



Victorian **Registration &
Qualifications** Authority

Victorian Registration and Qualifications Authority

Victoria's education and training regulator
Annual Report 2010–11



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Department of Education and Early Childhood Development

Melbourne
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September 2011

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

The Hon. Martin Dixon, MP
Minister for Education

Melbourne Victoria 3000

Dear Ministers

I am pleased to submit to you the annual report of the Victorian Registration and Qualifications Authority 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

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Report of the Chair



The year 2010–11 was a time of considerable change and significant challenge for the Victorian Registration and Qualifications Authority (VRQA). Our legislation was strengthened to provide for improved vocational education and training (VET) regulation, and consumer protection for students. These amendments commenced from 1 April 2011.

The Commonwealth legislation establishing the new national VET regulator, the Australian Skills Quality Authority (ASQA) was proclaimed for commencement from 1 July 2011. The regulation of VET providers delivering training to international students and/or delivering training in another state or territory other than Western Australia was transferred by the Commonwealth to ASQA. All registered training organisations (RTOs) were contacted by the VRQA and requested to confirm current delivery arrangements so that the VRQA could manage the transfer to ASQA of those RTOs affected. Approximately 500 RTOs have been transferred to ASQA. The remainder (584) remain with the VRQA.

Leading up to 1 July 2011, the VRQA undertook extensive consultation with government agencies, in particular Skills Victoria and the National VET Taskforce, regarding transfer of provider records. Information contained in the State Register in regard to those RTOs transferring was sent to ASQA on 30 June 2011 and the national register now reflects the change in regulatory body for these providers.

The Australian Universities Quality Agency (AUQA) conducted an audit of the VRQA in 2010. The final report identified three areas of VRQA good practice, which were forwarded to the new Tertiary Education Quality and Standards Agency (TEQSA) for consideration. TEQSA is due to commence regulation of all providers of higher education in Australia in 2012. The VRQA is pleased that our good practice will be able to inform the development of their processes.

In 2010, the Victorian Auditor-General conducted a performance audit of the VRQA. The report was tabled in Parliament in October 2010 and since that time the VRQA Board and relevant subcommittees have worked with VRQA managers to respond to the report's recommendations and to improve the VRQA's regulatory processes. A new policy document that brings together all aspects of VRQA quality assurance in VET regulation is a useful outcome of this activity.

Two major regulatory projects were brought to a conclusion this year. Both the Rapid Audit Program and the Financial Health Assessments of RTOs have improved the provision of vocational education and training in Victoria by contributing to stability in the industry in the short term and informing the VET guidelines for regulation of VET providers in the future.

There were two changes to VRQA Board membership in 2010–11. Elizabeth Alexander joined the VRQA Board in September 2010 and Roger Peacock resigned in May 2011. I thank Roger for his work on the Board, which included chairing our Compliance and Quality Subcommittee.

I would like to acknowledge the work of all members of the Board and thank them, the Director, Lynn Glover, and staff of the VRQA for their contribution to successful implementation of the priorities of the VRQA.



Stuart Hamilton, AO
Chair

Report of the Director



Amendments to legislation have had an impact on VRQA operations during 2010–11. Managing these changes, in particular those that strengthened VET regulation, was a focus for the VRQA this year. We undertook a number of activities to support RTOs through these changes and to support a stable training industry in Victoria.

The VRQA published and distributed free of charge the booklet *Financial Management for RTOs*, produced in partnership with Grant Thornton Australia Ltd and based on what had been learnt through the Financial Health Assessment program. In addition, attendance at information sessions on financial management is now required as part of the application process for registration as a VET provider.

The VRQA managed the re-registration of all Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) providers by December 2010 following changes resulting from the Commonwealth *Education Services for Overseas Students (ESOS) Amendment (Re-registration of Providers and other Measures) Act 2010*.

Under the Transitional provisions of the *Education and Training Reform Act 2006*, most Overseas Secondary Student Exchange Organisations (OSSEOs) were required to apply to the VRQA for re-approval to provide exchange programs from November 2010. This process was completed early in 2011.

In school education, the VRQA communicated with all independent schools, the Office for Government School Education and the Catholic Education Commission of Victoria to ensure that all schools operating in bushfire areas were compliant with the Notice and Bushfire Preparedness guidelines for schools by the end of October 2010.

In anticipation of the commencement of the national VET regulator ASQA from 1 July 2011 and TEQSA from 30 January 2012, a great deal of the work of the VRQA this year has been focused on finalising applications and setting up processes for the transfer of provider information and files to the new agencies.

Our work in monitoring compliance of education and training providers involved setting up two new panels of contractors. The VRQA engaged a new VET audit panel with the expertise to conduct RTO audits in line with the VRQA VET Guidelines and amendments to the *Education Services for Overseas Students Act 2002*. A new panel of reviewers of school education were appointed in 2011 and began their program, which is based on the VRQA risk assessment model for schools, in Term 2.

All these actions sit within a broad program of organisational development that the VRQA has undertaken this year. The VRQA launched 'RITE' Values—Respect and Diversity, Integrity, Transparency and Empowerment. This statement of values was developed by the staff and underpins all our work internally, with providers and with other agencies, and is published on our website.

Changing functions lead to changing roles. The VRQA has undertaken a skills survey of staff to estimate our capacity to take on new tasks, and to support career pathway and training requirements.

It has been important to put in place systems and processes that support new tasks and ways of working to ensure VRQA compliance with its legislated functions. The State Register has undergone two major changes this year: the decommissioning of the Qualifications Navigator following changes to qualifications policy at a national level; and the removal of all RTOs whose registration transferred to ASQA.

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. From this date until 30 June 2011, the VRQA was 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) in Victoria. Ministerial responsibility for the VRQA is with the Minister for Education (for Schools) and the Minister for Higher Education and Skills (for tertiary providers). The *National Vocational Education and Training Regulator Act 2011* commenced on 1 July 2011, and approximately 500 providers of vocational education and training came under Commonwealth jurisdiction. The transition process is discussed elsewhere in this report.

The Ministerial Order on Anaphylaxis, which is administered by the VRQA as part of the registration requirements for schools, is with the Minister for Children and Early Childhood Development.

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

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

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

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

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 2010–11 were as follows:

- all functions and powers of the VRQA other than the power of delegation to the VRQA Director and the Deputy Director
- all functions and powers of the VRQA other than the power of delegation to the VRQA Director Rapid Audit Project until 14 April 2011, Manager Regulatory Projects from 15 April 2011 and VRQA Manager 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 Technical and Vocational Education and Training (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. The Delegation to TVET was amended on 18 March 2011 so that TVET/National Audit and Registration Agency (NARA) no longer has the power to accept new applications for registration or transfer of registration from the VRQA.

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

Authorised officers

Section 5.8 of the Act provides for the appointment of authorised officers. In 2010–11 the total number of approved and trained VRQA authorised officers was 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 2010–11 one acting appointment was made and one member resigned. VRQA Board membership is by Ministerial nomination and appointed by the Governor in Council. Section 4.2.4 of the *Education and Training Reform Amendments (Skills Act) 2010*, which commenced on 1 April 2011, sets out new criteria that the Minister will have regard to in considering nominees: nominations are made to ensure that the Board includes members who have skills and experience that are drawn from appropriate fields relevant to the functions of the VRQA, including education (school education, vocational education and training, adult, community and further education, and higher education) quality assurance, business management, institutional governance, law, finance and industry. The composition of the VRQA is a fair and balanced reflection of the diversity of the community and reflects both metropolitan and country interests.

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 studied English language and literature and economics at the universities of Tasmania and Oxford and the Australian National University.

Ms Elizabeth Alexander, BCom, FCPA, FCA, FAICD

Member from 1 September 2010

Ms Elizabeth Alexander is the Chancellor of the University of Melbourne, Chairman of CSL, a non-executive director of DEXUS Property Group and Medibank Private, and an adviser to Blake Dawson's corporate team.

Ms Alexander is a member of the Audit Committees of CSL, DEXUS and Medibank Private and chairs the Human Resource and Remuneration Committee of Medibank Private. She is Chair of the Nossal Institute and Australian International Health Institute. She has been the independent Chairman of the Portfolio Audit Committee of the Department of Education and Early Childhood Development (2003–10) and the Audit Risk Committee of the Australian Prudential Regulations Authority (APRA) (2002–10). She is a former member of the Takeovers Panel, Deputy Chair of the Financial Reporting Council.

As a partner of PricewaterhouseCoopers (PwC) from 1977 to 2002, she specialised in the area of risk management and corporate governance issues, and was responsible for the establishment of these practices within Australia. Ms Alexander is the immediate past National President of the Australian Institute of Company Directors, and is a former National President of CPA Australia. It was during her presidency of CPA Australia that the drive for legal backing to accounting standards in Australia was achieved.

Mr Christopher Bennett, BBus (Accounting)

Member

Mr Christopher Bennett is Partner in Charge of PwC's 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 Consultation Committee, the EPA's Hazardous Industrial Waste Committee and the Manufacturing Industry Council. He has specialist industry skills in occupational health and safety (OHS), scaffolding and rigging. As a member of WorkSafe's WorkCover Advisory Committee and OHS Advisory Committee, he is consulted widely on improving workplace safety across Victoria. He has been asked to be a judge for the annual OHS Awards in Victoria for the past six years.

Mr Boyd 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. In February 2011, he was appointed to the Melbourne Airport Community Consultation Group and he also participates in the Port of Melbourne Corporations Stakeholders Forum.

Professor Peter Dawkins

Ex officio member until 14 December 2010

Professor Peter Dawkins was the Secretary of the Department of Education and Early Childhood Development (DEECD) until the end of December 2010. 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 the Council of Australian Governments (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 Jeff Rosewarne

Ex officio member from 15 December 2010

Mr Jeff Rosewarne is Acting Secretary of the Department of Education and Early Childhood Development. Mr Rosewarne was most recently the Chief Operating Officer and the Deputy Secretary of the Office for Resources and Infrastructure in DEECD, a role to which he was appointed in 2003. Prior to this, he held executive positions in the Department of Treasury and Finance (DTF).

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

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 is a non-executive director of a number of Australian and overseas public and private companies, and 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 former member of the Board of Management of the Independent Schools Council of Australia (2007–11).

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

Member

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 Patricia Neden, BA, DipEd, GradDipBusAdmin

Member

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 Senior Associate Dean and Associate Dean Research in the Faculty of Arts, and Academic Adviser Research Development to the Senior Deputy Vice-Chancellor and Deputy Vice-Chancellor Research, at Monash University. Professor Nestor has 30 years university teaching experience in English literature, comparative literature and women's studies, and is the author/editor of eight books. She was awarded a Rhodes scholarship to the University of Oxford (1978–83).

Mr Roger Peacock, BA (Hons)

Member until 31 May 2011

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

Member

Mr Michael Perry is a former Senior Partner of Ernst & Young Australia. He has extensive experience in financial consulting services, with specialist skills in auditing, government advisory services, public company floats and takeovers, the preparation of prospectuses, the valuation of companies, corporate financing (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 Director and Treasurer of the Museums Board of Victoria and Chair of its Finance, Audit and Risk Committee, as well as fulfilling similar roles for a number of other government and corporate listed and unlisted entities.

Mr Howard Ronaldson

Ex officio member

Mr Howard Ronaldson is the Secretary of the Department of Business and Innovation. 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

Ms Glenda Strong is the Executive Director of the Royal Children's Hospital Education Institute, Melbourne. She has extensive experience working in the Victorian education sector, with almost 30 years in roles ranging from classroom teacher to executive roles in DEECD central office and regional director of Barwon South Western Region.

Ms Strong holds appointments with various education and health-related organisations, including Board Director, VRQA; 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. Ms Strong is a Research Fellow at the Murdoch Children's Research Institute. She was awarded a Public Service Medal in the 2002 Australia Day Honours for outstanding public service to education, particularly in the area of early schooling.

Committees

The Board has two standing committees: the VRQA Audit and Risk Management Committee, and the Higher Education Advisory Committee.

VRQA Audit and Risk Management Committee

- Michael Perry (Chair), VRQA Board
- Elizabeth Alexander, VRQA Board from 1 September 2010
- Peter Lewinsky, VRQA Board
- Patricia Neden, VRQA Board
- Duncan McColl, Chief Accounting and Finance Officer, DEECD
- Jonathan Thomas, Moore Stephens HF Assurance

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

The Audit and Risk Management Committee met on five occasions during 2010–11.

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
- Tony Zalewski, Australian Council for Private Education and Training (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.

The Higher Education Advisory Committee met on five occasions during 2010–11.

Subcommittees and working groups

Subcommittees

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

The following subcommittees were convened during 2010–11.

State Register Project Subcommittee

- Brian Boyd (Chair), VRQA Board
- Chris Bennett, VRQA Board
- Glenda Strong, VRQA Board

The State Register Project 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. The subcommittee convened four times during 2010–11.

Compliance and Quality Subcommittee

- Roger Peacock (Chair), VRQA Board until 31 May 2011
- Chris Bennett (Chair), VRQA Board from 1 June 2011
- Alan Frees, VRQA Board
- Peter Lewinsky, VRQA Board
- Patricia Neden, VRQA Board

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

The subcommittee convened four times during 2010–11.

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 2010–11. The full Board of the VRQA considered all matters in regard to fees during 2010–11.

Legislation Subcommittee

- Alan Frees (Chair), VRQA Board
- Stuart Hamilton, Chair VRQA Board
- Roger Peacock, VRQA Board until 31 May 2011

The role of the Legislation Subcommittee is to support the legislative change process, consider resourcing issues and report to the Board on processes and issues relating to legislative change. The subcommittee convened once in 2010–11.

Qualifications Subcommittee

- Stuart Hamilton (Chair), VRQA Board
- Pauline Nestor, VRQA Board
- Glenda Strong, VRQA Board
- Professor Gerald Burke, Monash University
- Professor Jack Keating, University of Melbourne

The role of the Qualifications Subcommittee is to oversee the qualifications quality assurance processes and ensure their effectiveness in enabling the VRQA to meet its legislative obligations in relation to regulation and registration of qualifications in all sectors except higher education.

The subcommittee convened four times during 2010–11.

Working groups

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:

Early Childhood Regulation

A VRQA Board working group was established following a request from the Acting Secretary, DEECD for advice regarding the VRQA's capacity to undertake the regulation and quality assessment of early childhood education and care services under the National Quality Framework (NQF). The working group comprised:

- Elizabeth Alexander (Chair), VRQA Board
- Chris Bennett, VRQA Board
- Stuart Hamilton, Chair VRQA Board
- Glenda Strong, VRQA Board

A recommendation was made to the Board on VRQA's capability to assume governance of early childhood services. The report was considered by the Board and advice was then provided to DEECD. The VRQA was subsequently advised that DEECD will retain responsibility for all children's services functions in the short term.

VRQA staff

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

- accreditation of courses and registration of education and training providers
- development and implementation of certification and registration procedures and processes
- quality assurance services related to the Victorian minimum standards for school registration and home schooling
- quality assurance services related to the provision of 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, DEECD for the running of the organisation and its effective interaction with the Department.

Staff organisation

Executive Officers were Lynn Glover, Director and Robyn Timmins, Deputy Director.

VRQA staffing 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 (RAP)
 - Financial Health Assessments (FHA).

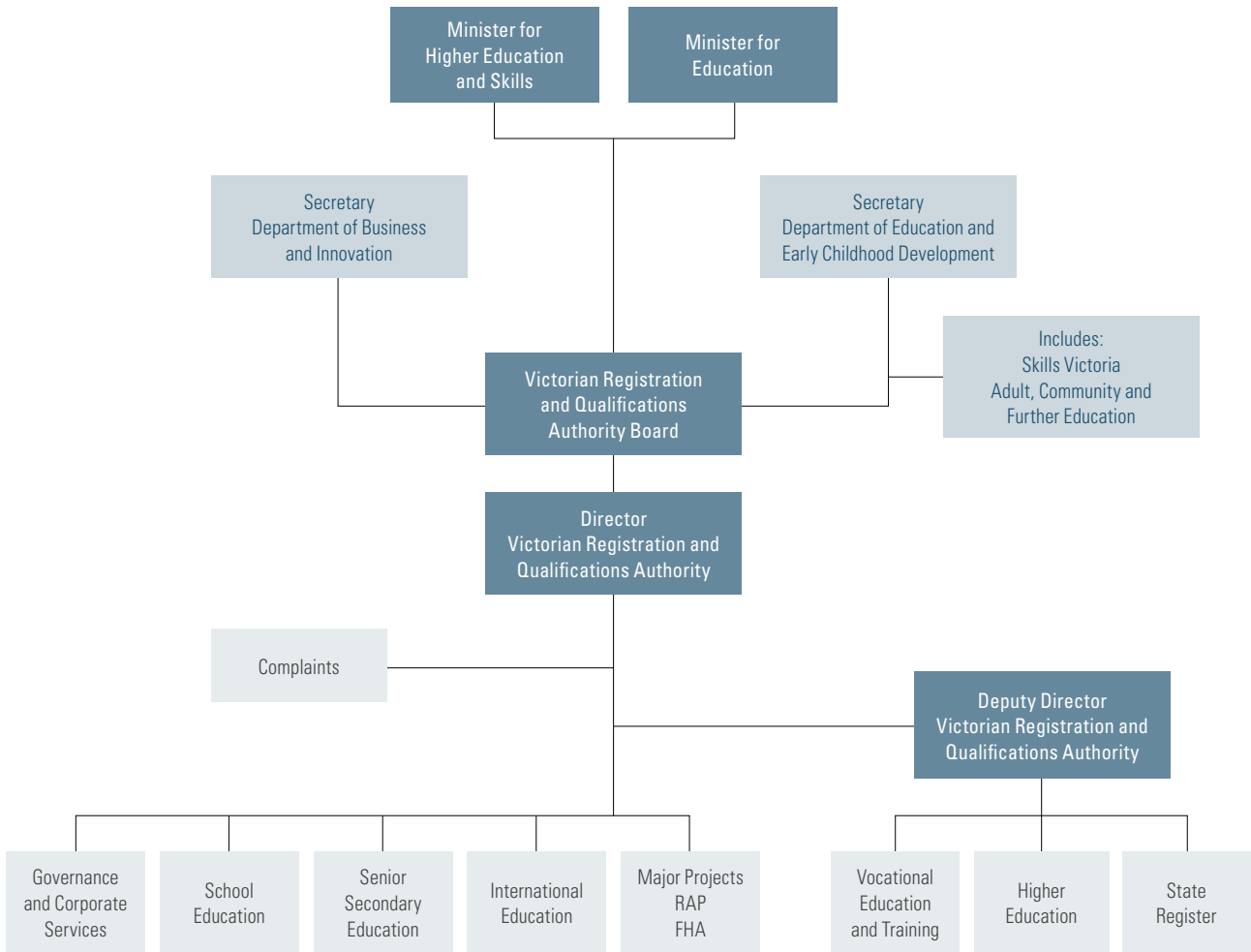
As at June 2011, the VRQA had the full-time equivalent of 51.6 staff members. Details of VRQA staff are provided in the table below. The total staffing is made up of a core establishment plus additional staffing appointed through secondments or short-term contracts to work on specific projects.

Staff on pay by classification, gender and time fraction

| Classification | June 2011 | | | June 2010 | | |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Males | Females | Total | Males | Females | Total |
| E02 | – | 1.0 | 1.0 | – | 1.0 | 1.0 |
| E03 | – | 1.0 | 1.0 | – | 1.0 | 1.0 |
| VPSG6 | 5.8 | 3.0 | 8.8 | 4.0 | 3.0 | 7.0 |
| VPSG5 | 7.0 | 13.0 | 20.0 | 7.5 | 11.8 | 19.3 |
| VPSG4 | – | 9.8 | 9.8 | 1.0 | 9.2 | 10.2 |
| VPSG3 | 3.0 | 6.4 | 9.4 | 2.0 | 8.0 | 10.0 |
| VPSG2 | – | 1.6 | 1.6 | – | 0.6 | 0.6 |
| VPSG1 | – | – | – | – | 1.0 | 1.0 |
| Other | – | – | – | – | 1.0 | 1.0 |
| Total | 15.8 | 35.8 | 51.6 | 14.5 | 36.6 | 51.1 |

VRQA staff are included in DEECD workforce data.

Organisational chart as at 30 June 2011



Summary of financial results

The table below provides a summary of financial information for 2010–11 and a comparison with previous years. This is the fourth year of operation of the VRQA.

In 2010–11, total income from transactions increased by \$0.025 million to \$15.16 million. 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 25 per cent.

Total expenses from transactions decreased by \$0.721 million to \$14.66 million, reflecting finalisation of the Rapid Audits and Financial Health Assessments of vocational education and training providers programs.

The VRQA ended the year with a net surplus of \$0.349 million, compared with a deficit of \$0.25 million in 2009–10.

Total assets increased by \$1.45 million to \$8.99 million, reflecting development costs of the State Register, and liabilities increased by \$1.10 million to \$2.49 million, primarily due to an increase in accruals at year end.

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

| | 2011 \$ | 2010 \$ | 2009 \$ | 2008 \$ |
|---|-------------------|------------|------------|------------|
| Total income from transactions | 15,155,184 | 15,130,372 | 11,988,369 | 8,504,792 |
| Total expenses from transactions | 14,659,392 | 15,380,811 | 8,370,155 | 7,231,103 |
| Net result from transactions | 495,792 | (250,439) | 3,618,214 | 1,273,689 |
| Net gain/loss on non-financial assets | (147,186) | – | – | – |
| Comprehensive result | 348,606 | (250,439) | 3,618,214 | 1,273,689 |
| Net cash flow from operating activities | 1,616,189 | 618,859 | 4,108,229 | 1,283,932 |
| Total assets | 8,991,336 | 7,538,972 | 6,835,395 | 3,071,018 |
| Total liabilities | 2,588,647 | 1,484,889 | 530,873 | 384,710 |

The year in review

The VRQA supports the achievement of the Victorian Government's education and training goals. The VRQA operates in a close collegiate relationship with two departments: Department of Education and Early Childhood Development (Adult, Community and Further Education, Home Schooling, Schools, Senior Secondary, VET and higher education) and the Department of Business and Innovation (International Education).

In addition to the delivery of effective regulation for all Victoria's education and training providers, the VRQA completed work in regard to key initiatives under each of its priorities for 2010–11.

Higher education

The VRQA is responsible for the regulation of non self-accrediting higher education institutions (NSAIs) in Victoria. Institutions are registered and their courses accredited against 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

- The Australian Universities Quality Agency (AUQA) audit of the VRQA followed up the first audit undertaken in 2002. In the final report of the AUQA audit the VRQA was commended in its capacity as regulator of non self-accrediting higher education and for addressing matters raised in the 2002 audit. Three areas of VRQA good practice were identified for forwarding to the new Tertiary Education Quality and Standards Agency (TEQSA) for consideration:
 - concurrent VRQA re-registration and AUQA audit
 - annual reporting by NSAIs as one means of aligning accountability with improvement
 - course accreditation linked to professional accreditation of courses where relevant.
- Information was provided on higher education regulation through the website, e-news articles, response to direct enquiries and customised information sessions. An information session was held in February 2011 for non self-accrediting higher education providers and key stakeholders. The 118 participants included NSAIs, Skills Victoria, ACPET, AUQA, Victorian Institute of Teaching (VIT), CPA Australia, Department of Education, Employment and Workplace Relations (DEEWR) and Victorian universities. Attendees were updated on regulatory matters, and the impending establishment of the new national regulatory and quality agency for higher education, TEQSA.
- The quality of regulation through professional support to VRQA-appointed Panel Chairs, who are responsible for overall management of the panel assessment process, was supported. As part of a moderation process, three meetings of Panel Chairs were held to ensure that the VRQA assessment panel processes are thorough, impartial and consistent.
- Positive trends were identified in the higher education institution annual reports for the 2009 calendar year. The reports, submitted in 2010 by 48 institutions, showed that more higher education institutions are providing opportunities for academic staff to upgrade their qualifications, attend conferences, present papers or undertake further training.
- The following internal measures to support positive client engagement were introduced:
 - service standards were refined to include a more rigorous preliminary assessment of an application, including the financial capability of an applicant to provide higher education
 - a post-assessment feedback process was implemented to enable an applicant to evaluate and provide comments to the VRQA.

- Five new higher education institutions commenced operation in 2010–11: AMI Education, Cambridge International College, Chisholm Institute of TAFE, Phoenix Institute of Australia and La Trobe Melbourne.
- Three organisations discontinued operation as higher education institutions as at 30 June 2011: Melbourne Business School, the Royal Australian College of General Practitioners and the College of Nursing.
- The former Southern School of Natural Therapies was purchased by Think: Education, and the former Qantm College was merged with SAE Institute.

Number of approved higher education institutions, 30 June 2011

| | Institutions | Courses |
|-------------------------|--------------|------------|
| Private institutions | 44 | 240 |
| TAFE institutes | 6 | 65 |
| Interstate universities | 3 | 85 |
| Total | 53 | 390 |

Higher education approvals, July 2010 – June 2011

| | Institution registration | Course accreditation | Courses CRICOS approved |
|-------------------------|--------------------------|----------------------|-------------------------|
| New institutions | 5 | 11 | 6 |
| Existing institutions | 6 | 74 | 20 |
| TAFE institutes | – | 21 | 17 |
| Interstate universities | n/a | n/a | 4 |
| Total | 11 | 106 | 47 |

Vocational education and training

The VRQA registers and monitors all providers of accredited vocational education and training and assessment in Victoria. It does so within the regulatory framework of the:

- *Education and Training Reform Act 2006*
- *VRQA Guidelines for VET Providers*
- *AQTF Essential Conditions and Standards for Initial Registration*
- *AQTF Essential Conditions and Standards for Continuing Registration*
- *ESOS Act 2000* and Regulations.

Providers are categorised as registered training organisations (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.

RTOs are able to offer three types of accredited courses to 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 Australian Quality Framework (AQF), VET sector qualifications are 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 assisted Skills Victoria in reviewing 33 training packages in 2010–11, compared with 26 in 2009–10 and 17 in 2008–09.

Key achievements

VET registration

- At the end of the reporting period there were 1,157 RTOs in Victoria. This represents a level of registration activity that is very similar to the previous year's level (1,232 RTOs). Of the Victorian total, 1,097 were registered with the VRQA and 60 with TVET Australia Ltd – the National Audit and Registration Agency (NARA) under delegation from the VRQA.
- A total of 141 RTOs were approved to deliver courses to overseas students, a decrease from the previous reporting period (165).

VAGO Performance Audit

- The Victorian Auditor-General tabled the report of the Performance Audit of the VRQA in October 2010. The audit covered AQTF VET registration in the period June to December 2009. The report contained a number of recommendations that have been addressed by the VRQA during 2010–11. The VRQA Board had oversight of actions undertaken and an internal audit by HLB Mann Judd was commissioned to validate implementation.

VRQA Guidelines for VET providers

- Following a Ministerial Direction to raise standards, guidelines focusing on the governance, delivery and quality of VET training were implemented. The VRQA Guidelines apply to all initial registration applications from training organisations received from 1 January 2010, including those wishing to provide ESOS.

Existing RTOs were given a six-month period of transition to 1 July 2010. They were all issued with letters and statutory declarations for return to the VRQA by 16 July 2010, indicating that they had implemented procedures in compliance with the Guidelines.

The VRQA issued a 'show cause' notice to ten RTOs that had not returned the statutory declaration attesting compliance with the Guidelines. The registration of these RTOs was subsequently cancelled.

Financial management for RTOs

- In November 2010, the VRQA began the implementation of free compulsory financial management sessions for all potential applicants for initial registration as a training organisation.

The VRQA also provided organisations with a free *Financial Management for RTOs* booklet to assist them in relation to financial discipline and understanding their regulatory obligations.

The Australian Skills Quality Authority

- Following proclamation of Commonwealth legislation establishing the new national VET regulator, the process began to transfer 576 VET providers that deliver courses to international students (other than schools), in another state or territory (other than Victoria and Western Australia), including online or by distance education, and ELICOS and Foundation courses (other than schools).
- Leading up to 1 July 2011, the VRQA undertook extensive consultation with National VET Taskforce representatives regarding transfer of provider records. The VRQA conducted three information sessions for RTOs transferring to ASQA and regularly updated the VRQA website with transition information.

Course accreditation

- There was a higher level of activity for new courses in 2010–11, with 43 courses accredited compared to 33 the previous year. The 43 new courses cover a range of industry, community and education fields.
- Forty-two courses were re-accredited and 87 were extended for 12 months. All new state-accredited courses have been published on the VRQA State Register. As at 30 June 2011, there were 459 Victorian-accredited courses available for RTOs to deliver, which is the same number as the previous year.

Suspension and cancellations

- In 2010–11, the VRQA suspended six RTOs, including three CRICOS registrations, and cancelled 48 RTO registrations, including 15 CRICOS registrations. Cancellations may also occur at the provider's request and not as a VRQA sanction. This was the case for 89 providers in 2010–11. Details of all RTO cancellations and suspensions of registration, including the names of the directors and/or senior officers, are published on the VRQA website.

VET audit activity

The VRQA operates an extensive audit program with RTOs. New providers undergo an initial registration audit and an audit during the 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 additions to scope of registration, new courses and site relocation. All registration activities that involve an RTO's status on the CRICOS and delivery to overseas students may be subject to a site audit. Audits may be completed by VRQA staff or auditors selected from the panel of auditors contracted to the VRQA.

The VRQA has embedded a risk-based approach to audit in its processes to ensure efficient allocation of audit resources. Risk factors that are considered include the RTO's compliance history, complaints against the RTO and the type of qualifications being delivered.

Audit processes have been extensively reviewed to incorporate the *VRQA Guidelines for VET Providers* and the revised version of the Australian Quality Training Framework (AQTF) introduced on 1 July 2010.

The audit initiatives undertaken include:

- introduction of a two-phased audit approach to initial registration applications to reflect requirements of the *VRQA Guidelines for VET Providers*, including financial health requirements, the *Education and Training Reform Act 2006* and the AQTF
- development of service standards for VET audit and introduction of a VRQA audit panel to facilitate more efficient processes and a greater focus on customer service.

In August 2010, the VRQA advertised through a public tender for a new audit services panel. The assessment of tenders was conducted in accordance with the Victorian Government Purchasing Board's policies and under probity supervision. Seven contractors were engaged to provide audit services of financial and quality requirements in VET. The new audit panel commenced in March 2011.

Delegation to TVET Australia Ltd – National Audit and Registration Agency (NARA)

At 30 June 2011, there were 60 Victorian RTOs registered with TVET–NARA. Under the VRQA delegation to TVET Australia Ltd, two RTOs transferred their registration from the VRQA to TVET–NARA in the reporting period. There were also six new registrations by organisations established as RTOs through TVET–NARA.

TVET–NARA registered RTOs, 30 June 2011

| Organisation type | Number |
|--|-----------|
| Education/training business or centre | 40 |
| Enterprise – non-government | 12 |
| Industry association | 4 |
| Professional association | 2 |
| Community-based adult education provider | 1 |
| Other – not elsewhere classified | 1 |
| Total | 60 |

In preparation for the establishment of the national VET regulator, ASQA, TVET and the VRQA agreed on a revised instrument of delegation, which took effect from 18 March 2011. The changes to the delegation resulted in NARA no longer accepting transfers of existing RTO registrations or accepting applications for initial registration after 18 March 2011.

AQTF Quality Indicators

Australian Quality Training Framework (AQTF) Quality Indicators are designed to assist RTOs to conduct evidence-based and outcomes-focused quality improvement, and to inform risk assessment for registering bodies. For 2010 outcomes, all RTOs were required to collect and submit data to the VRQA by 30 June 2011 on all three quality indicators: Competency Completions, Learner Engagement and Employer Satisfaction.

| Number of registered training organisations by type, 30 June | | |
|--|--------------|--------------|
| Organisation type | 2011 | 2010 |
| Education/training business or centre | 679 | 712 |
| Community-based adult education provider | 174 | 200 |
| Adult education institution | 2 | 2 |
| Industry association | 104 | 116 |
| Professional association | 11 | 11 |
| Enterprise – non-government | 62 | 68 |
| Enterprise – government | 12 | 5 |
| TAFE institute | 18 | 18 |
| School – government | 50 | 55 |
| School – independent | 27 | 27 |
| School – Catholic | 13 | 14 |
| Other – not elsewhere classified | 4 | 2 |
| Equipment and/or product manufacturer or supplier | – | 1 |
| University – government | 1 | 1 |
| Total | 1,157 | 1,232 |

*Of the total, 60 RTOs were registered with TVET–NARA.

| New registered training organisations by type | | |
|---|-----------|-----------|
| Organisation type | 2010–11 | 2009–10 |
| Education/training business or centre | 40 | 60 |
| Enterprise – non-government | 4 | 6 |
| Community-based adult education provider | 3 | 3 |
| School – government | 3 | 1 |
| School – Catholic | – | 1 |
| Industry association | 1 | – |
| Other – not elsewhere classified | 2 | 1 |
| Total | 53 | 72 |

*Of the total, 6 RTOs were registered with TVET–NARA.

Training packages reviewed 2010–11

| Code | Area |
|------------|--|
| ACM10 | Animal Care and Management |
| AHC10 | Agriculture, Horticulture and Conservation and Land Management |
| AHC10 V2 | Agriculture, Horticulture and Conservation and Land Management |
| AUR05 V3 | Automotive Industry Retail Services and Repair |
| AUR05 V4 | Automotive Industry Retail Services and Repair |
| CHC08 V2.1 | Community Services |
| CPC08 V6 | Construction Plumbing and Services |
| CPP07 V7 | Property Services |
| FPI05 V2 | Forest and Forest Products |
| FPI05 V3 | Forest and Forest Products |
| HLT07 V2.2 | Health |
| HLT07 V3 | Health |
| ICA10 V1 | Information and Communications Technology |
| ICA11 | Information and Communications Technology |
| LMF02 V7 | Furnishing |
| MEA07 V3 | Metal and Engineering |
| MEM05 V3 | Metal and Engineering |
| MEM05 V4 | Metal and Engineering |
| MEM05 V5 | Metal and Engineering |
| MSA07 V6 | Manufacturing |
| MSS11 | Sustainability |
| MTM11 | Australian Meat Industry |
| PUA00 V8 | Public Safety |
| RII09 V2 | Resources and Infrastructure |
| SFI11 | Seafood Industry |
| SFL10 | Floristry |
| SIB10 | Beauty |
| SIH11 | Hairdressing |
| SIS10 | Sport, Fitness and Recreation |
| TLI10 | Transport and Distribution |
| TLI10 V1.1 | Transport and Distribution |
| UEE07 V7.1 | Electrotechnology |
| UET09 V3 | Transmission, Distribution and Rail Sector |

Course accreditation activity

| | 2010–11 | 2009–10 |
|--|---------|---------|
| New courses accredited | 43 | 33 |
| Courses re-accredited | 42 | 42 |
| Course modifications | 63 | 34 |
| Course accreditations extended (for maximum 12 months) | 87 | 94 |
| Courses expired/deleted | 83 | 92 |

Victorian accreditation courses by level, 30 June 2011

| | Number |
|---------------------------------|------------|
| Course in | 118 |
| Certificate I | 13 |
| Certificate II | 35 |
| Certificate III | 25 |
| Certificate IV | 78 |
| Diploma | 81 |
| Advanced Diploma | 39 |
| Graduate Certificate | 1 |
| Vocational Graduate Certificate | 57 |
| Vocational Graduate Diploma | 12 |
| Total | 459 |

Major project: Rapid Audit Program

The Rapid Audit Program, which commenced in June 2009, concluded on 30 June 2011. The program comprised an independent inter-agency audit of providers in Victoria's post-secondary international education sector, involving the Commonwealth Government through the Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Immigration and Citizenship (DIAC), with the VRQA as the lead agency.

Seventeen audits were initially conducted and, as a result of the high levels of non-compliance discovered, the Rapid Audit Program was extended by a further 24 audits, using the same method.

The audit outcomes 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.

The Rapid Audit Program resulted in a strengthening of quality education and training provision in Victoria. Of the 41 providers assessed, 20 were deemed compliant, 17 requested cancellation of their registration and 4 had their registration cancelled by the VRQA.

Major project: Financial Health Assessments

The Financial Health Assessments of RTOs, which commenced in 2009 following Ministerial Direction, concluded by 30 June 2011.

Grant Thornton Australia Ltd was engaged by the VRQA to conduct the assessments, which initially focused on the 8 largest private providers of education and training to international students, and progressively covered a further 129 private training organisations in the sector. The assessments resulted in 29 provider closures/cancellations; 10 providers no longer accept prepaid fees and 36 have implemented a trust deed.

The Financial Health Assessments highlighted the need for RTOs to have strong financial backing with a clear focus on delivering high-quality education and training.

As a result of the Financial Health Assessments:

- about one-quarter of RTOs subject to Financial Health Assessments had no international students enrolled at the end of the reporting period, and a number had relinquished their registration
- in order to protect fees paid by international students prior to their course commencement, a majority of providers agreed either to implement a trust deed in a form acceptable to the VRQA or not to accept prepaid fees
- the VRQA, with Grant Thornton Australia Ltd, completed a number of provider briefing sessions to provide advice on the implications of the findings and the steps that providers could take to improve their financial health
- the VRQA in collaboration with Grant Thornton Australia Ltd published an information booklet, *Financial Management for RTOs*.

Parts of the *Education and Training Reform Amendment (Skills) Act 2010*, which became operational on 1 April 2011, strengthened the powers of the VRQA to undertake financial capability assessments. The assessment of providers' financial capability is now incorporated into Phase One of the registration process.

The 2010–11 Portfolio Audit Plan included an internal audit of the Rapid Audit and Financial Health Assessment programs in order to assess the outcomes of the two programs against the objectives.

School education

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

Key achievements

School and senior secondary

- The VRQA confirmed that all registered schools had implemented processes to ensure that the school (and any campus of the school) complies with the Notice and Bushfire Preparedness guidelines for schools.
- An orderly process was implemented for the ICA Casey College and ICA Melton College to continue operations until the end of the 2010 school year. The VRQA managed the process to secure the student records of ICA Casey College and ICA Melton College upon the cancellation of the registration of these colleges, and managed the transfer of the student records to each student's new school upon request.
- A total of 11 new schools were registered. In addition, there were nine government schools and one Catholic school registered as a result of amalgamation of existing schools.
- Six schools were registered for senior secondary provision and two new non-school senior secondary providers.
- Twenty-four non-government schools were granted re-approval and one school was granted initial approval to deliver courses to international students.
- A review and re-registration process for non-school senior secondary providers was conducted, resulting in the re-registration of 13 non-school senior secondary providers for five years.
- The International Baccalaureate Organisation was re-approved as a senior secondary awarding body.
- The International Baccalaureate Diploma was re-accredited as a senior secondary qualification.
- A process was developed to secure and manage the student records of schools where the registration has been cancelled.

Home schooling

- At 30 June 2011, a total of 2,865 children from 1,629 families were registered for home schooling. This represents an increase of 296 children over the same period last year.

School review

- School reviews are conducted on a calendar-year basis. In 2011, the review of 24 schools commenced, while reviews of 8 schools in the 2010 cycle were still in progress. Of these 32 schools, 17 were identified as requiring a full review, including visitation by a review team, and 15 underwent a desk audit. Of the schools that had a full visitation, 4 schools had conditions placed on their registration, 12 reviews are in progress and 1 school review was satisfactorily concluded. Six schools are scheduled for visitation in the second half of 2011.
- A tender process was undertaken to appoint a review and evaluation services panel for schools and senior secondary providers for a three-year period beginning in June 2011.
- The 2010–11 Portfolio Audit Plan includes an internal audit of the VRQA School Review Model. Outcomes of this audit will inform the risk assessments and operations of the school review panel.

School registration activity 2010–11

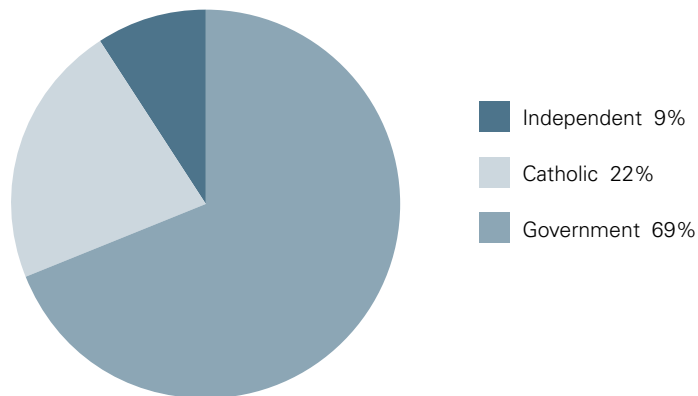
| | Government | Catholic | Independent | Total |
|---------------------------------|------------|----------|-------------|-------|
| New school | | | | |
| Primary | 6 | – | 2 | 8 |
| Secondary | 3 | – | – | 3 |
| Primary/secondary | – | – | – | – |
| Specialist | – | – | – | – |
| Amalgamation of schools | | | | |
| Primary | 4 | – | – | 4 |
| Secondary | 1 | – | – | 1 |
| Primary/secondary | 4 | – | – | 4 |
| Specialist | – | 1 | – | 1 |
| Additional campus | 7 | 1 | 2 | 10 |
| Additional secondary year level | 2 | 8 | 17 | 27 |
| Additional primary year level | – | – | – | – |
| Relocation | 8 | 4 | 3 | 15 |
| Senior secondary registration | 3 | 1 | 2 | 6 |

Number of registered schools, 30 June

| | 2011 | 2010 |
|--------------|--------------|--------------|
| Government | 1,550 | 1,567 |
| Catholic | 486 | 489 |
| Independent | 215 | 219 |
| Total | 2,251 | 2,275 |

*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 2011



Non-school senior secondary providers, 30 June

| Organisation type | 2011 | 2010 |
|--|-----------|-----------|
| Community-based adult education provider | 28 | 30 |
| TAFE institute | 18 | 18 |
| Other | 6 | 5 |
| Education/training business or centre | 3 | 2 |
| Adult education institution | 1 | 1 |
| Total | 56 | 56 |

Foundation programs

- Foundation courses from the following eight providers were assessed against the National Standards for Foundation Programs and approved: three universities, three non self-accrediting higher education institutions, one educational institution and one university providing a foundation course through its TAFE division.

International education

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).

For 2010–11, the VRQA had responsibility for approving education providers across all sectors, providing school, vocational education and training, higher education, English Language Intensive Courses for Overseas Students (ELICOS), Foundation Studies and non-award 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 Act 2000*
- the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007 (National Code).

Key achievements

- The Commonwealth Government required all CRICOS providers – schools, VET and higher education – to be re-registered during the period March to December 2010. The process required a formal risk-based approach. The VRQA managed this process in Victoria in accordance with the Commonwealth *Education Services for Overseas Students Amendment (Re-registration of Providers and Other Measures) Act 2010*. As a result, 290 providers were registered on CRICOS to deliver courses to international students in Victoria from 1 January 2011. The reduction in the number of providers, from 341 at the start of the re-registration process, occurred predominantly in the private VET sector.
- The VRQA provided information on the CRICOS re-registration process and the re-approval process for student exchange organisations through website, e-news, response to direct inquiries and customised information sessions.
- There were 307 providers listed on CRICOS in Victoria as at 30 June 2011, with most international student enrolments occurring in the higher education and VET sectors. There were 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 (OSSEOs) under the *Education and Training Reform Act 2006*. Transitional provisions of the Act required most OSSEOs to apply to VRQA for re-approval to provide exchange programs from November 2010. The extensive re-approval process, the largest quality assurance review of student exchange programs in Australia, resulted in 25 schools and organisations being re-approved to provide exchange programs to secondary students in Victoria.

At 30 June 2011, there were 26 student exchange organisations registered with the VRQA: 9 government schools, 5 non-government schools and 12 non-school organisations.

In 2010–11, a total of 452 overseas exchange students undertook studies in Victoria and an equivalent number of Victorian secondary students undertook exchange programs of up to one year at an overseas school. The 2010–11 exchange student cohorts came to Victoria from over 21 countries, one-third originating from Germany.

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

| Main course sector | 2011 | 2010 |
|-------------------------|------------|------------|
| Higher education | | |
| Victorian universities | 9 | 9 |
| Private institutions | 18 | 17 |
| Interstate universities | 3 | 3 |
| Schools | | |
| Government schools | 1* | 1 |
| Non-government schools | 107 | 108 |
| VET | | |
| TAFE institutes | 11 | 11 |
| Private providers | 130 | 154 |
| Non-award | | |
| ELICOS | 20 | 19 |
| Others | 8 | 11 |
| Total | 307 | 333 |

* DEECD is the registered provider for CRICOS for government schools. There were 196 government schools accredited to host international students at the end of June. This is higher than the previous year but this is due to the implementation of a new accreditation process in DEECD.

Complaints

The role of the VRQA in investigating complaints is set out in the Education and Training Reform Regulations 2007. The VRQA investigates complaints about independent schools 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, in regard to complaints about government and Catholic schools.

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

Complaints against RTOs are investigated against the Australian Quality Training Framework (AQTF). In the case of international students, the VRQA is also able to investigate the case if it alleges breaches of the National Code of Practice, and the subject of the complaint is a provider of training registered by the VRQA. Complaints against non self-accrediting higher education institutions are investigated.

Where an investigation raises issues of compliance with other acts such as the *Migration Act 1958*, the VRQA will liaise with the relevant State or Commonwealth body in accordance with the information-sharing provisions of the *Education and Training Reform Act 2006*.

During 2010–11, the VRQA received 386 complaints relating to 189 institutions. This represents about 5 per cent of all registered providers having complaints escalated to the VRQA.

The VRQA website is the most frequently used method for lodging complaints: 60 per cent were made via the website, 39 per cent by correspondence such as email and letters, and less than 1 per cent in person.

The number of complaints received and managed by the VRQA in the financial year decreased from the previous year. This is largely due to a decrease of one-third in complaints from overseas students.

Complaints received 2010–11

| | VET | Higher education | Schools | VRQA | Senior secondary | Other | Total | 2009–10 |
|--------------|------------|------------------|-----------|-----------|------------------|----------|------------|------------|
| Non-ESOS | 245 | 14 | 15 | 33 | 3 | 2 | 312 | 330 |
| ESOS | 74 | – | – | – | – | – | 74 | 112 |
| Total | 319 | 14 | 15 | 33 | 3 | 2 | 386 | 442 |

Access to information

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

Key achievements

- An additional search function on the State Register was released in 2010 to show education and training providers in a local area. Searches may be conducted for both education and training providers and qualifications within a specific geographic area (postcode or town).
- During the reporting period, the State Register website received a total of 87,484 hits, with 45,910 new visitors accessing the website.
- Advice was published on the VRQA website for students displaced by unexpected college closures in regard to information meetings and links to ACPET for new placements.
- A list of cancelled and suspended RTOs, the reasons for cancellation or suspensions and the names of high managerial officers was published.
- In November 2010, the new VRQA website was launched, making it easier and faster for users to navigate the content and find useful information. The content on the website was written in plain language to enable users to easily understand information. The content is designed specifically for online viewing and adheres to web accessibility standards. The following pages had the greatest number of visits over 2010–11: VET Registration, Registration and Contact Us. Approved documents and guidelines for VRQA functions are provided on the website.
- Online newsletter publications (e-news) were regularly sent out to stakeholders and an important medium of communication. Each edition included key information about legislative changes and topical articles relevant to providers. Since the launch of the new VRQA website, the number of subscribers to e-news increased to 2,649.
- Eighteen information sessions and seven financial management sessions were delivered by units across VRQA to key stakeholders.

Credit recognition and qualifications

The state and federal education and training policy environment changed significantly in 2010. Key national initiatives such as changes to the Australian Qualifications Framework, the introduction of Flexible Rules for Training Packages and a Speed to Market approach for endorsement of courses have affected qualifications.

The Qualifications Navigator was released in 2010 to operate within the public interface of the State Register. It was intended to allow a learner 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 to which these units can lead.

In January 2011, KPMG was engaged to undertake an assessment of the impact of national policy changes on the Qualifications Navigator and identify future options. KPMG reported that the Qualifications Navigator was functioning according to its original specification. Following decisions made nationally, the Qualifications Navigator no longer had the capacity to provide accurate and meaningful information for the public. This was found to be a critical issue as it directly related to VRQA obligations under the *Education and Training Reform Act 2006*.

The VRQA Board therefore decided that the Qualifications Navigator software tool should be decommissioned and the VRQA should cease to apply the Credit Matrix.

The VRQA implemented a communications strategy to advise stakeholders that this function will not be available on the VRQA website.

Relationships with stakeholders

The VRQA strives to establish collaborative and productive relationships with stakeholders, which results in a shared commitment to high-quality education and training development in Victoria.

The VRQA Board and staff work with the Office for Government School Education in DEECD and 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, English Australia 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 the 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

- A seminar was conducted for contractors, auditors, school reviewers and those who undertake work on behalf of the VRQA across all sectors. In this seminar the VRQA's priorities were communicated, emerging issues were discussed and feedback was sought from this stakeholder group.
- The annual stakeholder dinner was held on 5 May 2011. The purpose of this event was to enable stakeholder organisations to put their views to the VRQA Board. Input from key stakeholders 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.
- Four information sessions were conducted on the registration process for potential and existing providers in both the schools and senior secondary sectors. An information session was also held for schools under review and for non-school senior secondary providers applying for re-registration.
- A higher education prospective provider information session was conducted in May 2011 to provide an overview to applicants on the current requirements and assessments for registration and course accreditation and the TEQSA draft provider standards.

- The VRQA participated in the national regulator forum for student exchange programs – the National Consultative Committee for International Secondary Student Exchange (NCCISSE). The VRQA hosted the 2010 NCCISSE meeting and contributed to significant revisions to the NCCISSE National Guidelines for Student Exchange Programs in Australia, which are designed to provide greater protection for exchange students.
- Quarterly pre-registration workshops were conducted for organisations intending to apply for registration as a training organisation.
- Free compulsory financial management sessions commenced in November 2010 for all potential applicants for registration as an RTO. These sessions provide guidance on the financial management related to the *VRQA Guidelines for VET Providers – Guideline 1 Governance, Probity and Compliance with Statutory Requirements* and AQTF.
- The VRQA worked with ACPET to facilitate the transfer of displaced international students to new placements following the business failure of a number of colleges, resulting in the cancellation of the colleges' registration.
- A communications strategy was implemented to inform all RTOs of the commencement of ASQA in order to assist those transferring to access information as it became available. The VRQA conducted four information sessions for TAFE institutes and RTOs transferring to ASQA, and regularly updated the VRQA website with transition information.

VRQA client survey

The third VRQA client survey was conducted in October 2010. The focus of the survey was on clients' understanding and knowledge of the VRQA, communication and stakeholder engagement. The survey used the same key measurement criteria as the 2008 and 2009 surveys. The survey was conducted independently and confidentially, online and face to face.

The survey results indicate that the VRQA has continued to increase stakeholder awareness of VRQA functions and improve its communication with stakeholders over the past three years.

In 2010, communication with stakeholders was perceived as strong: 74 per cent had attended seminars or information workshops, 97 per cent accessed the website and 62 per cent found that the website and information received from the VRQA kept them up to date in their sector.

Stakeholder engagement and satisfaction with services and procedures had a 59 per cent overall rating. The responses indicated that ease of dealing with relevant staff, response to requests and response times in processing applications require attention for some types of registrations. Business processes were improved and service standards developed in each sector. Professional development was organised for staff including training in administrative law, work practices and procedures.

National and state priorities

The VRQA proactively deals with state and national priorities in education and training and contributes 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 for 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 legislation

Education and Training Reform Amendment (Skills) Act 2010

This Act substantially amended Victorian legislation on VET regulation, TAFE governance and consumer protection for students. The amendments widened the functions of the VRQA to strengthen the regulatory system for training organisations and commenced progressively from 1 April 2011.

Education Services for Overseas Students Legislation Amendment Act 2011

In 2011, the *Education Services for Overseas Students Legislation Amendment Bill* was passed and commenced after receiving Royal Assent. This amendment further strengthened the registration requirements related to the demonstrated capacity of education providers to deliver quality education services to overseas students to ensure there is a specific focus on business sustainability and governance. A consistent risk-management approach at initial registration of education providers on CRICOS was also introduced.

National Vocational Education and Training Regulator Act 2011

The Commonwealth legislation establishing the new national VET regulator, the Australian Skills Quality Authority (ASQA), was proclaimed for commencement from 1 July 2011.

Any VET provider that delivered to international students and/or delivered training in a state or territory other than Western Australia was required by the Commonwealth to transfer to ASQA from commencement.

Leading up to 1 July 2011, the VRQA undertook extensive consultation with other Victorian government departments, in particular Skills Victoria and the National VET Taskforce representatives regarding transfer of provider records. The process of preparation of files for transfer will be an ongoing task into 2011–12. Information published on the State Register website in regard to those providers transferring was prepared for transition to ASQA on 30 June 2011.

Key achievements

- 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 Australian Curriculum, Assessment and Reporting Authority (ACARA) discussions relating to the development of the national curriculum.
- The VRQA contributed to the development and implementation of the AQTF 2010, providing feedback to the National Quality Council (NQC) on the *User's Guide to the Essential Standards for Registration*.
- The VRQA contributed to the development and implementation of the AQTF 2010, providing feedback to the NQC on the *AQTF Standards* publications and the *AQTF National Guideline for Managing Non-compliance*.
- The VRQA contributed to the development and implementation of the strengthened AQF and implementation arrangements.
- The VRQA contributed to the NQC project Good Practice Guide for VET Offshore Delivery.
- The VRQA contributed to the NQC project Speed to Market of Training Packages.
- The VRQA provided feedback to the NQC on changes to flexible packaging rules and review of the Quality Indicators.
- The VRQA participated in the industry audit of TAA40104, the Certificate IV in Training and Assessment qualification.
- The VRQA participated in the National Register Workshop and provided feedback on the requirements, scope and time frame for the transition from the National Training Information Services (NTIS) to Training.gov.au (the new National Register replacement for NTIS from 1 July 2011).

Financial statements for the financial year ended 30 June 2011

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Comprehensive operating statement for the financial year ended 30 June 2011

| Continuing operations | Notes | 2011 \$ | 2010 \$ |
|--|-------|-------------------|------------|
| Income from transactions | | | |
| Grants | 2(c) | 10,814,855 | 10,600,300 |
| Interest | 2(a) | 314,208 | 284,629 |
| Registration and accreditation fees | 2(b) | 3,854,945 | 3,969,806 |
| Fair value of assets and services received free of charge or for nominal consideration | 2(d) | 170,810 | 272,859 |
| Other income | 2(e) | 366 | 2,778 |
| Total income from transactions | | 15,155,184 | 15,130,372 |
| Expenses from transactions | | | |
| Administrative expenses | 3(a) | 5,591,059 | 5,123,902 |
| Depreciation and amortisation | 3(b) | 238,503 | 2,508 |
| Grants and other transfers | 3(c) | 2,220 | 223,091 |
| Supplies and services | 3(d) | 8,827,610 | 10,031,310 |
| Total expenses from transactions | | 14,659,392 | 15,380,811 |
| Net result from transactions (net operating balance) | | 495,792 | (250,439) |
| Net gain/(loss) on non-financial assets | 7 | (147,186) | – |
| Total other economic flows included in net result | | (147,186) | – |
| Net result | | 348,606 | (250,439) |
| Comprehensive result | | 348,606 | (250,439) |

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 46 to 73.

Balance sheet as at 30 June 2011

| | Notes | 2011 \$ | 2010 \$ |
|-----------------------------------|-------|------------------|------------|
| Assets | | | |
| Financial assets | | | |
| Cash and deposits | | 5,117,924 | 4,896,225 |
| Receivables | 4 | 316,693 | 125,044 |
| Prepayments | | 30,215 | – |
| Total financial assets | | 5,464,832 | 5,021,269 |
| Non-financial assets | | | |
| Property, plant and equipment | 6 | 9,305 | 11,951 |
| Intangible assets | 7 | 3,517,199 | 2,505,752 |
| Total non-financial assets | | 3,526,504 | 2,517,703 |
| Total assets | | 8,991,336 | 7,538,972 |
| Liabilities | | | |
| Payables | 8 | 2,588,647 | 1,484,889 |
| Total liabilities | | 2,588,647 | 1,484,889 |
| Net assets | | 6,402,689 | 6,054,083 |
| Equity | | | |
| Accumulated surplus | | 4,990,070 | 4,641,464 |
| Contributed capital | | 1,412,619 | 1,412,619 |
| Net worth | | 6,402,689 | 6,054,083 |

The balance sheet should be read in conjunction with the accompanying notes included on pages 46 to 73.

Statement of changes in equity for the financial year ended 30 June 2011

| | Contributed capital \$ | Accumulated surplus \$ | Total \$ |
|--------------------------------|------------------------------|------------------------------|------------------|
| Balance at 1 July 2009 | 1,412,619 | 4,891,903 | 6,304,522 |
| Net result for the year | – | (250,439) | (250,439) |
| Balance at 30 June 2010 | 1,412,619 | 4,641,464 | 6,054,083 |
| Net result for the year | – | 348,606 | 348,606 |
| Balance at 1 July 2011 | 1,412,619 | 4,990,070 | 6,402,689 |

The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 46 to 73.

Cash flow statement for the financial year ended 30 June 2011

| | Notes | 2011 \$ | 2010 \$ |
|--|-------|---------------------|--------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Receipts from Government | | 10,814,855 | 10,598,010 |
| Receipts from other entities | | 3,757,979 | 3,888,446 |
| Goods and Services Tax recovered from the ATO(i) | | 832,307 | 1,063,628 |
| Interest received | | 314,208 | 284,629 |
| Total receipts | | 15,719,349 | 15,834,713 |
| Payments | | | |
| Payments of grants and other transfers | | (2,220) | (236,851) |
| Payments to suppliers and employees | | (14,100,940) | (14,979,003) |
| Total payments | | (14,103,160) | (15,215,854) |
| Net cash flows from/(used in) operating activities | 12 | 1,616,189 | 618,859 |
| Cash flows from investing activities | | | |
| Payments for non-financial assets | | (1,394,490) | (1,211,526) |
| Net cash flows from/(used in) investing activities | | (1,394,490) | (1,211,526) |
| Net increase/ (decrease) in cash and cash equivalents | | | |
| | | 221,699 | (592,668) |
| Cash and deposits at the beginning of the financial year | | 4,896,225 | 5,488,893 |
| Cash and deposits at the end of the financial year | | 5,117,924 | 4,896,225 |

Note:

(i) Goods and Services Tax recovered from the ATO is presented on a net basis.

The cash flow statement should be read in conjunction with the accompanying notes included on pages 46 to 73.

Notes to the financial statements

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Note 1 Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Registration and Qualifications Authority (VRQA).

The purpose of the report is to provide users with information about the VRQA's stewardship of resources entrusted to it.

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

(A) Statement of compliance

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

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

The annual financial statements were authorised for issue by the Director on 24 August 2011.

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.

(B) Basis of accounting preparation and measurement

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

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

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

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements 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 next year, are disclosed throughout the notes to the financial statements.

The report has been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Note 1 Summary of significant accounting policies

(continued)

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

(C) Reporting entity

The financial statements cover the VRQA as an individual reporting entity.

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

Its principal address is:

Victorian Registration and Qualifications Authority
35 Spring Street
Melbourne VIC 3000

(D) Objectives and funding

The Authority's objectives are to ensure:

- High standards of education and training in Victoria
- Information concerning the performance of education and training providers is publicly available
- Decisions of the VRQA have regard to the interests of students and the public
- Regulatory processes are procedurally fair.

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

(E) Scope and presentation of financial statements

Comprehensive operating statement

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

'Transactions' and 'other economic flows' are defined by the *Australian system of government finance statistics: concepts, sources and methods 2005* Cat. No. 5514.0 published by the Australian Bureau of Statistics (see Note 17).

'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.

Cash flow statement

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

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.

Rounding of amounts

Amounts in the financial statements (including the notes) have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

(F) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

Grants

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

Note 1 Summary of significant accounting policies

(continued)

Registration and accreditation fees

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

Interest income

Interest includes interest received on bank deposits, interest from investments, and other interest received. Interest income is recognised using the effective interest rate method.

Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

The VRQA shares accommodation with the Department of Education and Early Childhood Development and the 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 expenses 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 comprehensive operating statement.

Depreciation and amortisation

All assets, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

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

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

| | 2011 Useful life years | 2010 Useful life years |
|--------------------------------|---------------------------|---------------------------|
| Intangible assets | 10 | n/a |
| Office equipment and furniture | 5–10 | 5–10 |

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

(H) Other economic flows included in net result

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

Impairment of non-financial assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (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(i)).

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

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

(I) Assets

Financial Assets

Cash and deposits

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

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.

Note 1 Summary of significant accounting policies

(continued)

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 and equipment are measured at cost less accumulated depreciation.

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

Intangible assets 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.

Prepayments

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

(J) Liabilities

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to the VRQA prior to the end of the financial year that are unpaid, and arise when the VRQA becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

(K) Equity

Contributions by owners

Contributions received from the Department of Education and Early Childhood Development from the additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

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

(L) Commitments

Commitments are disclosed at their nominal value and inclusive of the goods and services tax (GST) payable.

(M) Contingent assets and contingent liabilities

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

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

Income, expenses and assets are recognised net of the amount of associated GST, 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.

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

Note 1 Summary of significant accounting policies

(continued)

(P) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2011 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 2011, the following standards and interpretations (applicable to departments and other entities) had been issued but were not mandatory for financial year ending 30 June 2011. Standards and interpretations that are not applicable to the authority have been omitted. The Authority has not early adopted these standards.

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on Authority financial statements |
|---|--|--|--|
| AASB 9 <i>Financial instruments</i> | This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>). | Beginning 1 Jan 2013 | Detail of impact is still being assessed. |
| AASB 124 <i>Related Party Disclosures</i> (Dec 2009) | Government related entities have been granted partial exemption with certain disclosure requirements. | Beginning 1 Jan 2011 | Preliminary assessment suggests the impact is insignificant. However, the VRQA is still assessing the detailed impact and whether to early adopt. |
| AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> | This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. | Beginning 1 July 2013 | The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector. |
| AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> [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 Standard gives effect to consequential changes arising from the issuance of AASB 9. | Beginning 1 Jan 2013 | Detail of impact is still being assessed. |
| AASB 2009-12 <i>Amendments to Australian Accounting Standards</i> [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 | The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments. Detail of impact is still being assessed. |

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on Authority financial statements |
|---|---|--|--|
| AASB 2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</i> [AASB Interpretation 14] | Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement. | Beginning 1 Jan 2011 | Expected to have no significant impact. |
| AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i> | 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 July 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. |
| AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i> [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] | This Standard makes numerous improvements designed to enhance the clarity of standards. | Beginning 1 Jan 2011 | No significant impact on the financial statements. |
| AASB 2010-5 <i>Amendments to Australian Accounting Standards</i> [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] | This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB. | Beginning 1 Jan 2011 | No significant impact on the financial statements. |
| AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i> [AASB 1 & AASB 7] | This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets. | Beginning 1 July 2011 | This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed. |
| AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i> [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] | These amendments are in relation to the introduction of AASB 9. | Beginning 1 Jan 2013 | This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed. |
| AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets</i> [AASB 112] | This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 <i>Investment Property</i> . | Beginning 1 Jan 2012 | This amendment provides additional clarification through practical guidance. |
| AASB 2010-9 <i>Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> [AASB 1] | This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first-time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards. | Beginning 1 July 2011 | Amendment unlikely to impact on public sector entities. |

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on Authority financial statements |
|---|---|--|---|
| AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]</i> | This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements. | Beginning 1 July 2011 | This amendment will have no significant impact on public sector bodies. |
| AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]</i> | The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. | Beginning 1 July 2013 | The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector. |
| AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]</i> | This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures. | Beginning 1 July 2012 | This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur. |

Note 2 Income from transactions

| | Notes | 2011 \$ | 2010 \$ |
|---|-------|-------------------|-------------------|
| (a) Interest | | | |
| Interest on bank deposits | | 314,208 | 284,629 |
| Total interest revenue | | 314,208 | 284,629 |
| (b) Registration and accreditation fees | | | |
| Registration and accreditation fees | | 3,854,945 | 3,969,806 |
| Total revenue from sale of goods and services | | 3,854,945 | 3,969,806 |
| (c) Grants and other transfers (other than contributions by owners) | | | |
| Department of Education and Early Childhood Development | | 6,533,902 | 5,623,300 |
| Department of Innovation, Industry and Regional Development | | – | 1,387,000 |
| Victorian Skills Commission | | 4,280,953 | 3,590,000 |
| Total grants | | 10,814,855 | 10,600,300 |
| (d) Fair value of assets and services received free of charge or for nominal consideration: | | | |
| Accommodation | 5 | 170,810 | 272,859 |
| Total fair value of assets and services received free of charge or for nominal consideration | | 170,810 | 272,859 |
| (e) Other income | | | |
| Other | | 366 | 2,778 |
| Total other income | | 366 | 2,778 |

Note 3 Expenses from transactions

| | Notes | 2011 \$ | 2010 \$ |
|--|-------|------------------|-------------------|
| (a) Administrative Expenses | | | |
| Employee benefits for VRQA staff employed by DEECD | | 5,591,059 | 5,123,902 |
| Total administrative expenses | | 5,591,059 | 5,123,902 |
| (b) Depreciation and amortisation | | | |
| Plant and equipment | | 2,646 | 2,508 |
| Intangible asset | | 235,857 | – |
| Total depreciation and amortisation | | 238,503 | 2,508 |
| (c) Grants and other transfers | | | |
| Transfer payments to Department of Education and Early Childhood Development | | 2,220 | 4,230 |
| Grants to other Government entities | | – | 81,261 |
| Grants to external organisations | | – | 137,600 |
| Total grants and other payments | | 2,220 | 223,091 |
| (d) Supplies and services | | | |
| Purchase of supplies and consumables | | 296,680 | 352,033 |
| Contractors and Board members | | 5,949,829 | 6,523,451 |
| Travel expenses | | 47,635 | 54,037 |
| Printing | | 136,643 | 96,168 |
| Legal expenses | | 2,132,323 | 2,105,932 |
| Insurance | | 38,213 | 36,527 |
| Minor equipment purchases | | 18,093 | 50,028 |
| Rental of buildings | 5 | 170,810 | 272,859 |
| Advertising | | 12,284 | 515,695 |
| Audit fees | 14 | 25,100 | 24,580 |
| Total supplies and services | | 8,827,610 | 10,031,310 |

Note 4 Receivables

| | 2011 \$ | 2010 \$ |
|----------------------------------|----------------|------------|
| Current receivables | | |
| Contractual | | |
| Other receivables | 226,482 | 113,450 |
| | 226,482 | 113,450 |
| Statutory | | |
| GST input tax credit recoverable | 90,211 | 11,594 |
| | 90,211 | 11,594 |
| Total receivables | 316,693 | 125,044 |

Notes:

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

(a) Ageing analysis of contractual receivables

Please refer to Table 11.3 in Note 11 for the ageing analysis of contractual receivables.

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

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

Note 5 Resources received free of charge

| | 2011 \$ | 2010 \$ |
|---|----------------|------------|
| Resources received free of charge | | |
| Accommodation for 35 Spring Street, Melbourne from DEECD | 110,306 | 220,609 |
| Accommodation for 41a St Andrews Place, East Melbourne from DEECD | 7,944 | – |
| Accommodation for 157 Spring Street, Melbourne from Skills Victoria | 52,560 | 52,250 |
| Total | 170,810 | 272,859 |

Note: 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

| | 2011 \$ | 2010 \$ |
|--|--------------|---------------|
| Computers and peripherals | | |
| At cost | 5,242 | 5,242 |
| Less: accumulated depreciation | (5,242) | (5,242) |
| | — | — |
| Office equipment and furniture | | |
| At cost | 16,420 | 16,420 |
| Less: accumulated depreciation | (7,115) | (4,469) |
| | 9,305 | 11,951 |
| Total property, plant and equipment | 9,305 | 11,951 |

Note 6(a) Reconciliation

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

| | 2011 \$ | 2010 \$ |
|------------------------|---------------|------------|
| Opening balance | 11,951 | 6,127 |
| Additions | — | 8,332 |
| Depreciation expense | (2,646) | (2,508) |
| Closing balance | 9,305 | 11,951 |

Note 7 Intangible assets

| State Register | Notes | 2011 \$ | 2010 \$ |
|--------------------------------|-------|------------------|------------------|
| Work in progress | 7(a) | 1,394,490 | 2,505,752 |
| Intangible asset at cost | 7(b) | 2,505,752 | – |
| Accumulated amortisation | 7(c) | (235,857) | – |
| Impairment | | (147,186) | – |
| Total intangible assets | | 3,517,199 | 2,505,752 |

Note 7(a) Work in progress

| State Register | 2011 \$ | 2010 \$ |
|------------------------|------------------|------------------|
| Opening balance | 2,505,752 | 1,302,557 |
| Additions | 1,394,490 | 1,203,195 |
| Transfer | (2,505,752) | – |
| Closing balance | 1,394,490 | 2,505,752 |

Note 7(b) Intangible assets

| State Register | 2011 \$ | 2010 \$ |
|--------------------------------|------------------|------------|
| Opening balance | – | – |
| Transfer from work in progress | 2,505,752 | – |
| Closing balance | 2,505,752 | – |

Note 7(c) Accumulated amortisation and impairment

| State Register | 2011 \$ | 2010 \$ |
|---|----------------|------------|
| Opening balance | – | – |
| Amortisation expense | 235,857 | – |
| Impairment losses charged to net result | 147,186 | – |
| Closing balance | 383,043 | – |

Note: The VRQA has capitalised software development expenditure for the development of its State Register software. The carrying amount of the capitalised software development expenditure of \$2.51 million (2010: \$nil). Its useful life is 10 years and will be fully amortised in 2020.

Note 8 Payables

| | 2011 \$ | 2010 \$ |
|-------------------------------|------------------|------------------|
| Contractual payables | | |
| Supplies and services | 265,613 | 677,822 |
| Amounts payable to government | 1,125,982 | 376,194 |
| Other payables | 1,197,052 | 430,873 |
| Total payables | 2,588,647 | 1,484,889 |

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:

| | 2011 \$ | 2010 \$ |
|---|----------------|----------------|
| Commitments payable | | |
| (i) Capital expenditure commitments | | |
| Intangible assets | | |
| Payable: | | |
| Not longer than one year | 262,970 | 508,652 |
| Total capital expenditure commitments | 262,970 | 508,652 |
| (ii) Other expenditure commitments | | |
| Maintenance agreement on State Register | | |
| Payable: | | |
| Not longer than one year | 39,600 | – |
| Total other expenditure commitments | 39,600 | – |
| Total commitments for expenditure (inclusive of GST) | 302,570 | 508,652 |

Note 10 Contingent assets and contingent liabilities

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

Note 11 Financial instruments

(a) Significant accounting policies

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

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

Table 11.1: Categorisation of financial instruments

| | 2011 \$ | 2010 \$ |
|------------------------------------|------------------|------------|
| Financial assets | | |
| Cash and deposits | 5,117,924 | 4,896,225 |
| Receivables | 226,482 | 113,450 |
| Total financial assets | 5,344,406 | 5,009,675 |
| Financial liabilities | | |
| Supplies and services | 265,613 | 677,822 |
| Amounts payable to government | 1,125,982 | 376,194 |
| Other payables | 1,197,052 | 430,873 |
| Total financial liabilities | 2,588,647 | 1,484,889 |

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

(b) Interest rate risk

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

Table 11.2 Interest rate exposure

| | Weighted average effective interest rate % | Carrying amount \$ | Interest rate exposure | |
|------------------------------------|---|--------------------------|-------------------------------|---------------------------------|
| | | | Non-interest bearing \$ | Variable interest rate \$ |
| 2011 | | | | |
| Financial assets | | | | |
| Cash and deposits | 4.32% | 5,117,924 | – | 5,117,924 |
| Other receivables | – | 226,482 | 226,482 | – |
| Total Financial assets | – | 5,344,406 | 226,482 | 5,117,924 |
| Financial liabilities | | | | |
| Supplies and services | – | 265,613 | 265,613 | – |
| Amounts payable to government | – | 1,125,982 | 1,125,982 | – |
| Other payables | – | 1,197,052 | 1,197,052 | – |
| Total Financial liabilities | – | 2,588,647 | 2,588,647 | – |
| 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 | – |

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

(c) Credit risk

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

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

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 \$ | Greater than 3 months \$ | |
| 2011 | | | | | | |
| Other receivables | 226,482 | 219,622 | 60 | 50 | 6,750 | – |
| Total | 226,482 | 219,622 | 60 | 50 | 6,750 | – |
| 2010 | | | | | | |
| Other receivables | 113,450 | 83,444 | 10,500 | 18,256 | 1,250 | – |
| Total | 113,450 | 83,444 | 10,500 | 18,256 | 1,250 | – |

(d) Market risk

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

Sensitivity disclosure analysis and assumptions

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

- a movement of 1% up and down in market interest rates (AUD) from year-end rates (2010: A movement of 1% up and down).

Table 11.4 discloses the impact on net operating result and equity for each category of financial instrument held by the VRQA at year-end as presented to key management personnel, if the above movements were to occur.

Table 11.4 Market risk exposure

| | Carrying amount \$ | Interest rate risk | |
|----------------------------------|-----------------------|---------------------|---------------------|
| | | -1.0% Net result | +1.0% Net result |
| 2011 | | | |
| Financial assets | | | |
| Cash and deposits (a) | 5,117,924 | (51,179) | 51,179 |
| Other receivables | 226,482 | – | – |
| Financial liabilities | | | |
| Payables | 2,588,647 | – | – |
| Total increase/(decrease) | | (51,179) | 51,179 |
| 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 |

(a) Notes on calculation

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

2011 – impact on net result due to a 1per cent movement in market interest rate is \$5,117,924 x [+/- 1 per cent] = \$51,179.

2010 – impact on net result due to a 1per cent movement in market interest rate is \$4,896,225 x [+/- 1 per cent] = \$48,962.

(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

| | 2011 \$ | 2010 \$ |
|---|------------------|------------|
| Net result | 348,606 | (250,439) |
| Non-cash movements: | | |
| – Depreciation and amortisation expense | 238,503 | 2,508 |
| – Impairment of non-current assets | 147,186 | – |
| Movements in assets and liabilities: | | |
| – (Increase)/decrease in receivables | (191,649) | (87,226) |
| – (Increase)/decrease in other current assets | (30,215) | – |
| – (Decrease)/increase in payables | 1,103,758 | 954,016 |
| Net cash flows from/(used in) operating activities | 1,616,189 | 618,859 |

Note 13 Responsible persons

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

Names

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

| | | |
|--|--------------------------|----------------------------------|
| Minister for Skills and Workforce Participation | The Hon. Bronwyn Pike MP | 1 July 2010 to 1 December 2010 |
| Minister for Higher Education and Skills | The Hon. Peter Hall MLC | 2 December 2010 to 30 June 2011 |
| Minister for Education | The Hon. Bronwyn Pike MP | 1 July 2010 to 1 December 2010 |
| Minister for Education | The Hon. Martin Dixon MP | 2 December 2010 to 30 June 2011 |
| Director | Lynn Glover | 1 July 2010 to 30 June 2011 |
| Chairperson | Stuart Hamilton | 1 July 2010 to 30 June 2011 |
| Board members | Elizabeth Alexander | 1 September 2010 to 30 June 2011 |
| | Christopher Bennett | 1 July 2010 to 30 June 2011 |
| | Brian Boyd | 1 July 2010 to 30 June 2011 |
| | Peter Dawkins | 1 July 2010 to 14 December 2010 |
| | Alan Frees | 1 July 2010 to 30 June 2011 |
| | Peter Lewinsky | 1 July 2010 to 30 June 2011 |
| | Patricia Neden | 1 July 2010 to 30 June 2011 |
| | Pauline Nestor | 1 July 2010 to 30 June 2011 |
| | Roger Peacock | 1 July 2010 to 31 May 2011 |
| | Michael Perry | 1 July 2010 to 30 June 2011 |
| | Howard Ronaldson | 1 July 2010 to 30 June 2011 |
| | Jeff Rosewarne | 15 December 2010 to 30 June 2011 |
| | Glenda Strong | 1 July 2010 to 30 June 2011 |

Remuneration of responsible persons

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

| | No 2011 | No 2010 |
|--|----------------|----------------|
| Income band | | |
| \$0–\$9,999 | 3 | 6 |
| \$10,000–\$19,999 | 10 | 9 |
| \$40,000–\$49,999 | 1 | 1 |
| \$220,000–\$229,999 | – | 1 |
| \$240,000–\$249,999 | 1 | – |
| Total | 15 | 17 |
| Total remuneration received, or due and receivable by responsible persons | 476,536 | 441,783 |

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, former Secretary, and Jeff Rosewarne, Acting Secretary, Department of Education and Early Childhood Development and Howard Ronaldson Secretary, Department of Business and Innovation are ex-officio members of the VRQA Board. As these roles are ex-officio they receive no remuneration to perform these roles. Elizabeth Alexander is the Chancellor of the University of Melbourne and Christopher Bennett is a partner of PricewaterhouseCoopers. Any transactions between the Departments, the University of Melbourne, PricewaterhouseCoopers and the VRQA are at arms length. Amounts received by the VRQA from the Department of Education and Early Childhood Development are \$6,533,902 (\$5,623,300 for 2010), from the Department of Business and Innovation \$nil (\$1,387,000 for 2010). Amounts transacted with the University of Melbourne are \$15,437 (n/a for 2010) and with PricewaterhouseCoopers \$382,561 (\$265,419 for 2010).

Note 14 Remuneration of auditors

| | 2011 \$ | 2010 \$ |
|------------------------------------|---------------|---------------|
| Victorian Auditor-General's Office | | |
| Audit of the financial statements | 25,100 | 24,580 |
| | 25,100 | 24,580 |

Note 15 Subsequent events

The Commonwealth has established the Australian Skills Quality Authority (ASQA) and the Tertiary Education Quality and Standards Agency (TEQSA).

As from the 1st July 2011 regulation of approximately half of Victorian Vocational Education and Training (VET) providers including TAFE Institutes and all providers delivering to overseas students will be transferred to ASQA.

As from 1st January 2012 regulation of all Higher Education Institutes will transfer to TEQSA.

This will have a material effect on VRQA operations over subsequent years wherein regulatory activity in VET and higher education will impact on future revenue from regulatory fees and charges and regulatory expenses.

Note 16 Glossary of terms and style conventions

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an other economic flow.

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.

Depreciation

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

Financial asset

A financial asset is any asset that is:

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

Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
 - (i) To deliver cash or another financial asset to another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

- (ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

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

Grants and other transfers

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

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

Intangible produced assets

Refer to produced assets in this glossary.

Interest 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'. It includes plant and equipment and intangible and biological assets.

Payables

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

Produced assets

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

Receivables

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

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 VRQA.

Transactions

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

Style conventions

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

The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government department in the 2010–11 *Model Report for Victorian Government departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the VRQA's annual reports.

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2011 and financial position of the Victorian Registration and Qualifications Authority at 30 June 2011.

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

We authorise the attached financial statements for issue on 24 August 2011.



D McColl, CPA

Chief Finance and Accounting Officer
Victorian Registration and Qualifications Authority
Melbourne

24 August 2011



S Hamilton

Chairperson
Victorian Registration and Qualifications Authority
Melbourne

24 August 2011



L Glover

Director
Victorian Registration and Qualifications Authority
Melbourne

24 August 2011

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 2011 of the Victorian Registration and Qualifications Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Victorian Registration and Qualifications Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the Financial Management Act 1994, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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.

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)

Independence

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

Opinion

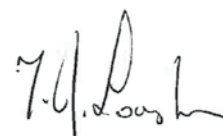
In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Registration and Qualification Authority as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the Financial Management Act 1994.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Victorian Registration and Qualifications Authority for the year ended 30 June 2011 included both in the Victorian Registration and Qualifications Authority's annual report and on the website. The Board is responsible for the integrity of the Victorian Registration and Qualification Authority's website. I have not been engaged to report on the integrity of the Victorian Registration and Qualifications Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE

26/08/2011



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

The standards stipulate that:

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

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

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

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

All VRQA staff and managers are committed to the DEECD CORE Values:

- Collaboration and Knowledge Sharing
- Outcomes
- Respect and Diversity
- Empowerment.

The VRQA developed organisational values to complement the DEECD CORE Values and reflect its role as a regulator. The VRQA RITE Values are:

- Respect and Diversity
- Integrity
- Transparency
- Empowerment.

These values are embedded across all levels of the organisation and applied to interactions with staff, external stakeholders and the community. The VRQA values are an integral part of 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 2010–11, 16 requests were received for documents under the Act. No requests were provided with full access and partial access was granted for four requests. One application was withdrawn, one not proceeded with and no documents were identified on one application. Access was denied for six 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:

Freedom of Information Officer

VRQA
PO Box 2317
Melbourne Victoria 3001
Telephone (03) 9651 3809

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

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

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

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

Accounting records

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

Building Act 1993

As part of its service provision mandate, 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 2010–11 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.

The fees for schools and higher education providers were increased on 1 January 2011. 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 2010 – June 2011.

The VRQA engaged no consultancies at a cost of less than \$100,000 each during 2010–11. 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.

The VRQA assessed 11 disclosures under the Act in 2010–11. None of the 11 disclosures was assessed as a protected disclosure under the Act (and therefore none was a public interest disclosure). Accordingly:

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

Statement of support to whistleblowers

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

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

Corrupt conduct

Corrupt conduct means:

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

The reporting system

Contact person within the VRQA

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

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 person

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

The Ombudsman Victoria

459 Collins Street

Melbourne Victoria 3000 (DX 210174)

Internet: www.ombudsman.vic.gov.au

Email: ombudvic@ombudsman.vic.gov.au

Telephone: (03) 9613 6222

Appendix 3 Risk attestation compliance statement

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

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



Stuart Hamilton, AO
Chair, VRQA

Appendix 4 Disclosure index and additional information

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

Ministerial Directions

- Procedures for Government School Closures, July 2007
- VET Guidelines, September 2009
- Government School Performance Summaries, November 2009
- Financial Health Assessments of RTOs, December 2009
- Delegation of Ministerial Powers to Mandate the Collection of Annual Reports to the School Community, June 2011

Report of operations

| Legislation | Requirement | Page |
|--|---|------|
| Charter and purpose | | |
| FRD 22B | Manner of establishment and the relevant Ministers | 5 |
| FRD 22B | Objectives, functions, powers and duties | 5–6 |
| FRD 22B | Nature and range of services provided | 5 |
| Management and structure | | |
| FRD 22B | Organisational structure | 16 |
| Financial and other information | | |
| FRD 8A | Budget portfolio outcomes | n/a |
| FRD 10 | Disclosure index | 83 |
| FRD 12A | Disclosure of major contracts | 79 |
| FRD 15B | Executive Officer disclosures | 69 |
| FRD 22B | Summary of the financial results for the year | 17 |
| FRD 22B | Significant changes in financial position during the year | 17 |
| 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 | 70 |
| FRD 22B | Application and operation of the <i>Freedom of Information Act 1982</i> | 78 |
| FRD 22B | Compliance with building and maintenance provisions of the <i>Building Act 1993</i> | 79 |
| FRD 22B | Statement on National Competition Policy | 79 |
| FRD 22B | Application and operation of the <i>Whistleblowers Protection Act 2001</i> | 80 |
| FRD 22B | Details of consultancies over \$100,000 | 79 |
| FRD 22B | Details of consultancies under \$100,000 | 79 |
| FRD 22B | Statement of availability of other information | 85 |
| FRD 22B | Occupational health and safety | 79 |

| Legislation | Requirement | Page |
|--|---|------------|
| Financial and other information | | |
| FRD 24B | Reporting of office-based environmental impacts | n/a |
| FRD 25 | Victorian Industry Participation Policy disclosures | 79 |
| FRD 29 | Workforce data disclosures | 15 |
| SD 4.2(g) | General information requirements | 5–40 |
| SD 4.2(j) | Sign-off requirements | (frontice) |
| SD 4.5.5 | Risk management compliance attestation | 82 |

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 | 42 |
| SD 4.2(b) | Balance sheet | 43 |
| SD 4.2(b) | Statement of changes in equity | 44 |
| SD 4.2(b) | Statement of cash flows during the year | 45 |
| SD 4.2(a) | Compliance with Australian Accounting Standards and other authoritative pronouncements | 47 |
| SD 4.2(c) | Accountable Officer's declaration | 74 |
| SD 4.2(d) | Rounding of amounts | 49 |
| SD 4.2(f) | Model financial report | 41–73 |
| 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 | 68–69 |
| FRD 102 | Inventories | n/a |
| FRD 103D | Non-current physical assets | 52 |
| FRD 104 | Foreign currency | n/a |
| FRD 106 | Impairment of assets | 51 |
| FRD 107 | Investment properties | n/a |
| FRD 109 | Intangible assets | 61 |
| FRD 110 | Cash flow statements | 45, 67 |
| 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 | 63–65 |
| FRD 119 | Contributions by owners | 44, 53 |

Legislation

Audit Act 1994

Building Act 1993

Financial Management Act 1994

Freedom of Information Act 1982

Multicultural Victoria Act 2004

Victorian Industry Participation Act 2003

Whistleblowers Protection Act 2001

Additional information available on request

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

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

Enquiries regarding details of this information should be made to:

Manager Governance and Corporate Services

VRQA

GPO Box 2317

Melbourne Victoria 3001

Telephone: (03) 9651 3282

Acronyms and abbreviations

| | |
|--------|---|
| AAS | Australian Accounting Standard |
| AASB | Australian Accounting Standards Board |
| ACARA | Australian Curriculum, Assessment and Reporting Authority |
| ACPET | Australian Council for Private Education and Training |
| ACTU | Australian Council of Trade Unions |
| AEDI | Australian Early Development Index |
| AEI | Australia Education International |
| APRA | Australian Prudential Regulations Authority |
| AQF | Australian Quality Framework |
| AQTF | Australian Quality Training Framework |
| ASQA | Australian Skills Quality Authority |
| AUD | Australian dollar |
| AUQA | Australian Universities Quality Agency |
| COAG | Council of Australian Governments |
| CPA | Certified practising accountant |
| CRICOS | Commonwealth Register of Institutions and Courses for Overseas Students |
| DEECD | Department of Education and Early Childhood Development |
| DEEWR | Department of Education, Employment and Workplace Relations |
| DIAC | Department of Immigration and Citizenship |
| DTF | Department of Treasury and Finance |
| ELICOS | English Language Intensive Courses for Overseas Students |
| EPA | Environmental Protection Authority |
| ESOS | Education Services for Overseas Students |
| FHA | Financial Health Assessments |
| FMA | Financial Management Act 1994 |
| GST | Goods and services tax |
| IBSA | Innovation and Business Skills Australia |
| NARA | National Audit and Registration Agency |

| | |
|---------|--|
| NCCISSE | National Consultative Committee for International Secondary Student Exchange |
| NQC | National Quality Council |
| NQF | National Quality Framework |
| NSAI | Non self-accrediting institution |
| NTIS | National Training Information Services |
| OHS | Occupational health and safety |
| OSSEOs | Overseas Secondary Student Exchange Organisations |
| 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 |
| VCAL | Victorian Certificate of Applied Learning |
| VCE | Victorian Certificate of Education |
| VET | Vocational education and training |
| VIT | Victorian Institute of Teaching |
| VRQA | Victorian Registration and Qualifications Authority |

