



Chisholm

ANNUAL REPORT 2015

1300 244 746
chisholm.edu.au

OUR VISION

Leading the way in education and training to inspire success and transform lives.

OUR PURPOSE

Chisholm Institute excels in education and training and is respected and valued for enhancing the social and economic futures of individuals, industry and communities.

OUR VALUES

Our drive for commercial success is underpinned by our core values:

Opportunity

Integrity

Collaboration

Achievement

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ABOUT THIS REPORT

The Chisholm Institute 2015 Annual Report is a report to the Parliament of Victoria required under Section 45 of the *Financial Management Act 1994*.

The report contains information on the operations of Chisholm Institute, Chisholm Online and the Caroline Chisholm Education Foundation: consolidated financial statement, performance statement and other information required under Standing Directions of the Minister for Finance under the Act (Section 4 Financial Management Reporting) and the Financial Reporting Directions given under that Act.

In the preparation of this report Chisholm has followed the reporting guidelines issued by the Higher Education and Skills Group, Department of Education and Training. This report is based on the model Annual Report issued with these guidelines, in accordance with the Financial Management Act, Australian Accounting Standards, Statement of Accounting concepts, authoritative pronouncements of the Australian Accounting Standards Board and other legislative requirements.

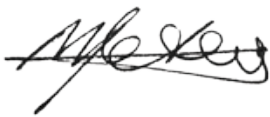
All financial information presented in this report is consistent with the audited consolidated financial report for Chisholm Institute.

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MARIA PETERS

Chief Executive Officer
24 February, 2016



GRANT RADFORD

Chief Finance and
Accounting Officer
24 February, 2016

ABOUT CHISHOLM

Chisholm is a proud public institute which aims to provide quality, practical education that can enhance the social and economic futures of individuals, industry and communities.

The Institute has been a mainstay of quality education throughout South-East Melbourne. The success of Chisholm can be attributed to adherence to the core values of opportunity, integrity, collaboration and achievement. Each of these values, combined with a drive to become the market leader in vocational education, has enabled Chisholm to produce skilled graduates with enhanced employment opportunities.

Chisholm is a Victorian Government Institute of Technical And Further Education established under the *Education and Training Reform Act 2006*. The responsible Minister for 2015 was the Hon. Steve Herbert MP, sworn in as the Minister for Training and Skills on 3 December, 2014.

Chisholm was named in 1998 in honour of Caroline Chisholm, the early Australian reformer and humanitarian. 2015 saw Chisholm continue to respond to the changes in the education sector, further developing a more customer-centric approach, streamlining processes and expanding pathways to develop more opportunities for students.

Chisholm is multi-sectoral, delivering a broad range of education and training programs and services in higher education, Vocational Education and Training (VET) and school sectors across its campuses, online, in the workplace and overseas with partner organisations.

Currently, Chisholm offers certificate, diploma, advanced diploma and graduate certificate courses, short courses and degree programs. In 2015 Chisholm again expanded delivery choices and incorporated a more flexible approach by strengthening a blend of online and on-campus learning.

The Institute serves one of the state's most culturally diverse and fastest growing regions in south east Victoria, with modern training facilities in Bass Coast, Berwick, Cranbourne, Dandenong, Frankston and Mornington Peninsula, as well as options for learning online and in the workplace.



BOARD CHAIR'S MESSAGE

As Chair of the Chisholm Institute Board, I am proud to present the Institute's Annual Report for 2015, a year which presented a range of new challenges and opportunities for Chisholm, and the VET sector as a whole.

2015 marked the second year of Chisholm's three-year strategic plan aimed towards achieving the Institute's 2020 vision of becoming a partner of choice, institute of choice and workplace of choice. The focus for the year was to assertively address the challenges present in the sector, particularly the increase in competition from a range of other providers, through good governance and a continued focus on providing quality and relevant education and training outcomes.

The year also marked a significant development in Chisholm's future, with planning now firmly underway for the \$70 million redevelopment of the Frankston campus. This sizeable investment will enable Chisholm to further build upon its close association with local business and industry, and to continue to contribute positively to the social and economic growth of the region.

I would particularly like to thank all the Board members for their input and support during the year. We are very fortunate to have a strong and cohesive Board looking after the interests of Chisholm, its staff, and students.

On behalf of the Board I would especially like to thank our CEO, Maria Peters, for her leadership and direction of the Institute. The successes achieved in what was a very difficult and challenging year for the sector are testament to her professionalism, dedicated leadership, and commitment to Chisholm and the role of public VET provision.

I would also like to thank the Institute's Executive Directors and all our staff who have worked tirelessly to realise the Board's strategic objectives. I had the pleasure of working closely with them throughout the year and appreciated their dedication, capability and professionalism.

As the education sector evolves, Chisholm will continue to be a market leader in education in the local area, as well as expand the opportunities for people learning online.

Chisholm has positioned itself as a reliable, comprehensive and relevant education provider, creating a stable base on which to continue to build a solid business and social framework that will ensure a bright and successful future for the Institute. I take great pride in the achievements of 2015, and look confidently towards Chisholm successfully meeting the challenges of the coming year.



STEPHEN G. MARKS

Board Chair
24 February, 2016

CEO'S MESSAGE

2015 was a year of operational resilience for Chisholm, as we continued on our journey towards realising our 2020 vision of becoming the institute of choice, partner of choice and workplace of choice.

Our focus is to ensure long-term sustainability and future growth, enabling Chisholm to remain one of the leading providers of VET in Victoria.

The continued evolution of the VET sector in 2015 placed Chisholm in an increasingly crowded market with strong competition from a range of other providers. We met this challenge directly, by reinforcing our position as a quality provider of training and education. Along with a strong focus on meeting the needs of our students and clients, a wide range of initiatives were implemented, accompanied by an integrated marketing campaign and several key events which created a high level of interaction with the community and industry representatives in the region.

Celebrating student success was one of the key initiatives of 2015. The Chisholm Education Awards event was established to recognise students and staff whose personal achievements and dedication to supporting the broader community has helped contribute to the mutual success of our people and our organisation. 2015 saw the first group of Chisholm Online graduates. Many students won awards and achieved great results and success in their studies, adding value to industry and our communities; we are proud of them all.

Chisholm's Educational Excellence Framework, through the provision of quality delivery, strong educational planning and a positive student learning experience, was implemented to ensure that we consistently deliver upon our mission of inspiring student success and transforming lives. The Professional Educator College was launched in 2015 to fulfil our strategic focus on building educational excellence through quality educational programs and practices that meet both learner and industry needs. The College aims to build on the capabilities of teaching staff at Chisholm with attention to the needs of the modern educator and 21st century learner.

Industry engagement was a key focus for Chisholm in 2015. We continue to work with industry to understand and plan for future and current job needs and host key events in our region such as the Victorian Manufacturing Showcase. The Institute fostered new industry relationships, both to enhance Chisholm's product and delivery strategies as well as build training partnerships. Our partnerships with Visy Industries and Iveco demonstrate Chisholm's commitment to delivering high quality and flexible training solutions in the workplace.

Chisholm's links to the local business community remain strong and were further enhanced through a number of joint community development initiatives. Many work site and community-based projects incorporated learning opportunities for our students in real workplace environments, providing relevant and practical experience with strong positive outcomes for all involved. Industry also continues to support our students with placement and work based projects, and I wish to acknowledge their ongoing support.

International work during 2015 was very successful, with projects undertaken in Vietnam, Thailand, Myanmar and Qatar. The Institute hosted study tours from Korea, China, Bangladesh and Russia, building our profile. VET Mobility activities for our Tourism and Hospitality students, and student exchanges to China by Mechatronics students further provided opportunity for international exposure.

International onshore student revenue grew in the core areas of Engineering, Business, Health and Hospitality. The majority of students came from South Asia with small growth in markets in the Philippines, China, Vietnam, Thailand, Cambodia and Latin America.

This report contains but a few examples of our successes that have come as a result of Chisholm's absolute commitment to being the leading VET provider in the state, and our ambition to continue to contribute to the success of our students, our community and the businesses and industries we serve through continued investment in teaching and learning, technologies and infrastructure.

I would like to thank our staff, the leadership team and the Chisholm Board for their commitment and support through another year of challenge and opportunity. I strongly believe that Chisholm has a solid strategy to create long-lasting success in this sector, and continue to enhance the lives of individuals, business and the broader community within the region.



MARIA PETERS

Chief Executive Officer
24 February, 2016

AWARDS AND ACHIEVEMENTS

2015 was another successful year, with many Chisholm students recognised for their achievements at a local, state and national level.

INAUGURAL CHISHOLM EDUCATION AWARDS

2015 marked the introduction of the Chisholm Education awards. These awards were established to recognise the outstanding achievements of students and staff over the year. The evening was held at the Plaza Ballroom in Melbourne's CBD, with over 250 people attending and celebrating the achievements of the award winners.

FINALISTS AND AWARD WINNERS

Secondary Studies Student of the Year:

Samantha Walker

Trainee of the Year:

Lisa Moebus

Higher Education Student of the Year:

Syndi A Grambau

Koorie Student of the Year:

Monique Freeman

International Student of the Year – VET:

Joseph Manuel Kierulf III

International Student of the Year – Higher Education:

Mary Olaniyan

Apprentices of the Year:

James Dickinson (Plumbing and Water Industry Services)

Hailey May Rendall (Automotive and Supply Chain Management)

Benjamin James Russo (Environment)

Danielle Shedden (Construction and Building Industry Services)

Annalise Spicer (Hair, Beauty and Wellness)

Bonnie Valery (Hospitality and Tourism)

Alex Woller (Engineering, Electrotechnology and Telecommunications) - **Overall Winner**

Teachers/Trainers of the Year:

Steven Cahill

Ilsa Evans

Andrew Wisken – **Overall Winner**

Vocational Students of the Year:

Paul Barry (Early Childhood and Community Services)

Jairen Bennetts (Construction and Building Industry Services)

Kyle Cooper (VET in Schools)

Natasha Crestani (Professional Teaching)

Danielle Erickson (Hair, Beauty and Wellness)

Dylan Fisher (Sport and Recreation)

Craig Insall (Foundation College)

Netna Nguyen (Information Technology and Computer Systems) – **Overall Winner**

Robyn Rich (Interactive Media and Arts)

Erin Skiller (Hospitality and Tourism)

Kimberley Jane Taylor (Business Services)

Sharon Werner (Environment)

CEO Award:

Sam Howe



MINISTER'S TAFE ART EXHIBITION

Chisholm had the honour of being selected to present the Minister's TAFE Art Exhibition at 2 Treasury Place, Melbourne. The Hon. Steve Herbert MP, Minister for Training and Skills, officially opened the exhibition which was housed in the Department of Education from May to November.

Over 70 students supported by Chisholm staff members participated, including artists whose work was displayed, Building and Construction students who built plinths for sculptures and Cookery and Patisserie students who prepared and served food at the launch event.

The Minister's TAFE Art Exhibition was originally an initiative of the late Lynne Kosky, a former Minister for Education. It was revived by the current Minister in 2015 to showcase the artworks of TAFE students.

2015 EMERGING PHOTOGRAPHER OF THE YEAR

Jennifere Thompson, who graduated from Chisholm in 2013 with a Certificate IV in Photo Imaging, was awarded the 2015 Australian Institute for Professional Photography (AIPP) VIC Emerging Photographer of the Year and the 2015 AIPP Ian Hawthorne Award at the 2015 Epson Professional Photography Awards.

WORLDSKILLS

WorldSkills is a global hub for skills excellence and development. Its goal is to promote and build a skills culture by celebrating talent, inspiring young people and providing them with an opportunity to showcase their flair. Regional competitions form the first level of the WorldSkills competition cycle, which is held every two years in over 30 regions across Australia. WorldSkills gives Australian apprentices, trainees and VET students aged 23 and under the chance to compete against each other in a range of skills categories.

Building and Construction

In September Chisholm hosted the regional finals of the Building and Construction WorldSkills competition.

An excited group of VET in School (VETiS) students participated in the first round of the competition, joining other students from around the state. Chisholm student Ben Stenhouse took out the gold medal and earned himself an AEG prize pack for his work on the day.

Judged by three industry experts, students were critiqued on the technical skills used to perform the specific task; including documenting material costs, using the correct tools and equipment, timber cuts and joints, assembly and quality control, and industry and Work Health and Safety (WH&S) standards.

Hairdressing

Ebony Miller, a Certificate III in Hairdressing student, won gold while representing Chisholm at the Regional Finals of the WorldSkills Challenge in Melbourne.

Ebony was joined by a number of her Chisholm classmates and competitors from around the state at the event. They displayed their skills by undertaking a number of different haircuts and styles. Emma was judged the best overall student on the day.

Michelle Sadler, another Chisholm student, won a bronze medal in the hairdressing category at the same event.

Beauty

Sarah Hemsley received a silver medal at the Regional Finals of the WorldSkills Challenge in Melbourne. Sarah completed her Diploma of Beauty Therapy at Chisholm in 2010.

VICTORIAN INTERNATIONAL EDUCATION AWARDS

Diploma of Hospitality and Management student Joseph Manuel Kierulf III was nominated as the International Student of the Year – VET in the 2015 Victorian International Education Awards.

After typhoon Haiyan destroyed his home and business in the Philippines, Joseph chose to relocate to Melbourne to study for a Certificate III in Commercial Cookery in 2014. He subsequently completed a Diploma of Hospitality and Management at Chisholm's Dandenong campus in 2015.

Through his studies, Joseph completed two industry exchange programs. One of these was at the main culinary centre production kitchen at the MCG. He also took part in the Caroline Chisholm Education Foundation Christmas in July fundraising initiative and volunteered at the Melbourne Good Food and Wine Show. Joseph was given the opportunity to run the Laucke Creative Kitchen for the entire event and was offered future employment there.

MASTER BUILDERS APPRENTICE AWARDS

Certificate III in Shopfitting student Danielle Shedden took out the top three awards at the Master Builders Association of Victoria's Apprentice of the Year event, winning the Association's Apprentice of the Year, Metropolitan Apprentice of the Year and Joinery Apprentice of the Year.

These awards recognise skills, work ethic and positive attitude for successful tradespersons in the building and construction industry.

The awards further motivated Danielle to start her own business and push forward with her goals in an industry that has not traditionally had significant female representation.

Danielle also won Apprentice of the Year in her category at the 2015 Chisholm Education Awards.

EPIC AWARDS

Chisholm Electrotechnology students Ganjargal Galbadrakh and David O'Kane received awards at the 2015 Electrotechnology, Printing, IT and Communications Industry Training Board (EPIC-ITB) inaugural electrical industry awards.

Ganjargal is originally from Mongolia, a mother of two children whose ambition was to become an electrician. Coming to Chisholm at the start of 2015, Ganjargal was ineligible for government financial support but did not let this stand in her way. Despite experiencing difficulty in finding an employer as a mature aged female student in a male dominated field, Ganjargal's strong work ethic and high standards impressed her teachers, fellow students and her employer.

David was recognised in these awards for his hard work, persistence and personal motivation. Finding employment with G & G South Eastern Electrical Pty Ltd, these qualities lead David to a full-time apprenticeship and he has put himself through self-funded studies under the workplace training model at Chisholm.

Both students showed admirable determination, and Chisholm staff encouraged them to believe in their abilities as continue their career paths.

HBIA AWARDS

Chisholm's Hair, Beauty and Wellness students were recognised in the annual Hair and Beauty Industry Association (HBIA) Apprentice and Educator Awards.

Four out of nine student categories at the HBIA Awards were won by Chisholm students, in a ringing endorsement of the relevance of the delivery to the Hair and Beauty industry.

The four categories where Chisholm students took home top honours were:

- Diploma of Beauty Therapy Award, won by Angela Addario of Blue Angel Beauty Centre
- Certificate III in Hairdressing (Stage 2) Award, won by Chantelle Funke of Zumay Salon
- Diploma of Specialist Make-up Award, won by Georgina Tipper
- Certificate II in Retail Make-up and Skincare, won by Courtney Pastean.

All students showed a high level of skill and outstanding ability. Chisholm's continued success in this field is a reflection of its commitment to ensuring consistently high standards of training delivery for its students and industry partners.



WORKING WITH INDUSTRY

Chisholm has worked with thousands of employers over the years, and 2015 was no exception. The Institute delivered responsive education and training programs that met organisation-specific objectives. In each instance training was delivered in a highly contextualised manner with quality outcomes at the forefront of Chisholm's approach. Following are some examples of successful partnerships and collaborations that are representative of a greater body of work that occurred in 2015.

VICTORIAN MANUFACTURING SHOWCASE

Chisholm once again hosted over 600 industry leaders at the 2015 Victorian Manufacturing Showcase. Held at the Institute's Automotive Centre in Dandenong, Chisholm partnered with the Department of Economic Development, Jobs, Transport and Resources and leading companies in the advanced manufacturing industries to deliver an outstanding industry event.

The event was opened by the Hon. Lily D'Ambrosio MP, Minister for Industry and Minister for Energy and Resources, and convened by Gerry Ryan OAM, Chairman of Jayco Corporation. The showcase was an excellent opportunity for industry delegates from around the state to gain insight into the challenges and opportunities being embraced by priority growth sectors including transport, construction and defence technologies, medical technologies and pharmaceuticals, fibre and food, and new energy technologies. These insights allowed businesses to come together, learn from each other and add to their knowledge base.

This Showcase also highlighted manufacturing success stories within Victoria and brought attention to the state's thriving network of diverse, enterprising and leading manufacturing businesses, with representatives from Jayco, Chobani, CNH International, Marand, GP Graders, Ego Pharmaceuticals, RUAG Australia, Bluescope Steel and ICN Victoria all sharing their expertise and experiences.

Hundreds of attendees took part, ranging from business leaders to members of the general public, and the feedback was overwhelmingly positive.

HILTON MANUFACTURING

Chisholm delivered apprenticeship training as part of the existing worker program at Hilton Manufacturing, one of Victoria's largest heavy vehicle parts manufacturers. A dedicated Chisholm trainer was placed on site for three days a week and delivered Certificate III in Engineering (Fabrication Trade) to approximately 30 staff. The program assisted Hilton to improve staff capabilities through having qualified staff who are multi-skilled work with a focus on quality, efficiency and education. The program will continue into 2016.

IVECO

Iveco engaged Chisholm to deliver Certificate III level qualifications in Fabrication, Automotive, Panel and Paint. A key driver for Iveco was ensuring their workforce was highly skilled in their respective disciplines. Chisholm's Engineering and Automotive departments worked in close partnership with Iveco to design and deliver flexible programs that supported the cross skilling of staff from various business areas, increasing overall production quality and efficiency. The programs were delivered 100 per cent in the workplace. Iveco embraced the partnership and recently recommended the program to representatives of other businesses.



VISY

Chisholm delivered the Certificate III and IV in Engineering to Visy Industries in the workplace. The machinery that Visy used was highly specialised and each Visy site was vastly different. Some sites were quite new and highly automated, while other sites were much older and utilised the same machinery for 40 plus years. With this in mind, it was important that the training Visy employees received was contextualised to the machinery and equipment used at each site. This enabled Visy students to receive the support they required and Chisholm to live up to its reputation of being a responsive and high-quality training provider. By building close relationships with members of Visy's management team and providing the right support, Chisholm formed the foundations of a genuine partnership, overcame inevitable early obstacles and set up successfully to ensure the programs and participants at each site thrived.

TI TREE LODGE

Chisholm delivered Certificate IV in Aged Care, Disability, Leisure and Health and Certificate IV in Leadership and Management in the workplace at Ti Tree Lodge, a state-of-the-art residential aged care facility servicing the Mornington Peninsula community.

The programs were underpinned by 'FLIP' learning and problem based learning pedagogy. This approach nurtured and developed staff in collaboration, teamwork, problem solving, critical thinking, initiative, and enterprise.

The result was staff who are competent, confident and proactive in solving workplace challenges. Specific business needs highlighted by the Ti Tree management team were also addressed through the project to ensure positive outcomes.

STUDENTS WORKING IN THE COMMUNITY

#CLOSETHEGAP INDIGENOUS TRAINEE PROGRAM

Chisholm student Ramon Munnich became the first student to graduate from the Latrobe Regional Hospital #CloseTheGap Indigenous trainee program. The 22 year-old completed a traineeship, earning a Certificate III in Health Services Assistance, with a specific skill set as an operating theatre technician.

Ramon began his traineeship in 2014 after he took part in the hospital's pre-employment and work experience programs for Indigenous people. The programs are a pathway to a traineeship in areas such as theatre, pharmacy, patient services, allied health, business or IT.

The Certificate III course was delivered by Chisholm, with trainers regularly travelling to Latrobe Regional Hospital to check on Ramon's progress.

MELBOURNE ZOO

Chisholm partnered with the Melbourne Zoo to build 24 timber platforms for the zoo's Roar 'n' Snore facility.

The Roar 'n' Snore project involved refurbishing the historic 1940s elephant exhibit to provide a modern camping facility for guests to stay overnight and explore the zoo after dark. The upgrade of the facility houses 12 new tents supported on timber platforms made by Chisholm.

This project enabled students from a range of building disciplines – Certificate III in Carpentry, Shopfitting and Joinery, pre-apprenticeships and VETiS – to translate the skills learned in the classroom to a real building project. The construction of the timber platforms saw students interpreting plans, measuring and costing, constructing floor framing, CNC machining, and effectively communicating as a team.

MONASH HEALTH

Monash Health continued a long-term strategic partnership with Chisholm, offering valuable work placements to students and employing graduates. Chisholm students had an opportunity to consolidate all their training in a busy, supportive and collaborative workplace environment.

Monash Health Pathology offered students opportunities to secure full or part time work within their organisation, where available vacancies existed.



INTERNATIONAL WORK

Chisholm had a focus on expanding the international presence of the Institute in 2015. The partnerships formed are part of a continuing drive to diversify and contextualise educational offerings while allowing students to receive exposure to global industry practices and cultures.

| Project | Industry partner | Project activities |
|---------------------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chevron Enjoy Science Project | Kennan Institute Asia | <p>Chisholm provided consultancy services to the Chevron Enjoy Science Project in 2015, an initiative to improve Science, Technology, Engineering and Mathematics (STEM) education in Technical and Vocational Education and Training (TVET) vocational schools and training centres. The major area of consultation was development of the design plan and implementation strategy for the TVET component of the project.</p> <p>This project focused on:</p> <ul style="list-style-type: none"> • building the capacities of TVET institutions and teachers • establishing TVET hubs in key industry areas • creating a private sector engagement platform • adopting international models of STEM integration and development, particularly in the TVET sector • linking TVET institutions and students with employers and companies. |
| English language training in the Chinese power industry | China Electricity Council (CEC) | <p>This joint venture enables Chinese students from power company vocational colleges to obtain Australian-accredited qualifications and an equivalent Chinese qualification.</p> <p>This partnership has been successfully progressing for over 12 years, with over 2000 students completing quality English language training. Chisholm is now working collaboratively with 10 power institutes across 10 different cities in China.</p> <p>An important part of this project is the delivery of English language training to students undertaking the Diploma of Power Systems prior to commencement of their professional study.</p> |
| Technical education for trainers at Qatar Petroleum | Qatar Petroleum | <p>This project educated Qatar Petroleum's trainers in the moderation and validation of assessment in technical areas such as administration and instrumentation, process, mechanical, electrical and security.</p> <p>The Institute provided a panel of specialist moderators and assessors who conducted annual quality audits, developed and implemented continuous improvement strategies, provided educational advice and support, and delivered Australian qualifications.</p> <p>Quality audits were conducted against the Australian Standards for Registered Training Organisations. In addition to these services, over 40 Qatar Petroleum staff undertook the Australian qualification of teacher training and assessment through Chisholm.</p> |

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| Vietnamese government education consultation | <p>Vietnamese Government General Directorate of Vocation Training</p> <p>Australian Government Department of Foreign Affairs and Trade</p> | <p>Chisholm hosted a course that provided key delegates with additional skills and knowledge to streamline their vocational education services.</p> <p>The TVET Management and Leadership Training course was co-funded by the Australian Government Department of Foreign Affairs and Trade and the Government of Vietnam General Directorate of Vocation Training. A total of 47 delegates participated including 43 rectors/vice rectors of high performing TVET institutes and four representatives from the Government of Vietnam.</p> <p>During the course the participants:</p> <ul style="list-style-type: none"> gained an understanding of Australia's TVET system, institutional management and technical approaches reflected on the knowledge gained and its relevance and applicability to their individual institutional needs in Vietnam developed a Work Plan that applied the knowledge gained in a manner appropriate to their institutions in Vietnam. |
| A series of seminars and workshops in collaboration with TAFE Directors Australia and Melbourne Polytechnic | Myanmar's VET colleges | In 2015 a series of seminars and workshops were conducted in Myanmar for principals of vocational colleges. This also included discussions with industry and government representatives, with a focus on leadership and linkage packages. Results were stronger partnerships between Chisholm and Myanmar's VET colleges. |
| Mechatronic Student Study Tour | Suzhou Vocational University | A study tour to China was undertaken by five mechatronics students who spent five weeks at one of Chisholm's partner institutes at Suzhou Vocational University, one of. The students participated in classes, excursions and cultural activities, developed important life skills and were exposed to Chinese industrial and academic practices. |

OVERSEAS OPERATIONS

Nature of Strategic and Operational Risks

Chisholm targeted key international partnerships as an area of growth. The Institute recognises the inherent risks associated with activities beyond Australia's borders, and these risks were identified as part of the Institute's Board-endorsed Risk Management Plan.

Strategies Established to Manage Risks

The Risk Management Plan outlines specific strategies to mitigate risk in each of the identified areas. The results of each strategy are measured and the strategies adjusted accordingly on a yearly basis. Risk management is a priority for the Board and as such Chisholm provides:

- regular reports to the Board regarding Chisholm's offshore activities, which are inclusive of targets and actual results
- frequent consultation with senior management and relevant government departments on strategic direction with a view to minimising potential risk factors
- a business case outlining each new major international activity to the Board for consideration and approval before the activity commences.

Performance Measures and Targets

The performance management process begins with a business case submitted to the Board for consideration. Once approved, funding is allocated as per the annual budget with monthly identification and reporting of revenue and surplus. Any significant variances are highlighted and discussed through Chisholm's Board sub-committee structure.

Achieving Expected Outcomes

Chisholm's offshore partnerships were of great benefit to Chisholm and its partners in 2015. International operations continued to steadily grow and relationships with ongoing partners strengthened, with a view to expanding international offerings further in the years ahead.

Overseas Visits

In 2015, 115 overseas visits were undertaken to deliver industry training and assessment programs and formal education courses, secure consulting projects, strengthen partnerships, oversee international operations, recruit students and attend conferences and exhibitions.

TEACHING AND LEARNING

Chisholm has a clear teaching and learning goal; to enhance the learner experience through the provision of high quality programs that engage learners in their chosen discipline and ignite their lifelong passion for learning. Aligned to this is a commitment to educate the Institute's professional educators.

EDUCATIONAL EXCELLENCE FRAMEWORK

In 2015, there was a strong focus on the development and implementation of an Institute-wide Educational Excellence Framework. This framework was built on adult learning principles and is accessible through an online platform, providing educators with ready access to resources. The framework covers all education sectors in the institute including VET, Higher Education, English Language Intensive Courses for Overseas Students (ELICOS), VCE and VCAL.

The key focus of the framework is on course and staff capability development and it has a strong emphasis on the design, assess, facilitate, engage, support and review components of teaching and learning. These excellence components are developed to ensure consistency in practice and quality outcomes for all learners across the Institute.

PROFESSIONAL EDUCATOR COLLEGE

In support of the Educational Excellence Framework, the Institute invested in the establishment of a Professional Educator College. The College is committed to achieving sustainable change in educator practice which will aid in the promotion and sharing of educational excellence across Chisholm. To achieve this the College commenced the implementation of real and sustainable capability building strategies that have a strong emphasis on:

- identifying the needs of diverse student cohorts and promoting the design of responsive learning and assessment programs, ensuring a positive and meaningful student learning experience
- building the capability of educators at Chisholm with attention to the role of a modern educator to meet the needs of the 21st century learner.

The learning opportunities available through the Professional Educator College include:

- project based learning journeys aligned to each excellence component: design, assess, facilitate, engage, support and review
- specialised elective modules aligned to new and innovative approaches to learning and student success
- targeted consultancy services that provide 'just in time' capability programs aligned to industry tenders, projects or proposals.

INSTRUCTIONAL DESIGN INNOVATION

In addition to the Educational Excellence Framework and Professional Education College, the Teaching and Learning portfolio also reconceptualised the Institute's Learning Technologies plan. This plan provides a systematic approach towards the implementation and operationalising of the use of learning technologies across the Institute. This will ensure that Chisholm has the capacity and capability to address the needs of its learners and staff.

The plan includes the integration of all of the following learning technologies:

- learning management system
- course library (content management system)
- PLETO point-to-point videoconferencing
- Classroom technologies (interactive whiteboards, portable devices)
- Bring Your Own Device (BYOD) infrastructure (connectivity, wi-fi, navigational design).

NEW INFRASTRUCTURE

Chisholm's investment in infrastructure in 2015 underlined the Institute's commitment to provide accessible, high quality and up-to-date training to South-East Melbourne.

BERWICK TRADE CAREERS CENTRE

Chisholm's \$26 million Berwick Trade Careers Centre (BTCC) was officially opened by the Hon. Steve Herbert MP, Minister of Training and Skills, in 2015. This world class facility was built in response to regional growth in South-East Melbourne and increasing demand for youth training. The BTCC provides training programs and post-trade pathways from Chisholm's Berwick TEC across high priority areas including carpentry, electrical, plumbing, bricklaying, hairdressing and beauty services.

The BTCC has a range of specialist facilities, including:

- a simulated building site designed to allow multiple trades – including carpentry, plumbing, bricklaying and electrical – to operate simultaneously
- multi-function electrotechnology, telecommunications and plumbing laboratories interconnected with a building design and learning commons catering for wireless technology
- hairdressing and beauty salons providing Certificate III, Certificate IV and diploma level training
- industry seminar/demonstration room utilised by industry partners for meetings, workshops, demonstrations, seminars, student interviews and staff development.

The BTCC will help a large volume of people in the region gain practical qualifications. Critically, the BTCC has fostered relationships with industry associations, suppliers and key industry practitioners that service the local, national and international construction sector, which will ensure students are provided with the most industry-relevant training possible.

SCHOOL TAFE ALLIANCE FOR REGIONAL TRAINING (START) TRADE TRAINING CENTRE

As part of a consortium of 13 schools, Chisholm opened a new \$18.5 million trade training centre at the Frankston campus.

The START Trade Training Centre, one of the largest trade training centres in Australia, provides opportunities for students from Years 9 to 12 to enhance their secondary school learning experience and to build confidence and capacity to succeed.

The building was officially opened on 8 May, 2015 by The Hon. Bruce Billson, Federal Member for Dunkley and Minister for Small Business, Chisholm CEO Maria Peters and Maree Vinocuroff, chair of the START Board.

The opening follows seven years of planning and development between 13 public, independent and Catholic schools within the Frankston region.

SOUTHERN PENINSULA TRADE TRAINING CENTRE

The Southern Peninsula Trade Training Centre (SPTTC) launched at the beginning of 2015, providing vocational training activities to secondary school students in the Mornington Peninsula region.

The new \$5.4 million Trade Training Centre at Chisholm's Mornington Peninsula campus was built in partnership with Rosebud Secondary College, Dromana College, Balcombe Grammar School and Peninsula Specialist College and will be used extensively by students from these schools, as well as students attending Chisholm.

The SPTTC has given students in the region a reliable pathway into vocational careers that are in demand now and are likely to be in demand in the future.

It includes a spacious construction workshop, a fully equipped plumbing workshop, a modern electrotechnology workshop and an allied health facility. Allied health, construction and electrotechnology are the primary courses taught at this facility.

FUTURE INSTITUTE INITIATIVES

Chisholm is always looking to evolve and improve. There are a number of key initiatives which commenced in 2015 that will provide career and job opportunities for students, build business in key communities and industries and position the Institute well for the future.

BACK TO WORK FUND

The Hon. Steve Herbert MP, Minister for Training and Skills, attended Chisholm's Berwick campus on 29 June to announce \$2.9 million in funding for four innovative programs at Chisholm as part of the Victorian Government's \$50 million TAFE Back to Work Fund. The funding enabled Chisholm to work with the construction industry, health care providers, the emerging vinyl design and application sector and the engineering industry to focus on areas where there are skills gaps and develop training which will lead to future jobs.

SEAT SKILLS PROGRAM

The Victorian Government announced a new \$8.4 million South-East Automotive Transition (SEAT) skills program in November at Chisholm following a joint submission from Holmesglen and Chisholm. Automotive supply chain workers in the region will benefit from this program from 2016, giving them access to training so that they can re-skill and find new employment. This program is part of the Victorian Government's Automotive Transition Plan focused on supporting workers, communities and businesses affected by the closure of large scale passenger car manufacturing in the state.

SKILLS AND JOBS CENTRE

The Victorian Government has provided each TAFE with funding to establish their own Skills and Jobs Centre. The Skills and Jobs Centre will provide comprehensive services to businesses, employers, employees and community members across Victoria.

Starting in 2016, the Chisholm Skills and Jobs Centre will connect with small, medium and large businesses, and provide support to thousands of community members across the region, provide ongoing support and guidance for workers to retrain and connect to future employment opportunities.

There is also a focus on reskilling current employees to aid productivity and promote employment growth and sustainability.

The business liaison service will develop the initial links with employers and their employees to support specific business needs.

Liaison officers at each Centre will:

- establish relationships with small, medium and large business to develop employer and employee profiles to determine the directions for each business
- provide referrals for business transition support through the Department of Economic Development, Jobs, Transport and Resources
- research growth industries in the region, and develop reciprocal skills evaluation in identified industry growth areas
- actively seek employment opportunities with local small, medium and large businesses
- provide career advice tailored to the needs and capabilities of each candidate, to develop a career plan and identify future training requirements to achieve it.

FRANKSTON REDEVELOPMENT

November saw the announcement of an exciting new project, with the Hon. Steve Herbert MP announcing a \$70.5 million first stage redevelopment of the Frankston campus.

The redevelopment will provide new formal and informal learning spaces and facilities for students across courses, with better spaces for staff that integrate industry and others into the campus.

The project provides further opportunities for students to study while supporting industry workforce needs within the Frankston and Mornington Peninsula regions.

PIVOT POINT

Pivot Point Australia and Chisholm joined together in a long-term licensing agreement where Chisholm will operate the Pivot Point Academy in Melbourne's CBD from January 2016.

Under the agreement, Chisholm will take over as the Registered Training Organisation for Pivot Point Academy from Pivot Point Australia (Allied Educational Services Pty Ltd).

Chisholm intends to invest in Pivot Point Academy's staff and students, to ensure growth and innovation of the brand, and to continue Pivot Point's high standard of education. A refurbishment of the facility is scheduled as part of this commitment.



PEOPLE AND DEVELOPMENT

Chisholm implemented a strategy focused on achieving specific key performance indicators identified within the Institute's three-year strategic plan.

The focus continues to be on culture transformation work which began in 2012 to meet the strategic aims of both the organisation restructure and Board vision for 2020. Chisholm developed a strategy focused on assisting the business through the transformation and empowering its people to own the change. The approach was both strategic and tactical, ensuring Chisholm was set up for long-term success while also providing timely support at a local level through several key initiatives.

HUMAN RESOURCE MANAGEMENT AND ORGANISATIONAL DEVELOPMENT

Key achievements in 2015 included the implementation of employee life cycle initiatives encompassing recruitment, onboarding and induction, performance management, talent and succession planning, reward and recognition, professional development and enhancing the Institute's vision of embedding a high performing, customer driven culture as follows:

- The Chisholm Institute Recognition and Reward Program evolved in 2015 to include a range of strategies designed to recognise and reward exceptional staff performance and behaviours aligned to the Institute's values.
- The performance and development review procedures were analysed and updated, to better align with the Institute's planning, performance management and development processes.
- Rollout of the revitalised staff induction program continued, complemented by a new and streamlined onboarding policy. The staff induction program stresses corporate values that underpin Chisholm's vision and strategy and how the CEO focus areas of Growth (G), People (P) and Systems (S) can be a bridge for staff to understand how their roles relate to Institute strategy.
- Rollout of phase one of a talent and succession framework continued. This key initiative is an integrated process aligned to the performance management and development framework. It ensures highly productive staff in the right job, at the right time and assists in identifying and developing high performing staff.
- The professional development strategy was aligned with the capability framework and employee position descriptions.
- The people and development policies were reviewed with a focus on simplification and streamlining procedures.
- Staff wellbeing events were held including flu shots and motivation/resilience workshops together with designing a staff wellbeing strategy for implementation in 2016.

WORKFORCE DATA EQUIVALENT FULL-TIME (EFT) STAFF

EFT staffing comparison

| | 2015 | 2014 |
|--------------------|------------|------------|
| Board | 7 | 7 |
| Executive Officers | 10 | 8 |
| Teaching | 565 | 575 |
| Non-teaching | 304 | 288 |
| Total | 886 | 878 |

Note: Excludes Chisholm Online

2015 WORKFORCE PROFILE

| | Ongoing | | Fixed term/Casual | | Total | |
|-----------------------|------------|------------|-------------------|------------|-------------|------------|
| | Headcount | FTE | Headcount | FTE | Headcount | FTE |
| Gender | | | | | | |
| Male | 132 | 125 | 513 | 294 | 645 | 418 |
| Female | 145 | 122 | 616 | 345 | 761 | 467 |
| Total | 277 | 247 | 1129 | 639 | 1406 | 886 |
| Age | | | | | | |
| Under 25 | - | - | 15 | 7 | 15 | 7 |
| 25-34 | 5 | 5 | 161 | 88 | 166 | 93 |
| 35-44 | 44 | 38 | 277 | 151 | 321 | 189 |
| 45-54 | 105 | 94 | 353 | 200 | 458 | 294 |
| 55-64 | 105 | 95 | 258 | 156 | 363 | 251 |
| Over 65 | 18 | 15 | 65 | 36 | 83 | 51 |
| Total | 277 | 247 | 1129 | 639 | 1406 | 886 |
| Classification | | | | | | |
| Board | - | - | 7 | 7 | 7 | 7 |
| Executive | - | - | 10 | 10 | 10 | 10 |
| Manager | - | - | 31 | 31 | 31 | 31 |
| Teaching | 134 | 120 | 867 | 446 | 1001 | 565 |
| Non-teaching | 143 | 127 | 214 | 145 | 357 | 272 |
| Total | 277 | 247 | 1129 | 639 | 1406 | 886 |

2014 WORKFORCE PROFILE

| | Ongoing | | Fixed term/Casual | | Total | |
|-----------------------|------------|------------|-------------------|------------|-------------|------------|
| | Headcount | FTE | Headcount | FTE | Headcount | FTE |
| Gender | | | | | | |
| Male | 158 | 149 | 506 | 272 | 664 | 421 |
| Female | 178 | 150 | 582 | 307 | 760 | 457 |
| Total | 336 | 299 | 1088 | 579 | 1424 | 878 |
| Age | | | | | | |
| Under 25 | 1 | 1 | 23 | 7 | 24 | 8 |
| 25-34 | 15 | 12 | 145 | 72 | 160 | 84 |
| 35-44 | 58 | 50 | 273 | 151 | 331 | 201 |
| 45-54 | 127 | 114 | 344 | 184 | 471 | 298 |
| 55-64 | 124 | 113 | 240 | 136 | 364 | 249 |
| Over 65 | 11 | 9 | 63 | 30 | 74 | 39 |
| Total | 336 | 299 | 1088 | 579 | 1424 | 878 |
| Classification | | | | | | |
| Board | - | - | 7 | 7 | 7 | 7 |
| Executive | - | - | 8 | 8 | 8 | 8 |
| Manager | - | - | 28 | 28 | 28 | 28 |
| Teaching | 174 | 158 | 852 | 417 | 1026 | 575 |
| Non-teaching | 162 | 141 | 193 | 119 | 355 | 260 |
| Total | 336 | 299 | 1088 | 579 | 1424 | 878 |

PUBLIC SECTOR EMPLOYMENT AND CONDUCT PRINCIPLES

Chisholm's employment policies and processes are based on the principle of merit, relevant award/agreement and statutory requirements, and best practice public sector approaches.

The Institute's Staff Code of Conduct, reviewed annually, provides guidance to all staff on expected behaviour and professional conduct and is based on the Institute values, the Victorian Public Sector Model and other best practice examples. Chisholm is committed to equal opportunity and fair and transparent processes in all human resource management procedures.

GENERAL STATEMENT ON INDUSTRIAL RELATIONS

Chisholm continues to have regular consultative arrangements in place with both major unions, the Australian Education Union and National Tertiary Education Union. Chisholm also uses the dispute resolution procedures in its industrial agreements to ensure issues that may arise are addressed appropriately and in a timely manner.

A new Victorian TAFE teaching staff multi-enterprise industrial agreement came into operation on 2 December 2015. Negotiations took place for a new enterprise agreement for the Institute's professional (non-teaching) staff.

There were no days lost due to industrial action in 2015.

STATISTICAL OVERVIEW

CHISHOLM CONSOLIDATED (INCLUDES CHISHOLM ONLINE)

Student enrolments

| | 2015 | 2014 |
|-----------------------------------------------------------------------------------------------|---------------|---------------|
| Government funded accredited programs | 13,910 | 14,784 |
| Fee for service programs | 22,926 | 24,424 |
| (Less) student enrolments in both government accredited programs and fee for service programs | (1,312) | (1,190) |
| Total net student enrolments | 35,524 | 38,018 |

Student contact hour delivery

| | 2015 | 2014 |
|--------------------------------------------|-------------------|-------------------|
| Government funded accredited programs | 6,473,589 | 7,228,964 |
| Fee for service programs | 4,880,525 | 5,497,828 |
| Total student contact hour delivery | 11,354,114 | 12,726,792 |

Student enrolments by age

| Age group | 2015 | | 2014 | |
|--------------|--------------------|---------------|--------------------|---------------|
| | Student enrolments | Per cent | Student enrolments | Per cent |
| Under 15 | 312 | 0.9% | 294 | 0.8% |
| 15 to 19 | 11,448 | 32.2% | 11,955 | 31.4% |
| 20 to 24 | 7,144 | 20.1% | 7,470 | 19.6% |
| 25 to 39 | 7,453 | 21.0% | 8,562 | 22.5% |
| 40 to 64 | 8,833 | 24.9% | 9,386 | 24.7% |
| 65 plus | 333 | 0.9% | 350 | 0.9% |
| Not stated | 1 | <0.1% | 1 | <0.1% |
| Total | 35,524 | 100.0% | 38,018 | 100.0% |

Student enrolments by gender

| Gender | 2015 | | 2014 | |
|--------------|--------------------|---------------|--------------------|---------------|
| | Student enrolments | Per cent | Student enrolments | Per cent |
| Female | 15,821 | 44.5% | 16,383 | 43.1% |
| Male | 19,703 | 55.5% | 21,635 | 56.9% |
| Total | 35,524 | 100.0% | 38,018 | 100.0% |

Course enrolments and student contact hours by campus 2015

| Campus | 2015 | | | | 2014 | | | |
|----------------------|--------------------|---------------|-----------------------|---------------|--------------------|---------------|-----------------------|---------------|
| | Course enrolments* | Per cent | Student contact hours | Per cent | Course enrolments* | Per cent | Student contact hours | Per cent |
| Dandenong | 10,658 | 24.9% | 3,162,699 | 27.9% | 12,536 | 25.3% | 3,400,959 | 26.7% |
| Frankston | 8,427 | 19.7% | 2,597,105 | 22.9% | 9,323 | 18.8% | 2,995,603 | 23.5% |
| Berwick | 3,766 | 8.8% | 1,584,972 | 14.0% | 3,585 | 7.2% | 1,688,552 | 13.3% |
| Offshore delivery | 4,657 | 10.9% | 1,438,131 | 12.7% | 6,705 | 13.5% | 1,981,392 | 15.6% |
| Workplace | 10,508 | 24.6% | 1,410,373 | 12.4% | 12,119 | 24.4% | 1,397,762 | 11.0% |
| Cranbourne | 1,791 | 4.2% | 386,623 | 3.4% | 1,502 | 3.0% | 363,579 | 2.9% |
| Mornington Peninsula | 517 | 1.2% | 206,600 | 1.8% | 819 | 1.7% | 249,391 | 2.0% |
| Chisholm @ 311 | 519 | 1.2% | 179,288 | 1.6% | 538 | 1.1% | 197,565 | 1.6% |
| Bass Coast | 576 | 1.3% | 148,531 | 1.3% | 572 | 1.2% | 188,182 | 1.5% |
| Chisholm Online | 560 | 1.3% | 113,418 | 1.0% | 85 | 0.2% | 14,231 | 0.1% |
| Online | 759 | 1.8% | 106,198 | 0.9% | 1,809 | 3.6% | 249,576 | 2.0% |
| Pakenham | 47 | 0.1% | 20,176 | 0.2% | - | - | - | - |
| Total | 42,785 | 100.0% | 11,354,114 | 100.0% | 49,593 | 100.0% | 12,726,792 | 100.0% |

* Individual students can choose to enrol in multiple campuses.

FINANCIAL OVERVIEW

FOR THE YEAR ENDED 31 DECEMBER, 2015

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|-------------------------------------|------------|---------------|---------------|---------------|----------------|--------------|
| Consolidated | Note | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Summary of financial results | | | | | | |
| Trading revenue | (a) | 123,787 | 121,277 | 116,918 | 127,924 | 128,967 |
| Trading expenses | (b) | 111,547 | 106,481 | 98,012 | 122,367 | 123,587 |
| EBITDA (Trading surplus) | (c) | 12,239 | 14,796 | 18,906 | 5,557 | 5,380 |
| Depreciation and amortisation | | 8,067 | 7,321 | 6,859 | 7,196 | 6,357 |
| EBIT | (d) | 4,172 | 7,475 | 12,047 | (1,639) | (977) |
| Capital surplus | (e) | 1,905 | 22,231 | 18,811 | 5,283 | 7,508 |
| Net result | (f) | 6,077 | 29,706 | 30,858 | 3,644 | 6,531 |
| Net assets | | 299,841 | 293,763 | 266,215 | 266,024 | 219,870 |

Notes:

- (a) Total income from transactions less capital contributions. Includes one-off project revenue.
- (b) Total expenses from transactions less depreciation and other economic flows excluding gain/ (loss) on non-financial assets.
- (c) Trading revenue less trading expenses.
- (d) EBITDA less depreciation and amortisation.
- (e) Capital contributions plus/ (minus) gain/ (loss) on non-financial assets.
- (f) EBIT plus capital surplus.



DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL RESULTS

Chisholm Consolidated delivered a net result of \$6.08 million for 2015 while facing significant and intensified competition in the VET sector at state, national and international levels. Chisholm contributed a surplus of \$8.39 million and Chisholm Online recorded an anticipated deficit of \$2.45 million as it entered its second year of operations.

Operating result was \$12.2 million for the Group and \$14.5 for Chisholm compared to \$14.8 million and \$17.5 million respectively in 2014.

Chisholm saw a drop in operating contributions (excluding one-off project funding) for government funded activities due to a fall in scale and mix of government subsidised training and this significantly affected performance despite managing expenditures accordingly.

Other factors affecting net result included lower capital contributions due to the completion of the Berwick Trade Career Centre and START and Southern Peninsula Trade Training Centres in late 2014 and early 2015.

Despite the challenges of a declining government funded training market coupled with increased local and international competition, Chisholm maintained a strong focus on cash management resulting in a better closing cash position than last year.

FINANCIAL PERFORMANCE TO BUDGET

The Board approves an Annual Budget consistent with financial obligations stated in its governance approaches, the Constitution, the Education and Training Act and other statutory directions. The 2015 Budget was originally approved by the Board on 16 December 2014. A revision to the Budget was approved on 18 September 2015. Chisholm's performances against the financial targets specified in the 2015 Revised Budget are summarised as follows:

| | | 2015 | | Variance |
|---------------------------|------|-------------|----------------|----------|
| | | 2015 Actual | Revised Budget | |
| Consolidated | Note | \$'000 | \$'000 | \$'000 |
| Trading operations | | | | |
| Trading revenues | (a) | 123,787 | 124,179 | (392) |
| Trading expenses | (b) | 111,547 | 114,266 | 2,719 |
| EBITDA | | 12,239 | 9,913 | 2,326 |
| Depreciation/Amortisation | | (8,067) | (8,485) | 418 |
| EBIT | | 4,172 | 1,428 | 2,744 |
| Capital operations | (c) | 1,905 | 1,447 | 458 |
| Net result | | 6,077 | 2,875 | 3,202 |
| Working capital amount | (d) | 57,918 | 54,207 | 3,711 |

Notes:

- (a) Includes revenues from one-off projects. Lower than budget trading revenues largely due to lower than anticipated government contributions.
- (b) Lower than budget trading expenses largely due to cost cutting strategies employed by Chisholm.
- (c) Lower than budget capital operations largely due to timing of capital projects.
- (d) Working capital is equal to current assets less current liabilities (excluding current provision expected to be wholly settled after 12 months).

BOARD AND COMMITTEES

| Full name | Category | Term |
|-------------------|------------------------------------|---------------------------------------------|
| Stephen Marks | Chair/Ministerial Nominee Director | Full year |
| Robert Comelli | Ministerial Nominee Director | Up to 31/05/2015 |
| David Willersdorf | Ministerial Nominee Director | Full year |
| Carol Adams | Ministerial Nominee Director | Up to 18/09/2015 |
| David Edgar | Board Nominee Director | To 31/05/2015 and reappointed from 01/12/15 |
| Todd Hartley | Board Nominee Director | Full year |
| John Bennie | Board Nominee Director | Full year |
| David Eynon | Board Nominee Director | Up to 31/05/2015 |
| Anne Fenner | Ministerial Nominee Director | From 01/12/15 |
| Anne Jones | Ministerial Nominee Director | From 01/12/15 |

2015 BOARD MEMBERS

Stephen G. Marks Board Chair

1 January 2015 – 31 December 2015

Stephen has more than 35 years of experience as a chartered accountant, and he has provided specialist independent probity auditing and advisory services to the public sector for the past 12 years. In addition to his Institute stewardship responsibilities, Stephen is a board member of the St Vincent's Institute and the audit committee of Origin Youth Health Research Centre. He is also a member of the Victorian Department of Human Services Financial Management Advisory Committee and DMP Asset Management Investment Advisory Committee. Stephen's extensive finance and public sector experience provides a solid platform for the maintenance of the excellent reputation and ongoing sustainability of Chisholm.

Todd Hartley Board Nominee Director

1 January 2015 – 31 December 2015

Todd is the Managing Director of Hilton Manufacturing, a leading manufacturing company in Dandenong South. Todd brings to the Board over 25 years of experience in the manufacturing industry in southern Melbourne, including a broad range of manufacturing networks and associations. Todd's particular strengths are in commercial enterprise, technology innovation and facility management. In addition to his role at Hilton Manufacturing, Todd serves as Treasurer of the South East Melbourne Manufacturing Alliance and a board member of the Committee for Dandenong. He also holds a number of other positions on manufacturing boards and committees.

John Bennie PSM Board Nominee Director

1 January 2015 – 31 December 2015

John has been CEO of Greater Dandenong City Council since October 2006. He is a former Director of the South East Melbourne Manufacturers' Alliance, immediate past Chair of the Southern Melbourne Regional Development Australia Committee and National President of Local Government Managers Australia. He was previously CEO of Manningham City Council from 1999 to 2006 and a Board member of South East Development (Melbourne) Area Consultative Committee. In the Australia Day 2014 Honours List, John was awarded the Public Service Medal for outstanding public service in the pursuit of excellence in local government management.

David Willersdorf
Ministerial Nominee Director

1 January 2015 – 31 December 2015

David is Group General Manager/Director/Company Secretary for the Grenda Corporation Pty Ltd, with over 20 years of experience in this business. He is a member of the Committee for Dandenong, a Fellow of the Certified Practising Accountants of Australia Association and a member of the Australian Institute of Management. David's key areas of knowledge, skills and experience include financial management, accounting and risk management, and statutory and regulatory compliance.

David Edgar
Board Nominee Director

From 1 January to 31 May and
1 December to 31 December 2015

David has 17 years of experience in vocational education, employment and training, and the not-for-profit sector with 13 of those years in senior management in a group training organisation. This included management of Registered Training Organisation, Australian Apprenticeship Centre business activities and a range of affiliated government funded initiatives. David was formerly CEO of Apprenticeship and Traineeship Employment Partners (ATEP), based in Melbourne.

Anne Jones
Ministerial Nominee Director

From 1 December to 31 December 2015

Anne currently undertakes VET research and consultancies in VET policy. Her previous career included 16 years in senior executive roles such as Deputy Vice Chancellor (Academic and Students), Deputy Vice Chancellor and Director TAFE at Victoria University and Executive Director Learning and Academic Affairs at Box Hill Institute. Anne has led a wide range of VET and higher educational activities including teaching, learning and curriculum reform, international education activity and student support.

Anne Fenner
Ministerial Nominee Director

From 1 December to 31 December 2015

During the last 30 years Anne has sat on and chaired many committees of voluntary organisations and has extensive experience in managing challenging situations. Her particular expertise has been in communications and she continues as the magazine editor of one of these organisations. In recent times she has also been proactive in membership issues and has successfully increased female member numbers as well as that of young people. Her activity has involved strategic planning, governance and risk assessment as well as the hosting and management of international events. Together with her business partners Anne was involved in a successful wholesale horticultural business in Richmond and established a successful retail garden centre. She was active in marketing and sales in the company, both wholesale and retail.

Carol Adams
Ministerial Nominee Director

From 1 January to 18 September 2015

Professor Carol Adams is an internationally renowned author in integrated reporting and sustainability reporting, change management and performance management. At the end of 2015 Carol took up a position at Durham University Business School. She serves on a number of Boards and consults on corporate reporting strategy and process, and embedding sustainability into mainstream management and governance processes. Carol helps organisations realise lasting value from social and environmental sustainability initiatives. She has also led the development of internationally award winning management and governance processes and sustainability reports.

Robert Comelli
Ministerial Nominee Director

From 1 January to 31 May 2015

Robert is currently the CEO of Australian Botanical Products Pty Ltd. He was previously the CEO of the Association for Accounting Technicians (Australia) Ltd. He has a strong commercial finance background, holding senior management and CEO positions in a variety of private sector organisations and directorships in public and private companies, including Groups with 20 subsidiaries and turnovers of over \$500 million. Robert is a Fellow of CPA Australia, Fellow of the Institute of Public Accountants and Fellow of the Association of Accounting Technicians.

David Eynon
Board Nominee Director

From 1 January to 31 May 2015

David was formerly the Executive Director of the Air Conditioning and Mechanical Contractors' Association. He has extensive experience in public policy development in connection with skills training, industrial relations and energy efficiency. David is currently director of Australian Construction Industry Forum Ltd, ARBS Exhibitions Ltd and the Redundancy Payments Central Fund.

CORPORATE GOVERNANCE

MANNER OF ESTABLISHMENT AND THE RELEVANT MINISTER

Chisholm Institute and the governing Board of Chisholm Institute are established by the *Education and Training Reform Act 2006* (the Act) (Vic).

Chisholm Institute is governed by a board representative of government, industry and community. Changes to the governance structure of Chisholm Institute included the establishment of a number of committees during 2014.

These committees are:

- Audit and Risk Management Committee
- Education Committee
- Infrastructure, Systems and Planning Committee
- Remuneration Committee
- Membership Committee.

The Board is ultimately responsible to the Victorian Government for the governance and management of the Institute and is accountable to the relevant Victorian Minister with accountability for Higher Education and Skills.

OBJECTIVES, FUNCTIONS, POWERS AND DUTIES

In line with the requirements of the Chisholm Institute Constitution order 2014, the objectives of Chisholm Institute are:

- to facilitate higher education through excellent teaching, innovation and educational leadership that delivers quality outcomes
- to ensure it is sustainable in the medium to long term
- to operate its businesses, delivering educational services and utilising assets that it manages on the state's behalf as efficiently as possible
- to facilitate increasing opportunities for apprenticeships and traineeships across the relevant Australian industry sectors.

The functions of Chisholm Institute are as follows:

- to provide the communities and industries serviced by the Institute with efficient and effective technical and further education programs and services
- to offer and conduct courses of study leading to the conferral of higher education awards
- subject to the requirements of the Act, to operate as a group training organisation that employs apprentices and other trainees and places them with host employers.

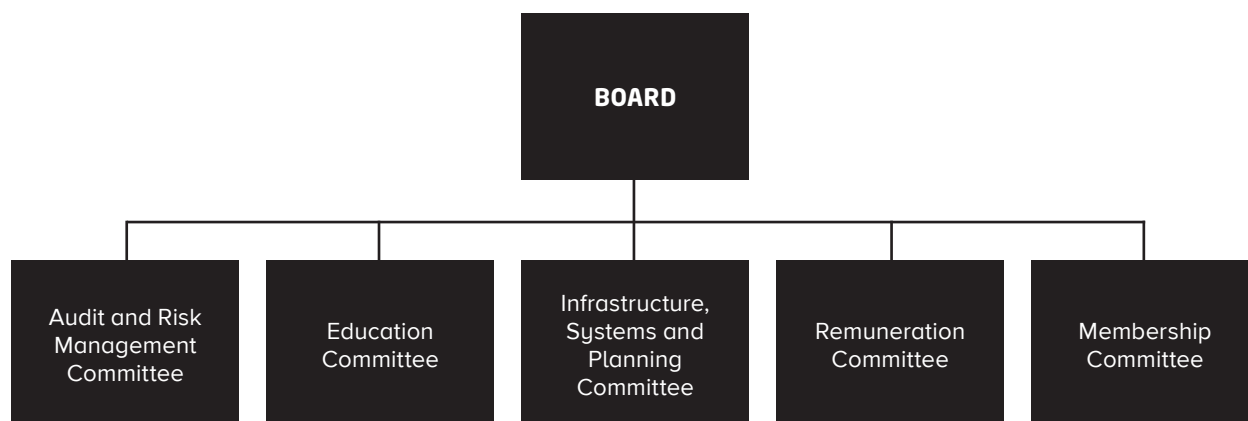
The Institute has the power to do all things that are necessary or convenient to be done for or in connection with, or as incidental to, meeting its objectives or performing its functions. However, the powers of Chisholm Institute are subject to, and must be exercised in accordance with, the functions, duties and obligations conferred or imposed on the Institute by:

- the Act and other laws
- the Constitution
- Ministerial and government directions and guidelines under the Act and other legislation, laws and conventions
- the general administrative, social and economic directives and policies established by the Government of Victoria from time to time.

The Chisholm Institute Board must take all reasonable steps for the advancement of the objectives of the Institute, while operating in accordance with the economic and social objectives and public sector policy established from time to time by the Minister. While meeting its objectives, the Board is also required to comply with the Chisholm Institute Constitution and provide all assistance and information to the Minister, or his delegates.

BOARD COMMITTEES CHART

1 January, 2015 – 31 December, 2015



AUDIT AND RISK MANAGEMENT COMMITTEE

David Willersdorf

Board Director and Committee Chair

Robert Comelli

Board Director (up to 31 May 2015) and Board Co-opted Member (from 18 September 2015)

Michael Said

Board Co-opted Independent Member

Ian Duff

Board Co-opted Independent Member

EDUCATION COMMITTEE

David Edgar

Board Director and Committee Chair (up to 31 May 2015 and reappointed from 16 December 2015)

Carol Adams

Board Director (up to 18 September 2015)

David Eynon

Board Director (up to 31 May 2015)

Sophia Petrov

Board Co-opted Independent Member

INFRASTRUCTURE, SYSTEMS AND PLANNING COMMITTEE

Todd Hartley

Board Director and Committee Chair

John Bennie

Board Director

Robert Johnson

Board Co-opted Member

Gavin Gusling

Board Co-opted Member

REMUNERATION COMMITTEE

Stephen Marks

Board Chair and Committee Chair

David Willersdorf

Board Director

Robert Comelli

Board Director (up to 31 May 2015)

MEMBERSHIP COMMITTEE

Stephen Marks

Board Chair and Committee Chair

Robert Comelli

Board Director (up to 31 May 2015)

David Willersdorf

Board Director

Carol Adams

Board Director (up to 18 September 2015)

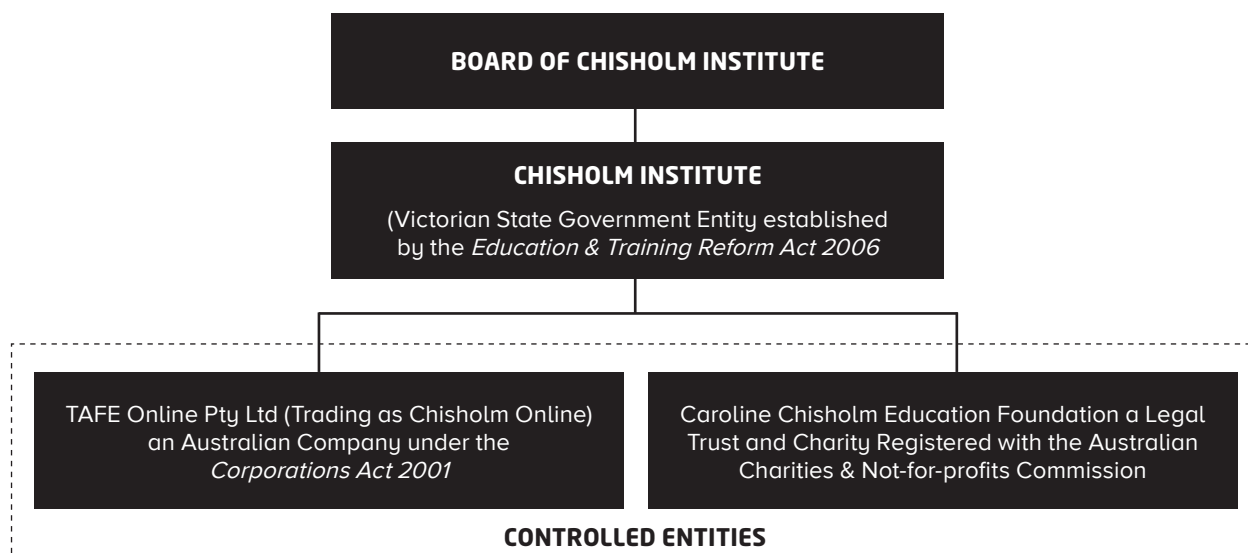
Anne Fenner

Board Director (from 1 December 2015)

Anne Jones

Board Director (from 1 December 2015)

CONTROLLED ENTITIES



Note: Chisholm Academy was established in October 2015, but operations will not begin until January 2016.

DIRECTORS OF TAFE ONLINE PTY LTD (CHISHOLM ONLINE)

Stephen Marks
Chisholm Online Chair

David Willersdorf
Director

David Edgar
Director

Maria Peters
Managing Director

Grant Radford
Company Secretary

TRUSTEES OF CAROLINE CHISHOLM EDUCATION FOUNDATION

Virginia Simmons
Chair

David Willersdorf
Chisholm Institute Board Member

Maria Peters
Chisholm Institute CEO

Charles Wilkins
Community Member
(up to 4 September 2015)

Greg Hunt
Community Member

Matt Johnston
Chisholm Institute Staff Member/
Treasurer

Cate MacMillan
Chisholm Institute Staff Member

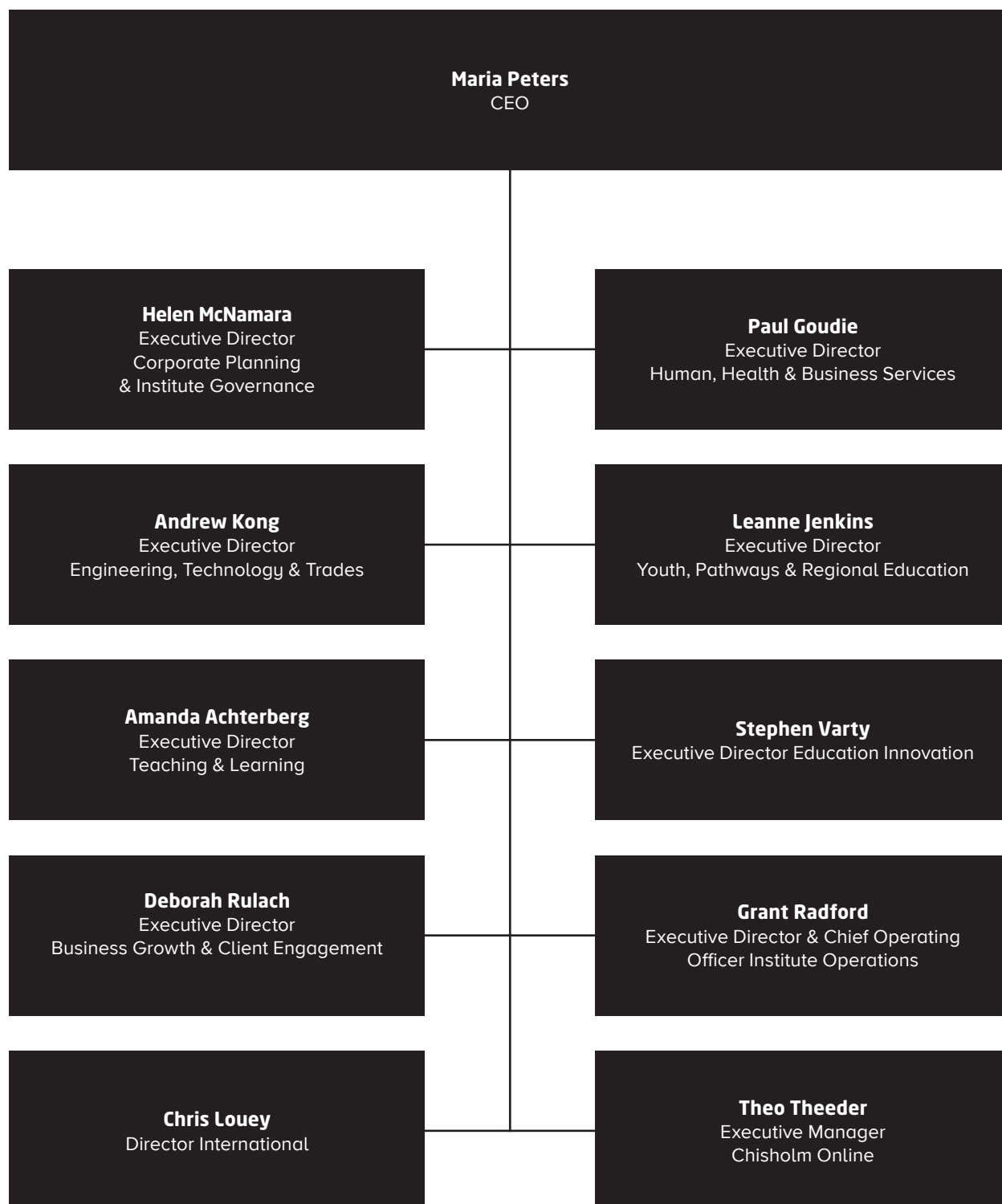
Natalie Millan
Chisholm Institute Staff Member

Glen Kruger
Community Member

Amanda Splatt
Community Member

2015 EXECUTIVE DIRECTORS GROUP

The focus of the Executive Directors Group is strategic leadership and business development, with day-to-day operations largely managed by middle management under a policy and procedural framework established by the Executive Directors Group under the Board's delegation framework.



ATTESTATIONS

RISK MANAGEMENT COMPLIANCE ATTESTATION

I, Stephen G Marks, certify that as at 31 December 2015, Chisholm Institute has risk management processes in place consistent with the Australian/New Zealand Standard (AS/NZS ISO 31000:2009) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The Audit and Risk Management Committee verifies this assurance and that the risk profile of Chisholm Institute was been critically reviewed within the last 12 months.

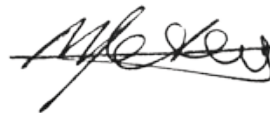


STEPHEN G. MARKS

Board Chair
17 February, 2016

INSURANCE ATTESTATION

I, Maria Peters, certify that Chisholm Institute has complied with the Ministerial Standing 4.5.5 – Insurance for the year ended 30 June 2015. The Chisholm Institute Audit Committee verifies this.



MARIA PETERS

Chief Executive Officer
Chisholm Institute
30 June, 2015

SOCIAL RESPONSIBILITY

Chisholm recognises the important role it plays as a respected educator in the communities in which it operates. Chisholm acknowledges that demonstrated social responsibility is a vital contributor to long-term business success and community capability.

As a Victorian Government operation, Chisholm also plays a key role in the Victorian Government's commitment to social responsibility.

This commitment is reflected in:

- Chisholm's commitment to providing accessible programs meeting the learning needs and vocational aspirations of its students
- Chisholm's commitment to safety, health and the environment in all aspects of its operations
- the operation of the Caroline Chisholm Education Foundation.

WORK HEALTH, SAFETY AND WELLBEING

Chisholm considers all workplace injuries to be preventable and strives to ensure that best practice WH&S systems are integrated into business area operations. This is vital in ensuring the health, safety and wellbeing of staff, students, contractors and visitors.

The Institute's health and safety strategy aims to meet its statutory and employee duty of care obligations and to create a harmonious, productive learning and working environment by providing a workplace free from risks to health and safety.

Key strategies undertaken in 2015 were:

- health and wellbeing initiatives to improve staff health and fitness, including an Institute-wide staff flu vaccination program, walking challenges and mental health first aid training
- provision of WH&S training for managers and senior educators.

INCIDENTS

Hazard and incident reports for full-time employees (FTE) between 1 January 2015 and 31 December 2015.

| Hazard reports | 63 | | |
|----------------------------------------------------------|-------------|-----------|----------|
| Incident reports | 59 | | |
| Fatalities | Nil | | |
| | 2015 | 2014 | 2013 |
| Total hazard and incident reports | 122 | 179 | 92 |
| Total 'lost time' standard WorkCover claims | 15 | 15 | 5 |
| Total cost of all 'lost time' WorkCover claims* | \$1,175,938 | \$770,292 | \$37,207 |
| Per 100 FTE staff | 8.86 | 8.77 | 8.53 |
| Number of hazard and incident reports | 13.77 | 20.41 | 10.79 |
| Number of 'lost time' standard WorkCover claims | 1.69 | 0.91 | 0.47 |
| Accepted WorkCover claims | 15 | 14 | 5 |
| Accepted and rejected WorkCover claims | 18 | 16 | 7 |
| Total cost for WorkCover claims as advised by WorkSafe** | \$1,188,631 | \$848,278 | \$74,564 |
| Average costs per WorkCover claim | \$66,035 | \$53,017 | \$10,652 |

Notes:

* Lost times claims only.

** All claims.

WORKCOVER/RETURN TO WORK

Of the 15 accepted WorkCover claims in 2015, only two remained active due to return to work programs and active claims management.

The WorkCover premium will then respond and a reduction will occur in 2017.

| | 2015 |
|-------------------------------------------|------|
| Number of new claims for WorkCover | 17 |
| Accepted claims | 15 |
| Rejected claims | 1 |
| Pending WorkCover decisions | - |
| Conciliation after rejection claim | 1 |

On a rolling average the expectations will be 13.

| | No. of accepted claims |
|-------------|------------------------|
| 2010 | 20 |
| 2011 | 13 |
| 2012 | 7 |
| 2013 | 4 |
| 2014 | 10 |

Non-WorkCover related claims looked after for the 2015 period was 15.

ENVIRONMENTAL SUSTAINABILITY

The business of Chisholm Institute requires consumption of large amounts of natural resources. Chisholm is committed to reducing its impact on the environment and in 2015 continued work that had commenced in 2007.

Chisholm's ResourceSmart Strategy covers the following key areas:

- energy
- water
- waste minimisation and recycling
- onsite renewable energy generation
- green purchasing
- built environment design
- transportation
- greenhouse gas emissions
- education for sustainability
- embedding of sustainability throughout the business.

The targets set for 2015 (based on 2007 baselines) were:

- emission reduction 30 per cent
- energy reduction 30 per cent
- GreenPower purchase 30 per cent
- renewable energy onsite generation 12 per cent
- water reduction -55 per cent
- waste recycled -50 per cent.

This year, the Institute began reaping the benefits of the Greener Government Building Initiative. The solar panel installations, completed in April of 2015, generated 27.8 MWhrs in Berwick and 14.9 MWhrs in Bass Coast, saving approximately \$5560 and \$2960 respectively. Overall, the Institute is expecting to obtain year on year savings of approximately \$307,000 (including \$70,000 in maintenance costs) for at least the next seven years. These improvements cover the installation of new energy efficient lighting, the retrofitting of water efficient fittings, and upgrades to the heating and cooling systems, including the replacement of defective and inefficient plant and equipment.

Chisholm's environmental performance in 2015, measured against the 2007 baselines, can be found at the end of this report.

CAROLINE CHISHOLM EDUCATION FOUNDATION

"I promise to know neither country nor creed, but to serve all justly and impartially."
Caroline Chisholm, 1808-1877

For over eight years, the Caroline Chisholm Education Foundation has been committed to supporting students in financial hardship to gain an education at Chisholm Institute. As Chisholm's charity, the Foundation is committed to providing educational opportunities to help those most in need in the community. Education is not only about attaining a nationally recognised accredited qualification and gaining valuable employability skills. It is also about social inclusion and helping students to find a sense of belonging and purpose.

The formation of the Caroline Chisholm Education Foundation was inspired by the activism, energy and 'can do' approach of Caroline Chisholm. Caroline was Australia's first female humanitarian, who assisted over 11,000 young women in their struggles to create a new life in Australia. The Foundation proudly bears the name of this remarkable woman and the Trustees are committed to continuing her vision and ideals of social justice.

Many students that the Foundation supports have encountered a great deal of pain, confusion and loss of hope in their lives. Over 60 per cent are young people who are struggling with homelessness, mental and physical health issues, family violence, or are from families who simply lack the resources to afford education beyond high school. The Foundation assists students who are marginalised so that they can become more productive members of the community and improve their future opportunities.

This is achieved by the wonderful financial support of many donors who range from individuals, to large organisations, to philanthropic trusts and service organisations. The Foundation is very appreciative of their support and commitment.

The Foundation works closely with local community service organisations and has extensive networks to promote the scholarships so that a broad cross section of society can apply for the Access and Equity Scholarships. Funds are also raised from events such as the annual golf day which creates awareness of the community need while harnessing the financial support of corporate donors.

DISTRIBUTION OF GRANTS

In 2015, over 200 students were supported by the Foundation. These students are from many different backgrounds and cultures, and study a broad range of qualifications across the seven Chisholm campuses. The average scholarship is just over \$1000 and each scholarship is customised to the student's requirements, subsidising upfront educational costs to ensure that students can enrol and begin their academic journey.

The Caroline Chisholm Education Foundation is a 'controlled-entity' of the Chisholm Institute Board, operating under a Trust Deed approved by the Board and an operational agreement with the Board.

The Board of Trustees has an independent chair and comprises representatives from the broader Chisholm community, the Chisholm Institute Board and Chisholm Institute staff. They are responsible for the governance of the Caroline Chisholm Education Foundation.

Chisholm Institute provides administrative and in-kind support to the Foundation's Secretariat. This enables the focus to be on developing relationships with donors and the community to raise funds for scholarships, allowing for 100 per cent of all donations dedicated to scholarships to go to students. The Foundation recognises and values the generous contribution of the Chisholm Board's support.

TRUSTEES

The Trustees during 2015 were: Virginia Simmons (Chairperson), Maria Peters, Greg Hunt, David Willersdorf, Glen Kruger, Mandy Splatt, Natalie Millan, Matthew Johnston, Catherine MacMillan and Charles Wilkins (resigned September 2015).

In January 2015 the Foundation achieved a significant milestone – supporting its 1000th student. This achievement is proof that the ideals and aspirations of Caroline Chisholm still have meaning in today's world. The Foundation will continue to change lives on a daily basis today, tomorrow and into the future.

GRANT ELIGIBILITY

Grants are available to assist students to receive a high quality vocational qualification at Chisholm where social circumstances or financial hardship are impeding their engagement are education and training. Access to funding is subject to eligibility according to the Foundation's Grant Disbursement Principles and guidelines.

FUNDRAISING

Fundraising events are an important activity. As well as lifting the profile of the Foundation in the local and wider community and expanding the number of donors and supporters, they give Chisholm staff an opportunity to get involved.

The Foundation has an annual plan of fundraising events including a Golf Day, International Women's Day lunch and End of Year function. It also works in partnership with other organisations as their Charity of Choice.





CONSOLIDATED FINANCIAL STATEMENTS



VAGO INDEPENDENT AUDITOR'S REPORT



Victorian Auditor-General's Office

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

INDEPENDENT AUDITOR'S REPORT

To the Board members, Chisholm Institute

The Financial Report

I have audited the accompanying financial report for the year ended 31 December 2015 of the Chisholm Institute 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 President of the Board, Chief Executive Officer, and Chief Finance and Accounting Officers' declaration of the Group, comprising the Chisholm Institute and the entities it controlled at the year's end or from time to time during the financial year.

The Board members' Responsibility for the Financial Report

The Board members of the Chisholm Institute are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation 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 members, as well as evaluating the overall presentation of the financial report.

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

VAGO INDEPENDENT AUDITOR'S REPORT

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, I and my staff and delegates have 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 Chisholm Institute and the consolidated entity as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
2 March 2016



for Dr Peter Frost
Acting Auditor-General

DECLARATION BY PRESIDENT OF THE BOARD, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE AND ACCOUNTING OFFICER

We certify that the attached financial statements for Chisholm Institute and the consolidated entity has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2015 and financial position of the Institute as at 31 December 2015.

At the date of signing this financial report, we are not aware of any circumstance that would render any particulars included in the financial report to be misleading or inaccurate. There are reasonable grounds to believe that the Institute will be able to pay its debts as and when they became due and payable.

The Board Chair and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Chisholm Institute.



STEPHEN MARKS

Board Chair

Date: 24 February, 2016

Place: Dandenong



MARIA PETERS

Chief Executive Officer

Date: 24 February, 2016

Place: Dandenong



GRANT RADFORD

Chief Finance and Accounting Officer

Date: 24 February, 2016

Place: Dandenong

COMPREHENSIVE OPERATING STATEMENT

For the year ended 31 December 2015

| | | Consolidated | | Chisholm | |
|--------------------------------------------------------------------------|-----------|----------------|----------------|----------------|----------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Note | | \$'000 | \$'000 | \$'000 | \$'000 |
| Continuing Operations | | | | | |
| Income from transactions | | | | | |
| Government contributions - operating | 2a(i) | 63,580 | 65,611 | 63,072 | 65,525 |
| Government contributions - capital | 2a(ii) | 1,969 | 22,478 | 1,969 | 22,478 |
| Sale of goods and services | 2b | 56,135 | 52,916 | 55,345 | 52,894 |
| Interest | 2c | 1,115 | 944 | 1,086 | 914 |
| Other income | 2d | 2,654 | 1,756 | 2,369 | 1,473 |
| Total income from transactions | | 125,453 | 143,705 | 123,841 | 143,284 |
| Expenses from transactions | | | | | |
| Employee benefits | 3a | 73,640 | 70,377 | 71,281 | 69,041 |
| Depreciation and amortisation | 3b | 8,067 | 7,321 | 7,785 | 7,281 |
| Supplies and services | 3c | 23,874 | 23,021 | 23,712 | 22,642 |
| Other operating expenses | 3d | 13,703 | 12,386 | 12,548 | 11,386 |
| Total expenses from transactions | | 119,284 | 113,105 | 115,326 | 110,350 |
| Net result from transactions (net operating balance) | | 6,169 | 30,600 | 8,515 | 32,934 |
| Other economic flows included in net result | | | | | |
| Net gain/(loss) on non-financial assets | 4a | (64) | (247) | (64) | (247) |
| Net gain/(loss) on financial instruments | 4b | 66 | (457) | 66 | (457) |
| Net gain/(loss) arising from revaluation of long service leave liability | 4c | 37 | 60 | - | 32 |
| Net gain/(loss) arising from revaluation of annual leave liability | 4c | (131) | (250) | (130) | -244 |
| Total other economic flows included in net result | | (92) | (894) | (128) | (916) |
| Net result | 30 | 6,077 | 29,706 | 8,387 | 32,018 |
| Other economic flows - other comprehensive income | | | | | |
| Items that will not be reclassified to net result | | | | | |
| Changes in physical asset revaluation surplus | 16 | - | (2,158) | - | (2,158) |
| Comprehensive result | 30 | 6,078 | 27,548 | 8,387 | 29,860 |

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

BALANCE SHEET

As at 31 December 2015

| | | Consolidated | | Chisholm | |
|----------------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 5 | 57,181 | 41,927 | 56,102 | 40,692 |
| Receivables | 6 | 9,849 | 17,569 | 10,660 | 18,850 |
| Investments and other financial assets | 7 | 108 | 105 | 5,000 | 2,000 |
| Total financial assets | | 67,138 | 59,601 | 71,761 | 61,542 |
| Non-financial assets | | | | | |
| Inventories | 8 | 54 | 74 | 54 | 74 |
| Other non-financial assets | 9 | 1,354 | 1,469 | 1,334 | 1,449 |
| Property, plant and equipment | 10 | 248,738 | 252,606 | 248,738 | 252,606 |
| Intangible assets | 11 | 2,152 | 1,749 | 1,207 | 1,059 |
| Total non-financial assets | | 252,298 | 255,898 | 251,333 | 255,188 |
| Total assets | | 319,436 | 315,499 | 323,094 | 316,730 |
| Liabilities | | | | | |
| Payables | 12 | 4,644 | 5,364 | 4,746 | 5,344 |
| Provisions | 13 | 9,568 | 10,118 | 9,516 | 10,090 |
| Borrowings | 14 | 2,214 | 760 | 2,214 | 760 |
| Other liabilities | 15 | 3,169 | 5,494 | 3,169 | 5,473 |
| Total liabilities | | 19,595 | 21,736 | 19,644 | 21,667 |
| Net assets | | 299,841 | 293,763 | 303,450 | 295,063 |
| Equity | | | | | |
| Accumulated surplus/(deficit) | 16b | 163,745 | 157,667 | 167,354 | 158,967 |
| Reserves | 16c | 50,709 | 50,709 | 50,709 | 50,709 |
| Contributed capital | 16a | 85,387 | 85,387 | 85,387 | 85,387 |
| Net worth | | 299,841 | 293,763 | 303,450 | 295,063 |
| Commitments for expenditure | 19 | | | | |
| Contingent assets and contingent liabilities | 20 | | | | |

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

| | | Physical assets revaluation surplus | Accumulated surplus | Contributions by owner | Total |
|------------------------------------------------------|-------------|-------------------------------------------|------------------------|---------------------------|----------------|
| Consolidated | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2014 | | 52,867 | 127,961 | 85,387 | 266,215 |
| Net result for the year | | - | 29,706 | - | 29,706 |
| Other economic flows - other comprehensive income | | (2,158) | - | - | (2,158) |
| Year ended 31 December 2014 | | 50,709 | 157,667 | 85,387 | 293,763 |
| Net result for the year | | - | 6,078 | - | 6,078 |
| Year ended 31 December 2015 | | 50,709 | 163,745 | 85,387 | 299,841 |

| | | Physical assets revaluation surplus | Accumulated surplus | Contributions by owner | Total |
|---------------------------------------------------|-------------|-------------------------------------------|------------------------|---------------------------|----------------|
| Chisholm | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2014 | | 52,867 | 126,949 | 85,387 | 265,203 |
| Net result for the year | | - | 32,018 | - | 32,018 |
| Other economic flows - other comprehensive income | | (2,158) | - | - | (2,158) |
| Year ended 31 December 2014 | | 50,709 | 158,967 | 85,387 | 295,063 |
| Net result for the year | | | 8,387 | | 8,387 |
| Year ended 31 December 2015 | | 50,709 | 167,354 | 85,387 | 303,450 |

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

CASH FLOW STATEMENT

For the year ended 31 December 2015

| | | Consolidated | | Chisholm | |
|-------------------------------------------------------------|------------------------------------------------------------------|----------------|-----------------|----------------|-----------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Note | | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | | |
| Receipts | | | | | |
| | | | | | |
| | Government contributions - operating | 71,568 | 73,042 | 71,568 | 73,042 |
| | Government contributions - capital | 7,080 | 18,271 | 7,080 | 18,271 |
| | User fees and charges received | 54,336 | 54,481 | 53,951 | 54,450 |
| | Goods and services tax recovered from the ATO | 136 | 101 | - | - |
| | Interest received | 1,034 | 926 | 1,005 | 897 |
| | Other receipts | 2,946 | 1,895 | 2,617 | 1,513 |
| | Total receipts | 137,100 | 148,716 | 136,221 | 148,173 |
| Payments | | | | | |
| | | | | | |
| | Payments to employees | (72,736) | (70,253) | (70,947) | (69,991) |
| | Payments to suppliers | (43,463) | (40,643) | (41,757) | (39,595) |
| | Goods and services tax paid to the ATO | (2,628) | (5,288) | (2,628) | (5,282) |
| | Total payments | (118,827) | (116,184) | (115,332) | (114,868) |
| | Net cash flows from/(used in) operating activities | 17 | 18,273 | 20,889 | 33,305 |
| Cash flows from investing activities | | | | | |
| | | | | | |
| | Payments for investments | (3) | (4) | (3,000) | (2,000) |
| | Payments for non-financial assets | (4,685) | (28,044) | (4,148) | (27,315) |
| | Proceeds from sales of non-financial assets | 16 | 2 | 16 | 2 |
| | Net cash provided by/(used in) investing activities | (4,672) | (28,046) | (7,132) | (29,313) |
| Cash flows from financing activities | | | | | |
| | | | | | |
| | Proceeds from borrowings | 1,653 | 807 | 1,653 | 807 |
| | Net cash flows from/(used in) financing activities | 1,653 | 807 | 1,653 | 807 |
| Net increase/(decrease) in cash and cash equivalents | | | | | |
| | | 15,254 | 5,293 | 15,410 | 4,799 |
| | | | | | |
| | Cash and cash equivalents at the beginning of the financial year | 41,927 | 36,634 | 40,692 | 35,893 |
| | Cash and cash equivalents at the end of the financial year | 5 | 57,181 | 56,102 | 40,692 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements represent the audited general purpose financial statements for Chisholm Institute and its controlled entities TAFE Online Pty Ltd, Caroline Chisholm Education Foundation, Chisholm Academy Pty Ltd ('Consolidated Group'), and the separate financial statements and notes of Chisholm Institute as an individual parent entity ('Chisholm').

The accounting policies set out below have been applied in preparing the financial statements for Chisholm and the Consolidated Group for the year ended 31 December 2015 and the comparative information presented for the year ended 31 December 2014.

The following is a summary of the material accounting policies adopted by Chisholm in the preparation of the financial report. The accounting policies have been consistently applied across the group unless otherwise stated.

1.01 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 the *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

For the purposes of preparing financial statements, Chisholm is classed as a not-for-profit entity. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

1.02 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 Chisholm and the Consolidated Group, and have 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. Exceptions to the historical cost convention include:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the fair value of an asset other than land is generally based on its depreciated replacement value;
- certain liabilities that are calculated with regard to actuarial assessments; and
- available-for-sale investments which are measured at fair value with movements reflected in 'other economic flows – other comprehensive income'.

Critical accounting judgement and key sources of estimation uncertainty

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 relate to:

- the fair value of land, buildings, infrastructure, plant and equipment; and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

The following are the critical judgements, apart from those involved in estimations that Chisholm has made in the process of applying the accounting policies and that have the most significant effect of the amounts recognised in the consolidated financial statements:

- discount rates applied to material balances; and
- the extent of Chisholm's control over affiliated entities.

Fair value measurement

Consistent with *AASB 13 Fair Value Measurement*, Chisholm determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Chisholm has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Chisholm determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria (VGV) is Chisholm's independent valuation agency.

Chisholm, in conjunction with VGV monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

1.03 REPORTING ENTITY

The financial statements cover Chisholm and its controlled entities as an individual reporting entity. Chisholm is a statutory body corporate, established pursuant to an act made by the Victorian Government under the *Education and Training Reform Act 2006 Section 3.1.12 4(a)*.

Its principal address is:

Chisholm Institute
121 Stud Road
Dandenong VIC 3175

The financial statements include all the controlled activities of the entity.

1.04 BASIS OF CONSOLIDATION

In accordance with *AASB 10 Consolidated Financial Statements*, the consolidated financial statements of Chisholm combine like items of assets, liabilities, equity, income, expenses and cash flows of Chisholm with those of the reporting entities controlled by Chisholm. Uniform accounting policies for like transactions and other events in similar circumstances are applied in the preparation of consolidated financial statements.

A controlled entity is an entity over which Chisholm has exposure or rights to variable returns from its involvement with the entity, and the ability to affect those returns through the use of its power over the entity.

The existence of power over an entity is established when Chisholm has existing rights that give it the current ability to direct the relevant activities of the controlled entity which would significantly affect the returns of the controlled entity.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group are eliminated in full on consolidation.

Entities consolidated into Chisholm's reporting entity include:

TAFE Online Pty Ltd (Chisholm Online)

Chisholm Online commenced operations during the current financial period as a provider of nationally accredited vocational education courses online.

Chisholm is deemed to have control over Chisholm Online due to the following factors:

- Chisholm holds 100% of the share capital issued by Chisholm Online; there are no non controlling interests.
- The Chisholm Online Board contains only members from Chisholm's Board.
- Chisholm provides significant financial and administration support to Chisholm Online

Caroline Chisholm Education Foundation (CCEF)

CCEF was established in 2007 as an independent charitable trust which aims to assist students in financial hardship receive a high quality vocational educational qualification from Chisholm Institute.

Chisholm is deemed to have control over CCEF due to the following factors:

- The foundation is administered by an independent Board of trustees including a Chisholm Board appointed trustee, the Chisholm CEO as well as 2 Chisholm staff trustees.
- All non-Chisholm related trustees must be approved by the Chisholm Board.
- Chisholm's COO is the treasurer of the CCEF trust.
- The beneficiaries of the trust are Chisholm students.
- Chisholm provides significant financial and administration support to CCEF.

Chisholm Academy Pty Ltd (Pivot Point Academy)

In October 2015, Chisholm entered a long term licensing agreement with Allied Educational Services Pty Ltd to operate Pivot Point Academy in Melbourne's CBD from January 2016. Under the agreement, Chisholm will take over as the Registered Training Organisation for Pivot Point Academy from Pivot Point Australia (Allied Educational Services Pty Ltd).

From 1 October 2015 to 31 December 2015, net operating costs totalling \$275,959 (exc. GST) for Pivot Point Academy were incurred by Chisholm only. Pivot Point Academy as an entity will begin operations on 1 January 2016.

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Chisholm.

1.05 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 Chisholm 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 conditions which arose after the reporting date and are considered to be of material interest.

1.06 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 (i.e. on a gross basis). 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 included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are presented as operating cash flows.

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

1.07 INCOME FROM TRANSACTIONS

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

Amounts disclosed as income is where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of Chisholm's major activities as follows:

Government Contributions

Government contributions are recognised as revenue in the period when Chisholm gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current period.

Sale of goods and services

Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage of services provided. Where student fees and charges revenue has been clearly received in respect of courses or programs to be delivered in the following year, any non-refundable portion of the fees are treated as revenue in the year of receipt and the balance as revenue in advance.

Fee for service

Fee for service revenue is recognised by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as revenue in advance.

Revenue from sale of goods

Revenue from sale of goods is recognised by Chisholm when:

- the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- Chisholm retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to Chisholm; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains and losses taken direct to equity, forming part of the total change in net worth in the comprehensive result.

Other income

Rental income is recognised on a time proportional basis and is brought to account when Chisholm's right to receive the rental is established.

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

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. 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.

1.08 EXPENSES FROM TRANSACTIONS

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

Employee benefits

Expenses for employee benefits are recognised when incurred, except for contributions in respect of defined benefit plans.

Retirement benefit obligations

Defined contribution plan

Contributions to defined contribution plans are expensed when they become payable.

Defined benefit plans

The amount charged to the comprehensive operating statement in respect of superannuation represents the contributions made by Chisholm to the superannuation plan in respect of current services of current Chisholm staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Chisholm does not recognise any deferred liability in respect of the plans because Chisholm has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as and when they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its finance report.

Depreciation and amortisation

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjustments made where appropriate.

Amortisation

Intangible assets with finite lives are amortised on a straight line basis over the assets useful lives. 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. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Depreciation methods and rates are used for each class of depreciable assets.

| Class of assets | Method | Rates |
|------------------------|---------------|---------------------------------------|
| Buildings | Straight line | 1.69%-10.00% (2014: 1.69% - 20.00%) |
| Plant and Equipment | Straight line | 10.00%-34.00% (2014: 10.50% - 34.00%) |
| Motor Vehicles | Straight line | 15.00% (2014: 15.00%) |
| Land Improvements | Straight line | 2.50%-6.67% (2014: 2.50% - 6.67%) |
| Leasehold Improvements | Straight line | 19.35% (2014: 19.35%) |

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis.

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.

Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

1.09 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.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all physical assets and intangibles.

Disposal of non-financial assets

Any gain or loss on disposal of non-financial assets is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time.

Impairment of non-financial assets

Assets are assessed annually for indications of impairment, except for Inventories.

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 by a charge to the comprehensive operating statement, except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction 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 flows 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. 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.

Net gain/ (loss) on financial instruments

Net gain/ (loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

Revaluation of financial instruments at fair value

The revaluation gain/ (loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

Impairment of financial assets

Financial assets have been assessed for impairment in accordance with Australian Accounting Standards. Where a financial asset's fair value at balance date has reduced by 10% per cent or more than its cost price; or where its fair value has been less than its cost price for a period of 6 or more months, the financial instrument is treated as impaired.

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as 'other economic flows'.

Other gains/ (losses) from other economic flows

Other gains/ (losses) from other economic flows include the gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the annual and long service leave liability due to changes in the bond interest rates.

This classification is consistent with the whole of government reporting format and is allowed under *AASB101 Presentation of Financial Statements*.

1.10 FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Categories of non-derivative financial instruments

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of Chisholm's contractual payables, advances received and interest-bearing arrangements other than those designated at fair value through profit or loss.

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Chisholm has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Reclassification of financial instruments

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

1.11 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 cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as borrowings on the balance sheet.

Receivables

Receivables consist of:

- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- contractual receivables, which include mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

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

Investments and other financial assets

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss.
- Loans and receivables.
- Held to maturity investments.
- Available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- Chisholm retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Chisholm has transferred its rights to receive cash flows from the asset and either:
 - a. has transferred substantially all the risks and rewards of the asset, or
 - b. has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Chisholm has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Chisholm's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period, Chisholm assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with *AASB 136 Impairment of Assets*.

1.12 LEASES

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Operating leases

Chisholm as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

Chisholm as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.13 NON-FINANCIAL ASSETS

Inventories

Inventories include goods and other property held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations. It includes land held-for-sale and excludes depreciable assets.

Inventories held-for-distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where Inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost for all inventory is measured on the basis of weighted average cost.

The basis used in assessing loss of service potential for inventories held-for-distribution includes current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for-profit entity, the fair value may be derived from estimates of the present value of future cash flows. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

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

For the accounting policy on impairment of non-financial physical assets, refer to Note 1.09 on Impairment of non-financial assets.

Capitalised threshold

Chisholm's capitalisation threshold is \$5,000 exclusive of GST.

Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

Non-financial physical assets constructed by Chisholm

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

Revaluations of non-financial physical assets

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values.

Independent valuers are generally used to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

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

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

Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/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 Chisholm.

When recognition criteria *AASB 138 Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the asset.
- The intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Intangible assets are measured at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

| | 2015 | 2014 |
|-----------------------------------------------|------|------|
| Capitalised software development cost (years) | 3 | 3 |

Prepayments

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

1.14 LIABILITIES

Payables

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 Chisholm prior to the end of the financial year that are unpaid, and arise when Chisholm 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.

Provisions

Provisions are recognised when Chisholm has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

a. Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits annual leave and accumulating sick leave, are all recognised in the provision for employee benefits as 'current liabilities', because Chisholm does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- undiscounted value – if Chisholm expects to wholly settle within 12 months; or
- present value – if Chisholm does not expect to wholly settle within 12 months.

b. Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where Chisholm does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

- nominal value (undiscounted value) – component that is expected to be wholly settled within 12 months; and
- present value (discounted value) – component that is not expected to be wholly settled within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow. The discount rate applied is as advised by the Minister for Finance.

c. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Chisholm recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Employee benefits on-costs

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision of employee benefits.

Performance payments

Performance payments for Chisholm's Executive Officers and management are based on a percentage of the annual salary package provided under the contract of employment. A liability is provided for under the term of the contracts at reporting date and paid out in the next financial year.

Onerous contracts

An onerous contract is considered to exist where Chisholm has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

1.15 COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

1.16 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 19) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

1.17 EQUITY

Contributed capital

Funding that are in the nature of contributions by the Victorian State government are treated as contributed capital when designated in accordance with UIG Interpretation 1038 *Contribution by Owners Made to Wholly-Owned Public Sector Entities*. Commonwealth capital funds are not affected and are treated as income.

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

1.18 FOREIGN CURRENCY TRANSLATIONS

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. Chisholm's financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign currency translation differences are recognised in other economic flows and accumulated in a separate component of equity, in the period in which they arise.

Group entities

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognised as a separate component of equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale where applicable.

1.19 MATERIALITY

In accordance with Accounting Standard *AASB 108 Accounting Policies, Changes in Accounting Estimates and Error*, when an Australian Accounting Standard specifically applies to a transaction, other event or condition, the accounting policies applied to that item shall be determined by applying the Standard, unless the effect of applying them is immaterial.

Accounting policies will be considered material if their omission or misstatement could, either individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

1.20 ROUNDING OF AMOUNTS

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

1.21 COMPARATIVE INFORMATION

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.22 CHANGE IN ACCOUNTING POLICY

Subsequent to the 2014 reporting period, the following new and revised accounting standards have been adopted in the current period with their financial impact detailed as below.

AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value

Disclosure of Not-for-profit public sector entities:

The Minister for Finance has approved the early adoption of AASB 2015-7. This enables Victorian not-for-profit public sector entities to benefit from some limited scope exemptions in relation to the fair value disclosure for the 2014-15 reporting period. The Institute has chosen to apply this early adoption. For fair value measurements that have been categorised within Level 3 of the fair value hierarchy, the Institute is no longer required to provide quantitative information about the 'significant unobservable inputs' used in determining the fair value measurement.

The Australian Accounting Standards Board issued an amending accounting standard *AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value disclosures of Not-for-Profit Public Sector Entities* on 13 July 2015. Although it was not mandatory for the reporting period 30 June 2015, Chisholm elected to early adopt and apply AASB 2015-7 before its mandatory application date. The impact of the early adoption results in reduced disclosures relating to quantitative information of 'significant unobservable inputs' and the 'sensitivity analysis' in Note 10(d).

1.23 NEW AND REVISED AASBS IN ISSUE BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period.

As at 31 December 2015 the following standards and interpretations (applicable to Chisholm) had been issued but were not mandatory for financial year ending 31 December 2015. Chisholm has not, and does not intend to, adopt these standards early.

| Standard/ Interpretation | Summary | Application date of standard | Impact on entity 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 <i>IAS 39 Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>). | 1 Jan 2018 | <p>The preliminary assessment has identified that the financial impact of available-for-sale assets will now be reported through other comprehensive income and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p> |
| AASB 14 <i>Regulatory Deferral Accounts #</i> | AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. | 1 Jan 2016 | The assessment has indicated that there is no expected impact, as those that conduct rate-regulated activities have already adopted Australian Accounting Standards. |
| AASB 15 <i>Revenue from Contracts with Customers</i> | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. | 1 Jan 2017 | <p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.</p> |
| AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i> | Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements. | 1 Jan 2018 | This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> | <p>Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to:</p> <ul style="list-style-type: none"> establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. | 1 Jan 2016 | The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation. |

| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 2014-9 <i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i> | Amends <i>AASB 127 Separate Financial Statements</i> to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. | 1 Jan 2016 | The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A. |
| AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]</i> | <i>AASB 2014-10</i> amends <i>AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates</i> to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: <ul style="list-style-type: none"> • a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and • a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. | 1 Jan 2016 | The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature. |
| AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> | The Amendments extend the scope of <i>AASB 124 Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities. | 1 Jan 2016 | The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions. |

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2015 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2015 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB 2014 1 Amendments to Australian Accounting Standards [PART D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts only] #
- AASB 2014 3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014 5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014 6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2014 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2014 8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]
- AASB 2015 2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015 3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2015 4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent [AASB 127, AASB 128] #
- AASB 2015 5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12, AASB 128] #

Note:

This Standard or Amendment may not be relevant to Victorian not-for-profit entities when operative.

2. INCOME FROM TRANSACTIONS

(a) Grants and other transfers

(i) Government contributions - operating

| | Consolidated | | Chisholm | |
|--------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Note | \$'000 | \$'000 | \$'000 | \$'000 |
| State government - specific funded | 1,342 | 450 | 1,342 | 450 |
| State government - contestable | 50,906 | 54,507 | 50,444 | 54,421 |
| State government - other contributions | 5,846 | 10,654 | 5,800 | 10,654 |
| State government - one off support | 5,486 | - | 5,486 | - |
| Total Government contributions- operating | 63,580 | 65,611 | 63,072 | 65,525 |

(ii) Government contributions - capital

| | | | | |
|------------------------------------------|---------------|---------------|---------------|---------------|
| Commonwealth capital | 737 | 14,124 | 737 | 14,124 |
| State capital | 1,232 | 8,354 | 1,232 | 8,354 |
| Total Government contributions - capital | 1,969 | 22,478 | 1,969 | 22,478 |
| Total Government contributions | 65,549 | 88,089 | 65,041 | 88,003 |

(b) Sale of goods and services

| | | | | |
|-------------------------------------------------------|---------------|---------------|---------------|---------------|
| Student fees and charges | 20,464 | 17,801 | 19,948 | 17,788 |
| Rendering of services | | | | |
| Fee for service - government | 10,429 | 9,967 | 10,428 | 9,967 |
| Fee for service - international operations - onshore | 8,052 | 6,752 | 8,052 | 6,752 |
| Fee for service - international operations - offshore | 4,684 | 7,854 | 4,684 | 7,854 |
| Fee for service - other | 11,913 | 9,732 | 11,640 | 9,723 |
| Total rendering of services | 35,078 | 34,305 | 34,804 | 34,296 |
| Other non-course fees and charges | | | | |
| Sale of goods | 593 | 810 | 593 | 810 |
| Total income from sale of goods and services | 56,135 | 52,916 | 55,345 | 52,894 |

(c) Interest

Interest from financial assets not at fair value through P/L

| | | | | |
|---------------------------|-------|-----|-------|-----|
| Interest on bank deposits | 1,115 | 944 | 1,086 | 914 |
|---------------------------|-------|-----|-------|-----|

(d) Other income

| | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Rental income | 400 | 430 | 400 | 430 |
| Donations bequests and contributions | 458 | 446 | - | - |
| Scholarships | 69 | 35 | 69 | 35 |
| Other | 1,727 | 845 | 1,900 | 1,008 |
| Total other income | 2,654 | 1,756 | 2,369 | 1,473 |

| Note | Consolidated | | Chisholm | |
|------|--------------|--------|----------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$'000 | \$'000 | \$'000 | \$'000 |

3. EXPENSES FROM TRANSACTIONS

(a) Employee benefits

| | | | | |
|------------------------------------------|---------------|---------------|---------------|---------------|
| Salaries, wages, overtime and allowances | 62,330 | 59,243 | 60,337 | 58,117 |
| Superannuation | 5,522 | 5,309 | 5,347 | 5,216 |
| Payroll tax | 3,226 | 3,118 | 3,123 | 3,063 |
| Worker's compensation | 721 | 584 | 693 | 571 |
| Long service leave | 982 | 977 | 942 | 945 |
| Annual leave | 548 | 551 | 528 | 533 |
| Termination benefits | 186 | 569 | 186 | 569 |
| Other | 125 | 27 | 125 | 27 |
| Total employee benefits | 73,640 | 70,377 | 71,281 | 69,041 |

(b) Depreciation and amortisation

Depreciation of non-current assets

| | | | | |
|---------------------------|--------------|--------------|--------------|--------------|
| Buildings | 5,298 | 4,772 | 5,298 | 4,772 |
| Plant and equipment | 1,358 | 1,480 | 1,358 | 1,480 |
| Motor vehicles | 51 | 75 | 51 | 75 |
| Library collections | - | 139 | - | 139 |
| Land improvements | 76 | 69 | 76 | 69 |
| Leasehold improvements | 485 | 340 | 485 | 340 |
| Total depreciation | 7,268 | 6,875 | 7,268 | 6,875 |

Amortisation of non-current physical and intangible assets

| | | | | |
|--------------------------------------------|--------------|--------------|--------------|--------------|
| Software | 798 | 446 | 516 | 406 |
| Total depreciation and amortisation | 8,067 | 7,321 | 7,785 | 7,281 |

(c) Supplies and services

| | | | | |
|----------------------------------------------------|---------------|---------------|---------------|---------------|
| Purchase of supplies and consumables | 4,073 | 4,083 | 4,032 | 4,072 |
| Communication expenses | 1,156 | 997 | 1,153 | 997 |
| Contract and other services | 6,994 | 5,745 | 6,972 | 5,745 |
| Cost of goods sold/distributed (ancillary trading) | 540 | 431 | 539 | 431 |
| Building repairs and maintenance | 2,266 | 2,615 | 2,171 | 2,615 |
| Other borrowing costs (other than interests) | 119 | 108 | 119 | 108 |
| Minor equipment | 356 | 161 | 356 | 161 |
| Fees and charges | 8,370 | 8,881 | 8,370 | 8,513 |
| Total supplies and services | 23,874 | 23,021 | 23,712 | 22,642 |

| | Consolidated | | Chisholm | |
|----------------------------------------------|--------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Note | \$'000 | \$'000 | \$'000 |
| (d) Other operating expenses | | | | |
| General expenses | | | | |
| Marketing and promotional expenses | | 2,327 | 1,922 | 1,355 |
| Utilities | | 1,520 | 1,753 | 1,513 |
| Audit fees and services | | 242 | 164 | 233 |
| Staff development | | 446 | 224 | 445 |
| Travel and motor vehicle expenses | | 1,634 | 1,570 | 1,633 |
| Other expenses | | 2,519 | 2,610 | 2,353 |
| Total general expenses | | 8,688 | 8,243 | 7,532 |
| Operating lease rental expenses | | 2,782 | 2,095 | 2,782 |
| Total operating lease rental expenses | | 2,782 | 2,095 | 2,095 |
| Bad debts from transactions | | 690 | 236 | 690 |
| Equipment below capitalisation threshold | | 1,544 | 1,812 | 1,544 |
| Total other operating expenses | | 13,703 | 12,386 | 12,548 |

4. OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)

| | | | | |
|-------------------------------------------------------------|-------------|--------------|-------------|--------------|
| Net gain/(loss) on disposal of property plant and equipment | (64) | (247) | (64) | (247) |
| Total net gain/(loss) on non-financial assets | (64) | (247) | (64) | (247) |

(b) Net gain/(loss) on financial instruments

| | | | | |
|-------------------------------------------------------|-----------|--------------|-----------|--------------|
| Foreign currency exchange gain/(loss) | 84 | (63) | 84 | (63) |
| Greener Government loan discount | 199 | 47 | 199 | 47 |
| Impairment of : | | | | |
| Loans and receivables | (217) | (441) | (217) | (441) |
| Total net gain/(loss) on financial instruments | 66 | (457) | 66 | (457) |

(c) Other gains/(losses) from other economic flows

| | | | | |
|----------------------------------------------------------------------------|-------------|--------------|--------------|--------------|
| Net gain/(loss) arising from revaluation of long service leave liabilities | 37 | 60 | - | 32 |
| Net gain/(loss) arising from revaluation of annual leave liabilities | (131) | (250) | (130) | (244) |
| Total other gains/(losses) from other economic flows | (94) | (190) | (130) | (212) |
| Total other economic flows included in net result | (92) | (894) | (128) | (916) |

Note: (a) Including increase/ (decrease) in provision for doubtful debts and bad debts from other economic flows - refer to Note 1.09

| | Note | Consolidated | | Chisholm | |
|--------------------------------|------|---------------|---------------|---------------|---------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| | | | | | |
| 5. CASH AND DEPOSITS | | | | | |
| Cash at bank and on hand | b | 2,116 | 4,875 | 1,037 | 3,640 |
| Deposits at call | c | 55,065 | 37,052 | 55,065 | 37,052 |
| Total cash and deposits | | 57,181 | 41,927 | 56,102 | 40,692 |

(a) Reconciliation of cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

| | | | | |
|--------------------------------------------|---------------|---------------|---------------|---------------|
| Balances as above | 57,181 | 41,927 | 56,102 | 40,692 |
| Balances as per cash flow statement | 57,181 | 41,927 | 56,102 | 40,692 |

(b) Cash at bank and on hand

Cash at bank is bearing floating interest rates at 1.5% (2014: 2.13% and 2.45%)

(c) Deposits at call

The deposits are bearing floating interest rates between 2.075% and 2.44% (2014: 2.45%)

6. RECEIVABLES**Current****Contractual**

| | | | | |
|------------------------------------------------|--------------|---------------|---------------|---------------|
| Sale of goods and services | 2,474 | 8,489 | 2,474 | 8,489 |
| Provision for doubtful contractual receivables | (a) (126) | (340) | (126) | (340) |
| Other receivables | 2,952 | 1,313 | 3,868 | 2,666 |
| Revenue receivable | 4,517 | 8,067 | 4,444 | 8,035 |
| Total contractual receivables | 9,817 | 17,529 | 10,660 | 18,850 |

Statutory

| | | | | |
|------------------------------------|--------------|---------------|---------------|---------------|
| GST input tax credit recoverable | 32 | 40 | - | - |
| Total statutory receivables | 32 | 40 | - | - |
| Total current receivables | 9,849 | 17,569 | 10,660 | 18,850 |

The average credit period on sales of goods is 21 days. No interest is charged on receivables for the first 21 days from the date of the invoice or thereafter.

(a) Movement in the provision for doubtful receivables

| | | | | |
|---------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| Balance at the beginning of the year | (340) | (41) | (340) | (41) |
| Reversal of unused provision recognised in net result | 21 | 19 | 21 | 19 |
| Increase in provision recognised in net result | (126) | (334) | (126) | (334) |
| Reversal of provision for uncollectable receivables written off during the year | 319 | 16 | 319 | 16 |
| Balance at the end of the year | (126) | (340) | (126) | (340) |

| | Consolidated | | Chisholm | |
|--|--------------|--------|----------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | Note | \$'000 | \$'000 | \$'000 |

(b) Ageing analysis of contractual receivables

Refer to Note 23 for the ageing analysis of contractual receivables

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

Refer to Note 23 for the nature and extent of risk arising from contractual receivables.

7. INVESTMENTS AND OTHER FINANCIAL ASSETS

Current

| | | | | |
|-------------------------------------------------------------|------------|------------|----------|----------|
| Australian dollar term deposits | 108 | 105 | - | - |
| Total current investments and other financial assets | 108 | 105 | - | - |

Non-current

| | | | | |
|----------------------------------------------------------|------------|------------|--------------|--------------|
| Unlisted shares in subsidiary - Chisholm Online | - | - | 5,000 | 2,000 |
| Total non-current investments and other financial assets | - | - | 5,000 | 2,000 |
| Total investments and other financial assets | 108 | 105 | 5,000 | 2,000 |

Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

(a) Ageing analysis of investments and other financial assets

Please refer to Note 23 for the ageing analysis of investments and other financial assets.

(b) Nature and extent of risk arising from investments and other financial assets

Please refer to Note 23 for the nature and extent of risks arising from investments and other financial assets.

8. INVENTORIES

| | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|
| Supplies and consumables - at cost | 54 | 74 | 54 | 74 |
| Total inventories | 54 | 74 | 54 | 74 |

9. OTHER NON-FINANCIAL ASSETS

Current

| | | | | |
|-----------------------------------------|--------------|--------------|--------------|--------------|
| Prepayments | 1,354 | 1,469 | 1,334 | 1,449 |
| Total other non-financial assets | 1,354 | 1,469 | 1,334 | 1,449 |

10. PROPERTY, PLANT AND EQUIPMENT

(a) Consolidated

| | Land | Buildings | Construc- tion in progress | Plant and equipment | Motor vehicles | Lease- hold Imp. | Land imp. | Library | Total |
|-------------------------------------------|---------------|----------------|----------------------------------|------------------------|-------------------|------------------------|--------------|------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 Jan 2014 | | | | | | | | | |
| Cost | - | - | 19,771 | 19,725 | 768 | 1,758 | 1,276 | 2,775 | 46,073 |
| Valuation | 45,057 | 165,970 | - | - | - | - | - | - | 211,027 |
| Accumulated Depreciation | - | (4,517) | - | (13,968) | (592) | (569) | (59) | (2,453) | (22,158) |
| Net book amount | 45,057 | 161,453 | 19,771 | 5,757 | 176 | 1,189 | 1,217 | 322 | 234,942 |
| Year ended 31 Dec 2014 | | | | | | | | | |
| Opening net book amount | 45,057 | 161,453 | 19,771 | 5,757 | 176 | 1,189 | 1,217 | 322 | 234,942 |
| Additions | - | - | 26,048 | 897 | 24 | - | - | - | 26,969 |
| Disposals | - | - | - | (74) | - | - | (13) | (183) | (270) |
| Depreciation write-back | - | - | - | - | - | - | - | - | - |
| Transfer to buildings | - | 44,056 | (44,673) | 356 | - | - | 261 | - | - |
| Depreciation | - | (4,773) | - | (1,481) | (75) | (341) | (68) | (139) | (6,877) |
| Impairment | - | (2,158) | - | - | - | - | - | - | (2,158) |
| Closing net book amount | 45,057 | 198,578 | 1,146 | 5,455 | 125 | 848 | 1,397 | - | 252,606 |
| At 31 Dec 2014 | | | | | | | | | |
| Cost | - | 44,063 | 1,146 | 20,834 | 792 | 1,758 | 1,524 | - | 70,117 |
| Valuation | 45,057 | 163,805 | - | - | - | - | - | - | 208,862 |
| Accumulated Depreciation | - | (9,290) | - | (15,379) | (667) | (910) | (127) | - | (26,373) |
| Net book amount | 45,057 | 198,578 | 1,146 | 5,455 | 125 | 848 | 1,397 | - | 252,606 |
| Year ended 31 Dec 2015 | | | | | | | | | |
| Opening net book amount | 45,057 | 198,578 | 1,146 | 5,455 | 125 | 848 | 1,397 | - | 252,606 |
| Additions | - | - | 1,490 | 923 | - | 891 | 177 | - | 3,481 |
| Disposals | - | (96) | - | (134) | (55) | - | - | - | (285) |
| Depreciation write-back | - | 20 | - | 134 | 51 | - | - | - | 205 |
| Transfer to buildings | - | 1,765 | (1,765) | - | - | - | - | - | - |
| Depreciation | - | (5,298) | - | (1,358) | (51) | (485) | (76) | - | (7,268) |
| Impairment | - | - | - | - | - | - | - | - | - |
| Closing net book amount | 45,057 | 194,969 | 871 | 5,020 | 70 | 1,254 | 1,498 | - | 248,738 |
| At 31 Dec 2015 | | | | | | | | | |
| Cost | - | 20,942 | 871 | 11,522 | 319 | 2,649 | 279 | - | 36,582 |
| Valuation | 45,057 | 188,594 | - | 10,102 | 419 | - | 1,422 | - | 245,594 |
| Accumulated Depreciation | - | (14,567) | - | (16,604) | (668) | (1,395) | (203) | - | (33,437) |
| Net book amount at the end of year | 45,057 | 194,969 | 871 | 5,020 | 70 | 1,254 | 1,498 | - | 248,738 |

Note: The useful lives of assets as stated in Note 1 are used in the calculation of depreciation as shown in Note 3.

(b) Chisholm

| | Land | Buildings | Construc- tion in progress | Plant and equipment | Motor vehicles | Lease- hold Imp. | Land imp. | Library | Total |
|-------------------------------------------|---------------|----------------|----------------------------------|------------------------|-------------------|------------------------|--------------|------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 Jan 2014 | | | | | | | | | |
| Cost | - | - | 19,771 | 19,725 | 768 | 1,758 | 1,276 | 2,775 | 46,073 |
| Valuation | 45,057 | 165,970 | - | - | - | - | - | - | 211,027 |
| Accumulated Depreciation | - | (4,517) | - | (13,968) | (592) | (569) | (59) | (2,453) | (22,158) |
| Net book amount | 45,057 | 161,453 | 19,771 | 5,757 | 176 | 1,189 | 1,217 | 322 | 234,942 |
| Year ended 31 Dec 2014 | | | | | | | | | |
| Opening net book amount | 45,057 | 161,453 | 19,771 | 5,757 | 176 | 1,189 | 1,217 | 322 | 234,942 |
| Additions | - | - | 26,048 | 897 | 24 | - | - | - | 26,969 |
| Disposals | - | - | - | (74) | - | - | (13) | (183) | (270) |
| Depreciation write-back | - | - | - | - | - | - | - | - | - |
| Transfer to buildings | - | 44,056 | (44,673) | 356 | - | - | 261 | - | - |
| Depreciation | - | (4,773) | - | (1,481) | (75) | (341) | (68) | (139) | (6,877) |
| Impairment | - | (2,158) | - | - | - | - | - | - | (2,158) |
| Closing net book amount | 45,057 | 198,578 | 1,146 | 5,455 | 125 | 848 | 1,397 | - | 252,606 |
| At 31 Dec 2014 | | | | | | | | | |
| Cost | - | 44,063 | 1,146 | 20,834 | 792 | 1,758 | 1,524 | - | 70,117 |
| Valuation | 45,057 | 163,805 | - | - | - | - | - | - | 208,862 |
| Accumulated Depreciation | - | (9,290) | - | (15,379) | (667) | (910) | (127) | - | (26,373) |
| Net book amount | 45,057 | 198,578 | 1,146 | 5,455 | 125 | 848 | 1,397 | - | 252,606 |
| Year ended 31 Dec 2015 | | | | | | | | | |
| Opening net book amount | 45,057 | 198,578 | 1,146 | 5,455 | 125 | 848 | 1,397 | - | 252,606 |
| Additions | - | - | 1,490 | 923 | - | 891 | 177 | - | 3,481 |
| Disposals | - | (96) | - | (134) | (55) | - | - | - | (285) |
| Depreciation write-back | - | 20 | - | 134 | 51 | - | - | - | 205 |
| Transfer to buildings | - | 1,765 | (1,765) | - | - | - | - | - | - |
| Depreciation | - | (5,298) | - | (1,358) | (51) | (485) | (76) | - | (7,267) |
| Impairment | - | - | - | - | - | - | - | - | - |
| Closing net book amount | 45,057 | 194,969 | 871 | 5,020 | 70 | 1,254 | 1,498 | - | 248,739 |
| At 31 Dec 2015 | | | | | | | | | |
| Cost | - | 20,942 | 871 | 11,522 | 319 | 2,649 | 279 | - | 36,582 |
| Valuation | 45,057 | 188,594 | - | 10,102 | 419 | - | 1,422 | - | 245,594 |
| Accumulated Depreciation | - | (14,567) | - | (16,604) | (668) | (1,395) | (203) | - | (33,437) |
| Net book amount at the end of year | 45,057 | 194,969 | 871 | 5,020 | 70 | 1,254 | 1,498 | - | 248,738 |

Note: The useful lives of assets as stated in Note 1 are used in the calculation of depreciation as shown in Note 3.

(c) Fair value measurement hierarchy for assets as at 31 December 2015

Classified in accordance with the fair value hierarchy, see Note 1.02

| | Fair value hierarchy | | | |
|-----------------------------------------|-----------------------------------|---------------|-------------------------|---------------------|
| | | Level 1 | Level 2 | Level 3 |
| | Carrying amount as at 31 Dec 2015 | Quoted prices | Observable price inputs | Unobservable inputs |
| Chisholm | \$'000 | \$'000 | \$'000 | \$'000 |
| Land at fair value: | | | | |
| Non-specialised land | 4,911 | - | 4,911 | - |
| Specialised land | 40,146 | - | - | 40,146 |
| Total of land at fair value | 45,057 | - | 4,911 | 40,146 |
| Building at fair value: | | | | |
| Non-specialised buildings | 1,600 | - | 1,600 | - |
| Specialised buildings | 193,369 | - | - | 193,369 |
| Total buildings at fair value | 194,969 | - | 1,600 | 193,369 |
| Other assets at fair value: | | | | |
| Plant and equipment | 5,020 | - | - | 5,020 |
| Vehicles | 70 | - | - | 70 |
| Land improvements | 1,498 | - | - | 1,498 |
| Leasehold improvements | 1,254 | - | - | 1,254 |
| Total other assets at fair value | 7,842 | - | - | 7,842 |

| | Fair value hierarchy | | | |
|-----------------------------------------|-----------------------------------|---------------|-------------------------|---------------------|
| | | Level 1 | Level 2 | Level 3 |
| | Carrying amount as at 31 Dec 2014 | Quoted prices | Observable price inputs | Unobservable inputs |
| Chisholm | \$'000 | \$'000 | \$'000 | \$'000 |
| Land at fair value: | | | | |
| Non-specialised land | 4,911 | - | 4,911 | - |
| Specialised land | 40,146 | - | - | 40,146 |
| Total of land at fair value | 45,057 | - | 4,911 | 40,146 |
| Building at fair value: | | | | |
| Non-specialised buildings | 1,652 | - | 1,652 | - |
| Specialised buildings | 196,926 | - | - | 196,926 |
| Total buildings at fair value | 198,578 | - | 1,652 | 196,926 |
| Other assets at fair value: | | | | |
| Plant and equipment | 5,455 | - | - | 5,455 |
| Vehicles | 125 | - | - | 125 |
| Land improvements | 1,397 | - | - | 1,397 |
| Leasehold improvements | 848 | - | - | 848 |
| Total other assets at fair value | 7,825 | - | - | 7,825 |

There were no transfers between levels during the years.

(d) Valuations of Property, Plant and Equipment

Fair value assessments have been performed at 31 December 2015 for all classes of assets. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for Chisholm will be conducted in 2017.

Non-specialised land, land improvements and buildings

Non-specialised land and non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer General Victoria with an effective date of 31 December 2012. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset.

To the extent that non-specialised land, non-specialised buildings and artworks do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Specialised land, land improvements and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the Institute's majority of specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the Institute's specialised land and specialised buildings was performed by the Valuer General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 31 December 2012.

Motor Vehicles

Motor vehicles are valued using the depreciated replacement cost method. The Institute acquires new motor vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Institute who set relevant depreciation rates during use to reflect the utilisation of the motor vehicles.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

Leasehold improvements

Leasehold improvements are held at fair value being depreciated cost. As there is no evidence of a reliable market-based fair value (or other relevant fair value indicators) for leasehold improvements, depreciated cost is the fair value for these types of assets. The valuation of leasehold improvements is based on significant unobservable inputs and accordingly is classified as Level 3 assets.

There were no changes in valuation techniques throughout the period to 31 December 2015.

For all assets measured at fair value, the current use is considered the highest and best use.

(e) Reconciliation of Level 3 fair value**Reconciliation of Level 3 fair value at 31 December 2015**

| | Specialised land | Specialised buildings | Plant and Equipment | Motor Vehicles | Land Improvements | Leasehold Improvements |
|----------------------------------------------------------|---------------------|--------------------------|------------------------|-------------------|----------------------|---------------------------|
| Chisholm | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening balance | 40,146 | 196,926 | 5,455 | 125 | 1,397 | 848 |
| Purchases (sales) | - | - | 923 | - | 177 | 891 |
| Transfers in (out) of Level 3 | - | 1,689 | - | (4) | - | - |
| Gains or losses recognised in net result | - | - | - | - | - | - |
| Depreciation | - | (5,246) | (1,358) | (51) | (76) | (485) |
| Impairment loss | - | - | - | - | - | - |
| Subtotal | 40,146 | 193,369 | 5,020 | 70 | 1,498 | 1,254 |
| Gains or losses recognised in other economic flows | - | - | - | - | - | - |
| - other comprehensive income | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - |
| Closing Balance | 40,146 | 193,369 | 5,020 | 70 | 1,498 | 1,254 |

Reconciliation of Level 3 fair value at 31 December 2014

| Chisholm | Specialised land | Specialised buildings | Plant and Equipment | Motor Vehicles | Land Improvements | Leasehold Improvements | Library |
|----------------------------------------------------------|---------------------|--------------------------|------------------------|-------------------|----------------------|---------------------------|------------|
| Opening balance | - | - | 5,757 | 176 | 1,217 | 1,189 | 322 |
| Purchases (sales) | - | 44,058 | 1,183 | 24 | 261 | - | 47 |
| Transfers in (out) of Level 3 | 40,146 | 157,530 | - | - | - | - | - |
| Gains or losses recognised in net result | - | - | (5) | - | (12) | - | (230) |
| Depreciation | - | (4,662) | (1,480) | (75) | (69) | (341) | (139) |
| Impairment loss | - | - | - | - | - | - | - |
| Subtotal | 40,146 | 196,926 | 5,455 | 125 | 1,397 | 848 | - |
| Gains or losses recognised in other economic flows | - | - | - | - | - | - | - |
| - other comprehensive income | - | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - | - |
| Closing Balance | 40,146 | 196,926 | 5,455 | 125 | 1,397 | 848 | - |

11. INTANGIBLE ASSETS

| Consolidated | | | Chisholm | | |
|--------------------------------------|------|--------------------|--------------------------------------|------|--------------------|
| | Note | Software \$'000 | | Note | Software \$'000 |
| Year ended 31 Dec 2014 | | | Year ended 31 Dec 2014 | | |
| Opening balance | | 1,098 | Opening balance | | 1,098 |
| Additions from internal developments | | 1,097 | Additions from internal developments | | 367 |
| Amortisation charge | | (446) | Amortisation charge | | (406) |
| Closing balance | | 1,749 | Closing balance | | 1,059 |
| Year ended 31 Dec 2015 | | | Year ended 31 Dec 2015 | | |
| Opening balance | | 1,749 | Opening balance | | 1,059 |
| Additions from internal developments | | 1,201 | Additions from internal developments | | 664 |
| Amortisation charge | | (798) | Amortisation charge | | (516) |
| Closing balance | | 2,152 | Closing balance | | 1,207 |

Note: Amortisation charged is reported as an expense from transactions in the Comprehensive Operating Statement.

Chisholm has capitalised software development expenditure for the upgrade of its STRATA software. The carrying amount of the capitalised software development expenditure is \$1.21 million (2014: \$1.06 million). Its useful life is 4 years and will be fully amortised in 2017.

Chisholm Online has capitalised software development expenditure in relation to its online enrolment system and online learning modules. The carrying amount of the capitalised software development expenditure is \$0.94 million (2014: \$0.69 million). Its useful life is 3 years and will be fully amortised in 2017.

| | Note | Consolidated | | Chisholm | |
|------------------------------------------------------------------------------------------|------------|--------------|--------------|--------------|--------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| 12. PAYABLES | | | | | |
| Current | | | | | |
| Contractual | | | | | |
| Supplies and services | | 4,073 | 4,513 | 4,173 | 4,493 |
| Statutory | | | | | |
| GST payable | | 249 | 558 | 249 | 558 |
| FBT Payable | | 39 | 36 | 39 | 36 |
| Other taxes payable | | 283 | 257 | 284 | 257 |
| Total current payables | | 4,644 | 5,364 | 4,746 | 5,344 |
| Total payables | (a) | 4,644 | 5,364 | 4,746 | 5,344 |
| (a) Foreign currency risk | | | | | |
| The carrying amounts of the entity's payables are denominated in the following currency: | | | | | |
| Australian dollars | | 4,644 | 5,364 | 4,746 | 5,344 |

Notes:

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 or thereafter. Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

Maturity analysis of contractual payables

Refer to Note 23 for the maturity analysis of contractual payables.

Nature and extent of risk arising from contractual payables

Refer to Note 23 for the nature and extent of risk arising from contractual payables.

13. PROVISIONS

Current provisions expected to be wholly settled within 12 months

| Employee benefits | (a) | | | | |
|----------------------|-----|--------------|--------------|--------------|--------------|
| Annual leave | | 1,460 | 1,680 | 1,420 | 1,657 |
| Long service leave | | 997 | 1,068 | 997 | 1,068 |
| Performance payments | | 162 | 222 | 162 | 222 |
| Time off in lieu | | 40 | 236 | 40 | 236 |
| Subtotal | | 2,659 | 3,206 | 2,619 | 3,183 |
| On costs | (b) | 156 | 194 | 154 | 193 |

| | Note | Consolidated | | Chisholm | |
|------------------------------------------------------------------------|------------|--------------|---------------|--------------|---------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Current provision expected to be wholly settled after 12 months | (a) | | | | |
| Annual leave | | 195 | 72 | 193 | 72 |
| Long service leave | | 5,492 | 5,511 | 5,492 | 5,511 |
| Subtotal | | 5,687 | 5,583 | 5,685 | 5,583 |
| On costs | (b) | 337 | 372 | 337 | 372 |
| Total current provisions | | 8,839 | 9,355 | 8,795 | 9,331 |
| Non-current provisions | | | | | |
| Long service leave | | 688 | 715 | 681 | 711 |
| On costs | (b) | 40 | 48 | 40 | 48 |
| Total non-current provisions | | 728 | 763 | 721 | 759 |
| Total provisions | | 9,568 | 10,118 | 9,516 | 10,090 |
| Movement in provisions (excluding on costs) | | | | | |
| Movement in provisions during the financial year are set out below: | | | | | |
| Carrying amount at the start of the year | | 9,504 | 9,517 | 9,477 | 9,517 |
| Additional provisions recognised | | 1,810 | 1,497 | 1,743 | 1,479 |
| Amounts used | | (2,339) | (2,040) | (2,332) | (2,040) |
| Increase/(decrease) due to re-measurement | | 60 | 530 | 97 | 521 |
| Carrying amount at the end of the year | | 9,035 | 9,504 | 8,985 | 9,477 |

Note:

(a) Amounts are measured at present values.

(b) Employee benefits consist of annual leave, long service leave, performance payments and time of in lieu.

On costs such as payroll tax and worker's compensation insurance are not employee benefits and are reflected as a separate provision.

14. BORROWINGS

Non-Current

| | | | | | |
|-------------------------------------|-----|--------------|------------|--------------|------------|
| Advances from government | (a) | 2,214 | 760 | 2,214 | 760 |
| Total non-current borrowings | | 2,214 | 760 | 2,214 | 760 |

Note: (a) Unsecured loans which bear no interest. Repayment of the loan will commence 1 June 2016 with annual instalments of \$351,450. The loan is held at amortised cost per policy note 1.10

| Note | Consolidated | | Chisholm | |
|------|--------------|--------|----------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$'000 | \$'000 | \$'000 | \$'000 |

15. OTHER LIABILITIES

Current

| | | | | |
|----------------------------------------|--------------|--------------|--------------|--------------|
| Revenue in advance | 3,169 | 5,494 | 3,169 | 5,473 |
| Total current other liabilities | 3,169 | 5,494 | 3,169 | 5,473 |

Maturity analysis of borrowings and other liabilities

Refer to Note 23 for maturity analysis of borrowings and other liabilities.

Nature and extent of risk arising from borrowings and other liabilities

Refer to Note 23 for the nature and extent of risk arising from borrowings and other liabilities.

16. EQUITY

(a) Contributed capital

| | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|
| Balance at 1 January | 85,387 | 85,387 | 85,387 | 85,387 |
| Capital contributions | - | - | - | - |
| Balance at 31 December | 85,387 | 85,387 | 85,387 | 85,387 |

(b) Accumulated surplus/(deficit)

| | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|
| Balance at 1 January | 157,667 | 127,961 | 158,967 | 126,949 |
| Net result for the year | 6,078 | 29,706 | 8,387 | 32,018 |
| Balance at 31 December | 163,745 | 157,667 | 167,354 | 158,967 |

(c) Reserves

Composition of reserves

| | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Physical asset revaluation surplus | 50,709 | 50,709 | 50,709 | 50,709 |
| Balance at the end of the year | 50,709 | 50,709 | 50,709 | 50,709 |
| Total Equity | 299,841 | 293,763 | 303,450 | 295,063 |

Movement in reserves

Asset revaluation reserve - Land

| | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|
| Balance at 1 January | 31,482 | 31,482 | 31,482 | 31,482 |
| Balance at 31 December | 31,482 | 31,482 | 31,482 | 31,482 |

Asset revaluation surplus - Buildings

| | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|
| Balance at 1 January | 19,227 | 21,385 | 19,227 | 21,385 |
| Impairment of building | - | -2,158 | - | -2,158 |
| Balance at 31 December | 19,227 | 19,227 | 19,227 | 19,227 |

| Note | Consolidated | | Chisholm | |
|------|--------------|--------|----------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$'000 | \$'000 | \$'000 | \$'000 |

17. CASH FLOW INFORMATION

Reconciliation of operating result after income tax to net cash flows from operating activities

| | | | | |
|-------------------------|-------|--------|-------|--------|
| Net result for the year | 6,077 | 29,706 | 8,387 | 32,018 |
|-------------------------|-------|--------|-------|--------|

Non-cash movements

| | | | | |
|-----------------------------------------------------|-------|-------|-------|-------|
| Depreciation & amortisation of non-financial assets | 8,067 | 7,321 | 7,785 | 7,281 |
| Net (gain)/loss on sale of non-financial assets | 64 | 247 | 64 | 247 |
| Greener Government loan discount | (199) | (47) | (199) | (47) |

Movements in assets and liabilities

| | | | | |
|-----------------------------------------------------------|---------------|---------------|---------------|---------------|
| Decrease/(increase) in receivables | 7,720 | (4,692) | 8,191 | (4,650) |
| Decrease/(increase) in inventories | 21 | 32 | 21 | 32 |
| Decrease/(increase) in other assets | 117 | (184) | 117 | (164) |
| Increase/(decrease) in payables | (720) | (132) | (599) | (1,644) |
| Increase/(decrease) in provisions | (550) | 29 | (574) | 1 |
| Increase/(decrease) in other liabilities | (2,325) | 252 | (2,304) | 231 |
| Net cash flows from/(used in) operating activities | 18,273 | 32,532 | 20,889 | 33,305 |
| Per cash flow statement | 18,273 | 32,532 | 20,889 | 33,305 |

18. EX-GRATIA EXPENSES

Chisholm made no ex-gratia payments during 2015. (2014: An ex-gratia payment of \$5,000 was made to a former student).

19. COMMITMENTS FOR EXPENDITURE

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

| | | Consolidated | | Chisholm | |
|----------------------------------------------------|------|--------------|-----------|--------------|-----------|
| | | 2015 | 2014 | 2015 | 2014 |
| Payable: | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | | 2,117 | 67 | 2,117 | 67 |
| Later than one year but not later than five years | | 1,523 | - | 1,523 | - |
| Total other capital expenditure commitments | | 3,640 | 67 | 3,640 | 67 |
| GST reclaimable on the above | | 331 | 6 | 331 | 6 |
| Net other capital expenditure commitments | | 3,309 | 61 | 3,309 | 61 |

Non-cancellable operating lease commitments

Non-cancellable operating lease commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are as follow:

Payable:

| | | | | |
|---------------------------------------------------|---------------|--------------|---------------|--------------|
| Within one year | 3,531 | 2,379 | 3,531 | 2,379 |
| Later than one year but not later than five years | 8,095 | 7,452 | 8,095 | 7,452 |
| Total lease commitments | 11,626 | 9,831 | 11,626 | 9,831 |
| GST reclaimable on the above | 1,057 | 894 | 1,057 | 894 |
| Net operating lease commitments | 10,569 | 8,937 | 10,569 | 8,937 |

Other expenditure commitments

Expenditure commitments for maintenance services in existence at reporting date but not recognised as liabilities are as follows:

Payable:

| | | | | |
|---------------------------------------------------|--------------|--------------|--------------|--------------|
| Within one year | 5,061 | 2,517 | 5,061 | 2,517 |
| Later than one year but not later than five years | 2,395 | 1,146 | 2,395 | 1,146 |
| Total other expenditure commitments | 7,456 | 3,663 | 7,456 | 3,663 |
| GST reclaimable on the above | 678 | 333 | 678 | 333 |
| Net other expenditure commitments | 6,778 | 3,330 | 6,778 | 3,330 |

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at reporting date but not recognised as liabilities are as follow:

Payable:

| | | | | |
|---------------------------------------------------|---------------|---------------|---------------|---------------|
| Within one year | 17,008 | 15,769 | 16,095 | 15,061 |
| Later than one year but not later than five years | 11,743 | 4,418 | 11,743 | 4,369 |
| Total remuneration commitments | 28,751 | 20,187 | 27,838 | 19,430 |

20. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities at 31 December 2015 (2014: nil) that may have a material effect on the financial operations of Chisholm.

21. LEASES

Chisholm leases out certain land and buildings, which are excess to current requirements, at current market rates.

Non-cancellable operating lease receivables are as follows:

| | | Consolidated | | Chisholm | |
|----------------------------------------------|------|--------------|--------------|------------|--------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Receivable: | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | | 121 | 304 | 121 | 304 |
| Later than one year but not later five years | | 612 | 733 | 612 | 733 |
| Total lease receivables | | 733 | 1,037 | 733 | 1,037 |
| GST payable on the above | | 67 | 94 | 67 | 94 |
| Net operating lease receivables | | 666 | 943 | 666 | 943 |

22. SUPERANNUATION

Chisholm employees are entitled to receive superannuation benefits and Chisholm contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

Chisholm does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive income statement.

The name and details of the major employee superannuation funds and contributions made by the Institute are as follows:

| | Consolidated | | Chisholm | |
|---------------------------------------------------|--------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Paid Contribution for the Year | | | | |
| Defined benefit plans: | | | | |
| State Superannuation Fund - revised and new | 346 | 389 | 346 | 389 |
| Total defined benefit plans | 346 | 389 | 346 | 389 |
| Defined contribution plans: | | | | |
| VicSuper | 2,988 | 3,031 | 2,923 | 3,004 |
| Other | 1,856 | 3,163 | 1,760 | 3,110 |
| Total defined contribution plans | 4,844 | 6,194 | 4,683 | 6,114 |
| Total paid contribution for the year | 5,190 | 6,583 | 5,029 | 6,503 |
| Contribution outstanding at year end | | | | |
| Defined benefit plans: | | | | |
| State Superannuation Fund - revised and new | 28 | 24 | 28 | 24 |
| Total defined benefit plans | 28 | 24 | 28 | 24 |
| Defined contribution plans: | | | | |
| VicSuper | 244 | 312 | 239 | 305 |
| Other | 154 | 194 | 145 | 188 |
| Total defined contribution plans | 398 | 506 | 384 | 493 |
| Total contribution outstanding at year end | 426 | 530 | 412 | 517 |

Chisholm does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.

The above amounts were measured as at 31 December of each year, or in the case of employer contributions they relate to the years ended 31 December.

23. FINANCIAL INSTRUMENTS

Financial Risk Management

(i) Financial risk management objectives and policies

Chisholm's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables) and payables (excluding statutory payables).

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 is disclosed in Note 1 of the financial statements.

Chisholm's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Chisholm's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Chisholm by adhering to principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by management on a continuous basis. Chisholm does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Chisholm uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and credit risk, ageing analysis for credit risk and data analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by a central treasury unit with the Finance function of Chisholm under policies approved by the Board. Chisholm's treasury function provides services to its business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of Chisholm through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk.

Chisholm's treasury function provides services to its business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of Chisholm through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk.

The carrying amount of Chisholm's contractual financial assets and financial liabilities, excluding statutory receivables and payables, by category are disclosed below:

| | Consolidated | | Chisholm | |
|------------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and deposits | 57,181 | 41,927 | 56,102 | 40,692 |
| Loans and receivables | | | | |
| Receivables | (a) | | | |
| Trade receivables | 2,348 | 8,148 | 2,348 | 8,148 |
| Other receivables | 2,952 | 1,313 | 3,868 | 2,665 |
| Revenue receivable | 4,517 | 8,068 | 4,442 | 8,037 |
| Investment and other financial assets | | | | |
| Investment in subsidiary | - | - | 5,000 | 2,000 |
| Term deposits | 108 | 105 | - | - |
| Total loans and receivables | 9,925 | 17,634 | 15,658 | 20,850 |
| Total Financial Assets | 67,106 | 59,561 | 71,760 | 61,542 |
| Financial Liabilities at amortised cost | | | | |
| Payables | (a) | | | |
| Supplies and services | 4,071 | 4,513 | 4,172 | 4,493 |
| Other liabilities | 3,169 | 5,494 | 3,169 | 5,473 |
| Borrowings | | | | |
| Advances from Government | 2,214 | 760 | 2,214 | 760 |
| Total financial liabilities at amortised cost | 9,454 | 10,767 | 9,555 | 10,726 |
| Total financial liabilities | 9,454 | 10,767 | 9,555 | 10,726 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

The net holding gains or losses of Chisholm's contractual financial assets and financial liabilities by category are disclosed below.

The net holding gains or losses are determined as follows:

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

| | Consolidated | | Chisholm | |
|---------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Net holding gain/(loss) on financial instruments by category | | | | |
| Financial assets - cash | 994 | 836 | 966 | 806 |
| Financial assets - loans and receivables | (217) | (441) | (217) | (441) |
| Net holding gain/(loss) - financial assets | 777 | 395 | 749 | 365 |
| Financial liabilities at amortised cost | 199 | 47 | 199 | 47 |
| Net holding gain/(loss) - financial liabilities | 199 | 47 | 199 | 47 |
| Total net holding gain/(loss) | 976 | 442 | 948 | 412 |
| Interest income/(expense) | | | | |
| Financial assets - cash | 1,115 | 944 | 1,086 | 914 |
| Financial assets - loans and receivables | | | | |
| Interest income/(expense) - financial assets | 1,115 | 944 | 1,086 | 914 |
| Financial liabilities at amortised cost | 199 | 47 | 199 | 47 |
| Interest income/(expense) - financial liabilities | 199 | 47 | 199 | 47 |
| Total interest income/(expense) | 1,314 | 991 | 1,285 | 961 |
| Fee income/(expense) | | | | |
| Financial assets - cash | (121) | (108) | (120) | (108) |
| Financial assets - loans and receivables | - | - | - | - |
| Fee income/(expense) - financial assets | (121) | (108) | (120) | (108) |
| Financial liabilities at amortised cost | | | | |
| Fee income/(expense) - financial liabilities | - | - | - | - |
| Total fee income/(expense) | (121) | (108) | (120) | (108) |
| Impairment loss | | | | |
| Financial assets - loans and receivables | (217) | (441) | (217) | (441) |
| Total impairment loss | (217) | (441) | (217) | (441) |

(ii) Credit Risk

Credit risk applies to the contractual financial assets of Chisholm, which comprise cash and deposits and non-statutory receivables. Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to Chisholm.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There is no material amounts of collateral held as security at 31 December 2015.

Credit risk is reviewed regularly by the Financial Services Department. It arises from exposure to customers as well as through certain deposits with financial institutions.

The Financial Services Department monitors credit risk by actively assessing the rating quality and liquidity of counter parties and Chisholm seeks to mitigate credit risk by ensuring:

- only banks and financial institutions with an 'AAA' rating are utilised;
- all potential non-student customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet Chisholm's credit policies may only purchase in cash or using recognised credit cards.

Chisholm minimises credit risk in relation to student loans receivable through the engagement of an external billing and collections agency, Debit Success. Students seeking credit enter into a direct debit agreement with Debit Success.

Chisholm does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by Chisholm.

The trade receivables balance at 31 December 2015 and 31 December 2014 do not include any counter parties with external credit ratings.

Credit quality of contractual financial assets that are neither part due nor impaired.

| | | Financial Institutions (AA- rating) | Government agencies (AAA rating) | Other counterparty | Total |
|-------------------------------------------|------|-------------------------------------------|----------------------------------------|-----------------------|---------------|
| Consolidated Credit Risk | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| 2015 | | | | | |
| Cash and deposits | | 2,106 | 55,065 | 9 | 57,181 |
| Receivables | (a) | - | 5,839 | 3,978 | 9,817 |
| Investments and other financial assets | | - | - | 108 | 108 |
| Total contractual financial assets | | 2,106 | 60,904 | 4,095 | 67,106 |
| 2014 | | | | | |
| Cash and deposits | | 4,860 | 37,052 | 15 | 41,927 |
| Receivables | (a) | 1 | 12,374 | 5,154 | 17,529 |
| Investments and other financial assets | | - | - | 105 | 105 |
| Total contractual financial assets | | 4,861 | 49,426 | 5,274 | 59,561 |

Note: (a) Excludes statutory receivables (e.g., amounts arising from Victorian Government and GST input tax credit receivable).

| | | Financial Institutions (AA- rating) | Government agencies (AAA rating) | Other counterparty | Total |
|-------------------------------------------|------|-------------------------------------------|----------------------------------------|-----------------------|---------------|
| Chisholm Credit Risk | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| 2015 | | | | | |
| Cash and deposits | | 1,028 | 55,065 | 9 | 56,102 |
| Receivables | (a) | - | 5,766 | 4,892 | 10,658 |
| Investments and other financial assets | | - | - | 5,000 | 5,000 |
| Total contractual financial assets | | 1,028 | 60,831 | 9,901 | 71,760 |
| 2014 | | | | | |
| Cash and deposits | | 3,625 | 37,052 | 15 | 40,692 |
| Receivables | (a) | - | 12,336 | 6,514 | 18,850 |
| Investments and other financial assets | | - | - | 2,000 | 2,000 |
| Total contractual financial assets | | 3,625 | 49,388 | 8,529 | 61,542 |

Note: (a) Excludes statutory receivables (e.g., amounts arising from Victorian Government and GST input tax credit receivable).

(iii) Ageing Analysis of Financial Assets

There are no financial assets that have their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

The following table discloses the ageing analysis for Chisholm's financial assets.

| | | Past due but not impaired | | | | | | Impaired financial assets |
|------------------------------------|------|---------------------------|----------------------------------------|-------------------------|-----------------|----------------------|----------------|---------------------------------|
| | | Carrying amount | Not past due and not impaired | Less than 1 month | 1 - 3 months | 3 months – 1 year | 1 - 5 years | |
| Consolidated | Note | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2015 Financial Assets | | | | | | | | |
| Trade receivables | (a) | 2,348 | 526 | 1,613 | 160 | 49 | - | - |
| Other receivables | | 2,952 | 2,952 | - | - | - | - | - |
| Revenue receivables | | 4,517 | 4,517 | - | - | - | - | - |
| Total 2015 financial assets | | 9,817 | 7,995 | 1,613 | 160 | 49 | - | - |
| 2014 Financial Assets | | | | | | | | |
| Trade receivables | (a) | 8,148 | 5,605 | 1,285 | 1,203 | 54 | 1 | 340 |
| Other receivables | | 1,313 | 1,313 | - | - | - | - | - |
| Revenue receivables | | 8,068 | 8,068 | - | - | - | - | - |
| Total 2014 financial assets | | 17,529 | 14,986 | 1,285 | 1,203 | 54 | 1 | 340 |

Note: (a) Excludes statutory receivables (e.g., amounts arising from Victorian Government and GST input tax credit receivable).

| | | Past due but not impaired | | | | | | Impaired financial assets |
|------------------------------------|------|---------------------------|-------------------------------|-------------------|--------------|-------------------|-------------|---------------------------|
| | | Carrying amount | Not past due and not impaired | Less than 1 month | 1 - 3 months | 3 months – 1 year | 1 - 5 years | |
| Chisholm | Note | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2015 Financial Assets | | | | | | | | |
| Trade receivables | (a) | 2,348 | 526 | 1,613 | 160 | 49 | - | - |
| Other receivables | | 3,868 | 3,868 | - | - | - | - | - |
| Revenue receivables | | 4,442 | 4,442 | - | - | - | - | - |
| Total 2015 financial assets | | 10,658 | 8,836 | 1,613 | 160 | 49 | - | - |
| 2014 Financial Assets | | | | | | | | |
| Trade receivables | (a) | 8,148 | 5,605 | 1,285 | 1,203 | 54 | 1 | 340 |
| Other receivables | | 2,665 | 2,665 | - | - | - | - | - |
| Revenue receivables | | 8,037 | 8,037 | - | - | - | - | - |
| Total 2014 financial assets | | 18,850 | 16,307 | 1,285 | 1,203 | 54 | 1 | 340 |

Note: (a) Excludes statutory receivables (e.g., amounts arising from Victorian Government and GST input tax credit receivable).

Liquidity Risk

Liquidity risk is the risk that the Institute would be unable to meet its financial obligations as and when they fall due.

The Institute operates under payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Institute's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 20.

The responsibility for liquidity risk management rests with Chisholm's governing body, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. Chisholm manages liquidity risk by maintaining adequate short term reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Institute's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

(iv) Ageing Analysis of Financial Liabilities

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements represents the Institute maximum exposure to liquidity risk.

The following table discloses the contractual maturity analysis for the Institute's financial liabilities.

| | | Maturity dates | | | | | | |
|----------------------------------|------|-----------------|----------------|-------------------|--------------|-------------------|-------------|----------|
| | | Carrying amount | Nominal amount | Less than 1 month | 1 - 3 months | 3 months – 1 year | 1 - 5 years | 5+ years |
| Consolidated | Note | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2015 Financial Liabilities | | | | | | | | |
| Payables | | | | | | | | |
| Supplies and services | (a) | 4,072 | 4,072 | 3,061 | 84 | 9 | 916 | - |
| Other liabilities | (a) | 3,169 | 3,169 | 3,169 | - | - | - | - |
| Borrowings | | | | | | | | |
| Advances from Government | | 2,214 | 2,214 | - | - | - | 2,214 | - |
| Total 2015 financial liabilities | | 9,455 | 9,455 | 6,230 | 84 | 9 | 3,130 | - |
| 2014 Financial Liabilities | | | | | | | | |
| Payables | | | | | | | | |
| Supplies and services | (a) | 4,513 | 4,513 | 3,947 | 518 | 48 | - | - |
| Other liabilities | (a) | 5,494 | 5,494 | 5,494 | - | - | - | - |
| Borrowings | | | | | | | | |
| Advances from Government | | 760 | 807 | - | - | - | 807 | - |
| Total 2014 financial liabilities | | 10,767 | 10,814 | 9,441 | 518 | 48 | 807 | - |

Note: (a) Excludes statutory payables (e.g. amounts arising to Victorian Government and GST taxes payable).

| | | Maturity dates | | | | | | |
|-----------------------------------------|------|-----------------|----------------|-------------------|--------------|-------------------|--------------|----------|
| | | Carrying amount | Nominal amount | Less than 1 month | 1 - 3 months | 3 months – 1 year | 1 - 5 years | 5+ years |
| Chisholm | Note | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2015 Financial Liabilities | | | | | | | | |
| Payables | | | | | | | | |
| Supplies and services | (a) | 4,172 | 4,172 | 4,079 | 84 | 9 | - | - |
| Other liabilities | (a) | 3,169 | 3,169 | 3,169 | - | - | - | - |
| Borrowings | | | | | | | | |
| Advances from Government | | 2,214 | 2,214 | - | - | - | 2,214 | - |
| Total 2015 financial liabilities | | 9,555 | 9,555 | 7,248 | 84 | 9 | 2,214 | - |
| 2014 Financial Liabilities | | | | | | | | |
| Payables | | | | | | | | |
| Supplies and services | (a) | 4,493 | 4,493 | 3,927 | 518 | 48 | - | - |
| Other liabilities | (a) | 5,473 | 5,473 | 5,473 | - | - | - | - |
| Borrowings | | | | | | | | |
| Advances from Government | | 760 | 807 | - | - | - | 807 | - |
| Total 2014 financial liabilities | | 10,726 | 10,773 | 9,400 | 518 | 48 | 807 | - |

Note: (a) Excludes statutory payables (e.g. amounts arising to Victorian Government and GST taxes payable).

Market risk

Chisholm in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse effect on the operating result and /or net worth of Chisholm. These market risks primarily relate to foreign currency and interest rate risk.

The Board ensures that all market risk exposure is consistent with Chisholm's business strategy and within the risk tolerance of Chisholm. Regular risk reports are presented to the Board. Objectives, policies and processes are described below.

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

Foreign currency risk

Chisholm is exposed to foreign currency risk mainly through the delivery of services in currencies other than the Australian Dollar, and payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of transactions denominated in foreign currencies and a relatively short timeframe between commitment and settlement.

Chisholm does not have any foreign currency bank accounts denominated in foreign currency at 31 December 2015.

Chisholm's exposures are mainly against the Chinese Yuan Renminbi (RMB) and are managed through continuous monitoring of movements in exchange rates against the RMB, and by ensuring availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Institute to enter into any hedging arrangements to manage foreign currency risk.

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

(v) Interest Rate Risk

Interest rate risk arises from the potential for a change in interest rates to change the expected net interest earnings in the current reporting period and in future years, or cause a fluctuation in the fair value of the financial instruments.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Chisholm does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Chisholm has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Chisholm manages cash flow interest rate risk through a mixture of short term and longer term investments, and undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management monitors movement in interest rates on monthly basis.

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

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

Chisholm's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are set out in the financial instrument composition and maturity analysis table below.

Financial instrument composition and interest rate exposure

| | | Interest rate exposure | | | | |
|----------------------------------------|------|---------------------------------|-----------------------------------------|------------------------|---------------------|----------------------|
| | | Weighted average effective rate | Total carrying amount per balance sheet | Floating interest rate | Fixed interest rate | Non-interest bearing |
| Consolidated 2015 | Note | % | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | |
| Cash and deposits | | 2.058% | 57,181 | 57,181 | - | - |
| Receivables | (a) | | | | | |
| Trade receivables | | | 2,348 | - | - | 2,348 |
| Other receivables | | | 2,952 | - | - | 2,952 |
| Revenue receivables | | | 4,518 | - | - | 4,518 |
| Investments and other financial assets | | | | | | |
| Term deposits | | | 108 | 108 | - | - |
| Total financial assets | | | 67,107 | 57,289 | - | 9,818 |
| Financial liabilities | | | | | | |
| Payables | (a) | | | | | |
| Supplies and services | | | 4,072 | - | - | 4,072 |
| Other liabilities | | | 3,169 | - | - | 3,169 |
| Borrowings | | | | | | |
| Advances from government | | | 2,214 | - | - | 2,214 |
| Total financial liabilities | | | 9,455 | - | - | 9,455 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

| | | Interest rate exposure | | | | |
|-----------------------------------------------|------|---------------------------------------|-----------------------------------------------|------------------------------|---------------------------|-----------------------------|
| | | Weighted average effective rate | Total carrying amount per balance sheet | Floating interest rate | Fixed interest rate | Non- interest bearing |
| Consolidated 2014 | Note | % | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | |
| Cash and deposits | | 2.419% | 41,927 | 41,927 | - | - |
| Receivables | (a) | | | | | |
| Trade receivables | | | 8,148 | - | - | 8,148 |
| Revenue receivable | | | 1,313 | - | - | 1,313 |
| Other receivables | | | 8,068 | - | - | 8,068 |
| Investments and other financial assets | | | | | | |
| Term deposits | | | 105 | 105 | - | - |
| Total financial assets | | | 59,561 | 42,032 | - | 17,529 |
| Financial liabilities | | | | | | |
| Payables | (a) | | | | | |
| Supplies and services | | | 4,513 | - | - | 4,513 |
| Other liabilities | | | 5,494 | - | - | 5,494 |
| Borrowings | | | | | | |
| Advances from government | | | 760 | | | 760 |
| Total financial liabilities | | | 10,767 | - | - | 10,767 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

| | | Interest rate exposure | | | | |
|-----------------------------------------------|------|---------------------------------------|-----------------------------------------------|------------------------------|---------------------------|-----------------------------|
| | | Weighted average effective rate | Total carrying amount per balance sheet | Floating interest rate | Fixed interest rate | Non- interest bearing |
| Chisholm 2015 | Note | % | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | |
| Cash and deposits | | 2.059% | 56,102 | 56,102 | - | - |
| Receivables | (a) | | | | | |
| Trade receivables | | | 2,348 | - | - | 2,348 |
| Other receivables | | | 3,868 | - | - | 3,868 |
| Revenue receivables | | | 4,442 | - | - | 4,442 |
| Investments and other financial assets | | | | | | |
| Term deposits | | | 5,000 | - | - | 2000 |
| Total financial assets | | | 71,760 | 56,102 | - | 12,658 |
| Financial liabilities | | | | | | |
| Payables | (a) | | | | | |
| Supplies and services | | | 4,172 | - | - | 4,172 |
| Other liabilities | | | 3,169 | - | - | 3,169 |
| Borrowings | | | | | | |
| Advances from government | | | 2,214 | - | - | 2,214 |
| Total financial liabilities | | | 9,555 | - | - | 9,555 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

| | | Interest rate exposure | | | | |
|-----------------------------------------------|------|---------------------------------------|-----------------------------------------------|------------------------------|---------------------------|-----------------------------|
| | | Weighted average effective rate | Total carrying amount per balance sheet | Floating interest rate | Fixed interest rate | Non- interest bearing |
| Chisholm 2014 | Note | % | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | |
| Cash and deposits | | 2.421% | 40,692 | 40,692 | - | - |
| Receivables | (a) | | | | | |
| Trade receivables | | | 8,148 | - | - | 8,148 |
| Revenue receivable | | | 2,665 | - | - | 2,665 |
| Other receivables | | | 8,037 | - | - | 8,037 |
| Investments and other financial assets | | | | | | |
| Term deposits | | | 2,000 | - | - | 2,000 |
| Total financial assets | | | 61,542 | 40,692 | - | 20,850 |
| Financial liabilities | | | | | | |
| Payables | (a) | | | | | |
| Supplies and services | | | 4,493 | - | - | 4,493 |
| Other liabilities | | | 5,473 | - | - | 5,473 |
| Borrowings | | | | | | |
| Advances from government | | | 760 | - | - | 760 |
| Total financial liabilities | | | 10,726 | - | - | 10,726 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

(vi) Sensitivity Analysis And Assumptions

Chisholm'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 following movements are 'reasonably possible' over the next 12 months:

- A movement of 50 basis points up and down (2014: 50 basis points up and down) in market interest rates (AUD).
- A proportional exchange rate movement of 15 per cent down (2014: 10 per cent, depreciation of AUD) and 5 per cent up (2014: 5 per cent, appreciation of AUD) against the RMB, from the year-end rate of 5.040 (2014: 5.086).

The following tables show the impact on the Institute's net result and equity for each category of financial instrument held by the Institute at the end of the reporting period as presented to key management personnel, if the above movements were to occur.

| | Carrying amount | Interest rate risk | | | | Foreign exchange risk | | | |
|-----------------------------------------------------------------|--------------------|--------------------|--------------|------------------|------------|-----------------------|--------------|------------|------------|
| | | -50 basis points | | +50 basis points | | -10% | | +5% | |
| | | Result | Equity | Result | Equity | Result | Equity | Result | Equity |
| Consolidated 2015 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Contractual | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and deposits | 57,288 | (286) | (286) | 292 | 292 | - | - | - | - |
| Receivables | 9,798 | - | - | - | - | (250) | (250) | 125 | 125 |
| Other financial assets | 5,105 | (1) | (1) | 1 | 1 | - | - | - | - |
| Total increase/ (decrease) financial assets | | (287) | (287) | 293 | 293 | (250) | (250) | 125 | 125 |
| Contractual | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| Payables | 6,795 | - | - | - | - | - | - | - | - |
| Borrowings | 2,214 | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) financial liabilities | | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) | | (287) | (287) | 293 | 293 | (250) | (250) | 125 | 125 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

| | Carrying amount | Interest rate risk | | | | Foreign exchange risk | | | |
|-----------------------------------------------------------------|--------------------|--------------------|--------------|------------------|------------|-----------------------|--------------|-----------|-----------|
| | | -50 basis points | | +50 basis points | | -10% | | +5% | |
| | | Result | Equity | Result | Equity | Result | Equity | Result | Equity |
| Consolidated 2014 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Contractual | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and deposits | 41,927 | (209) | (209) | 209 | 209 | - | - | - | - |
| Receivables | 17,529 | - | - | - | - | (151) | (151) | 76 | 76 |
| Other financial assets | 2,105 | (1) | (1) | 1 | 1 | - | - | - | - |
| Total increase/ (decrease) financial assets | | (210) | (210) | 210 | 210 | (151) | (151) | 76 | 76 |
| Contractual | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| Payables | 10,007 | - | - | - | - | - | - | - | - |
| Borrowings | 760 | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) financial liabilities | | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) | | (210) | (210) | 210 | 210 | (151) | (151) | 76 | 76 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

| | Carrying amount | Interest rate risk | | | | Foreign exchange risk | | | |
|-----------------------------------------------------------------|--------------------|--------------------|--------------|------------------|------------|-----------------------|--------------|------------|------------|
| | | -50 basis points | | +50 basis points | | -10% | | +5% | |
| | | Result | Equity | Result | Equity | Result | Equity | Result | Equity |
| Chisholm 2015 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Contractual | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and deposits | 56,102 | (281) | (281) | 281 | 281 | - | - | - | - |
| Receivables | 10,658 | | | | | (250) | (250) | 125 | 125 |
| Other financial assets | 5,000 | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) financial assets | | (281) | (281) | 281 | 281 | (250) | (250) | 125 | 125 |
| Contractual | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| Payables | 7,341 | - | - | - | - | - | - | - | - |
| Borrowings | 2,214 | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) financial liabilities | | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) | | (281) | (281) | 281 | 281 | (250) | (250) | 125 | 125 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

| | Carrying amount | Interest rate risk | | | | Foreign exchange risk | | | |
|-----------------------------------------------------------------|--------------------|--------------------|--------------|------------------|------------|-----------------------|--------------|-----------|-----------|
| | | -50 basis points | | +50 basis points | | -10% | | +5% | |
| | | Result | Equity | Result | Equity | Result | Equity | Result | Equity |
| Chisholm 2014 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Contractual | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and deposits | 40,692 | (203) | (203) | 203 | 203 | - | - | - | - |
| Receivables | 18,850 | - | - | - | - | (151) | (151) | 76 | 76 |
| Other financial assets | 2,000 | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) financial assets | | (203) | (203) | 203 | 203 | (151) | (151) | 76 | 76 |
| Contractual | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| Payables | 9,966 | - | - | - | - | - | - | - | - |
| Borrowings | 760 | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) financial liabilities | | - | - | - | - | - | - | - | - |
| Total increase/ (decrease) | | (203) | (203) | 203 | 203 | (151) | (151) | 76 | 76 |

Note: (b) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

Funding Risk

Funding risk is the risk of over reliance on a particular funding source to the extent that a change in that funding source could impact on the operating results of the current year and future years.

Chisholm manages funding risk by continuing to diversify and increased funding from commercial activities, both domestically and offshore.

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

(vii) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair values of financial instrument asset and liabilities are determined using the fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Institute can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Chisholm considers that the carrying amount of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value, and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

For other assets and other liabilities the fair value approximates their carrying value. Financial assets where the carrying amount exceeds fair values have not been written down as the Institute intends to hold these assets to maturity.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

| | | 2015 | | 2014 | |
|-----------------------------------------------|------------|-----------------|----------------|-----------------|----------------|
| | | Carrying amount | Net fair value | Carrying amount | Net fair value |
| Consolidated | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | |
| Cash and deposits | | 57,181 | 57,181 | 41,927 | 41,927 |
| Receivables | (a) | | | | |
| Trade receivables | | 2,348 | 2,348 | 8,148 | 8,148 |
| Other receivables | | 2,953 | 2,953 | 1,313 | 1,313 |
| Revenue receivable | | 4,517 | 4,517 | 8,068 | 8,068 |
| Investments and other financial assets | | | | | |
| Term deposits | | 108 | 108 | 105 | 105 |
| Total financial assets | | 67,106 | 67,106 | 59,561 | 59,561 |
| Financial liabilities | | | | | |
| Payables | (a) | | | | |
| Supplies and services | | 4,071 | 4,071 | 4,513 | 4,513 |
| Other payables | | 3,169 | 3,169 | 5,494 | 5,494 |
| Borrowings | | | | | |
| Advances from government | | 2,214 | 2,214 | 760 | 760 |
| Total financial liabilities | | 9,453 | 9,453 | 10,767 | 10,767 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

| Chisholm | 2015 | | | 2014 | |
|----------------------------------------|------|-----------------|----------------|-----------------|----------------|
| | | Carrying amount | Net fair value | Carrying amount | Net fair value |
| | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | |
| Cash and deposits | | 56,102 | 56,102 | 40,692 | 40,692 |
| Receivables | (a) | | | | |
| Trade receivables | | 2,348 | 2,348 | 8,148 | 8,148 |
| Other receivables | | 3,868 | 3,868 | 2,665 | 2,665 |
| Revenue receivable | | 4,442 | 4,442 | 8,037 | 8,037 |
| Investments and other financial assets | | | | | |
| Investments in subsidiary | | 5,000 | 5,000 | 2,000 | 2,000 |
| Total financial assets | | 71,760 | 71,760 | 61,542 | 61,542 |
| Financial liabilities | | | | | |
| Payables | (a) | | | | |
| Supplies and services | | 4,172 | 4,172 | 4,493 | 4,493 |
| Other payables | | 3,169 | 3,169 | 5,473 | 5,473 |
| Borrowings | | | | | |
| Advances from government | | 2,214 | 2,214 | 760 | 760 |
| Total financial liabilities | | 9,555 | 9,555 | 10,726 | 10,726 |

Note: (a) Excludes statutory receivables and payables (e.g., amounts arising to/from Victorian Government, GST input tax credit receivable and taxes payable).

The Institute did not have any financial instruments that are measured subsequent to initial recognition at fair value as at 31 December 2015.

24. RESPONSIBLE PERSONS AND EXECUTIVE OFFICERS

Responsible persons related disclosures

In accordance with the directions of the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons and executive officers for the reporting period.

(i) Minister

The relevant Minister is The Hon. Steve Herbert, MP, Minister for Training and Skills.

Remuneration of the Minister for Higher Education and Skills is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interest which is completed by each member of the Parliament.

(ii) Chief executive officer (accountable officer)

| Name | Relevant period |
|-------------------------|-------------------------|
| Leanne Jenkins (Acting) | 1/01/2015 – 09/01/2015 |
| Andrew Kong (Acting) | 10/01/2015 – 14/01/2015 |
| Grant Radford (Acting) | 15/01/2015 – 24/01/2015 |
| Maria Peters | 25/01/2015 – 17/04/2015 |
| Grant Radford (Acting) | 18/04/2015 – 01/05/2015 |
| Maria Peters | 02/05/2015 – 15/06/2015 |
| Grant Radford (Acting) | 16/06/2015 – 19/06/2015 |
| Maria Peters | 20/06/2015 – 05/07/2015 |
| Leanne Jenkins (Acting) | 06/07/2015 – 06/07/2015 |
| Maria Peters | 07/07/2015 – 09/07/2015 |
| Grant Radford (Acting) | 10/07/2015 – 10/07/2015 |
| Maria Peters | 11/07/2015 – 20/09/2015 |
| Grant Radford (Acting) | 21/09/2015 – 24/09/2015 |
| Helen McNamara (Acting) | 25/09/2015 – 25/09/2015 |
| Maria Peters | 26/09/2015 – 12/11/2015 |
| Grant Radford (Acting) | 13/11/2015 – 13/11/2015 |
| Maria Peters | 14/11/2015 – 31/12/2015 |

Remuneration received or receivable by the chief executive officer in connection with the management of the Institute during the reporting period was in the range: \$330,000 - \$339,999 [2014: \$310,000 - \$319,999]

(iii) Members of the Board

| Name | Category of appointment | Relevant period |
|-----------------------------|--------------------------------|----------------------------------------------------|
| Mr Stephen G. Marks (Chair) | Ministerial Nominee Director | 01/01/2015 - 31/12/2015 |
| Mr David Willersdorf | Ministerial Nominee Director | 01/01/2015 - 31/12/2015 |
| Mr Robert Comelli | Ministerial Nominee Director | 01/01/2015 - 31/05/2015 |
| Prof. Carol Adams | Ministerial Nominee Director | 18/06/2015 - 18/09/2015 |
| Ms Anne Fenner | Ministerial Nominee Director | 01/12/2015 - 31/12/2015 |
| Prof Anne Jones | Ministerial Nominee Director | 01/12/2015 - 31/12/2015 |
| Mr David Eynon | Board Nominee Director | 01/01/2015 - 31/05/2015 |
| Mr David Edgar | Board Nominee Director | 01/01/2015 - 31/05/2015 and 01/12/15 - 31/12/15 |
| Mr John Bennie | Board Nominee Director | 01/01/2015 - 31/12/2015 |
| Mr Todd Hartley | Board Nominee Director | 01/01/2015 - 31/12/2015 |

| Name | Board Committee | Relevant Period |
|-------------------|---------------------------------------------------|-------------------------|
| Mr Ian Duff | Audit and Risk Committee | 01/01/2015 - 31/12/2015 |
| Mr Robert Comelli | Audit and Risk Committee | 18/09/2015 - 31/12/2015 |
| Mr Michael Said | Audit and Risk Committee | 01/01/2015 - 31/12/2015 |
| Ms Sophia Petrov | Education Committee | 01/01/2015 - 31/12/2015 |
| Mr Robert Johnson | Infrastructure, Systems and Planning Committee | 01/01/2015 - 31/12/2015 |
| Mr Gavin Gusling | Infrastructure, Systems and Planning Committee | 29/05/2015 - 16/12/2015 |

Remuneration of the board members in connection with the management of the Institute is disclosed below.

| | 2015 | 2014 |
|---------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Income range | No. | No. |
| The number of board members whose total remuneration from the Institute was within the specified income bands as follows: | | |
| \$0 | 3 | 2 |
| Less than \$10,000 | 5 | 6 |
| \$10,000 - \$19,999 | 3 | 1 |
| \$20,000 - \$29,999 | 1 | 1 |
| \$30,000 - \$39,999 | 2 | 5 |
| \$60,000 - \$69,999 | 1 | - |
| \$70,000 - \$79,999 | - | 1 |
| Total number of board members | 15 | 16 |
| Total remuneration of board members (\$'000) | 231 | 317 |

Other transactions

Other related transactions and loan requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

(iv) Executive officers

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Institute during the current year:

| Name | Business Group | Relevant period |
|----------------------|------------------------------------------------------------|-------------------------|
| Ms Helen McNamara | Executive Director – Corp. Planning & Institute Governance | 01/01/2015 - 31/12/2015 |
| Mr Grant Radford | Chief Operating Officer | 01/01/2015 - 31/12/2015 |
| Mr Andrew Kong | Executive Director, Engineering, Technology & Trades | 01/01/2015 - 31/12/2015 |
| Ms Amanda Achterberg | Executive Director, Teaching and Learning | 01/01/2015 - 31/12/2015 |
| Mr Paul Goudie | Executive Director, Human, Health & Business Services | 01/01/2015 - 31/12/2015 |
| Ms Leanne Jenkins | Executive Director, Youth, Pathways & Regional Education | 01/01/2015 - 31/12/2015 |
| Ms Deborah Rulach | Executive Director, Client Engagement | 01/01/2015 - 15/12/2015 |
| Ms Carol Bellew | Executive Director, International Business | 08/10/2015 - 31/12/2015 |
| Mr Theo Teeder | General Manager - Chisholm Online | 01/01/2015 - 31/12/2015 |

Remuneration of executive officers

The number of executive officers, including the chief executive officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

The total annualised employee equivalent provides a measure of full time equivalent executive offices over the reporting period.

Several factors affected total remuneration payable to executives over the year including separations due to retirement, resignation or retrenchment, renegotiation of employment contract and terms of bonus payments.

| Income range | Note | Total remuneration | | Base remuneration | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------|-------|-------------------|-------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | No. | No. | No. | No. |
| The number of executive officers whose total remuneration from the Institute exceeded \$100,000, separately identifying base remuneration and total remuneration, disclosed within the income bands of \$10,000 are as follows: | | | | | |
| \$10,000 - \$19,999 | | 1 | - | 1 | - |
| \$60,000 - \$69,999 | | - | - | - | 1 |
| \$90,000 - \$99,999 | | - | - | - | 1 |
| \$100,000 - \$109,999 | | - | 2 | - | 1 |
| \$140,000 - \$149,999 | | - | - | 1 | 2 |
| \$150,000 - \$159,999 | | - | - | 2 | 2 |
| \$160,000 - \$169,999 | | - | 4 | 4 | - |
| \$170,000 - \$179,999 | | 1 | 1 | - | 1 |
| \$180,000 - \$189,999 | | 2 | - | - | - |
| \$190,000 - \$199,999 | | 2 | - | - | - |
| \$200,000 - \$209,999 | | - | 1 | 1 | - |
| \$220,000 - \$229,999 | | 1 | - | - | - |
| \$240,000 - \$249,999 | | 1 | - | - | - |
| \$250,000 - \$259,999 | | - | - | - | 1 |
| \$270,000 - \$279,999 | | - | - | 1 | - |
| \$290,000 - \$299,999 | | 1 | - | - | - |
| \$310,000 - \$319,999 | | - | 1 | - | - |
| \$330,000 - \$339,999 | | 1 | - | - | - |
| Total number of executive officers | (b) | 10 | 9 | 10 | 9 |
| Total annualised employee equivalent (AEE) | (a) | 9.2 | 6.5 | 9.2 | 6.5 |
| Total amount of remuneration (\$'000) | (b) | 2,053 | 1,278 | 1,460 | 1,079 |

Notes:

(a) Annualised employee equivalent is based on a 38 ordinary hour working week over the reporting period.

(b) Includes General Manager – Chisholm Online.

Other transactions

Other related transactions and loan requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

(v) Payments to other personnel

The number of contractors charged with significant management responsibilities, to whom the total expenses paid by the Institute exceeded \$100,000 per person is disclosed. These contractors are responsible for planning, directing or controlling, directly or indirectly, the Institute's activities.

The change in total expenses from 2014 to 2015 reporting period was mainly driven by no business transition projects during the 2015 financial year.

| Expense band | 2015 (Ex GST) | 2014 (Ex GST) |
|-------------------------------------------------|---------------|---------------|
| | No. | No. |
| \$100,000 - \$109,000 | - | 1 |
| \$160,000 - \$169,000 | - | - |
| \$170,000 - \$179,000 | - | - |
| Total expenses paid to other personnel (\$'000) | - | 109 |

25. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with account policy described in Note 1.04.

| Controlled entities | Note | Country of Incorporation | Class of Shares | 2015% | 2014% |
|---------------------------------------------------------|------|--------------------------|-----------------|-------|-------|
| TAFE Online Pty Ltd trading as Chisholm Online | (a) | Australian | Ordinary | 100 | 100 |
| Caroline Chisholm Education Foundation | (b) | Unincorporated entity | | | |
| Chisholm Academy Pty Ltd trading as Pivot Point Academy | (c) | Australian | Ordinary | 100 | 0 |

Notes:

- (a) Chisholm Online is a company incorporated under the *Corporations Act 2001* with share capital of 5,000,000 ordinary shares at \$1 each.
- (b) Caroline Chisholm Education Foundation is a trust. Its principle purpose is to assist students in financial hardship receive a high quality vocational educational qualification from Chisholm Institute.
- (c) Pivot Point Academy is a company incorporated under the *Corporations Act 2001* with share capital at \$2.

26. REMUNERATION OF AUDITORS

| | Consolidated | | Chisholm | |
|---------------------------------------------------------------------|--------------|------------|------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Remuneration of the Victorian Auditor-General's Office for: | | | | |
| Audit of the Chisholm Institute financial statements | 74 | 65 | 67 | 60 |
| Total remuneration of the Victorian Auditor-General's Office | 74 | 65 | 67 | 60 |
| Remuneration of other auditors | | | | |
| Internal audit services | 166 | 98 | 166 | 98 |
| Total remuneration of other auditors | 166 | 98 | 166 | 98 |
| Total Remuneration of auditors | 240 | 163 | 233 | 158 |

27. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of Chisholm, the results of those operations, or the state of affairs on Chisholm in future financial years.

28. ECONOMIC DEPENDENCY

Chisholm has substantial economic dependency on Government operating and capital contributions.

29. INSTITUTE DETAILS

The registered office of and principal place of business of Chisholm is:

Chisholm Institute

121 Stud Road

Dandenong VIC 3175

30. TRADING SURPLUS

A key measure of financial sustainability is the trading surplus or operating result. Trading surplus, defined by the Department of Education's Higher Education and Skills Group (HESG) as EBITDA excluding capital contributions, is represented by the comprehensive result adjusted for any asset revaluations, capital contributions, depreciation and amortisation, net gain or loss on non-financial assets, doubtful debt expenses and net gain or loss from revaluation of long service leave liability. While these transactions affect the comprehensive result, they fluctuate significantly from year to year and do not provide a consistent reflection of normal day-to-day operations. Therefore, the effects of these items are removed to derive the operating result.

| | | Consolidated | | Chisholm | |
|--------------------------------------------------------------------------|--------|---------------|---------------|---------------|---------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Comprehensive result | | 6,077 | 27,548 | 8,387 | 29,860 |
| Changes in physical asset revaluation surplus | 16 | - | 2,158 | - | 2,158 |
| Net result | | 6,077 | 29,706 | 8,387 | 32,018 |
| Government contributions - capital | 2a(ii) | (1,969) | (22,478) | (1,969) | (22,478) |
| Depreciation and amortisation | 3b | 8,067 | 7,321 | 7,785 | 7,281 |
| Net loss/(gain) on non-financial assets | 4a | 64 | 247 | 64 | 247 |
| Impairment of loans and receivables | 4b | 217 | 441 | 217 | 441 |
| Net loss/(gain) arising from revaluation of long service leave liability | 4c | (37) | (60) | - | (32) |
| Trading surplus (Operating result) | | 12,420 | 15,178 | 14,484 | 17,477 |

VAGO INDEPENDENT AUDITOR'S REPORT

The logo for VAGO (Victorian Auditor-General's Office) consists of the word "VAGO" in a bold, sans-serif font. The letter "V" is stylized with a horizontal line extending from its base.

Victorian Auditor-General's Office

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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

INDEPENDENT AUDITOR'S REPORT

To the Board members, Chisholm Institute

The Statement of Performance

The accompanying statement of performance for the year ended 31 December 2015 of Chisholm Institute comprises the statement, the related notes and the declaration by Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer has been audited.

The Board members' Responsibility for the Statement of Performance

The Board members of Chisholm Institute are responsible for the preparation and fair presentation of the statement of performance and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of the statement of performance 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 statement of performance 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 statement of performance is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of performance. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the statement of performance, 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 statement of performance 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 overall presentation of the statement of performance.

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

VAGO INDEPENDENT AUDITOR'S REPORT

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, I and my staff and delegates have complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the statement of performance of the Chisholm Institute in respect of the 31 December 2015 financial year presents fairly, in all material respects.

MELBOURNE
2 March 2016



for Dr Peter Frost
Acting Auditor-General

DECLARATION BY BOARD CHAIR, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE AND ACCOUNTING OFFICER

In our opinion, the accompanying Statement of Performance of Chisholm Institute in respect of the 2015 financial year is presented fairly.

The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets and the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.



Stephen Marks

Board Chair

Date: 24 February, 2016

Place: Dandenong



Maria Peters

Chief Executive Officer

Date: 24 February, 2016

Place: Dandenong



Grant Radford

Chief Finance and Accounting Officer

Date: 24 February, 2016

Place: Dandenong

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2015

Chisholm Institute

| Information | Note | 2015 | 2015 | 2014 | |
|------------------------------------------------------------------------------------------------------|------|--------------|--------------------------|---------|--------------|
| | | Actual | Revised Budget or Target | Actual | |
| As a % of Total Training Revenue | (a) | | | | |
| Government Funded | | 51.3% | 56.5% | 55.7% | Achieved |
| Fee for Service | | 31.1% | 29.2% | 29.3% | Achieved |
| Student Fees and Charges | | 17.5% | 16.8% | 15.0% | Achieved |
| Employment and Third Party training delivery costs as a proportion of training revenue (VTG and FFS) | (b) | 66.0% | 65.7% | 60.5% | Not achieved |
| Training Revenue (exc. revenue delivered by 3rd parties) / Teaching FTEs | (b) | 177,633 | 199,067 | 193,497 | Not achieved |
| EBIT excluding Capital Contributions) / Total Revenue (exc. Capital Contributions) | (d) | 5.5% | 2.7% | 8.4% | Achieved |
| Number of students enrolled who qualify for the Victorian Training Guarantee | (c) | 13,511 (13%) | 15,452 5% | 14,716 | Not achieved |
| Number of students enrolled in fee for service courses. | (c) | 22,791 (15%) | 26,853 10% | 24,412 | Not achieved |
| Fee for service revenues (\$'000) | (c) | 34,804 (8%) | 37,727 10% | 34,297 | Not achieved |
| Total revenue (excluding capital revenue)/EFT staff (\$'000) | (b) | 135 (3%) | 153 10% | 139 | Not achieved |
| Earnings before income tax and depreciation/amortisation (EBITDA) (\$'000) | (d) | 14.5 | 7.5 | 18.0 | Achieved |
| Earnings before income tax (EBIT)/non- current assets | (e) | 2.6% | 1.5% | 3.8% | Achieved |

Notes:

- (a) In 2015, Chisholm shifted the balance of activity from Government funded to fee for service delivery, in line with the strategic direction of the Institute and in response to shifts in the level of training activity in the market.
- (b) Overall revenue target not achieved which impacted on achievement of target per EFT and associated employment costs.
- (c) The overall market for Chisholm shifted downwards in 2015, in terms of students and training activity across both fee for service and Government funded activity.
- (d) The higher than target Operating Margin and EBITDA was as a result of increased productivity.
- (e) The higher than target ROI is due to a higher than target EBIT/EBITDA.

DISCLOSURE INDEX

| Source | Summary of reporting requirement | Page number |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| FRD 22G | Manner of establishment and the relevant Minister | 3, 27, 97 |
| FRD 22G | Purpose, functions, powers and duties linked to a summary of activities, programs and achievements | 27 |
| FRD 22G | Nature and range of services provided including communities served | 3 |
| FRD 22G | Organisational structure and chart, including responsibilities | 25-26, 28-30 |
| FRD 22G | Names of Board members | 25-26 |
| FRD 03A | Accounting for Dividends | N/A |
| FRD 07A | Early adoption of authoritative accounting pronouncements | 56-59 |
| FRD 10 | Disclosure Index | 107-110 |
| FRD 17B | Long Service leave and annual leave for employees | 54 |
| FRD 20A | Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004 | N/A |
| FRD 22G | Operational and budgetary objectives, performance against objectives and achievements | 23-24 |
| FRD 22G | Occupational health and safety statement including performance indicators, performance against those indicators. Reporting must be on the items listed at (a) to (e) in the FRD | 32-33 |
| FRD 22G | Workforce data for current and previous reporting period including a statement on employment and conduct principles and that employees have been correctly classified in the workforce data collections | 18-20 |
| FRD 22G | Summary of the financial results for the year including previous 4 year comparisons | 23 |
| FRD 22G | Significant changes in financial position | 42 |
| FRD 22G | Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future | 12-17 |
| FRD 22G | Post-balance sheet date events likely to significantly affect subsequent reporting periods | 102 |
| FRD 22G | Summary of application and operation of the <i>Freedom of Information Act 1982</i> | 113 |
| FRD 22G | Discussion and analysis of operating results and financial results | 24 |
| FRD 22G | Significant factors affecting performance | 24, 106 |
| FRD 22G | Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included | N/A |
| FRD 22G | Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from (a) – (d) in the FRD | 112 |
| FRD 22G | Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i> | 111-112 |
| FRD 22G | Statement, where applicable, on the implementation and compliance with the National Competition Policy | 115 |
| FRD 22G | Summary of application and operation of the <i>Protected Disclosure Act 2012</i> | 115 |
| FRD 22G and FRD 24C | Summary of Environmental Performance including a report on office based environmental impacts | 119-123 |

| | | |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| FRD 22G | <p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following</p> <ol style="list-style-type: none"> 1. Total number of consultancies of \$10,000 or more (excluding GST) 2. Location (eg website) of where details of these consultancies over \$10,000 have been made publicly available 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period <p>AND for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing:</p> <ul style="list-style-type: none"> • consultant engaged; • a brief summary of project; • total project fees approved (excluding GST); • expenditure for reporting period (excluding GST); and • any future expenditure committed to the consultant for the project. | 113 |
| FRD 22G | Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012 (Carers Act)</i> , and the actions that were taken during the year to comply with the <i>Carers Act</i> | N/A |
| FRD 22G | List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at (a) – (l) in the FRD) | 111 |
| FRD 25B | Victorian Industry Participation Policy Disclosures | 115 |
| FRD 26A | Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004 | N/A |
| FRD 29A | <p>Workforce Data Disclosures on the public service employee workforce.</p> <p>Note: TAFEs can report on a calendar year basis (ie not financial year basis).</p> | 18-20 |
| SD 4.5.5(a) | Provide an attestation that risk identification and management is consistent with AS/NZS ISO31000:2009 or equivalent | 31 |
| SD 4.2(g) | Qualitative and Quantitative information to be included in Report of Operations, and provide general information about the entity and its activities, together with highlights and future initiatives | 6-17 |
| SD 4.2(h) | The Report of Operations must be prepared in accordance with requirements of the relevant Financial Reporting Directions | 40 |
| SD 4.2(j) | The Report of Operations must be signed and dated by a member of the Responsible Body | 40 |
| CG 10 (clause 27) | Major Commercial Activities | 113 |
| CG 12 (clause 33) | Controlled Entities | 101 |
| SD 4.2(a) | <p>The financial statements must be prepared in accordance with:</p> <ul style="list-style-type: none"> • Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views); • Financial Reporting Directions; and • business rules. | <p>40, 46</p> <p>40, 46</p> <p>40, 46</p> |
| SD 4.2(b) | <p>The financial statements are to comprise the following:</p> <ul style="list-style-type: none"> • Income statement • Balance sheet • Statement of recognised income and expense • Cash flows statement • Notes to the financial statements. | <p>41</p> <p>42</p> <p>41</p> <p>44</p> <p>45-102</p> |

| | | |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| SD 4.2(c) and FMA s 49 | The financial statements must contain such information as required by the Minister and be prepared in a manner and form approved by the Minister. They must be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body, in a manner approved by the Minister, stating whether, in their opinion: | |
| | <ul style="list-style-type: none"> the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of the period; | 40, 46 |
| | <ul style="list-style-type: none"> the financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions; and | 40, 46 |
| | <ul style="list-style-type: none"> the financial statements comply with applicable Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views). | 40, 46 |
| SD 4.2(d) | Rounding of amounts | 55 |
| SD 4.2(e) | Review and recommendation by Audit Committee or responsible body prior to finalisation and submission | 38-39 |
| FRD 11A | Disclosure of ex-gratia payments | 75 |
| FRD 21B | Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report | 97-101 |
| FRD 102 | Inventories | 64 |
| FRD 103F | Non-financial physical assets | 65 |
| FRD 104 | Foreign currency | 55 |
| FRD 105A | Borrowing costs | 61, 73 |
| FRD 106 | Impairment of assets | 50, 62 |
| FRD 107A | Investment properties | N/A |
| FRD 109 | Intangible assets | 50, 71 |
| FRD 110 | Cash flow statements | 44, 75 |
| FRD 112D | Defined benefit superannuation obligations | 49, 77-78 |
| FRD 113A | Investment in subsidiaries, jointly controlled entities and associates | 80, 96, 101 |
| FRD 114A | Financial instruments – general government entities and public non-financial corporations | 50-51, 79-96 |
| FRD 119A | Transfers through contributed capital | 42, 55 |
| FRD 120I | Accounting and reporting pronouncements applicable to the reporting period | 56-59 |

| | | |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Legislation | <p>The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, (and which should be listed in the Report) including, but not limited to, the following:</p> <ul style="list-style-type: none"> • <i>Education and Training Reform Act 2006 (ETRA)</i> • TAFE institute constitution • Directions of the Minister for Training and Skills (or predecessors) • TAFE institute Commercial Guidelines • TAFE institute Strategic Planning Guidelines • <i>Public Administration Act 2004</i> • <i>Financial Management Act 1994</i> • <i>Freedom of Information Act 1982</i> • <i>Building Act 1983</i> • <i>Protected Disclosure Act 2012</i> • <i>Victorian Industry Participation Policy Act 2003.</i> | 111 |
| ETRA s3.2.8 | Statement about compulsory non-academic fees, subscriptions and charges payable in 2015 | 114 |
| Policy | Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles | 115 |
| Key Performance Indicators | <p>See table on page 6 of the guidelines for required formatting.</p> <p>Institutes to report against:</p> <ul style="list-style-type: none"> • KPIs set out in the annual Statement of Corporate Intent; • employment costs as a proportion of training revenue; • training revenue per teaching FTE; • operating margin percentage; and • Training Revenue diversity. | 106 |
| PAEC and VAGO (June 2003 Special Review item 3.110) | <ul style="list-style-type: none"> • Financial and other information on initiatives taken or strategies relating to the institute's overseas operations. • Nature of strategic and operational risks for overseas operations. • Strategies established to manage such risks of overseas operations. • Performance measures and targets formulated for overseas operations. • The extent to which expected outcomes for overseas operations have been achieved. | 12-13 |

ADDITIONAL COMPLIANCE REPORTS

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Consistent with the requirements of the *Financial Management Act 1994*, Chisholm Institute has prepared materials on the following topics, which are available on request:

- statements regarding declarations of pecuniary interest
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the Institute and the places where publications can be obtained
- details of changes in prices, fees, charges, rates and levies charged by the entity
- details of major external reviews
- details of research and development activities undertaken by the Institute
- details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the Institute to develop community awareness of the Institute and the programs and services provided
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes
- details of major committees sponsored by the Institute; the purpose of each committee and the extent to which their purposes have been achieved

- details of all consultancies and contractors including consultants/contractors engaged; services provided; and expenditure committed for each engagement.

Enquiries regarding this information should be directed to:

The Chief Operating Officer

Chisholm Institute
PO Box 684
Dandenong Vic 3175
T: +61 3 9212 5259
E: grant.radford@chisholm.edu.au

COMPLIANCE WITH OTHER LEGISLATION AND SUBORDINATE INSTRUMENTS

Chisholm Institute complies with all relevant legislation and subordinate instruments, including but not limited to, the following:

- *Education and Training Reform Act 2006 (ETRA)*
- TAFE institute constitution
- Directions of the Minister for Training and Skills (or predecessors)
- TAFE institute Commercial Guidelines
- TAFE institute Strategic Planning Guidelines
- *Public Administration Act 2004*
- *Financial Management Act 1994*
- *Freedom of Information Act 1982*
- *Building Act 1993*
- *Protected Disclosure Act 2012*
- *Victorian Industry Participation Policy Act 2003*
- *Financial Management Act 1994*
- Australian Accounting Standards
- *Fair Work Act 2009* and *Fair Work Regulations 2009*
- *Occupational Health and Safety Act 2004* and *Occupational Health and Safety Regulations 2007*.

COMPLIANCE WITH THE BUILDING ACT 1993

General statement

Chisholm Institute holds all plans and documentation for building extensions and new buildings lodged for issue of building approvals by certified building surveyors. Upon completion of construction, the Institute has obtained Certificates of Occupancy and practical completion certificates from the relevant architects and surveyors.

ASSURANCE PROGRAMS

Certification of building projects

The architects provided completion certificates and necessary building compliance and regulatory certificates were received for all projects completed.

Building maintenance programs

Chisholm Institute has an ongoing maintenance program (using Institute staff and engagement of specialist external contractors) for works to the existing buildings controlled by Chisholm.

Compliance statement

It is considered that all buildings on campus currently conform to the Building Regulations as existed at the time of construction of the respective buildings. All new buildings constructed since the promulgation of the *Building Act 1993* comply with those relevant standards. Chisholm Institute has an ongoing program to ensure that any alterations or improvements to buildings meet the necessary standards to ensure that they are safe and fit for purpose.

For the year ended 31 December 2015, progress towards full compliance with the *Building Act 1993* is summarised as follows:

| Building works | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| New buildings certified for approval | - | 3 | - | - | - | 3 | 2 |
| Works in progress subject to mandatory inspections | - | 2 | 3a | - | - | 3 | 1 |
| New occupancy permits issued | - | 3 | - | - | 4 | 3 | 3 |
| Maintenance | | | | | | | |
| Notices issued for substandard buildings requiring urgent attention | - | - | - | - | - | - | - |
| Other notices issued involving major expenditure and urgent attention | - | - | - | - | - | - | - |
| Conforming | | | | | | | |
| Number of owned buildings occupied by Chisholm (Note the numbers are buildings in their entirety; floors and levels have not been considered.) | | | | | | | |
| Frankston | 18 | 18 | 17b | 17 | 17 | 17 | 17 |
| Dandenong | 27 | 27 | 27 | 27 | 27 | 25 | 25 |
| Berwick | 10 | 10 | 9 | 9 | 9 | 8 | 6 |
| Cranbourne | 5 | 5 | 5 | 5 | 5 | 4 | 3 |
| Bass Coast | 5 | 5 | 4 | 4 | 5 | 4 | 3 |
| Mornington Peninsula | 7 | 11 | 6 | 6 | 6 | 6 | 6 |
| TOTAL | 72 | 76 | 68 | 68 | 69 | 64 | 60 |
| Number of buildings conforming to the standards | 72 | 76 | 68 | 68 | 69 | 64 | 60 |
| Number of non-conforming buildings vacated | - | - | - | - | - | - | - |
| Number of buildings not conforming to standards | Refer to Subdivision Statement. | | | | | | |

ADVERTISING

The list below details Chisholm's consolidated advertising expenditure for campaigns with a media spend of \$100 000 or greater.

| Name of Campaign | Campaign summary | Start/End date | Advertising (Media) Expenditure (excluding GST) | Creative and campaign development Expenditure (excluding GST) | Research and evaluation Expenditure (excluding GST) | Print and collateral Expenditure (excluding GST) | Other Campaign Expenditure (excluding GST) |
|--------------------------|------------------------------------------------|-----------------------|--------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------|
| Chisholm Brand awareness | Digital marketing campaign | 1/1/2015 - 31/12/2015 | \$108,000 | \$26,000 | \$10,000 | - | - |
| January Recruitment | Main acquisition campaign of the calendar year | 11/1/2015 - 21/2/2015 | \$104,000 | - | \$8,200 | - | - |
| Chisholm Online | Digital acquisition marketing campaign | 4/1/2015 - 8/12/2015 | \$235,000 | - | - | - | - |

REPORT ON MAJOR COMMERCIAL ACTIVITY

In 2015 Chisholm established Chisholm Academy Pty Ltd (trading as Pivot Point Academy). Refer to page 101 for details. There was no other Major Commercial Activity conducted by Chisholm in this reporting period.

ENGAGEMENT OF CONSULTANTS

For the year ended 31 December 2015

The *Financial Reporting Directions* and guidance FRD 22G defines a consultant as a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through:

- Provision of expert analysis and advice; and/or
- Development of a written report or other intellectual output.

Details of consultancies

During the year ended 31 December 2015, there were 37 consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2015 in relation to these consultancies was \$2,601,265 (excl. GST). Details of individual consultancies can be viewed at www.chisholm.edu.au/consultants2015.

During the year ended 31 December 2014, there were 40 consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2014 in relation to these consultancies was \$3,893,445 (excl. GST).

APPLICATION OF THE FREEDOM OF INFORMATION ACT 1982

Chisholm Institute has implemented procedures which, subject to privacy and confidentiality provisions, facilitate all reasonable requests for information from students, staff and the general public without recourse to the *Freedom of Information Act 1982*.

General enquiries about Chisholm Institute should be addressed to:
Chisholm Institute
PO Box 684
Dandenong Vic 3175
or visit www.chisholm.edu.au

All Freedom of Information requests should be forwarded to:
The Freedom of Information Officer
Chisholm Institute
PO Box 684 Dandenong Vic 3175

Chisholm Institute may levy a charge for information provided that is subject to a Freedom of Information request in accordance with the Freedom of Information (Access Charges) Regulations 2014. During the year ended 31 December 2015, Chisholm did not receive any applications for access to documentary information under Section 17.

ASSET RECEIVED WITHOUT DUE CONSIDERATION

Chisholm Institute receives financial support from industry and the community in the form of donated assets and materials provided at no cost. During 2015, these donations took the form of:

- cash donations received by Chisholm for the Caroline Chisholm Education Foundation;
- equipment, furniture and fittings and other consumable materials donated to Chisholm Institute which assist in the provision of apprenticeship programs and the delivery of other programs;
- additional supplier price discounts for equipment purchased for training purposes; and
- cash and materials donations specifically for student award presentations.

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the contributed asset qualifies for recognition, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In which case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

COMPULSORY NON-ACADEMIC STUDENT FEE INCOME STATEMENT

For the year ended 31 December 2015.

Chisholm Institute imposes compulsory non-academic fees in the form of the Student Services and Amenities Fee (SSAF) and Ancillary Fee for the purposes of providing additional student services, amenities, activities and ICT infrastructure.

The collection and expenditure of the fees is subject to the provisions of the *Education and Training Reform Act 2006*.

For the year ended 31 December 2015 \$1,780,641 was collected from students via these fees.

The funds collected were made available to a significant range of services, initiatives and support infrastructure aligned to the Institute strategy. These included disability liaison services including pre-enrolment planning, timetabling and career direction services as well as the provision of interpreter services, note takers and assistive technologies and other adjustments to accommodate students with individual requirements.

Funds were also applied to services providing youth counselling, career counselling and guidance, and personal counselling, all aimed at enhancing the educational opportunities while dealing with other issues of significance.

In terms of support infrastructure, funds were made available to the student PC replacement program and ongoing maintenance of the wireless network to ensure students have access to up-to-date and fit for purpose technology for their learning.



GRANT RADFORD

Chief Operations Officer
24 February 2016

FINANCIAL MANAGEMENT COMPLIANCE FRAMEWORK

Under the Victorian Government Financial Management Compliance Framework (FMCF), Chisholm Institute makes an annual declaration on financial management, taxation, purchasing, theft and losses, compliance and reporting processes.

In accordance with the FMCF, Maria Peters, CEO and the Accountable Officer for Chisholm Institute and Grant Radford, Chief Operating Officer and the Chief Finance and Accounting Officer for Chisholm Institute have made a declaration to the Institute Board that Chisholm's financial reports are founded on sound risk management, internal compliance and control systems.

In 2015, Chisholm Institute reported one instance of partial non-compliance with the FMCF.

VICTORIAN PUBLIC SECTOR TRAVEL PRINCIPLES

All business travel (international and/or domestic) by Institute employees during the year ended 31 December 2015 was compliant with Victorian Public Sector Travel Principles.

APPLICATION AND OPERATION OF THE PROTECTED DISCLOSURE ACT 2012

Chisholm has implemented a policy and procedural framework to encourage and facilitate the making of protected disclosures of improper conduct by Chisholm's officers and employees. Chisholm's procedure provides protection and support for persons who made a disclosure and establishes a system for matters to be investigated and, where necessary, corrective actions to be taken.

For the year ended 31 December 2015:

- There were no matters raised with Chisholm under the *Projected Disclosure Act 2012*.
- There were no matters referred to Chisholm for investigation by the Ombudsman in 2015.
- There were no matters referred to Chisholm Institute which the Institute declined to investigate.

REPORT ON THE IMPLEMENTATION OF THE VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP)

Chisholm has complied with the *Victorian Industry Participation Policy Act 2003*. In 2015, there were no applicable projects that related to this act.

PRICES, FEES, CHARGES, RATES AND LEVIES CHARGED BY CHISHOLM INSTITUTE

Chisholm charges a range of fees and prices for programs and services offered by the Institute. For 2015, the fees and charges included:

- tuition fees for eligible Victorian Training Guarantee students. These ranged between \$0.00 and \$10.50 per hour, depending on the course, cohort and competitive forces. There was no minimum fee and maximums did not apply (with the exception of VCAL, which was capped at \$1,430);
- students who were ineligible for the Victorian Training Guarantee paid tuition fees up to \$16.50 per hour;
- a compulsory student services and amenities fee was charged for the purpose of providing student services and amenities. This fee of \$175 (or \$75 for concession card holders studying at Certificate IV level or below) applies for the 2015 calendar year;
- an ancillary fee of \$25 was charged in 2015. The fee was used to support the provision of information and communications technology equipment and access to students;

- a non-compulsory materials fee for eligible Victorian Training Guarantee students to cover the actual cost of providing materials or services used or retained by a student in a particular course of study. The fee varied for each course depending on requirements. Full details were provided to each student prior to enrolment;
- recognition of prior learning fees were charged at 50% of the tuition fee that would be charged for participation in training for the same qualification;
- all eligible Victorian Training Guarantee students who held valid concession cards (Commonwealth Health Care Card, Pensioner Concession Card and Veteran's Gold Card) received an 80 per cent discount on their tuition fees and paid a maximum of \$75 for the services and amenities fee (at Certificate IV level and below);
- programs and services provided on a fee-for-service basis were priced in accordance with National Competition Policy principles;
- programs and services provided to international students and industry based customers were costed on a commercial basis; and
- other fees and charges of a cost-recovery nature, e.g. library fines, parking fines, photocopying and printing charges.

NATIONAL COMPETITION POLICY

Chisholm has developed costing and pricing models that apply to Chisholm costs including overhead, infrastructure and other indirect costs, where appropriate, to take into account any competitive advantage that Chisholm may have.

This enables Chisholm to comply with National Competition Policy, including the requirements of the government policy statement, "Competitive neutrality: A Statement of Victorian Policy", the "Victorian Government Timetable for the Review of Legislative Restrictions" and subsequent reforms.

ACTIVITY TABLE

The Activity Table is provided for National Financial Reporting purposes. The information provided in this statement is reporting on the same basis as the financial information reported in the audited Financial Report for Chisholm Institute for the year ended 31 December 2015.

Statement 1 - Operating Expenses

| | 2015 | 2014 |
|-------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Total Operating Expenses | | |
| Delivery Provision and Support Activity | 66,364 | 63,866 |
| Administration and General Services Activity | 19,558 | 19,890 |
| Property, Plant and Equipment Services Activity | 22,420 | 20,878 |
| Student and Other Services Activity | 7,112 | 6,682 |
| Total Operating Expenses | 115,454 | 111,316 |

Statement 2 – Delivery Provision and Support Activity

| | 2015 | 2014 |
|------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Delivery Provision and Support Activity | | |
| Salaries, Wages, Overtime and Allowances | 47,215 | 46,120 |
| Superannuation | 4,202 | 4,120 |
| Payroll Tax | 2,462 | 2,444 |
| Other Salary Related Costs | 669 | 582 |
| Consumables | 3,283 | 3,167 |
| Travel and Motor Vehicle Expenses | 897 | 808 |
| Depreciation | 2,584 | 2,417 |
| Other Direct Delivery Expenses | 5,052 | 4,208 |
| Delivery Provision and Support Activity | 66,364 | 63,866 |

Statement 3 – Administration and General Services Activity

| | 2015 | 2014 |
|-----------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Administration and General Services Activity | | |
| Salaries, Wages, Overtime and Allowances | 8,435 | 7,940 |
| Superannuation | 630 | 588 |
| Payroll Tax | 366 | 317 |
| Other Salary Related Costs | 83 | (41) |
| Consumables | 601 | 640 |
| Communication Expenses | 1,153 | 997 |
| Fees | 3,259 | 4,762 |
| Travel and Motor Vehicle Expenses | 734 | 760 |
| Depreciation | 497 | 465 |
| Other Expenses | 3,800 | 3,462 |
| Administration and General Services Activity | 19,558 | 19,890 |

Statement 4 – Property, Plant and Equipment Services Activity

| | 2015 | 2014 |
|--------------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Property, Plant and Equipment Services Activity | | |
| Salaries, Wages, Overtime and Allowances | 1,017 | 984 |
| Superannuation | 100 | 98 |
| Payroll Tax | 54 | 54 |
| Other Salary Related Costs | 15 | 13 |
| Consumables | 98 | 90 |
| Depreciation | 4,686 | 4,383 |
| Equipment | 1,497 | 956 |
| Energy Costs | 1,513 | 1,753 |
| Contract Services | 8,241 | 6,725 |
| Rent/leasing Charges | 2,828 | 2,105 |
| Repair and Maintenance | 2,171 | 2,615 |
| Loss on sale of non current assets | 64 | 249 |
| Other Expenses | 136 | 853 |
| Property, Plant and Equipment Services Activity | 22,420 | 20,878 |

Statement 5 – Student and Other Services Activity

| | 2015 | 2014 |
|--------------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Student and Other Services Activity | | |
| Salaries, Wages, Overtime and Allowances | 5,455 | 5,333 |
| Superannuation | 414 | 409 |
| Payroll Tax | 241 | 249 |
| Other Salary Related Costs | 53 | 44 |
| Consumables | 407 | 337 |
| Depreciation | 18 | 16 |
| Other Expenses | 524 | 294 |
| Student and Other Services Activity | 7,112 | 6,682 |

ENVIRONMENTAL PERFORMANCE

Chisholm seeks to integrate sustainability principles into all aspects of the organisation so that it is recognised as a leader in the design and delivery of sustainable education and training for social, environmental and economic prosperity, and understanding through lifelong education, training and community capacity building.

Chisholm recognises its own sustainability is interconnected with the sustainability of its activities, which require coherence and congruence between sustainability, education delivery and assessment, campus operations and development, values, policy and procedures, behaviour and culture.

Chisholm's core business is vocational education and training and the direct environmental impacts of this have been identified resulting in targets being set around greenhouse gas emissions, energy, water, waste, onsite renewable generation, embedding sustainability into Institute business and education. Further to this Chisholm is committed to actions relating to green procurement and education for sustainability, which will support the Chisholm 2020 target of 50 per cent reduction in the Chisholm sustainability index.

Key sustainability priorities for 2015 included the following:

RESOURCESMART STRATEGY

The Chisholm ResourceSmart Strategy covers the following targets, relative to 2007 (base year)

| Target (baseline 2007) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------|------|------|------|------|------|------|------|------|------|------|
| Emission reduction | -15% | -20% | -25% | -30% | -35% | -40% | -43% | -45% | -48% | -50% |
| Energy reduction | -15% | -20% | -25% | -30% | -35% | -40% | 43% | -45% | -48% | -50% |
| GreenPower purchase | 20% | 20% | 25% | 30% | 35% | 40% | 45% | 50% | 55% | 60% |
| Renewable generation | 5% | 8% | 10% | 12% | 15% | 18% | 20% | 25% | 28% | 30% |
| Water reduction | -15% | -25% | -35% | -55% | -65% | -70% | -75% | -80% | -85% | -90% |
| Waste recycling | 25% | 35% | 45% | 50% | 55% | 60% | 65% | 70% | 75% | 80% |

The Chisholm ResourceSmart Strategy not only covers the above but also green purchasing, built environment design, transportation, education for sustainability, and embedding of sustainability throughout the business.

ENVIRONMENTAL SUSTAINABILITY INDEX

The Environmental Sustainability Index aligns with ResourceSmart strategy targets and is calculated using weighted emissions, energy and water consumption against students (EFTSL) plus staff (EFT). This single measure enables Chisholm to take a holistic view of sustainability.

A summary of the index follows:

Chisholm Environmental Sustainability Index 2010 - 2015

| Year | Target Sustainability Index | Target reduction % | Actual Sustainability Index | Actual performance % |
|-----------------|-----------------------------|--------------------|-----------------------------|----------------------|
| 2007 (baseline) | 1.63 | 0% | 1.63 | 0% |
| 2008 | 1.59 | -2% | 1.64 | -1.6% |
| 2009 | 1.55 | -5% | 1.41 | -13% |
| 2010 | 1.46 | -10% | 1.39 | -15% |
| 2011 | 1.38 | -15% | 1.41 | -13% |
| 2012 | 1.30 | -20% | 1.43 | -12% |
| 2013 | 1.20 | -26% | 1.26 | -22% |
| 2014 | 1.11 | -32% | 1.23 | -24% |
| 2015 | 1.04 | -36% | 1.28 | -21% |

SUSTAINABILITY PERFORMANCE

Chisholm monitors its sustainability performance against ResourceSmart targets quarterly.

The 2015 performance summary follows:

2015 (Jan - Dec) VS 2007 baseline (Jan - Dec)

| Impacts/indicators | Measure | Baseline 2007 | Actual 2015 | % ('07 vs '15) |
|----------------------------------------------|---------------------|---------------|-------------|----------------|
| Square metres (mth avg) | M2 | 98,784 | 133,933 | 35.5 % |
| Student contact hours (enrolled) | SCH | 9,250,627 | 11,837,653 | 27.9 % |
| Student enrolments | # | 40,329 | 36,969 | -8.3 % |
| Staff EFT (avg) | EFT | 956 | 690 | -27.8 % |
| Student EFTSL (SCH/720) | EFTSL | 12,848 | 16,060 | 25 % |
| Student (EFTSL) + staff (EFT) | EFTSL + EFT | 13,805 | 16,750 | 21 % |
| 2011 targets | | | | |
| T1 - Emissions reduction (35%) | t Co2e | 14,257 | 15,059 | |
| | t CO2e/EFTSL+EFT | 1.03 | 0.9 | -13.0 % |
| T2 - Energy reduction (35%) | MJ | 61,636,903 | 56,423,525 | -24.5% |
| | Total MJ/EFTSL+ EFT | 4,465 | 3,369 | |
| T3 - GreenPower purchase (35%) | MJ | 3,187,044 | 0 | -9.8% |
| | % | 9.8% | 0% | |
| T4 - Renewable energy (15%) – 2008 benchmark | MJ | 11,286 | 194,010 | 0.28% |
| | % | 0.03% | 0.31% | |
| T5 - Water reduction (65%) | kL | 36,744 | 29,767 | -33.2 % |
| | kL/EFTSL+ EFT | 2.66 | 1.78 | |
| T6 - Waste to landfill reduction (55%) | t | 847 | 1,127 | 9.7 % |
| | t/EFTSL+ EFT | 0.06 | 0.07 | |
| | % recycled | 13.3% | 22.7% | |

Notes:

There are many variables that impacted on Chisholm achieving its sustainability targets. Impacts include:

- The square metres (m2) of building area increased by 35.5 per cent in 2015 compared to 2007.
- The enrolled student contact hours (SCH) increased by 27.9 per cent in 2015 compared to 2007.
- Chisholm operating hours increased in line with the additional delivery.

2015 ENVIRONMENTAL DATA

Energy use

| | | |
|-------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|
| Total energy usage segmented by primary source, including GreenPower (megajoules) | Electricity | 30,869,714 |
| | Natural gas | 25,553,811 |
| | GreenPower | 0 |
| | Total | 56,423,525 |
| Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tonnes CO ₂ e) | Electricity (S2) | 10,118 |
| | Electricity (S3) | 1,286 |
| | Natural gas (S1) | 1308 |
| | Natural gas (S3) | 100 |
| | GreenPower | 0 |
| | Total | 12,812 |
| Percentage of electricity purchased as GreenPower (%) | | 0 |
| Units of energy used per full time employee – EFT value used (megajoules per FTE) | | 81,773 |
| Units of energy used per unit of office area (megajoules per m ²) | | 421 |

Waste production

| | | |
|------------------------------------------------------------------------------------|--------------|--------------|
| Total units of office waste disposed of by destination (t per year) | Landfill | 1,127 |
| | Recycled | 331 |
| | Total | 1,458 |
| Units of office waste disposed of per FTE by destination (kg per FTE) | | 1633 |
| Recycling rate (% of total waste by weight) | | 22.7% |
| Greenhouse gas emissions associated with waste disposal (tonnes CO ₂ e) | | 957 |

Paper use

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------|
| Total units of A4 equivalent copy paper used (reams) (1 ream = 500 pages/sheets). *Figure is based on the assumption that the total impressions/clicks are all calculated as printing double sided only to work out the total page/paper count. A3 paper usage has not been included. | Corridor printers* | 17,447 |
| | Print room | 11,843 |
| | Total | 29,290 |
| Units of A4 equivalent copy paper used per FTE (reams per FTE) | | 42.4 |
| Percentage of recycled content in copy paper purchased (%) | Recycled content | 0 |
| | Carbon neutral | 39.0 |
| | FSC/PEFC accredited | 59.2 |
| Percentage of publications available electronically | | 100% |

Water consumption

| | |
|----------------------------------------------------------------------------------------|--------|
| Total units of metered water consumed by water source (kilolitres) | 35,569 |
| Units of metered water consumed in offices per FTE (kilolitres per FTE) | 44.3 |
| Units of metered water consumed in offices per unit of office area (kilolitres per m2) | 0.23 |

Transportation

| | | |
|--------------------------------------------------------------------------------------------------------------|---------------|------------------|
| Total energy consumption by vehicle fleet segmented by vehicle type (L) | Diesel | 6,972 |
| | LPG | 10,455 |
| | Petrol | 89,611 |
| | Total | 107,038 |
| Total vehicle travel associated with entity operations (km) | | 1,414,081 |
| Greenhouse gas emissions from vehicle fleet (tonnes CO2e) segmented by vehicle type - total and per 1,000 km | Diesel (S1+3) | 20.1 |
| | LPG (S1+3) | 17.4 |
| | Petrol (S1+3) | 229.0 |
| | Total | 266.4 |
| Total distance travelled by air (km) | | 1,181,273 |
| Percentage of employees regularly using public transport, cycling, walking etc. | | 4% ¹ |

Greenhouse gas emissions

| | |
|-----------------------------------------------------------------------------|--------|
| Total greenhouse gas emissions associated with energy use (tonnes CO2e) | 12,813 |
| Total greenhouse gas emissions associated with vehicle fleet (tonnes CO2e) | 266 |
| Total greenhouse gas emissions associated with air travel (tonnes CO2e) | 723 |
| Total greenhouse gas emissions associated with waste disposal (tonnes CO2e) | 1240 |
| Greenhouse gas emission offsets purchased (CO2-e) | None |

Procurement

Chisholm chooses to partner with environmentally responsible suppliers by incorporating sustainability as part of the tender evaluation process. All tender applicants are required to provide details of strategies that will be adopted to contribute to Chisholm's commitment to sustainability

¹ Sample size - 27 people.

GREENER GOVERNMENT BUILDINGS INITIATIVE

The implementation of the Energy Performance Contract (EPC's), part of the Department of Treasury and Finance's Greener Government Building Program, was substantially completed this year, and some of the expected savings are beginning to emerge. While we did see a growth of 6% in energy use between 2014 and 2015, the energy use as a fraction of the office area fell by 5% as START, BTTC and SPTTC came on line.

The initiative is aligned the Victorian Government's target of implementing EPCs at sites accounting for at least 90 per cent of their total energy consumption, by 2018.

ACRONYMS

This listing is prepared to assist in the understanding of the Annual Report and related materials.

| | |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| AAS Australian Accounting Standard | GST Goods and Services Tax |
| AASB Australian Accounting Standards Board | HACC Health And Community Care |
| AEE Annualised Employee Equivalent | HE Higher Education |
| ARR Accounting Rate of Return | IFRS International Financial Reporting Standards |
| BTCC Berwick Trade Careers Centre | LSL Long Service Leave |
| BTEC Berwick Technical Education Centre | MBA Master of Business Administration |
| CCEF Caroline Chisholm Education Foundation | PACCT Professional, Administrative, Clerical, Computing and Technical |
| CEO Chief Executive Officer | PAEC Decision of Public Accounts and Estimates Committee of Parliament December 1997 |
| CESP Chevron Enjoy Science Project | PLETO PEople LEarning TOgether |
| DFAT Australian Government Department of Foreign Affairs And Trade | PPE Personal Protective Equipment |
| DFS Detailed Facility Study | PPP Public Private Partnership |
| DREAM Dandenong Regional Educational Alliance Model (Dandenong TTC) | SCH Student Contact Hours |
| EBITDA Earnings Before Interest, Taxes And Amortisation | SD Standing Directions of the Minister for Finance issued under the Financial Management Act 1994 |
| EFT Equivalent Full Time (when referring to staffing) | START School TAFE Alliance Regional Trade (Frankston TTC) |
| EFTSL Equivalent Full Time Student Load | STEM Science, Technology, Engineering and Mathematics |
| ELICOS English Language Intensive Courses for Overseas Students | TAFE Technical And Further Education |
| EPIC – ITB Electrotechnology, Power and Communications Industry Training Board. | TDA TAFE Directors Australia |
| ETR Education and Training Reform Act 2006 | TELC Technology Enabled Learning Centre |
| FBT Fringe Benefits Tax | TTC Trade Training Centre |
| FFS Fee-For-Service | TVET Technical and Vocational Education and Training |
| FMA Financial Management Act 1994 | UIG Urgent Issues Group |
| FMCF Financial Management Compliance Framework | VCAL Victorian Certificate of Applied Learning |
| FRD Financial Reporting Directions | VCE Victorian Certificate of Education |
| FSC Forest Stewardship Council | VET Vocational Education and Training |
| FTE Full Time Employee | WH&S Workplace Health and Safety |
| GDVT Government of Vietnam General Directorate of Vocation Training | |

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