

*Chisholm*

**ANNUAL  
REPORT  
2018**



# 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 2018 Annual Report is a report to the Parliament of Victoria required under Section 45 of the *Financial Management Act 1994*.

This document reports on the 2018 operations of Chisholm Institute, TAFE Online (trading as Chisholm Online), Chisholm Academy and the Caroline Chisholm Education Foundation. It provides a consolidated financial statement, performance statement and other information required under the Standing Directions 2018 under the *Financial Management Act 1994*.

It is based on the model Annual Report issued with the 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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More information about Chisholm is available at [chisholm.edu.au](http://chisholm.edu.au)



**DR RICK EDE**

**Chief Executive Officer**  
Date: 28 February 2019  
Place: Dandenong



**TONIANN STITZ**

**Interim Chief Finance Officer**  
Date: 28 February 2019  
Place: Dandenong

# About Chisholm

Chisholm's leadership in education and training is evidenced through its delivery of quality programs that make a real and lasting difference to the local, national and international communities it serves.

We are a Victorian Government-owned training and further education (TAFE) provider established under the *Education and Training Reform Act 2006*. The responsible minister is the Hon. Gayle Tierney MP, Minister for Training and Skills and Minister for Higher Education.

We aim to provide quality, practical education to enhance the social and economic futures of individuals, industry and communities. We play a significant role in supporting our students and industry to adapt to, and take advantage of, the rapid

changes taking place globally, and in contributing to an inclusive, diverse and successful Australia.

Our record of excellence has been built over many years of delivering engaging education. Through strong partnerships, we have developed a deep understanding of industry, business and the community, and continue to enhance their futures by delivering modern, accessible and relevant education to more than 35,000 students each year.

At Chisholm, we offer a range of qualifications designed to inspire students and prepare them for the job market, giving them the practical skills they need to secure and build lifelong careers.

We deliver programs at Bass Coast, Berwick, Cranbourne, Dandenong, Frankston, Melbourne CBD, Mornington Peninsula and Springvale, as well as online and in the workplace.

Together, our skilled, passionate teachers and professional staff are creating education for the future.



# Board Chair's Message



It is with pleasure that I present the Institute's Annual Report for 2018. This year was one of development and the realisation of some of our long-term infrastructure projects. Additionally, a number of new initiatives aligned to our strategic plan will provide us with opportunities for student growth both on and off shore in 2019 and beyond.

The Chisholm Board has again provided strong governance to navigate the new initiatives and infrastructure projects, while remaining focused on our strategic drivers to guide us through to 2020.

We remain dedicated to providing education and training that is of the highest quality and inextricably linked to industry and the workplace, with measurable and tangible outcomes. We have evolved and refined our education offering and locations in this past year to ensure we offer contemporary education programs that provide opportunities for real jobs, with the skills required of current day workplaces.

Significant infrastructure developments at our Berwick and Frankston campuses will see the delivery of training and education in a framework that will enhance the learning experience for our students, and those of our secondary school partners in the south east region of Melbourne. We express our appreciation for the support of both state and federal governments for their investment into our local region.

Our Institute has embarked on an era of unprecedented collaboration with new industry partners, education and training partnerships and international agreements, which have ensured a diversity of delivery, expertise and engagement. Of particular note has been our collaboration with fellow institutes to deliver relevant training to Defence including HMAS Cerberus and the Army School of Electrical and Mechanical Engineering. Our outreach to Vietnam and China continued to expand with interest expressed from industry and government for more collaborative opportunities and course delivery.

Toward the end of 2018, we experienced a significant increase in enquiries and applications for Free TAFE courses and we look forward to building on our increased market share in the local region and the VET sector more widely. We believe that our institute is well structured to deliver on this increased demand in the south east region of Melbourne.

On behalf of the Board, I would like to acknowledge our Chief Executive Officer, Dr Rick Ede for the work he

has undertaken since commencing in the role earlier this year. I also wish to thank the broader Executive Leadership Team for their support and tireless efforts to ensure students and stakeholders are provided with the very best experience and outcomes building on our reputation in the vocational sector.

Finally, I would like to thank the members of the Board for their support and commitment. Their insight and experience has been invaluable, and it is a privilege to work with such a dedicated team that provides extraordinary wisdom and strategic guidance.

There has been much to be proud of in 2018, and we certainly achieved strong foundations on which to build our capabilities as we lead into our twenty-first year as Chisholm Institute.

A handwritten signature in black ink, reading "Stephen G. Marks". The signature is written in a cursive style.

**STEPHEN G. MARKS**  
February 2019

# CEO's Message



Throughout the past year, Chisholm experienced significant expansion in infrastructure, collaborative projects and industry agreements.

As I look back on my first year as CEO of Chisholm, I acknowledge the achievements of the organisation, the initiatives that were implemented over this period of time, and the effort of our hardworking and dedicated staff to realise these projects. I also recognise our involvement with the local community, and the employer and industry networks that we have both on and off shore.

Our focus continues to be on students and employers, to support transition to work and address the skills shortages and literacy needs in the region. In 2018, we assisted over 36,000 students with their educational goals – an increase of 8 per cent over 2017. We invested heavily in the student onboarding process, which resulted in better enrolment experiences. This was enabled through the implementation of a Customer Relationship Management system, one of five major IT infrastructure projects implemented in 2018. In addition, our IT network across the Institute was strengthened through the cloud migration and systems integration and automation projects, along with a security refresh of our IT systems.

The first of our three major infrastructure projects, Casey Tech School, was completed in September and formally opened by the Hon. James Merlino, MP, Deputy Premier and Minister for Education. The new health building at the Berwick campus is due to be operational for first semester 2019, and will provide state-of-the-art teaching facilities to train and skill the local population to meet growing demand for health services in the region. The first stage of the Frankston redevelopment project is nearing completion, with the new teaching and learning areas and student facilities due to be fully operational by mid-2019. Funding for Stage 2 of the Frankston redevelopment project was announced in November and will provide the opportunity to modernise teaching spaces and student learning

areas, update resources and technical capabilities for students in the local region. The campus will become one of the most advanced and innovative training and skills institutes in the region.

We joined forces with Hilton Manufacturing to launch the Advocacy and Employment Program, an initiative helping local job seekers find employment in sectors where there are existing skills shortages in the south east of Melbourne. In addition, over 200 Chisholm apprentices worked diligently on a project with the Level Crossing Removal Authority to restore the Clayton Railway Station, and acquire skills in heritage restoration.

Our agility in response to industry and community need was evidenced further this year by leading the sector in a TAFE wide response to family violence prevention, following recommendations from the recent Royal Commission. We also developed and commenced delivery of the Graduate Certificate in Family Violence to provide further skills to current practitioners.

Our connectedness with our local community was an inspirational journey this year. We welcomed the Melbourne Football Club as a program partner for the Chisholm Sports Academy and developed a Bachelor of Sport Coaching and Development with La Trobe University to provide developing athletes in our region with a pathway from diploma to degree level qualifications alongside the development of their sporting career. We also worked closely with the local community in the Frankston region, and now offer the Frankston Churches Breakfast Club access to the Bunurong restaurant to provide their meal services.

Our focus this year was also on our staff and implementing the new teaching multi-enterprise agreement and support for professional development. Our Professional Educator College introduced a range of initiatives to

support educator training, skill and capability development, and to provide access to tailored professional development. We are also leading a trial of a capability framework in collaboration with five other TAFE institutes in Victoria.

Internationally, the Vietnamese Government expressed further interest in our trial program, in which we partnered with 25 Vietnamese Vocational Colleges to enrol over 60 students. A new Memorandum of Understanding was signed with three technical colleges in China to develop and implement programs in IT, engineering and mechatronics. Our offshore delivery and partnerships remain strong and we look forward to building on these relationships.

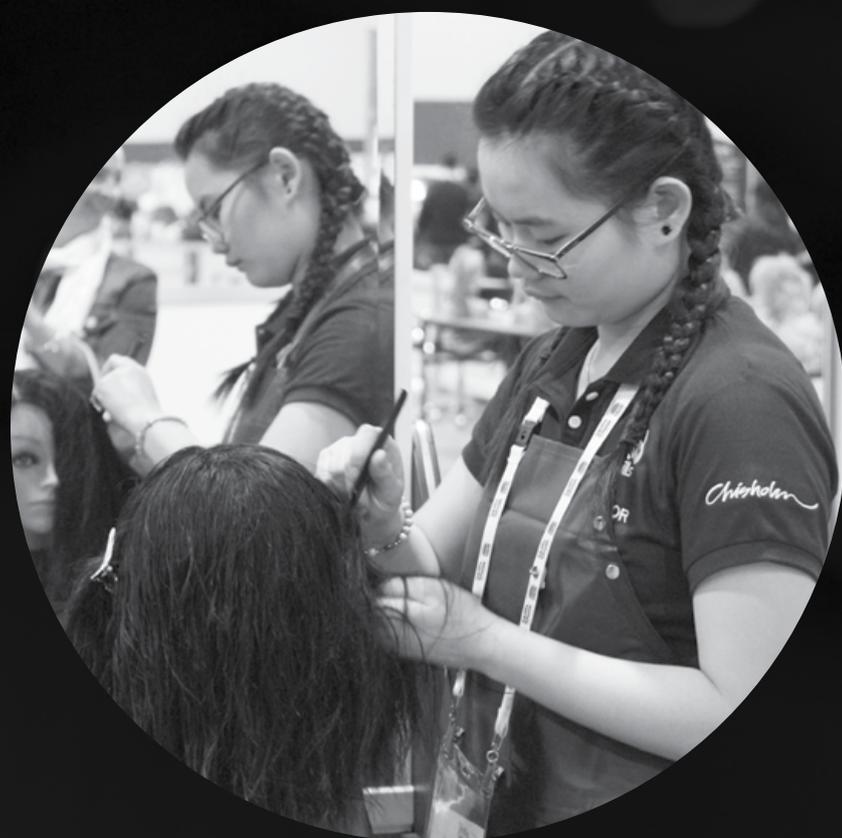
We had a focus on collaborative planning for the Institute into 2020 and beyond to support our strategic plan. A whole-of-organisation approach was adopted in the creation of three overarching plans to support our vision. Throughout the next 12 months I look forward to actively implementing the Education, Commercial and People plans, which will support our organisation in becoming a workplace, provider and institute of choice.

Over the past 12 months, we have strengthened our foundations for sustainability and are well-positioned for success across the breadth of the Institute in 2019. I would like to thank the Board for their support throughout 2018 along with the members of the Executive Leadership Team and all Chisholm staff members for their dedication and commitment to ensure the ongoing success of the organisation.

**DR RICK EDE**  
Chief Executive Officer  
December 2018

# Awards and Achievements

Our award-winning students, teachers and staff support our vision to inspire success and transform lives. Their efforts and accolades in 2018 showcased our continuing commitment to outstanding student outcomes, inspirational teaching and innovative training initiatives.



## WORLDSKILLS 2018

We sent three skilful and ambitious students to WorldSkills Australia National Championship 2018, the largest and most prestigious trades and skills competition for young Australians. Matthew DeGroot (automotive) Ethan Cockerill (plumbing) and Dana Yap (VETiS hairdressing) pitted their skills against the others also vying to become the 'nation's best'. Dana Yap won a silver medal in the VETiS Hairdressing category after a gruelling three days. If she decides to compete again, she will have the opportunity to enter the international WorldSkills competition in Russia in 2019.

## BOCUSE D'OR

In January 2019, student Laura Skvor competed in the prestigious Bocuse d'Or competition in Lyon, France.

Known as 'the Olympics of cookery', the biennial competition takes place following selection events around the world. At the end of these events, 24 of the most promising chefs in the world are chosen to represent their country. Laura, acting as commis chef under head chef Michael Cole, represented Australia and took on two days of intense competition to produce dishes to an exacting standard and come in at a creditable 14th place.





## 2018 YOUTH ENTERPRISE AWARD

Chisholm student Rita Karki received the 2018 Youth Enterprise Award from the Greater Dandenong Chamber of Commerce Business Awards. Rita has been studying a three-year Bachelor of Engineering Technology and hopes to continue her studies with a Masters course. In the first semester of study, she was ranked second out of her 144-student cohort at Chisholm with an 88 per cent score. Self-funded and travelling alone, she left her family and homeland of Nepal in early 2018 to pursue her passion of becoming an engineer and ‘coming up with different ideas for solving problems in different ways’.



## SUZHOU VOCATIONAL UNIVERSITY – 10 YEAR PARTNERSHIP WITH CHISHOLM

This year Suzhou Vocational University and Chisholm celebrated 10 years of partnership. Our institutions jointly deliver Australian engineering and accounting programs, allowing students to complete both an internationally-recognised Australian qualification and a Chinese one highly regarded by Chinese industry. Students also benefit in other ways, such as improving English skills and experiencing a new culture through visiting Chisholm teachers. A tree was planted in commemoration of our long-standing collaboration.



## TECH GAMES FEST

Held in our Frankston location, Tech Games Fest (TGF) is a free, open-to-public event for youth interested in gaming and technology. TGF runs for three days and in 2018 boasted over 400 attendees per day, capturing the attention of Channel Nine News.

The event featured cosplay, gaming, programming, virtual reality, ethical hacking, pop culture, card and board games, e-sports tournaments, video games, talks from industry sponsors and more. It also gave attendees the opportunity to socialise, network with industry representatives and get information about a career in ICT.

TGF also gives young people the opportunity to volunteer or do work experience, providing valuable experience and employability skills.



## AMI AWARD – CHASE YOUR CALLING CAMPAIGN

Our Chase Your Calling advertising campaign won the 2018 Australian Marketing Institute Award for Marketing Excellence in the Education category for Victoria. Brought to life by our agency partner, DPR&Co, Chase Your Calling is an example of our innovation, hard work, talent and conviction. This year the Australian Marketing Institute received 227 entries from over 200 organisations, and judges deliberated over the course of weeks to select the winners. In the last quarter of the year we also adapted Chase Your Calling to include the Free TAFE message, to great success.

# Awards and Achievements



CEO Award winner Nathan Taylor (centre), Parliamentary Secretary for Education, Judith Graley MP and Chisholm CEO Dr Rick Ede



Vocational Student of the Year winner, Danijela Svircev



Chisholm Apprentice of the Year finalists



## CHISHOLM EDUCATION AWARDS

Our 2018 Education Awards recognised the outstanding achievements of students, teachers and industry partnerships.

### Secondary Studies Student of the Year

Azita Azimi

### Koorie Student of the Year

Nathan Taylor

### Trainee of the Year

James Gross  
Information Technology

### Apprentice of the Year

Douglas Bauer  
Bill Norling Award for Outstanding  
Automotive Apprentice

### Higher Education Student of the Year

Hannah Wicke  
Business Services

### International Student of the Year

Nishan Kharel

### Vocational Student of the Year

Danijela Svircev  
Building and Construction

### Teacher / Trainer of The Year

Caroline Lancaster

### CEO Award

Nathan Taylor

## HBIA AWARDS

The Hairdressing and Beauty Industry Association (HBIA) held its annual Student, Apprentice and Educator Awards on 19 November, where 21 Chisholm students were nominated for industry awards resulting in 10 awards being won across all categories of make-up, beauty, hairdressing and barbering.

Our continued success in this field reflects our commitment to high-quality training for students and industry partners. We are proud to be recognised for the success of our teachers and students.

We blitzed the field to win in the following HBIA categories:

### Certificate III in Make-up

– Georgia Thomas

### Certificate IV in Screen and Media

(Specialist Make-up Services)  
– Elena Sticca

### Diploma of Screen and Media

(Specialist Make-up Services)  
– Julie Taylor

### Certificate III in Beauty Services

(full-time) – Georgia Lean

### Diploma of Beauty Therapy

– Emma Long

### Certificate III in Barbering (full-time)

– Clay Jeans

### Certificate III in Barbering

(Apprenticeship) Stage 1  
– Harley James Campbell from Barber  
Town Men's Grooming, Endeavour Hills

### Certificate III in Barbering

(Apprenticeship) Stage 2  
– Jarvis Harp-Wilks from New York  
Barbers, Berwick.

Our students were also awarded:

### The Diploma of Beauty Therapy

Encouragement Award  
– Stephanie Freeman

### The Certificate III in Hairdressing (full-time)

Highly Commended Award  
– Fiona Jowett.



HBIA Award nominees and recipients



HBIA award recipients Julie Taylor, Elena Sticca, Lucia Poretti and Georgia Thomas

# Working with Industry

## E AGRI

We partnered with E Agri, an agricultural technology (ag-tech) company that has developed leading Internet of Things (IoT) driven, modular, indoor vertical farming technology.

The partnership received a \$500,000 grant from Agriculture Victoria to build the Chisholm Institute–E Agri Vertical Food Production Technology Centre at our Cranbourne campus. The centre will be a world-leading indoor

vertical farming technology centre. We expect that the technologies used in the centre will gain recognition as we promote this unique hub to both Australian and international markets.

The project also aims to boost interest in careers in technology-based agriculture and create jobs in Melbourne's south east. It will also facilitate skills and job creation in the Victorian food and fibre sector.

## THE LXRA RAIL ACADEMY PROJECT

In January 2018, the Level Crossing Removal Project (LXRP) received a grant on behalf of the Rail Academy and the Victorian rail industry to develop programs to assist the rail industry in closing current training gaps, identifying future needs and enhancing the level of capability. This provided us with the opportunity to enter into a delivery partnership with LXRP to develop new qualifications and training products relevant to the rail industry:

- high voltage and overhead power
- rail safe working
- public transport customer service
- rail/light rail track and infrastructure.

The partnership provides us with unprecedented industry access, which will assist us in specialising in the transport industry and encourage ongoing positive relationships beyond the life of the project.



Our TAFE learning design team experience a safe and simulated track walk at Rail Academy Newport, with track maintenance experts from V/line, Metro Trains Melbourne and Yarra Trams.



## GROWERS DAY

Our connection with industry continues to underpin horticultural advancements and training to meet industry needs. Chisholm Grower Innovation Day celebrated recent advancements in horticulture and showcased Philips LED lighting solutions in the Chisholm National Precision Growing Centre at Cranbourne. Around 90 members of the Hydroponic Farmers Federation

and the Protected Cropping Association attended to listen to presentations from industry leaders including New Zealand's Gourmet Mokai on LED lighting to maximise yield, De Ruiter on advancements in tomato species and biotechnology, E Agri on the fully automated Vertical Food Production Technology Centre of Excellence and Priva on sustainable ecotechnology.

Chisholm National Precision Growing Centre at Cranbourne

## BOMBARDIER

We continued to deliver training to 300 staff at Bombardier Transportation, under a five-year skills development program to deliver nationally accredited training to new and existing trades-based production, services and managerial staff. A highlight was the successful completion of the Certificate IV in Leadership and Management and the graduation of 43 team leaders and leading hands, including presentations from each participant about what the learning journey had meant to them.

We deliver the training onsite at Bombardier to minimise downtime and disruption to daily operations and maximise effectiveness around existing project timelines.

## DOWNER RAIL

Downer is an ASX Top 100 company and a leading provider of diversified services, providing long term infrastructure projects across Victoria. In 2018, Chisholm and Downer developed a tailor-made Certificate II in Engineering Studies pre-apprenticeship program in line with future workforce requirements, which was delivered at Downer's Newport manufacturing facility.

Students learnt valuable skills such as how to create engineering drawings, handle engineering materials and tools, perform basic machining processes and comply with workplace safety regulations. On completion of the program several graduates progressed to full time apprenticeships at Downer Rail.



# Working with Defence

## TARGETING GOVERNMENT WORK – DEFENCE SECTOR

Informed by the Defence White Paper 2016 and the Naval Shipbuilding Plan 2017, Our long-standing relationship with Defence was expanded to include two significant contracts:

### Royal Australian Navy Technical Trades Training (2018 – current)

The Naval Shipbuilding Plan is rolling out a continuous build program to support the modernisation of Australian's naval forces with workforce growth and skilling a key enabler. Working with Defence prime contractor Scientific Management Associates, we were subcontracted to support outcomes for the Navy Technical Training Support Services Contract. Chisholm will deliver skillsets and full qualifications to over 350 Navy personnel in 2018–2020 in a range of disciplines including hull, propulsion, diesel and electrical maintainer.



Dr John McSwiney, Director Scientific Management Associates and Stephen Varty Acting Chisholm CEO

### Australian Army

#### Army School of Electrical and Mechanical Engineering (2018 – current)

The Australian Defence Force Army School of Electrical and Mechanical Engineering signed a five-year training contract with Wodonga TAFE as the prime and Chisholm and Box Hill Institutes as its two key subcontractors. This partnership will deliver key technical trade training requirements to over 700 Army personnel in technical trades. We will lead trade training in two areas of expertise: automotive, which represents the largest training contingent, and plumbing.

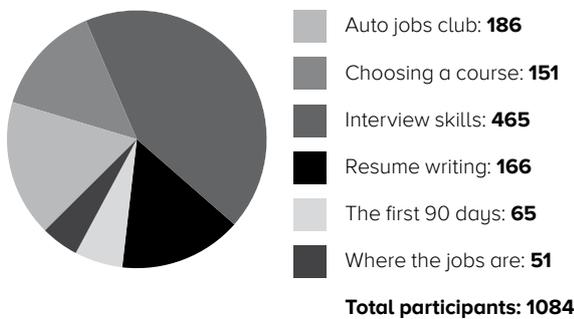
# Skills and Jobs Centre

Part of a state-wide Victorian Government program, the Chisholm Skills and Jobs Centre (CSJC) assists potential students, job seekers and employers through a range of services. In 2018, its focus was to promote the brand and increase the reach of the centre across local community and industry. The significant increase in CSJC operational statistics demonstrates that this goal has been met.

## CHISHOLM SKILLS AND JOBS CENTRE STATISICAL OVERVIEW 2018



## SKILLS AND JOBS CENTRE READY WORKSHOPS DELIVERED ON SITE

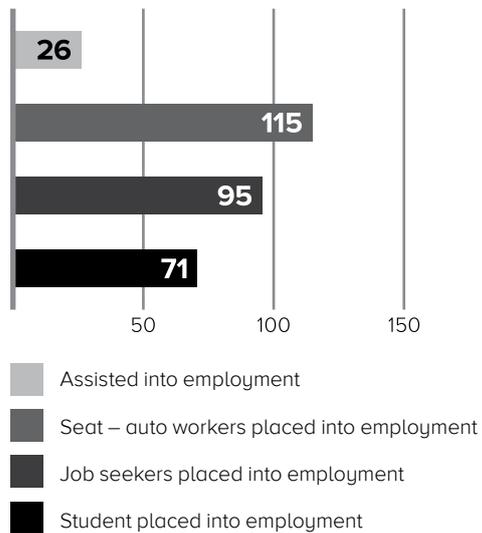


## SOUTH EAST AUTOMOTIVE WORKERS TRANSITION PROJECT (SEAT)

The CSJC assisted 607 auto clients; 83.6% of these successfully commenced or redeployed into work.

## JOB SEEKERS PLACED INTO EMPLOYMENT

CSJC Employment Placement



229.4% increase from 2017 totalling 336 clients in 2018

# Community Outreach



## GETTING RAIL HISTORY BACK ON TRACK

Two hundred of our building construction and plumbing students were given a rare hands-on opportunity last year to restore an original heritage-listed railway shelter dating back to 1891. The apprenticeship and pre-apprentice students worked on the historic shelter – which features fine timber detailing – under the expert guidance of their educators, a heritage advisor and a heritage architect.

The restored building is now a permanent fixture beside the new elevated Clayton railway station.

Classic photos and detailed information are on display inside the building, highlighting the area's rich rail history.

This is complemented by several other elements installed around the new station precinct, including customised artwork, a rail timeline on bluestone pavers and markers showing the position of the original rail line.

## FRANKSTON CAMPUS THE NEW HOME OF LOCAL BREAKFAST CLUB

After being without a venue for a number of years, the Frankston Churches Breakfast Club (FCBC) found a new home at our Bunorong restaurant.

The breakfast club ran as a trial, operating two days a week (Monday and Thursday) with a view to continuing to operate and potentially extend their days of operation in 2019.

The collaboration between Chisholm and FCBC ensures that the local community has a dedicated venue for meal services once again.

## RESPECT, EQUALITY AND PRIDE (REAP)

Bass Coast Chisholm students won the Most Innovative Project award for their REAP (Respect, Equality and Pride) project – a YMCA Youth for Causes project, funded by the Bass Coast

Council. The project aims to reduce violence in the community by running a local awareness campaign with support from the Wonthaggi Boxing Club and the Wonthaggi Police as well as other community organisations. The students designed a logo and t-shirts, and collected money to support Gippsland Women's Health in its initiatives to help prevent violence against women.

## OZCHILD

To support OzChild and its work in the community, we hosted OzChild's annual Foster Carer Nurturing Day at our Dandenong location.

Staff and students from the Hair, Beauty and Wellness, Hospitality and Events, and Early Childhood Education and Care business areas worked together to provide 30 carers with manicures, head and shoulder massages, make-up application and refreshments in recognition of and respite from their invaluable work. Our partners, Runway Room, donated gift bags for the attendees.

## WORKING WITH WOMEN WITH DISABILITIES VICTORIA

We worked with Women with Disabilities Victoria on their six-week leadership course, running a weekly mentoring program together with City of Kingston, Frankston City Council and Mornington Shire Council. The course, which is designed to empower women with disabilities to use their voice for issues that concern them, focused on developing confidence and self-esteem, and offered knowledge and insights about human rights, identity, advocacy, leadership and the NDIS.

Each participant was matched with a local mentor to continue their leadership and work towards their goals. Mentors included current Chisholm students, NDIS graduates, local disability support workers and people passionate about supporting women.

# Foundation College

## NEW ARRIVALS, CAREER CHANGERS, RE-ENGAGERS

We continued to work closely with secondary schools and regional Department of Education staff to assist students moving from secondary studies to technical and further studies and alternative VCE and VCAL pathways. Our partnership with Learn Local organisations and Neighbourhood and Community Houses also continued.

The representation of the Reconnect program at South East Flexible Learning Network and Mornington Peninsula Flexible Learning Network continued to connect providers, agencies and organisations around youth issues and engagement.

We promoted education and training opportunities in Cranbourne, Frankston, Mornington Peninsula, Springvale, Dandenong and Casey Employment Provider Networks as well as to employment service providers and the Department of Human Services.

Together with the Asylum Seeker Resource Centre we continued to work to engage learners through the Victorian Asylum Seeker VET Program and provide accredited training to people seeking asylum.



## ADULT MIGRANT ENGLISH PROGRAM

As the sole provider of the Adult Migrant English Program (AMEP) in Melbourne's south east and peninsula region, we delivered AMEP classes at 11 locations to 4,093 students.

We actively engaged with Humanitarian Settlement Program (HSP) providers Adult Multicultural Education Services and South East Community Links to complement the supports already offered by HSP case workers in addressing clients' diverse needs.

Along with our specialised teachers, Vocational Pathways Officers supported students across Chisholm campuses and AMEP sites, and liaised internally and with external organisations to educate about pathway options for culturally and linguistically diverse learners.

English as an Additional Language programs included activity supported by regional agencies and organisations

such as Centrelink, Foundation House, Victoria Police, Country Fire Authority, Southern Migrant Resource Centre, Monash Springvale Legal Services, Legal Aid and Centre for Multicultural Youth. These relationships informed curriculum development, facilitated on-site visits and excursions, and allowed resource sharing and development.

We also nurtured existing and new relationships with local employers to provide work observation and work experience opportunities.

Chisholm continued to foster and strengthen relationships with Learn Local organisations through AMEP delivery at Learn Local venues. Dandenong Neighbourhood House delivered training at our Dandenong site, offering English language, digital literacy and employability skills classes in conjunction with Chisholm offerings.

# Chisholm Online

Chisholm Online continued to grow course offerings in line with industry demands, and to provide a vital and flexible training option for students who may otherwise be unable to study at TAFE.

There were strong cohorts in the most popular eLearning courses in 2018: the Diploma of Early Education and Care, Diploma of Mental Health/Alcohol and Other Drugs and the Certificate IV in Bookkeeping.

In response to the demand for skilled workers in the health and community care industry, two new courses were launched: the Certificate III in Individual Support and the Certificate IV in Ageing Support.

Following the announcement of the Victorian Government's Free TAFE initiative, more new courses were developed ready to launch in 2019. This included the Certificate III in Education Support, designed in collaboration with the Institute's Early Childhood Education and Care business area.

We also worked with the Professional Educator College and Chisholm International to develop an online offering of the Certificate IV in Training and Assessment, to be offered domestically and in China in 2019.

Other projects in 2018 included developing new virtual tour technology to create an emergency scenario for an aged care provider, and assisting the Health business area to provide training for the Royal Australian Navy.



# Higher Education

Our strong links with industry have resulted in suite of higher education qualifications that provide a strong focus on skills and applied learning, delivering opportunity for improved employment outcomes for our graduates.

In 2018, more than 400 students enrolled in higher education through Chisholm and La Trobe University partnership degrees delivered at Chisholm. These included bachelors in engineering technology, community mental health alcohol and other drugs, accounting, information technology, early learning education and nursing. We also commenced postgraduate studies in the newly accredited graduate certificate in family violence and graduate diploma in alcohol and other drugs addiction counselling.



# Chisholm Sports Academy

The Chisholm Sports Academy continued to grow in 2018, with the implementation of the Chisholm Melbourne Football Club Program and the introduction of the La Trobe University Bachelor of Sports Coaching and Development delivered at Chisholm.

The Chisholm Sports Academy allows students to undertake nationally accredited, industry recognised qualifications designed to lead to significant sport industry careers. Our student-athletes and student-coaches are able to start from VCE and VCAL level with a sports-focused senior

secondary certificate, and continue through tertiary education with the incorporation of Diploma of Sports Development / Diploma of Sport and Recreation Management and the La Trobe University Bachelor of Sports Coaching and Development.

The program incorporates elite level coaching, including individual development programs and strength and conditioning, in world-class facilities. Students in the 2018 basketball program received on-court coaching by ex-Olympic coach Brendan Joyce three mornings per week.

The Sports Academy AFL program was developed in full partnership with the Melbourne Football Club and is endorsed by the Club as the premier way to educate and nurture new talent in Melbourne's south east. Students take part in intensive workshops with Melbourne Football Club professionals, have players as mentors, and access to exclusive placements and have internships that give them real world work experience with an elite team.

The Sports Academy is an important development that enables our students to combine sporting career goals with educational aspirations.



# Educational Excellence and Innovation

## PROFESSIONAL EDUCATOR COLLEGE

The Professional Educator College was designed to fulfil our strategic initiative focused on building educator capability through quality professional development programs and practices that meet both student and industry needs. The Professional Educator College focuses on achieving meaningful change in educator practice by providing real and sustainable capability building strategies across the professional educator workforce. This was achieved through the implementation of a Professional Educator Framework. The Framework is built on sound educational practices and principles that follow the student lifecycle through course design, assessment, facilitation, support, engagement and review, coupled with educator professional practice.

In 2018 we successfully obtained a grant through the Department of Education and Training's Organisational Capability Development Program to pilot the Professional Educator Framework across five additional Victorian TAFE institutes. These are:

- Bendigo Kangan Institute
- Federation Training
- GOTAFE
- South West TAFE
- SuniTAFE.

In 2018 each pilot institute was provided with the following:

- mobile app to provide access to the Educator Profiling tool and learning opportunities

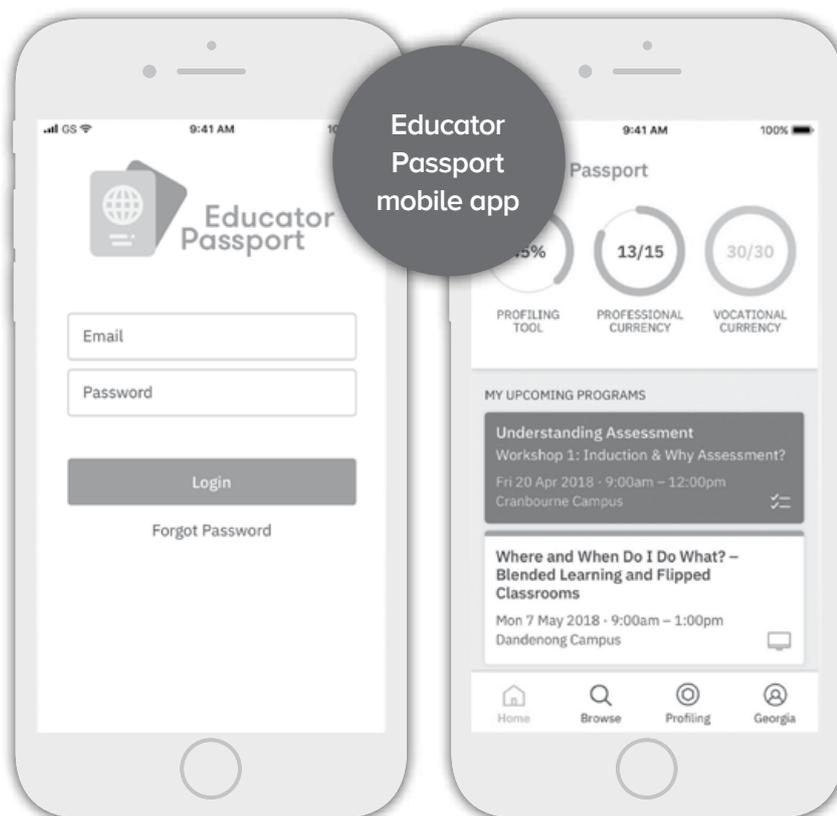
- Project Based Learning Journeys aligned to each excellence component: design, assess, facilitate, engage, support, review and professional practice
- Limited Specialised Elective Modules aligned to new and innovative approaches to learning and student success
- workforce database to provide just in time reports on educator capabilities and attendance rates.

The first year of the project aims to engage approximately 2000 teachers across Chisholm and the five pilot institutes. The project has longer term scalability within these TAFE sites, as well as transferability to other TAFE sites, pending the outcomes of this trial.

To date each institute has:

- embraced the Professional Educator Framework within their operations
- developed and commenced the deployment of a multi-staged communication and engagement plan
- launched the new 'Educator Passport' mobile app that gives access for each educator to complete their profiling tool, enrol in various professional development activities, record attendance and outcomes, and monitor progress and completions
- access to the backend web based reporting tool to monitor the mobile app downloads, profiling tool completions and professional development enrolments and completions.

Stage 1 – Professional Development Activities are scheduled for 2019.



# Investing in our Future

## **BUILDING CAPABILITY THROUGH INFORMATION TECHNOLOGY**

Five major projects formed the framework for information technology improvements across the organisation.

Information Technology Services delivered on the following major projects: cloud migration, network infrastructure and security refresh, systems integration and automation, implementation of a Customer Relationship Management (CRM) system, and upgraded phone system to support the Institute's customer call centre.

The five projects were identified as foundational as they will contribute significantly to improvements in staff effectiveness, security, recruitment and customer service, and student experience.

Server infrastructure and systems availability and performance represent the largest components of information technology spend, and are critical in supporting the daily running of the Institute's business operations, core education and training delivery, and communications.

### **Cloud migration**

At seven years old, the server and storage infrastructure was no longer fit for purpose and the room housing the current servers required significant investment to meet minimum standards.

The transition to cloud infrastructure provided the fastest path to platforms that support educational excellence and enhance customer engagement.

### **Network infrastructure and security refresh**

We deployed 4000 personal computers to support students and staff across all campus locations. The computers are connected by network infrastructure providing fixed and wireless wi-fi capability and is essential for delivery of all ICT services to students, teachers and professional staff. Development of the network infrastructure and increased security required many dedicated hours from staff. The results are direct benefits in reduced operating costs, faster and more efficient connectivity, and increased productivity for staff and students.

### **Systems integration and automation**

Our core systems for managing day-to-day business activities comprise the Student Management System (Strata), Learning Management System (Moodle), Human Resource System (Chris21), Timetabling (CELCAT), Finance (Finance One) and Timesheet Management Systems (Paytime).

Investment was made to integrate systems and to provide a unified student-centric view of information.

### **Customer Relationship Management**

Integration was also central to the implementation of the CRM system. Benefits of the CRM are increasing and personalising customer engagement, converting enquiries to applications and enrolments, and improving student service. The CRM also supplies reliable and detailed data, which can be applied to marketing campaigns, call centre efficiencies, educator support and student experience.

### **Customer responsiveness**

In addition to the CRM providing more useful and integrated information, customer service functions were further enhanced with the installation of Genesys Pure Cloud, which increases call volume inbound (and outbound) and calls to be filtered and logged. Migration to the cloud-based service improved response times and the ability to monitor calls and track peak periods. There are plans to extend the service to include multi-channels and integration to the current CRM.

# Investing in our Future

We continued to invest in facilities in 2018 to forge even stronger links with business and industry and deliver outstanding education, employment and skills opportunities into the future for the communities in which we operate. Funding from the Victorian Government and Chisholm enable these developments.

## FRANKSTON REDEVELOPMENT

The redevelopment of our Frankston location represents a significant investment in the future of technical and further education in Melbourne's south east. The \$75.9 million Stage 1 and \$67.6 million Stage 2 projects are key to expanding our status as one of the most advanced and innovative training and skill providers in the region.

Stage 1, nearing completion, is a building phase consisting of a new, state-of-the-art, four-storey Centre for Health and Community

Services, as well as a new Centre for Advanced Manufacturing and Trades. The building will also house Early Childhood Education and Care, and Hair, Beauty and Wellness.

Stage 2, announced late 2018, will be a design and planning phase. This will involve a complete refurbishment of Building E and the demolition of Building C, which will be replaced with a new facility. The project will modernise teaching spaces and student learning areas, and update resources and technical capabilities for students studying senior secondary and foundation programs. Stage 2 is expected to be completed by 2022.





## **BUILDING FOUNDATIONS TO SUPPORT STEM IN SECONDARY SCHOOLS**

Casey Tech School was officially opened on 16 October 2018 by the Hon. James Merlino, MP, Deputy Premier and Minister for Education.

Hosted at our Berwick campus, the state-of-the-art building was designed by Spowers Architects and built by APM Group. The school was the ninth of 10 facilities to be opened as part of the Victorian Government's \$128 million Tech Schools initiative.

Casey Tech School's catchment area is the largest of all of the Victorian

Government Tech Schools and services 22,000 students across 21 partner schools in the south east region.

The school's core business is delivering interdisciplinary, STEM-based learning programs for Year 7–10 students; it also provides teacher professional development and specific masterclasses in VCE STEM subjects.

Through Casey Tech School, the region's secondary schools have access to programs that focus on health, medical and biomedical technology, and high-tech manufacturing. The high-end facilities include laboratories and workshops for biohacking, chemical analysis, robotics, electronics, healthcare, virtual reality, 3D printing, video production

and digital media editing, and also unique makerspaces where students can design, create and prototype.

The programs were co-designed with input from the schools, industry and community partners to help boost performance in STEM subjects and align with industries predicted to experience economic and employment growth. Their purpose is to help students connect with the jobs of the future.

Since opening, Casey Tech School has delivered programs to over 800 secondary students and 150 teachers from the Casey region.

# Investing in our Future

## REGIONAL FUNDING

In August during a visit to our Wonthaggi location, Minister for Training and Skills and the Minister for Higher Education, the Hon. Gayle Tierney MP announced the allocation of \$594,000 from the Regional and Specialist Training Fund. This funding supported the delivery of courses in health services assistance, individual support, horticulture and hospitality, providing a timely and efficient response to the specific industry needs of the region.

## SUPPORTING STUDENTS

Earlier in the year, the Minister announced \$4.1 million for student support services. This funding provided opportunity for us to expand support programs for our students as well as supporting our Skills and Jobs Centre, which operates across Melbourne and the south east.

## ADDRESSING INDUSTRY NEEDS

Member for Dandenong Gabrielle Williams MP announced \$561,000 in funding to help address skill shortages in the local advanced manufacturing industry. The skill shortages were best served by the introduction of technology, and through this allocation we were able to purchase the latest robotics equipment to recruit and train an additional 50 students each year.

## BERWICK HEALTH

The new \$15 million Berwick Centre for Health training facility at our Berwick campus features nurse training and simulation laboratories, learning areas and staff accommodation.

The three-storey building forms part of the Berwick Health and Education Precinct, which also includes Casey Hospital and the new St John of God Hospital. Features of the facility include

a new adult patient simulator and an automated medication dispensing system, funded at a cost of \$300,000 by the Victorian Government.

Our in-demand health courses will benefit from the latest technology and training facilities and will provide students with the very best in opportunities for employment or continued study, including through Our partnership with La Trobe University.



# Student Experience

## ENGAGING OUR STUDENT COMMUNITY

The student experience extended far beyond classrooms and training through a series of events, services and programs designed to ensure our students feel supported. Social inclusion, diversity and welcoming of all cultures and nations was at the heart of student engagement throughout 2018.

Over 8,000 students were involved in events throughout the year. This included Orientation Week, Harmony Day, Tech Games Fest, Winter Warm Up Events, R U OK Days, and Join the Dots.

We held Join the Dots in October at our Dandenong location as part of our commitment to the Wurreker Implementation Plan to create an event that celebrates Indigenous culture and also creates greater cultural awareness across our whole organisation. The aim of Join the Dots was to bridge the gap between cultures by providing our students with a positive new experience, exposing them to and educating them about the customs and traditions within Aboriginal and Torres Strait Islander culture, while also promoting our Koorie services.

Students were encouraged to connect with support networks and services through a range of workshops and information sessions. Topics included wellbeing, welfare, social connectedness and employability. Student Support also piloted a number of lunchtime sessions including VTAC information, job interviews, resume writing and mindfulness. Almost 1,800 students attended 94 workshops in the four-month trial, which is scheduled to continue into 2019.

Chisholm introduced a pilot Student Ambassador program, employing eight current Chisholm students. The role



Join the Dots day

provides peer-to-peer, face-to-face support to students in student hubs and during events or activities, while providing paid work for ambassadors and increasing their employability and social connectedness. Ambassadors supported over 300 students with general enquiries and were involved in over 20 events and activities.

The Urgent Student Support Hotline was also launched in 2019. The internal facing, dedicated phone line connects staff directly with a personal counsellor, providing support and guidance for urgent matters such as suicide ideation, homelessness, welfare checks and self-harm.

Social connectedness is key to student retention, and to this end we introduced four new social clubs. Interest in the Rainbow Club, e-Games Club, International Student Club and Running Club was overwhelming and will lead to an expansion of this program in 2019.

Additional support programs are made available to students with a disability. More than 360 students sought support for disability services, with 2,251 interactions logged over the past year.

Among our student cohort last year there were 374 students who identified as Indigenous, and we provided 180 one-to-one interactions or sessions for students who needed Koorie services or guidance.

Our team of qualified career counsellors worked with students to support their successful transition to employment and/or further study, empowering them to develop their own career management capacity and successfully navigate the 'world of work'. Students are able to access one-on-one counselling for six months post course completion.

Apprentice Support Officers were deployed to almost 1,000 apprentices, ensuring their engagement and adherence to their apprenticeship program.

# People – Our Workforce

## PEOPLE PLAN 2019–2021

Consultation, through workshops and focus groups with our workforce to develop a People Plan for Chisholm and its controlled entities, commenced in late 2018.

The People Plan will enable us to develop and support our people by ensuring that operations at Chisholm are:

- people-focused and values-driven, considering staff needs and concerns
- environmentally and culturally aware, building a safe and respectful Workplace of Choice that attracts, retains and engages
- growth-driven, developing and supporting our people to build their circle of influence
- empowering, enabling our people to succeed in every way, both in and out of our Institute.

## WORKFORCE PLANNING AND SECURE EMPLOYMENT

In 2018 we undertook an intensive workforce planning process to build secure employment for our workforce into our operational model as part of our strategy as a Workplace of Choice. Significant progress was made in 2018 and further progress is anticipated in 2019.

## CAPABILITY DEVELOPMENT OF OUR WORKFORCE

In helping achieve our strategic goals and being a Workplace of Choice, we remain committed to building the capabilities of all our staff and embedding a culture of professional development and learning across the Institute.

Launched in 2017, our Professional Development Framework provides our staff with support to manage their ongoing professional development to further improve their skills, competencies and knowledge. This in turn helps to improve the experience and outcomes we deliver for students, our community and industry partners.

The Leadership and Talent College, one of the three ‘colleges’ within the Professional Development Framework, saw significant investments over 2018. A leadership program for our new and emerging leaders ran alongside a dedicated program for our General Managers.

The Professional Staff College continues to support the capabilities and development of the professional support staff and teams. One of the successes of 2018 was to develop and run a bespoke program that focussed on strengthening the skills, knowledge and network of the business partner cohort across the Institute.

Over 800 staff attended our annual Staff Conference in May 2018. Adopting the theme ‘Transforming Lives’, the conference included a diverse range of workshops that supported both personal and professional development, with overwhelmingly positive feedback.

## REWARD AND RECOGNITION

Recognising and rewarding staff is an essential part of our commitment to engage, retain and acknowledge our people. We manage staff recognition at both an organisational and local level. Chisholm Stars, our peer to peer recognition program, continues to be a popular and established means of acknowledging staff for being outstanding role models. In 2018, 166 nominations were made, with 34 winners selected through a merit based process by a panel of managers and staff. Notable winners were recognised at the 2018 end of year function, which included the annual CEO Award.

## MULTI-ENTERPRISE AGREEMENT

2018 saw the negotiation and majority approval of a new Enterprise Agreement for Chisholm’s teachers, the Victorian TAFE Teaching Staff Agreement 2018, (the Agreement) which commenced operations on 19 October 2018 and applied across Victoria to all stand-alone TAFE Institutes.

The Agreement provides for a simplification of work arrangements allowing for more flexibility for both the employer and employee to readily respond to changing circumstances, community and industry expectations. The Agreement provides a significant pay increase reflecting the valuable role our teachers play in skilling the Victorian workforce. Chisholm effectively implemented the Agreement in 2018, with implementation continuing in 2019.

# Caroline Chisholm Education Foundation

## OVERVIEW

The mission of the Caroline Chisholm Education Foundation (CCEF) is to help students in financial hardship receive a high quality, vocational educational qualification.

The CCEF scholarships enable students who are experiencing personal hardship in their life obtain a rewarding outcome which is one step closer to making positive changes for their future education or employment opportunities. Students are able to build their self-esteem and self-worth, providing meaningful role models for family and community.

The CCEF was established in 2007 and is an independent charitable entity. It is a registered charity with the Australian Charities and Not for Profits Commission, and is a deductible gift recipient.

Chisholm provides the administrative costs of the CCEF which allows 100 per cent of the funds received through donation to be allocated to student scholarships.

Since the establishment of the Foundation over 2,000 scholarships have been granted at a cost of over \$2 million.

## GOVERNANCE

Members of the Board of Trustees are all volunteers, with many members previously or presently holding positions in companies at senior management, CEO and board level.

In 2018, the foundation's Board of Trustees included:

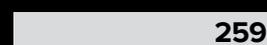
- David Willersdorf (Chair)
- Dr Rick Ede, Chisholm CEO (from 2 May 2018)
- David Mann AM
- Patricia Duong (to 30 November 2018)
- Amanda Achterberg
- Aleksandar Vass OAM (from 4 May 2018)
- Robert Hill APM (from 15 November 2018)
- Ian Predl AM.

## ACHIEVEMENTS FOR 2018

Number of scholarships awarded



2018



2017

Funding provided to scholarship recipients



2018



2017

Donations and fundraising



2018



2017



## SCHOLARSHIP STORY

How does a shy, 20-year-old Indigenous single mum move from New South Wales to Victoria to build a new life, while still supporting her father and sister? Dianna began by going back to school, enrolling in VCAL – something made possible by a Caroline Chisholm Education Foundation Scholarship, which helped pay her fees. Dianna completed her VCAL and was presented with an Excellence Award from the Frankston Mornington Peninsula Local Learning and Employment Network. She then went on to successfully complete a traineeship in business administration with the Red Cross.

With positive experiences in education and a clear career path and confidence developing, Dianna decided to pursue a further qualification that would lead to employment in her desired field. Financial hardship continued to be a barrier, so the CCEF provided a second scholarship which allowed Dianna to undertake a Certificate IV in Business Administration. From those early years of doubt and insecurity, Dianna has developed into a conscientious and confident young woman, working full time in administration while raising her young daughter. She sees her future as full of opportunities, and aspires to undertake further studies to work up to a senior position and save for a house.

# International Operations

## INTERNATIONAL DELIVERY AND RECRUITMENT

Our delivery of transnational projects expanded throughout 2018 with a focus on engagement in China and Vietnam.

Our campuses welcomed international students from more than 40 countries in 2018, thanks to broader brand awareness, strong results in visa approval rates for offshore applicants and renewed confidence in the sector.

### Offshore education and training

Continuing from our four-year relationship with the Government of Vietnam, we began a trial implementation for the delivery of Australian qualifications in 25 Vietnamese vocational colleges. The first intake included 760 students, who are due to graduate in December 2019. To support the delivery, trade mentors visit the colleges regularly for quality assurance, teacher development and validation of the programs.

We continue to work collaboratively with 13 colleges across China to deliver Chisholm courses to over 3,300 students. The success of these partnerships rests on providing expertise for student training along with a supporting framework for professional development, appropriate local quality and risk frameworks, and regular joint management meetings in China. The joint programs give these colleges a key point of difference when attracting new students, as they are able to offer dual Australian and Chinese qualifications.

With Chisholm's support, Qatar Technical School began delivery of Certificate II qualifications in engineering, process plant operations, sampling and measurement, as well as public safety, for 111 students. This new project builds on the success of a five-year contract delivering similar services for Qatar Petroleum until 2017.

In Thailand, we contributed to the delivery of the Chevron Enjoy Science Project, a five-year program that aims to provide quality STEM education on a large scale. It involves seven government agencies and 22 Thai universities, as well as support from the private sector. With more than 700 schools, 7,000 teachers and 1 million students participating as of Quarter 3 of 2018, the program has outperformed its original targets.

An agreement was signed with Gyeongbuk Provincial College in Korea to provide recognition of prior learning services for the Certificate II in Automotive Body Repair Technology.

Scope Global, a specialist project management company delivering international development and education programs throughout Australia, Asia and the Pacific, selected Chisholm to support the delivery of the Australian Government-funded Developmental Recognition of Prior Learning program at Kiribati Institute of Technology. Over the next 18 months, we will provide recognition of prior learning assessments for individuals in the areas of electrical, plumbing, accounting, IT hardware and hospitality.

We delivered teacher training for China's Chongqing Industry Polytechnic in Australia and launched the Sydney Accord Training Development Program in Suzhou, China, which focuses on development and accreditation of engineering programs.

## Engagement

We explored business development opportunities in China, Vietnam, Singapore and Thailand, as well as in Europe and South America. In September, senior Chisholm delegates also attended the Victorian Government study tour of Indonesia.

A group of our early childhood education students took part in an Asia VET Mobility project, visiting Cambodia and Vietnam to observe early childhood practices and approaches in those countries firsthand.

Eight international delegations visited our local campuses, including China's Sichuan Vocational College, Chengdu College of Industry and Zhuhai Polytechnic, to seek collaborative partnerships actively.

## Enrolment / recruitment

In 2018, we welcomed international students from over 40 countries into dozens of programs across a broad range of disciplines. Recruitment in 2019 will look to consolidate current markets in South Asia and South East Asia and expand into new markets such as Latin America.

To maintain interest from our China market, we pioneered a new initiative to encourage students to consider international English classes in Years 10, 11 and 12 in their home school. Successful students gain a guaranteed pathway into Chisholm vocational and higher education programs.

## Strategies established to manage risks

Our Risk Management Plan outlines specific strategies to mitigate risk in two categories:

**Strategic risk** – Any risks beyond the control of the Board and Executive must be responded to through changes in strategy direction to protect our business.

**Operational risk** – The downstream risks that can be managed and mitigated, which may have strategic impact but can be addressed through operational management. Our leadership and management carefully review and evaluate the mitigation measures for all risks so they can respond to the changing nature of international education and training. This includes Australian Skills Quality Authority requirements for offshore delivery and the requirements of the *Education Services for Overseas Students Act 2000*.

Management provides:

- regular reports to the Board regarding offshore activities
- frequent consultation with senior management and relevant government departments on strategic direction with a view to minimising potential risk factors
- a short, medium, and long-term pipeline of activities to ensure ongoing international presence and business viability
- a business case outlining new major international activities to the Board for consideration and approval before the activity commences
- continuous scanning of the business environment in each of the countries in which we operate to identify change to the risk situation.

## PERFORMANCE MEASURES AND TARGETS

Our offshore opportunities and contracted partnership projects are managed within a strict quality and project management environment. This environment supports growth in international project operations and provides opportunities to strengthen partner relationships to build on existing international activities.

To promote optimum performance and outcomes, assessments and reviews are carried out at all stages of the project's lifecycle. Detailed financial planning and

management ensure that projects are commercially viable and managed to maximise commercial return and benefit:

- all pipeline project activities are assessed to determine risk profile, commercial viability, and match to Institute capability and strategic purpose
- before and during development, all contracts and agreements are reviewed to ensure they are fit for purpose with the scope of services
- each individual activity is assessed for project performance against client requirements.

# Work Health, Safety and Wellbeing



## WORK HEALTH, SAFETY AND WELLBEING

We value highly the health, safety and wellbeing of our staff, students, visitors and contractors and have a commitment to our safety promise of Zero Harm.

We consider workplace injuries to be preventable and strive to ensure that best practice work, health and safety systems are integrated into business area operations.

Our health, safety and wellbeing strategy aims to meet its statutory and duty of care obligations, and to create a harmonious and productive learning and work environment by providing a workplace and general environment free from risks to health and safety for all.

We had a strong emphasis on staff and student health and wellbeing, with many programs and initiatives successfully delivered throughout the year, including:

- proactive communication and education to improve the wellbeing of staff through the launch of the Chisholm Wellbeing Hub
- review of the terms of reference for the Chisholm Health and Safety Committee and revision of the health and safety representatives, first aiders and fire warden responsibilities
- introduction of dashboard reporting, with greater emphasis on reporting staff and student injuries, and claims management
- establishment of a number of projects to focus on key areas of risk including student lacerations, non-emergency ill and injured transport, and emergency response
- improvement in return to work outcomes for our staff through proactive management of injuries and claims
- development and implementation of business area health and safety plans encompassing area specific initiatives to address risks, incident and hazard management, workplace inspections, identification of opportunities for improvement, and improved reporting
- development and implementation of an online incident and hazard reporting and injury management system to significantly improve the way health and safety data are captured, managed and reported
- introduction of Annual Action Plans to identify and address key areas of risk
- evolution of incident and injury analysis and reporting to facilitate an analysis of trends identification of risks.

## INCIDENTS

Hazard and incident reports for full time employees (FTE) between 1 January 2018 and 31 December 2018

	2018	2017	2016
Total hazard and incident reports*	312	306	141
Total 'lost time' standard WorkCover claims	7	8	5
Total cost of all 'lost time' WorkCover claims**(provided by insurer)	\$401,005	\$171,392	\$174,014
Per 100 FTE staff (annual average)	9.92	8.96	8.84
Number of hazard and incident reports	31.45	34.15	6.22
Number of 'lost time' standard WorkCover claims	0.71	0.89	0.57
Accepted WorkCover claims	8	8	3
Accepted and rejected WorkCover claims	9	13	6
Total cost for WorkCover claims as advised by WorkSafe***	\$968,718	\$1,309,198	\$2,468,603
Average costs per WorkCover claim (provided by insurer)	\$44,556	\$14,964	\$29,958

Notes:

\* All Chisholm-related incidents for staff, students, contractors and visitors. Incidents remained constant in 2018 due to a strong focus on reporting practices.

\*\* Lost time claims only

\*\*\* All claims

## WORKCOVER / RETURN TO WORK

Of the eight accepted claims in 2018, two claims have not yet returned to their full hours or duties and continue to receive active claims management and injury management support.

We have had a positive outcome in the past six months with four claims now only receiving medical treatment, and with claimants back to full duties.

WorkCover performance continues to improve significantly and the premium is expected to reflect this in the 2019 – 2020 period.

### 2018

Number of new claims for WorkCover	9
Accepted claims	8
Rejected claims	0
Pending WorkCover decisions	1
Conciliation after rejection of claim	0

On a rolling average, the number of premium sensitive claims at the end of 2018 was 22.

	2015	2016	2017	2018
No. of accepted claims	15	3	8	8

# Workforce Data Equivalent Full Time (FTE) Staff

## Performance and Accountability Framework FTE Table (December 2017 – December 2018)

Dec 2018	Full time		Part time		Teacher	Casual Other	Total
	Ongoing	Fixed term	Ongoing	Fixed term			
PACCT staff	87.0	240.0	27.6	34.3	NA	11.7	400.5
Executive	-	9.0	-	-	NA	-	9.0
Other	-	-	-	-	NA	-	0.0
Teacher	69.0	179.0	19.0	17.9	293.1	NA	578.0
<b>Total</b>	<b>156.0</b>	<b>428.0</b>	<b>46.6</b>	<b>52.2</b>	<b>293.1</b>	<b>11.7</b>	<b>987.5</b>

### Dec 2017

PACCT staff	89.0	189	32.3	34.0	NA	-	344
Executive	-	9.0	-	-	NA	-	9
Other	-	-	-	-	NA	-	0
Teacher	86.0	138	23.7	33.8	268	NA	550
<b>Total</b>	<b>175.0</b>	<b>336.0</b>	<b>56.0</b>	<b>67.8</b>	<b>268.0</b>	<b>0.0</b>	<b>903</b>

Note: The 2017 figures reported in the 2017 annual report differs due to the headcount and FTE change due to Board Members being excluded.

## Workforce Disclosures (December 2017 – December 2018)

Dec 2018	All employees				Ongoing	Fixed term and casual	
	Number (headcount)	FTE	Full time (headcount)	Part time (headcount)	FTE	Number (headcount)	FTE
<b>Gender</b>							
Women executives	4	4.0	-	-	-	4	4.0
Women (total staff)	850	562.9	72	56	109.4	722	453.5
Men executives	5	5.0	-	-	-	5	5.0
Men (total staff)	595	415.6	84	14	93.2	497	322.4
Self-described	-	-	-	-	-	-	-
<b>Age</b>							
15-24	40	20.6	2	1	2.5	37	18.1
25-34	195	129.5	4	4	5.9	187	123.6
35-44	350	231.1	18	9	24.9	323	206.2
45-54	393	280.4	53	23	68.4	317	212.0
55-64	361	264.2	67	24	83.2	270	181.0
Over 64	115	61.7	12	9	17.7	94	44.0
<b>Total employees</b>	<b>1,454</b>	<b>987.5</b>	<b>156</b>	<b>70</b>	<b>202.6</b>	<b>1,228</b>	<b>784.9</b>

## Workforce Disclosures (December 2017 – December 2018) (CONTINUED)

Dec 2017	All employees				Ongoing	Fixed term and casual	
	Number (headcount)	FTE	Full time (headcount)	Part time (headcount)	FTE	Number (headcount)	FTE
<b>Gender</b>							
Women executives	3	3.0	-	-	-	3	3.0
Women (total staff)	797	506.0	83	61	126.0	653	380.0
Men executives	6	5.0	-	-	-	6	5.0
Men (total staff)	588	389.0	94	19	105.0	475	284.0
Self-described	-	-	-	-	-	-	-
<b>Age</b>							
15-24	27	13.0	0	-	0.0	27	13.0
25-34	167	106.0	2	2	3.0	163	103.0
35-44	325	218.0	22	11	29.0	292	189.0
45-54	405	263.0	58	28	78.0	319	185.0
55-64	355	242.0	76	28	99.0	251	143.0
Over 64	115	61.0	19	11	22.0	85	39.0
<b>Total employees</b>	<b>1,394</b>	<b>903.0</b>	<b>177</b>	<b>80</b>	<b>231.0</b>	<b>1,137</b>	<b>672.0</b>

Note: The 2017 figures reported in the 2017 annual report differs due to the headcount and FTE change due to Board Members being excluded.

## PUBLIC SECTOR EMPLOYMENT AND CONDUCT PRINCIPLES

Our employment policies and processes are based on the principle of merit, relevant awards, enterprise agreements, statutory requirements and best practice public sector approaches. The Staff Code of Conduct is provided to new starters in their induction and guides all staff on expected behaviour and professional conduct. The Code is based on our values, the Victorian Public Sector Code of Conduct and other good practice examples. We are committed to equal opportunity and fair and transparent processes in all people, culture and safety policies and procedures.

## GENERAL STATEMENT ON INDUSTRIAL RELATIONS

We continue to regularly consult with the Australian Education Union and National Tertiary Education Union. We also use the dispute resolution procedures in our industrial agreements so that issues that arise are addressed appropriately and in a timely manner.

No days were lost due to industrial action in 2018.

# Statistical Overview

## CHISHOLM CONSOLIDATED (INCLUDES CHISHOLM ONLINE)

Student numbers	2018	2017
Government-funded accredited programs	15,673	16,095
Fee for service programs	22,536	18,890
(Less) students in both government accredited programs and fee for service programs	-1,639	-1,254
<b>Total student numbers</b>	<b>36,570</b>	<b>33,731</b>

Student contact hour delivery	2018	2017
Government-funded accredited programs	6,394,419	7,144,694
Fee for service programs	6,279,835	4,380,999
<b>Total student contact hour delivery</b>	<b>12,674,254</b>	<b>11,525,693</b>

Student numbers by age*	2018		2017	
	Student numbers	Per cent	Student numbers	Per cent
Under 15 years	168	0.5%	243	0.7%
15–19	12,255	33.5%	11,244	33.3%
20–24	8,340	22.8%	7,552	22.4%
25–39	8,577	23.5%	7,976	23.6%
40–64	6,953	19.0%	6,503	19.3%
Over 65	273	0.7%	213	0.6%
Not stated	4	0.0%	-	0.0%
<b>Total</b>	<b>36,570</b>	<b>100.0%</b>	<b>33,731</b>	<b>100.0%</b>

Student numbers by gender	2018		2017	
	Student numbers	Per cent	Student numbers	Per cent
Female	14,631	40.0%	13,373	39.6%
Male	21,895	59.9%	20,323	60.3%
X Indeterminate/Intersex/Unspecified	44	0.1%	35	0.1%
<b>Total</b>	<b>36,570</b>	<b>100.0%</b>	<b>33,731</b>	<b>100.0%</b>

\*Student numbers refer to an individual student.

## Course enrolment and student contact hours by campus

Campus	2018				2017			
	Course enrolments*	Per cent	Student contact hours	Per cent	Course enrolments*	Per cent	Student contact hours	Per cent
Dandenong	11,001	24.3%	2,619,934	20.7%	9,978	25.4%	2,931,937	25.4%
Frankston	7,982	17.6%	2,267,158	17.9%	7,808	19.9%	2,455,190	21.3%
Offshore delivery	7,759	17.1%	3,416,545	27.0%	4,555	11.6%	1,706,997	14.8%
Workplace	6,412	14.1%	1,112,570	8.8%	5,941	15.1%	1,113,955	9.7%
Berwick	4,959	10.9%	1,695,933	13.4%	4,310	11.0%	1,729,975	15.0%
Cranbourne	2,178	4.8%	394,176	3.1%	1,910	4.9%	413,629	3.6%
Adult Migrant English Program (AMEP) campuses	1,312	2.9%	314,391	2.5%	591	1.5%	126,076	1.1%
Chisholm Online	1,202	2.7%	266,469	2.1%	1,166	3.0%	315,319	2.7%
Auspiced schools	1,003	2.2%	217,153	1.7%	987	2.5%	209,768	1.8%
Mornington Peninsula	828	1.8%	150,520	1.2%	866	2.2%	163,295	1.4%
Bass Coast	259	0.6%	75,944	0.6%	415	1.1%	92,929	0.8%
Chisholm @ 311	167	0.4%	63,920	0.5%	339	0.9%	123,555	1.1%
City Campus – Lonsdale Street	140	0.3%	35,608	0.3%	183	0.5%	52,012	0.5%
City Campus – Flinders Lane	118	0.3%	43,933	0.3%	138	0.4%	81,195	0.7%
Online	-	0.0%	-	0.0%	92	0.2%	9,861	0.1%
<b>Total</b>	<b>45,320</b>	<b>100.0%</b>	<b>12,674,254</b>	<b>100.0%</b>	<b>39,279</b>	<b>100.0%</b>	<b>11,525,693</b>	<b>100.0%</b>

\*individual students can choose to enrol at multiple campuses, hence course enrolments exceed student numbers.

# Financial Performance Summary

The Chisholm Group ('the Group'), comprising Chisholm Institute, Caroline Chisholm Education Foundation and Chisholm Online recorded a net surplus of \$25.5 million (2017: \$33.2 million surplus) compared to a Board approved budget net surplus of \$26.7 million for 2018, largely as a result of lower than projected training revenues and higher than (originally)

budgeted expenses. Salary expenses were slightly favourable to budget. Increased expenses related to information technology, communication and advertising and student contact.

Training growth plateaued in some areas during 2018, which affected projections. Consequently the Group continued to apply a prudent

financial approach while investing in information technology improvements, communications and student contact. The Group is focused on its strategic priorities of quality training and education, revenue growth and diversification, its people and student experience, while continuing to improve efficiency and productivity, and investing in capital initiatives.

	2018	2017	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
Summary of financial results					
Total income from transactions	175,735	165,564	141,123	125,453	143,705
Total expenses from transactions	148,422	132,216	121,724	119,284	113,105
<b>Net result from transactions (Net operating balance)</b>	<b>27,313</b>	<b>33,348</b>	<b>19,399</b>	<b>6,169</b>	<b>30,600</b>
Other economic flows included in net result	(1,806)	(156)	(5,954)	(91)	(894)
<b>Net result</b>	<b>25,507</b>	<b>33,192</b>	<b>13,445</b>	<b>6,078</b>	<b>29,706</b>
Other economic flows - other comprehensive income	-	18,325	9,804	-	(2,158)
<b>Comprehensive result</b>	<b>25,507</b>	<b>51,517</b>	<b>23,249</b>	<b>6,078</b>	<b>27,548</b>

At 31 December 2018, Chisholm Institute's consolidated net assets were \$400.1 million (2017: \$374.6 million). The increase in net assets was due to the following:

- favourable trading result for the year
- increased capital activity in relation to the Frankston Redevelopment Project and Casey Tech School.

	2018	2017	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
Summary of financial position					
Total assets	432,572	397,017	344,822	319,549	315,499
Total liabilities	32,459	22,411	21,732	19,707	21,736
<b>Net assets</b>	<b>400,113</b>	<b>374,606</b>	<b>323,090</b>	<b>299,842</b>	<b>293,763</b>

# Board and Committees

Chisholm is Victoria's premier public VET provider, prominently located across Melbourne's south east industrial heartland and residential growth corridors.

The Institute is structured to encourage innovative and responsive leadership from within and across all levels. Teaching and professional business areas are organised in business groups under the responsibility of directors.

## 2018 BOARD MEMBERS

Full name	Category	Term
Stephen Marks	Ministerial Appointed Director, Elected Board Chair	Full year
Dr Rick Ede	Director and Chief Executive Officer	From 1/3/18
Todd Hartley	Ministerial Appointed Director	Up to 31/5/18
John Bennie	Ministerial Appointed Director	Full year
Dr Anne Jones	Ministerial Appointed Director, Chair of Education Committee	Full year
Dr Mei Ling Doery	Ministerial Appointed Director	Full year
Prue Digby	Ministerial Appointed Director	From 1/6/18
Peter Malone	Staff Elected Director	Full year
Lisa Norman	Board Co-opted Director	Full year
Sandra Andersen	Board Co-opted Director	Full year
David Mann	Board Co-opted Director	Full year



### DR RICK EDE

**Director and Chief Executive Officer**

Dr Rick Ede joined Chisholm as the new Chief Executive Officer in March 2018. Prior to joining Chisholm, Rick was the Chief Executive of New Zealand's largest Institute of Technology, Unitec, leading the institution for almost 10 years. Previous to his role in New Zealand, Rick had a successful tenure with the Australian Government's CSIRO, where he led industry and research initiatives with public and commercial clients and oversaw joint ventures and multimillion-dollar projects. With his passion for education and vast experience and success as a CEO, Rick is recognised as a high-performing and future-focused leader.



### STEPHEN G. MARKS

**Ministerial Appointed Director, Elected Board Chair**

Stephen is a Fellow of the Institute of Chartered Accountants in Australia with over 40 years' experience. He was formerly National Chairman of Sothertons Chartered Accountants. He has also acted as a probity auditor and advisor to various state and federal governments. Stephen is now a professional director, having been a director of numerous companies and organisations throughout his career. He currently acts as a board member of St.Vincent's Institute and The Production Company.



## **PRUE DIGBY**

### **Ministerial Appointed Director**

Prue has had over 30 years' experience working in senior executive roles providing community and publicly related services to Melbourne and regional Victoria in the state, local and non-government sectors. Prue was formerly Chief Executive Officer of the Victorian Building Authority, Deputy Secretary of Planning and Local Government in Victoria and Chief Executive Officer of the City of Yarra. She currently serves on a number of statutory and charitable boards.



## **JOHN BENNIE PSM**

### **Ministerial Appointed Director**

John has been CEO of Greater Dandenong City Council since 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 and a board member of the South East Development (Melbourne) Area Consultative Committee.



## **DR ANNE JONES**

### **Ministerial Appointed Director**

Anne is a researcher and consultant in VET policy. Her work has 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 programs.



## **DR MEI LING DOERY**

### **Ministerial Appointed Director**

Mei is a physician strategist and founder of MDMD, a boutique strategy and design practice that operates at the intersection of health and innovation. Mei has a particular interest in the emotional factors that impact decision making relating to health and performance. Her mission is to better align capital with people and businesses that serve the creation of long-term human value. Mei's perspective on contemporary health challenges informed her past roles, which include medical advisor for the Department of Veteran Affairs, and roles with the Australian Defence Force, team doctor for an AFL football team, Executive Physician at BUPA Wellness, board member of the Victorian Health Promotion Foundation, and independent advisor to several organisations including the Parliament of Victoria and CSIRO.



## **PETER MALONE**

### **Staff Elected Director**

Before joining the TAFE sector, Peter was an officer in the Royal Australian Navy. Peter has a diverse background including research assistant at CSIRO, teaching English at Monash University, foreign language teaching, traditional sciences (pure and applied) and laboratory technology.



## **LISA NORMAN**

### **Board Co-opted Director**

Lisa is CEO of St John of God Berwick Hospital. Lisa has worked in the health industry for 30 years and 15 years in executive leadership roles. Initially gaining qualifications as a registered nurse, she went on to qualify in critical care nursing specialising in emergency and trauma nursing. She also has a Graduate Certificate in Catholic Leadership and Culture.



## **SANDRA (SAM) ANDERSEN**

### **Board Co-opted Director**

Sam has 20 years' experience as a senior finance executive and 10 years' experience as a C-suite executive in listed companies. She is Chair of the Australian Packaging Covenant Organisation Limited and Beyond Bank Australia, a director of Australian Hearing Services, Agriculture Victoria Services Pty Ltd, Victorian Land Registry Services and a trustee of the Melbourne Convention and Exhibition Trust. Sam is also Chair of the Audit and Risk Management Committee for the Department of Premier and Cabinet.



## **DAVID MANN AM**

### **Board Co-opted Director**

David is Chairman of Entertainment Assist, the Victoria Police Blue Ribbon Foundation and the Victoria Police Blue Ribbon Day Community Council. David is also a board member of The Production Company, Connected Communities Melbourne, the Queen Victoria Market and Managing Director, Mann Promotions Pty Ltd, a company specialising in promotions, marketing, public relations and crisis management.

# Executive Directors Group

## SENIOR MANAGEMENT TEAM

### Chief Executive Officer:

**1 March 2018 – 6 November 2018:**

**Dr Rick Ede**

The Chief Executive Officer (CEO) is responsible for providing strategic and operational leadership of Chisholm Institute and its entities. The position contributes to the achievement of our 2020 vision of leading the way in education and training. The CEO leads and drives the achievement of Chisholm's strategic vision to be Institute, Partner and Workplace of Choice.

**1 January 2018 – 28 February 2018:**  
Grant Radford (Acting)

**7 November 2018 – 31 December 2018:**  
Stephen Varty (Acting)

### Executive Director – People, Culture and Safety:

**1 January 2018 – 31 December 2018:**  
**Delia McIver**

The Executive Director People, Culture and Safety (ED-PCS) leads the development and implementation of Chisholm's People strategy for its workforce including organisational development, workforce planning, human resource management, employee relations and health, safety and wellbeing. The position is responsible for driving a high performing organisation and supporting cultural change. The ED-PCS has a strong focus on Chisholm's people and their capability profile, and is responsible for realising potential to achieve greater organisational effectiveness.

### Chief Operating Officer:

**1 January 2018 – 31 December 2018:**  
**David Collier (Acting)**

The Chief Operating Officer (COO) develops and improves Chisholm's core operating systems to enable the achievement of Chisholm's Strategic Plan 2020 and Operational Plans. The role is responsible for ensuring Chisholm achieves its strategic

directions by being a key driver of infrastructure for facilities and information technology, as well as essential student functions including academic administration and the student onboarding experience.

### Chief of Education:

**1 January 2018 – 6 November 2018:**

**Stephen Varty**

The Chief of Education leads the development and implementation of the educational strategy, aligned to Chisholm's 2020 vision. The position provides strategic educational leadership and expertise across all aspects of educational delivery, planning and performance for students and partners, allowing the best in class outcomes for students. This includes all sectors of educational delivery – vocational, higher education, senior secondary both domestically and internationally. The Chief of Education also drives innovative educational initiatives to ensure that delivery remains at the forefront of current and future Institute needs.

**7 November 2018 – 31 December 2018:**  
Amanda Achterberg (Acting)

### Chief of Staff:

**13 March 2018 – 31 December 2018:**  
**Jane McLennan**

The Chief of Staff supports the Chief Executive's office and is a key point of contact for interaction with external stakeholders, particularly government relations. The position is responsible for marketing and corporate communication, and contributes to strategic analysis of the Institute's program profile. The position also manages key aspects of the student experience, including student support and engagement and student services.

**1 January 2018 – 12 March 2018: (Vacant)**

### Chief Commercial Officer:

**1 January 2018 – 31 December 2018:**

**Noel Lyons**

The Chief Commercial Officer is accountable for providing strategic and operation leadership to the Institute's commercial functions, both domestically and internationally. The role identifies business opportunities aligned to Chisholm's 2020 vision to drive growth and deliver revenue targets. The role focuses on business development and operational delivery and management of projects, and plays a key role in supporting international students.

### Chief Financial Officer:

**1 January 2018 - 1 November 2018:**

**Shehani Mendis**

The Chief Financial Officer (CFO) is responsible for providing leadership, strategic direction and advice on the Institute's financial plan and investments, as well financial operations and activities. The CFO ensures that a financial governance framework is in place and that policies, accounting standards and sound financial management practices are adhered to.

**5 November 2018 – 31 December 2018:**  
Toniann Stitz (Acting)

### Executive Director – Teaching and Learning:

**1 January 2018 – 6 November 2018**

**Amanda Achterberg**

The Executive Director Teaching and Learning ensures that Chisholm provides the best possible education, training and learning experiences for all student groups and drives educational excellence across the Institute. The position is also responsible for ensuring that the Institute provides high quality, innovative and responsive education and training that meets the needs of students, industry and other clients.

**7 November 2018 – 31 December 2018**  
Brad Beach (Acting)

# Corporate Governance

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

Chisholm Institute is governed by a Board representative of government, industry and community. The Board's governance structure includes a number of committees which support the work of the Board in executing its governance responsibilities:

- 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

The objectives of the Institute established by the Act and the Chisholm Institute Constitution are:

- to perform its functions for the public benefit by operating its businesses, delivering educational services and utilising assets that it manages on the state's behalf as efficiently as possible and ensuring that it is sustainable in the medium to long term
- ensuring that its procedures, policies and practices are consistent with prudent commercial practice and endeavouring to maximise its contribution to the economy and wellbeing of the communities and industries served by the Institute and the state as a whole

- to facilitate student learning, knowledge acquisition, skills for employment and vocational education and training through excellent teaching, innovation and educational leadership that delivers quality outcomes
- to collaborate as part of a strong public training provider network which is mutually and commercially beneficial to enable the Institute to offer or provide educational services that meet the needs of industry partners and communities, including persons and groups that have particular education needs
- to facilitate higher education through excellent teaching, innovation and educational leadership that delivers quality outcome
- to facilitate increasing opportunities for apprenticeships and traineeships across the relevant Australian industry sectors.

The functions of Chisholm Institute are:

- 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:

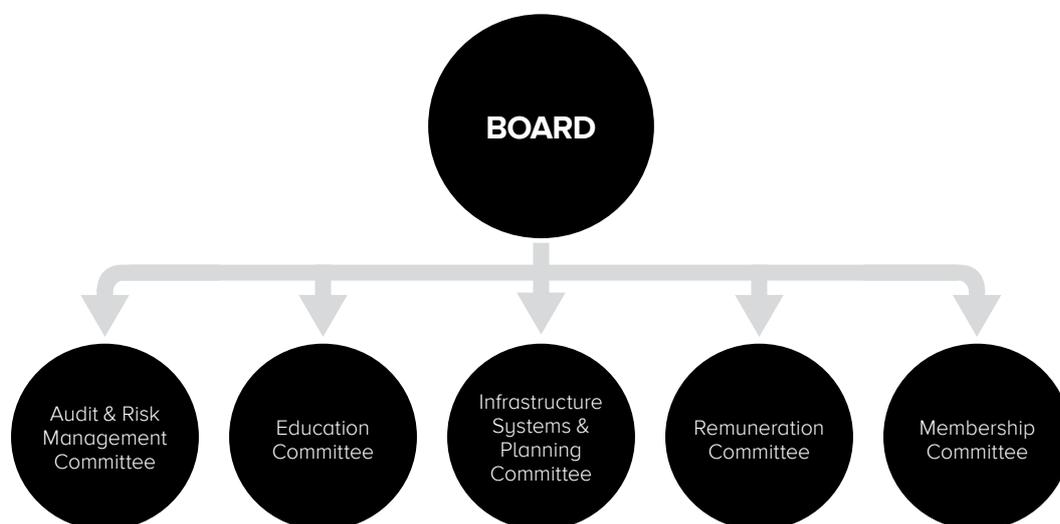
- the Act and other laws
- the Constitution
- Ministerial and government directions and guidelines under the Act and other legislation, laws and conventions
- the general administrative, social and economic directives and policies established by the Victorian Government from time to time.

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 the Minister's delegates.

## AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established an Audit and Risk Management Committee with responsibilities to assist the Board in ensuring that appropriate governance is implemented across the Institute and relevant controlled entities in relation to internal control and risk management, and external and internal audit, and to independently review the financial statements prior to recommending them to the Board for adoption and approval and release to Parliament.

# Board Committees Chart & Membership



## AUDIT AND RISK MANAGEMENT COMMITTEE

### Sandra (Sam) Andersen

Board Director and Committee Chair

### John Bennie

Board Director (to 28/3/18)

### Dr Anne Jones

Board Director (28/3/18)

### Todd Hartley

Board Director (to 31/5/18)

### Prue Digby

Board Director (from 27/6/18)

### Robert Comelli

Board Co-opted Independent Member

### Michael Said

Board Co-opted Independent Member

### Geoff Harry

Board Co-opted Independent Member (from 7/11/18)

## REMUNERATION COMMITTEE

### Stephen Marks

Board Chair and Committee Chair

### John Bennie

Board Director

### Dr Anne Jones

Board Director

## EDUCATION COMMITTEE

### Dr Anne Jones

Board Director and Committee Chair

### Peter Malone

Board Director

### Dr Rick Ede

Board Director and CEO, (from 28/3/18)

### Dr Mei Ling Doery

Board Director

### Kirsten Bright

Co-opted Independent Member

## MEMBERSHIP COMMITTEE

### Stephen Marks

Board Chair and Committee Chair

### Dr Anne Jones

Board Director

### Dr Rick Ede

Board Director and CEO

### David Mann

Board Director

## INFRASTRUCTURE, SYSTEMS AND PLANNING COMMITTEE

### Todd Hartley

Board Director and Committee Chair (to 30/5/18)

### John Bennie

Board Director

### Robert Johnson

Board Co-opted Member

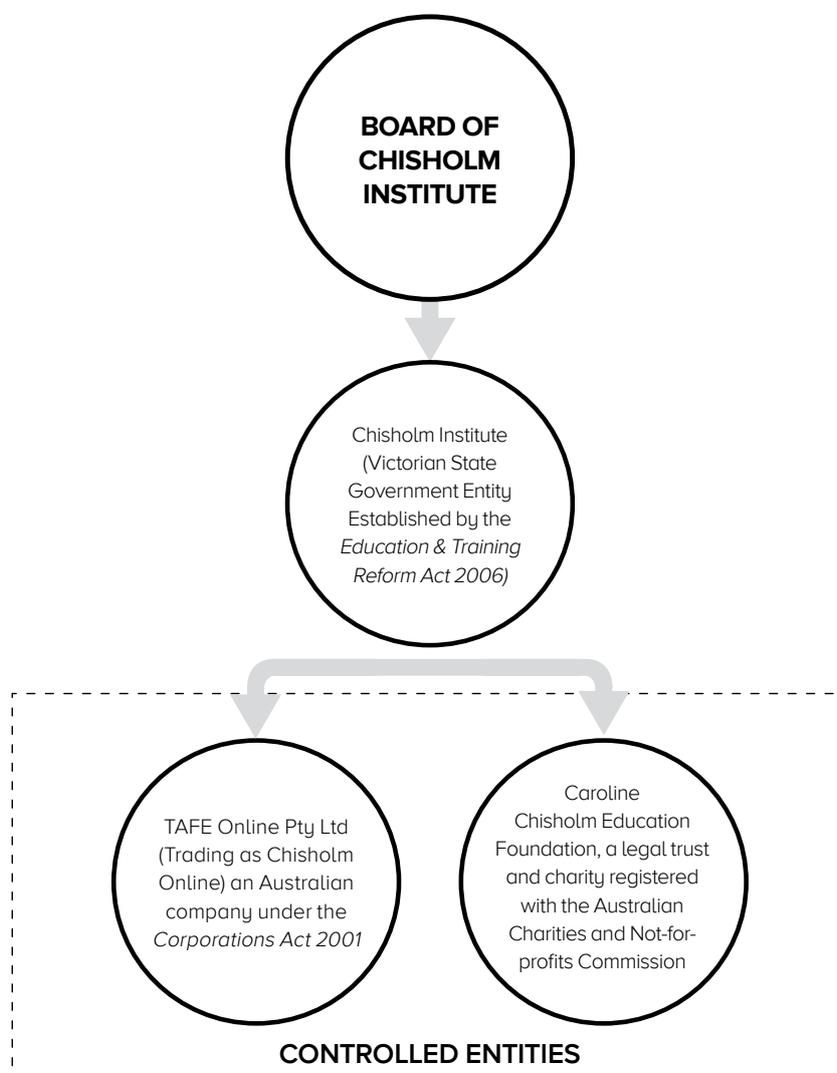
### Lisa Norman

Board Director and Committee Chair (from 31/5/18)

### Dr Mei Ling Doery

Board Director

# Controlled Entities



## DIRECTORS OF TAFE ONLINE PTY LTD (CHISHOLM ONLINE)

**Stephen Marks**  
Chisholm Online Chair

**Sandra Andersen**  
Director

**Dr Mei Ling Doery**  
Director

**Dr Rick Ede**  
Managing Director (from 28/3/18)

## TRUSTEES OF CAROLINE CHISHOLM EDUCATION FOUNDATION

**David Willersdorf**  
Chair

**David Mann**  
Chisholm Board

**Dr Rick Ede**  
Chisholm Institute CEO (from 4/4/18)

**Amanda Achterberg**  
Chisholm Institute staff member

**Patricia Duong**  
Chisholm Institute Staff Member (to 30/11/18)

**Aleks Vass**  
Community Member (from 30/04/18)

**Robert Hill**  
Community Member

**Ian Predl**  
Community Member

# Attestations

I, Stephen G Marks, on behalf of the Responsible Body, certify that for the period 1 January 2018 to 31 December 2018, Chisholm Institute has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994*.



**STEPHEN G MARKS**

**Board Chair**

Date: 12 March 2019

Place: Dandenong

## **Financial Management Compliance Attestation**

I, Stephen G Marks, on behalf of the Responsible Body, certify that for the period 1 January 2018 to 31 December 2018, Chisholm Institute has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994*.



**STEPHEN G MARKS**

**Board Chair**

Date: 12 March 2019

Place: Dandenong

# Consolidated Financial Statements

For the year ending 31 December 2018

# VAGO INDEPENDENT AUDITOR'S REPORT



## Independent Auditor's Report

To the Board of Chisholm Institute

<p><b>Opinion</b></p>	<p>I have audited the consolidated financial report of Chisholm Institute (the institute) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> <li>• consolidated entity and institute balance sheet as at 31 December 2018</li> <li>• consolidated entity and institute comprehensive operating statement for the year then ended</li> <li>• consolidated entity and institute statement of changes in equity for the year then ended</li> <li>• consolidated entity and institute cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• Declaration by the President of the Board, Chief Executive Officer and Chief Finance Officer.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the institute as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of <i>Part 7 of the Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<p><b>Basis for Opinion</b></p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p><b>Board's responsibilities for the financial report</b></p>	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Part 7 of the Financial Management Act</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the institute and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

# VAGO INDEPENDENT AUDITOR'S REPORT

<p><b>Auditor's responsibilities for the audit of the financial report</b></p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> <li>• identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.</li> <li>• obtain an understanding of internal control relevant to the audit 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 institute and the consolidated entity's internal control</li> <li>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board</li> <li>• conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the institute and the consolidated entity to cease to continue as a going concern.</li> <li>• evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation</li> <li>• obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the institute and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the institute and the consolidated entity. I remain solely responsible for my audit opinion.</li> </ul> <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE  
7 March 2019



Charlotte Jeffries  
as delegate for the Auditor-General of Victoria

## **DECLARATION BY CHAIR OF THE BOARD, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER**

We certify that the attached financial statements for Chisholm Institute and the consolidated entity has been prepared in accordance with Standing Direction 5.2 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 2018 and financial position of the Institute and the Consolidated Group as at 31 December 2018.

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 and the Consolidated Group will be able to pay its debts as and when they became due and payable.

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

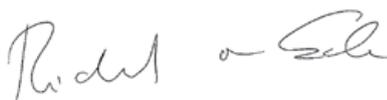


**STEPHEN G MARKS**

**Board Chair**

Date: 27 February 2019

Place: Dandenong



**DR RICK EDE**

**Chief Executive Officer**

Date: 27 February 2019

Place: Dandenong



**TONIANN STITZ**

**Interim Chief Finance Officer**

Date: 27 February 2019

Place: Dandenong

# COMPREHENSIVE OPERATING STATEMENT

For the year ended 31 December 2018

	Notes	Consolidated		Chisholm	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
<b>Continuing operations</b>					
<b>Income from transactions</b>					
Government contributions	2.1	110,414	111,468	108,650	108,090
Sale of goods and services	2.2	62,351	51,081	60,933	49,028
Other income	2.3, 6.1.2	2,970	3,015	3,964	6,332
<b>Total income from transactions</b>		<b>175,735</b>	<b>165,564</b>	<b>173,547</b>	<b>163,450</b>
<b>Expenses from transactions</b>					
Employee benefits	3.1.1	89,490	79,455	87,091	76,402
Depreciation and amortisation	4.1.1	8,232	8,213	7,949	7,593
Supplies and services	3.3	32,269	30,526	32,166	29,949
Other operating expenses	3.4, 3.5	18,431	14,022	18,248	16,967
<b>Total expenses from transactions</b>		<b>148,422</b>	<b>132,216</b>	<b>145,454</b>	<b>130,911</b>
<b>Net result from transactions</b>		<b>27,313</b>	<b>33,348</b>	<b>28,093</b>	<b>32,539</b>
Other economic flows included in net result	4.1.2, 9.1	(1,806)	(156)	(1,732)	(182)
<b>Net result from continuing operations</b>		<b>25,507</b>	<b>33,192</b>	<b>26,361</b>	<b>32,357</b>
<b>Other economic flows - other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in physical asset revaluation surplus	9.2	-	18,325	-	18,325
<b>Comprehensive result</b>		<b>25,507</b>	<b>51,517</b>	<b>26,361</b>	<b>50,682</b>

The above Comprehensive Operating Statement should be read in conjunction with the accompanying notes to the financial statements.

# BALANCE SHEET

As at 31 December 2018

	Notes	Consolidated		Chisholm	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	6.1	36,338	46,437	35,359	45,691
Investments and other financial assets	4.3	26,387	51,261	31,000	56,000
Receivables	5.1	18,510	14,606	21,436	16,341
<b>Total financial assets</b>		<b>81,235</b>	<b>112,304</b>	<b>87,795</b>	<b>118,032</b>
<b>Non-financial assets</b>					
Property, plant and equipment	4.1	343,574	279,271	343,574	279,271
Intangible assets	4.2	5,250	3,214	4,668	2,715
Other non-financial assets		2,513	2,228	2,494	2,221
<b>Total non-financial assets</b>		<b>351,337</b>	<b>284,713</b>	<b>350,736</b>	<b>284,207</b>
<b>Total assets</b>		<b>432,572</b>	<b>397,017</b>	<b>438,531</b>	<b>402,239</b>
<b>Liabilities</b>					
Employee provisions	3.1.2	10,964	9,272	10,827	9,208
Payables	5.2	11,116	8,410	11,194	8,533
Borrowings	6.2	1,324	1,630	1,324	1,630
Other liabilities	5.3	9,055	3,099	9,001	3,044
<b>Total liabilities</b>		<b>32,459</b>	<b>22,411</b>	<b>32,346</b>	<b>22,415</b>
<b>Net assets</b>		<b>400,113</b>	<b>374,606</b>	<b>406,185</b>	<b>379,824</b>
<b>Equity</b>					
Accumulated surplus		235,888	210,381	241,960	215,599
Contributed capital	6.3	85,387	85,387	85,387	85,387
Reserves	9.2	78,838	78,838	78,838	78,838
<b>Net worth</b>		<b>400,113</b>	<b>374,606</b>	<b>406,185</b>	<b>379,824</b>

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 2018

	Physical assets revaluation surplus	Accumulated surplus	Contributions by owners	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>				
<b>At 1 January 2017</b>	<b>60,513</b>	<b>177,189</b>	<b>85,387</b>	<b>323,089</b>
Net result for the year	-	33,192	-	33,192
Other economic flows - other comprehensive income	18,325	-	-	18,325
<b>Year ended 31 December 2017</b>	<b>78,838</b>	<b>210,381</b>	<b>85,387</b>	<b>374,606</b>
Net result for the year	-	25,507	-	25,507
<b>Year ended 31 December 2018</b>	<b>78,838</b>	<b>235,888</b>	<b>85,387</b>	<b>400,113</b>
<b>Chisholm</b>				
<b>At 1 January 2017</b>	<b>60,513</b>	<b>183,242</b>	<b>85,387</b>	<b>329,142</b>
Net result for the year	-	32,357	-	32,357
Other economic flows - other comprehensive income	18,325	-	-	18,325
<b>Year ended 31 December 2017</b>	<b>78,838</b>	<b>215,599</b>	<b>85,387</b>	<b>379,824</b>
Net result for the year	-	26,361	-	26,361
<b>Year ended 31 December 2018</b>	<b>78,838</b>	<b>241,960</b>	<b>85,387</b>	<b>406,185</b>

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 at 31 December 2018

	Consolidated		Chisholm		
	2018	2017	2018	2017	
	Notes	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Government contributions		117,988	118,817	116,012	116,919
User fees and charges received		57,370	44,631	56,212	43,064
Goods and services tax recovered		935	218	935	-
Interest received		1,754	1,212	1,750	1,204
Other receipts		5,029	2,690	2,601	5,471
<b>Total Receipts</b>		<b>183,076</b>	<b>167,568</b>	<b>177,510</b>	<b>166,658</b>
<b>Payments</b>					
Payments to employees		(88,926)	(78,346)	(86,685)	(75,970)
Payments to suppliers		(54,219)	(50,849)	(51,597)	(52,388)
Goods and services tax paid		(105)	(1,873)	-	(1,873)
<b>Total Payments</b>		<b>(143,250)</b>	<b>(131,068)</b>	<b>(138,282)</b>	<b>(130,231)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>6.1.1</b>	<b>39,826</b>	<b>36,500</b>	<b>39,228</b>	<b>36,427</b>
<b>Cash flows from investing activities</b>					
Redemptions of /(payments for) investments		25,000	(30,000)	25,000	(30,000)
Payments for non-financial assets		(74,587)	(16,884)	(74,222)	(16,681)
Proceeds from sales of non-financial assets		13	11	13	11
<b>Net cash flows provided by/(used in) investing activities</b>		<b>(49,574)</b>	<b>(46,873)</b>	<b>(49,209)</b>	<b>(46,670)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(351)	(351)	(351)	(351)
<b>Net cash flows from/(used in) financing activities</b>		<b>(351)</b>	<b>(351)</b>	<b>(351)</b>	<b>(351)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,099)</b>	<b>(10,724)</b>	<b>(10,332)</b>	<b>(10,594)</b>
Cash and cash equivalents at the beginning of the financial year		46,437	57,161	45,691	56,285
<b>Cash and cash equivalents at end of the financial year</b>	<b>6.1</b>	<b>36,338</b>	<b>46,437</b>	<b>35,359</b>	<b>45,691</b>

The above Cash Flow Statement should be read in conjunction with the accompanying notes to the financial statements.

# Notes to the Financial Statements

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## 1. ABOUT THIS REPORT

Chisholm Institute (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)*.

Chisholm is a Technical and Further Education (TAFE) provider, based predominantly in the south east of Victoria. In addition to services provided online and through the workplace, it has campuses in the following locations:

- Bass Coast
- Berwick
- Chisholm at 311
- Cranbourne
- Dandenong
- Frankston
- Melbourne City
- Mornington Peninsula
- Springvale.

Its registered office and principal address is:

Chisholm Institute  
121 Stud Road  
Dandenong VIC 3175  
Australia

### 1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of Chisholm and its controlled entities, TAFE Online Pty Ltd and Caroline Chisholm Education Foundation (Chisholm Group). These financial statements have been prepared in accordance with the historical cost convention unless a different measurement basis is specifically disclosed in the notes associated with the item measured on a different basis. Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

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

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 Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (Refer to Note 7.3)
- the estimated useful lives over which non-financial assets are depreciated; (Refer to Note 4.1.1)
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (Refer to note 3.1.2).

These financial statements cover Chisholm and its controlled entities as an individual reporting entity and include all the controlled activities of Chisholm.

### 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 Comprehensive Operating Statement in the period in which they arise.

### Goods and Services Tax (GST)

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

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

### Basis of consolidation

In accordance with *AASB 10 Consolidated Financial Statements*, Chisholm consolidates its controlled entities on the basis that control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of entities included in the consolidated financial statements are from the date on which control commences until the date on which control ceases.

In preparing consolidated financial statements for Chisholm Group, all material transactions and balances between consolidated entities are eliminated.

### 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 Group has substantial economic dependency on government operating and capital contributions.

Chisholm Group manages funding risk by continuing to diversify and increase funding from commercial activities, both domestically and off shore.

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

## 1. ABOUT THIS REPORT (CONTINUED)

### 1.2 Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)* and applicable 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. Accounting policies applied are disclosed in sections where the related accounting balance or financial statement matter is disclosed.

## 2. HOW WE EARNED OUR FUNDS

### 2.1 Government contributions

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Grants and other transfers</b>				
<b>Government contributions - operating</b>				
State government - contestable	58,642	65,658	57,019	62,698
State government - other contributions	23,628	24,017	23,487	23,599
<b>Total Government contributions - operating</b>	<b>82,270</b>	<b>89,675</b>	<b>80,506</b>	<b>86,297</b>
<b>Government contributions - capital</b>				
State government - capital	28,144	21,793	28,144	21,793
<b>Total Government contributions - capital</b>	<b>28,144</b>	<b>21,793</b>	<b>28,144</b>	<b>21,793</b>
<b>Total Government contributions</b>	<b>110,414</b>	<b>111,468</b>	<b>108,650</b>	<b>108,090</b>

**Government contributions** are recognised as revenue in the period when the following conditions are met: Chisholm Group obtains control of the contributions or the right to receive the contribution, the economic benefits comprising the contribution will flow to Chisholm Group, and the amount of the contribution can be measured reliably.

## 2. HOW WE EARNED OUR FUNDS (CONTINUED)

### 2.2 Sale of goods and services

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Student fees and charges	23,495	23,218	22,285	21,759
Fee for service - government	15,845	11,271	15,845	11,271
Fee for service - international operations - onshore	5,572	4,098	5,572	3,980
Fee for service - international operations - off shore	7,179	6,606	7,179	6,606
Fee for service - other	9,776	5,464	9,568	5,055
<b>Other non-course fees and charges</b>				
Sale of goods	484	424	484	357
<b>Total income from sales of goods and services</b>	<b>62,351</b>	<b>51,081</b>	<b>60,933</b>	<b>49,028</b>

#### Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage of education and training 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 is 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 Group when:

- the significant risks and rewards of ownership of the goods have been transferred to the buyer
- Chisholm Group 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 Group
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## 2. HOW WE EARNED OUR FUNDS (CONTINUED)

### 2.3 Other income

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Scholarships	367	361	110	126
Rental income	356	344	356	344
Donations, bequests and contributions	30	47	-	-
Assets received in consideration	-	-	-	1,449
Overhead recovery	-	-	652	1,076
Revenue recovery	-	-	662	1,107
Other	711	896	711	896
<b>Total other income</b>	<b>1,464</b>	<b>1,648</b>	<b>2,491</b>	<b>4,998</b>

### Rental income

Chisholm receives rental income for certain land and buildings leased out to the general public during the semester break period and when the buildings are excess to the current requirement.

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

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Receivable:</b>				
Within one year	76	85	76	85
Later than one year but not later than five years	283	275	283	275
<b>Total leases receivable</b>	<b>359</b>	<b>360</b>	<b>359</b>	<b>360</b>
GST payable on the above	33	33	33	33
<b>Net operating leases receivable</b>	<b>326</b>	<b>327</b>	<b>326</b>	<b>327</b>

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.

## 3. HOW WE EXPENDED OUR FUNDS

### Significant judgement and estimates: Provision for employee benefits

The present value of employee benefit obligations including annual leave, long service leave and on-costs are determined using various assumptions that may differ from actual developments in the future. These include future salary growth rate, future discount rates, tenure of existing staff and patterns of leave claims.

All assumptions are reviewed at each reporting date.

### 3. HOW WE EXPENDED OUR FUNDS (CONTINUED)

#### 3.1 Employee benefits

##### 3.1.1 Employee benefits in the comprehensive operating statement

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Salaries, wages, overtime and allowances	75,946	66,832	73,908	64,237
Superannuation	6,692	5,841	6,507	5,606
Payroll tax	3,837	3,399	3,728	3,263
Worker's compensation	870	587	852	574
Long service leave	1,287	1,395	1,254	1,352
Annual leave	657	874	641	843
Termination benefits	93	502	93	502
Other	108	25	108	25
<b>Total employee benefits</b>	<b>89,490</b>	<b>79,455</b>	<b>87,091</b>	<b>76,402</b>

Employee expenses include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation disclosed above are employer contributions that are paid or payable during the reporting period.

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 Group 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.

##### 3.1.2 Employee benefits in the balance sheet

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current provisions</b>				
<b>Employee benefits - Annual leave</b>				
Unconditional and expected to settle within 12 months	1,582	1,457	1,533	1,420
Unconditional and expected to settle after 12 months	186	163	180	159
<b>Employee benefits - Long service leave</b>				
Unconditional and expected to settle within 12 months	1,028	1,162	1,028	1,162
Unconditional and expected to settle after 12 months	5,228	4,486	5,228	4,486
<b>Employee benefits - Other</b>				
Unconditional and expected to settle within 12 months	361	149	356	140
<b>Provisions for on-costs</b>				
Unconditional and expected to settle within 12 months	522	438	514	432
Unconditional and expected to settle after 12 months	873	749	872	749
<b>Total current provisions for employee benefits</b>	<b>9,780</b>	<b>8,604</b>	<b>9,711</b>	<b>8,548</b>

### 3. HOW WE EXPENDED OUR FUNDS (CONTINUED)

#### 3.1 Employee benefits (continued)

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Non-current provisions</b>				
Employee benefits	1,020	575	961	568
On-costs	164	93	155	92
<b>Total non-current provisions for employee benefits</b>	<b>1,184</b>	<b>668</b>	<b>1,116</b>	<b>660</b>
<b>Total provisions for employee benefits</b>	<b>10,964</b>	<b>9,272</b>	<b>10,827</b>	<b>9,208</b>

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.

Assumptions for employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

#### Reconciliation of movements in employee provisions

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at the start of the year</b>	<b>7,992</b>	<b>8,531</b>	<b>7,935</b>	<b>8,475</b>
Additional provisions recognised	8,123	5,099	7,904	5,023
Reductions arising from payment/other sacrifices of future economic benefits	(5,156)	(5,262)	(5,075)	(5,217)
Unwind of discount and effect of changes in the discount rate	(1,553)	(376)	(1,479)	(346)
<b>Carrying amount at the end of the year</b>	<b>9,406</b>	<b>7,992</b>	<b>9,285</b>	<b>7,935</b>

Movements in employee provisions do not include the on-cost component of the employee provisions.

#### Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because Chisholm Group 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 Group expects to wholly settle within 12 months; or
- present value - if Chisholm Group does not expect to wholly settle within 12 months.

**Unconditional LSL** is disclosed in the notes to the financial statements as a current liability, even where Chisholm Group 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.

### 3. HOW WE EXPENDED OUR FUNDS (CONTINUED)

#### 3.1 Employee benefits (continued)

**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 Assistant Treasurer.

**Provision for on-costs** such as payroll tax, workers compensation and superannuation are recognised

separately from the provision for 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 terms of the contracts at reporting date and paid out in the next financial year.

#### 3.2 Superannuation

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

Chisholm Group 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 Chisholm Group are as follows:

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Paid contribution for the year</b>				
<b>Defined benefit plans:</b>				
State Superannuation Fund - revised and new	264	284	264	284
<b>Total defined benefit plans</b>	<b>264</b>	<b>284</b>	<b>264</b>	<b>284</b>
<b>Accumulation contribution plans:</b>				
VicSuper	3,444	2,736	3,380	2,650
Other	3,003	2,283	2,862	2,164
<b>Total accumulation contribution plans</b>	<b>6,447</b>	<b>5,019</b>	<b>6,242</b>	<b>4,814</b>
<b>Total paid contribution for the year</b>	<b>6,711</b>	<b>5,303</b>	<b>6,506</b>	<b>5,098</b>
<b>Contribution outstanding at year end</b>				
<b>Accumulation contribution plans:</b>				
VicSuper	684	324	660	313
Other	-	278	-	266
<b>Total accumulation contribution plans</b>	<b>684</b>	<b>602</b>	<b>660</b>	<b>579</b>
<b>Total contribution outstanding at year end</b>	<b>684</b>	<b>602</b>	<b>660</b>	<b>579</b>

#### Accumulation contribution plans

Contributions are expensed when they become payable.

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.

### 3. HOW WE EXPENDED OUR FUNDS (CONTINUED)

#### 3.3 Supplies and services

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Building repairs and maintenance	3,672	4,938	3,672	4,859
Communication expenses	1,663	1,670	1,661	1,620
Contract and other services	9,189	9,411	9,189	9,313
Cost of goods sold/distributed (ancillary trading)	32	118	32	50
Fees and charges	11,138	9,449	11,091	9,338
Other borrowing costs (other than interest)	119	129	117	114
Purchase of supplies and consumables	6,456	4,811	6,404	4,655
<b>Total supplies and services</b>	<b>32,269</b>	<b>30,526</b>	<b>32,166</b>	<b>29,949</b>

Supplies and services 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 the inventories are distributed.

#### Other expenditure commitments

Commitments for future maintenance services in existence at reporting date but not recognised as liabilities:

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Payable:</b>				
Within one year	6,764	4,465	6,764	4,465
Later than one year but not later than five years	8,967	7,116	8,967	7,116
<b>Total other expenditure commitments</b>	<b>15,731</b>	<b>11,581</b>	<b>15,731</b>	<b>11,581</b>
GST reclaimable on the above	1,430	1,053	1,430	1,053
<b>Net other expenditure commitments</b>	<b>14,301</b>	<b>10,528</b>	<b>14,301</b>	<b>10,528</b>

#### 3.4 Operating lease payments

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Operating lease rental expenses	3,750	3,495	3,741	2,754
<b>Total operating lease rental expenses</b>	<b>3,750</b>	<b>3,495</b>	<b>3,741</b>	<b>2,754</b>

### 3. HOW WE EXPENDED OUR FUNDS (CONTINUED)

#### 3.4 Operating lease payments (continued)

##### Non-cancellable operating lease commitments payable

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Payable:</b>				
Within one year	2,770	3,193	2,770	3,193
Later than one year but not later than five years	4,181	4,200	4,181	4,200
<b>Total operating lease commitments</b>	<b>6,951</b>	<b>7,393</b>	<b>6,951</b>	<b>7,393</b>
GST reclaimable on the above	632	672	632	672
<b>Net operating lease commitments</b>	<b>6,319</b>	<b>6,721</b>	<b>6,319</b>	<b>6,721</b>

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.

#### 3.5 Other operating expenses

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Audit fees and services	255	254	244	237
Bad debts from transactions	(272)	85	(272)	85
Debt forgiveness	-	-	-	3,893
Equipment below capitalisation threshold	1,882	1,250	1,880	1,203
Marketing and promotional expenses	4,623	4,009	4,568	3,908
Staff development	837	529	818	519
Travel and motor vehicle expenses	1,966	1,674	1,959	1,669
Utilities	2,150	1,370	2,150	1,365
Other	3,240	1,356	3,160	1,334
<b>Total other operating expenses</b>	<b>14,681</b>	<b>10,527</b>	<b>14,507</b>	<b>14,213</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised when they are incurred and reported in the financial year to which they relate.

## 4. THE ASSETS WE INVESTED IN

### 4.1 Property, plant and equipment

In accordance with government purpose classifications, Chisholm's property, plant and equipment are assets used for the purpose of education. Property, plant & equipment includes all operational assets.

	Gross carrying amount	Gross carrying amount	Accumulated depreciation	Accumulated depreciation	Net carrying amount	Net carrying amount
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>						
Land	58,196	58,196	-	-	58,196	58,196
Buildings	208,207	196,789	(5,219)	-	202,988	196,789
Construction in progress	72,607	16,000	-	-	72,607	16,000
Plant and equipment	27,058	24,091	(20,469)	(19,237)	6,589	4,854
Motor vehicles	1,188	990	(771)	(710)	416	280
Leasehold improvements	3,044	3,044	(2,684)	(2,394)	360	650
Land improvements	2,570	2,502	(152)	-	2,418	2,502
<b>Total</b>	<b>372,870</b>	<b>301,612</b>	<b>(29,295)</b>	<b>(22,341)</b>	<b>343,574</b>	<b>279,271</b>
<b>Chisholm</b>						
Land	58,196	58,196	-	-	58,196	58,196
Buildings	208,207	196,789	(5,219)	-	202,988	196,789
Construction in progress	72,607	16,000	-	-	72,607	16,000
Plant and equipment	27,058	24,091	(20,469)	(19,237)	6,589	4,854
Motor vehicles	1,188	990	(771)	(710)	416	280
Leasehold improvements	3,044	3,044	(2,684)	(2,394)	360	650
Land improvements	2,570	2,502	(152)	-	2,418	2,502
<b>Total</b>	<b>372,870</b>	<b>301,612</b>	<b>(29,295)</b>	<b>(22,341)</b>	<b>343,574</b>	<b>279,271</b>

### Initial recognition

Items of property, plant and equipment 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 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.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

## 4. THE ASSETS WE INVESTED IN (CONTINUED)

### 4.1 Property, plant and equipment (continued)

#### Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category.

Non-specialised land, non-specialised buildings and artworks are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

Specialised land 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.

For the majority of Chisholm's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation.

The fair value of plant, equipment and vehicles is normally determined by reference to the asset's depreciated replacement cost.

The last formal revaluation of land and building assets (including land improvements) was conducted for the year ended 31 December 2017. For the year ended 31 December 2018, an assessment was conducted using indices provided by the office of the Victorian Valuer-General. No revaluation was required as a result of this assessment.

#### 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 Assistant Treasurer. 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.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows - other comprehensive income', and accumulated in equity under the

asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised in 'other economic flows - other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows - other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

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. The asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

Refer to Note 7.3 for additional information on fair value determination of property, plant and equipment.

## 4. THE ASSETS WE INVESTED IN (CONTINUED)

### 4.1 Property, plant and equipment (continued)

#### 4.1.1 Depreciation, amortisation and impairment

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Depreciation and amortisation</b>				
Buildings	5,219	5,178	5,219	5,178
Plant and equipment	1,428	1,341	1,428	1,336
Motor vehicles	61	64	61	64
Land improvements	152	80	152	80
Leasehold improvements	290	457	290	339
<b>Total depreciation</b>	<b>7,150</b>	<b>7,120</b>	<b>7,150</b>	<b>6,997</b>
<b>Amortisation of intangible assets</b>				
Software	1,082	1,093	799	596
<b>Total amortisation</b>	<b>1,082</b>	<b>1,093</b>	<b>799</b>	<b>596</b>
<b>Total depreciation and amortisation</b>	<b>8,232</b>	<b>8,213</b>	<b>7,949</b>	<b>7,593</b>

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

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

Class of Assets	Useful Life
Buildings	5 - 60 years (2017: 5 - 60 years)
Plant and equipment	3 - 10 years (2017: 3 - 10 years)
Motor vehicles	6.6 years (2017: 6.6 years)
Leasehold improvements	5 - 6 years (2017: 5 - 6 years)
Land improvements	15 - 40 years (2017: 15 - 40 years)

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

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

#### Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

## 4. THE ASSETS WE INVESTED IN (CONTINUED)

### 4.1 Property, plant and equipment (continued)

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

#### 4.1.2 Gain/loss on property, plant and equipment

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Net gain/(loss) on disposal of property, plant and equipment	9	(47)	9	(47)
<b>Total</b>	<b>9</b>	<b>(47)</b>	<b>9</b>	<b>(47)</b>

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

#### 4.1.3 Reconciliation of movements in carrying amount of property, plant and equipment

	Land	Buildings	Construction in progress	Plant and equipment	Motor vehicles	Leasehold improvements	Land improvements	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>								
Opening net book amount	58,196	196,789	16,000	4,854	280	650	2,502	<b>279,271</b>
Additions	-	-	69,052	2,358	197	-	68	<b>71,675</b>
Disposals	-	-	-	(222)	-	-	-	<b>(222)</b>
Transfers	-	11,418	(12,445)	1,027	-	-	-	-
Depreciation	-	(5,219)	-	(1,428)	(61)	(290)	(152)	<b>(7,150)</b>
<b>Closing balance</b>	<b>58,196</b>	<b>202,988</b>	<b>72,607</b>	<b>6,589</b>	<b>416</b>	<b>360</b>	<b>2,418</b>	<b>343,574</b>
<b>Consolidated 2017</b>								
Opening net book amount	52,927	189,986	3,014	4,940	344	1,087	1,451	<b>253,749</b>
Additions	-	-	13,128	1,227	-	20	-	<b>14,375</b>
Revaluations	5,269	12,010	-	-	-	-	1,046	<b>18,325</b>
Disposals	-	(79)	-	-	(66)	-	-	<b>(145)</b>
Depreciation write-back	-	21	-	-	192	-	588	<b>801</b>
Transfers	-	29	(142)	28	-	-	85	-
Depreciation	-	(5,178)	-	(1,341)	(190)	(457)	(668)	<b>(7,834)</b>
<b>Closing balance</b>	<b>58,196</b>	<b>196,789</b>	<b>16,000</b>	<b>4,854</b>	<b>280</b>	<b>650</b>	<b>2,502</b>	<b>279,271</b>

## 4. THE ASSETS WE INVESTED IN (CONTINUED)

### 4.1 Property, plant and equipment (continued)

	Land	Buildings	Construction in progress	Plant and equipment	Motor vehicles	Leasehold improvements	Land improvements	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Chisholm 2018</b>								
Opening net book amount	58,196	196,789	16,000	4,854	280	650	2,502	<b>279,271</b>
Additions	-	-	69,052	2,358	197	-	68	<b>71,675</b>
Disposals	-	-	-	(222)	-	-	-	<b>(222)</b>
Transfers	-	11,418	(12,445)	1,027	-	-	-	-
Depreciation	-	(5,219)	-	(1,428)	(61)	(290)	(152)	<b>(7,150)</b>
<b>Closing balance</b>	<b>58,196</b>	<b>202,988</b>	<b>72,607</b>	<b>6,589</b>	<b>416</b>	<b>360</b>	<b>2,418</b>	<b>343,574</b>

<b>Chisholm 2017</b>								
Opening net book amount	52,927	189,986	3,014	4,933	344	752	1,451	<b>253,407</b>
Additions	-	-	13,128	1,229	-	237	-	<b>14,594</b>
Revaluations	5,269	12,010	-	-	-	-	1,046	<b>18,325</b>
Disposals	-	(79)	-	-	(66)	-	-	<b>(145)</b>
Depreciation write-back	-	21	-	-	192	-	588	<b>801</b>
Transfers	-	29	(142)	28	-	-	85	-
Depreciation	-	(5,178)	-	(1,336)	(190)	(339)	(668)	<b>(7,711)</b>
<b>Closing balance</b>	<b>58,196</b>	<b>196,789</b>	<b>16,000</b>	<b>4,854</b>	<b>280</b>	<b>650</b>	<b>2,502</b>	<b>279,271</b>

#### 4.1.4 Capital commitments

These capital commitments are recorded below at their nominal value and inclusive of GST.

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Payable:</b>				
Within one year	15,325	64,003	15,325	64,003
Later than one year but not later than five years	59	13,592	59	13,592
<b>Total capital expenditure commitments</b>	<b>15,384</b>	<b>77,595</b>	<b>15,384</b>	<b>77,595</b>
GST reclaimable on the above	1,399	7,054	1,399	7,054
<b>Net capital expenditure commitments</b>	<b>13,985</b>	<b>70,541</b>	<b>13,985</b>	<b>70,541</b>

## 4. THE ASSETS WE INVESTED IN (CONTINUED)

### 4.2 Intangible assets

Chisholm has capitalised software development expenditure for the upgrade of its student management system (STRATA) software. The carrying amount of the capitalised software development expenditure is \$4.67 million (2017: \$2.72 million). Its useful life is 4 years.

TAFE Online Pty Ltd 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 \$0.58 million (2017: 0.50 million). Its useful life is 3 years.

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Software</b>				
<b>Gross carrying amount</b>				
Opening balance	6,935	4,657	5,189	3,113
Additions from internal developments	3,118	2,279	2,752	2,075
<b>Closing balance</b>	<b>10,053</b>	<b>6,936</b>	<b>7,941</b>	<b>5,188</b>
<b>Accumulated amortisation and impairment</b>				
Opening balance	(3,721)	(2,629)	(2,474)	(1,877)
Amortisation charge	(1,082)	(1,093)	(799)	(596)
<b>Closing balance</b>	<b>(4,803)</b>	<b>(3,722)</b>	<b>(3,273)</b>	<b>(2,473)</b>
<b>Net carrying amount at end of the year</b>	<b>5,250</b>	<b>3,214</b>	<b>4,668</b>	<b>2,715</b>

### Initial recognition

When recognition criteria in *AASB 138 Intangible Assets* are met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. 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.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised 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 for use or sale;
- 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; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

### Subsequent measurement

Intangible assets with finite lives are amortised on a straight-line basis over their useful lives. 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.

### Impairment

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

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. Impairment of goodwill is not reversed.

## 4. THE ASSETS WE INVESTED IN (CONTINUED)

### 4.3 Investments and other financial assets

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current investments and other financial assets</b>				
Term deposits > three months	26,387	51,261	25,000	50,000
<b>Non-current investments and other financial assets</b>				
Unlisted shares in subsidiary - TAFE Online Pty Ltd	-	-	6,000	6,000
<b>Total investments and other financial assets</b>	<b>26,387</b>	<b>51,261</b>	<b>31,000</b>	<b>56,000</b>

### Ageing analysis of investments and other financial assets

	Carrying amount	Not past due and not impaired	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>						
2018 - Term deposits	26,387	26,387	-	-	-	-
<b>Total</b>	<b>26,387</b>	<b>26,387</b>	-	-	-	-
<b>Consolidated 2017</b>						
2017 - Term deposits	51,261	51,261	-	-	-	-
<b>Total</b>	<b>51,261</b>	<b>51,261</b>	-	-	-	-
<b>Chisholm 2018</b>						
2018 - Term deposits	25,000	25,000	-	-	-	-
Investments in subsidiary	6,000	6,000	-	-	-	-
<b>Total</b>	<b>31,000</b>	<b>31,000</b>	-	-	-	-
<b>Chisholm 2017</b>						
2017 - Term deposits	50,000	50,000	-	-	-	-
Investments in subsidiary	6,000	6,000	-	-	-	-
<b>Total</b>	<b>56,000</b>	<b>56,000</b>	-	-	-	-

## 5. BALANCES FROM OPERATIONS

### 5.1 Receivables

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
<b>Contractual</b>				
Sale of goods and services	5,907	5,922	5,907	5,918
Impairment loss on trade receivables	(165)	(353)	(165)	(353)
Revenue receivables	7,158	6,361	6,993	6,257
Other receivables	4,482	2,608	7,527	4,463
<b>Total contractual receivables</b>	<b>17,382</b>	<b>14,538</b>	<b>20,262</b>	<b>16,285</b>
<b>Statutory</b>				
GST receivable	1,128	68	1,174	56
<b>Total statutory receivables</b>	<b>1,128</b>	<b>68</b>	<b>1,174</b>	<b>56</b>
<b>Total current receivables</b>	<b>18,510</b>	<b>14,606</b>	<b>21,436</b>	<b>16,341</b>

**Receivables** consist of contractual receivables, which include mainly debtors in relation to goods and services, revenue receivables, accrued income and accrued investment income.

Receivables are stated inclusive of the amount of GST receivable. Receivables that are contractual are 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 any required impairments.

#### Impairment

Chisholm Group measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

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

The movement in the allowance for impairment in respect of trade receivables during the year is shown in the following table. Comparative amounts for 2017 represent the allowance amount for impairment losses under AASB 139 *Financial Instruments*.

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Movement in the provision for doubtful contractual receivables</b>				
Balance at the beginning of the year	(353)	(135)	(353)	(135)
Reversal of unused provision recognised in net result	282	8	282	8
Increase in provision recognised in net result	(110)	(353)	(110)	(353)
Reversal of provision for uncollectable receivables written off during the year	16	127	16	127
<b>Balance at the end of the year</b>	<b>(165)</b>	<b>(353)</b>	<b>(165)</b>	<b>(353)</b>

## 5. BALANCES FROM OPERATIONS (CONTINUED)

### 5.1 Receivables (continued)

#### Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>						
Trade receivables	5,742	3,971	856	60	855	-
Revenue receivable	7,158	7,158	-	-	-	-
Other receivables	4,482	4,482	-	-	-	-
<b>Total</b>	<b>17,382</b>	<b>15,611</b>	<b>856</b>	<b>60</b>	<b>855</b>	<b>-</b>

#### Consolidated 2017

Trade receivables	5,569	3,116	1,948	37	468	-
Revenue receivable	6,361	6,361	-	-	-	-
Other receivables	2,608	2,608	-	-	-	-
<b>Total</b>	<b>14,538</b>	<b>12,085</b>	<b>1,948</b>	<b>37</b>	<b>468</b>	<b>-</b>

#### Chisholm 2018

Trade receivables	5,742	3,971	856	60	855	-
Revenue receivable	6,993	6,993	-	-	-	-
Other receivables	7,527	7,527	-	-	-	-
<b>Total</b>	<b>20,262</b>	<b>18,491</b>	<b>856</b>	<b>60</b>	<b>855</b>	<b>-</b>

#### Chisholm 2017

Trade receivables	5,565	3,112	1,948	37	468	-
Revenue receivable	6,257	6,257	-	-	-	-
Other receivables	4,463	4,463	-	-	-	-
<b>Total</b>	<b>16,285</b>	<b>13,832</b>	<b>1,948</b>	<b>37</b>	<b>468</b>	<b>-</b>

Note: The disclosures above exclude statutory payables (e.g. amounts arising to Victorian Government and GST taxes payable)

The average credit period on sales of goods is 21 days.

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.

## 5. BALANCES FROM OPERATIONS (CONTINUED)

### 5.2 Payables

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
<b>Contractual</b>				
Supplies and services	10,722	8,075	10,812	8,211
<b>Total contractual payables</b>	<b>10,722</b>	<b>8,075</b>	<b>10,812</b>	<b>8,211</b>
<b>Statutory</b>				
FBT payable	33	25	33	25
Other taxes payable	361	310	349	297
<b>Total statutory payables</b>	<b>394</b>	<b>335</b>	<b>382</b>	<b>322</b>
<b>Total current payables</b>	<b>11,116</b>	<b>8,410</b>	<b>11,194</b>	<b>8,533</b>

**Payables** consist of:

- contractual payables, such as accounts payable, and unearned income. 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 payable.

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.

## 5. BALANCES FROM OPERATIONS (CONTINUED)

### 5.2 Payables (continued)

	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>						
Supplies and services	10,722	10,722	10,571	113	38	-
<b>Total</b>	<b>10,722</b>	<b>10,722</b>	<b>10,571</b>	<b>113</b>	<b>38</b>	<b>-</b>

### Consolidated 2017

Supplies and services	8,075	8,075	7,647	428	-	-
<b>Total</b>	<b>8,075</b>	<b>8,075</b>	<b>7,647</b>	<b>428</b>	<b>-</b>	<b>-</b>

### Chisholm 2018

Supplies and services	10,812	10,812	10,661	113	38	-
<b>Total</b>	<b>10,812</b>	<b>10,812</b>	<b>10,661</b>	<b>113</b>	<b>38</b>	<b>-</b>

### Chisholm 2017

Supplies and services	8,211	8,211	7,704	249	-	258
<b>Total</b>	<b>8,211</b>	<b>8,211</b>	<b>7,704</b>	<b>249</b>	<b>-</b>	<b>258</b>

Note: The disclosures above excludes statutory payables (e.g., amounts arising to Victorian Government and GST taxes payable).

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

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

### 5.3 Other liabilities

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Revenue received in advance	9,055	3,099	9,001	3,044
<b>Total current liabilities</b>	<b>9,055</b>	<b>3,099</b>	<b>9,001</b>	<b>3,044</b>

#### Revenue received in advance

Any fees received by Chisholm during the current financial year in respect of services to be provided in the following financial year are classified as liability and recognised as revenue received in advance.

## 6. HOW WE FINANCED OUR OPERATIONS

### 6.1 Cash and deposits

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	5,505	9,526	4,526	8,780
Deposits at call	30,833	36,911	30,833	36,911
<b>Total cash and deposits</b>	<b>36,338</b>	<b>46,437</b>	<b>35,359</b>	<b>45,691</b>

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. The reduction in total cash and deposits in 2018 can be largely attributed to non-financial asset payments for redevelopment costs relating to Frankston Campus and Casey Tech School.

#### 6.1.1 Reconciliation of operating result to net cash flows from operating activities

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000

<b>Net result for the year</b>	<b>25,507</b>	<b>33,192</b>	<b>26,361</b>	<b>32,357</b>
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#### Non-cash movements

Depreciation and amortisation of non-financial assets	8,232	8,213	7,949	7,593
Written-down value of non-financial assets disposed	3	58	3	58
Greener Government loan discount	46	55	46	55

#### Movements in assets and liabilities

Decrease/(increase) in receivables	(6,517)	(3,461)	(5,095)	(5,393)
Decrease/(increase) in inventories	11	(43)	11	(43)
Decrease/(increase) in other assets	(422)	(220)	(284)	(85)
(Decrease)/ increase in payables	5,318	(727)	2,661	2,500
(Decrease)/ increase in provisions	1,692	(631)	1,619	(628)
(Decrease)/ increase in other liabilities	5,956	64	5,957	13
<b>Net cash flows from/(used in) operating activities</b>	<b>39,826</b>	<b>36,500</b>	<b>39,228</b>	<b>36,427</b>

<b>Per cash flow statement</b>	<b>39,826</b>	<b>36,500</b>	<b>39,228</b>	<b>36,427</b>
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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.

## 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)

### 6.1 Cash and deposits (continued)

#### 6.1.2 Interest income

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Interest from financial assets not at fair value through profit and loss</b>				
Interest on bank deposits	1,506	1,367	1,473	1,334
<b>Total interest income</b>	<b>1,506</b>	<b>1,367</b>	<b>1,473</b>	<b>1,334</b>

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.

### 6.2 Borrowings

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Advances from Government	351	351	351	351
<b>Non-current</b>				
Advances from Government	973	1,279	973	1,279
<b>Total borrowings</b>	<b>1,324</b>	<b>1,630</b>	<b>1,324</b>	<b>1,630</b>

### Borrowings

Borrowings are initially measured at fair value, being the cost of the interest-bearing liabilities, net of transaction costs.

The measurement basis subsequent to initial recognition depends on whether the Institute has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost.

Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest-bearing liabilities. The Institute determines the classification of its interest-bearing liabilities at initial recognition.

## 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)

### 6.2 Borrowings (continued)

#### Maturity analysis of borrowings

	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>						
Advances from Government	1,324	1,324	-	-	351	973
<b>Total</b>	<b>1,324</b>	<b>1,324</b>	<b>-</b>	<b>-</b>	<b>351</b>	<b>973</b>

#### Consolidated 2017

Advances from Government	1,630	1,630	-	-	351	1,279
<b>Total</b>	<b>1,630</b>	<b>1,630</b>	<b>-</b>	<b>-</b>	<b>351</b>	<b>1,279</b>

#### Chisholm 2018

Advances from Government	1,324	1,324	-	-	351	973
<b>Total</b>	<b>1,324</b>	<b>1,324</b>	<b>-</b>	<b>-</b>	<b>351</b>	<b>973</b>

#### Chisholm 2017

Advances from Government	1,630	1,630	-	-	351	1,279
<b>Total</b>	<b>1,630</b>	<b>1,630</b>	<b>-</b>	<b>-</b>	<b>351</b>	<b>1,279</b>

### 6.3 Contributed capital

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January	85,387	85,387	85,387	85,387
<b>Balance at 31 December</b>	<b>85,387</b>	<b>85,387</b>	<b>85,387</b>	<b>85,387</b>

#### Contributed capital

Funding that is not 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*. Capital funds provided by the Commonwealth Government are treated as income.

## 7. MANAGING RISKS AND UNCERTAINTIES

### 7.1 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 financial instruments

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>				
<b>Financial assets measured at amortised cost</b>				
Cash and deposits	36,338	46,437	35,359	45,691
Trade receivables	5,742	5,569	5,742	5,565
Revenue receivable	7,158	6,361	6,993	6,257
Other receivables	4,482	2,608	7,527	4,463
Term deposits	26,387	51,261	25,000	50,000
<b>Total contractual financial assets</b>	<b>80,107</b>	<b>112,236</b>	<b>80,621</b>	<b>111,976</b>

#### Contractual financial liabilities

<b>Loans and payables</b>				
Supplies and services	10,722	8,075	10,812	8,211
<b>At amortised cost</b>				
Advances from Government	1,324	1,630	1,324	1,630
<b>Total contractual financial liabilities</b>	<b>12,046</b>	<b>9,705</b>	<b>12,136</b>	<b>9,841</b>

### 7.1 Financial instruments (continued)

Financial assets measured at amortised cost are financial instruments which meet both the following criteria and are not designated at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Chisholm Group recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables); and
- term deposits

#### Financial assets measured at fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes Chisholm Group's debt securities and derivatives.

On initial recognition of an equity instrument, Chisholm Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Chisholm Group has not elected to present changes in the fair value of its investment schemes in other comprehensive income. As such, they are measured at fair value through profit or loss.

On initial recognition, Chisholm Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through

other comprehensive income as fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. As at balance sheet date, Chisholm Group did not have any financial assets designated at fair value through profit or loss.

**Financial liabilities at fair value through profit or loss** are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition.

Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

**Financial liabilities at amortised cost** are initially recognised on the date they 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. Chisholm Group recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

#### **Offsetting financial instruments**

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

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Chisholm Group does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

#### **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 Group 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 Group 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 transferred control of the asset.

#### **Impairment of financial assets**

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, revenue receivable and term deposits.

Under AASB 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Chisholm Group measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial

- instrument) has not increased significantly since initial recognition.

#### **Reclassification of financial instruments:**

Subsequent to initial recognition and under rare circumstances, non-derivative financial instrument assets that have not been designated at fair value through profit or loss upon recognition may be reclassified out of the fair value through profit or loss category if they are no longer held for the purpose of selling or repurchasing in the near term.

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.

#### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

#### *7.1.1 Financial risk management objectives and policies*

Chisholm Group is exposed to a variety of financial risks, market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Chisholm Group's financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Chisholm Group. Chisholm Group 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, foreign exchange and other price risks and ageing analysis for credit risk.

Chisholm Group's Financial Services function manages the risks associated with holding financial instruments based on policies approved by the Board. The Board provides written principles for financial risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. There has been no significant change in Chisholm Group's exposure, or its objectives, policies and processes for managing Chisholm Group's financial risks or the methods used to measure the risk from the previous reporting period.

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.1.2 Credit Risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Credit risk arises from the contractual financial assets of Chisholm Group, which comprise cash and deposits and non-statutory receivables. Chisholm Group's exposure to credit risk arises from the potential default of a counter-party on their contractual obligations resulting in financial loss to Chisholm Group.

Credit risk is measured at fair value and is monitored on a regular basis by the Audit and Risk Management Committee. The Audit and Risk Management Committee monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and

- customers that do not meet Chisholm Group's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 31 December 2018 and 31 December 2017 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

In addition, Chisholm Group does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. Chisholm Group's policy is to only deal with banks with high credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Chisholm Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There are no material financial assets which are individually determined to be impaired.

### Credit quality of contractual financial assets that are neither passed due nor impaired

	Financial institutions (AA-rating)	Government agencies (AAA rating)	Other counterparty	Total
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>				
Cash and deposits	5,505	30,833	-	36,338
Receivables	-	8,224	9,159	17,383
Investments and other financial assets	-	25,881	506	26,387
<b>Total contractual financial assets</b>	<b>5,505</b>	<b>64,938</b>	<b>9,665</b>	<b>80,108</b>
<b>Consolidated 2017</b>				
Cash and deposits	9,526	36,911	-	46,437
Receivables	8	7,575	6,955	14,538
Investments and other financial assets	-	50,767	494	51,261
<b>Total contractual financial assets</b>	<b>9,534</b>	<b>95,253</b>	<b>7,449</b>	<b>112,236</b>

## Credit quality of contractual financial assets that are neither passed due nor impaired (continued)

	Financial institutions (AA-rating)	Government agencies (AAA rating)	Other counterparty	Total
	\$'000	\$'000	\$'000	\$'000
<b>Chisholm 2018</b>				
Cash and deposits	4,526	30,833	-	35,359
Receivables	1,780	5,209	13,273	20,262
Investments and other financial assets	-	25,000	-	25,000
<b>Total contractual financial assets</b>	<b>6,306</b>	<b>61,042</b>	<b>13,273</b>	<b>80,261</b>
<b>Chisholm 2017</b>				
Cash and deposits	8,780	36,911	-	45,691
Receivables	5	7,337	8,943	16,285
Investments and other financial assets	-	50,000	-	50,000
<b>Total contractual financial assets</b>	<b>8,785</b>	<b>94,248</b>	<b>8,943</b>	<b>111,976</b>

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

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.1.3 Liquidity Risk

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

Chisholm Group operates under a 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.

Chisholm Group's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

Chisholm Group manages liquidity risk by:

- maintaining adequate short-term reserves and banking facilities that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial market; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

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

### 7.1.4 Market Risk

Chisholm Group is exposed to a number of market risks in its daily operations. 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 Group. These market risks primarily relate to foreign currency and interest rate risk.

Chisholm Group's exposures to market risk are primarily through foreign currency risk, equity price risk and interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

#### Foreign currency risk

Chisholm Group 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. As there are a limited number of transactions denominated in foreign currencies, Chisholm Group's foreign currency exposure risk is limited.

Chisholm Group does not have any foreign currency bank accounts denominated in foreign currency as at 31 December 2018.

#### 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 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 Group 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 Group has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Chisholm Group 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 rates. Management monitors movements in interest rates on a monthly basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and Chisholm Group's sensitivity to interest rate risk are set out below.

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.1 Financial instruments (continued)

#### Interest rate exposure of financial instruments

	Weighted average effective rate	Total carrying amount per balance sheet	Floating interest rate	Fixed interest rate	Non-interest bearing
	%	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>					
Cash and deposits	1.20	36,338	36,338	-	-
<b>Receivables</b>					
Trade receivables		5,742	-	-	5,742
Revenue receivable		7,158	-	-	7,158
Other receivables		4,482	-	-	4,482
Term deposits	1.84	26,387	-	26,387	-
<b>Total financial assets</b>		<b>80,107</b>	<b>36,338</b>	<b>26,387</b>	<b>17,382</b>
<b>Contractual financial liabilities</b>					
Supplies and services		10,722	-	-	10,722
Advances from Government	1.32	1,324	-	1,324	-
<b>Total contractual financial liabilities</b>		<b>12,046</b>	<b>-</b>	<b>1,324</b>	<b>10,722</b>
<b>Consolidated 2017</b>					
Cash and deposits	1.14	46,437	46,437	-	-
<b>Receivables</b>					
Trade receivables		5,569	-	-	5,569
Revenue receivable		6,361	-	-	6,361
Other receivables		2,608	-	-	2,608
Term deposits	1.97	51,261	-	51,261	-
<b>Total financial assets</b>		<b>112,236</b>	<b>46,437</b>	<b>51,261</b>	<b>14,538</b>
<b>Contractual financial liabilities</b>					
Supplies and services		8,075	-	-	8,075
Advances from Government	1.32	1,630	-	1,630	-
<b>Total contractual financial liabilities</b>		<b>9,705</b>	<b>-</b>	<b>1,630</b>	<b>8,075</b>

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.1 Financial instruments (continued)

	Weighted average effective rate	Total carrying amount per balance sheet	Floating interest rate	Fixed interest rate	Non-interest bearing
	%	\$'000	\$'000	\$'000	\$'000
<b>Chisholm 2018</b>					
Cash and deposits	1.71	35,359	35,359	-	-
<b>Receivables</b>					
Trade receivables		5,742	-	-	5,742
Revenue receivable		6,993	-	-	6,993
Other receivables		7,527	-	-	7,527
Investment in subsidiary		6,000	6,000	-	-
Term deposits	1.66	25,000	-	25,000	-
<b>Total financial assets</b>		<b>86,621</b>	<b>41,359</b>	<b>25,000</b>	<b>20,262</b>
<b>Chisholm 2018</b>					
Supplies and services		10,812	-	-	10,812
Advances from Government	1.32	1,324	-	1,324	-
<b>Total contractual financial liabilities</b>		<b>12,136</b>	<b>-</b>	<b>1,324</b>	<b>10,812</b>
<b>Chisholm 2017</b>					
Cash and deposits	1.72	45,691	45,691	-	-
<b>Receivables</b>					
Trade receivables		5,565	-	-	5,565
Revenue receivable		6,257	-	-	6,257
Other receivables		4,463	-	-	4,463
Investment in subsidiary		6,000	6,000	-	-
Term deposits	1.68	50,000	-	50,000	-
<b>Total financial assets</b>		<b>117,976</b>	<b>51,691</b>	<b>50,000</b>	<b>16,285</b>
<b>Chisholm 2017</b>					
Supplies and services		8,211	-	-	8,211
Advances from Government	1.32	1,630	-	1,630	-
<b>Total contractual financial liabilities</b>		<b>9,841</b>	<b>-</b>	<b>1,630</b>	<b>8,211</b>

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There were no contingent assets or contingent liabilities as at 31 December 2018 (31 December 2017: nil) that may have a material effect on the financial operations of Chisholm Group.

### 7.3 Fair value determination

*Significant judgement: Fair value measurements of assets and liabilities*

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of Chisholm Group.

This section sets out information on how Chisholm Group determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result; and
- land, buildings, plant and equipment, vehicles, and leasehold improvements.

In addition, the fair values of other assets and liabilities that are carried at amortised cost also need to be determined for disclosure purposes.

Chisholm Group determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

#### Fair value estimation

A number of inputs are used in determining fair values. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- **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; and

- **Level 3** - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Chisholm Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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 Group's independent valuation agency.

#### Fair value determination of financial assets and liabilities

Chisholm Group currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019 reporting period.

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.3 Fair value determination (continued)

#### Fair value determination of non-financial assets

Chisholm holds property, plant and equipment for which fair values are determined. Below is the relevant fair value information relating to those assets.

	Carrying amount at 31 December	Level 1 Quoted prices	Level 2 Observable price inputs	Level 3 Unobservable inputs
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>				
Non-specialised land	5,498	-	5,498	-
Specialised land	52,698	-	-	52,698
<b>Total land at fair value</b>	<b>58,196</b>	<b>-</b>	<b>5,498</b>	<b>52,698</b>
<b>Consolidated 2017</b>				
Non-specialised buildings	3,686	-	3,686	-
Specialised buildings	199,302	-	-	199,302
<b>Total buildings at fair value</b>	<b>202,988</b>	<b>-</b>	<b>3,686</b>	<b>199,302</b>
Plant and equipment	6,589	-	-	6,589
Vehicles	416	-	-	416
Leasehold improvements	360	-	-	360
Land improvements	2,418	-	-	2,418
<b>Total other assets at fair value</b>	<b>9,783</b>	<b>-</b>	<b>-</b>	<b>9,783</b>
<b>Consolidated 2017</b>				
Non-specialised land	5,498	-	5,498	-
Specialised land	52,698	-	-	52,698
<b>Total land at fair value</b>	<b>58,196</b>	<b>-</b>	<b>5,498</b>	<b>52,698</b>
Non-specialised buildings	3,687	-	3,687	-
Specialised buildings	193,102	-	-	193,102
<b>Total buildings at fair value</b>	<b>196,789</b>	<b>-</b>	<b>3,687</b>	<b>193,102</b>
Plant and equipment	4,854	-	-	4,854
Vehicles	280	-	-	280
Leasehold improvements	650	-	-	650
Land improvements	2,502	-	-	2,502
<b>Total other assets at fair value</b>	<b>8,286</b>	<b>-</b>	<b>-</b>	<b>8,286</b>

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.3 Fair value determination (continued)

#### Fair value determination of non-financial assets

Chisholm holds property, plant and equipments for which fair values are determined. Below are the relevant fair value information relating to those assets.

	Carrying amount at 31 December	Level 1 Quoted Prices	Level 2 Observable price inputs	Level 3 Unobservable inputs
	\$'000	\$'000	\$'000	\$'000
<b>Chisholm 2018</b>				
Non-specialised land	5,498	-	5,498	-
Specialised land	52,698	-	-	52,698
<b>Total land at fair value</b>	<b>58,196</b>	<b>-</b>	<b>5,498</b>	<b>52,698</b>
<b>Chisholm 2017</b>				
Non-specialised buildings	3,686	-	3,686	-
Specialised buildings	199,302	-	-	199,302
<b>Total buildings at fair value</b>	<b>202,988</b>	<b>-</b>	<b>3,686</b>	<b>199,302</b>
Plant and equipment	6,589	-	-	6,589
Vehicles	416	-	-	416
Leasehold improvements	360	-	-	360
Land improvements	2,418	-	-	2,418
<b>Total other assets at fair value</b>	<b>9,783</b>	<b>-</b>	<b>-</b>	<b>9,783</b>
<b>Chisholm 2017</b>				
Non-specialised land	5,498	-	5,498	-
Specialised land	52,698	-	-	52,698
<b>Total land at fair value</b>	<b>58,196</b>	<b>-</b>	<b>5,498</b>	<b>52,698</b>
Non-specialised buildings	3,687	-	3,687	-
Specialised buildings	193,102	-	-	193,102
<b>Total buildings at fair value</b>	<b>196,789</b>	<b>-</b>	<b>3,687</b>	<b>193,102</b>
Plant and equipment	4,854	-	-	4,854
Vehicles	280	-	-	280
Leasehold improvements	650	-	-	650
Land improvements	2,502	-	-	2,502
<b>Total other assets at fair value</b>	<b>8,286</b>	<b>-</b>	<b>-</b>	<b>8,286</b>

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.3 Fair value determination (continued)

#### Valuations of property, plant and equipment

Fair value assessments were performed at 31 December 2018 for all classes of assets. This assessment demonstrated an increment in the carrying value of land and buildings. The fair value of all other asset classes was materially similar to carrying value. The next scheduled full revaluation for Chisholm will be conducted in 2022.

**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 2017. 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 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 a Level 3 asset.

For Chisholm's majority of specialised buildings, the depreciated replacement cost method is used. 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 Chisholm'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 was 31 December 2017.

**Motor vehicles** are valued using the depreciated replacement cost method. Chisholm acquires new 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 vehicles.

**Plant and equipment** are 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** 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 a Level 3 asset.

There were no changes in valuation techniques throughout the period to 31 December 2018. For all assets measured at fair value, the current use is considered the highest and best use.

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.3 Fair value determination (continued)

#### Reconciliation of level 3 fair value movements

	Specialised land	Specialised buildings	Plant and equipment	Motor vehicles	Leasehold improvements	Land improvements
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>						
Opening balance	52,698	193,102	4,854	280	650	2,502
Purchases (sales)	-	11,418	3,385	197	-	68
Transfers in (out) of Level 3	-	-	(222)	-	-	-
Depreciation	-	(5,218)	(1,428)	(61)	(290)	(152)
<b>Closing balance</b>	<b>52,698</b>	<b>199,302</b>	<b>6,589</b>	<b>416</b>	<b>360</b>	<b>2,418</b>

<b>Consolidated 2017</b>						
Opening balance	47,117	186,400	4,940	344	1,087	1,451
Purchases (sales)	-	-	1,256	-	61	-
Transfers in (out) of Level 3	-	-	-	(66)	-	-
Depreciation	-	-	(1,342)	2	(498)	-
Revaluation	5,581	6,702	-	-	-	1,051
<b>Closing balance</b>	<b>52,698</b>	<b>193,102</b>	<b>4,854</b>	<b>280</b>	<b>650</b>	<b>2,502</b>

<b>Chisholm 2018</b>						
Opening balance	52,698	193,102	4,854	280	650	2,502
Purchases (sales)	-	11,418	3,385	197	-	68
Transfers in (out) of Level 3	-	-	(222)	-	-	-
Depreciation	-	(5,218)	(1,428)	(61)	(290)	(152)
<b>Closing balance</b>	<b>52,698</b>	<b>199,302</b>	<b>6,589</b>	<b>416</b>	<b>360</b>	<b>2,418</b>

<b>Chisholm 2017</b>						
Opening balance	47,117	186,400	4,933	344	752	1,451
Purchases (sales)	-	-	1,263	-	396	-
Transfers in (out) of Level 3	-	-	-	(66)	-	-
Depreciation	-	-	(1,342)	2	(498)	-
Revaluation	5,581	6,702	-	-	-	1,051
<b>Closing balance</b>	<b>52,698</b>	<b>193,102</b>	<b>4,854</b>	<b>280</b>	<b>650</b>	<b>2,502</b>

## 7. MANAGING RISKS AND UNCERTAINTIES (CONTINUED)

### 7.3 Fair value determination (continued)

#### Description of significant unobservable inputs to Level 3 valuations

2018 and 2017	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Useful life of buildings
Motor vehicles	Depreciated replacement cost	Useful life of vehicles
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment

## 8. GOVERNANCE DISCLOSURES

### 8.1 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons and executive officers for the reporting period.

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

Position	Name	Relevant Period
Minister for Training and Skills and the Minister for Higher Education	The Hon. Gayle Tierney MP	1 January 2018 to 31 December 2018
Director and Chief Executive Officer (Accountable Officer)	Dr Richard Ede	1 March 2018 to 31 December 2018
Interim Chief Executive Officer	Mr Grant Radford	1 January 2018 to 28 February 2018
Board Member	Mr Stephen G. Marks (Chair)	1 January 2018 to 31 December 2018
Board Member	Dr Anne Jones	1 January 2018 to 31 December 2018
Board Member	Mr David Mann	1 January 2018 to 31 December 2018
Board Member	Mr John Bennie	1 January 2018 to 31 December 2018
Board Member	Ms Lisa Norman	1 January 2018 to 31 December 2018
Board Member	Dr Mei Ling Doery	1 January 2018 to 31 December 2018
Board Member	Mr Peter Malone	1 January 2018 to 31 December 2018
Board Member	Ms Sandra Andersen	1 January 2018 to 31 December 2018
Board Member	Mr Todd Hartley	1 January 2018 to 31 May 2018
Board Member	Ms Prue Digby	1 June 2018 to 31 December 2018

## 8. GOVERNANCE DISCLOSURES (CONTINUED)

### 8.1 Responsible persons (continued)

#### Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of Chisholm during the reporting period was in the range: \$250,000 - \$259,999 (2017: \$680,000 - \$689,999).

Included in the 2017 remuneration above is payment of annual leave and long service leave on termination in the range: \$330,000 - \$339,999.

Remuneration received or receivable by the Responsible Persons, excluding the Accountable Officer, during the reporting period was in the range:

	2018	2017
<b>Income range</b>		
Less than \$10,000	1	1
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	6	5
\$40,000 - \$49,999	-	2
\$70,000 - \$79,999	1	1
<b>Total number</b>	<b>10</b>	<b>9</b>
<b>Total remuneration (\$'000)</b>	<b>335</b>	<b>345</b>

Remuneration of the Responsible Minister is included in the financial statements of the Department of Parliamentary Services.

## 8. GOVERNANCE DISCLOSURES (CONTINUED)

### 8.2 Remuneration of executives

The total remuneration of executive officers, other than the CEO, and their total remuneration during the reporting period is shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation. Termination benefits include termination of employment payments, such as severance packages.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated.

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Remuneration</b>				
Short-term employee benefits	2,096	1,974	2,096	1,974
Other long-term benefits	84	496	84	496
Termination benefits	586	228	586	228
<b>Total remuneration</b>	<b>2,766</b>	<b>2,698</b>	<b>2,766</b>	<b>2,698</b>
<b>Total number of executives</b>	<b>14</b>	<b>11</b>	<b>14</b>	<b>11</b>
<b>Total annualised employee equivalents (i)</b>	<b>9.80</b>	<b>8.06</b>	<b>9.80</b>	<b>8.06</b>

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

### 8.3 Related parties

Related parties of Chisholm and its Consolidated Group include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all entities that are controlled and consolidated into Chisholm's consolidated financial statements; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

The following entities have been consolidated into Chisholm's financial statements in accordance with AASB 10:

- TAFE Online Pty Ltd; and
- Caroline Chisholm Education Foundation.

## 8. GOVERNANCE DISCLOSURES (CONTINUED)

### 8.3 Related parties (continued)

#### Significant transactions with related entities

Chisholm provided a loan of \$1.31 million (2017: \$0.71 million) to TAFE Online Pty Ltd during the current financial year.

Chisholm provided a donation of \$148,033 (2017: \$155,072) and resources free of charge of \$157,165 (2017: \$110,067) to Caroline Chisholm Education Foundation during the current financial year.

#### Related party transactions

	Transaction values for year ended 31 December		Balances outstanding as at 31 December	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Related party transactions</b>				
Debtor - TAFE Online Pty Ltd	-	-	3,240	1,933
Debtor - Caroline Chisholm Education Foundation (CCEF)	-	-	219	253
Donations provided to CCEF	148	155	-	-
Resources provided free of charge to CCEF	157	110	-	-
Revenue collected for TAFE Online Pty Ltd	92	88	-	-
Expenses paid for TAFE Online Pty Ltd	1,399	800	-	-
Revenue collected for Chisholm Academy Pty Ltd	-	1,320	-	-
Expenses paid for Chisholm Academy Pty Ltd	-	2,792	-	-
<b>Total</b>	<b>1,796</b>	<b>5,265</b>	<b>3,459</b>	<b>2,186</b>

Key management personnel of Chisholm includes the members of the Chisholm Institute Board, the Chief Executive Officer and the Acting Chief Operating Officer, David Collier.

## 8. GOVERNANCE DISCLOSURES (CONTINUED)

### 8.3 Related parties (continued)

#### Compensation of key management personnel

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Remuneration</b>				
Short-term employee benefits	806	1,361	806	1,361
Other long-term benefits	-	90	-	90
<b>Total remuneration</b>	<b>806</b>	<b>1,451</b>	<b>806</b>	<b>1,451</b>

#### Transactions and balances with key management personnel and other related parties

Other related transactions and loans requiring disclosure under the Directions of the Assistant Treasurer have been considered and there are no matters to report.

Outside of normal citizen type transactions with Chisholm, there were no related party transactions that involved key management personnel, their close family members and/or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

### 8.4 Remuneration of auditors

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Remuneration of the Victorian Auditor-General's Office for:</b>				
Audit of the financial statements	58	73	53	56
<b>Total remuneration of the Victorian Auditor-General's Office</b>	<b>58</b>	<b>73</b>	<b>53</b>	<b>56</b>
<b>Remuneration of other auditors</b>				
Internal audit services	198	181	198	181
<b>Total remuneration of other auditors</b>	<b>198</b>	<b>181</b>	<b>198</b>	<b>181</b>
<b>Total</b>	<b>256</b>	<b>254</b>	<b>251</b>	<b>237</b>

The Victorian Auditor-General's Office is not allowed to provide non-audit services.

## 9. OTHER DISCLOSURES

### 9.1 Other economic flows included in net result

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>(a) Net gain/(loss) on financial instruments</b>				
Foreign currency exchange gain/(loss)	13	(92)	13	(92)
Greener Government loan discount	(46)	(55)	(46)	(55)
Impairment of loans and receivables	(229)	(338)	(229)	(338)
<b>Total net gain/(loss) on financial instruments</b>	<b>(262)</b>	<b>(485)</b>	<b>(262)</b>	<b>(485)</b>
<b>(b) Other gains/(losses) from other economic flows</b>				
Net gain/(loss) arising from revaluation of long service leave liability	(962)	371	(932)	345
Net gain/(loss) arising from revaluation of annual leave liability	(591)	5	(547)	5
Net gain/(loss) on non-financial assets (including PPE and intangible assets)	9	(47)	9	(47)
<b>Total other gains/(losses) from other economic flows</b>	<b>(1,544)</b>	<b>329</b>	<b>(1,470)</b>	<b>303</b>
<b>Total other economic flows included in net result</b>	<b>(1,806)</b>	<b>(156)</b>	<b>(1,732)</b>	<b>(182)</b>

Net gain/(loss) from revaluation of long service leave liability and annual leave liability are changes arising due to changes in bond rates.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets (refer to Note 4.1);
- revaluations and impairments of non-financial physical and intangible assets (refer to Note 4.1 and Note 4.2);
- remeasurement arising from employee benefits (refer to Note 3.1) and
- fair value changes of financial instruments (refer to Note 7.3).

This classification is consistent with the whole of government reporting format and is allowed under *AASB 101 Presentation of Financial Statements*.

### 9.2 Other equity reserves

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Physical asset revaluation surplus</b>				
Balance at 1 January	78,838	60,513	78,838	60,513
Revaluation increment on non-current assets	-	18,325	-	18,325
<b>Balance at 31 December</b>	<b>78,838</b>	<b>78,838</b>	<b>78,838</b>	<b>78,838</b>

Note: The physical asset revaluation surplus arises on the revaluation of land and buildings.

## 9. OTHER DISCLOSURES (CONTINUED)

### 9.3 Ex-gratia expenses

	Consolidated		Chisholm	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Compensation for economic loss	106	316	106	316
<b>Total ex-gratia payments</b>	<b>106</b>	<b>316</b>	<b>106</b>	<b>316</b>

All ex-gratia payments made during 2018 and 2017 related to departing employees.

### 9.4 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities:

Controlled entities	Note	Country of incorporation	Class of shares	2018%	2017%
TAFE Online Pty Ltd	(a)	Australian	Ordinary	100	100
Caroline Chisholm Education Foundation	(b)	Unincorporated entity			

Note:

(a) TAFE Online Pty Ltd is a company incorporated under the *Corporations Act 2001* with share capital of \$6 million 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.

#### TAFE Online Pty Ltd

TAFE Online Pty Ltd commenced operations in 2001 as a provider of nationally accredited vocational education courses online.

Chisholm is deemed to have control over TAFE Online Pty Ltd as Chisholm holds 100% of the share capital issued by TAFE Online Pty Ltd.

#### 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.

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

- CCEF 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.
- The beneficiaries of the trust are Chisholm students.
- Chisholm provides significant financial and administration support to CCEF.

## 9. OTHER DISCLOSURES (CONTINUED)

### 9.5 Events after reporting dates

No matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of Chisholm and the Consolidated Group, the results of those operations or the state of affairs of Chisholm and the Consolidated Group in subsequent financial years.

### 9.6 Application of standards issued but not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 31 December 2018 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises Chisholm of their applicability and early adoption where applicable.

As at 31 December 2018, the following Australian Accounting Standards have been issued by the AASB, but are not mandatory for the year ending 31 December 2018. Chisholm has not, and does not intend to, adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods	
		beginning on	Impact on entity financial statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1/01/2019	<p>The assessment has indicated that as most operating leases will come onto the balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.</p> <p>A preliminary assessment of the impact of AASB 16 is based around \$6 million, with recognition of the leases resulting in associated expenses of approximately \$17,500 being brought forward from 2020 into 2019.</p>
AASB 15 Revenue from Contracts with Customers	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.	1/01/2019	<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 preliminary assessment has determined that AASB 15 is not expected to have a significant impact on transaction balances.</p>
AASB 1058 Income of Not-for-Profit Entities	This standard replaces AASB 1004 <i>Contributions</i> and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.	1/01/2019	<p>The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement and have sufficiently specific obligations will now be deferred and recognised as performance obligations are satisfied. As a result, the timing of recognition of revenue will change.</p> <p>In recognition of issues relating to peppercorn leases, the AASB agreed in November 2018 to defer this component of AASB 1058.</p> <p>A preliminary assessment has determined that the remaining components of AASB 1058 are not expected to have a significant impact on transaction balances</p>

## Independent Auditor's Report

### To the Board of Chisholm Institute

<p><b>Opinion</b></p>	<p>I have audited the accompanying performance statement of Chisholm Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> <li>• performance statement for the year ended 31 December 2018</li> <li>• the management certification.</li> </ul> <p>In my opinion, the performance statement of Chisholm Institute in respect of the year ended 31 December 2018 presents fairly, in all material respects.</p>
<p><b>Basis for Opinion</b></p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p><b>Board's responsibilities for the performance statement</b></p>	<p>The Board is responsible for the preparation and fair presentation of the performance statement for such internal control as the Board determines 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.</p>
<p><b>Auditor's responsibilities for the audit of the performance statement</b></p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.</p>

# VAGO INDEPENDENT AUDITOR'S REPORT

	<p>As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> <li>• identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.</li> <li>• obtain an understanding of internal control relevant to the audit 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 institute's internal control</li> <li>• evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.</li> </ul> <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE 7 March 2019	Charlotte Jeffries <i>as delegate for the Auditor-General of Victoria</i>	

## **DECLARATION BY BOARD CHAIR, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER**

In our opinion, the accompanying Performance Statement of Chisholm Group in respect of the 2018 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 G MARKS**

**Board Chair**

Date: 27 February 2019

Place: Dandenong



**DR RICK EDE**

**Chief Executive Officer**

Date: 27 February 2019

Place: Dandenong



**TONIANN STITZ**

**Interim Chief Finance Officer**

Date: 27 February 2019

Place: Dandenong

# Performance Statement

For the year ended 31 December 2018

## Chisholm Group

Key performance indicators (KPIs)	Description and methodology	Metric	2018 Target	2018 Actual	Explanation of variances	Note	Prior year result
Training revenue diversity	Government Funded	Percentage	56.0%	51.6%	Achieved		59.1%
	Fee for Service		25.3%	30.0%	Achieved		22.1%
	Student Fees and Charges		18.7%	18.4%	Achieved		18.7%
Employment costs as a proportion of training revenue	Employment and third-party training delivery costs as a proportion of training revenue (VTG and FFS)	Percentage	73.0%	72.1%	Achieved		65.6%
Training revenue per teaching FTE	Training revenue (excl. revenue delivered by third parties) / Teaching FTEs	Dollars	\$206,000	\$ 226,639	Achieved		\$213,150
Operating margin percentage	EBIT excluding Capital Contributions) / Total Revenue (excl Capital Contributions)	Percentage	-1.7%	-1.8%	Not achieved	a	7.9%

Note: a. The variance to prior year and under achievement in 2018 is due to training revenues not achieving the growth similar to 2017.

# Disclosure Index

## STANDARD DISCLOSURES IN THE REPORT OF OPERATIONS (2018)

Item No.	Source	Summary of reporting requirement	Page number
<b>Report of operations</b>			
<b>Charter and purpose</b>			
1	FRD 22H	Manner of establishment and the relevant Minister	3, 39
2	FRD 22H	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	39
3	FRD 22H	Nature and range of services provided including communities served	3-39
<b>Management and structure</b>			
4	FRD 22H	Organisational structure and chart, including responsibilities and details of the accountabilities of an entity's main activities	35-38, 40-41
<b>Financial and other information</b>			
5	FRD 03A	Accounting for Dividends	N/A
6	FRD 07B	Early adoption of authoritative accounting pronouncements	93
7	FRD 10A	Disclosure Index	98-101
8	FRD 17B	Long Service leave and annual leave for employees	56-58
9	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	N/A
10	FRD 22H	Operational and budgetary objectives, performance against objectives and achievements	34, 97
11	FRD 22H	Occupational health and safety statement including performance indicators, performance against those indicators.	28-29
12	FRD 22H	Workforce data for current and previous reporting period including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections.	30-31
13	FRD 22H	Summary of the financial results, with comparative information for the preceding four reporting periods	34
14	FRD 22H	Summary of significant changes in financial position	48
15	FRD 22H	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	6-27
16	FRD 22H	Post-balance sheet date events likely to significantly affect subsequent reporting periods	93
17	FRD 22H	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	106
18	FRD 22H	The report of operations shall provide a discussion and analysis of the entity's operating results and financial position and include details about significant factors that affect the entity's performance.	34

19	FRD 22H	TAFE workforce inclusion policy (where a TAFE has one), including a measurable target and report on the progress towards the target.	34
20	FRD 22H	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from 5.16(a) – (d) in the FRD	105
21	FRD 22H	Statement, where applicable, on the implementation and compliance with the National Competition Policy, including compliance with the requirements of <i>Victoria's Competitive Neutrality Policy and any subsequent reform</i> .	103
22	FRD 22H	Statement to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act), and the actions that were taken during the year to comply with the Carers Act	103
23	FRD 22H	Summary of application and operation of the <i>Protected Disclosure Act 2012</i> including disclosures required by the Act	102
24	FRD 22H & FRD 24D	Summary of Environmental Performance	108-111
25	FRD 22H	Consultants: Report of Operations must include a statement disclosing each of the following <ol style="list-style-type: none"> <li>1. Total number of consultancies of \$10,000 or more (excluding GST)</li> <li>2. Location (e.g. website) of where the schedule with the below details of these consultancies over \$10,000 have been made publicly available <ul style="list-style-type: none"> <li>• Consultant engaged</li> <li>• Brief summary of project</li> <li>• Total project fees approved (excluding GST)</li> <li>• Expenditure for reporting period (excluding GST)</li> </ul> </li> <li>3. Any future expenditure committed to the consultant for the project Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period</li> </ol>	106
26	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	103
27	FRD 22H	<i>An entity shall disclose the following in the report of operations:</i> <ol style="list-style-type: none"> <li>a. Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and</li> <li>b. Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: <ol style="list-style-type: none"> <li>(i) Operational expenditure (OPEX); and</li> <li>(ii) Capital expenditure (CAPEX).</li> </ol> </li> </ol>	106
28	FRD 25C	Victorian Industry Participation Policy Disclosures	102
29	FRD 26B	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	N/A
30	SD 5.1.4	Financial management compliance attestation. The Responsible body must attest to compliance with applicable requirements in the FMA, the Standing Directions of the Assistant Treasurer and the Instructions, and disclose all Material Compliance Deficiencies	42
31	FRD 119A	Transfers through contributed capital	74
32	SD 5.2.1(a)	<i>The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, these Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.</i>	2,46,52
33	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	2
34	CG 10 (clause 27)	Summary of Major Commercial Activities	105
35	CG 12 (clause 33)	TAFE Institute Controlled Entities	92

## Financial report

### Financial statements required under Part 7 of the *Financial Management Act 1984*

36	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: <ul style="list-style-type: none"><li>• The financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period.</li><li>• The financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.</li></ul>	46
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### Other requirements under Standing Direction / *Financial Management Act 1994*

37	SD 5.2.2(a) and FMA s 49	An Agency's financial statements must include a signed and dated declaration by: <ul style="list-style-type: none"><li>• the Accountable Officer;</li><li>• subject to Direction 5.2.2(c), the CFO; and</li><li>• for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body.</li></ul>	46
38	FRD 30D	Rounding of amounts	52
39	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to: <ul style="list-style-type: none"><li>• review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister.</li></ul>	40

### Other requirements as per financial reporting directions in notes to the financial statements

40	FRD 11A	Disclosure of ex-gratia payments	92
41	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	86-90
42	FRD 102A	Inventories	N/A
43	FRD 103G	Non-financial physical assets	34, 48, 61-67
44	FRD 105B	Borrowing costs	N/A
45	FRD 106A	Impairment of assets	76
46	FRD 107B	Investment properties	N/A
47	FRD 109A	Intangible assets	63, 66
48	FRD 110A	Cash flow statements	50
49	FRD 112D	Defined benefit superannuation obligations	56, 58
50	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	67
51	FRD 114B	Financial instruments – general government entities and public non-financial corporations	75-80
52	FRD 120L	Accounting and reporting pronouncements applicable to the reporting period	53

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**Compliance with other legislation, subordinate instruments and policies**

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53	Legislation	The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation and subordinate instruments, including, but not limited to, the following: <ul style="list-style-type: none"><li>• <i>Education and Training Reform Act 2006</i> (ETRA)</li><li>• TAFE institute constitution</li><li>• Directions of the Minister for Training and Skills (or predecessors)</li><li>• TAFE institute Commercial Guidelines</li><li>• TAFE institute Strategic Planning Guidelines</li><li>• <i>Public Administration Act 2004</i></li><li>• <i>Financial Management Act 1994</i></li><li>• <i>Freedom of Information Act 1982</i></li><li>• <i>Building Act 1993</i></li><li>• <i>Protected Disclosure Act 2012</i></li><li>• <i>Victorian Industry Participation Policy Act 2003</i></li></ul>	103
54	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2018	107
55	Policy	Statement that the TAFE institute complies with the <u>Victorian Public Sector Travel Policy</u>	102
56	Key Performance Indicators	See table on page 6 of the guidelines for required formatting. <i>Institutes to report against:</i> <ul style="list-style-type: none"><li>• <i>Employment costs as a proportion of training revenue;</i></li><li>• <i>Training revenue per teaching FTE;</i></li><li>• <i>Operating margin percentage;</i></li><li>• <i>Training Revenue diversity.</i></li></ul>	97

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**Overseas operations of Victorian TAFE institutes**

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57	PAEC and VAGO <u>(June 2003 Special Review Recommendation 11)</u>	<ul style="list-style-type: none"><li>• Financial and other information on initiatives taken or strategies relating to the institute's overseas operations</li><li>• Nature of strategic and operational risks for overseas operations</li><li>• Strategies established to manage such risks of overseas operations</li><li>• Performance measures and targets formulated for overseas operations</li><li>• The extent to which expected outcomes for overseas operations have been achieved.</li></ul>	26-27
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# Additional Compliance Reports

## VICTORIAN PUBLIC SECTOR TRAVEL PRINCIPLES

In accordance with the Victorian Public Sector Travel Principles – 22. *Application of Travel Principles to Public Sector Bodies*, Chisholm Institute has a travel policy and corresponding procedures that govern international and domestic travel.

Directly linked to the travel policy are policies involving staff code of conduct, fraud, due diligence, health and safety, child safety and use of Chisholm property including intellectual property.

In early 2017, a comprehensive International Induction Package was rolled out to inform staff of the Institute's expectations and measures to ensure staff safety.

## APPLICATION AND OPERATION OF THE PROTECTED DISCLOSURE ACT 2012

*The Protected Disclosure Act 2012* encourages and helps people disclose improper conduct by public officers and public bodies. It provides protection to people who make disclosures and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Chisholm does not tolerate improper conduct by employees, nor reprisals taken against by those who disclose such conduct. It is committed to ensuring transparency and accountability in administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Chisholm takes all reasonable steps to protect people from any detrimental action in reprisal for making such disclosures.

### Making a disclosure

Disclosures of improper conduct or detrimental action by Chisholm or any of its employees may be made to:

#### Ms Delia McIver

Protected Disclosure Coordinator  
Executive Director, People, Culture & Safety

Chisholm Institute  
Street address:  
121 Stud Road, Dandenong VIC 3175

Mailing address:  
PO Box 684, Dandenong VIC 3175  
T: +61 3 9212 5360  
E: delia.mciver@chisholm.edu.au

or one of the following officers of the Institute:

- a manager or supervisor of a person from the Institute who chooses to make a disclosure
- a manager or supervisor of a person from the Institute about whom a disclosure has been made

or:

The Independent Broad-based Anti-corruption Commission (IBAC)

Street address:  
Level 1, North Tower  
459 Collins Street, Melbourne VIC 3000

Postal address:  
GPO Box 24234, Melbourne VIC 3001  
T: 1300 735 135  
www.ibac.vic.gov.au

### Disclosures under the Protected Disclosure Act 2012

	2018	2017
The number of disclosures made by an individual to Chisholm and notified to the Independent Broad-based Anti-corruption Commission – assessable disclosures	0	0

## LOCAL JOBS FIRST – VICTORIAN INDUSTRY PARTICIPATION POLICY IMPLEMENTATION

The *Victorian Industry Participation Policy Act 2003* requires departments and public sector bodies to report on the implementation of the Local Jobs First – Victorian Industry Participation Policy (Local Jobs First – VIPP). Departments and public sector bodies are required to apply the Local Jobs First – VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for state-wide projects, of \$1 million or more for procurement activities in regional Victoria.

During 2017-18, Chisholm commenced three Local Jobs First - VIPP applicable or Local Industry Development Plan (LIDP) applicable procurements totalling \$81 million of total project cost. Of those projects, one was located in Frankston, the other two are located at Berwick. These represented 93 per cent and 83 per cent of estimated local content respectively. These were split:

- metropolitan 70 per cent
- regional 20 per cent
- state 10 per cent.

During 2018 the total VIPP Plan or LIDP commitments achieved as a result of contracts completed include:

- 13 new jobs and 240 retained jobs
- 10 new apprenticeships/traineeships and 14 retained apprenticeships/traineeships.

During 2018, one project had the minimum formal weighting of 10 per cent applied for local content in the tender evaluation of the VIPP Plan or LIDP.

For design contracts or grants provided during 2018, three interaction reference numbers were obtained.

## COMPLIANCE WITH THE CARERS RECOGNITION ACT 2012

Chisholm has taken all practical measures to comply with its obligations under the Act. These include:

- ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act, which includes communicating information about the principles in the Act and what they mean for staff; induction information provided to staff upon commencement and proactive discussion between staff and their managers, and
- considering the care relationship principles set out in the Act when setting policies and procedures and providing services. This includes a regular review of our employment policies such as flexible working arrangements and leave provisions to ensure that these comply with the statement of principles in the Act.

## COMPETITION POLICY

Under the National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- benefits of the restriction to the community as a whole outweigh the costs
- objectives of the legislation can only be achieved by restricting competition.

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if they are not in the public interest. Chisholm has implemented costing and pricing models to take into account any competitive advantage that Chisholm may have. Government businesses are required to cost and price these services as if they were privately owned and be fully cost reflective. Competitive neutrality policy provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of

government and focuses on efficiency in the provision of service.

Chisholm has developed costing and pricing models that apply to its 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*, as well as the 'Victorian Government Timetable for the Review of Legislative Restrictions' and subsequent reforms. Chisholm is working to ensure that Victoria fulfils its requirements on competitive neutrality reporting for technological based businesses against the enhanced principles as required under the National Reform Agenda.

## 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

- 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:

### Chief of Staff

E: CorporateCommunications@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*
- Australian Accounting Standards
- *Fair Work Act 2009* and Fair Work Regulations 2009
- *Carers Recognition Act 2012*
- *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 2018, progress towards full compliance with the Building Act is summarised as follows:

<b>Building works</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
New buildings certified for approval	1	0	1	0	3	0
Works in progress subject to mandatory inspections	3	4	2	0	2	3
New occupancy permits issued	1	0	0	0	3	0

<b>Maintenance</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Notices issued for substandard buildings requiring urgent attention	0	0	0	0	0	0
Other notices issued involving major expenditure and urgent attention	0	0	0	0	0	0

<b>Conforming</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Number of owned buildings occupied by Chisholm (note the numbers are buildings in their entirety; floors and levels have not been considered.)						
Frankston	19*	17*	18	18	17	17
Dandenong	25	26	27	27	27	27
Berwick	10	9	10	10	9	9
Cranbourne	5	5	5	5	5	5
Bass Coast	5	5	5	5	4	4
Mornington Peninsula	7	7	7	11	6	6
<b>Total</b>	<b>71</b>	<b>69</b>	<b>72</b>	<b>76</b>	<b>68</b>	<b>68</b>

Number of buildings conforming to the standards	71	69	72	76	68	68
Number of non-conforming buildings vacated	0	0	0	0	0	0
Number of buildings not conforming to standards	Refer to Subdivision Statement	Refer to Subdivision Statement				

### Berwick campus:

Casey Tech building opened in September 2018 and the Berwick Centre for Health is to be completed and opened in February 2019.

### Frankston campus:

Frankston redevelopment project works are in progress with building A-B to be completed in 2019.

### Leased buildings:

- 399 Lonsdale St, Melbourne lease to expire and not renewed July 2019
- 234 Flinders Lane, Melbourne lease to expire and not renewed March 2019
- 126 Springvale Road Springvale, Adult Migration English Program.

For number of buildings not conforming to standards, refer to Subdivision Statement below. Institute buildings J, K and L and buildings F, G and H

at Frankston campus are counted as one building. Institute buildings R and S Dandenong campus are counted as one building.

**Subdivision 1** of the Building Regulations is related to all new buildings or section of existing buildings altered after 1 July 1994. There are approximately eight buildings out of the 67 that are considered to be Subdivision 1 type buildings. All buildings are issued with an Annual Essential Safety Measures Report.

**Subdivision 2** relates to all buildings constructed or altered prior to 1 July 1994. All Subdivision 2 buildings have been provided with a maintenance determination in accordance with Part 1215 of the Building Regulations, which require all buildings to be provided with this document and subsequent Annual Essential Safety Measures Reports prior to 13 June 2009.

Building works undertaken by Chisholm during the year ended 31 December 2017 were as follows:

- Frankston Redevelopment Project, demolition of building A and B
- Casey Tech school project commenced 2017
- Berwick centre for health project \$15 million, commenced 2017.

## REPORT ON MAJOR COMMERCIAL ACTIVITY

There was no other Major Commercial Activity conducted by Chisholm in this reporting period.

## ADVERTISING 2018

Details of government advertising expenditure (campaigns with a media spend of \$100,000 or greater)

Name of campaign	Campaign summary	Start/end date	Advertising (media) expenditure	Creative campaign and development expenditure	Research and evaluation expenditure	Print and collateral expenditure	Other campaign expenditure
January 2018 acquisition campaign	Chase Your Calling recruitment campaign executed across television, cinema, out of home, radio, print and digital channels.	Jan 18 - March 18	\$1,195,033	\$93,643	\$12,095	\$0	\$0
Mid-year acquisition campaign	Chase Your Calling recruitment campaign executed across out of home, radio and digital channels.	April 18 - July 18	\$705,816	\$179,118	\$13,000	\$0	\$0
Q4 acquisition campaign	Chase Your Calling recruitment campaign executed across radio, and digital channels.	Aug 18 - Oct 18	\$67,483	\$186,567	\$0	\$0	\$0
January 2019 acquisition campaign	Chase Your Calling recruitment campaign executed across television, cinema, out of home, radio, print and digital channels.	Nov - Dec 18	\$1,029,511	\$408,768	\$0	\$0	\$0

## ICT EXPENDITURE

The Information Technology Services key projects for 2018 include:

- continued migration of applications and servers to the cloud including decommissioning of on-premise IT infrastructure
- replacement of wired and wireless network infrastructure at the Springvale, Berwick, Cranbourne and Mornington Peninsula campuses
- successful implementation of CRM with associated process enhancements to increase student enrolments
- continued systems integration and automation to improve operational efficiencies between Chisholm Institute's Student Management System and Learning Management System.

Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period	\$13,163,507
Total entity ICT Non-Business As Usual expenditure for the full 12-month reporting period – Operational expenditure	\$2,498,805
Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period – Capital expenditure	\$8,902,407

## APPLICATION OF THE FREEDOM OF INFORMATION ACT 1982

Chisholm Institute has defined 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 [chisholm.edu.au](http://chisholm.edu.au)

All Freedom of Information requests should be forwarded to:

Freedom of Information Officer  
Chisholm Institute  
PO Box 684, Dandenong Vic 3175  
[FOI@Chisholm.edu.au](mailto:FOI@Chisholm.edu.au)

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 2018, Chisholm Institute received no FOI applications for access to documentary information under Section 17 of the Freedom of Information Act.

## ENGAGEMENT OF CONSULTANTS

For the year ended 31 December 2018

The Financial Reporting Directions and guidance FRD 22G define 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
- development of a written report or other intellectual output.

### Consultancy expenditure

#### Details of consultancies (valued at \$10,000 or greater)

In 2018, there were 23 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018 in relation to these consultancies is \$1,702,479 (excluding GST). Details of individual consultancies can be viewed at [www.chisholm.edu.au/about-us/publications](http://www.chisholm.edu.au/about-us/publications)

#### Details of consultancies under \$10,000

In 2018, there were six consultancies engaged during the year, where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure incurred during 2018 in relation to these consultancies was \$22,994 (excl. GST).

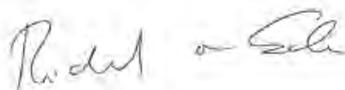
## COMPULSORY NON-ACADEMIC STUDENT FEE INCOME STATEMENT

For the year ended 31 December 2018

Chisholm has a range of fees and charges for programs and services.

For 2018, the fees and charges included:

- Tuition fees for eligible Skills First Program students. These ranged from nil to \$14.05 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 \$1,560).
- Students who were ineligible for the Skills First Program paid tuition fees of up to \$18.00 per hour.
- All students enrolling in courses that were on Chisholm's Funded Courses List (including students enrolling in Chisholm owned higher education courses) are required to pay compulsory fees for the enrolment year that contributes to the cost of providing such services as counselling, welfare services, learning support, study support, IT infrastructure and activities and services provided by the Student Support and Engagement Services business area.
- The Student Services Fee (SSF) for non-concession eligible students is charged up to the maximum of \$240.00 per 12 months. The SSF is charged at \$0.70 per hour with a minimum of \$60.00 charged for your first enrolment. If you have already paid the maximum for which you are eligible you will not be charged SSF for additional enrolment in the same 12-month period. SSF for concession eligible students is charged up to a maximum of \$120.00 per 12 months (for enrolments in courses up to Certificate IV Level for non-ATSI students). The SSF is charged \$0.35 per hour with a minimum of \$60.00 charged for your first enrolment. If you have already paid the maximum for which you are eligible you will not be charged SSF for additional enrolments in the same 12-month period. SSF for students studying higher education courses are charged at a rate of \$30.00 per unit of study. Students who are based solely in the workplace or studying exclusively online are not required to pay a student services fee.
- A materials fee was charged to cover the actual cost of providing materials or services used or retained by a student in a particular course of study. If applicable to that course of study. The fee varied by course depending on requirements. Full details were provided to each student prior to enrolment.
- Recognition of prior learning fees were charged at 50 per cent of the tuition fee that would be charged for participation in training for the same qualification.
- All eligible Skills First Program students who held current and valid concession cards (Commonwealth Health Care Card, Pensioner Concession Card and Veteran's Gold Card) prior to course commencement received an 80 per cent discount on tuition fees at Certificate IV level and below. Students identifying as Australian Indigenous individuals received the 80 per cent discount for all VET course levels.
- 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.
- Other fees and charges were on a cost-recovery basis, for example, library and parking fines, photocopying and printing charges.



**DR RICK EDE**

**Chief Executive Officer**

28 February 2018

# Environmental Performance

## Environmental performances

Chisholm Institute supports the principle of integration of economic, social and environmental considerations into its operational activities. In the course of delivering vocational education and training, the Institute set about the task of continuously improving its environmental practices throughout its operations, developing and implementing robust systems and process that protects the environment. The Institute's environmental performance including energy, water, paper and fuel consumption measured against a 2007 baseline, is described later in this report.

## Carbon management

Emissions continue to fall from 2007, down 16 per cent in real terms, and 36.5 per cent when measured against the staff FTE. This is despite a 30 per cent increase in the floor area in this period.

## Energy consumption

Chisholm continues to focus on energy efficiency through investing in the energy monitoring and reporting infrastructure to identify potential waste and quantitatively measure and track the improvements made. A primary goal over the last year has been to develop a set of tools to enable Operations to gain a comprehensive understanding of how, when and where energy use occurs, which was involved in developing the energy sub-metering infrastructure and which is continuing into 2019. These improvements are expected to help build on the energy reduction achieved in 2018, now tracking at 28 per cent below the baseline.

## The Greener Building initiative

The Institute continues to track energy and water savings following completion of the Energy Performance Contract in April 2005. The impact of the Greener Government Building continues to play a part in the reduction of emissions, with a full year of results collated indicating that the energy savings measures were performing better than expected, and the program was well on track to meet the targets set out in the contract. The interim report on the savings based on 2018 data indicates that the Institute achieved savings of approximately 1,729 MWh, saving approximately \$370,000, and achieving emission reductions of 21 per cent in excess of estimated savings.

## CHISHOLM ENVIRONMENTAL SUSTAINABILITY INDEX 2007–2018

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	1.0%
2009	1.55	-5%	1.41	-13.1%
2010	1.46	-10%	1.39	-14.5%
2011	1.38	-15%	1.41	-13.2%
2012	1.29	-20%	1.44	-11.5%
2013	1.21	-26%	1.27	-22.0%
2014	1.11	-32%	1.23	-24.6%
2015	1.03	-37%	1.30	-20.1%
2016	0.95	-42%	1.22	-25.3%
2017	0.90	-45%	1.10	-33.6%
2018	0.86	-47%	0.96	-41.1%

## SUSTAINABILITY PERFORMANCE

Chisholm monitors its sustainability performance against ResourceSmart baseline targets from 2007, given below.

Impacts/indicators	Measure	Baseline 2007	Actual 2018	% difference from the Baseline
Square metres (mth avg)	M2	98,784	129,676	30.1%
Student contact hours (enrolled)	SCH	9,250,627	12,674,407	27.9%
Student enrolments	#	40,329	38,215	-13.0%
Staff FTE (avg)	FTE	956	987.5	-4.8%
Student (FTESL)	FTESL	12,848	17,603	27.9%
Student (FTESL) + staff (FTE)	FTESL + FTE	13,805	18,591	25.6%
T1 - Emissions reduction (-43%)	t Co2e	14,257	11,882	-29.8%
	t CO2e/FTESL+FTE	1.03	0.64	
T2 - Energy reduction (-43%)	MJ	61,636,903	44,240,433	-36.5%
	Total MJ/FTESL+ FTE	4,465	2,380	
T3 - GreenPower purchase (45%)	MJ	3,187,044	0	N/A
	%	9.8%	0%	
T4 - % Renewable energy of the total Energy Use (20%)	MJ	3,135	258,458	0.49%
	%	0.01%	0.60%	
T5 - Water reduction (-75%)	kL	36,744	33,655	-42.3%
	kL/FTESL+ FTE	2.66	1.81	
T6 - Waste to landfill reduction (65%)	t	847	1,144	
	t/FTESL+ FTE	0.061	0.062	1.1%
	% recycled	13.3%	21.2%	

### 2018 Environmental data

#### Energy use

Total energy usage segmented by primary source (megajoules)	Electricity	25,951,266
	Natural gas	18,289,167
	GreenPower	0
	<b>Total</b>	<b>44,240,433</b>
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tonnes CO2e)	Electricity (S2)	7,713
	Electricity (S3)	721
	Natural gas (S1)	940
	Natural gas (S3)	71
	GreenPower	0
	<b>Total</b>	<b>9,445</b>
Percentage of electricity purchased as GreenPower (%)		0
Units of energy used per full time employee - FTE value used (megajoules per FTE)		44,800
Units of energy used per unit of office area (megajoules per m <sup>2</sup> )		341

## Waste production

Total units of office waste disposed of by destination (kg per year)	Landfill	1,143,790
	Recycled	315,410
	<b>Total</b>	<b>1,459,190</b>
Units of office waste disposed of per full time employee - FTE by destination (kg per FTE)		1,478
Recycling rate (% of total waste by weight)		21.60%
Greenhouse gas emissions associated with waste disposal (tonnes CO2e)		1,258

## 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.	Corridor printers*	12,524
	Print room	8,079
	<b>Total</b>	<b>20,603</b>
Units of A4 equivalent copy paper (reams) used per full time employee- FTE (reams per FTE)		20.9
Percentage of recycled content in copy paper purchased (%)	Recycled content	-
	Carbon neutral	-
	FSC/PEFC accredited	49%

## Water consumption

Total units of metered water consumed by water source (kilolitres)	33,654
Units of metered water consumed in offices per FTE (kilolitres per full time employee - FTE)	34.08
Units of metered water consumed in offices per unit of office area (kilolitres per m <sup>2</sup> )	0.26

## Transportation

Total energy consumption by vehicle fleet segmented by vehicle type (MJ)	Diesel	171,059
	LPG	47,205
	Petrol	3,593,388
	<b>Total</b>	<b>3,811,652</b>
Total vehicle travel associated with entity operations (km)		1,452,840
Greenhouse gas emissions from vehicle fleet (tonnes CO2e) segmented by vehicle type	Diesel (S1+3)	12.6
	LPG (S1+3)	3.1
	Petrol (S1+3)	255
	<b>Total</b>	<b>270</b>
Greenhouse gas emissions from vehicle fleet (tonnes CO2e) per 1000 km		0.28
Total distance travelled by air (km)		714,794
Percentage of employees regularly using public transport, cycling, walking etc. Sample size – 27 employees -2015.		4%

## 2018 Environmental Data (continued)

### Greenhouse gas emissions

Total greenhouse gas emissions associated with energy use (tonnes CO <sub>2</sub> e)	9,446
Total greenhouse gas emissions associated with vehicle fleet (tonnes CO <sub>2</sub> e)	270
Total greenhouse gas emissions associated with air travel (tonnes CO <sub>2</sub> e)	880
Total greenhouse gas emissions associated with waste disposal (tonnes CO <sub>2</sub> e)	1,258
Greenhouse gas emission offsets purchased (CO <sub>2</sub> -e)	0
Total Emissions from all sources	11,854

# Acronyms

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

<b>AAS</b>	Australian Accounting Standard
<b>AASB</b>	Australian Accounting Standards Board
<b>AFL</b>	Australian Football League
<b>AMEP</b>	Adult Migrant English Program
<b>AMI</b>	Australian Marketing Institute
<b>ASQA</b>	Australian Skills Quality Authority
<b>ASX</b>	Australian Securities Exchange
<b>BAU</b>	Business as Usual
<b>CCEF</b>	Caroline Chisholm Education Foundation
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CG</b>	Commercial Guidelines
<b>COO</b>	Chief Operating Officer
<b>CRM</b>	Customer Relationship Management
<b>CSIRO</b>	Commonwealth Scientific and Industrial Research Organisation
<b>CSJC</b>	Chisholm Skills and Jobs Centre
<b>CSO</b>	Community Service Obligations
<b>EBITDA</b>	Earnings before interest, taxes and amortisation
<b>ED-PCS</b>	Executive Director People, Culture & Safety
<b>ECL</b>	Expected credit loss
<b>EFT</b>	Equivalent full time (when referring to staffing)
<b>ETRA</b>	Education and Training Reform Act 2006
<b>FBT</b>	Fringe benefits tax
<b>FCBC</b>	Frankston Churches Breakfast Club
<b>FFS</b>	Fee-for-service

<b>FMA</b>	Financial Management Act 1994	<b>PAEC</b>	Decision of Public Accounts and Estimates Committee of Parliament December 1997
<b>FOI</b>	Freedom of Information	<b>PPE</b>	Personal protective equipment
<b>FRD</b>	Financial Reporting Directions	<b>RPL</b>	Recognition of prior learning
<b>FSC</b>	Forest Stewardship Council	<b>REAP</b>	Respect, Equity and Pride project
<b>FTE</b>	Full time employee	<b>SEAT</b>	South East Automotive Workers Transition Project
<b>GST</b>	Goods and services tax	<b>SCH</b>	Student contact hours
<b>HBIA</b>	Hair and Beauty Industry Association	<b>SD</b>	Standing Directions 2018 under the <i>Financial Management Act 1994</i>
<b>HSP</b>	Humanitarian Settlement Program	<b>SJC</b>	Skills and Job Centre
<b>IBAC</b>	Independent Broad-based Anti-corruption Commission	<b>SSF</b>	Student Services Fee
<b>ICT</b>	Information and Communication Technologies	<b>STEM</b>	Science, Technology, Engineering and Mathematics
<b>IT</b>	Information Technology	<b>TAFE</b>	Training and Further Education
<b>LED</b>	light-emitting diode	<b>TGF</b>	Tech Games Fest
<b>LIDP</b>	Local Industry Development Plan	<b>UIG</b>	Urgent Issues Group
<b>LSL</b>	Long service leave	<b>VAGO</b>	Victorian Auditor-Generals Office
<b>MP</b>	Member of Parliament	<b>VCAL</b>	Victorian Certificate of Applied Learning
<b>NDIS</b>	National Disability Insurance Scheme	<b>VCE</b>	Victorian Certificate of Education
		<b>VET</b>	Vocational education and training
		<b>VETiS</b>	Vocational education and training in schools
		<b>VGv</b>	Valuer-General Victoria
		<b>VIPP</b>	Victorian Industry Participation Policy
		<b>VTAC</b>	Victorian Tertiary Admissions Centre



*Chisholm*

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