



BOX HILL  
INSTITUTE

# ANNUAL REPORT 2018

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# WHO WE ARE

## OUR VISION

To grow and develop students who are proud, successful and valued by industry and community.

## OUR PURPOSE

To support community and industry growth and prosperity by delivering learning experiences that continue to challenge the norm and meet society's future needs.

## OUR VALUES

We value professionalism, loyalty, integrity, courage, teamwork and innovation.

## WHAT WE DO

Box Hill Institute is proud to serve our communities through the education, training and lifelong learning that we offer. We work with a broad range of stakeholders in our communities to provide meaningful skills, education and employment outcomes.

- We meet the needs of a diverse student body
- We give our students the practical skills and resilience for their career and life paths
- We provide relevant lifelong learning and future opportunities
- We partner with industries to meet their current and future skill needs

As Box Hill Institute approaches its 100 year anniversary in 2024, the focus is now on simplifying and aligning what we do now in our organisation. We will play to our major strengths and expand our reach through partnering. We will create new business focusing on opportunities that enhance our student experience and meet industry expectations.

Box Hill Institute has a big role to play in the future development of a skilled workforce. To support this objective, we have renewed our strategic direction to continue to focus on delivering quality education into the future. The Box Hill Institute Strategic Plan 2017 – 2018 concluded and, with the appointment of a new CEO, a new strategy was developed for implementation. The new strategy will focus on five themes:

### Theme 1 – Student at the Heart

- A high-quality and memorable experience where students are encouraged to gain the skills they desire to follow their passion.

### Theme 2 – Delivering Quality Education

- Providing our students with the skills they seek.

### Theme 3 – Partnering for Innovation and Growth

- Successful partnering with our stakeholders will make us relevant: being a highly regarded innovator will keep us there.

### Theme 4 – Valuing Our People

- We are committed to enabling an engaged, capable and safe workforce.

### Theme 5 – Leveraging Our Resources

- All our resources are optimised to achieve our desired performance standards.

# ESTABLISHMENT

Box Hill Institute is one of Australia's leading vocational and higher education providers, offering certificates, diplomas, bachelor degrees and postgraduate qualifications. The Institute is one of Victoria's largest training providers with over 460 courses and more than 45,000 enrolments in 2018 across secondary, vocational education and training (VET), higher education and industry sectors. We take great pride in our ability to successfully deliver a broad range of quality vocational education and training services locally and internationally.

## LOCATIONS

Box Hill Institute is located in Victoria with sites in Box Hill, Lilydale and in Melbourne's central business district, where the Institute is co-located with the Centre for Adult Education (CAE).

The Institute continues to deliver offshore training and education services around the world, at locations including:

- China
- Indonesia
- Iran
- Kuwait
- Macau
- Malaysia
- Saudi Arabia
- South Korea
- Vietnam

We also provide training and education services through a number of large contracts, including Department of Defence, Department of Justice across eight Corrections Victoria facilities, and across many workplace locations.

## HISTORY

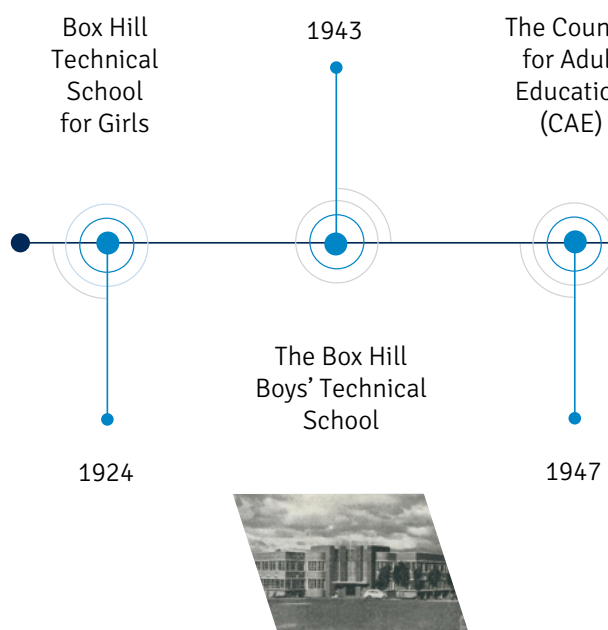
Box Hill Institute is the descendant of two Box Hill area technical schools, the Box Hill Technical School for Girls and Women opened on 4 September 1924 and the Box Hill Technical School for Boys established on 2 February 1943. Both schools were declared colleges of Technical and Further Education in late 1981 and merged to become Box Hill College of TAFE on 25 January 1984.



Box Hill  
Technical  
School  
for Girls



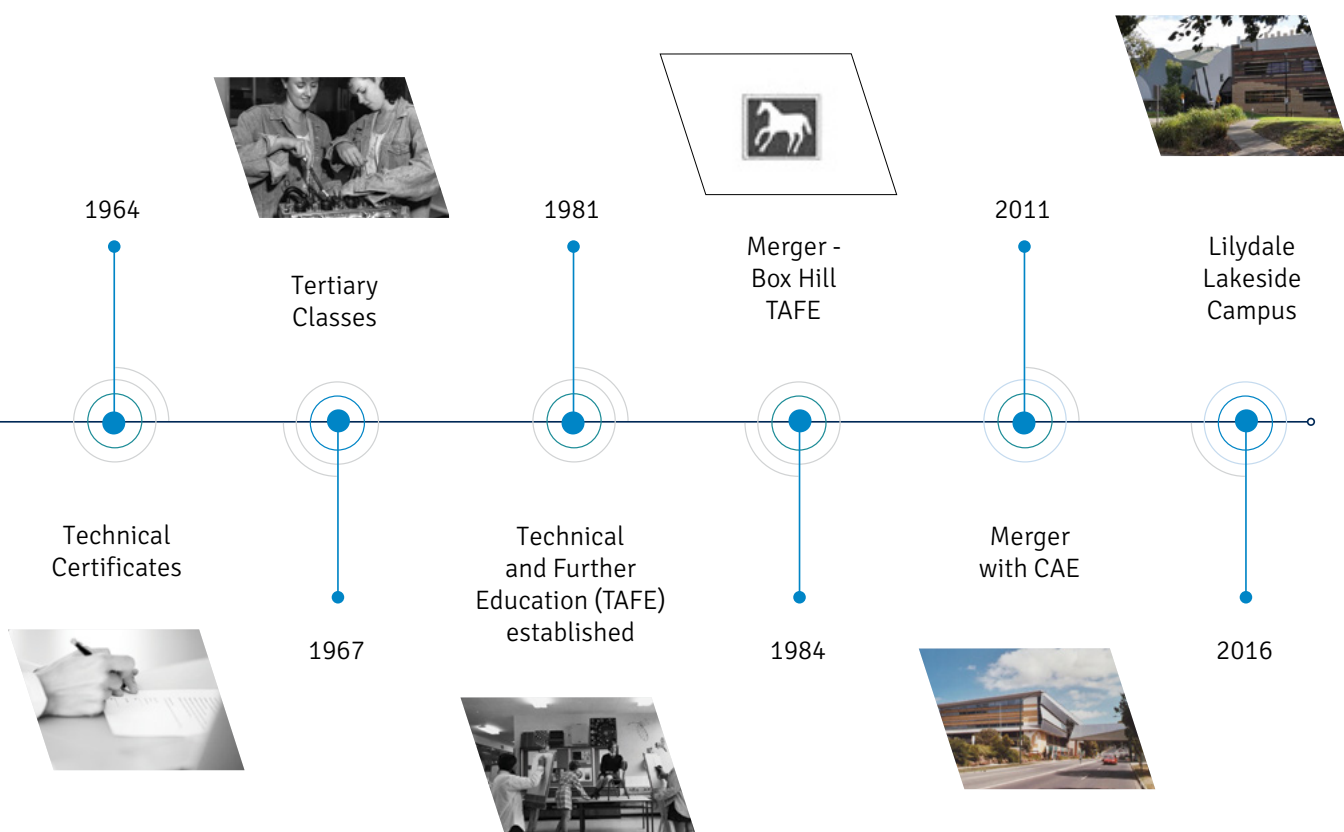
The Council  
for Adult  
Education  
(CAE)







Now known as Box Hill Institute, our functions, powers and duties are detailed in the Education and Training Reform Act 2006 and the new Constitution of Box Hill Institute (3 May 2016). In November 2012, an amendment to the Education and Training Reform Act was passed to enable the operations of CAE to be governed by the Box Hill Institute Board.



## RELEVANT MINISTER

Our Minister in 2018 was The Hon Gayle Tierney MP, Minister for Training and Skills and Minister for Higher Education.

## SPECIALIST CENTRES

Box Hill Institute is home to Specialist Centres and Centres for Excellence delivering the highest standards of industry-focused training solutions across the following areas:

- Biosecurity Training Centre of Excellence
- Specialist Centre for Cyber Security Training
- Specialist Centre for Small to Medium Enterprises
- Specialist Centre for Information and Communications Technology
- Nursing Skills Centre of Excellence
- Refrigeration and Climate Control Centre of Excellence

## WORKPLACE TRAINING FACILITIES

During 2018, Box Hill Institute continued to operate a large number of authenticated training workplaces to provide real life working conditions for students, including:

- Flowers on Elgar
- Fountains Restaurant
- Lilydale Lakeside Children's Centre
- Music Industry Business Office
- Pets on Elgar
- Hair and Beauty Salon on Elgar





# CHAIR'S STATEMENT

**I am pleased to present the 2018 Annual Report for Box Hill Institute, representing a year of intense activity focused on providing a quality education and training experience for students, aligned with their career aspirations and employment opportunities.**

Recognising some challenging market conditions, we have reported a solid performance in 2018. Throughout the year, we continued to develop and modernise our campuses and introduce industry specific centres of excellence using state of the art teaching resources and staff expertise. We listened carefully to our students, staff and partners to ensure that their expectations could be realised and, with the support of government, we targeted investment to improve their experience.

We continued to strengthen our partnerships with industry, universities and the broader TAFE sector throughout the year.

In June 2018, Box Hill Institute said farewell to its CEO, Norman Gray AM. Norman brought extraordinary knowledge, experience and flair to the leadership role and contributed significantly over his tenure to the Institute's success.

Following an extensive executive search, we were very pleased to appoint Vivienne King as Norman's successor to take the Institute forward and realise the emerging opportunities in a stronger TAFE sector.

Vivienne joins us with a wealth of experience from a high profile international career. She most recently held the position of President of the British Columbia Rapid Transport Company in Vancouver, Canada.

Since commencing with the Institute, Vivienne has focussed on the market environment and planning a strategic direction to take the Institute to its centenary in 2024 and beyond, with a focus on the core fundamentals: students, industry, our people, quality education and sustainability.

The Board looks forward to supporting Vivienne as she builds on the success of the Institute.

The Victorian State Government's announcement of a *Free TAFE for Priority Courses* program, which provides government-subsidised training for eligible students, was most welcome in 2018. We have been working closely with the government and other TAFEs to ensure the continued strengthening of Victoria's TAFE sector to deliver relevant industry vocational training.

We are proud of our achievements and remain committed to serving our communities by providing quality, innovative education, training and lifelong learning to meet the needs of students, industry, government and stakeholders.

We have continued to develop our programs domestically and internationally, growing and expanding our global reach and retaining our market share domestically. Our focus on innovation and growth through diversification resulted in a number of strategic partnerships including the commencement of a new health and education precinct in Box Hill with Epworth Eastern, and the opening of our new music studios making available some of the best recording equipment and studio facilities in the southern hemisphere.



Community education is an important part of our organisation, with a focus on providing accessible lifelong learning to all. During 2018, we invested in further developing our Lilydale Lakeside campus as a community hub providing a truly integrated education and community campus. We announced new initiatives to expand the campus as an education precinct, and the completion of the integrated Lilydale Lakeside Children's Centre.

CAE continues to be known as a Melbourne institution supporting our community to develop new skills and interests.

In the later part of the year, the State Government announced \$10.2 million for an Integrated Centre for Sustainable Construction and a further \$2.9 million for the development of construction courses.

Thanks are due to the Board for their critical role in providing governance and direction and, on behalf of the Board, I thank Norman Gray AM and Vivienne King for their leadership over the last year. I also pay thanks to the Executive Team for their adaptability and for continuing to drive performance in the midst of change and to the management team and hardworking staff for their ongoing commitment and dedication.

**Jack Diamond**  
Board Chair  
28 February 2019



# CEO'S STATEMENT

**Earlier this year I was delighted to be offered the opportunity to lead this wonderful organisation with its proud history and bright future. I immediately immersed myself in learning the full extent of its activities, aspirations and operating environment. And what a revelation it was!**

Box Hill Institute had a good year in 2018 and we will be looking to leverage this in years to come.

A 15.5% increase in enrolments, solid financial performance, an award for international provider of the year and an enduring focus on quality education to provide our students with the best experience and skills for the jobs that exist now and in the future.

During 2018, we launched a number of exciting new facilities. In August, responding to the enormous demand for skilled cyber security professionals, we launched the Cyber Security Operations Centre, which creates a realistic learning environment for effective training in incident response.

In June, the much anticipated music hub at our Box Hill, Nelson campus was launched along with an associated record label, Tremorverse, and in August, we launched an advanced welder training centre to deliver accredited courses for trade qualified and transitional workers.

Box Hill Institute won some major awards in 2018, including International Training Provider of the Year at the Australian Training Awards, and it was a winner or finalist in seven major industry and international awards. We are very proud to receive these awards as recognition of our ongoing efforts and innovation. In fact, Box Hill Institute was one of the very first education providers to deliver courses internationally in the late 1990s.

As a final event in 2018, the fashion and floristry student graduate catwalk, Botanica was an extraordinary success.

Our focus in 2019 will be to embed our 2019-2024 strategy, which focuses our business on having students at the heart of our business and decision-making. We know our future workforce will be substantially impacted by global trends that accelerate the pace of change including technological, digital disruption and the continuous drive for productivity efficiencies. With large mismatches between the demand and supply of skilled labour, we need to work closely with industry to respond to these challenges and remain relevant and leading edge in the face of this change.

Innovative industry partnerships, quality education and valuing our people will be critical to our response and we look forward to continuing to work in this space.



Finally, I am privileged to be leading Box Hill Institute into our 100th birthday and I look forward to a bumper year turning our strategy into reality to provide the best possible experience for our students.

**Ms Vivienne King**

Managing Director / Chief Executive Officer

28 February 2019



# AWARDS AND ACHIEVEMENTS

**Box Hill Institute is proud of our students and teams for their many prestigious awards and achievements. Presented by industry bodies and governments, these awards recognise the quality and relevance of our programs and teaching. Each year, we encourage and support our staff and students to enter awards, which are highly regarded. In line with developing our reputation for academic success, in 2018 our staff and students received or were shortlisted for:**

- Australian Training Awards – International Training Provider of the Year – Winner
- Aust-China Business Awards – Consumer Services – Finalist and Judges Commendation Award
- AFR Innovation Award – Business Model – Made the Top 100 list at number 52
- Victorian Training Awards:
  - Victorian Large Training Provider of the Year – Finalist
  - Victorian Industry Collaboration Award – Finalist
  - Inclusivity Training Provider Award – Finalist
- Learn Local Awards – Ro Allen Award for Pre-Accredited Excellence – Finalist
- ACEA Correctional Teacher's Awards – Correctional Teacher of the Year – Winner - Victoria, Nisha Walker from Dhurringile team
- World Congress – Green Colleges – Bronze

# KEY INITIATIVES AND PROJECTS 2018

## LILYDALE

In 2018, Box Hill Institute continued to develop and grow our Lilydale Lakeside campus following its reopening in 2016. Lilydale Lakeside is an important part of our future. Its integrated services include:

- VET training facilities
- Lilydale Lakeside Children's Centre
- Lilydale Lakeside Conference and Events Centre
- Point of View café

It is an important and iconic hub for the area. We will continue to work closely with the community to provide quality education and training services, and grow the campus to serve the community.

During 2018, it was exciting to celebrate the announcement of KidzMondo, Australia's first edutainment centre, which will be based at our Lilydale Lakeside campus. For future development, the State Government announced \$10.2 million for the construction of an Integrated Centre for Sustainable Construction at Lilydale Lakeside and a further \$2.9 million for the development of a new diploma-level off-site construction technologies course, and new accredited and non-accredited courses in Building Information Modelling.

Box Hill Institute achieved strong growth in enrolment numbers at our Lilydale Lakeside campus with over 2,000 enrolments during its third year of operations.

## YARRA RANGES TECH SCHOOL

The Yarra Ranges Tech School (YRTS) commenced operations in 2017 using new technology to deliver advanced learning in science, technology, engineering, and maths (STEM). YRTS works in collaboration with its local partner secondary schools to build exposure to STEM related job functions and industries for teachers and students. This creates awareness among secondary school students who are then able to identify potential study-career pathways that will help address future skills gaps in the Victorian economy.

YRTS provides an inspiring learning hub that engages students via hi-tech such as:

- virtual reality
- coding
- artificial intelligence
- 3D printing technologies
- robotics

Students learn through hands-on experience supported by a very innovative and comprehensive online learning management system.

In 2017, a total of 1,593 students from 10 partner schools participated in project challenges at YRTS. This number grew to 3,405 students from 17 partner schools in 2018.

A continuing partnership approach between Box Hill Institute, the Department of Education and Training, industry partners, and local Partner Schools helps ensure that students are better prepared for STEM-related future jobs.



## PARTNERSHIPS

Industry relationships and partnerships are critical to providing students with relevant and leading edge learning to ensure they are job ready for the jobs that exist. Box Hill Institute collaborates with business partners on a range of programs, including the Skills for Education and Employment programs and the Adult Migrant English Program, which enables adult migrants to improve their English and connect with the community. In 2018, we helped 2,823 students access this program.

We also continue to implement the Victorian Government's Reconnect initiative, giving education and work employability assistance to people who are not in education, training or full time employment.

In 2018, Box Hill Institute collaborated with the TAFE network, leading institutes, and industry sponsors and partners to address skill gaps and prepare graduates for work in industries of the future, including cyber security and sustainable construction technologies.

We partnered with industry experts on emerging construction technologies such as cross laminated timber, building information modelling, and other sustainable practices to deliver courses in sustainable construction, including Passive House. We also have plans to take an innovative approach in establishing a planned Centre of Excellence for Sustainable Construction Technologies to develop high-quality skills that are aligned with industry demand.

In addition, we partnered with Weld Australia and launched an Augmented Advanced Welder Training Centre under the Regional and Specialist Training Fund Program, providing a state of the art training facility to teach future welders. The centre provides students a ready path to work in an industry calling out for skilled workers to fill construction and welding jobs to deliver government's priorities.

## SKILLS FIRST TAFE COMMUNITY SERVICE FUNDING

The Skills First TAFE Community Service Funding enables the delivery of vital support services for our student and community, including Skills and Jobs Centres, counselling services, literacy and numeracy support services and library services. These integrated support services are essential in delivering quality learning outcomes and providing a positive experience for our students and communities.

Box Hill Institute student support services are tailored to ensuring access, inclusion and equity, quality and learning outcomes at all levels, within a lifelong learning approach. Our Skills and Jobs Centres continue to collaborate with community organisations and provide career advice and support for students with educational and career pathway options that best match their skills, interests and career goals.

## JOBS ENGAGEMENT TEAM

### Apprenticeship Support Officer Program

The Apprenticeship Support Officer Program provides support to our apprentices as they complete their trade qualification. We understand the challenges that exist in studying and this program provides advice, guidance, mentoring and support, which can include referrals to literacy and numeracy services, drug and alcohol counselling and mental health practitioners if needed.

Working closely with the Department of Education and Training, the Apprenticeship Support Officer Program team visits apprentices in need, liaising with main stakeholders, and providing referral and support where required. In 2018, staff contacted 3,444 apprentices across 99 postcodes, and worked closely with the Skills and Jobs Centres to ensure that apprentices who fall out of trade were quickly assisted in finding and successfully securing a new employer.

## Skills and Jobs Centres

The Skills and Jobs Centres manage calls, one-on-one appointments, and numerous internal and external presentations to current and prospective students. It also provides expert advice on training and employment opportunities, including help with job searching, assistance preparing resumes, referral to welfare support and financial advice, assistance in using your existing skills, and assistance with career and training plans.

Centre staff attend marketing events to provide career and training information, advice or appointments depending on the event. Due to the distinct Centre regions, there is a different emphasis on services between Centres. The following table provides an overview of some of the Skills and Jobs Centres regular work.

	TOTAL
New Participants Registered	14,348
Job Readiness Workshops/Seminars	98
No. of people attending Workshops/Seminars	3,290
New Jobs Registered	350
No. of Engagements with Employers/Industry	254
No. of Engagements with Community Organisations	178
One on One Career Advice Sessions	1,455
Free TAFE Registrations	362
Free TAFE Presentations	29

## Disability Employment Service

Disability Employment Services help people with disability find work and keep a job. Through Disability Employment Services, people with a disability, injury or health condition may be able to receive assistance to prepare for, find and keep a job.

After successfully gaining a five year Disability Employment Services (DES) provider contract with the Australian Government, Box Hill Institute opened four full time DES sites on 2 July 2018. These sites service nine outreach sites on a weekly or fortnightly basis. Trading under BHI Employment Services, Box Hill Institute has made a solid start to building its market share amongst many long-term and well established competitors.



## TEACHING AND LEARNING COLLEGE

Box Hill Institute's internal professional development program, the Teaching and Learning College supports innovative teaching, providing individual coaching and mentoring for our teachers with access to further training online and face-to-face.

In October, the Teaching and Learning team hosted the Young Leaders Camp at our Lilydale Lakeside campus as part of the World Federation of College and Polytechnics 2018 World Congress (WFCP). Nominated from their member colleges, 36 young people undertook accredited leadership development training, met with keynote speakers from the WFCP Congress and debated critical issues for youth regarding education and life. Staff also helped the participants to create a Voice of the Youth video, outlining their learnings from the WFCP Congress and their ideas for the future.

Box Hill Institute provided sponsored places for all teachers, including contract and sessional to complete the 1 April 2019 training and assessment credential upgrade requirements in line with the changes to the Training and Education (TAE) Training Package as stipulated by the Australian Skills Quality Authority. The purpose of the teacher credential upgrade was to build the assessment and contextualisation skills of vocational education and training teachers.

## WOMEN IN NON-TRADITIONAL TRADE AREAS

The Women in Non-Traditional Trade Areas (WINTA) Program provides a unique blend of support, skills development, and role modelling for women training or pursuing a career in trades or non-traditional areas. The WINTA program saw a slight increase in participant numbers in 2018 with 28 participant compared to 27 participants in 2017 and 17 participants in 2016. The program has continued to receive positive feedback from participants.

## ACCREDITATION AUDIT COMPLIANCE

Box Hill Institute maintains absolute focus on quality, which is evident through our successful completion of audits by regulatory bodies. We pride ourselves on providing quality education to our students.

### Higher Education

#### Professional Accreditations

- Graduate Diploma in Early Childhood Teaching – Australian Children's Education & Care Quality Authority (ACECQA)

### Vocational Education and Training Audit Compliance

During 2018, Box Hill Institute successfully completed a number of important audits by our national and state regulators. The 2018 successful audits included the following.

#### External Audits

- Department of Education and Training – Higher Education and Skills Group  
Box Hill Institute Quality Review against 2017 Skills First VET Funding Contract
- Linda Wyse Associates (on behalf of the Department of Education and Training)  
Box Hill Institute Adult Migrant English Program – Australian Core Skills Framework Indicators/verification of client goals  
Box Hill Institute Skills for Education and Employment Program – Australian Core Skills Framework Indicators/verification of client goals
- Victorian Curriculum and Assessment Authority  
Box Hill Institute VCE VET Scored-assess Coursework Audit  
Box Hill Institute VCAL Validation of Assessment Tasks

#### VET Extension of Accredited Course

- 10179NAT Graduate Certificate in Dispute Resolution (Industry) extended from 31/12/18 to 30/06/2019





## MARKETING EVENTS

Box Hill Institute hosted more than 50 corporate events in 2018. The events included Open Days, Information Evenings, Student and Staff Awards, graduation ceremonies, festivals, and careers expos.

Individual Open Days were held at our Box Hill and Lilydale campuses attracting more than 4,000 visitors. The Open Days provide an opportunity for prospective students to obtain course advice, attend demonstrations, information sessions, interactive workshops, and experience virtual reality.

The CAE hosted an inaugural Showcase and Open Day event in November, which was held at the Degrafs Street campus and attracted over 300 people. The event invited people to view CAE facilities, watch demonstrations, and provided key course information.

Over 7,000 prospective students and their families visited one or more of our three campuses to attend information evenings, and there was a 55% increase in the number of potential students who started an enrolment application at an information evening compared to 2017.

## CAMPUS MODERNISATION

Box Hill Institute is committed to providing facilities with modern, comfortable amenities and relevant resources and equipment to support a positive learning environment for students. During 2018, we implemented a number of campus modernisation initiatives. An internal and external refresh was completed at the Nelson campus, including a new, open and refreshed café, painting throughout, new carpeting, cleaning and replacement of the skylight in the main hall. External cladding was also painted and the main entrance area at Nelson Road was remodelled into a pedestrian only outdoor space with new landscaping.

Construction of a state of the art School of Music was completed, as was the new cyber security and visual merchandising facilities.

At the Whitehorse campus, we separated all services, demolished buildings 1, 4 and 5, and settled the sale of land with Epworth Hospital.

Box Hill Institute worked with a property developer to develop Spring Street at our Box Hill site. This includes construction of a new nursing training facility with mixed-use development in the upper floors. The negotiations and design process began in 2018 and planning approvals and the build will commence in 2019.



# INTERNATIONAL HIGHLIGHTS

## INTERNATIONAL INBOUND STUDENTS

In 2018, Box Hill Institute International continued to enrich the international student experience both onshore and offshore and to grow our international offering.

Box Hill Institute was proud to be awarded the title of International Training Provider of the Year at the Australian Training Awards. We supported international student Rheea Busawon to win the 2018 VET/TAFE International Student of the Year Award from the Council of International Students Australia, which recognised her outstanding student experience. We also supported Abrar Daw Al Nour from Box Hill College Kuwait, who won the first International Student of the Year 2018 (Offshore). This allowed Abrar to leave her country for the first time to visit Australia, learn about the culture and receive her award.

In 2018, we successfully attracted 45 students from our offshore transnational programs to arrive in Australia and undertake an onshore Box Hill Institute experience. These students are now our offshore ambassadors.

International student enrolments at Box Hill Institute continued to show strong growth in 2018, even though the international political environment and Australian visa policies were more complicated and challenging.

## OVERSEAS OPERATIONS PERFORMANCE

Box Hill Institute's transnational delivery is part of the annual budget process with monthly identification and reporting of revenue and surplus. Any significant variances are highlighted and discussed with the Executive, the Board and the relevant sub-committees.

## OVERSEAS OPERATIONS OUTCOMES

Box Hill Institute's international activities were successful in 2018, contributing to commercial targets and increasing our resource diversity. In 2018, a number of overseas visits were undertaken to deliver industry training and assessment programs as well as formal education courses, and secure consulting projects. We were able to strengthen partnerships, oversee international operations, recruit students, and attend conferences and exhibitions.

Existing and potential international partners are increasingly looking for partnerships in areas that have been recognised as critical skill gaps in their economies, with interest being shown in:

- science
- technology
- engineering
- mathematics
- trades
- ICT
- arts

In 2018, a key focus for our transnational operations was to provide training for teachers across our transnational partner network, and strengthening our relationship with existing partners in China, Vietnam, Malaysia, and the Middle East.

## INTERNATIONAL OPERATIONAL RISKS

Box Hill Institute takes its strategic and operational risks for overseas operations very seriously. We have frameworks in place to effectively manage and mitigate risk. We have identified growth through diversification, excellence through quality, and enriched student experience as key priorities for our offshore operations. The Institute and the Board consider all risks as part of the Risk Management Plan, including those associated with delivery overseas.

## RISK STRATEGIES

Strategies employed to mitigate our risk are reviewed on a regular basis with the Executive, the Board and relevant sub-committees. The appropriate management of offshore operations is a priority and as such, the Institute prepares:

- A monthly project status report for each international project
- A monthly business development pipeline report for the Board
- Monthly financial reports to the Board including the Institute's delivery overseas showing targets and actual results
- A business case for the Board to outline each new major international activity for consideration and approval before the activity commences, as applicable



## TRANSNATIONAL DELIVERY

Box Hill Institute has a long, proud history operating transnational education and training programs, having delivered them since 1982. The great transnational partner network has created an excellent alumni program with more than 10,000 graduates making significant contributions in their countries and around the world.

The global focus on transnational education continues to expand and as a result, the demands and expectations in this area continually develop. In particular, China has significantly increased its own activities in transnational education with campuses working extensively with new partners in Central Asia, South East Asia and Africa. As a result, Box Hill Institute continually looks to improve the quality of our programs and the benefits for students and offshore partner institutions.

In response to these international and national factors, Box Hill Institute continued to implement changes to our operating model, resulting in improved efficiency and more streamlined processes.



# GOVERNANCE

**Box Hill Institute is governed by a board established under the Constitution of the Box Hill Institute and Centre for Adult Education Order 2016 (the Constitution) and the Education Training and Reform Act 2016 (the Act). The Board is comprised of members who have experience in government, industry and the community. Its role is to oversee and govern Box Hill Institute and take all reasonable steps for the advancement of the Institute objectives under the Act and the Constitution, and operate in accordance with the economic and social objectives and public sector management policy established from time to time by the Government of Victoria.**

The Board is committed to ensuring that the community has effective access to vocational and further education programs that are responsive to its needs. The Board is also committed to ethical conduct in all areas of its responsibilities and authority.

The Board is ultimately responsible to the Victorian Government for the governance and management of Box Hill Institute.

## BOARD MEMBERS

Board members are either appointed by the Minister, co-opted by the Board, or elected by staff. The CEO is an ex officio director.

The following Directors served on the Board during 2018

- Mr Allan Moore
- Ms Amanda Brook
- Ms Claire Filson
- Ms Helen Buckingham
- Mr Jack Diamond (Chairperson)
- Ms Jane Foley (from 1 July 2018)
- Prof John Rosenberg
- Ms Julie Eisenbise
- Mr Norman Gray AM (CEO – ex officio until 22 June 2018)
- Mr Phillip Davies
- Dr Sam McCurdy (from 1 July 2018)
- Ms Tracey Cooper
- Ms Vivienne King (CEO – ex officio from 23 June 2018)
- Dr Zena Burgess (until 31 May 2018)

## COMMITTEES

In 2018, the following Board Committees assisted the Board in fulfilling its duties:

- Audit, Finance and Risk Committee
- Asset Management Committee
- Education Quality Committee
- Nominations Committee
- Remuneration Committee

### AUDIT, FINANCE AND RISK COMMITTEE

The objective of the Audit, Finance and Risk Committee is to assist the Board in ensuring that the control and compliance framework operating across the organisation is operating effectively and that its external accountability responsibilities are met.

The financial statements in the Annual Report have been reviewed by the members of the Audit, Finance and Risk Committee and formally adopted by the Institute's Board.

Committee Membership during 2018 included:

- Mr Allan Moore (Committee Chair)
- Ms Jane Foley (from 1 July 2018)
- Ms Julie Eisenbise
- Dr Sam McCurdy (from 1 July 2018)
- Ms Tracey Cooper
- Dr Zena Burgess (until 31 May 2018)



### ASSET MANAGEMENT COMMITTEE

The objective of the Asset Management Committee is to assist the Board in ensuring that plans and projects relating to the use of the Institute's assets align to the approved annual Asset Management Plan and that the Board is fully informed of the processes and options being considered.

Membership during 2018 included:

- Mr Allan Moore
- Ms Amanda Brook
- Ms Claire Filson
- Ms Helen Buckingham
- Mr Phillip Davies
- Ms Tracey Cooper (Committee Chair)

### NOMINATIONS COMMITTEE

The Nominations Committee assists the Board in fulfilling its responsibilities in relation to the evaluation and maintenance of appropriate skills required by the Board and the competency, selection, and nomination for the appointment of Co-opted Directors.

Membership during 2018 included:

- Mr Allan Moore
- Ms Amanda Brook
- Ms Claire Filson
- Ms Helen Buckingham
- Mr Jack Diamond (Chairperson)
- Ms Jane Foley (from 1 July 2018)
- Prof John Rosenberg
- Ms Julie Eisenbise
- Mr Norman Gray AM (until 22 June 2018)
- Mr Phillip Davies
- Dr Sam McCurdy (from 1 July 2018)
- Ms Tracey Cooper
- Ms Vivienne King (from 23 June 2018)
- Dr Zena Burgess (until 31 May 2018)

### EDUCATION QUALITY COMMITTEE

The Education Quality Committee assists the Board in fulfilling its responsibilities to oversee the maintenance of quality, relevance to market and industry needs, and the development and transformation of training delivery and services in line with the Strategic Plan.

Membership during 2018 included:

- Ms Claire Filson
- Ms Helen Buckingham (Committee Chair)
- Ms Jane Foley (from 1 July 2018)
- Prof John Rosenberg
- Ms Julie Eisenbise
- Dr Sam McCurdy (from 1 July 2018)

### REMUNERATION COMMITTEE

The Remuneration Committee assists the Board in ensuring that remuneration practices for the CEO and Executive Officers are in accordance with government policy relating to public sector employment administered by the Victorian Public Sector Commission and Ministerial directions to TAFE Institutes.

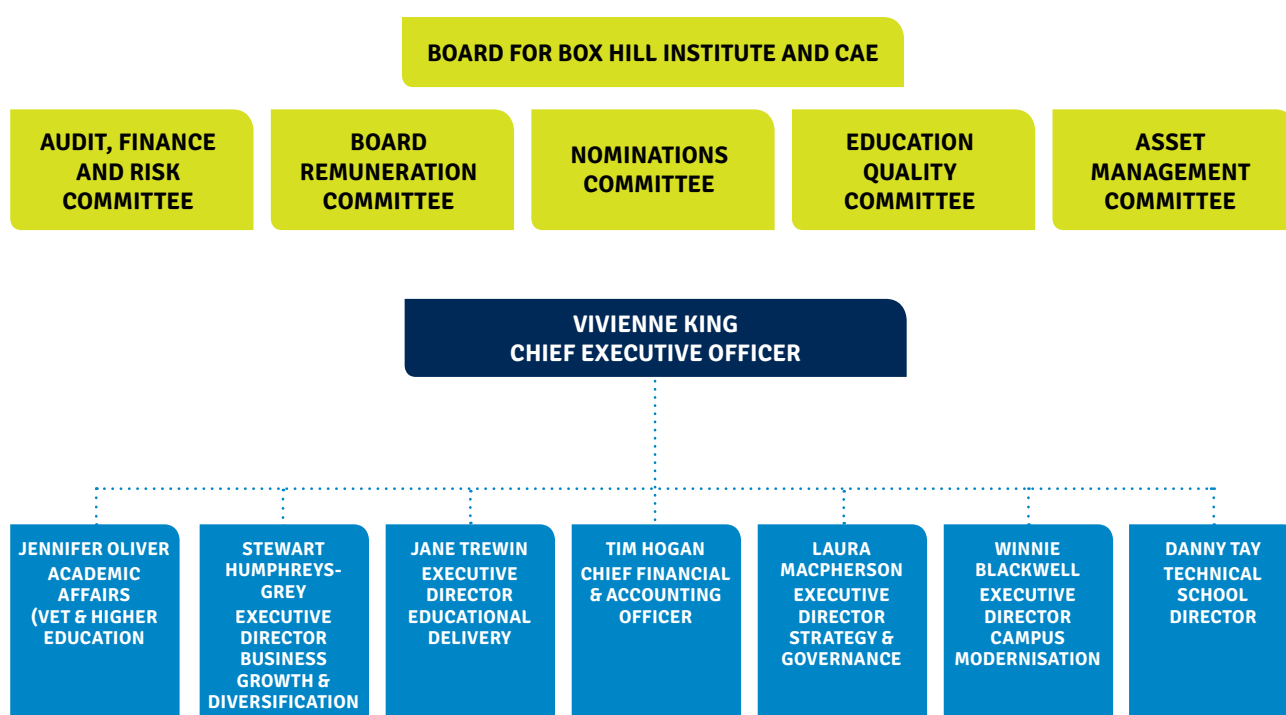
Membership during 2018 included:

- Mr Allan Moore
- Ms Amanda Brook
- Ms Claire Filson
- Ms Helen Buckingham
- Mr Jack Diamond (Committee Chair)
- Ms Jane Foley (from 1 July 2018)
- Prof John Rosenberg
- Ms Julie Eisenbise
- Mr Phillip Davies
- Ms Tracey Cooper
- Dr Zena Burgess (until 31 May 2018)



# EXECUTIVE MANAGEMENT STRUCTURE 2018

## ORGANISATIONAL CHART AS AT 31 DECEMBER 2018



Board and Committee members are listed in the Governance section

# FINANCIAL PERFORMANCE 2018

## FIVE YEAR CONSOLIDATED FINANCIAL SUMMARY

YEAR ENDED 31 DECEMBER					
	2018	2017	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Summary of Financial Performance</b>					
Government Contributions - Operating	66,007	63,776	46,675	44,979	34,323
Sale of goods and services	72,699	57,963	50,884	50,691	62,968
Other income	5,341	4,993	4,975	6,282	4,830
<b>TOTAL INCOME FROM TRANSACTIONS (Excluding Capital Grants)</b>	<b>144,047</b>	<b>126,732</b>	<b>102,534</b>	<b>101,952</b>	<b>102,121</b>
<b>TOTAL EXPENSES FROM TRANSACTIONS (Excluding Depreciation and Expenditure from capital contributions)</b>	<b>(132,790)</b>	<b>(117,213)</b>	<b>(103,390)</b>	<b>(97,046)</b>	<b>(108,765)</b>
<b>EARNINGS BEFORE DEPRECIATION, CAPITAL GRANTS AND OTHER ECONOMIC FLOWS</b>	<b>11,257</b>	<b>9,519</b>	<b>(856)</b>	<b>4,906</b>	<b>(6,644)</b>
Government Contributions - Capital	1,520	264	12,100	10,000	730
Depreciation and Amortisation	(9,618)	(8,882)	(8,218)	(7,118)	(6,915)
Expenditure using government contributions - capital	-	-	-	-	-
Other economic flows included in net result	8,389	837	(590)	304	5,117
Net result from discontinued operations	-	-	-	-	-
<b>NET RESULT</b>	<b>11,548</b>	<b>1,738</b>	<b>2,436</b>	<b>8,092</b>	<b>(7,712)</b>

Box Hill Institute, CAE and Box Hill Enterprises Limited recorded a net result surplus of \$11.548 million (2017: \$1.738 million surplus) compared to a Board-approved Budget of \$1.011 million surplus.

## COMPREHENSIVE OPERATING STATEMENT

The improved 2018 result on 2017 figures was primarily driven by the gain on sale of an asset (Whitehorse East campus) and improved performance in a Box Hill Institute investment. Training revenue also increased in 2018, which resulted in higher costs associated with delivering programs.

- Revenue from government contributions – contestable funding linked with training delivery increased in 2018 compared to 2017. Other operating contributions of \$30.5 million were received (2017: \$34.8 million)
- Capital grant contributions related to the Integrated Childcare Centre at the Lilydale Lakeside campus

Employee expenses increased primarily due to delivering increased training volumes (2018: \$83.7 million, 2017: \$76.7 million).

## BALANCE SHEET

YEAR ENDED 31 DECEMBER					
	2018	2017	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Summary of Balance Sheet Performance					
Assets	495,356	500,557	293,039	262,811	259,926
Liabilities	(41,817)	(58,547)	(35,063)	(21,551)	(27,057)
<b>NET ASSETS</b>	<b>453,539</b>	<b>442,010</b>	<b>257,976</b>	<b>241,260</b>	<b>232,869</b>
Accumulated Surplus	117,206	105,488	103,867	100,020	89,949
Reserves	309,209	309,398	126,985	114,116	115,796
Contributed Capital	27,124	27,124	27,124	27,124	27,124
<b>NET WORTH</b>	<b>453,539</b>	<b>442,010</b>	<b>257,976</b>	<b>241,260</b>	<b>232,869</b>

Box Hill Institute's overall net worth increased by \$11.529 million, in line with the 2018 net result.

Asset balances overall were consistent with 2017 however liabilities decreased mainly due to the repayment of a \$15 million government loan facility.



# COMPLIANCE

## RISK MANAGEMENT AND ATTESTATION STATEMENT

For the period 1 January 2018 – 30 June 2018, I, Mr Jack Diamond, on behalf of the Board of Directors, certify that Box Hill Institute has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes, including the Insurance requirements.

For the period 1 July 2018 – 31 December 2018, I Mr Jack Diamond, on behalf of the Board of Directors, certify that Box Hill Institute has complied with the applicable Standing Directions of the Assistant Treasurer under the Financial Management Act 1994 and Instructions except for the following Material Compliance Deficiency in connection with Direction 3.7.2.3 Borrowings, Investments and Financial Arrangements and concerning borrowings:

- a finance lease was arranged with a financial institution which is not owned by the State and does not have a rating the same or better than the State of Victoria. The lease was arranged for the urgent replacement of essential equipment under a reasonable belief that the transaction was compliant.

The Audit, Finance and Risk Committee (AFRC) has reviewed and verified the Institute's compliance assessment.

Jack Diamond  
Board Chairperson  
28 February 2019

## STATEMENTS OF PECUNIARY INTERESTS

The Institute has policies and procedures that require relevant officers of Box Hill Institute entities to complete Statements of Pecuniary Interests on an annual basis. All such statements have been duly completed.

Information about declarations of pecuniary interests by all relevant officers should be directed to:

The Freedom of Information Officer  
Box Hill Institute  
Private Bag 2014  
Box Hill, VIC 3128

## DETAILS OF SHARES HELD BY SENIOR OFFICERS

Requests for information about shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary, if any, should be directed to the Freedom of Information Officer (contact details above).

## NATIONAL COMPETITION POLICY

Box Hill Institute has policies and procedures to ensure compliance with the National Competition Policy and which take into account the Victorian Government's Competitive Neutrality Policy and related legislation.

## FREEDOM OF INFORMATION

Box Hill Institute has implemented a policy and procedures that, subject to privacy constraints, facilitate all reasonable requests for information from students, staff and the public under the provisions in the Freedom of Information Act 1982. Requests under the Freedom of Information Act should be addressed to the Freedom of Information Officer (contact details set out above).

Box Hill Institute may levy a charge for information provided that is the subject of a Freedom of Information request in accordance with the relevant requirements. There was one formal request for information under the Freedom of Information Act during the 2018 reporting period.

Students may access their personal records by applying to:

The Registrar  
Box Hill Institute  
465 Elgar Road  
Box Hill, VIC 3128

A staff member may access their personnel file by applying to:

General Manager Human Resources  
Box Hill Institute  
465 Elgar Road  
Box Hill, VIC 3128

## FINANCIAL REPORTING DIRECTIONS

This report is prepared in accordance with the requirements of the Financial Reporting Directions. For further details, please refer to the Financial Statements.

## COMPULSORY STUDENT SERVICES AND AMENITIES FEE

Box Hill Institute levy a compulsory student services and amenities fee that is determined in accordance with the Ministerial Directions on Students Fees and Charges. The fee is fully applied to the provisions of funding for student recreation, counselling and welfare and other non-academic support services.

The processes for the collection and disbursement of the services and amenities fees are managed by Box Hill Institute and CAE respectively and are not paid to any student organisations. Total Student Services and Amenities Fees collected for Box Hill Institute and CAE for the year ending 31 December 2018 were \$1,212,000. Student Services and Amenities Fees collected for Box Hill Institute were \$1,164,000. Student Services and Amenities Fees collected for CAE were \$48,000.

## PROTECTED DISCLOSURE ACT

The purpose of the Protected Disclosure Act 2012 is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to persons who make disclosures in accordance with the Act.

The Institute has policies and procedures to promote the protection of persons who make a protected disclosure under the Act, which can be accessed via the Institute's website at [www.bboxhill.edu.au/about-us/policies-and-procedures](http://www.bboxhill.edu.au/about-us/policies-and-procedures) or from the Protected Disclosure Coordinator at [protecteddisclosure@bhi.edu.au](mailto:protecteddisclosure@bhi.edu.au).

Officers, members, employees and contractors of the Institute as well as members of the public, may make a disclosure of improper conduct or detrimental action under the Act to the Independent Broad-based Anti-corruption Commission (IBAC) online at <https://www.ibac.vic.gov.au/reporting-corruption/report/complaints-form>.

The Institute's Protected Disclosure Coordinator cannot receive disclosures. They must be made directly to IBAC. The Coordinator is responsible for coordinating disclosures and the welfare of disclosers.

## CARERS RECOGNITION ACT

The Box Hill Institute meets its obligations under the Carers Recognition Act 2012.

## CONDUCT PRINCIPLES

All staff are required to comply with the requirements in the Box Hill Institute's Code of Conduct and the Code of Conduct for Victorian Public Sector Employees.

## VICTORIAN PUBLIC SECTOR TRAVEL PRINCIPLES

Box Hill Institute has policies and procedures in relation to domestic and international travel and accommodation to ensure compliance with the Victorian Public Sector Travel Principles. This applies to all employees of Box Hill Institute and its controlled entities, and takes into account the Victorian Public Sector Travel Principles issued by the Department of Premier and Cabinet December 2006 and the Department of Education and Early Childhood Development Policy and Guidelines 2014.

## HEALTH, SAFETY AND WELLBEING

An overarching commitment to Work Health and Safety (WHS) across the Box Hill Institute has resulted in increased participation in safety, reporting, training and wellbeing activities during 2018.

WHS is incorporated into all workplace and learning activities to ensure the promotion of and emphasis on health and safety. A proactive focus on injury and illness prevention and physical and psychological wellbeing continues to form an integral component of our organisation and teaching cultures. A Health, Safety and Wellbeing strategy 2018 – 2020 has been developed focusing on culture, risk and reporting. Implementation commenced during 2018, with a focus on engagement and enhancing the occupational health and safety (OHS) performance within Box Hill Institute operations.

In 2018, there was a decrease in the number of reported workplace hazards, with a total of 158.5 hazard reports per 100 FTE. This was lower than the 193 reported in 2017 and comparable to the 136 reported in 2016. This decrease is attributed to an ongoing commitment to OHS and addressing routinely identified hazards at an operational and root cause level preventing reoccurrence.

The Box Hill Institute WorkCover performance continues to do better than the industry comparison rate. The average claim cost for 2018 was \$4,687 compared to \$32,471 in 2017 and \$2,884 in 2016. The reduction in the average cost of claim reflects a reduction in the number of standard claims and the level of treatment required within each claim.

At Box Hill Institute, there were 6 actual lost time standard claims, calculated as 0.70 per 100 FTE in 2018, contributing to a lost time injury frequency rate of 0.68. The reported lost time injury frequency rate results for 2017 and 2016 were 1.07 and 0.10 respectively.

During 2018, there were 15 WorkSafe notifiable incidents reported. The reported WorkSafe notifiable incidents for 2017 and 2016 were 8 and 4 respectively. The increase in WorkSafe notifiable incidents is attributed to improved understanding and reporting of notifiable incidents. There were no WorkSafe notices issued and no fatalities within Box Hill Institute operations.



## ENVIRONMENTAL PERFORMANCE

ENERGY USE		2018	2017	2016
Total energy usage, segmented by primary source	Electricity	27,025,880MJ	25,979,510MJ	26,632,227MJ
	Natural Gas	18,616,603MJ	24,264,579MJ	24,376,286MJ
	Total Energy	45,642,483MJ	50,244,089MJ	51,008,513MJ
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets		Not applicable	Not applicable	Not applicable
Percentage of electricity purchased as Green Power		0%	0%	0%
Total greenhouse gas emissions associated with energy use		8,573 tonnes	8,639 tonnes	9,531.2 tonnes
Units of energy used (per effective full time employee)		53,427.86MJ	65,189.41MJ	67,535.00MJ
Units of energy used per unit of building area (per m2)		504.69MJ	401.95MJ	406.1MJ

WASTE PRODUCTION		2018	2017	2016
Total units of office waste disposed of by destination (kg per year)	General Waste (landfill)	216,974 kg	239,165 kg	212,420 kg
	Total recycling	73,339 kg	87,188 kg	140,010 kg
	TOTAL	290,313 kg	326,352 kg	352,430 kg
Units of office waste disposed per full time employee by destination (per effective full time employee)		Landfill 254 kg Recycling 86 kg	Landfill 310 kg Recycling 113 kg	Landfill 281 kg Recycling 185 kg
Recycling rate (% of total waste by weight)		25%	27%	40%

Paper Use	2018*	2017	2016
Total units of A4 equivalent copy paper used	10,400 reams	10,025 reams	7,654 reams
Units of equivalent copy paper used per full-time employee	11.51 reams	11.9 reams	10.13 reams
Percentage of recycled content in copy paper purchased	10% and Carbon Neutral Certified, ISO 9001 and ISO 14001 certified	10%	10%

\* This figure is inclusive of Box Hill Institute and CAE paper use

Box Hill Institute is committed to reducing its environmental footprint with initiatives established to reduce energy, water and paper usage. In an effort to reduce general waste to landfill, institutional recycling initiatives will continue into 2019.

With the continued increase of activities at Lilydale Lakeside campus in 2018, Box Hill Institute's energy usage per unit of building area and paper use increased in 2018.

For 2019, a slight increase in energy and water usage are anticipated when new commercial activities commence, such as the opening of the new Integrated Children Centre, and Box Hill Institute extends its operating hours in some areas.

### Future Environmental Targets

Box Hill Institute has targeted year on year reductions, which we pursue through a range of initiatives. It continues to upgrade old lighting to LED lighting whenever opportunity arises. The mechanical plants at Nelson campus have been replaced with more energy efficient systems to reduce energy use. A continuous focus on recycling initiatives with more recycling stations and the inclusion of demolition and building waste in recycling assessments is aimed at reducing our waste production.

Box Hill Institute has tendered and awarded new ground maintenance for its sites. In the request for quotation, we included sustainability clauses relating to the procurement of products and services.

Water consumption is being reduced through the installation of flow restriction devices in washroom refurbishments when appropriate, and our paper use reduced slightly through the continuation of shared printers and raising awareness of paper wastage.

Box Hill Institute will continue to use video and audio equipment for online conferencing and Skype meetings and promote the use of public transport by employees to reduce reliance on cars.

## ICT Expenditure

BAU ICT Expenditure Total (\$'m)	Non-BAU ICT Expenditure (\$'m)	Operational Expenditure (\$'m)	Capital Expenditure (\$'m)
Total	Total = A + B	A	B
6.78	1.90	1.66	0.24

## COMPLIANCE WITH OTHER LEGISLATION

Box Hill Institute complies with the requirements of relevant legislation and subordinate instruments, including the following:

- Building Act 1993
- Directions of the Education Minister for the State of Victoria through the Secretary of the Department of Education and Training and the Higher Education and Skills Group
- Education and Training Reform Act 2006
- Financial Management Act 1994
- Freedom of Information Act 1982
- Occupational Health & Safety Act 2004
- Privacy & Data Protection Act 2014
- Protected Disclosure Act 2012
- Public Administration Act 2004
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- The Constitution of the Box Hill Institute and the Centre for Adult Education
- Victorian Industry Participation Policy Act 2003
- Working with Children Act 2005

## ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Consistent with Financial Management Act 1994, Box Hill Institute has also prepared material, details of which are available on request and in accordance with the organisation's Freedom of Information Policies:

- a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- c) details of publications produced by the entity about itself, and how these can be obtained
- d) details of changes in prices, fees, charges, rates and levies charged by the entity
- e) details of any major external reviews carried out on the entity
- f) details of major research and development activities undertaken by the entity
- g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- h) details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services
- i) details of assessments and measures undertaken to improve the occupational health and safety of employees
- j) a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes
- k) a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved
- l) details of all consultancies and contractors including:
  - i. consultants/contractors engaged
  - ii. services provided
  - iii. expenditure committed to for each engagement

Enquiries should be addressed to:  
The Freedom of Information Officer  
Box Hill Institute  
Private Bag 2014  
Box Hill VIC 3128  
Telephone: (03) 9286 9222

## CAMPAIGNS

### CAMPAIGNS MORE THAN \$100K

Campaign Name	Summary	Start Date	End Date	Advertising (Media) Exp 2018 (excl GST)	Creative & Campaign Dev Exp 2018 (excl GST)	Print & Collateral Exp 2018 (excl GST)	Other Campaign Exp 2018 (excl GST)	Total (excl GST)
VTAC & Direct Entry Campaign	Student recruitment campaign via VTAC and direct entry	Jan-18	Feb-18	\$164,633.94	\$ -	\$ -	\$ -	\$164,633.94
Mid Year	Student recruitment campaign via direct entry	Apr-18	Jul-18	\$110,558.25	\$ -	\$605.14	\$ -	\$111,163.39
CAE	Student recruitment of languages and short courses	Jan-18	Dec-18	\$81,066.29	\$ -	\$56,943.22	\$1,815.14	\$139,824.64
Total				\$356,258.48	\$ -	\$57,548.35	\$1,815.14	\$415,621.98



## CONSULTANCIES OVER \$10,000

In 2018, there were 20 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 \$1,487,328. Details of individual consultancies can be viewed at [www.boxhill.edu.au](http://www.boxhill.edu.au).

CONSULTANTS	NUMBER OF ENGAGEMENTS	TOTAL FEES PAID	PARTICULARS OF PROJECTS INVOLVED
Aerial Consultancy Pty Ltd	1	40,000	Provision of curriculum development
Ashurst Australia	3	147,222	Provision of legal advice pertaining to property and contracts
Bellajack Pty Ltd	1	43,500	Provision of project management services
Capital Impact SPC	1	150,020	Provision of advice pertaining to international projects
Caramar Group Pty Ltd	1	22,188	Provision of curriculum development
Global Brand Management Pty Ltd	2	13,711	Provision of business plan services
Glossop Town Planning Pty Ltd	2	21,093	Provision of planning advice and services
Grant Thornton Australia Limited	1	19,021	Provision of valuation services
HAK Investments	1	275,992	Provision of international advisory services
John Mullen And Partners Pty Ltd	3	14,130	Provision of engineering consulting services
Logie-Smith Lanyon	20	145,638	Provision of legal advice pertaining to employment matters
Norton Crumlin & Associates	1	54,712	Provision of operating target model advice
PPB Advisory	1	35,385	Provision of real estate advisory and business case development services
Qualtrics LLC	1	24,750	Provision of customer analytic services
Sanston Securities Australia Pty Ltd	1	119,676	Provision of corporate advisory
SJB Urban	1	12,180	Provision of urban design consultancy services
Tectura Pty Ltd	2	212,724	Provision of strategic advice and architecture services
The Execution Premium	1	71,450	Provision of strategic project development advice
The Information Counsel	2	67,006	Provision of curriculum development
The trustee for Catalyst Works unit trust	2	35,880	Provision of commercial advisor consultancy services
The trustee for FBB unit trust	2	32,500	Provision of legal advice pertaining to property and contracts

## CONSULTANCIES UNDER \$10,000

In 2018, there were 14 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018 in relation to these consultancies is \$54,179.

Number of Engagements	14
Total Fees Incurred	54,179

# WORKFORCE DATA

## PERFORMANCE AND ACCOUNTABILITY FRAMEWORK FTE TABLE (DECEMBER 2017 – DECEMBER 2018)

DECEMBER 2017							
	FULL TIME		PART TIME		CASUAL		TOTAL
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	171.3	61.8	32.5	11.2	NA	33.0	<b>309.8</b>
Executive		13.8			NA		<b>13.8</b>
Other	39.5	11.2	1.9	1.7	NA	9.8	<b>64.1</b>
Teacher	120.5	58.9	27.8	18.3	157.5	NA	<b>383.0</b>
<b>Total</b>	<b>331.3</b>	<b>145.7</b>	<b>62.2</b>	<b>31.2</b>	<b>157.5</b>	<b>42.8</b>	<b>770.7</b>

DECEMBER 2018							
	FULL TIME		PART TIME		CASUAL		TOTAL
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	227.8	72.6	26.6	14.1	NA	33.7	<b>374.8</b>
Executive		15.2			NA		<b>15.2</b>
Other	0.1	9.3	0.4	3.2	NA	17	<b>30.0</b>
Teacher	111.3	75.3	38.9	22.0	186.8	NA	<b>434.3</b>
<b>Total</b>	<b>339.2</b>	<b>172.4</b>	<b>65.9</b>	<b>39.3</b>	<b>186.8</b>	<b>50.7</b>	<b>854.3</b>

The increase in total employee numbers relates to the increased number of casuals employees in the OTHER category, which is related to the expansion of the Lilydale Lakeside Childcare Centre. There are also an increased number of employees in the PACCT category due to new business in the Disability Employment Services and the Domestic Violence project, both initiatives commenced in the later part of 2018. Increased employee numbers in the TEACHING category are based on increased demand in areas such as nursing, community services, and a couple of new initiatives in the Faculty of Trades, i.e. welding and building.

## WORKFORCE DISCLOSURES (DECEMBER 2017 – DECEMBER 2018)

DECEMBER 2017								
ALL EMPLOYEES			ONGOING			FIXED TERM AND CASUAL		
		Number (Headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
DEMOGRAPHIC DATA	Gender							
	Women Executives	8	8				8	8
	<b>Women (total staff)</b>	<b>952</b>	<b>427.0</b>	<b>249</b>	<b>84</b>	<b>227.9</b>	<b>619</b>	<b>199.1</b>
	Men Executives	7	5.8				7	5.8
	<b>Men (total staff)</b>	<b>687</b>	<b>329.9</b>	<b>175</b>	<b>18</b>	<b>165.6</b>	<b>494</b>	<b>164.3</b>
	Self-described							
	Age							
	15-24	94	<b>24.3</b>	<b>13</b>	<b>0</b>	<b>5.8</b>	<b>81</b>	<b>18.5</b>
	25-34	254	<b>110.8</b>	<b>66</b>	<b>8</b>	<b>51.7</b>	<b>180</b>	<b>59.1</b>
	35-44	340	<b>162.0</b>	<b>86</b>	<b>27</b>	<b>81.1</b>	<b>227</b>	<b>80.9</b>
	45-54	409	<b>207.4</b>	<b>108</b>	<b>28</b>	<b>104.8</b>	<b>273</b>	<b>102.6</b>
	55-64	383	<b>213.6</b>	<b>126</b>	<b>30</b>	<b>123.2</b>	<b>227</b>	<b>90.4</b>
	Over 64	114	<b>52.6</b>	<b>24</b>	<b>13</b>	<b>26.9</b>	<b>77</b>	<b>25.7</b>
	<b>Total employees</b>							

DECEMBER 2018								
ALL EMPLOYEES			ONGOING			FIXED TERM AND CASUAL		
		Number (Headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
DEMOGRAPHIC DATA	Gender							
	Women Executives	10	8.3				10	8.3
	<b>Women (total staff)</b>	<b>1099</b>	<b>481.2</b>	<b>241</b>	<b>86</b>	<b>238.7</b>	<b>772</b>	<b>242.5</b>
	Men Executives	8	6.9				8	6.9
	<b>Men (total staff)</b>	<b>751</b>	<b>357.9</b>	<b>185</b>	<b>27</b>	<b>166.2</b>	<b>539</b>	<b>191.7</b>
	Self-described							
	Age							
	15-24	128	<b>36.7</b>	<b>13</b>	<b>0</b>	<b>8.8</b>	<b>115</b>	<b>27.9</b>
	25-34	275	<b>123.1</b>	<b>74</b>	<b>8</b>	<b>59.3</b>	<b>193</b>	<b>63.8</b>
	35-44	369	<b>175.2</b>	<b>92</b>	<b>24</b>	<b>78.7</b>	<b>253</b>	<b>96.5</b>
	45-54	421	<b>231.1</b>	<b>110</b>	<b>34</b>	<b>110.5</b>	<b>277</b>	<b>120.6</b>
	55-64	415	<b>233.1</b>	<b>112</b>	<b>39</b>	<b>120.8</b>	<b>264</b>	<b>112.3</b>
	Over 64	117	<b>55.1</b>	<b>25</b>	<b>14</b>	<b>27.5</b>	<b>78</b>	<b>27.6</b>
	<b>Total employees</b>							

## **EMPLOYMENT AND CONDUCT PRINCIPLES**

Box Hill Institute recruits and promotes the most suitably qualified, experienced and capable employees through an open, transparent, and merit based selection process that complies with relevant legislative requirements. All employees are expected to conduct themselves in a manner consistent with the Box Hill Institute Code of Conduct. All employees have been correctly classified in workforce data collections.



# FINANCIAL STATEMENTS

## 31 DECEMBER 2018

# Independent Auditor's Report

## To the Board of the Box Hill Institute

<b>Opinion</b>	<p>I have audited the consolidated financial report of the Box Hill 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 sheets as at 31 December 2018</li> <li>• consolidated entity and institute comprehensive operating statements for the year then ended</li> <li>• consolidated entity and institute statements of changes in equity for the year then ended</li> <li>• consolidated entity and institute cash flow statements for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration by the board chair, chief executive officer and chief financial 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 Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<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 APES 110 <i>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>
<b>Board's responsibilities for the financial report</b>	<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>Financial Management Act 1994</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>

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, 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.

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:

- 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.
- 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- 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.
- 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
- 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.

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.

---

MELBOURNE  
20 March 2019



Charlotte Jeffries  
*as delegate for the Auditor-General of Victoria*

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### How this report is structured

Box Hill Institute (BHI) has presented its audited general purpose financial statements for the financial year ended 31 December 2018 in the following structure to provide users with information about the Box Hill Institute Group's stewardship of resources entrusted to it.

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**Declaration by Board Chair, Chief Executive Officer/ Managing Director and  
Chief Financial and Accounting Officer**

In our opinion the attached financial statements for the Box Hill Institute and the consolidated entity have 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 statements, balance sheets, statements of changes in equity, cash flow statements 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 entity 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 will be able to pay its debts as and when they become due and payable.


The Board Chair, Chief Executive Officer/ Managing Director and Chief Financial and Accounting Officer sign this declaration in accordance with a resolution of the Board of the Box Hill Institute.



**Jack Diamond**  
Board Chair  
28 February 2019  
Box Hill, Melbourne



**Vivienne King**  
Chief Executive Officer/Managing Director  
28 February 2019  
Box Hill, Melbourne



**Tim Hogan**  
Chief Financial and Accounting Officer  
28 February 2019  
Box Hill, Melbourne

## COMPREHENSIVE OPERATING STATEMENTS

For the year ended 31 December 2018

		Consolidated		Institute	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Continuing operations</b>					
<b>Income from transactions</b>					
Government contributions	2.1	67,527	64,040	65,315	61,451
Sale of goods and services	2.2	72,699	57,963	69,641	54,465
Other income	2.3	5,341	4,993	3,151	2,616
<b>Total income from transactions</b>		<b>145,567</b>	<b>126,996</b>	<b>138,107</b>	<b>118,532</b>
<b>Expenses from transactions</b>					
Employee benefits	3.1.1	83,656	76,670	80,202	71,726
Depreciation and amortisation	4.3	9,618	8,882	8,837	8,133
Supplies and services	3.2	38,288	30,586	32,430	24,878
Other operating expenses	3.3	10,846	9,957	10,280	9,476
<b>Total expenses from transactions</b>		<b>142,408</b>	<b>126,095</b>	<b>131,749</b>	<b>114,213</b>
<b>Net result from transactions</b>		<b>3,159</b>	<b>901</b>	<b>6,358</b>	<b>4,319</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on disposal of non-financial assets	4.1.1	4,149	4	4,149	4
Other gains/(losses) from other economic flows	9.1	4,240	833	(19)	(235)
<b>Total other economic flows included in net result</b>		<b>8,389</b>	<b>837</b>	<b>4,130</b>	<b>(231)</b>
<b>Net result</b>		<b>11,548</b>	<b>1,738</b>	<b>10,488</b>	<b>4,088</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		-	182,413	-	181,167
<b>Comprehensive result</b>		<b>11,548</b>	<b>184,151</b>	<b>10,488</b>	<b>185,255</b>

The above Comprehensive Operating Statements should be read in conjunction with the accompanying notes.

## BALANCE SHEETS

As at 31 December 2018

	Note	Consolidated		Institute	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	6.1	30,035	37,164	28,825	36,221
Receivables	5.1	12,636	8,940	20,235	15,573
Investments and other financial assets		2,309	1,402	-	-
<b>Total financial assets</b>		<b>44,980</b>	<b>47,506</b>	<b>49,060</b>	<b>51,794</b>
<b>Non-financial assets</b>					
Land and buildings held for sale	4.1.3	7,940	10,648	7,940	10,648
Property, plant and equipment	4.1	434,915	435,625	425,488	425,535
Intangible assets	4.2	2,563	2,354	2,558	2,331
Other non-financial assets	5.2	4,958	4,424	4,536	4,371
<b>Total non-financial assets</b>		<b>450,376</b>	<b>453,051</b>	<b>440,522</b>	<b>442,885</b>
<b>Total assets</b>		<b>495,356</b>	<b>500,557</b>	<b>489,582</b>	<b>494,679</b>
<b>Liabilities</b>					
Payables	5.3	8,555	11,022	7,028	9,067
Employee provisions	3.1.3	10,196	10,055	10,196	9,238
Revenue in advance	2.2	10,115	9,253	9,542	8,773
Borrowings	6.2	12,951	28,217	12,951	28,217
<b>Total liabilities</b>		<b>41,817</b>	<b>58,547</b>	<b>39,717</b>	<b>55,295</b>
<b>Net assets</b>		<b>453,539</b>	<b>442,010</b>	<b>449,865</b>	<b>439,384</b>
<b>Equity</b>					
Contributed capital		27,124	27,124	27,124	27,124
Accumulated surplus/(deficit)		117,206	105,488	115,277	104,607
Reserves		309,209	309,398	307,464	307,653
<b>Net worth</b>		<b>453,539</b>	<b>442,010</b>	<b>449,865</b>	<b>439,384</b>

The above Balance Sheets should be read in conjunction with the accompanying notes.

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Physical assets revaluation surplus	Restricted Funds Reserve	Accumulated surplus	Contributions by owner	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
<b>At 1 January 2017</b>	125,600	1,385	103,867	27,124	257,976
Net result for the year	-	-	1,738	-	1,738
Other economic flows - other comprehensive income	182,413	-	-	-	182,413
Adjustment to opening Retained Earnings	-	-	(117)	-	(117)
<b>Year ended 31 December 2017</b>	<b>308,013</b>	<b>1,385</b>	<b>105,488</b>	<b>27,124</b>	<b>442,010</b>
Net result for the year	-	-	11,548	-	11,548
Transfers from accumulated surplus	-	(12)	12	-	-
Adjustment to opening Retained Earnings	(177)	-	158	-	(19)
<b>Year ended 31 December 2018</b>	<b>307,836</b>	<b>1,373</b>	<b>117,206</b>	<b>27,124</b>	<b>453,539</b>
	Physical assets revaluation surplus	Restricted Funds Reserve	Accumulated surplus	Contributions by owner	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Institute</b>					
<b>At 1 January 2017</b>	125,101	1,385	100,473	27,124	254,083
Net result for the year	-	-	4,088	-	4,088
Other economic flows - other comprehensive income	181,167	-	-	-	181,167
Adjustment to opening Retained Earnings	-	-	46	-	46
<b>Year ended 31 December 2017</b>	<b>306,268</b>	<b>1,385</b>	<b>104,607</b>	<b>27,124</b>	<b>439,384</b>
Net result for the year	-	-	10,488	-	10,488
Transfers from accumulated surplus	-	(12)	12	-	-
Adjustment to opening Retained Earnings	(177)	-	170	-	(7)
<b>Year ended 31 December 2018</b>	<b>306,091</b>	<b>1,373</b>	<b>115,277</b>	<b>27,124</b>	<b>449,865</b>

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.



## CASH FLOW STATEMENTS

As at 31 December 2018

	Note	Consolidated		Institute	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Government contributions - operating		66,007	63,776	63,796	61,187
Government contributions - capital		1,520	264	1,520	264
User fees and charges received		82,309	70,560	78,623	64,243
Interest received		357	261	351	253
Net GST received		-	1,461	-	1,531
<b>Total receipts</b>		<b>150,193</b>	<b>136,322</b>	<b>144,290</b>	<b>127,478</b>
<b>Payments</b>					
Payments to suppliers and employees		(142,088)	(123,752)	(129,531)	(111,976)
Interest and other borrowing costs paid		(298)	(243)	(242)	(213)
Net GST paid		(441)	-	(484)	-
<b>Total payments</b>		<b>(142,827)</b>	<b>(123,995)</b>	<b>(130,257)</b>	<b>(112,189)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>6.1.1</b>	<b>7,366</b>	<b>12,327</b>	<b>14,033</b>	<b>15,289</b>
<b>Cash flows from investing activities</b>					
Purchase of non-financial assets		(20,317)	(20,425)	(20,217)	(20,120)
Proceeds from sales of non-financial assets		18,054	121	18,054	117
Payments received from investment in associate		3,034	890	-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>771</b>	<b>(19,414)</b>	<b>(2,163)</b>	<b>(20,003)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		-	23,217	-	23,217
Repayment of borrowings		(15,266)	(5,000)	(15,266)	(5,000)
Advances to related party		-	-	(4,000)	(2,000)
<b>Net cash flows from/(used in) financing activities</b>		<b>(15,266)</b>	<b>18,217</b>	<b>(19,266)</b>	<b>16,217</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(7,129)</b>	<b>11,130</b>	<b>(7,396)</b>	<b>11,503</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>37,164</b>	<b>26,034</b>	<b>36,221</b>	<b>24,718</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6.1</b>	<b>30,035</b>	<b>37,164</b>	<b>28,825</b>	<b>36,221</b>

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of Box Hill Institute (BHI) and its controlled entities, and 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 that 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. These 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.

Management have made a number of judgements and incorporated a range of estimates in applying the Australian Accounting Standards (AAS). These have significant effects on the financial statements, and relate to the following areas:

- the fair value of property, plant and equipment, including land and buildings classified as held for sale (refer to note 7.3); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 3.1).

These financial statements cover BHI and its controlled entities as an individual reporting entity and include all the controlled activities of BHI (refer to note 9.2).

#### Goods and Services Tax (GST)

Income, expenses, assets and liabilities 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.

### 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, BHI 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.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### Introduction

BHI's overall objective is to perform its functions for the public benefit through education delivery, building community capacity and enriching the lives of young people and adults through lifelong learning.

To enable BHI to fulfil its objective and provide training outputs as described in Note 3, it receives income comprising Government contributions, student tuition fees and charges. BHI also generates training revenue from contractual arrangements with commercial clients and industry partners.

### 2.1 Government contributions

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Grants and other transfers</b>				
State Government - contestable	35,482	28,907	34,266	27,200
State Government - other contributions	30,504	34,771	29,508	33,889
Commonwealth Government - other contributions	21	98	21	98
<b>Total Government contributions- operating</b>	<b>66,007</b>	<b>63,776</b>	<b>63,795</b>	<b>61,187</b>
State Government - capital	1,520	264	1,520	264
<b>Total Government contributions - capital</b>	<b>1,520</b>	<b>264</b>	<b>1,520</b>	<b>264</b>
<b>Total Government contributions</b>	<b>67,527</b>	<b>64,040</b>	<b>65,315</b>	<b>61,451</b>

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

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 2.2 Sale of goods and services

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Student fees and charges	20,053	14,744	19,795	14,409
Fee for service - government	13,136	13,416	13,029	13,077
Fee for service - international operations - onshore	6,752	6,137	6,752	6,137
Fee for service - international operations - offshore	2,082	2,633	2,082	2,633
Fee for service - other	25,468	16,655	22,895	14,005
<b>Other non-course fees and charges</b>				
Sale of goods	5,208	4,378	5,088	4,204
<b>Total fees and charges</b>	<b>72,699</b>	<b>57,963</b>	<b>69,641</b>	<b>54,465</b>

#### Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage completion 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 are treated as revenue in the year of receipt and the balance as revenue in advance.

#### Fee for service

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

#### Revenue from sale of goods

Revenue from sale of goods is recognised by BHI when:

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

#### Revenue received in advance

Any fees received by BHI 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.

Revenue received in advance is included in this note as this is a balance sheet item that arises directly from the receipt of payments from students and clients prior to the delivery of the training services highlighted in this note.

These amounts will be recognised in revenue in future periods, predominantly during 2019, and reported in each of the categories noted in the table above.



## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 2.3 Other income

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Interest income	357	261	351	253
Rental income	2,490	2,769	485	611
Other revenue	2,494	1,963	2,315	1,752
<b>Total other income</b>	<b>5,341</b>	<b>4,993</b>	<b>3,151</b>	<b>2,616</b>

#### Interest income

Interest income is recognised in the period that it is earned.

#### Rental income

BHI 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 BHI's right to receive the rental is established.

#### Other revenue

Other revenue includes amounts generated from the provision of services including car parking and child care services, which are recognised as revenue when the services are provided.

#### Leases receivable

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Receivable:</b>				
Within one year	2,224	1,679	238	270
Later than one year but not later five years	2,799	2,564	366	238
Later then five years	148	-	148	-
<b>Total lease receivables</b>	<b>5,171</b>	<b>4,243</b>	<b>752</b>	<b>508</b>
GST payable on the above	(470)	(386)	(68)	(46)
<b>Net operating lease receivables</b>	<b>4,701</b>	<b>3,857</b>	<b>684</b>	<b>462</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, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to BHI as lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### Introduction

This note presents the costs incurred by BHI in delivering its training and education outputs, and relates to benefits consumed within the relevant financial year. BHI's largest cost relates to its employees, including teachers and support staff. Obligations directly associated with current employees that have not been settled at balance date are also presented in this note, in the form of unpaid leave entitlements. In addition, supplies and services expenditure, including costs associated with third-party training providers, are also presented in this note.

### 3.1 Employee benefits

#### *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 actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include:

- Employee tenure period
- Future salary growth rate
- Discount rates for changes in the value of money over time

All assumptions are reviewed at each reporting date.

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

	Consolidated		Institute	
	2018	2017	2018	2017
Expense	\$'000	\$'000	\$'000	\$'000
Salaries, wages, overtime and allowances	66,659	60,100	63,556	56,241
Superannuation	6,611	6,145	6,327	5,759
Payroll tax	3,816	3,862	3,628	3,384
Worker's compensation	368	236	397	237
Long service leave	1,617	1,250	1,778	1,258
Annual leave	3,987	3,824	4,029	3,626
Termination benefits	503	1,082	392	1,051
Other <sup>1</sup>	95	171	95	170
<b>Total employee benefits</b>	<b>83,656</b>	<b>76,670</b>	<b>80,202</b>	<b>71,726</b>

#### <sup>1</sup> Ex gratia expenses

A total of \$6.1k in ex-gratia payments were made to departing staff during 2018 (2017, \$387k)

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. BHI 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.

Provision is also 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.

#### 3.1.2. Superannuation

Employees of BHI are entitled to receive superannuation benefits and BHI contributes to both defined benefit and defined contribution plans. Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of BHI.

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

The defined benefit plan(s) provides benefits based on years of service and final average salary. The expenses recognised represent the contributions made by BHI to the superannuation plans in respect of current services of current BHI staff which are based on the relevant rules of each plan. The total amount of defined benefit plan payments made by the Consolidated Group in 2018 was \$189k (2017, \$237k).

BHI does not recognise any defined benefit liabilities in respect of the plan(s) because the Institute 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.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 3.1 Employee benefits (continued)

#### 3.1.3. Employee benefits in the balance sheet

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current provisions</b>				
<b>Employee benefits - Annual leave</b>				
Unconditional and expected to wholly settle within 12 months	1,918	1,837	1,918	1,706
Unconditional and expected to wholly settle after 12 months	186	206	186	186
<b>Employee benefits - Long service leave</b>				
Unconditional and expected to wholly settle within 12 months	1,554	1,555	1,554	1,432
Unconditional and expected to wholly settle after 12 months	4,336	4,500	4,336	4,086
<b>Provisions for on-costs</b>				
Unconditional and expected to wholly settle within 12 months	267	272	267	249
Unconditional and expected to wholly settle after 12 months	961	973	961	890
<b>Total current provisions for employee benefits</b>	<b>9,222</b>	<b>9,343</b>	<b>9,222</b>	<b>8,549</b>
<b>Non-current provisions</b>				
Employee benefits	844	617	844	597
Employee benefits on-costs	130	95	130	92
<b>Total non-current provisions</b>	<b>974</b>	<b>712</b>	<b>974</b>	<b>689</b>
<b>Total employee provisions<sup>1</sup></b>	<b>10,196</b>	<b>10,055</b>	<b>10,196</b>	<b>9,238</b>

<sup>1</sup> As at 31 December 2018, all non-casual CAE staff have been transferred to BHI.

#### Wages, salaries and annual leave

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

Depending on the expectation of the timing of settlement, these liabilities are measured at:

- nominal value (undiscounted value) – if BHI expects to wholly settle within 12 months; or
- present value (discounted value) – if BHI 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 BHI does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

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

**Conditional LSL** is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow. The discount rate applied is as advised by the Assistant Treasurer.

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

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 3.2 Supplies and services

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Purchase of supplies and consumables	2,255	2,135	2,147	1,891
Third party program delivery	16,421	9,687	16,375	9,626
Contract and other services	6,672	6,096	5,652	5,299
Cost of goods sold/distributed (ancillary trading)	1,442	1,262	1,405	1,228
Building repairs and maintenance	3,116	2,947	2,857	2,727
Operating lease payments	5,278	5,139	1,019	967
Fees and charges	2,473	2,400	2,394	2,278
Other supplies and services	631	920	581	862
<b>Total supplies and services</b>	<b>38,288</b>	<b>30,586</b>	<b>32,430</b>	<b>24,878</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.

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

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

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Payable:</b>				
Within one year	4,737	4,651	526	589
Later than one year but not later than five years	17,375	18,664	240	478
Later than five years	21,309	24,487	579	596
<b>Total operating lease commitments</b>	<b>43,421</b>	<b>47,802</b>	<b>1,345</b>	<b>1,663</b>
GST reclaimable on the above	(3,947)	(4,346)	(122)	(151)
<b>Net operating lease commitments</b>	<b>39,474</b>	<b>43,456</b>	<b>1,223</b>	<b>1,512</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.

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

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 3.3 Other operating expenses

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
General expenses	174	104	170	104
Marketing, promotions and public relations expenses	3,363	2,909	3,155	2,666
Utilities	2,036	1,668	1,763	1,542
Audit fees and services	274	384	274	369
Staff development	812	665	808	663
Travel and motor vehicle expenses	1,143	1,195	1,141	1,192
Other expenses	3,044	3,032	2,969	2,940
<b>Total other operating expenses</b>	<b>10,846</b>	<b>9,957</b>	<b>10,280</b>	<b>9,476</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Other operating expenses are recognised when they are incurred and reported in the financial year to which they relate.



## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### Introduction

BHI has a range of physical and intangible assets that provide a benefit over multiple financial years, as presented in this note. BHI's asset capitalisation threshold is \$5,000 for all assets, with the exception of IT assets, which have a threshold of \$700 to reflect the portable and attractive nature of these items. These assets assist BHI to achieve its training outputs through supporting educational delivery: providing a facility for students to learn; tools and equipment required to learn their trade; and equipment to assist with the running of the organisation.

### 4.1 Property, plant and equipment

#### *Fair value measurement*

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

In accordance with government purpose classifications, BHI's property, plant and equipment are assets used for the purpose of education.

Consolidated	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	234,060	242,000	-	-	234,060	242,000
Buildings	173,614	159,793	(4,194)	-	169,420	159,793
Construction in progress	1,373	5,735	-	-	1,373	5,735
Plant and equipment	31,425	26,821	(11,245)	(8,712)	20,180	18,109
Motor vehicles	323	373	(101)	(120)	222	253
Leasehold improvements	16,108	16,071	(10,383)	(9,302)	5,725	6,769
Artwork	328	328	-	-	328	328
Computers	7,889	5,531	(4,282)	(2,893)	3,607	2,638
<b>Net carrying amount</b>	<b>465,120</b>	<b>456,652</b>	<b>(30,205)</b>	<b>(21,027)</b>	<b>434,915</b>	<b>435,625</b>

Institute	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	230,394	238,334	-	-	230,394	238,334
Buildings	173,536	159,715	(4,179)	-	169,357	159,715
Construction in progress	1,373	5,726	-	-	1,373	5,726
Plant and equipment	31,373	26,769	(11,209)	(8,680)	20,164	18,089
Motor vehicles	323	373	(101)	(120)	222	253
Leasehold improvements	2,755	2,734	(2,275)	(1,893)	480	841
Computers	7,642	5,380	(4,144)	(2,803)	3,498	2,577
<b>Net carrying amount</b>	<b>447,396</b>	<b>439,031</b>	<b>(21,908)</b>	<b>(13,496)</b>	<b>425,488</b>	<b>425,535</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 recorded as 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 a 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.

#### 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 below by asset category.

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

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

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

Specialised land and specialised buildings: The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO), and in some cases a heritage registration, to reflect the specialised nature of the land being valued.

The CSO and heritage registration adjustments are 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.

The depreciated replacement cost method is used for BHI's buildings.

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

#### 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 (refer to Note 7.3 for additional information on fair value determination of property, plant and equipment).

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

Depreciation is 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	2 - 60 years (2017: 2 - 60 years)
Plant and Equipment	3 - 25 years (2017: 3 - 25 years)
Motor Vehicles	3 years, residual of 40% (2017: 3 years, residual of 40%)
Computers	2 - 10 years (2017: 2 - 10 years)
Leasehold Improvements	5 - 20 years (2017: 5 - 20 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.

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

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Proceeds from sale	18,054	70	18,054	70
Less Cost of sale	(13,905)	(66)	(13,905)	(66)
Net gain/(loss) on disposal of property, plant and equipment	4,149	4	4,149	4

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from disposals of all physical assets 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, less costs to sell.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

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

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

	Land		Buildings		Construction in progress		Plant and equipment		Motor vehicles		Leasehold imp.		Artwork		Computers		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>																		
Opening balance	242,000	80,847	159,793	128,383	5,735	7,114	18,109	14,588	253	209	6,769	7,589	328	456	2,638	2,385	435,625	241,571
Additions	-	-	9,336	582	-	11,926	4,787	6,025	72	132	36	252	-	-	2,352	1,384	16,583	20,301
Revaluations	-	161,153	-	23,679	-	-	-	-	-	-	-	-	-	(128)	-	-	-	184,704
Disposals	-	-	-	-	-	-	(7)	(92)	(76)	(63)	-	-	-	-	(1)	-	(84)	(155)
Transfers from/(to)	(7,940)	-	4,485	13,305	(4,362)	(13,305)	(123)	-	-	-	-	-	-	-	-	-	(7,940)	-
Depreciation	-	-	(4,194)	(3,949)	-	-	(2,586)	(2,331)	(27)	(14)	(1,080)	(1,072)	-	-	(1,382)	(1,131)	(9,269)	(8,497)
Impairment/Write off	-	-	-	(2,207)	-	-	-	(81)	-	(11)	-	-	-	-	-	-	-	(2,299)
<b>Closing balance</b>	<b>234,060</b>	<b>242,000</b>	<b>169,420</b>	<b>159,793</b>	<b>1,373</b>	<b>5,735</b>	<b>20,180</b>	<b>18,109</b>	<b>222</b>	<b>253</b>	<b>5,725</b>	<b>6,769</b>	<b>328</b>	<b>328</b>	<b>3,607</b>	<b>2,638</b>	<b>434,915</b>	<b>435,625</b>
<b>Institute</b>																		
Opening balance	238,334	78,536	159,715	128,316	5,726	7,114	18,089	14,565	253	209	841	1,223	-	-	2,577	2,343	425,535	232,306
Additions	-	-	9,345	582	-	11,917	4,788	6,025	72	132	21	-	-	-	2,257	1,340	16,483	19,996
Revaluations	-	159,798	-	23,661	-	-	-	-	-	-	-	-	-	-	-	-	-	183,459
Disposals	-	-	-	-	-	-	(7)	(92)	(76)	(63)	-	-	-	-	(1)	-	(84)	(155)
Transfers from/(to)	(7,940)	-	4,476	13,305	(4,353)	(13,305)	(123)	-	-	-	-	-	-	-	-	-	(7,940)	-
Depreciation	-	-	(4,179)	(3,941)	-	-	(2,583)	(2,327)	(27)	(14)	(382)	(382)	-	-	(1,335)	(1,106)	(8,506)	(7,770)
Impairment/Write off	-	-	-	(2,208)	-	-	-	(82)	-	(11)	-	-	-	-	-	-	-	(2,301)
<b>Closing balance</b>	<b>230,394</b>	<b>238,334</b>	<b>169,357</b>	<b>159,715</b>	<b>1,373</b>	<b>5,726</b>	<b>20,164</b>	<b>18,089</b>	<b>222</b>	<b>253</b>	<b>480</b>	<b>841</b>	<b>-</b>	<b>-</b>	<b>3,498</b>	<b>2,577</b>	<b>425,488</b>	<b>425,535</b>

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

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

#### 4.1.3 Land and buildings held for sale

Land parcels at BHI's Lilydale and Box Hill campuses have been classified as held for sale at 31 December 2018, in accordance with AASB 5 (*Assets Held for Sale and Discontinued Operations*).

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Land and buildings held for sale	7,940	10,648	7,940	10,648
<b>Total current assets classified as held for sale</b>	<b>7,940</b>	<b>10,648</b>	<b>7,940</b>	<b>10,648</b>

**Non-financial physical assets** (including disposal group assets) are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when:

- the asset is available for immediate use in the current condition; and
- the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

#### 4.1.4 Capital commitments

The Institute has a number of contractual obligations for the construction of assets as part of its ongoing capital program. These are reflected below.

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Payable:</b>				
Within one year	197	8,525	197	8,525
<b>Total capital expenditure commitments</b>	<b>197</b>	<b>8,525</b>	<b>197</b>	<b>8,525</b>
GST reclaimable on the above	(18)	(775)	(18)	(775)
<b>Net capital expenditure commitments</b>	<b>179</b>	<b>7,750</b>	<b>179</b>	<b>7,750</b>

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

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 4.2 Intangible assets

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>				
Opening balance	4,772	4,648	4,397	4,273
Additions	558	124	558	124
<b>Closing balance</b>	<b>5,330</b>	<b>4,772</b>	<b>4,955</b>	<b>4,397</b>
<b>Accumulated amortisation and impairment</b>				
Opening balance	(2,418)	(1,993)	(2,066)	(1,663)
Amortisation charge	(349)	(385)	(331)	(363)
Impairment	-	(40)	-	(40)
<b>Closing balance</b>	<b>(2,767)</b>	<b>(2,418)</b>	<b>(2,397)</b>	<b>(2,066)</b>
<b>Net carrying amount at end of the year</b>	<b>2,563</b>	<b>2,354</b>	<b>2,558</b>	<b>2,331</b>

BHI intangible assets relate to the development of major software packages that provide benefits over multiple financial years and licence rights purchased in arms-length transactions that could be used or sold.

#### Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria per AASB 138 *Intangible Assets* are met, internally generated intangible assets are also 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, and only if, all of the following elements are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; 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 basis over their useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed 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.

### 4.3 Depreciation and amortisation

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Buildings	4,194	3,949	4,179	3,941
Plant and equipment	2,586	2,331	2,583	2,327
Motor vehicles	27	14	27	14
Leasehold imp.	1,080	1,072	382	382
Computers	1,382	1,131	1,335	1,106
Intangible assets	349	385	331	363
<b>Total depreciation and amortisation</b>	<b>9,618</b>	<b>8,882</b>	<b>8,837</b>	<b>8,133</b>



## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### Introduction

Operating assets and liabilities are presented in Note 5. These accounting balances arise as a result of transactions from BHI's operations and are generally temporary in nature. They reflect the timing of receipts and payments relative to the period in which BHI consumes or provides the associated goods or services.

### 5.1 Receivables

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current receivables</b>				
<b>Contractual</b>			-	
Sale of goods and services	6,923	5,374	6,574	4,020
Impairment loss on trade receivables	(818)	(356)	(793)	(326)
Amount receivable from Government	3,652	3,146	3,644	3,106
Amounts receivable from related parties	-	-	7,973	7,997
Revenue receivable	2,702	729	2,697	729
<b>Total contractual</b>	<b>12,459</b>	<b>8,893</b>	<b>20,095</b>	<b>15,526</b>
<b>Statutory</b>				
GST input tax credit recoverable	125	-	88	-
<b>Total current receivables</b>	<b>12,584</b>	<b>8,893</b>	<b>20,183</b>	<b>15,526</b>
<b>Current receivables</b>	<b>12,584</b>	<b>8,893</b>	<b>20,183</b>	<b>15,526</b>
<b>Non-current receivables</b>	<b>52</b>	<b>47</b>	<b>52</b>	<b>47</b>
<b>Total receivables</b>	<b>12,636</b>	<b>8,940</b>	<b>20,235</b>	<b>15,573</b>

**Receivables** consist of:

- statutory receivables, i.e. GST input tax credits recoverable; and
- contractual receivables, which include mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.

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

### Impairment

BHI 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.

Comparative amounts for 2017 represent the allowance amount for impairment losses under AASB 139.

### Ageing analysis of contractual receivables

Consolidated	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	
2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	6,105	1,747	3,997	1,180	-	-	(818)
Amount receivable from Government	3,652	1,554	2,098	-	-	-	-
Revenue receivables	2,702	32	1,063	1,606	-	-	-
<b>Total</b>	<b>12,459</b>	<b>3,333</b>	<b>7,158</b>	<b>2,786</b>	<b>-</b>	<b>-</b>	<b>(818)</b>
<b>2017</b>							
Trade receivables	5,018	1,208	2,489	1,700	-	-	(379)
Amount receivable from Government	3,146	1,897	1,249	-	-	-	-
Revenue receivables	729	-	729	-	-	-	-
<b>Total</b>	<b>8,893</b>	<b>3,105</b>	<b>4,467</b>	<b>1,700</b>	<b>-</b>	<b>-</b>	<b>(379)</b>

The ageing profile of the Institute's contractual receivables is materially consistent with the Consolidated Group's ageing profile.

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

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.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 5.2 Other non-financial assets

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Prepayments	3,979	3,415	3,557	3,361
Inventories - Supplies and consumables at cost	197	196	197	197
Deferred expenditure	782	813	782	813
<b>Total other non-financial assets</b>	<b>4,958</b>	<b>4,424</b>	<b>4,536</b>	<b>4,371</b>

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

**Inventories** include goods held either for sale or for consumption in the ordinary course of business operations. Inventories are measured at the lower of cost and net realisable value.

**Deferred expenditure** relates to costs incurred in relation to the sale of property assets, which will be reflected in profit and loss at the time that the relevant sale transactions occur.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 5.3 Payables

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Contractual</b>				
Supplies and services	1,484	2,691	1,460	2,641
Accrued expenses	5,490	6,195	5,240	6,005
Lease incentive liabilities	1,256	1,584	-	-
<b>Total contractual</b>	<b>8,230</b>	<b>10,470</b>	<b>6,700</b>	<b>8,646</b>
<b>Statutory</b>				
GST/FBT payable	37	181	37	180
Payroll tax	288	371	291	241
<b>Total payables</b>	<b>8,555</b>	<b>11,022</b>	<b>7,028</b>	<b>9,067</b>
Current payables	8,322	10,796	6,795	8,841
Non-current payables	233	226	233	226
<b>Total payables</b>	<b>8,555</b>	<b>11,022</b>	<b>7,028</b>	<b>9,067</b>

#### Payables consist of:

- contractual payables, such as accounts payable, and unearned income. Accounts payable represent liabilities for goods and services provided to BHI prior to the end of the financial year that are unpaid, and arise when BHI 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, payroll tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost.

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

#### Maturity Analysis of contractual payables

	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>							
Supplies and services	1,484	1,484	1,251	-	-	-	233
Accrued expenses	5,490	5,490	5,490	-	-	-	-
Lease incentive liabilities	1,256	1,256	28	56	265	596	311
<b>Total</b>	<b>8,230</b>	<b>8,230</b>	<b>6,769</b>	<b>56</b>	<b>265</b>	<b>596</b>	<b>544</b>
<b>2017</b>							
Supplies and services	2,691	2,691	2,465	-	-	-	226
Accrued expenses	6,195	6,195	6,195	-	-	-	-
Lease incentive liabilities	1,584	1,584	27	53	248	882	374
<b>Total</b>	<b>10,470</b>	<b>10,470</b>	<b>8,687</b>	<b>53</b>	<b>248</b>	<b>882</b>	<b>600</b>

The ageing profile of the Institute's contractual payables is materially consistent with the Consolidated Group's ageing profile.

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.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### Introduction

This note presents BHI's financial assets and liabilities, being the balances that allow management to fund the operations of the business.

### 6.1 Cash and deposits

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	20,360	21,998	19,149	21,055
Deposits at call	9,675	15,166	9,676	15,166
<b>Total cash and deposits</b>	<b>30,035</b>	<b>37,164</b>	<b>28,825</b>	<b>36,221</b>

BHI generally does not hold a large cash reserve in its bank accounts. Cash received by BHI from the generation of income is paid into BHI's bank accounts. Similarly, any Institute expenditure, including those in the form of payments made by BHI for the payment of goods and services to its suppliers and creditors are made via BHI's bank accounts.

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.

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

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Net result for the year</b>	<b>11,548</b>	<b>1,738</b>	<b>10,488</b>	<b>4,088</b>
<b>Non cash movements</b>				
Depreciation & amortisation of non-financial assets	9,618	8,882	8,837	8,133
Net (gain)/loss on sale of non-financial assets	(4,149)	(4)	(4,149)	(4)
Write off of property, plant & equipment	1	-	1	-
Impairment and forgiveness of loans and receivables	(129)	(5)	189	118
Impairment of non-current assets	2	91	2	91
Share of profits of associates and joint venture	(3,941)	(948)	-	-
Adjustment to prior year expenses	(19)	(117)	(7)	46
Decrease/(increase) in receivables	(3,567)	(911)	(851)	(505)
Decrease/(increase) in other assets	(534)	(1,666)	(165)	(2,045)
Increase/(decrease) in payables	(1,605)	6,246	(1,270)	6,105
Increase/(decrease) in provisions	141	(979)	958	(738)
<b>Net cash flows from/(used in) operating activities</b>	<b>7,366</b>	<b>12,327</b>	<b>14,033</b>	<b>15,289</b>

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.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 6.2 Borrowings

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Advances from Government	2,000	15,000	2,000	15,000
Finance lease liabilities	284	331	284	331
<b>Non-Current</b>				
Advances from Government	8,000	10,000	8,000	10,000
Finance lease liabilities	2,667	2,886	2,667	2,886
<b>Total borrowings</b>	<b>12,951</b>	<b>28,217</b>	<b>12,951</b>	<b>28,217</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 BHI has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost.

Any difference between the initial recognised amount and the redemption value is recognised in the 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. BHI determines the classification of its interest bearing liabilities at initial recognition.

#### Maturity Analysis of borrowings

The current portion of the Advances from Government is repayable within 1 year of balance date. The non-current portion of the Advances is repayable within 1 to 8 years of balance date. The maturity profile of the Consolidated group's borrowings matches the Institute's profile.

The maturity analysis of finance leases is presented in section 6.2.1 below.

#### 6.2.1 Finance leases

	Consolidated	
	2018	2017
<b>Finance lease liability payable</b>		
1 - 3 months	119	119
3 months - 1 year	358	472
1 - 5 years	2,330	2,237
Longer than five years	1,027	1,484
<b>Minimum future lease payments</b>	<b>3,834</b>	<b>4,312</b>
Less future finance charges	(883)	(1,095)
<b>Present value of minimum lease payments</b>	<b>2,951</b>	<b>3,217</b>
Included in the financial statements as:		
Current finance lease liability	284	331
Non-current finance lease liability	2,667	2,886
<b>Total</b>	<b>2,951</b>	<b>3,217</b>

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 7.1 Financial instruments

#### Introduction

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.

#### 7.1.1 Categories of financial instruments

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>				
<b>Financial assets measured at amortised cost</b>				
Cash and deposits	30,035	37,164	28,825	36,221
Trade receivables	6,105	5,018	5,781	3,694
Other receivables (security deposits/amounts receivable from related parties)	52	47	8,025	8,044
Revenue receivable	2,702	729	2,697	729
<b>Total contractual financial assets</b>	<b>38,894</b>	<b>42,958</b>	<b>45,328</b>	<b>48,688</b>
<b>Contractual financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Supplies and services	1,484	3,062	1,460	2,882
Other payables (lease incentive liabilities)	1,256	1,584	-	-
Accrued expense	5,490	6,195	5,240	6,005
<b>Total contractual financial liabilities</b>	<b>8,230</b>	<b>10,841</b>	<b>6,700</b>	<b>8,887</b>

#### Categories of financial instruments

**Financial assets measured at amortised cost** are financial instruments which meet both of 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 cashflows; 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.

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

#### 7.1.2 Net holding gain/(loss) on financial instrument by category

##### Financial assets measured at amortised cost

Holding gains on contractual financial assets are limited to interest income on cash and deposits (0.05% - 1.92% during 2018), and provisions for doubtful debts recognised in relation to receivables (refer Note 5.1).

##### Financial liabilities at amortised cost

There are no holding gains or losses associated with the Institute's contractual financial liabilities. Interest is not charged on the Institute's payables, and the borrowings from Government are held on interest-free terms.

#### 7.1.3 Financial risk management objectives and policies

BHI is exposed to a variety of financial risks, market risk, credit risk and liquidity risk. BHI's risk management program seeks to manage these risks and the associated volatility of its financial performance.

Financial risk management is carried out by management under policies approved by the Board. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as credit risk in relation to the collection of trade and other receivables. There has been no significant change in BHI's exposure, or its objectives, policies and processes for managing BHI's financial risks or the methods used to measure the risk from the previous reporting period.



### 7.1 Financial instruments (continued)

#### 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 BHI, which comprise cash and deposits and non-statutory receivables. BHI's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to BHI.

Credit risk is measured at fair value and is monitored on a regular basis by the Audit, Finance and Risk Committee through reporting provided by management on the ageing of trade receivables. Refer to Note 5.1.

BHI's transactional cash holdings are held with commercial authorised deposit-taking institutions with AA- credit ratings. Short-term investments and term deposits are held with Government agencies that are AAA rated.

#### Liquidity risk

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

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

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

BHI manages liquidity risk by maintaining an adequate short term cash reserve and banking facilities that can be drawn at short notice to meet its short-term obligations and careful planning of its financial obligations based on forecasts of future cash flows.

#### Foreign currency risk

BHI's exposure to foreign currency risk relates to the delivery of services in currencies other than the Australian dollar, and payables relating to purchases of supplies and consumables from overseas. BHI's foreign currency risk is minimal as there are a limited amount of transactions denominated in foreign currencies and a relatively short timeframe between commitment and settlement. BHI does not have any bank accounts denominated in foreign currency at 31 December 2018.

BHI manages its exposure to foreign currency risk by predominantly transacting in \$AUD. Based on past and current assessment of economic outlook, it is deemed unnecessary for BHI to enter into any hedging arrangements to manage foreign currency risk.

#### Interest rate risk

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

BHI's exposure to interest rate risk is limited, as its cash and deposits are held in short-term facilities with floating interest rates and its borrowings are held on interest-free terms.

The carrying amount of BHI's financial assets and financial liabilities that are exposed to interest rate risk are presented in Section 7.1.1

The weighted average effective rate for cash at bank for 2018 was 1.3% (2017, 1.2%)

The weighted average effective rate for deposits at call for 2018 was 1.7% (2017, 1.6%)

The weighted average effective rate for lease incentive liabilities for 2018 was 7.9% (2017, 7.9%)

A reasonably possible increase of 50 basis points (2017: 50 basis points) in interest rates at the reporting date would have increased equity and net result by \$150k (2017, \$186k). This analysis assumes that all other variables remain constant. Given current interest rate levels, a decrease in the applicable rate is not considered to be probable, and has not been modelled.

## 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.

### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Quantifiable contingent assets</b>				
Bank guarantees	476	331	292	331
<b>Total quantifiable contingent assets</b>	<b>476</b>	<b>331</b>	<b>292</b>	<b>331</b>

### Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Quantifiable contingent liabilities</b>				
Bank guarantees	257	431	-	-
Other	-	179	-	179
<b>Total quantifiable contingent liabilities</b>	<b>257</b>	<b>610</b>	<b>-</b>	<b>179</b>

### 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 BHI.

This section sets out information on how BHI 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;
- available-for-sale financial assets; and
- land, buildings, plant and equipment, vehicles, lease hold 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.

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

#### **Fair value estimation**

In determining fair values a number of inputs are used. 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.

BHI 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.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 7.3 Fair value determination (continued)

#### Fair value measurement hierarchy

BHI 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	Consolidated		
		Level 1 Quoted prices	Level 2 Observable price inputs	Level 3 Unobservable le inputs
	\$'000	\$'000	\$'000	\$'000
<b>2018</b>				
Non specialised land	29,433	-	29,433	-
Specialised land	204,627	-	-	204,627
Buildings	169,420	-	-	169,420
Plant and equipment	20,180	-	-	20,180
Vehicles	222	-	-	222
Artworks	328	-	328	-
Computers	3,607	-	-	3,607
Leasehold improvements	5,725	-	-	5,725
<b>Total property, plant and equipment at fair value</b>	<b>433,542</b>	<b>-</b>	<b>29,761</b>	<b>403,781</b>
<b>2017</b>				
Non specialised land	29,433	-	29,433	-
Specialised land	212,567	-	-	212,567
Buildings	159,793	-	-	159,793
Plant and equipment	18,109	-	-	18,109
Vehicles	253	-	-	253
Artworks	328	-	328	-
Computers	2,638	-	-	2,638
Leasehold improvements	6,769	-	-	6,769
<b>Total property, plant and equipment at fair value</b>	<b>429,890</b>	<b>-</b>	<b>29,761</b>	<b>400,129</b>

#### Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2018 for all classes of assets. These assessments determined that fair value was materially similar to carrying value.

**Non specialised land** is 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.

An independent valuation was performed for all non-specialised land 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 and artworks do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

### 7.3 Fair value determination (continued)

#### Valuations of property, plant and equipment

##### Specialised land and buildings

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

The CSO and heritage registration 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 and heritage registration are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

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

An independent valuation of BHI's specialised land and buildings was performed by the Valuer General Victoria in 2017. The valuation was performed using the market approach adjusted for CSO and heritage registrations. The effective date of the valuation was 31 December 2017.

**Motor vehicles** are valued using the depreciated replacement cost method. BHI 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 to reflect the utilisation of the vehicles.

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

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

##### Artwork

An independent valuation of BHI's artwork was performed by the Valuer-General Victoria. The valuation was performed using the market approach, with the value of these items determined with reference to sales evidence and unit of value by comparative basis. The effective date of the valuation was 31 December 2017.

### 7.3 Fair value determination (continued)

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.

#### Reconciliation of level 3 fair value movements

Consolidated	Specialised land	Buildings	Plant and equipment	Motor vehicles	Leasehold improvements	Artworks	Computers
2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	212,567	159,793	18,109	253	6,769	-	2,638
Additions/transfers from WIP	(7,940)	13,821	4,664	72	36	-	2,352
Disposals	-	-	(7)	(76)	-	-	(1)
Net revaluation increments/(decrements)	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-
Depreciation	-	(4,194)	(2,586)	(27)	(1,080)	-	(1,382)
Transfers to level 2	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>204,627</b>	<b>169,420</b>	<b>20,180</b>	<b>222</b>	<b>5,725</b>	<b>-</b>	<b>3,607</b>

2017	Specialised land	Buildings	Plant and equipment	Motor vehicles	Leasehold improvements	Artworks	Computers
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	71,499	128,383	14,588	209	7,589	456	2,385
Additions/transfers from WIP	-	13,887	6,025	132	252	-	1,384
Disposals	-	-	(92)	(63)	-	-	-
Net revaluation increments/(decrements)	141,068	23,679	-	-	-	(128)	-
Impairment loss	-	(2,207)	(81)	(11)	-	-	-
Depreciation	-	(3,949)	(2,331)	(14)	(1,072)	-	(1,131)
Transfers to level 2	-	-	-	-	-	(328)	-
<b>Closing Balance</b>	<b>212,567</b>	<b>159,793</b>	<b>18,109</b>	<b>253</b>	<b>6,769</b>	<b>-</b>	<b>2,638</b>

#### 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 Heritage Registration
Buildings	Depreciated replacement cost	Direct cost per square metre Useful life of buildings
Motor Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Leasehold improvements	Depreciated replacement cost	Cost per unit Useful life of leasehold improvements
Computers	Depreciated replacement cost	Cost per unit Useful life of computers



## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 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.

Position	Name	Dates of appointment
Minister for Training and Skills and the Minister for Higher Education	The Hon. Gayle Tierney MP	1 January 2018 to 31 December 2018
Chair	Mr Jack Diamond	1 January 2018 to 31 December 2018
CEO / Managing Director	Ms Vivienne King	22 June 2018 to 31 December 2018
CEO / Managing Director	Mr Norman Gray	1 January 2018 to 21 June 2018
Board Member	Mr Allan Moore	1 January 2018 to 31 December 2018
Board Member	Ms Amanda Brook	1 January 2018 to 31 December 2018
Board Member	Ms Claire Filson	1 January 2018 to 31 December 2018
Board Member	Ms Helen Buckingham Ms	1 January 2018 to 31 December 2018
Board Member	Jane Foley	1 July 2018 to 31 December 2018
Board Member	Prof. John Rosenberg	1 January 2018 to 31 December 2018
Board Member	Ms Julie Elsenbise	1 January 2018 to 31 December 2018
Board Member	Mr Phillip Davies	1 January 2018 to 31 December 2018
Board Member	Dr Sam McCurdy	1 July 2018 to 31 December 2018
Board Member	Ms Tracey Cooper	1 January 2018 to 31 December 2018
Board Member	Dr Zena Burgess	1 January 2018 to 31 May 2018

Remuneration of the chief executive officer and board members in connection with the management of the Institute are disclosed below.

Income range	2018	2017
\$18 000 - \$18 999	1	-
\$20 000 - \$29 999	2	-
\$30 000 - \$39 999	-	1
\$40 000 - \$49 999	7	8
\$60 000 - \$69 000	1	1
\$80 000 - \$89 999	1	1
\$200 000 - \$209 999	1	-
\$210 000 - \$219 999	1	-
\$410 000 - \$419 999	-	1
<b>Total number of responsible persons</b>	<b>14</b>	<b>12</b>
<b>Total remuneration of responsible persons (\$'000)<sup>(i)</sup></b>	<b>937</b>	<b>968</b>

<sup>(i)</sup>Comparative information was amended to reflect the actual total remuneration paid.

## 8.2 Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides 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.

	Consolidated		Institute	
	Total remuneration		Total remuneration	
	2018	2017	2018	2017
Remuneration				
Short-term employee benefits	1,899	1,420	1,899	1,420
Post-employment benefits	238	234	238	234
Other long-term benefits	13	-	13	-
Termination benefits	220	-	220	-
<b>Total remuneration<sup>(i)</sup></b>	<b>2,370</b>	<b>1,654</b>	<b>2,370</b>	<b>1,654</b>
<b>Total number of executives</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>10</b>
<b>Total annualised employee equivalents<sup>(ii)</sup></b>	<b>7.7</b>	<b>7.4</b>	<b>7.7</b>	<b>7.4</b>

<sup>(i)</sup> Comparative information was amended to reflect the actual total remuneration paid.

<sup>(ii)</sup> 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 BHI 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 cabinet ministers and their close family members; and
- all entities that are controlled and consolidated into BHI's consolidated financial statements.

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

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

- Box Hill Enterprises Ltd; and
- Centre for Adult Education. (Refer also to Note 9.2)

Key management personnel of BHI includes the Minister for Training and Skills and the Minister for Higher Education, the Hon. Gayle Tierney MP, the Board and members of the Senior Executive Team, which at 31.12.2018 comprised:

- Chief Financial & Accounting Officer, Tim Hogan
- Deputy Chief Executive Officer, Jennifer Oliver
- Director - Technical School, Danny Tay
- Executive Director - Business Growth & Diversification, Stewart Humphreys-Grey
- Executive Director Campus Modernisation, Winnie Blackwell
- Executive Director Educational Delivery, Jane Trewin
- Executive Director Strategy & Governance, Laura Macpherson

Key management personnel of the agencies consolidated pursuant to section 53(1)(b) of the FMA into BHI's financial statements include those listed above.

#### Compensation of Key management personnel

	Consolidated	
	Total remuneration	
	2018	2017
Remuneration		
Short-term employee benefits	2,713	2,233
Post-employment benefits	324	389
Other long-term benefits	13	-
Termination benefits	256	-
<b>Total remuneration<sup>(i)</sup></b>	<b>3,306</b>	<b>2,622</b>

<sup>(i)</sup> Comparative information was amended to reflect the actual total remuneration paid.

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

Other related transactions and loan requiring disclosure under the Directions of the Assistant Treasurer and AASB 124 *Related Parties* have been considered and there are no matters to report.

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 8.4 Auditors' remuneration

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<i>Remuneration of the Victorian Auditor-General's Office for:</i>				
Audit of the financial statements	125	129	101	105
<i>Remuneration of other auditors</i>				
Other assurance services	154	225	154	225
<b>Total Remuneration of auditors</b>	<b>279</b>	<b>354</b>	<b>255</b>	<b>330</b>

## Box Hill Institute Group - Financial Report for the year ended 31 December 2018

### 9.1 Gains/(losses) from other economic flows

	Consolidated		Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Net gain/(loss) on non-financial assets</b>				
Impairment of non-financial assets	(2)	(91)	(2)	(91)
Write-off of intangible assets and property, plant and equipment	(1)	-	(1)	-
<b>Total net gain/(loss) on non-financial assets</b>	<b>(3)</b>	<b>(91)</b>	<b>(3)</b>	<b>(91)</b>
<b>Net gain/(loss) on financial instruments</b>				
Impairment of contractual financial assets	129	5	(189)	(118)
Net FX gain/(loss) arising from financial instruments	-	(1)	-	-
<b>Total net gain/(loss) on financial instruments</b>	<b>129</b>	<b>4</b>	<b>(189)</b>	<b>(118)</b>
<b>Other gains/(losses) from other economic flows</b>				
Net gain/(loss) arising from revaluation of long service leave liability	173	(28)	173	(26)
Share of net profit of associates excluding dividends	3,941	948	-	-
<b>Total other gains/(losses) from other economic flows</b>	<b>4,114</b>	<b>920</b>	<b>173</b>	<b>(26)</b>
<b>Total gains/(losses) from other economic flows</b>	<b>4,240</b>	<b>833</b>	<b>(19)</b>	<b>(235)</b>

'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 due to changes in bond rates; and
- fair value changes of financial instruments, including impairment of loans and receivables

### 9.2 Controlled entities

#### Basis of consolidation

In accordance with AASB 10 *Consolidated Financial Statements*, control exist 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 BHI, all material transactions and balances between consolidated entities are eliminated.

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

Controlled entities	Country of Incorporation	Class of Shares	2018 %	2017 %
Box Hill Enterprises Ltd	Australian	Limited by guarantee	100	100
Centre for Adult Education	Australian	N/A	100	100

#### Box Hill Enterprises Ltd (BHE)

BHE is a dormant company previously involved in the commercial delivery of tertiary education.

BHI is deemed to have control over BHE due to the following factors:

- BHI holds 100% of the share capital issued by BHE; there are no non-controlling interests
- The BHE Board contains only members from BHI's Board
- BHI provides significant financial and administration support to BHE
- BHI has the right to variable returns from BHE, and has the ability to affect those returns.

#### Centre for Adult Education (CAE)

The CAE is a leading provider of Adult and Community Education in Victoria.

BHI is deemed to have control over the CAE due to the following factors:

- The CAE Board contains only members from BHI's Board
- BHI provides significant financial and administration support to CAE
- BHI has the right to variable returns from CAE, and has the ability to affect those returns.

Note - the financial statements for the CAE for the year ended 31 December 2018 have not been prepared on a going concern basis, as the CAE will cease trading during 2019. By mid-2019 the CAE will be merged with BHI. All assets and liabilities as at the merger date will be transferred to BHI. The carrying value of the CAE's assets and liabilities at 31 December 2018 are considered to approximate their fair value.



### 9.3 Events after reporting date

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of BHI and the Consolidated group, the results of those operations or the state of affairs of BHI and the Consolidated group in subsequent financial years.

The policy in connection with recognising subsequent events is as follows: where events occur between the end of the reporting period and the date when the financial statements are authorised for issue:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions which existed at the reporting date; and/or
- disclosure is made where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

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

## 9.4 Application of standards issued but not yet effective

### A. AASB 16 Leases

AASB 16 replaces existing leases guidance, including AASB 17 Leases.

The standard is effective for annual periods beginning on or after 1 January 2019.

#### Transition

BHI plans to apply AASB 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The following table summarises the impact of transition to AASB 16 from 1 January 2019.

Estimated adjusted opening balance at 1 January 2019	\$'000
Right of use assets	35,778
Lease liability	(35,778)

### B. AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 18

Revenue, AASB 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

#### Transition

BHI plans to adopt AASB 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (1 January 2019). As a result,

BHI will not apply the requirements of AASB 15 to the comparative period presented.

### C. AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income for Not-for-Profit Entities* is the new Australian accounting standard that establishes principles for NFP entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives; and to volunteer services received.

Where such a transaction meets the requirements of AASB 15 *Revenue from Contracts with Customers*, revenue will be recognised in accordance with the requirements of this standard.

#### Transition

BHI plans to apply AASB 1058 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 1058 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The impact of transition to AASB 15 and 1058 on the opening balance of retained earnings is considered to be negligible.

## 9.5 Changes in accounting policies

### A. Estimated impact of the adoption of AASB 9

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *financial instruments: Recognition and Measurement*.

In accordance with AASB 9, BHI has presented the impairment of its financial assets in a separate line item in the Comprehensive Operating Statements, as part of other economic flows. This presentation is consistent with the prior year.

The impact of transition to AASB 9 on the opening balance of reserves & retained earnings is considered to be nil.

#### i. Classification and measurement – Financial assets

AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value in other comprehensive income and fair value through profit or loss. The standard eliminates the existing categories of held to maturity, loans and receivables and available for sale.

Under AASB 139, BHI classified its financial assets as loans and receivables. Under AASB 9, BHI classifies these assets as measured at amortised cost. There is no change to the carrying amount of these financial assets as a result of the transition to AASB 9.

Under AASB 139, BHI classified its financial liabilities at amortised cost. The same classification is applied under AASB 9, with no change to the carrying amount of these financial liabilities as a result of the transition.

BHI's controlled entity (CAE) has an investment in the Cambridge Boxhill Language Assessment Trust. This investment is accounted for under the equity method, and therefore AASB 9 does not apply.

#### ii. Impairment – Financial assets and contract assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost 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. Please refer to Note 9.1

For assets in the scope of the AASB 9 impairment model, impairment losses may increase and become more volatile. BHI has determined that the application of AASB 9's impairment requirements at 1 January 2018 did not result in an additional allowance for impairment.

#### iii. Classification – Financial liabilities

AASB 9 largely retains the existing requirements in AASB 139 for the classification of financial liabilities. Some changes are noted in relation to financial liabilities designated as at fair value through profit and loss, however BHI has not designated any of its financial liabilities as such, and has no current intention to do so.

BHI's assessment did not indicate any change in the carrying amount of its financial liabilities at 1 January 2018.

#### vi. Transition

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively. No changes to comparative information in these financial statements have been noted.

# PERFORMANCE STATEMENT 31 DECEMBER 2018

## Independent Auditor's Report

### To the Board of Box Hill Institute

<b>Opinion</b>	<p>I have audited the accompanying performance statement of Box Hill 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 Box Hill Institute in respect of the year ended 31 December 2018 presents fairly.</p>
<b>Basis for Opinion</b>	<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 APES 110 <i>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>
<b>Board's responsibilities for the performance statement</b>	<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>
<b>Auditor's responsibilities for the audit of the performance statement</b>	<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>

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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:

- 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.
- 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
- 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.

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.

---

MELBOURNE  
20 March 2019



Charlotte Jeffries  
*as delegate for the Auditor-General of Victoria*



**BOX HILL INSTITUTE  
PERFORMANCE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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In our opinion, the accompanying Statement of Performance of Box Hill Institute and the consolidated entity in respect of the 2018 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Statement includes the performance indicators as determined by the responsible Minister, predetermined targets where applicable and the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets.

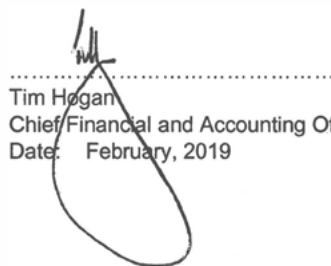
As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.



Jack Diamond  
Chair of the Board  
Date: February, 2019



Vivienne King  
Chief Executive Officer/Managing Director  
Date: February, 2019



Tim Hogan  
Chief Financial and Accounting Officer  
Date: February, 2019

**Box Hill Institute**
**Performance Statement for the year ended 31 December 2018**

Indicator title	Description and methodology	Metric	2018 Target	2018 Actual	Explanation of variances	Prior year result
Training Revenue diversity	Breakdown of training revenue split by Government funded and Fee for Service  <i>Training revenue split by:</i> <ul style="list-style-type: none"> <li>Victorian Training Guarantee</li> <li>Fee for Service (FFS)</li> <li>Student F&amp;C</li> </ul>	Percentage	35% 44% 21%	34% 44% 23%	Higher proportion of students' fees and FFS than planned, reduced reliance on government funding.	35% 44% 21%
Employment costs as a proportion of training revenue (Note 1)	Employment and Third Party training delivery costs as a proportion of training revenue (VTG and FFS)  <i>Employment costs + 3rd party training delivery costs / Training Revenue</i>	Percentage	89.0%	85.5%	Training revenue has increased by 21%, while employee costs increased only by 15%	89.9%
Training revenue per teaching FTE (Note 2)	Training Revenue (excl. revenue delivered by third parties) per Teaching FTE  <i>Training Revenue (excl. revenue delivered by 3rd parties) / Teaching FTE</i>	\$'000s	\$200.0	\$198.1	Result is consistent with target and prior year, due to the achievement of Budgeted training revenue and wage containment.	\$199.0
Operating margin percentage	Operating margin %  <i>EBIT (excluding Capital Contributions) / Total Revenue (excluding Capital Contributions)</i>	Percentage	> 0 %	1.1%	Performance exceeded target due to costs in line with Budget, while revenue slightly exceeded expectations.	0.7%

# DISCLOSURE INDEX

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
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<b>MANAGEMENT AND STRUCTURE</b>			
4	FRD 22H	Organisational structure and chart, detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities	19-21
<b>FINANCIAL AND OTHER INFORMATION</b>			
5	FRD 03A	Accounting for Dividends	n/a
6	FRD 07B	Early adoption of authoritative accounting pronouncements	76
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8	FRD 17B	Long Service leave and annual leave for employees	47-48
9	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 February 2004	n/a
10	FRD 22H	Operational and budgetary objectives, performance against objectives and achievements	2-23, 81
11	FRD 22H	Occupational health and safety statement including performance indicators, performance against those indicators.	26
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	31-33
13	FRD 22H	Summary of the financial results, with comparative information for the preceding four reporting periods	22-23
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15	FRD 22H	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	11-18
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17	FRD 22H	Summary of application and operation of the Freedom of Information Act 1982	25
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	22-23
19	FRD 22H	TAFE workforce inclusion policy (where a TAFE has one), including a measurable target and report on the progress towards the target	n/a
20	FRD 22H	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST).	29
21	FRD 22H	Statement, where applicable, on the implementation and compliance with the National Competition Policy, including compliance with the requirements of Victoria's Competitive Neutrality Policy and any subsequent reform	24

22	FRD 22H	Statement, to the extent applicable, on the application and operation of the Carers Recognition Act 2012 (Carers Act), and the actions that were taken during the year to comply with the Carers Act	26
23	FRD 22H	Summary of application and operation of the Protected Disclosure Act 2012 including disclosures required by the Act	25
24	FRD 22H & FRD 24D	Summary of Environmental Performance.	27-28
25	FRD 22H	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following:</p> <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 the consultancies over \$10,000 has 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> <li>• Any future expenditure committed to the consultant for the project</li> </ul> </li> <li>3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period</li> </ol> <p><a href="http://www.bboxhill.edu.au/about-us/publications/annual-report-2018-consultancies-over-10000/">www.bboxhill.edu.au/about-us/publications/annual-report-2018-consultancies-over-10000/</a></p>	30
26	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	29
27	FRD 22H	<p>An entity shall disclose the following in the report of operations:</p> <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>	28
28	FRD 25C	Victorian Industry Participation Policy Disclosures	n/a
29	FRD 26B	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	n/a
30	SD 5.1.4	<p>Financial management compliance attestation</p> <p>The Responsible Body must attest to compliance with applicable requirements in the FMA, the Standing Directions of the Minister for Finance and the Instructions, and disclose all Material Compliance Deficiencies.</p>	19
31	FRD 119A	Transfers through contributed capital	23
32	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, the Standing Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.	36
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.	38

34	CG 10 (clause 27)	Summary of Major Commercial Activities	n/a
35	CG 12 (clause 33)	TAFE Institute Controlled Entities	73
<b>FINANCIAL REPORT</b>			
<b>FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1984</b>			
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: the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and <ul style="list-style-type: none"> <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>	38
<b>OTHER REQUIREMENTS UNDER STANDING DIRECTION / FINANCIAL MANAGEMENT ACT 1994</b>			
37	SD 5.2.2(a) and FMA s49	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>	38
38	FRD 30D	Rounding of amounts	41
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>	19
<b>OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS</b>			
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51	FRD 114B	Financial instruments – general government entities and public non-financial corporations	61-62
52	FRD 120L	Accounting and reporting pronouncements applicable to the reporting period	43, 75-76

COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
53	Legislation	<p>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:</p> <ul style="list-style-type: none"> <li>• <i>Education and Training Reform Act 2006 (ETRA)</i></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>	28
54	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2018	25
55	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Policy	26
56	Key Performance Indicators	<p>See table on page 6 of the guidelines for required formatting.</p> <p>Institutes to report against:</p> <ul style="list-style-type: none"> <li>• Employment costs as a proportion of training revenue;</li> <li>• Training revenue per teaching FTE;</li> <li>• Operating margin percentage;</li> <li>• Training revenue diversity.</li> </ul>	81
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
57	PAEC and VAGO (June 2003 Special Review - Recommendation 11)	<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>	4, 17, 45

# NOTES



# NOTES



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