

Annual Report 2019



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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, our focus is on simplifying and aligning what we do 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. In 2019, a new Strategic Plan 2019–2024 was developed with the following 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 950 courses¹ and more than 60,000 enrolments² in 2019 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.

The Centre for Adult Education (CAE) is part of Box Hill Institute and exists to provide learning to the community through a wide range of pre-accredited and vocational programs and services. It is also one of the largest providers of VCE for adults in Victoria, assisting those who would like to return and study in a flexible environment.

Locations

Box Hill Institute is located in Victoria with sites in Box Hill, Lilydale and in Melbourne's central business district. We also continue to deliver offshore training and education services around the world, at locations including:

- China
- Indonesia
- Iran
- Kuwait
- 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, which opened on 4 September 1924, and the Box Hill Technical School for Boys, which was established on 2 February 1943. Both schools were declared colleges of Technical and Further Education in late 1981 and they merged to become the Box Hill College of TAFE on 25 January 1984.

Now known as Box Hill Institute, our functions, powers and duties are detailed in the Education and Training Reform Act 2006 and the Constitution of Box Hill Institute. 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.

During 2019, the Victorian Government passed amendments to the Education and Training Reform Act 2006 to allow the Government to merge Box Hill Institute and CAE into one entity, effective as of 30 June 2019.

Relevant Minister

Our Minister in 2019 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 2019, 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
- Hair and Beauty Salon on Elgar
- Lilydale Lakeside Children's Centre
- Music Industry Business Office
- Pets on Elgar

¹ Figure includes 488 CAE short course and language courses

² Figure includes 13,476 CAE short course and language enrolments

Chair's Statement

I am pleased to present the 2019 Box Hill Institute Annual Report, which represents a year of growth for our organisation in the challenging and ever changing market conditions of TAFE in Victoria.

After the announcement of the Victorian Government's Free TAFE for Priority Courses initiative in late 2018, we welcomed a number of new students across a broad range of courses in 2019. This initiative signified the Victorian Government's commitment to TAFE and to quality education.

Box Hill Institute's board endorsed our Strategic Plan 2019-2024 in May 2019, which marked a significant milestone in the year and has provided a clear direction for the organisation. The Strategic Plan includes the endorsement of several strategic projects, which are designed to deliver significant improvements and growth for our students, our partners and our campuses.

On Tuesday 18 June 2019, the Governor in Council made an Order under the Education and Training Reform Act 2006 to formally merge Box Hill Institute and the CAE on and from 30 June 2019 and to make related amendments to the Constitution of the Box Hill Institute and CAE Order 2016 to reflect the merger. This official partnership of two strong education brands under one legal entity has enabled our organisation to streamline business processes and strengthen our collaboration as one organisation.

In 2020, we will continue to strengthen our connections with industry and community, and seek opportunities to raise innovation through strategic partnerships. Engaging with our government, community and industry partners is key to providing a great student experience and to our future development as an innovative and quality education provider.

On behalf of the board, I would like to thank our Managing Director / Chief Executive Officer, Vivienne King for providing strong leadership and guidance to Box Hill Institute throughout 2019. We will continue to work in partnership with the executive team and staff at Box Hill Institute to drive the performance and innovation of our organisation in 2020 for the benefit of our students, staff, community and stakeholders.



Jack Diamond
Board Chair
27 February 2020

CEO's Statement

Box Hill Institute had a thoroughly rewarding and challenging year in 2019. We began the year by welcoming our first cohort of students under the Victorian Government's Free TAFE for Priority Courses initiative. This initiative provided a welcome boost to the TAFE environment.

In May, we officially launched our Strategic Plan 2019-2024, providing a clear direction for the Institute as we approach our centenary. A number of strategic projects were implemented in 2019, focusing on our themes: Student At The Heart; Delivering Quality Education; Partnering for Innovation and Growth; Valuing Our People; and Leveraging Our Resources.

We continue to be recognised as a leading education provider by industry and government during 2019. We were selected as a finalist in two Victorian Training Award categories for Large Training Provider of the Year and Inclusive Training Provider of the Year, signalling our excellence in providing inclusive programs and initiatives to the community, and delivering education that meets the high quality standards of our students and the sector.

With students at the heart of our strategy, we take every opportunity to highlight the incredible people that come through our courses. Our annual fashion show, held in November, is the culmination of a year's worth of design, art, photography, beauty and fashion work by our talented students who present their creations at Deakin Edge at Federation Square. Industry representatives recognise this event for its outstanding quality and innovation.

At Lilydale, the Lilydale Lakeside Childcare Centre and Yarra Ranges Tech School experienced impressive growth in 2019, building strong relationships with community in the Yarra Ranges local area and strengthening the reputation of the Lilydale Lakeside campus as a holistic and integrated education precinct. In late 2019, we appointed the Director Lilydale Campus to continue to drive this strategic growth through collaborative community, government and industry partnerships.

Part of Box Hill Institute's strategic journey for 2019 included the establishment of our target operating model, with the executive team leading our organisation in alignment with the five strategic themes. This simplified organisational structure will empower our organisation to focus on building new synergies, crafting our vision for each pillar, and ensuring that our sustainability plan is well implemented.

With ever changing industry needs, we have had a successful year positioning ourselves to respond to the challenging education environment.

In 2020, we will embed our 2019-2024 strategy and build a student experience that not only meets but also exceeds our student needs. We will provide our students with a personalised, inclusive experience for them to pursue their passions and we will do this through our flexible delivery and learning environments that will prepare our students for jobs of the future.

I would like to thank the Box Hill Institute board for their support and endorsement in 2019. I look forward to working in partnership with them and continuing to lead Box Hill Institute, strengthening our position in 2020.



Ms Vivienne King
Chief Executive Officer and Managing Director
27 February 2020

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 2019 our staff and students were shortlisted for:

- Australia-China Business Awards – finalist
- Learn Local Awards – Industry Collaboration CAE – Equal@Work Program – finalist
- VCAL Achievement Awards – Teacher category: Program Development Award – awaiting results (28/04/2020)
- VCAL Achievement Awards – Teacher category: Team Teaching Award – awaiting results (28/04/2020)
- Victorian International Education Awards – International Student of the Year – Higher Education – Bachelor of Community Services student, Tukuza Banda – shortlisted
- Victorian Training Awards – Victorian Inclusive Training Provider of the Year Award – finalist
- Victorian Training Awards – Victorian Large Training Provider of the Year – finalist
- Wurreaker Awards – Best non-TAFE program (Presenting My Culture) – finalist



Key Initiatives and Projects 2019

Lilydale

Box Hill Institute achieved strong growth in enrolment numbers at our Lilydale Lakeside campus with over 2,300 enrolments during its third year of operations.

Yarra Ranges Tech School

The Yarra Ranges Tech School (YRTS) commenced operations in 2017 employing leading edge technology to deliver advanced learning to secondary students from 20 local partner schools. Working in collaboration with industry, Box Hill Institute faculties, Yarra Ranges Council and its partner schools, YRTS delivers programs built around human centred design thinking. These programs empower students to work in teams to understand and define an issue and then use a range of technologies to create a solution.

This model introduces students to the skills and knowledge they will require in their future roles such as teamwork, critical and creative thinking, communication and digital literacy while also demonstrating the diverse range of jobs, skills and areas science, technology, engineering, arts and mathematics (STEAM) studies can lead to.

During 2019, YRTS expanded its engagement to include the broader community through various guest speakers, panel sessions, workshops and open days. These events focus on leading edge technologies and research, inspiring leaders in the world of STEM and the community, and the importance of STEAM to the modern world.

YRTS represents a learning hub where a variety of technologies can be accessed including:

- Virtual Reality
- Autonomous Vehicles
- Artificial Intelligence
- Robotics
- Precision Manufacturing including:
 - 3D printing
 - CNC milling
 - Laser cutting
 - Waterjet cutting

In 2019, 4,656 students from 17 partner schools participated in YRTS programs. Since 2017, more than 9,600 students and over 350 teachers have undertaken programs.

A continuing collaborative approach between Box Hill Institute, the Department of Education and Training, industry partners, Yarra Ranges Council, Deakin University and local Partner Schools will continue to ensure that students are better prepared for the future world of work.

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 2019, we helped 3,323 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.

We continue to deliver training and programs with Corrections Victoria, Nadrasca and other disability support service organisations.

In 2019, 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 Kryolan cosmetics company for our hair and beauty courses, including the new Diploma of Screen and Media (specialising in make up services), and have existing partnerships with AusCyber, Sing Sing Music, the Australian Hotels Association for Hospitality, Lincoln Electric Australia, AMCA Refrigeration, and Reece Plumbing.

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.

Key Initiatives and Projects 2019

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.

Moroccan Soup Bar

Box Hill Institute and the Moroccan Soup Bar collaborated to develop a new program to address the educational needs of disadvantaged women through employment. The Sprout Program is an accredited training program that formalises a successful model of support and intervention that the Moroccan Soup Bar has been delivering for more than 20 years.

Phase 1 was to enrol eligible candidates into the Reconnect program so they had support during the program and three women were enrolled in 2019. Phase 2 was an engagement stage where a four week New Pathways pre-accredited program was used to rebuild confidence, initial engagement and improve language skills. Four women completed this program in August 2019. Phases 3 and 4 include hospitality traineeships with language, literacy and numeracy and approximately 10 participants are expected to be enrolled in March 2020.

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 of four staff support at-risk apprentices, liaising with main stakeholders, and providing referral and support where required. In 2019, staff contacted 3,316 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 main component of Skills and Jobs Centres' regular work.

	TOTAL
New Participants Registered	2,171
Job Readiness Workshops / Seminars	73
No. of people attending Workshops / Seminars	1,388
Career / Training Workshops / Expos	98
No. of people attending Career / Training Workshops / Expos	3,199
New Jobs Registered	156
No. of Engagements with Employers / Industry	170
No. of Engagements with Community Organisations	148
One on One Career Advice Sessions	1,065
Free TAFE Enquiries	390

Key Initiatives and Projects 2019

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 Innovations

Teaching Innovations has continued to support the Box Hill Institute community to build capability in educational design practices for blended course development, delivery and assessment. Teaching Innovations models and supports quality approaches by providing resource development and training for our virtual online learning environment – StudentWeb.

In 2019, the Professional Development Team provided a StudentWeb Orientation Program for students delivering 132 StudentWeb orientation sessions to 2,895 students. The team supported teacher training via the Teaching and Learning College program with 99 Professional Development sessions to 366 teachers and one-on-one support to 1,104 teachers via the StudentWeb Helpdesk. Support and mentoring relationships were formed to increase the use of Echo360 (video and active learning platform) resulting in 2,152 student views.

The Educational Design Team harnessed learning technology to create over 60 dynamic online resources in the areas of Agritourism, Cross Laminated Timber, Building Information Modelling, Certificate IV and Advanced Diploma in Cyber Security, Queensland Fruit Fly resource for the Bundaberg Community Growers and Yarra Ranges Tech School Year 10 Program. The team also created 10 Masterclasses, filming and editing experts in the fields of augmented reality welding, cake making, music technology, cyber security, cross-laminated timber construction, biosecurity, equine studies and fiction writing.

The team responded to the educational need to have increased agility in workplace-based assessment capture by updating the mobile assessment capture tool MOBAS and designed supporting user guides. Teaching Innovations will implement a trial to commence in 2020.

Teaching Innovations continued to facilitate the StudentWeb Working Party and Learning Innovations Working Party to ensure that all faculties and required stakeholders participate in the ongoing development of a commanding learning management system. The team had a leading role in the organisation of the Teaching and Learning Symposium, providing engaging external speakers, workshops and presentations, which was attended by approximately 300 staff.

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 112 women participate in 2019 with a consistent participation rate across the year. All students are contacted at least twice by the program mentors and manager. 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.

Vocational Education and Training Audit Compliance

During 2019, Box Hill Institute successfully completed a number of important audits by our national and state regulators. The 2019 successful audits included the following.

External Audit

- Victorian Curriculum and Assessment Authority
Box Hill Institute VCE VET Scored-assess Coursework Audit
- Box Hill Institute VCAL Work Related Skills for Further Studies

Accreditation

ASQA accredited VET Accredited qualifications for a period of 5 years

- 10844NAT Diploma of Agritourism Operations
- 10845NAT Advanced Diploma of Agritourism Operations

Registration

- VRQA granted renewal of CRICOS registration to deliver VCAL courses to international students
- Voluntarily withdrew CAE's RTO registration from ASQA to deliver VET courses and VRQA as a non-secondary senior school provider to deliver VCE programs

Key Initiatives and Projects 2019

Marketing Events

Box Hill Institute hosted more than 20 corporate events in 2019. 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 3,500 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 a City Campus Open Day event in November, which was held at the Degraes Street campus and attracting up to 100 people who were predominantly interested in VCE and cyber security. The event invited people to view CAE facilities, watch demonstrations, and provided key course information.

Over 2,000 prospective students and their families visited one or more of our three campuses to attend information evenings.

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 2019, we implemented a number of campus modernisation initiatives including the design of a new Student Hub combining important student services such as the library, Student Life, international students, and literacy and numeracy service desks. The Student Hub is scheduled to open in February 2020.

During 2019, the State Government announced funding for a new Integrated Centre of Sustainable Construction Technologies to be located at our Lilydale Lakeside site. This will include training in plumbing, carpentry, and electrical trades. Design and tendering phases occurred throughout 2019 and construction is due to begin in 2020.

Box Hill Institute has worked with a property developer to deliver a new nurse training facility on Spring Street in Box Hill. This includes the construction of four levels for nursing training with mixed-use development in the upper floors. The negotiation and design process began in 2018 and planning approvals have been underway during 2019. Construction is expected to begin in 2020 when planning approvals have been achieved.

Languages Centre Of Excellence

CAE has over 30 years' experience in delivering language training. Building on this expertise, the Languages Centre of Excellence (LCE) was established in 2015 to consolidate our market-leading language expertise and service offerings. LCE is responsible for the development and delivery of all Box Hill Institute Group's language courses and training for languages other than English encompassing modern and classic languages such as Latin and Ancient Greek.

LCE runs an extensive language short course program, offering 17 different languages from beginner to advanced levels. Our commitment is to support students to enhance their language skills and gain linguistic and cultural competence in the languages of their choice. In 2019, almost 3,000 students enrolled in LCE courses.

The LCE service portfolio includes group and one-on-one classes, special purpose and customised courses for education and business groups.

LCE consistently offers courses at intermediate and advanced levels with continuation courses making up 54% of its total revenue in 2019. It runs specialised conversation courses in French, Spanish, Italian, German, Japanese and reading literature groups in Latin. In recent years, Korean and Arabic have become more popular and now rank in the top five most popular language courses.

Department Of Foundation Studies 2019 Success

The CAE VCE program offers timetable and subject choices to allow mature age learners to combine part or full-time study with work and home commitments. The program gives graduates the opportunity to transition into a wide range of certificate, diploma and bachelor programs, and is a great avenue for mature learners looking to return to education for a career change or after a study break or to support their personal interest.

In 2019, CAE delivered education programs to 282 VCE learners, including 173 students sitting the VCE Year 12 final exams. The highest ATAR score achieved was 99.9 and 15 students achieved an ATAR score of 80 or above.

International Highlights

International Inbound Students

In 2019, Box Hill Institute International continued to focus on enriching the international student experience both onshore and offshore and to extend our global reach. Having been awarded International Training Provider of the Year at the 2018 Australian Training Awards, our international activities reached over 70 countries and successfully attracted more than 1,000 international enrolments, which represents a 17% increase on 2018. Tuition fee revenue from international inbound students increased 42% on 2018.

In 2019, we also successfully supported more than 60 students from our offshore transnational relationships, who arrived in Australia and undertook an onshore Box Hill Institute experience focused on Australian industry projects featuring innovation and entrepreneurship. Two of those students were awarded International Student of the Year (Offshore) and International Student of the Year (Onshore) respectively at the annual Box Hill Institute Student of the Year awards.

Overseas Operations Performance

Box Hill Institute's transnational operation 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 continue to make significant contribution towards the international education industry in Australia and globally. Successes continued in 2019, contributing to commercial targets, increasing our resource diversity, and expanding our global reputation.

In 2019, 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:

- Biosecurity Science
- Community Service and Health Sciences
- Cyber Security and ICT
- Engineering Technology
- Fashion
- Hospitality
- Music

In 2019, a key focus for our transnational operations was to strengthen the quality of our programs, as well as upgrading the teachers credential across our transnational partner network with existing partners in China, Vietnam, Malaysia, and the Middle East.

International Operational Risks

Box Hill Institute continues to take its strategic and operational risks for overseas operations as priority. We have frameworks in place to effectively manage and mitigate risk. We believe in excellence through quality, identified growth through diversification that aligns with local industry demands, and enriched the student experience with a focus on global employability as key priorities for our offshore operations. Risks are addressed through the Institute's Risk Management Plan, including those associated with overseas operations.

Risk Strategies

Strategies employed to mitigate our risk are reviewed on a regular basis with the executive team, 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's long standing reputation in transnational education and training continues to expand with collaborative and innovative approach. The strategic focus on integration of internationalisation and localisation has been greatly appreciated by the transnational partner networks internationally. Through strategic cooperation, global partnerships, and capacity building, we aim to develop highly skilled human resources for the workplaces and communities globally for the benefits of economy and society development needs.

In response to these international and national factors and developments, Box Hill Institute continues to implement changes to our operating model and improve efficiency, leveraging our resources globally to service the needs of industry, work and life.

Box Hill Institute is governed by a board established under the Constitution of the Box Hill Institute 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 2019:

- Mr Allan Moore
- Ms Alison Currie (from 1 July 2019)
- Ms Amanda Brook
- Ms Claire Filson (until 30 June 2019)
- Ms Helen Buckingham
- Mr Jack Diamond (Chairperson)
- Ms Jane Foley
- Prof John Rosenberg
- Ms Julie Eisenbise (until 31 October 2019)
- Mr Phillip Davies
- Dr Sam McCurdy
- Ms Tracey Cooper
- Ms Vivienne King

Committees

In 2019, 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 2019 included:

- Mr Allan Moore (Committee Chair)
- Amanda Brook (from 1 July 2019)
- Ms Jane Foley
- Ms Julie Eisenbise (until 16 July 2019)
- Dr Sam McCurdy
- Ms Tracey Cooper

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 2019 included:

- Mr Allan Moore
- Ms Amanda Brook (until 30 June 2019)
- Ms Claire Filson (until 30 June 2019)
- Ms Helen Buckingham
- Mr Phillip Davies
- Dr Sam McCurdy (from 16 August 2019)
- Ms Tracey Cooper (Committee Chair)

Governance

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 2019 included:

- Mr Allan Moore
- Ms Amanda Brook
- Ms Claire Filson (until 30 June 2019)
- Ms Helen Buckingham
- Mr Jack Diamond (Chairperson)
- Ms Jane Foley
- Prof John Rosenberg
- Ms Julie Eisenbise (until 16 July 2019)
- Mr Phillip Davies
- Dr Sam McCurdy
- Ms Tracey Cooper
- Ms Vivienne King

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 2019 included:

- Mr Allan Moore
- Ms Amanda Brook
- Ms Claire Filson (until 30 June 2019)
- Ms Helen Buckingham
- Mr Jack Diamond (Committee Chair)
- Ms Jane Foley
- Prof John Rosenberg
- Ms Julie Eisenbise (until 31 October 2019)
- Mr Phillip Davies
- Ms Tracey Cooper

Education Quality Committee

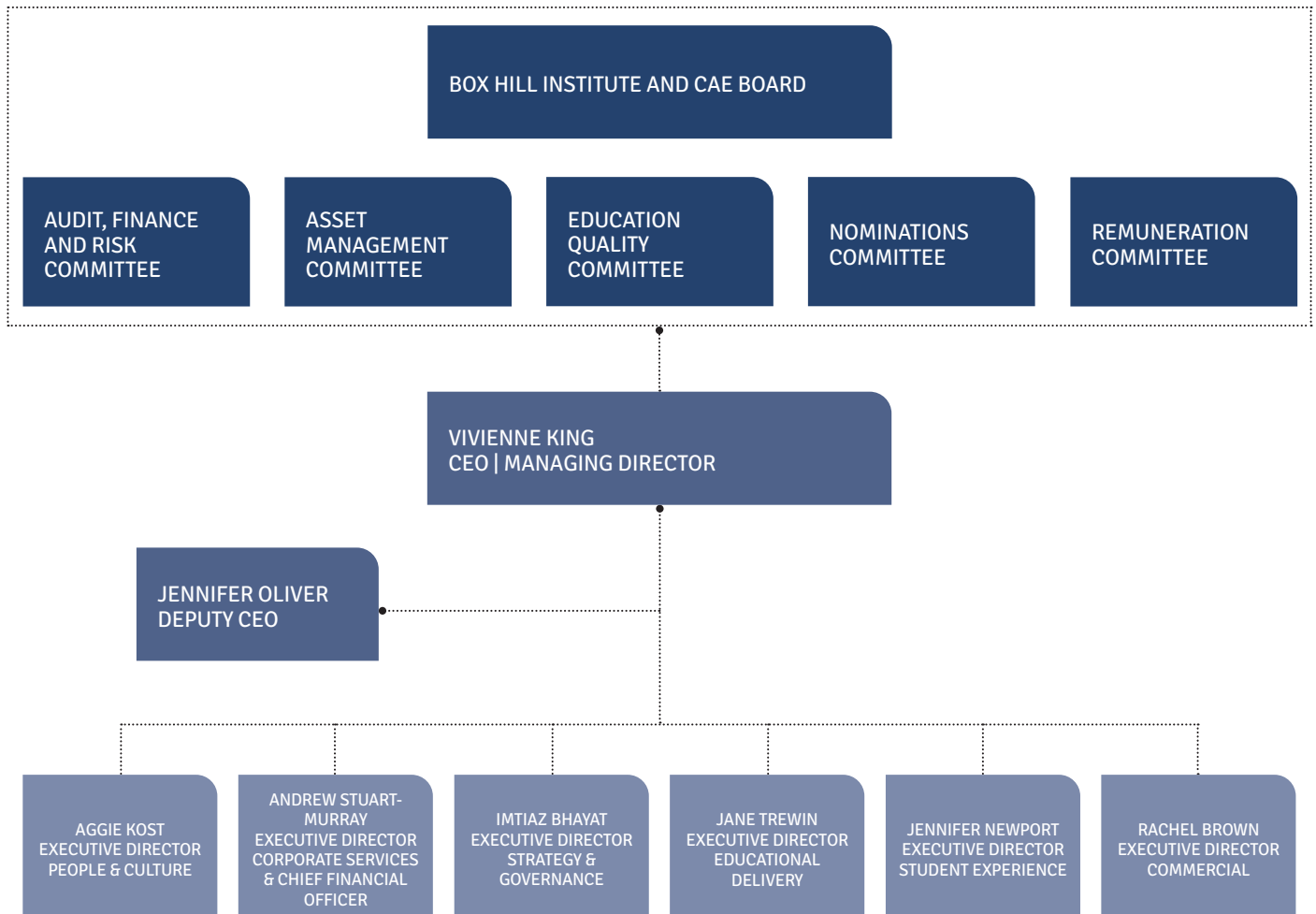
The Education Quality Committee assists the Board in fulfilling its responsibilities to oversee the maintenance of quality, relevance to market and industry needs, and the development and transformation of training delivery and services in line with the Strategic Plan.

Membership during 2019 included:

- Ms Claire Filson (until 30 June 2019)
- Ms Helen Buckingham (Committee Chair)
- Ms Jane Foley
- Prof John Rosenberg
- Ms Julie Eisenbise (until 16 July 2019)
- Dr Sam McCurdy (until 16 August 2019)

Executive Management Structure 2019

Organisational Chart as at 31 December 2019



Board and Committee members are listed in the Governance section.

Financial Performance 2019

Five Year Consolidated Financial Summary

YEAR ENDED 31 DECEMBER	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Summary of Financial Performance						
Government Contributions - Operating	61,141	66,007	63,776	46,675	44,979	34,323
Sale of goods and services	76,855	72,699	57,963	50,884	50,691	62,968
Other income	7,620	5,341	4,993	4,975	6,282	4,830
TOTAL INCOME FROM TRANSACTIONS (Excluding Capital Grants)	145,616	144,047	126,732	102,534	101,952	102,121
TOTAL EXPENSES FROM TRANSACTIONS (Excluding Depreciation and Expenditure from capital contributions)	(140,047)	(132,790)	(117,213)	(103,390)	(97,046)	(108,765)
EARNINGS BEFORE DEPRECIATION, CAPITAL GRANTS AND OTHER ECONOMIC FLOWS	5,569	11,257	9,519	(856)	4,906	(6,644)
Government Contributions - Capital	590	1,520	264	12,100	10,000	730
Depreciation and Amortisation	(15,072)	(9,618)	(8,882)	(8,218)	(7,118)	(6,915)
Expenditure using government contributions - capital	-	-	-	-	-	-
Other economic flows included in net result	1,224	8,389	837	(590)	304	5,117
Net result from discontinued operations	-	-	-	-	-	-
Net result	(7,689)	11,548	1,738	2,436	8,092	(7,712)

Comprehensive Operating Statement

The decline in results for 2019 compared to 2018 was primarily driven by one-off items in 2018, including a gain on sale of an asset (Whitehorse east campus), and significant one-off grants. During 2019, we also saw an increase in depreciation as a result of the recognition of right-of-use assets under the new lease accounting arrangements. Training revenue increased in 2019, which resulted in higher costs associated with delivering these programs.

- Revenue from government contributions - contestable funding linked with training delivery increased compared to 2018. Other operating contributions of \$20 million were received (2018: \$31.8 million)

Employee expenses increased primarily due to delivering increased training volumes (2019: \$95.0 million, 2018: \$83.7 million)

Balance Sheet

YEAR ENDED 31 DECEMBER	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Summary of Balance Sheet Performance						
Assets	523,933	495,356	500,557	293,039	262,811	259,926
Liabilities	(78,089)	(41,817)	(58,547)	(35,063)	(21,551)	(27,057)
NET ASSETS	445,844	453,539	442,010	257,976	241,260	232,869
Accumulated Surplus	109,677	117,206	105,488	103,867	100,020	89,949
Reserves	309,043	309,209	309,398	126,985	114,116	115,796
Contributed Capital	27,124	27,124	27,124	27,124	27,124	27,124
NET WORTH	445,844	453,539	442,010	257,976	241,260	232,869

Box Hill Institute recorded a Net Result deficit of \$7.689 million (2018: \$11.548 million surplus) compared to a Board-approved Budget of \$12.153 million deficit.

- Box Hill Institute's overall net worth decreased by \$7.694 million, in line with the 2019 net result.
- Asset and liability balances have increased mainly due to recognition of items as a result of lease accounting changes.

CORONAVIRUS (COVID-19)

At the time of finalising the financial statements in this Annual Report and receiving the audit opinion from the Victorian Auditor-General's Office, the potential impact of COVID-19 on subsequent reporting periods was not known. Box Hill Institute has since introduced measures to assist those affected, including ongoing advice and support, as the

situation continues to evolve. Box Hill Institute continues to monitor the non-financial and financial impacts of COVID-19 on its operations and cashflow however, due to the significant amount of material uncertainty, it is not possible to quantify the full economic outflow at present. To mitigate this risk, the Department of Education and Training has provided a letter of comfort to Box Hill Institute to provide a level of assurance that financial assistance will be made available for Box Hill Institute to continue as a going concern. Box Hill Institute is working closely with the Department of Education and Training to ensure that an appropriate funding model is developed to minimise the loss in training revenue in the event that this should occur.

Compliance

Financial Management Compliance Attestation Statement

I Mr Jack Diamond, on behalf of the Responsible Body, certify that for the period 1 January 2019 to 31 December 2019, the Box Hill Institute has complied with the applicable Standing Directions made under the Financial Management Act 1994 and Instructions except for the following Material Compliance Deficiency: in connection with Direction 3.7.2.3 Borrowings and concerning borrowings:

- In 2017, 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 (which was not in compliance with the requirements of Direction 3.7.2.3 at that time). The arrangement is also not in compliance with the current requirement of Direction 3.7.2.3 that borrowings be entered into with Treasury Corporation of Victoria, unless an exemption from the Treasurer has been provided. Such an exemption has not been sought. The lease (10 year terms) was arranged for the urgent replacement of essential equipment under a reasonable belief that the transaction was compliant. An exemption from the Treasurer will be sought in respect to Direction 3.7.2.3 to address the non-compliance.

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 below).

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 were no formal requests for information under the Freedom of Information Act during the 2019 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 are not paid to any student organisations. Total Student Services and Amenities Fees collected for Box Hill Institute for the year ending 31 December 2019 were \$1.4 million.

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 or from the Protected Disclosure Coordinator at 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. Carer recognition principles are included in the relevant policies covering flexible working arrangements, diversity and inclusion, part-time work opportunities and a supportive workplace environment.

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 Policy issued by the Department of Premier and Cabinet December 2006 and the Department of Education and Early Childhood Development Policy and Guidelines 2014.



Compliance

Occupational Health and Safety

Box Hill Institute embraces its strategic theme of Valuing Our People by providing a safe and healthy environment for staff, students, contractors, and visitors. The health and safety of our people remains our priority, which is reflected in the development of initiatives that provide an inclusive work environment and proactive health, safety and wellbeing positively influencing our culture.

An active focus on injury and illness prevention and physical and psychological wellbeing continues to form an integral component of our organisation and teaching cultures. There was a strong emphasis on health and wellbeing programs and initiatives in 2019, supported by increased staff participation and engagement during the year including:

- Positive feedback from staff, affirming the continued commitment to health, safety and wellbeing at Box Hill Institute and that health, safety and wellbeing is embedded as part of our culture
- Highest reporting year-on-year achieved through proactive reporting campaigns and participation and visibility of leaders in proactive safety reporting programs
- Increased engagement and participation in emergency management protocols and responses
- Strong growth in OHS training participation, enhancing compliance and awareness of OHS obligations
- Highest levels of participation in our OHS committee with an increase in health and safety representatives and participating work areas
- Endorsement of the Box Hill Institute Mental Health Strategy, with strong staff participation in awareness sessions and wellbeing initiatives

In 2019, the number of reported workplace hazards was 166.42 hazard reports per 100 full time employees. This was comparable to the 168.23 in 2018, but lower than 215.25 in 2017. This contributed to increased staff confidence in reporting and the third year of proactive and visible participation in the leadership safety walk initiative.

The Box Hill Institute WorkCover policy continues to perform better than the industry comparison rate. Proactive claims management principles have been incorporated into our return to work protocols, increasing communication and support to injured employees. The increase in the average claim cost is attributed to three psychological claims.

Criteria	2019	2018	2017
The number of reported hazards for the year per 100 full-time equivalent staff members	166.42	168.23	231.25
The number of reported incidents for the year per 100 full-time equivalent staff members	44.06	34.97	27.02
The number of 'lost time' standard claims for the year per 100 full-time equivalent staff members;	0.73	0.66	0.96
Lost Time Claims	7	6	8
The average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe);	\$53,028.41	\$4,687.26	\$32,471.51

Environmental Performance

Energy Use		2019	2018	2017
Total energy usage, segmented by primary source	Electricity	26,154,443MJ	27,025,880MJ	25,979,510MJ
	Natural Gas	25,554,520MJ	18,616,603MJ	24,264,579MJ
	Total Energy	51,708,963MJ	45,642,483MJ	50,244,089MJ
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		8,651 tonnes	8,573 tonnes	8,639 tonnes
Units of energy used (per effective full time employee)			53,427.86MJ	65,189.41MJ
Units of energy used per unit of building area (per m2)		571.77MJ	504.69MJ	401.95MJ

Waste Production		2019	2018	2017
Total units of office waste disposed of by destination (kg per year)	General Waste (landfill)	200,260kg	216,974 kg	239,165 kg
	Total recycling	23,255kg	73,339 kg	87,188 kg
	TOTAL	221,821kg	290,313 kg	326,352 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
Recycling rate (% of total waste by weight)		10%	25%	27%
* 2019 figures do not include December for Box Hill and CAE sites as a new tender commenced				

Paper Use		2019	2018*	2017
Total units of A4 equivalent copy paper used		10,400 reams	10,400 reams	10,025 reams
Units of equivalent copy paper used per full-time employee		No data available	11.51 reams	11.9 reams
Percentage of recycled content in copy paper purchased		10% and Carbon Neutral certified, ISO 9001 and ISO 14001 certified	10% and Carbon Neutral Certified, ISO 9001 and ISO 14001 certified	10%
* This figure is inclusive of Box Hill Institute and CAE paper use.				

Box Hill Institute continues to reduce its environmental footprint across all campuses. We aim to become more sustainable and perform upgrade works on chillers and building management systems, implement the Greener Government Buildings program, and undertake initiatives to improve our energy, gas, water and waste consumption. As we make these actions, we also encourage staff and students to reduce their own personal footprints.

Compliance

Future Environmental Targets

Staff and students throughout Box Hill Institute must continue to be mindful of consumption patterns that foster unhealthy habits regarding energy, gas, water and waste. Old lighting across all campuses continues to be upgraded to LED lighting wherever possible. Building management systems and chillers also continue to be upgraded and solar opportunities are being explored through the State Government's Greener Government Buildings project.

Stricter plumbing and timber waste recycling has been implemented with faculties instructed to reduce the amount of contaminated waste collected from these bins.

Throughout 2019, Box Hill Institute contracted a new waste supplier, Envirotec, which we hope will continue to strengthen our waste practices and foster opportunities to learn and improve our practices.

ICT Expenditure

BAU ICT Expenditure Total (\$'m)	Non-BAU ICT Expenditure (\$'m)	Operational Expenditure (\$'m)	Capital Expenditure (\$'m)
Total	Total = A + B	A	B
5.58	1.80	1.47	0.33

Australian Skills and Qualifications Authority Aviation Audit

In October 2019, Box Hill Institute was notified by the Australian Skills and Qualifications Authority (ASQA) of the provisional outcome of its audit of the aviation program. The provisional findings and outcomes were not finalised by 31 December 2019 and we continue to work proactively with ASQA in regards to the audit.

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 Minister for Training and Skills (or predecessors)
- Education and Training Reform Act 2006
- Financial Management Act 1994
- Freedom of Information Act 1982
- Local Jobs First Act 2003
- 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
- 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 2019 (excl GST)	Creative & Campaign Dev Exp 2019 (excl GST)	Print & Collateral Exp 2019 (excl GST)	Other Campaign Exp 2019 (excl GST)	Total (excl GST)
2019 Enrolment Campaign, S1	Student recruitment campaign via VTAC and direct entry	Jan-19	Feb-19	\$22,409.38		\$49.05		\$22,458.43
Mid Year	Student recruitment campaign via direct entry	Apr-19	Jul-19	\$98,456.43	\$495.00	\$385.00	\$2,350.00	\$101,686.43
CAE	Student recruitment of languages and short courses	Jan-19	Dec-19	\$85,376.50		\$51,092.36	\$3,060.00	\$139,528.86
Total				\$206,242.31	\$495.00	\$51,526.41	\$5,410.00	\$263,673.72

Compliance

Consultancies over \$10,000

In 2019, there were 20 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019 in relation to these consultancies is \$1,339,989. Details of individual consultancies can be viewed at www.boxhill.edu.au.

Consultants	Number of Engagements	Total fees Paid	Particulars of Projects involved	Estimated Future Commitments
Advisian	2	54,178	Provision of Project reviews	20,000
AERIAL CONSULTANCY PTY LTD	2	65,000	Provision of curriculum development	
Banner Bang Bang Pty LTD	1	157,488	Provision of curriculum development	
CARAMAR GROUP PTY. LTD.	1	36,781	Provision of curriculum development	3,500
Donna Maree Colombini	1	31,950	Provision of curriculum development	23,123
Eccoh	1	25,078	Provision of Sales operation review	0
Galaxy 42 Pty Ltd	1	12,500	Provision of Financial Modelling	13,105
HAK Investments	1	180,950	Provision of international advisory services	5,952
HWL Ebsworth Lawyers	1	14,123	Provision of legal advice pertaining to employment matters	75,899
KPMG	2	74,101	Provision of business case development	
Logie-Smith Lanyon	4	208,718	Provision of legal advice pertaining to employment matters	
Mercer Consulting (Australia) Pty LTD	1	10,000	Provision of curriculum development	
Norton Crumlin & Associates	2	30,722	Provision of operating target model advice	22,176
Nous Group Pty LTD	1	143,357	Provision of curriculum development	
Rivor Advisory Pty LTD	1	27,280	Provision of Financial Modelling	22,000
Tangerine & Co Pty LTD	1	58,500	Provision of ICT strategy development	16,386
Tectura Pty Ltd	1	11,568	Provision of strategic advice and architecture services	4,268
The Brains Trust Group	1	133,645	Provision of curriculum development and business cases	24,681
The Execution Premium	1	14,000	Provision of Strategic advice	
The Information Counsel	1	50,050	Provision of curriculum development	32,059

Consultancies under \$10,000

In 2019, there were 27 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019 in relation to these consultancies is \$105,583.

Number of Engagements	27
Total Fees Incurred	105,583

Table 1. Performance and Accountability Framework FTE Table (December 2018 – December 2019)

Dec-18							
	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	241.8	72.6	32.6	14.2	NA	35.8	397
Executive	0	15.2	0	0	NA	0	15.2
Other	0.4	9.3	0.5	3.3	NA	16.9	30.4
Teacher	112.1	75.4	43	22.1	208.5	NA	461.1
Total	354.3	172.5	76.1	39.6	208.5	52.7	903.7

Dec-19							
	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	246.4	78.2	36.1	17.8	NA	46.0	424.5
Executive	0.0	16.1	0.0	0.0	NA	0.0	16.1
Other	3.7	0.5	0.0	7.4	NA	28.5	40.1
Teacher	153.4	90.4	67.5	57.1	115.9	NA	484.2
Total	403.5	185.2	103.6	82.2	115.9	74.5	964.9

* 2018 figure in the 2018 Annual Report is different to that reported in the 2019 Annual Report due to the merging of the Centre for Adult Education and Box Hill Institute on 1 July 2019.

Table 2. Workforce Disclosures (December 2018 – December 2019)

Demographic data	Dec-18							
		All employees		Ongoing			Fixed term and casual	
		Number (Headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
	Gender							
	Women Executives	10	8.3				10	8.3
	Women (total staff)	1289	512.9	249	104	252.5	936	260.4
	Men Executives	8	6.9				8	6.9
	Men (total staff)	847	375.6	195	35	177.9	617	197.7
	Self-described							
	Age							
	15-24	134	37.1	13	0	8.8	121	28.3
	25-34	310	129.8	78	10	63.8	222	66
	35-44	425	186.4	98	28	85.8	299	100.6
	45-54	483	241.8	112	41	115.1	330	126.7
	55-64	473	246.2	116	44	126.4	313	119.8
	Over 64	172	62.4	27	19	31.2	126	31.2
	Total employees	1997	903.7	444	142	431.1	1411	472.6

Workforce Data

Demographic data	Dec-19							
		All employees		Ongoing			Fixed term and casual	
		Number (Headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
	Gender							
	Women Executives	12	8.70	0	0	0.00	12	8.70
	Women (total staff)	1352	557.34	256	128	299.44	968	257.90
	Men Executives	13	7.38	0	0	0.00	13	7.38
	Men (total staff)	904	391.44	192	51	207.70	661	183.74
	Self-described							
	Age							
	15-24	174	39.83	9	0	6.60	165	33.23
	25-34	353	152.26	81	22	81.30	250	70.97
	35-44	488	207.48	91	42	101.99	355	105.49
	45-54	534	246.53	122	46	133.69	366	112.83
	55-64	533	252.28	124	42	140.79	367	111.49
Over 64	199	66.48	21	27	33.25	151	33.23	
Total employees	2281	964.85	448	179	497.62	1654	467.23	

The increase in total employee numbers in both TEACHING and PACCT relates to a significant increase in teaching delivery and the establishment of associated support resources due to Free TAFE for Priority Courses. There is an increase in fixed term and ongoing teachers due to casual conversions under the 2018 Multi Enterprise Agreement. A number of additional non-teaching staffing resources were approved in order to deliver Strategic Plan projects and to address organisational priorities. Increases in the OTHER category are largely due to the growth in delivery at the Lakeside Childcare Centre.

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.

Independent Auditor's Report

To the Board of the Box Hill Institute

Opinion	<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"> consolidated entity and institute balance sheet as at 31 December 2019 consolidated entity and institute comprehensive operating statement for the year then ended consolidated entity and institute statement of changes in equity for the year then ended consolidated entity and institute cash flow statement for the year then ended notes to the financial statements, including significant accounting policies declaration by the board chair, chief executive officer and chief financial officer. <p>In my opinion, the financial report presenting fairly, in all material respects, the financial positions of the consolidated entity and the institute as at 31 December 2019 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>
Basis for Opinion	<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>
Emphasis of Matter - subsequent events COVID-19 pandemic	<p>I draw attention to Note 9.3 of the financial report, which describes the effects of the COVID-19 pandemic as a material subsequent event. My opinion is not modified with respect to this matter.</p>
Board's responsibilities for the financial report	<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 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>

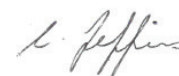
Auditor's responsibilities for the audit of the financial report

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.



Financial Statements 31 December 2019

Box Hill Institute - Financial Report for the year ended 31 December 2019

How this report is structured

Box Hill Institute (BHI) has presented its audited general purpose financial statements for the financial year ended 31 December 2019 in the following structure to provide users with information about the BHI's stewardship of resources entrusted to it.

Declaration	Declaration by Board Chair, Chief Executive Officer and Chief Financial Officer
Financial statements	Comprehensive operating statement Balance sheet Statement of changes in equity Cash flow statement
Notes to the financial statements	<ol style="list-style-type: none"> 1. About this report <ol style="list-style-type: none"> 1.1 Basis of preparation 1.2 Compliance information 2. How we earned our funds <ol style="list-style-type: none"> 2.1 Government contributions 2.2 Sale of goods and services 2.3 Other income 3. How we expended our funds <ol style="list-style-type: none"> 3.1 Employee benefits 3.2 Supplies and services 3.3 Other operating expenses 3.4 Leases 4. The assets we invested in <ol style="list-style-type: none"> 4.1 Property, plant and equipment 4.2 Intangible assets 4.3 Depreciation and amortisation 5. Balances from operations <ol style="list-style-type: none"> 5.1 Receivables 5.2 Other non-financial assets 5.3 Payables 6. How we financed our operations <ol style="list-style-type: none"> 6.1 Cash and deposits 6.2 Borrowings 7. Managing risks and uncertainties <ol style="list-style-type: none"> 7.1 Financial instruments 7.2 Contingent assets and contingent liabilities 7.3 Fair value determination 8. Governance Disclosures <ol style="list-style-type: none"> 8.1 Responsible persons 8.2 Remuneration of executives 8.3 Related parties 8.4 Auditors' remuneration 9. Other disclosures <ol style="list-style-type: none"> 9.1 Gains/(losses) from other economic flows 9.2 Controlled entities 9.3 Events after reporting date

Declaration by Board Chair, Chief Executive Officer / Managing Director and Executive Director Corporate Services and Chief Financial Officer

In our opinion the attached financial statements for 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 statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2019 and financial position of the Institute as at 31 December 2019.

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 Executive Director Corporate Services and Chief Financial Officer sign this declaration in accordance with a resolution of the Board of the Box Hill Institute.



Jack Diamond
Board Chair
9 April 2020
Box Hill, Melbourne



Vivienne King
Chief Executive Officer / Managing Director
9 April 2020
Box Hill, Melbourne



Andrew Stuart-Murray
Executive Director Corporate Services
and Chief Financial Officer
9 April 2020
Box Hill, Melbourne

COMPREHENSIVE OPERATING STATEMENT

For the year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000
Continuing operations			
Income from transactions			
Government contributions	2.1	61,731	67,527
Sale of goods and services	2.2	76,855	72,699
Other income	2.3	7,620	5,341
Total income from transactions		146,206	145,567
Expenses from transactions			
Employee benefits	3.1.1	94,965	83,656
Depreciation and amortisation	4.3	15,072	9,618
Supplies and services	3.2	33,125	39,277
Other operating expenses	3.3	11,957	9,857
Total expenses from transactions		155,119	142,408
Net result from transactions		(8,913)	3,159
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets	4.1.1	10	4,149
Other gains/(losses) from other economic flows	9.1	1,214	4,240
Total other economic flows included in net result		1,224	8,389
Net result		(7,689)	11,548
Other economic flows - other comprehensive income			
Comprehensive result		(7,689)	11,548

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

Box Hill Institute - Financial Report for the year ended 31 December 2019

BALANCE SHEET

As at 31 December 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Financial assets			
Cash and deposits	6.1	27,130	30,035
Receivables	5.1	15,779	12,636
Investments and other financial assets		2,714	2,309
Total financial assets		45,623	44,980
Non-financial assets			
Land and buildings held for sale	4.1.3	-	7,940
Property, plant and equipment	4.1	435,657	434,915
Right of use assets	3.4.1	36,600	-
Intangible assets	4.2	2,416	2,563
Other non-financial assets	5.2	3,637	4,958
Total non-financial assets		478,310	450,376
Total assets		523,933	495,356
Liabilities			
Payables	5.3	10,017	8,555
Contract liabilities	2.2.1	11,085	-
Revenue in advance	2.2.2	1,593	10,115
Lease liabilities	3.4.1	35,352	-
Employee provisions	3.1.3	12,042	10,196
Borrowings	6.2	8,000	12,951
Total liabilities		78,089	41,817
Net assets		445,844	453,539
Equity			
Contributed capital		27,124	27,124
Accumulated surplus/(deficit)		109,677	117,206
Reserves		309,043	309,209
Net worth		445,844	453,539

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Physical assets revaluation surplus \$'000	Restricted Funds Reserve \$'000	Accumulated surplus \$'000	Contributions by owner \$'000	Total \$'000
At 1 January 2018	308,013	1,385	105,488	27,124	442,010
Net result for the year	-	-	11,548	-	11,548
Transfers from accumulated surplus	-	(12)	12	-	-
Adjustment to opening Retained Earnings	(177)	-	158	-	(19)
Year ended 31 December 2018	307,836	1,373	117,206	27,124	453,539
Net result for the year	-	-	(7,689)	-	(7,689)
Impact of change in accounting policy - Leases	-	-	233	-	233
Transfers from accumulated surplus	-	(118)	-	-	(118)
Adjustment to opening Retained Earnings	(48)	-	(73)	-	(121)
Year ended 31 December 2019	307,788	1,255	109,677	27,124	445,844

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

CASH FLOW STATEMENT

As at 31 December 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts			
Government contributions - operating		61,141	66,007
Government contributions - capital		2,120	1,520
User fees and charges received		80,903	82,309
Interest received		405	357
Total receipts		144,569	150,193
Payments			
Payments to suppliers and employees		(136,584)	(142,088)
Interest on lease liability		(1,233)	-
Interest and other borrowing costs paid		(228)	(298)
Net GST paid		(329)	(441)
Short-term and low value lease payments		(73)	-
Total payments		(138,447)	(142,827)
Net cash flows from/(used in) operating activities	6.1.1	6,122	7,366
Cash flows from investing activities			
Payments received from investment in associate		2,375	3,034
Proceeds from sales of non-financial assets		10	18,054
Purchase of non-financial assets		(5,825)	(20,317)
Net cash provided by/(used in) investing activities		(3,440)	771
Cash flows from financing activities			
Payment of lease liabilities		(3,587)	-
Repayment of borrowings		(2,000)	(15,266)
Net cash flows from/(used in) financing activities		(5,587)	(15,266)
Net (decrease)/increase in cash and cash equivalents		(2,905)	(7,129)
Cash and cash equivalents at the beginning of the financial year		30,035	37,164
Cash and cash equivalents at the end of the financial year	6.1	27,130	30,035

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

Box Hill Institute - Financial Report for the year ended 31 December 2019

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 entity, 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:

- AASB 1058 *Income of Not-for-Profit Entities* (refer to Note 2.1);
- AASB 15 *Revenue from Contracts with Customers* (refer to Note 2.2);
- AASB 16 *Leases* (refer to Note 3.4);
- 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).

Estimation uncertainty

Lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate (refer to Note 3.4). The estimation of the incremental borrowing rate is subject to estimation uncertainty.

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* 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 - Financial Report for the year ended 31 December 2019

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.

Policy applicable from 1 January 2019

BHI has adopted AASB 15 and AASB 1058 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standards.

2.1 Government contributions

	2019 \$'000	2018 \$'000
Grants and other transfers		
State Government - contestable	40,935	34,149
State Government - other contributions	20,043	31,837
Commonwealth Government - other contributions	163	21
Total Government contributions- operating	61,141	66,007
State Government - capital	590	1,520
Total Government contributions - capital	590	1,520
Total Government contributions	61,731	67,527

Government contributions are recognised as revenue immediately if not related to contracts with customers or in the period when the following conditions are met: BHI obtains control of the contributions or the right to receive the contributions, the economic benefits comprising the contributions will flow to the Institute and the amount of the contributions can be measured reliably.

Operating grants

BHI recognises income immediately in the comprehensive operating statement when control is achieved over the funds and the contract is not enforceable or the performance obligations are not sufficiently specific. Where performance obligations are sufficiently specific, the asset and related liability are recognised with the residual being directly recognised in the Comprehensive Operating Statement.

Total Government contributions- operating includes \$44.7m of sales from contracts with customers as per AASB 15.

BHI satisfies the performance obligation as training and course materials are delivered. Revenue earned prior to census date might be reversible due to student withdrawals.

Capital grants

Where BHI receives a financial asset to construct or acquire a non-financial asset which is to be retained and used by BHI, the asset and the corresponding deferred income are recognised on the balance sheet and any residual is recognised immediately as income. When the contractual obligations are satisfied, additional income is recognised.

	2019 \$'000
Capital grants received in the period	2,120
Less: income recognised in the period	(590)
Closing balance	1,530

Box Hill Institute - Financial Report for the year ended 31 December 2019

2.2 Sale of goods and services

	2019 \$'000	2018 \$'000
Student fees and charges	15,386	20,053
Fee for service - government	14,957	13,136
Fee for service - international operations - onshore	9,463	6,752
Fee for service - international operations - offshore	1,796	2,082
Fee for service - other ⁽ⁱ⁾	29,433	25,468
Other non-course fees and charges		
Sale of goods	5,820	5,208
Total fees and charges	76,855	72,699

⁽ⁱ⁾ Fee for service - other includes revenue from degree courses, commercial training contracts and income from non-accredited short courses.

Total fees and charges are sales from contracts with customers as per AASB 15.

Revenue from sales of goods and services is measured based on the consideration specified in a contract with a customer. BHI recognises revenue when it satisfies the performance obligation and/or transfers control of good/service to customer.

BHI satisfies the performance obligation as training and course materials are delivered. Revenue earned prior to census date might be reversible due to student withdrawals.

BHI recognises the consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the Balance Sheet. Similarly, when BHI satisfies a performance obligation before it receives the consideration, BHI recognises either a receivable or a contract asset in its Balance Sheet.

A contract receivable is BHI's right to a consideration that is unconditional, while a contract asset is conditioned by future events, such as performance.

2.2.1 Sale from contracts with customers

BHI has recognised the following assets and liabilities related to contracts with customers (included in Notes 2.1, 2.2 and 2.3)

	Contract Receivables \$'000	Contract Assets \$'000	Contract Liabilities \$'000
Balance at 1 January 2019	9,823	2,603	9,306
Add: fees charged in the period	63,787	15,308	56,403
Less: income recognised in the period	(58,886)	(16,148)	(54,624)
Less: adjustment for prior periods ⁽ⁱ⁾	(760)	-	-
Balance at 31 December 2019	13,964	1,763	11,085

⁽ⁱ⁾ Adjustment for prior periods

A total of \$760k revenue was adjusted in 2019, which related to repayments of funds received in 2018.

2.2.2 Categories of goods and services

Student fees and charges

Revenue is recognised over time by reference to the percentage completion of education and training services provided. A receivable is recognised when the services are delivered and the consideration is unconditional because only the passage of time is required before the payment is due. 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 contract liabilities.

2.2 Sale of goods and services (continued)

Fee for service

Fee for service relates to course fees funded by government or students. 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 a contract liability.

Revenue from sale of goods

Revenue from sale of goods relates to course materials, tool kits and revenue earned from sales in the cafeteria. BHI recognises revenue when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

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 liabilities and recognised as revenue received in advance. This excludes revenue categorised as sales from contracts with customers as per AASB 15 and mainly consists of capital grants (refer to Note 2.1) and security deposits.

These amounts will be recognised in revenue in future periods, predominantly during 2020, and reported in the Comprehensive Operating Statement.

Box Hill Institute - Financial Report for the year ended 31 December 2019

2.3 Other income

	2019 \$'000	2018 \$'000
Interest income	405	357
Rental income	2,771	2,490
Child Care revenue	2,493	1,071
CarPark revenue	873	503
Other revenue	1,078	920
Total other income	7,620	5,341

Total other income includes \$7.4m of sales from contracts with customers as per AASB 15.

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. Expected future rental income is represented in Note 2.3.1.

Other revenue

Other revenue includes amounts generated from the provision of services, mainly consist of lease outgoings and miscellaneous items, which are recognised as revenue when the services are provided.

2.3.1 Leases receivable

	2019 \$'000	2018 \$'000
Receivable:		
Within one year	2,446	2,224
Later than one year but not later five years	971	2,799
Later then five years	83	148
Total lease receivables	3,500	5,171
GST payable on the above	(318)	(470)
Net operating lease receivables	3,182	4,701

All incentives for the agreement of a new or renewed 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.

Where 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 - Financial Report for the year ended 31 December 2019

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

3.1.1 Employee benefits in the comprehensive operating statement

Expense	2019 \$'000	2018 \$'000
Salaries, wages, overtime and allowances	74,945	66,110
Superannuation	7,596	6,611
Payroll tax	4,316	3,816
Worker's compensation	329	368
Long service leave	1,538	1,617
Annual leave	6,055	4,536
Termination benefits	143	503
Other ⁽ⁱ⁾	43	95
Total employee benefits	94,965	83,656

⁽ⁱ⁾ Ex gratia expenses

A total of \$10k in ex-gratia payments were made to departing staff during 2019 (2018, \$6.1k)

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 BHI in 2019 was \$184k (2018, \$189k).

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.

3.1 Employee benefits (continued)

3.1.3. Employee benefits in the balance sheet

Current provisions	2019	2018
	\$'000	\$'000
Employee benefits - Annual leave		
Unconditional and expected to wholly settle within 12 months	2,648	1,918
Unconditional and expected to wholly settle after 12 months	333	186
Employee benefits - Long service leave		
Unconditional and expected to wholly settle within 12 months	1,291	1,554
Unconditional and expected to wholly settle after 12 months	5,100	4,336
Provisions for on-costs		
Unconditional and expected to wholly settle within 12 months	593	533
Unconditional and expected to wholly settle after 12 months	818	695
Total current provisions for employee benefits	10,783	9,222
Non-current provisions		
Employee benefits	1,094	844
Employee benefits on-costs	165	130
Total non-current provisions	1,259	974
Total employee provisions	12,042	10,196

Unconditional AL and LSL are disclosed in the notes to the financial statements as current liabilities, 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.

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.

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 - Financial Report for the year ended 31 December 2019

3.2 Supplies and services

	2019	2018
	\$'000	\$'000
Purchase of supplies and consumables	3,170	3,244
Third party program delivery	13,490	16,421
Contract and other services	7,229	6,672
Cost of goods sold/distributed (ancillary trading)	1,494	1,442
Building repairs and maintenance	3,177	3,116
Operating lease payments	1,063	5,278
Fees and charges	2,763	2,473
Other supplies and services	739	631
Total supplies and services	33,125	39,277

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.

3.3 Other operating expenses

	2019	2018
	\$'000	\$'000
Utilities	2,309	2,036
Marketing, promotions and public relations expenses	2,102	2,210
Travel and motor vehicle expenses	1,239	1,143
Interest on lease liability	1,233	-
Student placements	1,220	1,165
Agent Commissions	853	408
Staff development	994	944
Minor equipment purchases	562	692
Audit fees and services	293	274
General expenses	305	206
Communication expenses	365	370
Staff recruitment	289	309
Freight and Courier	120	100
Expenses relating to short-term and low-value leases	73	-
Total other operating expenses	11,957	9,857

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.

Please refer to Note 3.4 for further information on lease-related expenses.

Box Hill Institute - Financial Report for the year ended 31 December 2019

3.4 Leases

Policy applicable from 1 January 2019 - transition

BHI has applied AASB 16 using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 January 2019, with no restatement of comparative information.

At the inception of a contract, BHI assesses whether a contract is, or contains, a lease.

Peppercorn leases

BHI has applied the temporary option available under AASB 16 which allows not-for-profit entities to measure right of use assets at cost rather than fair value, where they relate to leases that have significantly below-market terms (i.e. peppercorn leases).

3.4.1. As a lessee

As a lessee, BHI previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to BHI.

BHI recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method. The estimated useful lives of right-of-use assets are determined based on lease terms. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate as provided by Treasury Corporation of Victoria (TCV).

The total lease cash outflow for the period consists of \$3.6m lease principal payments and \$1.2m interest payments; the total rental income includes \$1.7m which has been generated through sub-leasing (refer to Note 2.3).

Right of use assets

	Property	Plant and equipment	Vehicle	Computer software	Total
2019	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	38,256	2,758	299	37	41,350
Additions	-	-	171	-	171
Amortisation charge	(4,482)	(334)	(94)	(11)	(4,921)
Closing Balance	33,774	2,424	376	26	36,600

Lease liabilities

	2019
	\$'000
Maturity analysis of contractual lease liabilities	
Within one year	4,681
Later than one year but not later than five years	13,366
Later than five years	17,305
Total lease liabilities	35,352

Significant judgements

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.4 Leases (continued)

Short-term and low value leases

BHI has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than \$10k), including IT equipment. BHI recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2019 \$'000
Expense relating to short-term leases	57
Expense relating to leases of low-value assets that are not short-term leases	16
	73

i. Leases previously classified as finance leases

For leases that were classified as finance leases under AASB 117, the carrying amount of the right of use asset and the lease liability at 1 January 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

ii. Leases classified as operating leases under AASB117

BHI used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

iii. Impact on financial statements

When measuring lease liabilities, BHI discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 2.9%.

	2019 \$'000
Operating lease commitment as at 31 December 2018	39,474
Discounted using the incremental borrowing rate at 1 January 2019 ⁽ⁱ⁾	38,362
Lease liability recognised as at 1 January 2019 ⁽ⁱ⁾⁽ⁱⁱ⁾	35,852

⁽ⁱ⁾ Discounted based on one period while recognition is based on lengths of leases.

⁽ⁱⁱ⁾ Ordinarily, the value of a right-of-use asset and the associated lease liability would be the same at the inception of the lease. The difference between the lease liability at 01.01.2019 and the opening right-of-use asset value is due to two factors: make-good provisions and finance leases.

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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.

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Land	242,000	234,060	-	-	242,000	234,060
Buildings	178,547	173,614	(10,902)	(4,194)	167,645	169,420
Construction in progress	2,238	1,373	-	-	2,238	1,373
Plant and equipment	28,420	31,425	(12,873)	(11,245)	15,547	20,180
Motor vehicles	329	323	(144)	(101)	185	222
Leasehold improvements	15,902	16,108	(11,129)	(10,383)	4,773	5,725
Artwork	328	328	-	-	328	328
Computers	8,650	7,889	(5,709)	(4,282)	2,941	3,607
Net carrying amount	476,414	465,120	(40,757)	(30,205)	435,657	434,915

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 and direct labour on projects.

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

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.

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 Department of Treasury and Finance (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 (2018: 2 - 60 years)
Plant and Equipment	3 - 25 years (2018: 3 - 25 years)
Motor Vehicles	3 years, residual of 40% (2018: 3 years, residual of 40%)
Computers	2 - 10 years (2018: 2 - 10 years)
Leasehold Improvements	5 - 20 years (2018: 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

	2019 \$'000	2018 \$'000
Proceeds from sale	10	18,054
Less Cost of sale	-	(13,905)
Net gain/(loss) on disposal of property, plant and equipment	10	4,149

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.

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 improvements		Artwork		Computers		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Opening balance	234,060	242,000	169,420	159,793	1,373	5,735	17,422	18,109	222	253	5,725	6,769	328	328	3,570	2,638	432,120	435,625
Additions	-	-	-	9,336	3,593	-	641	4,787	-	72	170	36	-	-	1,135	2,352	5,539	16,583
Revaluations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(116)	(7)	(8)	(76)	-	-	-	-	-	(1)	(124)	(84)
Transfers from/(to)	7,940	(7,940)	2,728	4,485	(2,728)	(4,362)	(2,327)	(123)	-	-	-	-	-	-	-	-	7,940	(7,940)
Depreciation	-	-	(4,503)	(4,194)	-	-	(2,327)	(2,586)	(29)	(27)	(1,122)	(1,080)	-	-	(1,764)	(1,382)	(9,745)	(9,269)
Impairment/Write off	-	-	-	-	-	-	(73)	-	-	-	-	-	-	-	-	-	(73)	-
Closing balance	242,000	234,060	167,645	169,420	2,238	1,373	15,547	20,180	185	222	4,773	5,725	328	328	2,941	3,607	435,657	434,915

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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 were classified as held for sale at 31 December 2018, in accordance with AASB 5 *Assets Held for Sale and Discontinued Operations*. Following a review during 2019 and due to changes in circumstances, these items have been reclassified back to property, plant and equipment.

	2019 \$'000	2018 \$'000
Land and buildings held for sale	-	7,940
Total current assets classified as held for sale	-	7,940

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.

	2019 \$'000	2018 \$'000
Payable:		
Within one year	75	197
Total capital expenditure commitments	75	197
GST reclaimable on the above	(7)	(18)
Net capital expenditure commitments	68	179

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

4.2 Intangible assets

	2019 \$'000	2018 \$'000
Gross carrying amount		
Opening balance	5,330	4,772
Additions	391	558
Closing balance	5,721	5,330
Accumulated amortisation and impairment		
Opening balance	(2,767)	(2,418)
Amortisation charge	(406)	(349)
Impairment	(132)	-
Closing balance	(3,305)	(2,767)
Net carrying amount at end of the year	2,416	2,563

BHI intangible assets relate to the development of major software packages that provide benefits over multiple financial years and were 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-line 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.

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4.3 Depreciation and amortisation

	2019 \$'000	2018 \$'000
Buildings	4,503	4,194
Plant and equipment	2,327	2,586
Motor vehicles	29	27
Leasehold improvements	1,122	1,080
Computers	1,764	1,382
Total depreciation for PPE	9,745	9,269
Intangible assets	406	349
Total amortisation for Intangible assets	406	349
Right of use of assets	4,921	-
Total amortisation for Right of use assets	4,921	-
Total depreciation and amortisation	15,072	9,618

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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

	2019 \$'000	2018 \$'000
Contractual		
Sale of goods and services	11,781	6,923
Provision for impaired receivables	(1,573)	(818)
Amount receivable from Government	3,684	3,652
Revenue receivable	1,887	2,754
Total contractual	15,779	12,511
Statutory		
GST input tax credit recoverable	-	125
Total receivables	15,779	12,636
Current receivables	15,727	12,584
Non-current receivables	52	52
Total receivables	15,779	12,636

Receivables consist of:

- contractual receivables, includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables. Total contractual receivables mainly consists of \$14m contract receivables and \$1.8m contract assets (refer to Note 2.2); and
- statutory receivables, i.e. GST input tax credits recoverable;

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. BHI holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

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.

5.1 Receivables (continued)

Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past due but not impaired			1-5 years	Impaired financial assets
			Less than 1 month	1-3 months	3 months – 1 year		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019							
Trade receivables	10,208	70	5,227	3,544	2,940	-	(1,573)
Amount receivable from Government	3,684	1,202	2,482	-	-	-	-
Revenue receivable	1,887	-	1,238	597	-	52	-
Total	15,779	1,272	8,947	4,141	2,940	52	(1,573)
2018							
Trade receivables	6,105	1,746	3,997	1,180	-	-	(818)
Amount receivable from Government	3,652	1,554	2,098	-	-	-	-
Revenue receivable	2,754	33	1,063	1,606	-	52	-
Total	12,511	3,333	7,158	2,786	-	52	(818)

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.

5.2 Other non-financial assets

	2019 \$'000	2018 \$'000
Current		
Prepayments	2,750	3,979
Inventories - Supplies and consumables at cost	206	197
Deferred expenditure	681	782
Total other non-financial assets	3,637	4,958

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.

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5.3 Payables

	2019 \$'000	2018 \$'000
Contractual		
Supplies and services	6,167	1,484
Accrued expenses	2,378	5,490
Lease incentive liabilities	908	1,256
Total contractual	9,453	8,230
Statutory		
GST/FBT payable	109	37
Payroll tax	455	288
Total payables	10,017	8,555
Current payables	7,278	8,322
Non-current payables	2,739	233
Total payables	10,017	8,555

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.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity Analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
2019							
Supplies and services	6,167	6,167	3,428	-	-	547	2,192
Accrued expenses	2,378	2,378	2,378	-	-	-	-
Lease incentive liabilities	908	908	30	61	255	312	250
Total	9,453	9,453	5,836	61	255	859	2,442
2018							
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
Total	8,230	8,230	6,769	56	265	596	544

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.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

The long-term payables predominantly consists of make good provisions for which the payments will be required when the leases end.

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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

	2019 \$'000	2018 \$'000
Cash at bank and on hand	1,138	20,360
Deposits at call	25,992	9,675
Total cash and deposits	27,130	30,035

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 of cash on hand, cash at bank and deposits at call with CBS (Central Banking System).

BHI maintains a minimum amount of funds in the transactional account for the purpose of meeting short term cash commitments. The remaining funds are held in CBS, as required by the Standing Directions 5.2 of the *Financial Management Act 1994*.

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

	2019 \$'000	2018 \$'000
Net result for the year	(7,689)	11,548
Non cash movements		
Depreciation & amortisation of non-financial assets	15,072	9,618
Net (gain)/loss on sale of non-financial assets	(10)	(4,149)
Write off of property, plant & equipment	19	1
Impairment and forgiveness of loans and receivables	1,057	(129)
Impairment of non-current assets	200	2
Share of profits of associates and joint venture	(2,780)	(3,941)
Adjustment to prior year expenses	-	(19)
Decrease/(increase) in receivables	(4,200)	(3,567)
Decrease/(increase) in other assets	1,321	(534)
Increase/(decrease) in payables	(9,799)	(1,605)
Increase/(decrease) in provisions	1,846	141
Increase/(decrease) in contract liabilities	11,085	-
Net cash flows from/(used in) operating activities	6,122	7,366

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

6.2 Borrowings

	2019 \$'000	2018 \$'000
Current		
Advances from Government	2,000	2,000
Finance lease liabilities	-	284
Non-Current		
Advances from Government	6,000	8,000
Finance lease liabilities	-	2,667
Total borrowings	8,000	12,951

Finance lease liabilities have been reclassified as right of use liabilities as per AASB 16 (refer to Note 3.4).

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 5 years of balance date. The maturity profile of the Consolidated group's borrowings matches the Institute's profile.

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

	2019	2018
	\$'000	\$'000
Contractual financial assets		
Financial assets measured at amortised cost		
Cash and deposits	27,130	30,035
Trade receivables	10,208	6,105
Amount receivable from Government	3,684	3,652
Revenue receivable	1,887	2,702
Other receivables (security deposits/amounts receivable from related parties)	52	52
Total contractual financial assets	42,961	42,546
Contractual financial liabilities		
Financial liabilities at amortised cost		
Supplies and services	6,167	1,484
Other payables (lease incentive liabilities)	908	1,256
Accrued expense	2,378	5,490
Advances from Government	8,000	10,000
Finance lease liabilities	-	2,951
Total contractual financial liabilities	17,453	21,181

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 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.

Impairment of financial assets

BHI measures loss allowances at an amount equal to lifetime ECLs (i.e. expected credit loss) , except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which is measured as 12-month ECL.

7.1 Financial instruments (continued)

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 (0.01% - 1.68% during 2019), 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.

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 2019.

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 2019 was 0.9% (2018, 1.3%)

The weighted average effective rate for deposits at call for 2019 was 1.0% (2018, 1.7%)

The weighted average effective rate for lease incentive liabilities for 2019 was 7.9% (2018, 7.9%)

A reasonably possible increase of 50 basis points (2018: 50 basis points) in interest rates at the reporting date would have increased equity and net result by \$135K (2018, \$150k). 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.

	2019 \$'000	2018 \$'000
Quantifiable contingent assets		
Bank guarantees	500	476
Total quantifiable contingent assets	500	476

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.

	2019 \$'000	2018 \$'000
Quantifiable contingent liabilities		
Bank guarantees	257	257
Legal matters ⁽ⁱ⁾	250	-
Total quantifiable contingent liabilities	507	257

⁽ⁱ⁾In addition to the items noted above, management are aware of a potentially material legal matter. There is presently a lack of certainty around the likely timing or amount of any outflow in respect of this matter, and reimbursement of any loss via insurance is possible.

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.

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	Level 1 Quoted prices	Level 2 Observable price inputs	Level 3 Unobservable inputs
	\$'000	\$'000	\$'000	\$'000
2019				
Non specialised land	29,433	-	29,433	-
Specialised land	212,567	-	-	212,567
Buildings	167,645	-	-	167,645
Plant and equipment	15,547	-	-	15,547
Vehicles	185	-	-	185
Artworks	328	-	328	-
Computers	2,941	-	-	2,941
Leasehold improvements	4,773	-	-	4,773
Total property, plant and equipment at fair value	433,419	-	29,761	403,658
2018				
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
Total property, plant and equipment at fair value	433,542	-	29,761	403,781

Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2019 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 2019.

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

Reconciliation of level 3 fair value movements

	Specialised land	Buildings	Plant and equipment	Motor vehicles	Leasehold improvements	Computers
2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	204,627	169,420	20,180	222	5,725	3,607
Additions/transfers from WIP	7,940	-	641	-	170	1,135
Disposals	-	-	(116)	(8)	-	-
Net revaluation increments/(decrements)	-	-	-	-	-	-
Impairment loss	-	-	(73)	-	-	-
Depreciation	-	(4,503)	(2,327)	(29)	(1,122)	(1,764)
Transfers to level 2	-	-	-	-	-	-
Closing Balance	212,567	164,917	18,305	185	4,773	2,978

	Specialised land	Buildings	Plant and equipment	Motor vehicles	Leasehold improvements	Computers
2018	\$'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	-	-	-	-	-	-
Closing Balance	204,627	169,420	20,180	222	5,725	3,607

Description of significant unobservable inputs to Level 3 valuations

2019 and 2018	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 - Financial Report for the year ended 31 December 2019

8.1 Responsible persons

In accordance with the Directions issued by the Department of Treasury and Finance 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 Minister for Higher Education	The Hon. Gayle Tierney MLC	1 January 2019 to 31 December 2019
Chair	Mr Jack Diamond	1 January 2019 to 31 December 2019
CEO / Managing Director	Ms Vivienne King	1 January 2019 to 31 December 2019
Board Member	Ms Alison Currie	1 July 2019 to 31 December 2019
Board Member	Mr Allan Moore	1 January 2019 to 31 December 2019
Board Member	Ms Amanda Brook	1 January 2019 to 31 December 2019
Board Member	Ms Claire Filson	1 January 2019 to 30 June 2019
Board Member	Ms Helen Buckingham	1 January 2019 to 31 December 2019
Board Member	Ms Jane Foley	1 January 2019 to 31 December 2019
Board Member	Prof. John Rosenberg	1 January 2019 to 31 December 2019
Board Member	Ms Julie Eisenbise	1 January 2019 to 31 October 2019
Board Member	Mr Phillip Davies	1 January 2019 to 31 December 2019
Board Member	Dr Sam McCurdy	1 January 2019 to 31 December 2019
Board Member	Ms Tracey Cooper	1 January 2019 to 31 December 2019

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

Income range	2019	2018
\$18 000 - \$18 999	-	1
\$20 000 - \$29 999	2	2
\$30 000 - \$39 999	1	-
\$40 000 - \$49 999	7	7
\$60 000 - \$69 999	1	1
\$80 000 - \$89 999	1	1
\$190 000 - \$199 999	-	1
\$200 000 - \$209 999	-	1
\$350 000 - \$359 999	1	-
Total number of responsible persons	13	14
Total remuneration of responsible persons (\$'000)	891	920

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.

	Total remuneration	
	2019	2018
	\$'000	\$'000
Remuneration		
Short-term employee benefits	3,317	3,104
Post-employment benefits	324	343
Other long-term benefits	71	84
Termination benefits	143	138
Total remuneration⁽ⁱ⁾	3,855	3,669
Total number of executives⁽ⁱⁱ⁾	25	16
Total annualised employee equivalents⁽ⁱⁱⁱ⁾	15.4	14.0

⁽ⁱ⁾ Comparative information was amended to reflect the actual total remuneration paid.

⁽ⁱⁱ⁾ Total number of executives is higher due to resignations and appointments.

⁽ⁱⁱⁱ⁾ 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 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
- the entity that is controlled and consolidated into BHI's financial statements.

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

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

- Box Hill Enterprises Ltd;

Key management personnel of BHI includes the Minister for Training and Skills and Minister for Higher Education, the Hon. Gayle Tierney MLC, the Board and members of the Senior Executive Team, which at 31.12.2019 comprised:

- Deputy Chief Executive Officer, Jennifer Oliver
- Executive Director Commercial, Rachel Brown
- Executive Director Corporate Services and Chief Financial Officer, Andrew Stuart-Murray
- Executive Director Educational Delivery, Jane Trewin
- Executive Director People and Culture, Aggie Kost
- Executive Director Strategy and Governance, Imtiaz Bhayat
- Executive Director Student Experience, Jennifer Newport

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.

The compensation detailed below excludes the salary and benefits received by the Minister for Training and Skills. The Minister's remuneration and allowances is reported within the Department of Parliamentary Services' Financial Report.

Compensation of Key management personnel

	Total remuneration	
	2019	2018
	\$'000	\$'000
Remuneration		
Short-term employee benefits	2,470	2,680
Post-employment benefits	230	259
Other long-term benefits	26	57
Termination benefits	82	138
Total remuneration	2,808	3,134

Transactions and balances with key management personnel and other related parties

Other related transactions and loans requiring disclosure under the Directions issued by the Department of Treasury and Finance and AASB 124 *Related Parties* have been considered and there are no matters to report.

8.4 Auditors' remuneration

	2019 \$'000	2018 \$'000
Remuneration of the Victorian Auditor-General's Office for		
Audit of the financial statements ⁽ⁱ⁾	110	125
Remuneration of other auditors		
Other assurance services	158	154
Total Remuneration of auditors	268	279

⁽ⁱ⁾ VAGO audit fee represents the fee charges associated with 2019 financial statements audit.

9.1 Gains/(losses) from other economic flows

	2019 \$'000	2018 \$'000
Net gain/(loss) on non-financial assets		
Impairment of non-financial assets	(200)	(2)
Write-off of intangible assets and property, plant and equipment	(19)	(1)
Total net gain/(loss) on non-financial assets	(219)	(3)
Net gain/(loss) on financial instruments		
Impairment of contractual financial assets	(1,057)	129
Total net gain/(loss) on financial instruments	(1,057)	129
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	(290)	173
Share of net profit of associates excluding dividends	2,780	3,941
Total other gains/(losses) from other economic flows	2,490	4,114
Total gains/(losses) from other economic flows	1,214	4,240

'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	2019 %	2018 %
Box Hill Enterprises Ltd	Australian	Limited by guarantee	100	100
Centre for Adult Education	Australian	N/A		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.

BHI also trades as Centre for Adult Education (CAE)

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

BHI and CAE merger occurred on 1st July 2019. All CAE assets and liabilities as at the merger date have been transferred to BHI.

Prior to the merge, BHI had 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.

9.3 Events after reporting date

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.

Management have considered its disclosure obligations in relation to a notice received in December 2019 from the Australian Skills Quality Authority (ASQA) regarding a decision to cancel part of BHI's registration.

Following a request by management, ASQA agreed to extend the effective date of its decision. This extension is considered to be an adjusting event under AASB 110 on the basis that management asked for reconsideration based on a right that existed at year-end, in relation to the findings that underpinned the deregistration decision.

Management have considered the impact of any variable revenue under AASB 15 as a result of these events and have concluded that a refund liability is not required to be included in the financial statements as at 31 December 2019.

Management have also considered the impact of any required disclosures under AASB 137, and as a financial impact cannot be reliably measured, no contingent liability or provision has been recognised.

In March 2020, a State of Emergency was declared in the State of Victoria to combat and contain the spread of COVID-19. Following this declaration, a number of public health measures have since been imposed, including mandatory quarantine measures, including limiting the number of people that are able to attend non-essential mass gatherings and restrictions on overseas travellers entering Australia.

At the time of signing the 2019 financial statements, there were local and international students that were impacted by the public health measures associated with COVID-19. Box Hill Institute (BHI) has introduced measures to assist those affected, including ongoing advice and support, as the situation continues to evolve. BHI continues to monitor the non-financial and financial impacts of COVID-19 on its operations and cashflow however, due to the significant amount of material uncertainty, it is not possible to quantify the full economic outflow at present. To mitigate against this risk, the Department of Education and Training has provided a letter of comfort to BHI to provide a level of assurance that financial assistance will be made available for BHI to continue as a going concern.

BHI has a strong financial framework and various measures in place to manage its financial position as the situation surrounding COVID-19 continues to evolve. BHI has already implemented a number of management actions, designed to contain a range of discretionary expenses in the short-medium terms. BHI is working closely with the Department of Education and Training to ensure that an appropriate funding model is developed to minimise the loss in training revenue in the event that this should occur.

Apart from the items noted above, there are no matters or circumstances that have arisen since the end of the financial year that have affected the financial position of BHI.

Performance Statement 31 December 2019

Independent Auditor's Report

To the Board of Box Hill Institute

Opinion	<p>I have audited the accompanying performance statement of Box Hill Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> • performance statement for the year ended 31 December 2019 • the management certification. <p>In my opinion, the performance statement of Box Hill Institute in respect of the year ended 31 December 2019 presents fairly, in all material respects.</p>
Basis for Opinion	<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>
Board's responsibilities for the performance statement	<p>The Board is responsible for the preparation and fair presentation of the performance statement and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<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>

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 the 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
16 April 2020




Charlotte Jeffries
as delegate for the Auditor-General of Victoria

BOX HILL INSTITUTE
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

In our opinion, the accompanying Statement of Performance of Box Hill Institute and the consolidated entity in respect of the 2019 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: 2 March 2020



.....
Vivienne King
Chief Executive Officer/Managing Director
Date: 2 March 2020



.....
Andrew Stewart - Murray
Chief Financial Officer
Date: 2 March 2020

Performance Statement

Box Hill Institute

Performance Statement for the year ended 31 December 2019

Indicator title	Description and methodology	Measure	2019 target	2019 actual	Explanation of variances	Prior year result
Training revenue diversity	Breakdown of training revenue by: <ul style="list-style-type: none"> Government Funded (GF) Fee for Service (FFS) Student Fees and Charges 	%	35% 40% 25%	37% 47% 17%	Increased enrolments for government funded courses compared to plan in part due to Free TAFE courses. Higher income from FFS than planned. Student F&C Income proportion decreased in part due to Free TAFE courses (where the Government provided additional support to students)	34% 44% 23%
Employment costs as a proportion of training revenue	Employment and third party training delivery costs as a proportion of training revenue <i>(Employment costs – Workforce reduction expenses + 3rd party training delivery costs) / Training revenue</i>	%	87.0%	86.6%	In line with target	85.5%
Training revenue per teaching FTE*	Training revenue (excl. revenue delivered by third parties) per Teaching FTE* <i>Training revenue (excl. revenue delivered by 3rd parties) / Teaching FTEs*</i>	\$'000s	\$205.0	\$217.4	Improvement from 2018 due to 15% increase in training revenue from 2018 supported by a 5% increase in teaching FTE	\$198.1
Operating margin percentage	Operating margin % <i>EBIT (excl. capital contributions) / Total revenue (excl. capital contributions)</i>	%	>0	(3.8%)	2018 results included a number of material one-off items not repeated in 2019	1.1%

Disclosure Index

Item No.	Source	Summary of Reporting Requirement	Page number
REPORT OF OPERATIONS			
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1	FRD 22H 5.4	Manner of establishment and the relevant Minister	4
2	FRD 22H 5.4	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	3-12
3	FRD 22H	Nature and range of services provided including the communities served	3-12
MANAGEMENT AND STRUCTURE			
4	FRD 22H 5.6	Organisational structure and chart, detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities	13-15
FINANCIAL AND OTHER INFORMATION			
5	FRD 03A	Accounting for Dividends	n/a
6	FRD 07B	Early adoption of authoritative accounting pronouncements	n/a
7	FRD 10A	Disclosure Index	86-89
8	FRD 17B	Long Service leave and annual leave for employees	41-42
9	FRD 22H 5.11 c	Operational and budgetary objectives, including performance against objectives and achievements	17
10	FRD 22H 5.10	Occupational health and safety statement including performance indicators, performance against those indicators.	20
11	FRD 22H 5.8	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	25-26
12	FRD 22H 5.11 a	Summary of the financial results, with comparative information for the preceding four reporting periods	16-17
13	FRD 22H 5.11 b	Summary of significant changes in financial position	17
14	FRD 22H 5.7	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	8-11
15	FRD 22H 5.11 d	Post-balance sheet date events likely to significantly affect subsequent reporting periods	17, 72
16	FRD 22H 5.18 a	Summary of application and operation of the Freedom of Information Act 1982	18
17	FRD 22H 5.12	<i>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</i>	16-17
18	FRD 22H 5.9	TAFE workforce inclusion policy (where a TAFE has one), including a measurable target and report on the progress towards the target	n/a
19	FRD 22H 5.16	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST).	23
20	FRD 22H 5.18 e	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	18

21	FRD 22H 5.18 g	Statement 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	19
22	FRD 22H 5.18 c	Summary of application and operation of the Protected Disclosure Act 2012 including disclosures required by the Act	19
23	FRD 22H 5.18 h & FRD 24D	Summary of Environmental Performance.	21-22
24	FRD 22H 5.13 5.14 5.15	Consultants: Report of Operations must include a statement disclosing each of the following: <ol style="list-style-type: none"> 1. Total number of consultancies of \$10,000 or more (excluding GST) 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"> • Consultant engaged • Brief summary of project • Total project fees approved (excluding GST) • Expenditure for reporting period (excluding GST) • Any future expenditure committed to the consultant for the project 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period 	24
25	FRD 22H 5.19	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	22-23
26	FRD 22H 5.17	An entity shall disclose the following in the report of operations: <ol style="list-style-type: none"> a) Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and 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"> (i) Operational expenditure (OPEX); and (ii) Capital expenditure (CAPEX). 	22
27	FRD 25D	Local Jobs First	n/a
28	AASB 16	Leases	44-45
29	SD 5.1.4	Financial Management Compliance Attestation Statement The Responsible Body must attest to compliance with applicable requirements in the FMA, the Standing Directions and the Instructions, and disclose all Material Compliance Deficiencies.	13
30	FRD 119A	Transfers through contributed capital	17, 34
31	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.	31
32	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	31
33	CG 10 Clause 27	Summary of Major Commercial Activities	n/a

Disclosure Index

34	CG 12 Clause 33	TAFE Institute Controlled Entities.	71
FINANCIAL REPORT			
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1984			
35	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: <ul style="list-style-type: none"> the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards. 	31
OTHER REQUIREMENTS UNDER STANDING DIRECTION / FINANCIAL MANAGEMENT ACT 1994			
36	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"> the Accountable Officer; subject to Direction 5.2.2(c), the CFO; and for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body. 	31
37	FRD 30D	Rounding of amounts	36
38	SD 3.2.1.1(c))	The Responsible Body must establish an Audit Committee to: <ul style="list-style-type: none"> 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 	13
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
39	FRD 11A	Disclosure of ex-gratia payments	41
40	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report	66
41	FRD 102A	Inventories	54
42	FRD 103H	Non-financial physical assets	46-49
43	FRD 105B	Borrowing costs	33, 57
44	FRD 106B	Impairment of assets	46-51
45	FRD 107B	Investment properties	n/a
46	FRD 109A	Intangible assets	50-51, 70
47	FRD 110A	Cash flow statements	35, 56
48	FRD 112D	Defined benefit superannuation obligations	41
49	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	71
50	FRD 114C	Financial instruments	58-60
51	FRD 120M	Accounting and reporting pronouncements applicable to the reporting period	30-77

COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
52	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"> • <i>Education and Training Reform Act 2006</i> (ETRA) • TAFE institute constitution • Directions of the Minister for Training and Skills (or predecessors) • TAFE institute Commercial Guidelines • TAFE institute Strategic Planning Guidelines • <i>Public Administration Act 2004</i> • <i>Financial Management Act 1994</i> • <i>Freedom of Information Act 1982</i> • <i>Building Act 1993</i> • <i>Protected Disclosure Act 2012</i> • <i>Local Jobs First Act 2003</i> 	22
53	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2019	18
54	Policy	Statement that the TAFE institute complies with the Victorian Public Service Travel Policy	19
55	Key Performance Indicators	<p>See table on page 6 of the TAFE Institute 2019 Annual Report Guidelines for required formatting. Institutes to report against:</p> <ul style="list-style-type: none"> • Employment costs as a proportion of training revenue; • Training revenue per teaching FTE; • Operating margin percentage; • Training revenue diversity. 	77
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
56	PAEC and VAGO (June 2003 Special Review - Recommendation 11)	<ul style="list-style-type: none"> • Financial and other information on initiatives taken or strategies relating to the institute's overseas operations • Nature of strategic and operational risks for overseas operations • Strategies established to manage such risks of overseas operations • Performance measures and targets formulated for overseas operations • The extent to which expected outcomes for overseas operations have been achieved. 	4, 12

[illegible]

[illegible]



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