9613 6222

Appendix 3 Risk attestation compliance statement

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

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



Stuart Hamilton, AO
Chair, VRQA

Appendix 4 Disclosure index

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

Ministerial Directions

- Government School Performance Summaries, November 2009
- VET Guidelines, September 2009
- Financial Health Assessments of RTOs, December 2009

Legislation	Requirement	Page
Charter and purpose		
FRD 22B	Manner of establishment and the relevant Ministers	7
FRD 22B	Objectives, functions, powers and duties	7–8
FRD 22B	Nature and range of services provided	7
Management and structure		
FRD 22B	Organisational structure	17
Financial and other information		
FRD 8A	Budget portfolio outcomes	n/a
FRD 10	Disclosure index	79–80
FRD 12A	Disclosure of major contracts	75
FRD 15B	Executive Officer disclosures	66
FRD 22B	Summary of the financial results for the year	18
FRD 22B	Significant changes in financial position during the year	18
FRD 22B	Operational and budgetary objectives and performance against objectives	n/a
FRD 22B	Major changes or factors affecting performance	n/a
FRD 22B	Subsequent events	67
FRD 22B	Application and operation of the <i>Freedom of Information Act 1982</i>	74
FRD 22B	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	74
FRD 22B	Statement on National Competition policy	75
FRD 22B	Application and operation of the <i>Whistleblowers Protection Act 2001</i>	76
FRD 22B	Details of consultancies over \$100,000	75
FRD 22B	Details of consultancies under \$100,000	75
FRD 22B	Statement of availability of other information	81
FRD 22B	Occupational health and safety	75
FRD 24B	Reporting of office-based environmental impacts	n/a
FRD 25	Victorian Industry Participation policy disclosures	75
FRD 29	Workforce data disclosures	16
SD 4.2(g)	General information requirements	5–39
SD 4.2(i)	Sign-off requirements	(frontice)
SD 4.5.5	Risk management compliance attestation	78

Financial statements

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

Legislation	Requirement	Page
Charter and purpose		
SD 4.2(b)	Operating statement	41
SD 4.2(b)	Balance sheet	42
SD 4.2(b)	Statement of changes in equity	43
SD 4.2(b)	Statement of cash flows during the year	44
SD 4.2(a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	46
SD 4.2(c)	Accountable Officer's declaration	70
SD 4.2(d)	Rounding of amounts	51
SD 4.2(f)	Model financial report	40–69
Other disclosures in notes to the financial statements		
FRD 9A	Departmental disclosure of administered assets and liabilities	n/a
FRD 11	Disclosure of ex-gratia payments	n/a
FRD 13	Disclosure of parliamentary appropriations	n/a
FRD 21A	Responsible Person and Executive Officer disclosures	65–66
FRD 102	Inventories	n/a
FRD 103D	Non-current physical assets	50
FRD 104	Foreign currency	51
FRD 106	Impairment of assets	49
FRD 107	Investment properties	n/a
FRD 109	Intangible assets	50,58
FRD 110	Cash flow statements	44,64
FRD 112B	Defined benefit superannuation obligations	n/a
FRD 113	Investments in subsidiaries, jointly controlled entities and associates	n/a
FRD 114A	Financial instruments – general government entities and public non-financial corporations	60-63
FRD 119	Contributions by owners	43,51
Legislation		
<i>Audit Act 1994</i>		
<i>Building Act 1993</i>		
<i>Financial Management Act 1994</i>		
<i>Freedom of Information Act 1982</i>		
<i>Multicultural Victoria Act 2004</i>		
<i>Victorian Industry Participation Act 2003</i>		
<i>Whistleblowers Protection Act 2001</i>		

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.

Enquiries regarding details of this information should be made to:

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

Acronyms and abbreviations

AAS	Australian Accounting Standard
ACARA	Australian Curriculum, Assessment and Reporting Authority
ACER	Australian Council for Educational Research
ACFE	Adult Community and Further Education
ACPET	Australian Council for Private Education and Training
ACTU	Australian Council of Trade Unions
AEDI	Australian Early Development Index
AEI	Australia Education International
AQF	Australian Quality Framework
AQTF	Australian Quality Training Framework
AUQA	Australian Universities Quality Agency
COAG	Council of Australian Governments
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
DIAC	Department of Immigration and Citizenship
DIIRD	Department of Innovation, Industry and Regional Development
DPCD	Department of Planning and Community Development
DTF	Department of Treasury and Finance
ELICOS	English Language Intensive Courses for Overseas Students
ESOS	Education Services for Overseas Students
FHA	Financial Health Assessments
GST	Goods and services tax
IBSA	Innovation and Business Skills Australia
IQIG	International Quality Implementation Group
MCTEE	Ministerial Council for Tertiary Education and Employment
NARA	National Audit and Registration Agency
NEALS	National Education Access Licence for Schools
OHS	Occupational health and safety
RAP	Rapid Audit Program
RTO	Registered Training Organisation
TAFE	Training and Further Education
TEQSA	Tertiary Education Quality and Standards Agency
TVET	Technical and Vocational Education Training
VCAA	Victorian Curriculum and Assessment Authority
VCAL	Victorian Certificate of Applied Learning
VCE	Victorian Certificate of Education
VET	Vocational education and training
VRQA	Victorian Registration and Qualifications Authority
VTA	Victorian TAFE Association

