



**BOX HILL
INSTITUTE**

ANNUAL REPORT 2022

Box Hill Institute

Contents

Joint-Statement from Board Chair, and Chief Executive Officer (CEO) and Managing Director	3
Who We Are	4
Establishment	5
Awards and Achievements	6
Key Initiatives and Projects	7
Overseas Operations	14
Management and Structure	16
Executive Management Structure	18
Financial Performance	19
Compliance	21
Workforce Data	29
Financial Statements 31 December 2022	32
Performance Statements 31 December 2022	91
Disclosure Index	95
Notes	97

WOMINJEKA

Welcome to Box Hill Institute

Box Hill Institute (BHI) respectfully acknowledges that our learning sites at Box Hill, Lilydale and in Melbourne CBD are situated on the ancestral lands of the Wurundjeri people of the Kulin Nations. We pay our respects to the traditional custodians of the lands and their Elders – past, present, and emerging.

BHI is committed to supporting and empowering our Aboriginal and Torres Strait Islander employees, students, and communities by providing access to education in a supported and inclusive environment.

Joint-Statement from Board Chair, and Chief Executive Officer and Managing Director

On behalf of Box Hill Institute (BHI) and its Board, we are pleased to present our Annual Report for 2022: a year in which BHI continued focusing on the fundamentals of our vision “to help students grow into proud and successful learners who are valued by industry and community”.

BHI passionately believes in the transformative power of education in our learning environments. During 2022, it was fantastic to see BHI campuses buzzing again with employees and students. As pandemic restrictions eased throughout the year, BHI was able to reactivate the in-person programs that enrich our students’ experience, along with the welfare and wellbeing of the BHI community.

An energetic calendar of on-campus events was delivered for students, employees and industry partners including the first in-person graduation ceremony and Teaching and Learning Symposium in three years.

It was pleasing to have BHI’s teaching and learning excellence recognised externally during 2022, with students and employees award winners or finalists across a broad range of fields at the global, national and state levels. A shining example was BHI’s global gold award for Cyber Security and ICT, at the World Federation of Colleges and Polytechnics Awards of Excellence in Spain.

BHI delivered on its commitment to complete key asset maintenance initiatives designed to deliver sustainable benefits for students, employees, and industry partners. Four new training pods were donated by industry partners and installed at the Refrigeration and Control Centre of Excellence (RCCC) to provide cutting-edge student training; more than 1,000 rooftop solar panels were activated across three campuses to drive renewable energy efficiencies; on-campus fire systems were updated to boost safety for all, and new wayfinding signage was installed across all sites to improve student accessibility. These initiatives mark BHI’s continued commitment to sustainability and student experience across all campuses.

September marked the Centre for Adult Education’s (CAE) 75th Anniversary of service to the Victorian community. CAE’s community-centric mission was reflected in the anniversary celebrations and included free and subsidised activities and learning opportunities for the public.

Amid these achievements, 2022 was also a year of leadership

transition, providing BHI with the opportunity to plan for a sustainable future. BHI’s budget position at the start of the year, and its management throughout the period, was reflective of the challenges felt across the VET sector. The hard work and commitment of the entire Institute ensured BHI continued to provide the quality of education and training it is renowned for.

We would like to thank each member of the Box Hill Institute Board for their dedication in 2022. We express our deep sympathies to the family of Jack Diamond who chaired our Board from 2016 until his passing in late 2021. The enduring legacy from his tenure includes leading the finalisation of our official merger with the CAE Board, the growth of our magnificent Lilydale Lakeside campus, and the start of several significant commercial training contracts that ensure BHI’s sustainable future as a leading education provider.

Finally, to BHI’s dedicated and talented teaching and professional employees, your passion and tireless pursuit of excellence continues to elevate us from one success to another.

In 2023, BHI looks forward to working in unison with the Victorian Government to continue delivering the skills and productivity outcomes our students and industry partners need.



Tracey Cooper
Board Chair
Date: 23 February 2023



Grant Radford
Chief Executive Officer and Managing Director
Date: 23 February 2023

Who We Are

Our Vision

To help students grow into proud and successful learners who are valued by industry and community.

Our Purpose

To support community prosperity and industry growth by delivering learning experiences that meet society's future needs.

Our Values

- We deliver outstanding experiences
- We are in it together
- We make great ideas happen.

What We Do

Box Hill Institute (BHI) has a significant role to play to ensure Victoria's skilled workforce can meet the demands from Australian industries in a global economy.

Founded in 1924 with 65 local students, BHI is a premium education provider operating in 10 countries that delivers modern and globally recognised qualifications.

In 2022, BHI attracted more than 39,000 enrolments, including 5,891 enrolments at the Centre for Adult Education (CAE).

The Institute currently delivers more than 300 courses across vocational, secondary and higher education. Most of these courses are delivered from its flagship Box Hill and Lilydale campuses in Melbourne's east, along with approximately 200 short courses at the CAE from the City Campus.

BHI students are job-ready when they graduate with practical certificate, diploma and bachelor's degree qualifications. Many trades-based courses also provide traineeships, pre-apprenticeships and apprenticeships that help students earn as they learn. Significant state government partnerships were also formed in 2022, providing paid traineeships and apprenticeships into sectors where BHI industry partners need them most.

From care services in health to education, from trades to cyber security, and from business to creative industries, students are guided by teachers and trainers who are current or former practitioners in their sectors. This industry-based teaching expertise provides students with sought after insights, skills and connections.

About 9 in 10 students who sought a qualification with the Institute in 2022 were employed or have chosen further study, according to the latest student outcomes from the National Centre for Vocational Education Research (NCVER). This is significantly above the sector average and remains one of many metrics the Institute is focused on through continuous improvement.

BHI currently provides offsite commercial training to several public and private entities and owns or operates onsite workplace training facilities for students and employees.

As BHI nears its 100th anniversary in 2024, it has a proud story to tell. Generations of BHI graduates are thriving in a range of emerging and traditional industries, with many famous alumni shaping their sectors and becoming household names. With a continued focus on the needs of its students and industry partners, BHI's positive impact on Victoria and Australia is set to expand in the decades ahead.

Establishment

Functions, Powers and Duties

BHI's functions, powers and duties are detailed in the *Education and Training Reform Act 2006* and the Constitution of BHI. On 30 June 2019, the Constitution was amended to reflect the merger of the CAE with BHI.

Locations

Located in Victoria, BHI has facilities in Box Hill, Lilydale and Melbourne's CBD. BHI continues to deliver education services around the world at locations including:

- China
- Indonesia
- Kuwait
- Malaysia
- South Korea
- Vietnam.

BHI also provides training and education services through commercial contracts, including with the Department of Defence and across eight Corrections Victoria facilities.

Relevant Minister

BHI's Minister in 2022 was The Hon. Gayle Tierney MP, Minister for Training and Skills and Higher Education.

Workplace Training Facilities

BHI offers multiple authenticated training workplaces which provide industry experience in a working environment for students.

- Flowers on Elgar
- Fountains Restaurant at Elgar
- Hair and Beauty Salon at Elgar
- Barber Shop at Elgar
- Lilydale Lakeside Children's Centre
- Pets on Elgar
- Sing Sing East: includes a recording studio, Artists in Residence programs and other music facilities at Nelson, Box Hill Campus.

Chefs Guy Grossi (L), Ian Curley (C), and Frank Camorra (R) guide hospitality students at the Student Hardship Fundraising Dinner.



Awards and Achievements

BHI actively supports and celebrates all of its students and employees for their contributions and pursuit of excellence.

Presented by industry bodies and governments, this year's awards recognised the quality of BHI students, employees and programs at the metropolitan, state, national and global levels. In 2022, the Institute, its students and employees were awarded – or shortlisted for – the following:

Institute-wide

- Gold: Cyber and Data Security and Social Engineering Award – BHI for Cyber Security/ICT – World Federation of Colleges and Polytechnics Awards of Excellence
- Bronze: Construction Award – BHI for Building Information Modelling (BIM) and Onsite Installation of Prefabricated Building Systems (CLT) – World Federation of Colleges and Polytechnics Awards of Excellence
- Bronze: Global Citizenship Award – BHI for Global Education Network (GEN) Programs – World Federation of Colleges and Polytechnics Awards of Excellence
- Bronze: Innovation in VET Award – BHI for Teaching Innovations, Augmented Reality in Construction – Australian Training Awards
- Bronze: Floral Design Award – BHI for Floristry – Melbourne International Flower & Garden Show

Students

- Bronze: Outstanding Student Achievement Award – Josh Allison (now BHI Teacher) – World Federation of Colleges and Polytechnics Awards for Excellence
- 3rd Place: TAFE Cyber CTF: Incident Response Challenge – BHI Cyber Student team – TAFE Cyber/Retrospect Labs
- Finalist: Student Designer Awards – Kushan Jay – Melbourne Fashion Week
- Finalist: Student Designer Awards – Rachael Melville – Melbourne Fashion Week
- Finalist: Student Designer Awards – Christine Xu – Melbourne Fashion Week

Employees

- Bronze: Outstanding Educator Award – Dean Champ – World Federation of Colleges and Polytechnics Awards for Excellence.

BHI celebrated its talented student finalists and winners in-person at the Student of the Year Awards. L-R Amanda Berryman, Christine Podger, Christina Rojas and Brooke Hutchinson.



Key Initiatives and Projects 2022

Partnerships

Through strategic industry partnerships in 2022, BHI provided students with practical workplace learning to ensure they have the modern, job-based expertise to excel. BHI's industry connections are designed to help them gain a rewarding job and develop their career, to support industry with the skills they require, and to grow communities.

Partnership highlights during 2022 included:

Industry Partnerships

- BHI's partnership with Jobs Victoria delivered an employment-focused, contemporary training program for priority jobseeker cohorts in industries experiencing significant workforce shortages. Funding agreements were secured to recruit, train and place students in the hospitality, health and community services, trades, hairdressing and ICT industries. Progress was achieved for all industries including hairdressing where BHI collaborated with numerous salons to place 75 long-term unemployed and mature-aged students into hairdressing apprenticeships
- Trades students specialising in refrigeration and air conditioning trained with nation-leading equipment, donated by industry partners AG Coombs, Daikin, Danfoss and Air Conditioning and Mechanical Contractors Association of Australia Limited (AMCA). Prospective female tradeswomen were able to receive free introductory courses run with BHI's partner Empowering Women in Trades (EWIT). This led to an all-female plumbing pre-apprenticeship course in semester two, to support the Victorian trades industry
- BHI's music students were provided internship opportunities with industry partners at Music Victoria, The Push, The Meadow Music Festival and Beyond the Valley Festival. In addition, BHI's partnerships provided students with opportunities to work on creative projects with Swinburne University, Deakin University and Academy of Interactive Entertainment (AIE) to further enhance their workplace and creative skillsets.

Community Partnerships

- BHI collaborated with industry bodies and business partners on a range of programs, including the Adult Migrant English Program (AMEP) that delivered English tuition to 3,284 students in 2022, including 1,529 new students. This partnership helps eligible migrants and humanitarian entrants improve their language skills and settle into Australia

- In conjunction with the Outer Eastern Local Learning and Employment Network (OELLEN) and the Victorian Skills and Job Centre, BHI ran Employment 360, a readiness and professional development program to prepare students for volunteer work so they can help their local communities and economies. The pilot program assisted students to build their resumes, employability and capabilities based on the Certificate II of Active Volunteering.

Public Sector Partnerships

- BHI began a significant multi-year Commonwealth contract in December 2021 with key partner the Australian Defence Force and delivered the program throughout 2022 to build skills and provide specialist training to their workforces. The Command Support Training contract facilitates technical and trades training including cyber security, telecommunications, military policing, and intelligence skills for new and existing ADF personnel. It also encompasses music training for ADF musicians, and a focus on adapting to future training and learning requirements of the ADF to help protect Australians
- BHI continued to deliver specialised apprenticeship training within the Army's School of Electrical and Mechanical Engineering in North Bandiana, Victoria, in partnership with Wodonga Institute of TAFE to support careers in the Army
- BHI partnered with the Victoria TAFE Association (VTA) in their initiative to develop micro-credentialled short courses and market them internationally. As the lead TAFE, BHI was contracted to develop six micro-credentials across technical and cyber security. This partnership will modernise the TAFE-wide offering to meet growing demand from industry and learners across Victoria
- BHI partnered with the Victorian Public Sector Commission (VPSC) to develop and deliver three technical courses and two coaching courses aligned to the VPSC Capability Framework. The Digital Upskilling initiative and associated funding will, over two years, upskill and retrain approximately 3,000 current Victorian Public Service employees to provide services to communities across Victoria.

2022 GRADUATION CEREMONY LỄ TỐT NGHIỆP VÀ TRAO BẰNG 2022



CEO and Managing Director representative Laura Macpherson and Director International Transnational Education John Qiu strengthened BHI's ties with overseas partner Know One, Teach One (KOTO), Vietnam, at its graduation ceremony.

Overseas Partnerships

- BHI's overseas operations continued successfully, with overseas partners in Canada, China, Indonesia, Kuwait, New Zealand, Malaysia, Singapore, South Korea, the United States and Vietnam. Through these relationships, BHI provided qualification and career opportunities for graduates, and in Transnational Education programs, achieved over 90% student satisfaction
- As part of its Global Education Network (GEN) program, BHI students in Melbourne collaborated with international students from Canada, the USA and Singapore to broaden their horizons and industry perspectives.
- BHI delivered a 'train the trainers' program to support the air conditioning and refrigeration industries in the Cook Islands, Fiji, Kiribati, Vanuatu, Tonga, Solomon Islands, Micronesia, Palau and Samoa. 13 participants undertook vital training at BHI's Refrigeration and Climate Control

Centre of Excellence (RCCC) to uplift their capacity and implement new climate-friendly practices for refrigeration and air conditioning. In conjunction with industry partners, BHI also supported the roll-out of high-quality training throughout the Pacific region by the provision of specially developed portable training pods to each participant. After the training, Pacific Islander trainers felt a renewed sense of confidence in passing on this knowledge to their own trainees.

Yarra Ranges Tech School

Yarra Ranges Tech School (YRTS) is a collaboration between BHI and the state, supported by Yarra Ranges Council, Deakin University and its 20 secondary school partners. In 2022, YRTS delivered a wide range of engaging programs, workshops and activities to students since the centre's 2017 opening. In addition, more than 700 educators have now undertaken formal Teacher Professional Development at this cutting-edge learning centre.

The ongoing success of YRTS programs is built on the principles of Human-Centred Design. Through these programs, this model introduces students to the critical skills of teamwork, critical and creative thinking, communication and digital literacy. It also demonstrates the diverse range of jobs that Science, Technology, Engineering, Arts and Mathematics (STEAM) studies can lead to.

The following projects were completed in 2022:

- Innovation 360: This program focused on careers in Victoria's Big Build projects and was delivered with the Southeastern Program Alliance (SEPA) and BHI. It included a tour of the new Lilydale Station site, as well as coding and working with robots and autonomous vehicles. This important project was part of a broader suite of activities undertaken with SEPA over 2022

- The Level Crossing Removal Program (LXRP) and BHI introduced students to the activities, roles and careers in Victoria's Big Build infrastructure projects including site visits
- A STEAM camp for scouts and venturers was run by BHI in rural and regional Victoria, supported by Rural and Regional Science, Technology, Engineering and Mathematics (STEM) Camps funding. Partners included Scouts Victoria, the Tech School Network and Department of Defence
- Locally, YRTS partnered with Yarra Ranges Council to create the program 'Hearing the Voices of Yarra Ranges Youth'. Lasting a school term, it challenged students to imagine the Yarra Ranges of the future
- YRTS collaborated with its partner schools to create specific programs focused on the maths curriculum and showcased the Tech School at Edutech, Generate 22 (Robotics and AI Conference) and Monash Makerfaire.

YRTS delivered numerous student programs and events during 2022, including the Koorie Student Program which culminated in a showcase in September. L-R Brooke Kogelman (DET), Wurundjeri Man Thane Garvey, Ashley Van Krieken (YRTS), Jane Trewin (BHI) and Colleen Garner (DET).



Employment Initiatives

Skills and Jobs Centres

BHI's Skills and Jobs Centres provide employment-related support services for people looking to start training, employees wanting to re-skill or re-train, and for employers seeking qualified employees. Providing flexible services through online and in-person appointments, as well as participating in a wide range of events, BHI has continued to deliver professional support to the communities in which it operates. Successful delivery of BHI's services is supported through collaboration on government initiatives including:

- Apprenticeships Victoria's 'Big Build' projects
- Apprenticeship Support Officers program
- Jobs Victoria (JV) Earn and Learn programs
- JV Advocates program
- JV Employment Services and JV Counselling Services; promoting the Victorian Government's Free TAFE initiative and, more recently, promoting the Social Services Jobs Guarantee program.

BHI's impact in the communities it serves:

New Clients in 2022	2,183
Job Readiness Workshops delivered	72
Job Readiness Attendees	1,276
Career/Training Workshops delivered	108
Career/Training Attendees	4,642
New Jobs Registered	316
Industry/Employer Engagements	195
Community Organisation Engagements	320
One-on-One Career Advice	1,097
BHI Course Advice	624

Jobs Victoria Advocates Program

In 2022, BHI continued its work within the Eastern Metropolitan Region, engaging daily with the community and promoting all Victorian Government initiatives including BHI's Job Advocates Earn and Learn program, to get people into a job. BHI continued to develop strong community networks particularly in the local government areas of Whitehorse, Manningham, Maroondah, Yarra Ranges, Knox and Monash. Across the year, BHI supported 7,183 community members who sought employment opportunities and further support.

Innovation in Teaching

BHI utilised teaching innovations across all BHI faculties and projects during 2022 to produce engaging, high-quality learning resources to support teachers and the Victorian TAFE sector in blended or online delivery. BHI was able to successfully leverage a 2021 pilot project using Augmented Reality (AR) to expand the application of AR for the development of resources in trades areas such as automotive and refrigeration.

BHI also worked closely with Jobs Victoria to create Job Readiness modules for the Trades Faculty and filmed a series of Master Classes in hairdressing and cookery that showcased industry experts to its students.

In 2022, BHI continued to provide ongoing support to 1,500 teachers and 14,000 students to implement, manage, and use online content for teaching and assessment that resulted in 500,000 pieces of work being submitted through StudentWeb. BHI delivered 152 student orientation sessions attended by 3,357 students and approximately 2,600 one-on-one support sessions were arranged on demand.

BHI automotive apprentice Caitlyn Thompson proudly hones her skills at the BHI automotive workshop.



BHI also created an Accessibility Hub which features an excellent suite of tools and resources now available in StudentWeb.

In 2022, BHI hosted the return to a face-to-face Teaching and Learning Symposium titled, 'In it Together', held at Lilydale Campus. The keynote presenter was Future Crunch and the title of their presentation was 'The Adaptability Quotient', which addressed how people and businesses responded during the pandemic and how BHI can leverage from the experience.

Another achievement during the year was BHI winning a national Bronze Award for Innovation in VET at the 2022 Australian Training Awards.

Re-accreditation and Re-registration

- The Tertiary Education Quality and Standards Agency (TEQSA) renewed the registration of BHI for seven years, in the category of Institute of Higher Education
- The Australian Skills and Quality Authority (ASQA) renewed for seven years, BHI's Vocational Education and Training (VET) registration, in accordance with the provisions of the *National Vocational Education and Training Regulator Act 2011* (NVR Act)
- BHI's registration on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS), was also renewed for seven years.

Events

BHI ran several Institute-wide events and embraced the opportunity to welcome back students (current and prospective) along with employees to in-person functions.

Key events in 2022 included:

Celebrating Student Success

- In July, a BHI graduation ceremony was held in-person for the first time in three years, for almost 1,000 attendees including alumni who graduated in 2019, 2020 and 2021. BHI celebrated their achievements at the Melbourne Convention and Exhibition Centre
- BHI's annual Awards Night celebrated BHI employees and students and was held at The Edge in Federation Square. BHI was delighted to see its students and employees celebrate their collective and individual achievements in-person after three years. BHI hospitality students prepared and served all food and drinks on

the night, working in a fully supported eco-system and displaying an inter-connectedness as a team. Employee and student awards were warmly received in front of other students, family, friends and key industry partners including award sponsors.

BHI's Walking on Sunshine event was a chance for fashion design students to showcase their creations to industry partners.



Showcasing Student Talent

- In April, BHI's culinary arts and hospitality students took centre stage for the public unveiling to government and hospitality industry partners of the upgraded Fountains Restaurant. Students exhibited their skills and service in the multifaceted seven-room commercial and training facility
- Among other student showcase events, in November BHI hosted an annual design showcase, Walking on Sunshine. The designs of BHI's talented fashion design students were on full show to industry partners, along with the creative work from BHI's music, hair and beauty, floristry, graphic design and visual merchandising students.

Supporting Students in Hardship

- The BHI Student Hardship Fund was set up to enable greater access to education, focusing on disadvantaged individuals to provide an avenue to study and pursue their career ambitions. In August, three of Australia's finest chefs united to create a dining experience that raised funds for students experiencing hardship. BHI alumni chefs Frank Camorra and Guy Grossi joined friend of the Institute, Ian Curley, at the recently upgraded Fountains Restaurant. The event raised \$19,074, with 100% of proceeds going directly to students in need
- Fountains Restaurant was also the stage for BHI's annual Student Hardship Scholarship presentations to 20 students in November, at which almost 100 guests and recipients attended. Students, family, staff and sponsors enjoyed an outstanding three-course dinner prepared by BHI hospitality students and heard inspiring stories from many student scholarship winners.

Recruiting New Students

- The largest student recruitment event of 2022 was the inaugural Winter Discovery Nights held across Box Hill and Lilydale campuses in August, to promote BHI's broad array of courses across 16 study areas. The events attracted approximately 1,000 external attendees who enjoyed a combination of study area tours and information sessions by faculty employees, along with activities and live music from alumni Ash King.

Campus Improvement

BHI is committed to providing facilities with modern amenities, along with relevant resources and equipment to support a positive learning environment for students. The student experience is central to all the decisions BHI makes. Moving into 2023 and beyond, students continue to be at the heart of what BHI does as it provides facilities that are welcoming, contemporary and accessible.

During 2022, campus improvements included:

- **Asset Maintenance**
BHI received \$5.8m in funding as part of the Asset Maintenance program (previously the Stronger TAFE Funding) related to on-going maintenance of assets. This included over 35 projects of differing sizes to improve safety on campus and continually enhance BHI's maintenance program. The works included upgrades to essential services and general facilities such as fire systems, HVAC and gas compliance, lifts, access control, roadways, retaining walls, asbestos removal, ceiling tile replacement, further signage works including newly branded high-level signage, roofing repairs and an upgrade to the Student Lounge at the Box Hill Campus
- **The Elgar Parkside Café**
Refurbishment of the café was completed in 2022 with the formal re-opening in May. The enhanced café reflects the natural surroundings and beautiful park adjacent to campus. It provides students with a place to meet and share stories and has become the heart of the campus. The café was furnished with softer tones, banquettes and improved seating to create a more intimate and enjoyable experience for all BHI students, employees and the Victorian community
- **Student Lounge**
Work commenced in late 2022 to enhance BHI's Student Lounge. This will become a central hub, a place to share, relax and importantly a place to meet friends adjacent to the café. The renovation will be completed in April 2023, demonstrating BHI's commitment to the student experience.

Centre for Adult Education

The Centre for Adult Education (CAE) is a provider of bespoke short courses, language courses and book groups to the Victorian community with almost 5,900 enrolments. 2022 marked the CAE's 75th Anniversary. To celebrate the significant longevity of CAE and the associated CAE Book Groups Program, CAE hosted a public event offering prospective and current students the opportunity to experience arts activities, listen to talks from authors, academics and language specialists and take part in informative walking tours. Among the extensive list of courses offered in 2022, business, art, sewing, cooking, floristry, and writing continued to bring students back into classrooms and workshops to learn from CAE's industry professionals. Many activities were free or subsidised to engage the community.

Through the ongoing exploration of new opportunities, including community collaborations, the delivery of short courses within Eastern Regional Libraries expanded from online to face-to-face classes. The CAE provided the Yarra Valley Community Power Hub with expertise and support for course development and energy sustainability training of volunteers.

Languages Centre of Excellence

In 2022, the centre at CAE continued to offer high quality language courses at introductory, elementary, intermediate, advanced, and expert levels across 17 unique languages. Tailored courses for travellers; learning linguistics; culture; and language specific reading classes were also offered. CAE continued to adapt and respond to changes in students and teachers' lifestyles following the continual impacts in the market. Course structures are now more dynamic, with flexible and diverse delivery options including online, face-to-face, blended and hybrid.

The Centre for Adult Education's (CAE) 75th anniversary was celebrated with free and subsidised activities for the public.



Overseas Operations

Overseas Operations Performance

BHI continued to demonstrate its capability in providing quality education and outstanding learning experiences for international students studying both in Melbourne and overseas through BHI's Transnational Education (TNE) partnerships in 2022. The pandemic necessitated innovation in TNE delivery, as a result, BHI continued to successfully deliver remote learning programs, and maintained a student satisfaction rating for these courses of over 90%.

The BHI brand was promoted through strategic cooperation and global partnerships in countries with students who may be considering Australia as a study destination. With strong cross-continent relationships in place, BHI delivered education to inbound international students from over 50 countries, including from seven transnational partner countries.

BHI hosted 13 trainers from the Cook Islands, Fiji, Kiribati, Vanuatu, Tonga, Solomon Islands, Micronesia, Palau and Samoa at its Refrigeration and Climate Control Centre of Excellence (RCCC).



Overseas Operations Outcomes

Throughout 2022, there was a positive rebounding trend demonstrated through a 29% increase in international applicants and a 78% increase in offers made to international applicants compared to 2021.

BHI continued to prioritise the quality of its programs with existing partners in China, Vietnam, Malaysia and the Middle East. Striving for continuous improvement, BHI conducted two internal performance assessments in 2022, continued to develop Compliance Plans for transnational operations and established a solid monitoring system to build robust offshore operations.

As BHI moved into 2022 and Australia's borders re-opened to international students across several markets, the Institute was able to strengthen existing ties with its global partners. Examples include:

- Incoming CEO Grant Radford hosted two international delegations to strengthen BHI's capacity to deliver globally recognised education to students of foreign countries. The first was from KOTO in Vietnam, which included KOTO International Board Chair Mr Rhys Williams and Founder Mr Jimmy Pham. The second was from Box Hill College Kuwait (BHCK), which included BHCK Board of Trustees Chair, Dr Abdulrahman al Shayji, and BHCK President, Dr Ali Salem Arifa
- BHI actively hosted and coordinated a two-week cultural exchange visit to Melbourne from aspiring sports management students with the Institute of Technical Education Singapore, which signaled the post-pandemic reactivation of the Global Education Network (GEN) program.

Management of Overseas Operational Risk

To effectively identify, manage and mitigate risk for overseas operations, and while working collaboratively with BHI's in-house legal counsel and the Academic Quality function, a comprehensive review of all TNE programs was conducted in 2022. The review outcome and recommendations will guide and benefit future TNE operations.

BHI believes in a collaborative approach when delivering outstanding learning experiences, identifying growth opportunities through diversification that aligns with BHI's strengths and overseas local industry demands, and enriching the overall student experience, with a focus on global employability. These are key priorities for BHI's overseas operations.

Risks identified through the monitoring and implementation of the BHI Risk Management Plan were continually reviewed with strategies to mitigate risks and improve the experience of BHI's employees and students, as well as overall business operations.

Quality Enhancement

Quality enhancement is always critical in overseas operations. As such, BHI worked closely and collaboratively to establish a more transparent and regular monitoring system. Strategies are employed to mitigate risk and are reviewed on a regular basis by BHI. The Institute prioritised the management of overseas operations through several measures, including the preparation of:

- A monthly project status report for each international project
- A monthly business development pipeline report
- Monthly financial reports to the Board.

A business case for each new major international activity was presented for consideration and approval before the activity commenced. Through robust quality processes and continuous improvement, BHI ensured it met the Australian Skills Quality Authority (ASQA) requirements for overseas deliveries, and that the requirements of the *Education Services for Overseas Students Act 2000* (Cth) were strictly applied to its activities while recruiting international students to study in Australia.

Overseas students from Institute of Technical Education Singapore visited BHI as part of a cultural exchange program.



Management and Structure

Governance

BHI is governed by a board established under the Constitution of the Box Hill Institute, and the *Education Training and Reform Act 2006* (Vic). The Board is comprised of members who have diverse experience in government, industry and the community. The Board's role is to oversee and govern BHI and take all reasonable steps for the advancement of BHI 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 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 BHI.

Membership of the Board and committees is for the full year unless otherwise specified.

Board Members

Board members are either appointed by the Minister, co-opted by the Board or elected by employees and the CEO.

The following Directors served on the Board during 2022:

- Ms Tracey Cooper (Chairperson)
- Mr Allan Moore
- Ms Amanda Brook
- Ms Annabelle Roxon
- Mr Ashley Van Krieken
- Mr Haydn Pound
- Ms Jane Foley
- Mr Phillip Davies
- Ms Susan Pelka
- Mr Tony Nippard
- Ms Vivienne King (until 24 February 2022)
- Ms Laura McPherson (25 February to 20 June 2022)
- Mr Grant Radford (from 21 June 2022).

Committees

As of 31 December 2022, the following Board Committees assisted the Board in fulfilling its duties:

- Audit and Risk Committee
- Infrastructure Committee
- Education Quality Committee
- Remuneration and Nomination Committee.

During the year, the Remuneration Committee and Nominations Committee were merged to form the Remuneration and Nomination Committee.

The role of each committee is defined by the individual committee Terms of Reference, which are reviewed and approved by the BHI Board.

Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board on the achievement of its strategic objectives by ensuring that appropriate governance is implemented across the organisation, including ensuring the control and compliance framework operating across the organisation is operating effectively and that its external accountability responsibilities are met.

Committee Membership during 2022 consisted of:

- Mr Allan Moore (Committee Chair)
- Ms Amanda Brook
- Ms Jane Foley
- Ms Annabelle Roxon.

Infrastructure Committee

The objective of the Infrastructure Committee is to assist the Board to achieve its strategic objectives in relation to asset management planning, development and implementation, capital works and information and communications technology.

Membership during 2022 included:

- Mr Tony Nippard (Committee Chair)
- Mr Allan Moore
- Mr Ashley Van Krieken
- Mr Haydn Pound
- Mr Phillip Davies
- Ms Susan Pelka
- Mr Grant Radford (from 21 June 2022).

Education Quality Committee

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

Membership during 2022 included:

- Ms Jane Foley (Committee Chair)
- Ms Annabelle Roxon
- Mr Ashley Van Krieken
- Mr Haydn Pound
- Ms Susan Pelka
- Mr Grant Radford (from 21 June 2022).

Remuneration and Nomination Committee

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

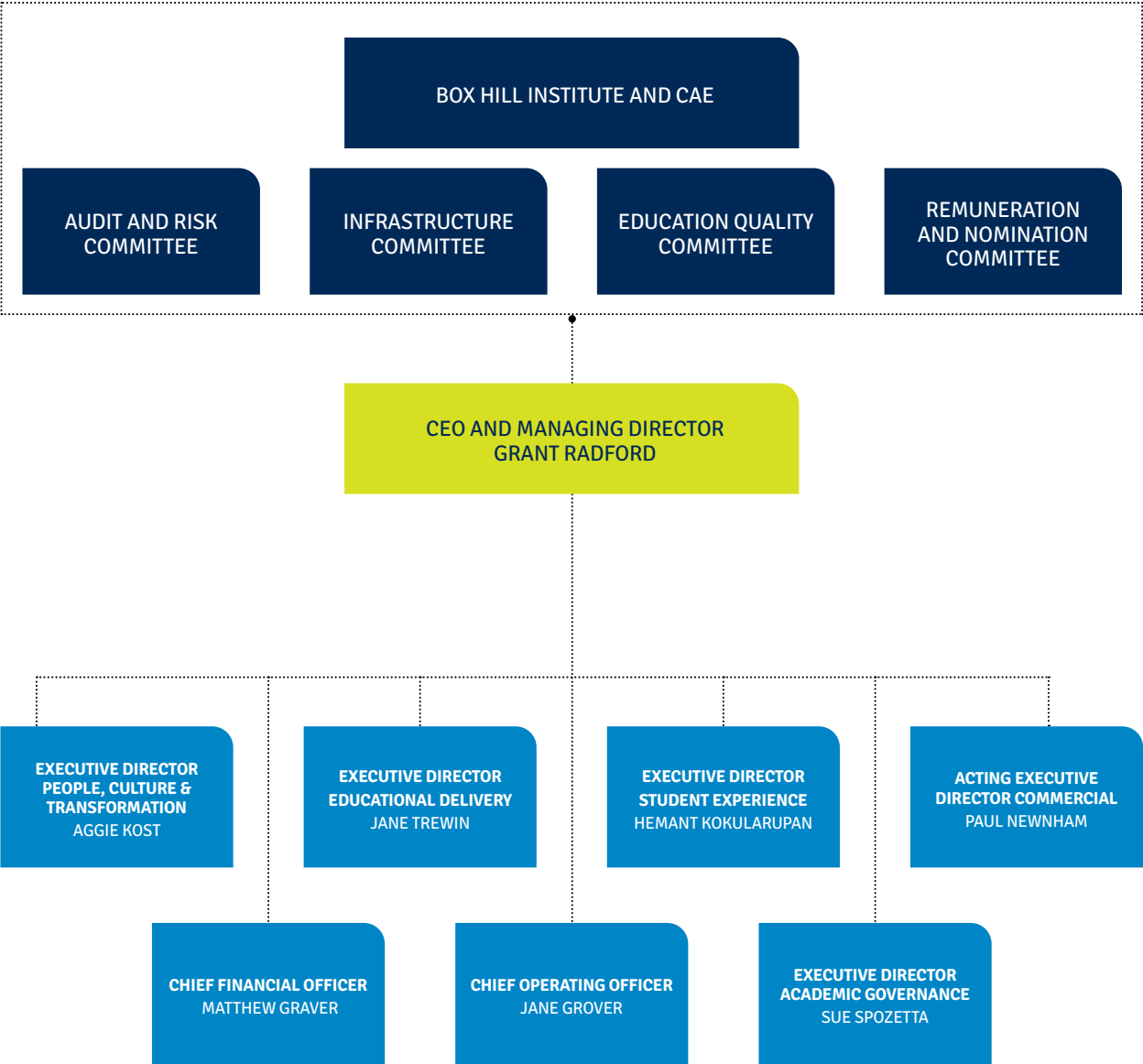
In addition, the Committee assists the Board in ensuring that Remuneration practices for the CEO and Executive Officers are in accordance with government policy relating to public sector employment, administered by the Victorian Public Sector Commission and Ministerial directions to TAFE Institutes, and that practices are consistent with all relevant policies.

Membership during 2022 included:

- Ms Tracey Cooper (Committee Chair)
- Mr Allan Moore
- Ms Amanda Brook
- Ms Annabelle Roxon
- Mr Haydn Pound
- Ms Jane Foley
- Mr Phillip Davies
- Ms Susan Pelka
- Mr Tony Nippard.

Executive Management Structure

As of 31 December 2022



Financial Performance 2022

BHI Five Year Consolidated Financial Summary

YEAR ENDED 31 DECEMBER	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000
Summary of Financial Performance					
Government Contributions - Operating	81,770	79,378	71,657	61,141	66,007
Sale of goods and services	56,276	55,739	54,824	76,855	72,699
Other income	14,427	6,609	5,964	7,620	5,341
TOTAL INCOME FROM TRANSACTIONS (Excluding Capital Grants)	152,473	141,726	132,445	145,616	144,047
TOTAL EXPENSES FROM TRANSACTIONS (Excluding Depreciation and Expenditure from capital contributions)	(148,725)	(133,595)	(122,104)	(140,047)	(132,790)
EBITDA	3,748	8,131	10,341	5,569	11,257
Government Contributions - Capital	-	4,794	4,880	590	1,520
Depreciation and Amortisation	(13,198)	(14,177)	(14,973)	(15,072)	(9,618)
Expenditure using government contributions - capital					-
Other economic flows included in net result	9,037	4,190	1,551	1,224	8,389
Net result from discontinued operations					-
Net result	(413)	2,938	1,799	(7,689)	11,548

Comprehensive Operating Statement

The lower result for 2022 compared to 2021 was driven by increased operating costs and lower capital funding. This was partly offset by the receipt of a debt forgiveness agreement from the Department of Education and Training.

Employee expenses increased due to expanded project and grant-funded activities, as well as enterprise award increases.

Operating expenses increased mainly due to a raised level of contract and other services, third party program delivery and purchases of supplies and consumables.

Balance Sheet

YEAR ENDED 31 DECEMBER	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000
Summary of Balance Sheet Performance					
Assets	597,952	596,094	517,297	523,933	495,356
Liabilities	(65,561)	(71,198)	(69,749)	(78,089)	(41,817)
NET ASSETS	532,391	524,896	447,548	445,844	453,539
Accumulated Surplus	111,942	112,355	109,832	109,677	117,206
Reserves	393,325	385,417	310,592	309,043	309,209
Contributed Capital	27,125	27,124	27,124	27,124	27,124
NET WORTH	532,392	524,896	447,548	445,844	453,539

Balance Sheet

Box Hill Institute's overall net worth increased by \$7.5 million in 2022.

This was driven by the revaluation of land and buildings during the year, as well as a reduction in liability balances including employee provisions, borrowings and lease liabilities.

Compliance

Financial Management Compliance Attestation Statement

"I, Ms Tracey Cooper, on behalf of the Responsible Body, certify that for the period 1 January 2022 to 31 December 2022, BHI has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions."

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

Tracey Cooper, Board Chair

Statements of Pecuniary Interests

The Institute has policies and procedures that require relevant officers of BHI entities to complete Statements of Pecuniary Interests. All such statements have been duly completed. Information about declarations of pecuniary interests by all relevant officers should be directed to:

Email: foi@boxhill.edu.au
Post: 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 (see contact details above).

Freedom of Information

BHI operates under a policy and procedures that, subject to privacy constraints, facilitate all reasonable requests for information from students, employees and the public under the provisions in the *Freedom of Information Act 1982* (Vic) (the FOI Act). Requests under the Freedom of Information Act should be addressed to the Freedom of Information Officer (contact details set out below).

BHI may levy a charge for information provided that is the subject of a Freedom of information request, in accordance with the relevant legislative requirements.

BHI received two formal requests for information under the FOI Act during the 2022 reporting period.

BHI's Privacy and Freedom of Information Policy and Procedure can be viewed online at: <https://www.boxhill.edu.au/about-us/policies-and-procedures/>

Freedom of Information Requests should be directed to the Freedom of Information Officer:

Email: foi@boxhill.edu.au
Post: Directorate Office, Box Hill Institute,
465 Elgar Road, Box Hill, Vic, 3128

Students may request access to their personal records including for replacement result transcripts and certificates by applying in writing to Student Administration - Registrar's Department. A fee applies for replacement documents.

Email: studentadmin@boxhill.edu.au
Post: Student Administration – Registrar's Department,
Box Hill Institute, 465 Elgar Road, Box Hill, Vic, 3128

Employees do not have to file an FOI application to access their personal file. An employee may access their personnel file by contacting:

Email: HRAssist@boxhill.edu.au
Post: Human Resources, Box Hill Institute
465 Elgar Road Box Hill, VIC 3128

Building and Maintenance Provisions

BHI confirms that it is fully compliant with the building and maintenance provisions of the *Building Act 1993* across all campuses and facilities.

National Competition Policy

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

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

BHI levies a compulsory student services and amenities fee to provide services of direct benefit to students. The fee helps to pay for important student services such as libraries, counselling, welfare services, recreational services, and printing.

The processes for the collection and disbursement of the services and amenities fees are managed by BHI and are not paid to any student organisations. Total Student Services and Amenities Fees collected for BHI for the year ending 31 December 2022 were \$1.17 million.

Public Interest Disclosures Act

The purpose of the *Public Interest Disclosures Act 2012* (Vic) 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 a policy and procedure to promote the protection of persons who make a protected disclosure under the Act. BHI's Protected Disclosure Policy and Procedure can be viewed online at: [https://www.boxhill.edu.au/about-us/policies-and-procedures/or-from-its Public Interest Disclosure Coordinator at protecteddisclosure@boxhill.edu.au](https://www.boxhill.edu.au/about-us/policies-and-procedures/or-from-its-Public-Interest-Disclosure-Coordinator-at-protecteddisclosure@boxhill.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 Public Interest 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

BHI meets obligations under the *Carers Recognition Act 2012* (Vic). 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.

Gender Equality Act 2020

As a defined entity under the *Gender Equality Act 2020* (Vic), BHI commenced work in 2021 on its inaugural Gender Equality Action Plan. BHI established workforce metrics with the completion of the People Matter Survey and an HR data audit. The information collated from these processes also formed the basis for employee consultation and the development of BHI's Gender Equality Action Plan.

BHI progressed the implementation of its Gender Equality Action Plan throughout 2022. Several key deliverables were achieved during the year (such as embedding flexibility into roles and providing leader training on family violence), with more activities planned for 2023, before submitting the first progress report at the end of 2023.

BHI's Gender Equality vision is to build gender equity into all of its processes and share collective accountability for ensuring equity of opportunity. The Gender Equality Action Plan applies to BHI employees and educational programs, with benefits for current employees and students. These students will be educated by BHI's work and position on gender equality and become future leaders and valued workers in communities and workplaces.

Local Jobs First Act

The *Local Jobs First Act 2003* (Vic) requires departments and public sector bodies to apply the Local Jobs First policy to all projects over \$3 million in metropolitan Melbourne or state-wide, and \$1 million in regional Victoria. During 2022, BHI did not conduct a project that required the application of this Act. BHI has however, continued its partnership with Jobs Victoria to promote employment opportunities and training pathways for Victorians (please refer to page 10 for details).

Compliance Statement - Infringements Act 2006 and Public Records Act 1973

BHI functions as an enforcement agency under the *Infringements Act 2006* (Vic) and is empowered to issue and enforce parking infringement notices.

BHI complies with the *Infringements Act 2006* (Vic) and *Public Records Act 1973* (Vic) and maintains proper internal review records that meet the requirements of the *Public Records Act 1973* (Vic).

Employment and Conduct Principles

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

BHI 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 aforementioned Codes of Conduct.

All employees have been correctly classified in workforce data collections.

Victorian Public Service Travel Policy

BHI has in place policies and procedures in relation to domestic and international travel and accommodation.

This applies to all employees of BHI and BHI-controlled entities and considers the Victorian Public Service Travel Policy as issued by the Department of Treasury and Finance.

BHI welcomed prospective students at the automotive workshop during the Winter Discovery Nights event.



Occupational Health and Safety

BHI's commitment to providing a supportive working and learning environment for its people continued during 2022, and influenced the Institute's approach to health, safety and wellbeing across all campuses. BHI's focus is on managing ongoing risks and transitions associated with any changes and challenges as they arise.

There was a strong emphasis on health and wellbeing initiatives and supportive programs during the year; aimed at preventing injury and illness and supporting employee wellbeing as an integral component of BHI's organisation culture including:

- Maintaining Covid-19 support for transition back to full-time in the workplace
- A dedicated wellbeing strategy including targeted initiatives, resources, health checks and wellbeing events
- Encouraging lead indicators of reporting, inspections and leadership training.

During 2022, there were positive improvements of lead safety metrics, highlighting strong engagement and alignment with BHI safety commitments.

Lost Time Standard Claims (per 100 staff) were lower in comparison to 2021 (-1 from 2021). The significant decrease in the average cost of claims is attributed to proactive management of claims, with a focus on recovery at work. This has resulted in employees returning to work early and performing reduced hours and/or modified duties, which has reduced the impact of wages on the cost of claims.

BHI's WorkCover policy continues to perform better than the industry comparison rate. Proactive claims management, early interventions, including wellbeing support from BHI, open communications and ongoing employee wellbeing initiatives have resulted in employees feeling safe and supported and has influenced premium costs.

Criteria	2022	2021	2020
The number of reported hazards for the year per 100 full-time equivalent staff members	23.05	38.64	70.24
The number of reported incidents for the year per 100 full-time equivalent staff members	97.25	72.65	95.56
The number of Lost Time Standard Claims for the year per 100 full-time equivalent staff members	1.35	1.4	1.73
The number of Lost Time Standard Claims	12	13	16
The average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$21,960.73	\$58,038.90	\$49,608.49
In the event of a fatality, a discussion of the circumstances that led to the fatality and the preventive measures that have been taken to prevent recurrence. If the fatality is under investigation or subject to an inquiry, a statement to that effect shall be included.	0	1	0

Environmental Performance

Energy Use		2022	2021	2020
Total energy usage, segmented by primary source	Electricity	22,571,057 MJ	31,385,689 MJ	22,105,548 MJ
	Natural Gas	25,589,374 MJ	32,795,528 MJ	8,226,731 MJ
	Total Energy	48,160,431 MJ	64,181,217 MJ	30,332,279 MJ
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 (CO2e)		6,687 tonnes	13,655 tonnes	5,697 tonnes
Units of energy used (per effective full -time employee)		50,307 MJ	69,077 MJ	32,827 MJ
Units of energy used per unit of building area (MJ per m2)		533.05 MJ	710.36MJ	335.40 MJ

Waste Production		2022	2021	2020
Total units of office waste disposed of by destination (kg per year)	General Waste (landfill)	245,139.50 kg	190,577 kg	149,614 kg
	Total recycling	77,913.51 kg	113,941 kg	111,450 kg
	TOTAL	323,053.01 kg	304,517 kg	261,064 kg
Total units of office waste disposed of per full time employee by destination (kg per FTE)	Landfill	256 kg	205 kg	162 kg
	Recycling	81 kg	123 kg	121 kg
Recycling rate (% of total waste by weight)		21.24%	46%	43%

Paper Use		2022	2021	2020
Total units of A4 equivalent copy paper used (reams)		5,370 reams	4,020 reams	3,600 reams
Units of equivalent copy paper used per full- time employee (reams per FTE)		5.61 reams	3.90 reams	3.90 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% and Carbon Neutral Certified, ISO 9001 and ISO 14001 Certified

Water consumption		2022	2021	2020
Total units of metered water consumed by water source (kilolitres)		19,426 kl	19,657 kl	30,926 kl
Units of metered water consumed in offices per FTE (kilolitres per FTE)		20.29 kl	21.16 kl	33.47 kl
Units of metered water used in offices per unit of office area (kilolitres per m2).		0.215 kl Based on building area figure	0.21 kl	0.34 kl

Future Environmental Targets

Employees and students continue to be mindful of consumption patterns that negatively impact energy, gas, water, and waste. Opportunities to improve and embed sustainability in BHI building assets continue to be a focus.

BHI was successful in receiving a Greener Government Buildings interest free loan to embark on a raft of energy saving initiatives. The program began in 2021 and implementation continued throughout 2022. The initiative includes upgrades in:

- Lighting
- Solar Photovoltaics
- BMS Tuning Timetable Integration
- Water Efficiency Program
- Tenancy Sub-metering.

This project will have a payback (savings) of \$3.2m over a five-year period (from 2023 to 2028).

BHI oversaw the commissioning, testing and installation of 1,000 solar panels and 8,000 LED lights on its campuses during 2022. Upgrades to the Building Management System (BMS), a water efficiency program and tenancy submetering began in 2021 and were ongoing throughout 2022.

In 2022, the Institute began waste management improvements, and is working on plumbing and timber waste recycling initiatives that will reduce the amount of contaminated waste collected. Improvements in waste management will continue to be a focus into 2023.

ICT Expenditure (\$'000,000)

BAU ICT expenditure	Non-BAU ICT expenditure	Operational expenditure	Capital expenditure
Total	Total = A+ B	A	B
8.03	2.16	1.68	0.49

Compliance with Other Legislation

BHI complies with the requirements of relevant legislation and subordinate instruments, including, but not limited to, the following:

- Building Act 1993 (Vic)
- Education and Training Reform Act 2006 (Vic)
- Australian Skills Qualifications Authority Standards for Registered Training Organisations 2015
- Tertiary Education Quality and Standards Agency Act 2011 (Cth)
- Financial Management Act 1994 (Vic)
- Freedom of Information Act 1982 (Vic)
- Equal Opportunity Act 2010 (Vic)
- Gender Equality Act 2020 (Vic)
- Local Jobs First Act 2003 (Vic)
- Occupational Health & Safety Act 2004 (Vic)
- Privacy and Data Protection Act 2014 (Vic)
- Public Interest Disclosures Act 2012 (Vic)
- Public Administration Act 2004 (Vic)
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines

- The Constitution of the BHI
- Worker Screening Act 2020 (Vic)
- Carers Recognition Act 2012 (Vic)
- Fair Work Act 2009 (Cth)
- Child Wellbeing and Safety Act 2005 (Vic)
- Child Safe Standards (2022) (Vic)
- Disability Discrimination Act 1992 (Cth)
- Modern Slavery Act 2018 (Cth)
- Infringements Act 2006 (Vic)
- Public Records Act 1973 (Vic).

(l) details of all consultancies and contractors including:

- consultants/contractors engaged
 - services provided
 - expenditure committed to for each engagement.
- Enquires should be addressed to:

Email: foi@boxhill.edu.au
 Post: The Freedom of Information Officer,
 Box Hill Institute
 Private Bag 2014 Box Hill VIC 3128
 Phone: (03) 9286 9222

Additional Information Available on Request

BHI has also prepared the following material, details of which are available on request and in accordance with the organisation's Freedom of Information Policies:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the entity about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates, and levies charged by the entity
- details of any major external reviews carried out on the entity
- details of major research and development activities undertaken by the entity
- details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved

Campaigns

Campaign Name	Summary	Start Date	End Date	Advertising (Media) Exp 2022 (exc. GST) (\$)	Creative & Campaign Dev. Exp 2022 (exc. GST) (\$)	Print & Collateral Exp 2022 (exc. GST) (\$)	Research & Evaluation Exp 2022 (exc. GST) (\$)	Other Campaign Exp 2022 (exc. GST) (\$)	Total (excl. GST)
2022 Student Enrolment Campaign, S1	VTAC & Direct Entry Phase 2	1.1.22	30.4.22	665,469.07	-	6,234.40	-	-	671,703.47
Let Passion Guide Your Future, S2	Mid-Year student enrolment campaign	1.5.22	23.7.22	437,869.78	-	-	-	-	437,869.78
2022 Become Campaign, S1	VTAC & Direct Entry Phase 1	15.10.22	31.12.22	178,636.36	-	-	-	-	178,636.36
CAE	CAE Short Courses campaign	1.1.22	31.12.22	194,655.66	-	-	-	-	194,655.66
Total				1,476,630.87	-	6,234.40	-	-	1,482,865.27

Consultancies Summary for 2022

In 2022, there were 37 consultancies where the total fees payable to each was \$10,000 or greater. The total expenditure incurred during 2022 in relation to these consultancies was \$1,922,424 (exc. GST). Details of individual consultancies can be viewed at www.boxhill.edu.au.

In 2022, there were 41 consultancies where the total fees payable to each was less than \$10,000. The total expenditure incurred during 2022 in relation to these consultancies was \$178,925 (exc. GST).

Workforce data

Table 1. Performance and Accountability Framework FTE – for years ending 31 December 2021 and 2022

FTE of all employees during the reporting year.

Year ending 31 December 2022							
	Full-time		Part-time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	234.5	114.5	35.9	28.6	NA	20.3	433.9
Executive	0	7.8	0	0	NA	0	7.8
Other	6.5	2.4	1.6	27.9	NA	11.4	49.7
Teacher	156.8	116.5	52.0	79.0	61.5	NA	465.8
Total	397.7	241.4	89.5	135.5	61.5	31.7	957.3

Year ending 31 December 2021							
	Full-time		Part-time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	223.9	83.6	40.8	18.6	NA	28.3	395.2
Executive	0	10.2	0	0	NA	0	10.2
Other	3.8	4.2	1.0	26.3	NA	13.0	48.3
Teacher	166.8	101.4	64.6	80.5	62.2	NA	475.4
Total	394.4	199.4	106.4	125.4	62.2	41.3	929.1

Table 2. Workforce Disclosures (December 2021 – December 2022)

- The ongoing and fixed term/casual employees to be counted are those who are active and employed in the last full pay period of the reporting year.
- An active employee is a person who attends work and is paid, or who is on paid leave.

Demographic data	December 2022							
		All employees		Ongoing			Fixed term and casual	
		Number (Headcount)	FTE	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
	Gender							
	Women Executives	4	4	0	0	0	4	4
	Women (total staff)	708	545	216	112	276	380	269
	Men Executives	4	3	0	0	0	4	3
	Men (total staff)	478	400	197	31	214	250	187
	Self-described Executives	0	0	0	0	0	0	0
	Self-described (total staff)	1	0	0	0	0	1	0.2
	Age							
	15-24	96	60	9	0	9	87	51
	25-34	170	141	58	17	67	95	75
	35-44	256	208	91	26	104	139	105
	45-54	307	247	122	42	141	143	106
55-64	283	230	111	44	139	128	91	
Over 64	83	59	22	14	30	47	28	
Total employees	1,195	945	413	143	490	639	456	

There was a continuing shift from casual employment to full/part time employment under the 2018 Multi Enterprise Agreement. There was a slight reduction in teaching employees due to a BHI Educational Delivery course correction in early 2022. Additional employees were engaged to support projects across the organisation. Increased teaching and administrative support employees commenced due to the set-up of the Higher Education College.

Demographic data	December 2021							
		All employees		Ongoing			Fixed term and casual	
		Number (Headcount)	FTE	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
	Gender							
	Women Executives	6	6	0	0	0	6	6
	Women (total staff)	698	527	214	119	282	365	245
	Men Executives	2	2	0	0	0	2	2
	Men (total staff)	462	389	190	38	213	234	176
	Self-described Executives	0	0	0	0	0	0	0
	Self-described (total staff)	0	0	0	0	0	0	0
Demographic data	Age							
	15-24	79	40	6	0	6	73	34
	25-34	153	124	55	21	66	77	58
	35-44	254	207	85	28	100	141	107
	45-54	316	252	118	53	147	145	105
	55-64	282	231	117	38	142	127	89
	Over 64	84	62	23	17	34	44	28
	Total employees	1,168	916	404	157	495	607	421

Financial Statements

31 December 2022

Independent Auditor's Report

To the Board of Box Hill Institute

Opinion	<p>I have audited the consolidated financial report of 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 balance sheet as at 31 December 2022 consolidated entity comprehensive operating statement for the year then ended consolidated entity statement of changes in equity for the year then ended consolidated entity cash flow statement for the year then ended notes to the financial statements, including significant accounting policies declaration by Board Chair, Chief Executive Officer/Managing Director and Chief Financial Officer. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity as at 31 December 2022 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>
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 and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the institute and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
Other information	<p>The Board is responsible for the Other Information, which comprises the information in the annual report for the year ended 31 December 2022, but it does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</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 Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the institute and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the institute and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the institute and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
27 March 2023

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Box Hill Institute

Financial Report for the year ended 31 December 2022

Declaration By Board Chair, Chief Executive Officer and Managing Director, and Chief Financial Officer

The attached financial statements for Box Hill Institute and the consolidated entity have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer issued under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2022 and financial position of the Institute and the consolidated entity as at 31 December 2022.

At the date of signing this financial report, we are not aware of any circumstances that would render any particulars included in the financial report to be misleading or inaccurate.

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



Tracey Cooper
Board Chair
Date: 23 February 2023
Place: Box Hill, Melbourne



Grant Radford
Chief Executive Officer and Managing Director
Date: 23 February 2023
Place: Box Hill, Melbourne



Matthew Graver
Chief Financial Officer
Date: 23 February 2023
Place: Box Hill, Melbourne

Table of Contents

Box Hill Institute has presented its audited general-purpose financial statements for the financial year ended 31 December 2022 in the following structure to provide users with the information about the Institutes's stewardship of resources entrusted to it.

FINANCIAL STATEMENTS

Comprehensive Operating Statement

Balance Sheet

Statement of Changes in Equity

Cash Flow Statement

NOTES TO THE FINANCIAL STATEMENTS

- 1.1 Basis of preparation
- 1.2 Compliance information
- 1.3 Impact of COVID-19

2. HOW WE EARNED OUR FUNDS

- 2.1 Government grants
- 2.2 Revenue from fees, charges and sales
- 2.3 Other revenue and income

3. HOW WE EXPENDED OUR FUNDS

- 3.1 Employee benefits
- 3.2 Superannuation
- 3.3 Supplies and services
- 3.4 Other operating expenses
- 3.5 Finance costs
- 3.6 Depreciation and amortisation

4. THE ASSETS WE INVESTED IN

- 4.1 Property, plant and equipment
- 4.2 Intangible assets
- 4.3 Depreciation and amortisation
- 4.4 Investments and other financial assets

5. BALANCES FROM OPERATIONS

- 5.1 Receivables
- 5.2 Other non-financial assets
- 5.3 Payables
- 5.4 Contract and other liabilities
- 5.5 Employee benefits in the balance sheet

6. HOW WE FINANCED OUR OPERATIONS

- 6.1 Cash and cash equivalents
- 6.2 Borrowings
- 6.3 Contributed capital
- 6.4 Leases

7. MANAGING RISKS AND UNCERTAINTIES

- 7.1 Financial instruments
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination

8. GOVERNANCE DISCLOSURES

- 8.1 Responsible persons
- 8.2 Remuneration of executives
- 8.3 Related parties
- 8.4 Remuneration of auditors

9. OTHER DISCLOSURES

- 9.1 Other economic flows included in net result
- 9.2 Other equity reserves
- 9.3 Ex gratia expenses
- 9.4 Controlled entities
- 9.5 Events after reporting date
- 9.6 Application of standards issued but not yet effective
- 9.7 New or amended Accounting Standards and Interpretations adopted

Comprehensive Operating Statement

For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
CONTINUING OPERATIONS			
Revenue and income from transactions			
Government grants			
Operating grants - revenue	2.1.1	38,501	43,427
Operating grants - income	2.1.1	43,270	35,951
Capital grants - income	2.1.2	-	4,794
Revenue from fees, charges and sales	2.2	56,276	55,739
Other revenue	2.3	14,427	6,609
Total revenue and income from transactions		152,473	146,520
Expenses from transactions			
Employee benefits	3.1.1	106,008	99,893
Depreciation and amortisation	3.6	13,198	14,177
Supplies and services	3.3	31,321	23,348
Finance costs	3.5	832	926
Other operating expenses	3.4	10,564	9,428
Total expenses from transactions		161,923	147,772
Net result from transactions		(9,450)	(1,252)
Other economic flows included in net result			
Net gain/(loss) on financial instruments	9.1a	(30)	(866)
Other gains/(losses) from other economic flows	9.1b	9,067	5,056
Total other economic flows included in net result		9,037	4,190
Net result		(413)	2,938
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Gain/loss on revaluation of physical assets		7,945	74,825
Comprehensive result		7,532	77,763

Balance Sheet

For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	6.1	28,294	29,221
Receivables	5.1	9,833	11,592
Investments and other financial assets	4.4	9,790	7,229
Total financial assets		47,917	48,042
Non-financial assets			
Property, plant and equipment	4.1	523,912	517,768
Right of use assets	6.4	22,841	25,821
Intangible assets	4.2	157	1,601
Other non-financial assets	5.2	3,126	2,862
Total non-financial assets		550,036	548,052
Total assets		597,953	596,094
LIABILITIES			
Payables	5.3	8,636	8,372
Contract liabilities	5.4	5,208	5,880
Revenue in Advance		7,201	4,753
Employee provisions	5.5	15,171	16,123
Other provisions	5.6	2,286	2,254
Borrowings	6.2	3,125	7,500
Lease liabilities	6.4	23,934	26,316
Total liabilities		65,562	71,198
Net assets		532,391	524,896
EQUITY			
Accumulated surplus / (deficit)		111,942	112,355
Contributed capital	6.3	27,124	27,124
Reserves	9.2	393,325	385,417
Net worth		532,391	524,896

Statement of Changes in Equity

For the year ended 31 December 2022

	Physical assets revaluation surplus \$'000	Restricted Funds \$'000	Accumulated surplus \$'000	Contributions by owner \$'000	Total \$'000
As at 1 January 2021	309,409	1,183	109,832	27,124	447,548
Adjustments to opening retained earnings	-	-	(415)	-	(415)
Net result for the year	-	-	2,938	-	2,938
Other economic flows - other comprehensive income	74,825	-	-	-	74,825
Year ended 31 December 2021	384,234	1,183	112,355	27,124	524,896
Net result for the year	-	-	(413)	-	(413)
Other economic flows - other comprehensive income	7,945	-	-	-	7,945
Transfer to accumulated surplus	-	(37)	-	-	(37)
Year ended 31 December 2022	392,179	1,146	111,942	27,124	532,391

Cash Flow Statement

For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government contributions		80,910	81,945
Receipts from customers - fees, charges and sales		67,092	64,856
Interest received		472	85
Total receipts from operating activities		148,473	146,886
Payments			
Payments to supplier and employees		(146,626)	(127,179)
Goods and services tax paid to the ATO		(251)	(499)
Short-term, low value and variable lease payments		(851)	(157)
Interest paid – lease liability		(832)	(926)
Total payments from operating activities		(148,560)	(128,761)
Net cash flows from / (used in) operating activities	6.1.1	(87)	18,125
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investment in associate		6,280	3,901
Payments for property, plant and equipment		(7,863)	(16,208)
Net cash flows from / (used in) investing activities		(1,583)	(12,307)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(2,383)	(2,558)
Proceeds from borrowings		3,125	-
Net cash flows from / (used in) financing activities		743	(2,558)
Net increase / (decrease) in cash and cash equivalents		(927)	3,260
Cash and cash equivalents at beginning of year		29,221	25,961
Cash and cash equivalents at end of year	6.1	28,294	29,221

1. ABOUT THIS REPORT

Box Hill Institute (BHI) is a statutory body corporate, established pursuant to an Act made by the Victorian Government under the *Education and Training Reform Act 2006 Section 3.1.12 4(a)*.

Box Hill Institute is a Technical and Further Education (TAFE) provider, based predominantly in Box Hill, Victoria.

Its registered office and principal address is:

Box Hill Institute
465 Elgar Rd
Box Hill, Victoria 3128
Australia

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. These financial statements have been prepared in accordance with the historical cost convention, unless a different measurement basis is specifically disclosed in the notes associated with the item measured on a different basis. Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

Judgements, estimates and assumptions are required to be made about the financial information being presented. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Judgements made by management in the application of Australian Accounting Standards (AAS) that have significant effects on the financial statements relate to:

- determining whether government contributions received should be recognised as revenue under AASB 15 or income under AASB 1058 depending on whether the performance obligations within the contract are assessed as sufficiently specific and measuring BHI's satisfaction of a performance obligation (refer to Note 2.1);
- AASB 16 Leases and the requirements to determine the lease term to the extent that extension options are certain (refer to Note 6.4);

Estimates and assumptions made by management in the application of Australian Accounting Standards (AAS) that have significant effects on the financial statements relate to:

- 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 5.5);
- the loss rate used in calculating the allowance for expected credit losses (refer to Note 7.1.2);
- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 7.3); and
- the fair value of assets measured at current replacement cost as a result of rising costs of construction and inflation.

These 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.

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

Goods and Services Tax (GST)

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

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

1. ABOUT THIS REPORT

Basis of consolidation

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

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

Funding risk

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

BHI has substantial economic dependency on Government operating contributions in particular, the Department of Education and Training.

The Financial Statements have been prepared on a going concern basis.

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

1.2 Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA), and applicable AAS, which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of 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 balance or financial statement matter is disclosed.

1. ABOUT THIS REPORT

The key impacts on the performance is summarised as follows:

Basis of preparation

BHI has a stable financial position, with net asset position of \$532M (2021: \$524M), a net current asset position of \$14M (2021: \$15.5M), net loss of \$413K (2021: \$2,938K profit) and negative operating cash flows of \$87K (2021: \$18,125K). Considering the Institute's financial position, together with the impacts of COVID-19 on the business as discussed below, the Institute has concluded it is appropriate to prepare the financial statements on a going concern basis.

Revenue and other income

BHI's response to the pandemic included the delivery of remote classes as well as online learning. The Department of Education and Training provided Business Continuity Grants and Boost and Viability funding to assist BHI with its response to the pandemic, provide support to retain staff, assist with BHI's continued transition to online and remote learning and to maintain government funding at pre-pandemic levels. The pandemic continued to affect enrolments at the beginning of 2022 which had a flow on impact for the full year. This is further discussed in Note 2.1.

Expenses

BHI's daily activities were impacted materially by the pandemic in 2021. This resulted in increases in direct and indirect costs being incurred in 2022, such as expanded contract services, additional supplies and consumables for staff and students, and recruitment costs associated with higher staff turnover.

The key impacts on accounting treatments and estimates are as follows:

Allowance for expected credit losses

Although both local and international students have been impacted by the pandemic, BHI has not experienced a decline in the collectability of its trade receivables. Where students are experiencing financial difficulty, BHI has allowed for payments to be made in accordance with a payment plan. The number of students on payment plans remain consistent on prior year. BHI monitors payments made under the plan and noted that for the majority of students on a plan, payments continue to be made in line with schedule. These factors, including the continued impact of the pandemic on students' payment history has been considered in determining the expected credit loss for the 2022 financial year.

It should also be noted that BHI has the right to cancel a student's enrolment and prohibit them from undertaking new courses in situations where there are unpaid fees or outstanding debts.

Fair value of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 103. A full revaluation of education assets normally occurs every five years, with this last occurring for the year ended 31 December 2022. Due to COVID-19, there is an increased element of estimation uncertainty with regard to the fair values of BHI's non-financial physical assets. This is further discussed in Note 7.3.

2. HOW WE EARNED OUR FUNDS

This section presents the sources and amounts of revenue raised by BHI. Grants are received from both State and Commonwealth Government, and from other fees and charges.

2.1 Government grants

2.1.1 Revenue and income from government grants

	2022 \$'000	2021 \$'000
Grants and other transfers		
Government grants – operating revenue		
State government – contestable	38,501	43,427
Total government grants - operating revenue	38,501	43,427
Government grants – operating income		
State government – other grants	42,907	33,957
Commonwealth government grants	363	1,994
Total government grants - operating income	43,270	35,951
Total government grants – operating	81,770	79,378

Significant judgement is applied to assess if a government grant or contract contains sufficiently specific performance obligations.

Revenue and income from government grants

The Institute is first required to determine whether the government grants received should be accounted for as Revenue per AASB 15 or Income per AASB 1058.

Revenue from government grants

The Institute's revenue streams are predominately for transactions relating to the delivery of courses to students and education services to clients. In all cases, the total transaction price for these services is allocated amongst the various performance obligations based on the consideration specified in the contract with the customer. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time as the Institute satisfies the performance obligations by transferring the promised goods or services to its customers. Where government grants have been received for services to be delivered in the following year, these amounts are deferred as a contract liability (Note 5.4).

Revenue is measured at the amount of consideration to which BHI expects to be entitled in exchange for transferring promised goods or services to a customer.

2. HOW WE EARNED OUR FUNDS

Income from government grants

Income from government grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when BHI has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, BHI recognises any related grants by owners, increases in liabilities and decreases in assets ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- a lease liability in accordance with AASB 16
- a financial instrument, in accordance with AASB 9
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Specific criteria in relation to determining whether government grants are accounted for as revenue per AASB 15 or income per AASB 1058 are set out below.

Source of Funding	Nature	Performance obligation	Timing of satisfaction
State government – contestable	Refers to Victorian state government funding for which the Institute must compete with other registered training providers. Funding is allocated primarily through a combination of a 'User Choice' system for all providers and a competitive tendering process for private providers.	The funding agreement for these grants outlines the performance obligations to provide education services to eligible students and relevant terms and conditions. These grants are recognised as revenue from contracts with customers in line with the requirements of AASB15.	Revenue is recognised over time, on the basis of the number of units of training delivered to eligible students over the life of the agreement.
State government – other grants	Refers to funding that is not recognised as contestable and includes specific purpose grants.	In general, funding agreements for these grants do not contain sufficiently specific performance obligations and are therefore recognised as income under AASB 1058. The Institute recognises income immediately in the comprehensive operating statement when control is achieved over the funds which occurs on execution of the relevant contract.	
		Where performance obligations are sufficiently specific in accordance with AASB15.	Revenue is recognised over time in the comprehensive operating statement as the performance obligations are delivered.

2. HOW WE EARNED OUR FUNDS

Transaction price allocated to remaining performance obligations

Revenue is recognised on a quantitative basis using the time bands that are most appropriate for the duration of the remaining performance obligations.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

	2023 \$'000	2024 \$'000	2025 \$'000
Revenue expected to be recognised	5,208	-	-
Note: These are estimates only, based on professional judgement and past experience.			

2.1.2 Capital grants income

	2022 \$'000	2021 \$'000
Government grants - capital		
State government – capital	-	4,794
State government – capital	-	4,794

Income Type	Nature	Performance obligation	Timing of satisfaction
State government – capital	Where BHI receives a financial asset to construct or acquire a non-financial asset which is to be retained and used by BHI.	Whilst BHI has an obligation to acquire or construct a non-financial asset, such transactions are accounted for following specific guidance under AASB 1058.	Over time, as the building or facility is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction are the best measure of the stage of completion of the building. Where government grants has been received for services to be delivered in the following year, these amounts are deferred as a liability (Note 5.3).

2. HOW WE EARNED OUR FUNDS

2.2 Revenue from fees, charges and sales

	2022 \$'000	2021 \$'000
Student fees and charges	6,864	7,699
Fee for service – government	33,202	29,877
Fee for service – international operations – onshore	3,256	3,928
Fee for service – international operations – offshore	1,480	1,632
Fee for service – other	7,679	8,106
Other non-course fees and charges		
Student amenities and services	3,794	4,497
Total revenue from fees, charges and sales	56,276	55,739

The timing of satisfaction of a sufficiently specific performance obligation and the amount of revenue to be allocated to each performance obligation involves significant judgement. The accounting policy below outlines the material performance obligations and, how and when these are satisfied.

The Institute provides educational services to students on an individual basis. Local students comprise government funding eligible students as well as non-eligible students who are charged as Fee for Service. International onshore students are all charged as Fee for Service. Student fees and charges revenue includes student tuition fees and course material fees received or to be received from students for the provision of these services. Student fees and charges are recognised in accordance with the relevant enrolment terms and conditions and over the period that the education and training services are provided. Any fee waivers are recognised as a reduction in the amount of revenue recognised. Where revenue has been received for programs or services to be delivered in the following year, these amounts are deferred as a contract liability.

The expansion of eligible Free TAFE courses contributes to a reduction in student fees as this is replaced by Free TAFE funding.

Other non-course fees and charges are recognised as the service is delivered to the student. For example, student amenities and services revenue is recognised as BHI provides the service to the student.

The Institute also provides educational services to students as part of group arrangements. Fees may be funded by State government departments (excluding revenue/income recognised in note 2.1.1). The Institute also provides services to offshore students charged on a group basis to offshore training entities.

BHI uses actual student contact hours and performance obligations to recognise revenue over time in line with AASB 15.

2. HOW WE EARNED OUR FUNDS

2.2 Revenue from fees, charges and sales (continued)

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2022 \$'000	2021 \$'000
Opening Balance Contract Liabilities	5,880	7,990
Student fees and charges	29,428	27,202
Less revenue recognised in the period	(30,100)	(29,312)
	5,208	5,880

Payment terms

The payment terms for student fees are as follows:

- up-front payment via cash, EFTPOS or credit card prior to course commencement
- payment plan via a third party (Debit success)
- federal government assistance (VET Student Loan)
- invoice to a third party (e.g. a student's employer or workers' compensation provider), where a credit check has been performed on the party being invoiced (payment terms are 30 days).

Students are generally entitled to a refund (less administration fee) if they withdraw from a course prior to census date. Students who withdraw after this time are generally not entitled to a refund.

2. HOW WE EARNED OUR FUNDS

2.3 Other Revenue and income

	2022 \$'000	2021 \$'000
Interest income	472	85
Rental income	952	747
Car park revenue	357	321
Income from sub-leasing right-of-use assets	967	1,299
Loan forgiveness	7,500	-
Other revenue	3,653	3,470
Other income	527	687
Total other revenue and income	14,427	6,609

During 2022 BHI received a deed from the Department of Education and Training which agreed to forgive, discharge and release in full the debt relating to its interest-free loan. The total value of the debt forgiven was \$7.5m.

Other Revenue Type	Nature	Performance obligation	Timing of satisfaction
Other Revenue		Provision of services	Recognised evenly over the period of providing services.
Interest	Interest received on bank deposits and other investments and the unwinding over time of the discount on financial assets.	None	Recognised taking into account the effective interest rates applicable to the financial assets
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. BHI also receives rental income from long term lease arrangements with third parties. Refer to Note 2.3.1 for BHI's lessor accounting policy.	Provision of building tenancy	Rental income is recognised on a time proportional basis and is brought to account when BHI's right to receive the rental is established.
Other income		Other income is recognised when BHI's right to receive payment is established.	

2. HOW WE EARNED OUR FUNDS

2.3.1 Leases receivable

	2022 \$'000	2021 \$'000
Receivable:		
Within one year	1,403	1,476
Later than one year but not later than five years	415	383
Later than five years	-	17
Total leases receivable	1,817	1,876
GST payable on the above	(165)	(171)
Net operating leases receivable	1,652	1,705

When BHI is a lessor, a lease is classified as an operating lease when it does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. Indicators such as whether the lease is for the major part of the economic life of the asset are considered as part of this assessment. Payments received under operating leases are recognised as income on a straight-line basis over the lease term and are included under the line item - rental income.

3. HOW WE EXPENDED OUR FUNDS

3.1 Employee benefits

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

All assumptions are reviewed at each reporting date.

3.1.1 Employee benefits in the comprehensive operating statement

	2022 \$'000	2021 \$'000
Salaries, wages, overtime and allowances	82,333	77,228
Superannuation	8,915	8,236
Payroll tax	5,051	4,435
Mental health levy	481	-
Workers compensation	511	612
Annual leave	6,625	6,749
Long service leave	1,737	2,036
Termination benefits	340	589
Other	15	8
Total employee benefits	106,008	99,893

Employee expenses include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation expenses / benefits 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.

3.2 Superannuation

BHI employees are entitled to receive superannuation benefits and BHI contributes to both defined benefit and defined contribution plans. The total amount of defined contribution plan payments made by BHI in 2022 was \$8.8M (2021 \$8.1M). The defined benefit plan(s) provide 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 2022 was \$116K (2021, \$153K).

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

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

3. HOW WE EXPENDED OUR FUNDS

3.3 Supplies and services

	2022 \$'000	2021 \$'000
Building repairs and maintenance	5,795	5,091
Third party program delivery	2,352	1,131
Contract and other services	11,240	7,568
Cost of goods sold / distributed (ancillary trading)	1,087	589
Fees and charges	4,888	4,574
Short-term & low value lease payments	851	801
Purchase of supplies and consumables	3,726	2,885
Other supplies and services	1,382	709
Total supplies and services	31,321	23,348

Supplies and services are recognised as expenses 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.

3.4 Other operating expenses

	2022 \$'000	2021 \$'000
Audit fees and services	318	344
Staff recruitment	405	452
Student placement	1,292	1,135
Marketing and promotional expenses	3,499	3,406
Staff development	1,045	740
Travel and motor vehicle expenses	337	202
Utilities	1,922	1,818
Agent Commissions	154	136
Communication expenses	377	403
Freight and Courier	203	145
Minor equipment purchases	557	341
General expenses	387	149
Expenses relating to short-term leases	69	157
Total other operating expenses	10,564	9,428

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

Audit fees and services relate to costs associated with internal audit services, as well as remuneration to the Victorian Auditor-General's Office for the audit of the financial statements.

3. HOW WE EXPENDED OUR FUNDS

3.5 Finance costs

	2022 \$'000	2021 \$'000
Interest on lease liabilities	832	926
Total finance costs	832	926

3.6 Depreciation and amortisation

	2022 \$'000	2021 \$'000
Depreciation of property, plant and equipment	9,582	9,964
Depreciation of right-of-use assets	3,066	3,700
Amortisation of intangible assets	550	513
Total depreciation and amortisation	13,198	14,177

4. THE ASSETS WE INVESTED IN

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 (used by the Australian Bureau of Statistics to classify expenses and acquisitions of non-financial assets of the public sector and general government sector), BHI's property, plant and equipment are assets used for the purpose of education. Property, plant and equipment includes all operational assets.

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Land	285,236	298,893	-	-	285,236	298,893
Buildings	211,900	190,990	(168)	(396)	211,731	190,594
Construction in progress	3,856	6,021	-	-	3,856	6,021
Plant and equipment	50,531	45,333	(31,412)	(27,157)	19,119	18,176
Motor vehicles	347	347	(205)	(187)	142	160
Leasehold improvements	16,369	16,219	(13,081)	(12,623)	3,288	3,596
Cultural assets	539	328	-	-	539	328
Total finance costs	568,779	558,131	(44,867)	(40,363)	523,912	517,768

Refer to 4.1.1 for reconciliation of movements in carrying amount of property, plant and equipment.

Initial recognition

Immediately upon acquisition, items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

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

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

Subsequent measurement

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

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

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants.

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment (continued)

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

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

The last formal revaluation of land and building assets (including land improvements) were conducted for the year ended 31 December 2022. A formal revaluation has been completed and the impacted the financial accounts with an increase of \$21.4 million for buildings and a decrease of \$13.7 million for land. The main reason for the decrease in land value is due to the managerial revaluation conducted in 2021, where the land book value adjusted through managerial revaluations was based on postcode indices. The application of postcode indices is a broad-brush market indicator applied under FRD 103 for a managerial desktop valuation in the interim years.

Revaluations of non-financial physical assets

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Assistant Treasurer.

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

4. THE ASSETS WE INVESTED IN

4.1.1 Reconciliation of movements in carrying amount of property, plant and equipment

	Land \$'000	Buildings \$'000	Construction in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Cultural assets \$'000	Total \$'000
2022								
Opening net book amount	298,893	190,594	6,021	18,176	160	3,596	328	517,768
Additions	-	3,382	1,146	3,104	-	150	-	7,782
Revaluations	(13,657)	21,391	-	-	-	-	211	7,945
Disposals	-	-	-	-	-	-	-	-
Transfers	-	1,216	(3,311)	2,095	-	-	-	-
Impairment	-	-	-	-	(2)	-	-	(2)
Depreciation	-	(4,852)	-	(4,255)	(17)	(458)	-	(9,582)
Net carrying amount	285,236	211,731	3,856	19,119	142	3,288	539	523,912

Consolidated								
2021								
Opening net book amount	242,000	165,127	7,357	18,253	186	3,970	328	437,221
Additions	-	8,465	6,001	1,220	-	-	-	15,686
Revaluations	56,893	17,932	-	-	-	-	-	74,825
Disposals	-	-	-	-	-	-	-	-
Transfers	-	3,937	(7,337)	3,155	-	245	-	-
Depreciation	-	(4,867)	-	(4,452)	(26)	(619)	-	(9,964)
Net carrying amount	298,893	190,594	6,021	18,176	160	3,596	328	517,768

4. THE ASSETS WE INVESTED IN

4.1.2 Capital commitments

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

	2022 \$'000	2021 \$'000
Payable		
Within one year	1,103	3,793
Total capital expenditure commitments	1,103	3,793
GST payable on the above	(110)	(379)
Total	993	3,414

4.1.3 Gain / loss on property, plant and equipment

	2022 \$'000	2021 \$'000
Net gain/(loss) on disposal of property plant and equipment	10	-
Net gain/(loss) on disposal of property plant and equipment	10	-

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

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

4. THE ASSETS WE INVESTED IN

4.2 Intangible assets

	2022 \$'000	2021 \$'000
Gross carrying amount		
Opening balance	5,928	5,721
Additions	6	207
Software Impairment relating to cloud upgrade	(3,433)	-
Closing balance	2,501	5,928
Gross carrying amount of accumulated amortisation		
Opening balance	(4,328)	(3,814)
Amortisation charge	(550)	(514)
Software Impairment relating to cloud upgrade	2,534	-
Closing balance	(2,344)	(4,328)
Net carrying amount at end of the year	157	1,601

Initial recognition

Internally generated intangible assets

When recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use.

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

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

Configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement

SaaS arrangements are service contracts providing BHI with the right to access the software provider's application software over the contract period. Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where BHI has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset. Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide BHI with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs capitalised as a prepayment are recognised as expenses over the duration of the SaaS contract.

4. THE ASSETS WE INVESTED IN

4.2 Intangible assets (continued)

Judgement is required in determining whether:

- costs incurred result in the creation of an intangible asset that meets the recognition criteria in AASB 138;
- the configuration and customisation costs provide a distinct service where such costs do not give rise to the recognition of an intangible asset.

Subsequent measurement

Intangible assets 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.

Intangible assets recognised in accordance with AASB 1059 are subsequently measured under the revaluation model.

Impairment of intangible assets

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

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Comprehensive Operating Statement. Impairment of goodwill is not reversed.

4. THE ASSETS WE INVESTED IN

4.3 Depreciation and amortisation

Depreciation and amortisation is provided on software, property, plant and equipment, freehold buildings, right-of-use assets.

Depreciation and amortisation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Right-of-use assets and leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight-line method. The only exception is where BHI expects to obtain ownership of the leased asset at the end of the lease term, where in such instances, the right-of-use assets and leasehold improvements will be depreciated over their expected useful lives.

Depreciation and amortisation methods and useful life used for each class of depreciable assets are:

Class of assets	Useful life	Method
Buildings	5 – 60 years	Straight Line
Plant and equipment	3 – 30 years	Straight Line
Motor vehicles	3 – 6 years, residual 44-60%	Straight Line
Leasehold improvements	8 – 20 years	Straight Line
Right of use assets	Lease term	Straight Line
Intangible assets	5 years	Straight Line
Software	5 – 10 years	Straight Line

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

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

4.4 Investments and other financial assets

	2022 \$'000	2021 \$'000
Current investments and other financial assets		
Unitholding receivable	3,958	2,244
Provision for share of earnings	4,372	3,525
Non-current investments and other financial assets		
Unitholding	1,460	1,460
Total investments and other financial assets	9,790	7,229

BHI's investment relates to the unitholding and distribution receivable from Cambridge Boxhill Language Assessment Unit Trust. Income is recognised from BHI's investments each reporting year based on the unitholding portion of the profit distribution. This is accounted for under AASB 128. The investment is carried at Fair Value to profit and loss and the yearly profit distribution is accounted for in the other economic flows.

5. BALANCES FROM OPERATIONS

5.1 Receivables

	2022 \$'000	2021 \$'000
Current		
Trade receivables	3,707	3,859
Loss allowance on trade receivables	(2,156)	(2,100)
Contestable Funding	2,113	3,729
Other receivables	6,047	5,859
Total	9,711	11,347
Statutory		
GST input tax credit recoverable	122	245
Total	9,833	11,592

Receivables consist of:

- contractual receivables, which include mainly debtors in relation to education delivery. Total contractual receivables mainly consists of \$6.815m contract receivables and \$5.052m contract assets with a loss allowance of \$2.2m
- statutory receivables, predominantly GST input tax credits recoverable

Receivables other than sale of goods and services are stated exclusive of the amount of GST receivable. Receivables that are contractual are classified as financial instruments. Statutory receivables are recognised and measured similarly to contractual receivables, but are not classified as financial instruments and are not included in the category of financial assets at amortised cost, because they do not arise from a contract.

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

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 current receivables, their carrying amount approximates the 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.

The movement in the allowance for impairment in respect of trade receivables during the year is shown in the following table.

	2022 \$'000	2021 \$'000
Balance at the beginning of the year	2,100	3,370
Amounts written off	(140)	(685)
Reversal of unused loss allowance recognised in net result	(354)	27
Increase in loss allowance recognised in net result	550	(613)
Balance at the end of the year	2,156	2,100

5. BALANCES FROM OPERATIONS

5.1 Receivables (continued)

In respect of trade and other receivables, BHI is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

Ageing analysis of contractual receivables

2022	Carrying amount \$'000	Not past due and not impaired \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000
Trade receivables	3,766	1,877	643	397	343	505
Loss allowance on Trade Receivables	(2,156)	-	(911)	(397)	(343)	(505)
Amount receivable from government	3,421	-	3,421	-	-	-
Other receivables	4,680	(58)	4,738	-	-	-
Total	9,711	1,819	7,891	-	-	-

2021	Carrying amount \$'000	Not past due and not impaired \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000
Trade receivables	3,859	433	2,267	205	676	278
Loss allowance on trade receivables	(2,100)	-	(122)	(106)	(674)	(1,198)
Amount receivable from governments	4,901	-	3,953	-	-	948
Other receivables	4,687	-	4,687	-	-	-
Total	11,347	433	10,785	99	2	28

Note: The disclosures above exclude statutory receivables (e.g. GST credits).

The average credit period on receivables is 30 days.

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

5. BALANCES FROM OPERATIONS

5.2 Other non-financial assets

	2022 \$'000	2021 \$'000
Current		
Prepayments	2,920	1,978
Inventories	206	203
Deferred Expenditure	-	681
Total current other non-financial assets	3,126	2,862
Total other non-financial assets	3,126	2,862

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 and other items held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations.

Cost, includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to other high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

5. BALANCES FROM OPERATIONS

5.3 Payables

	2022 \$'000	2021 \$'000
Current		
Contractual		
Supplies and services	4,167	3,117
Refund liability	3,331	4,341
Other payables	438	500
Total contractual payables	7,935	7,958
Statutory		
FBT payable	23	3
Other taxes payable	678	411
Total statutory payables	701	414
Total current payables	8,636	8,372

Payables consist of:

- contractual payables, such as accounts payable and refund liabilities. 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 and fringe benefits tax payable.

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

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

5. BALANCES FROM OPERATIONS

5.3 Payables (continued)

Ageing analysis of contractual payables

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.

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000
2022						
Supplies and services	4,166	4,166	-	-	-	-
Accrued expenses	3,331	3,331	-	-	-	-
Lease incentive liabilities	438	5	16	42	313	63
Total	7,935	7,502	16	42	313	63
2021						
Supplies and services	3,117	3,001	3	113	-	-
Accrued Expenses	4,341	4,341	-	-	-	-
Lease incentive liabilities	500	4	16	42	313	125
Total	7,958	7,346	19	155	313	125

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

Due to their short-term nature, the carrying amounts of trade and other payables are not considered to be materially different to their fair values.

5. BALANCES FROM OPERATIONS

5.4 Contract and other liabilities

Refer to 2.2 for further information around revenue recognised in relation to contract liabilities.

	2022 \$'000	2021 \$'000
Contract liabilities		
Student fees	4,970	4,459
Fee for service	238	1,398
Other	-	23
Total contract liabilities	5,208	5,880

Contract liabilities

Any fees received by BHI during the current financial year in respect of performance obligations that have not been satisfied are classified as a liability and recognised as a contract liability.

5.5 Employee benefits in the balance sheet

	2022 \$'000	2021 \$'000
Current provisions		
Employee benefits - Annual leave		
Unconditional and expected to settle within 12 months	3,885	4,242
Unconditional and expected to settle after 12 months	567	597
Employee benefits - Long service leave		
Unconditional and expected to settle within 12 months	891	998
Unconditional and expected to settle after 12 months	5,858	5,924
Provisions for on-costs		
Unconditional and expected to settle within 12 months	780	829
Unconditional and expected to settle after 12 months	1,050	1,033
Total current provisions for employee benefits	13,030	13,623

Non-current provisions		
Employee benefits	1,841	2,158
Employee benefits on-costs	301	342
Total non-current provisions	2,141	2,500

Total employee provisions	15,171	16,123
----------------------------------	---------------	---------------

5. BALANCES FROM OPERATIONS

5.5 Employee benefits in the balance sheet (continued)

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

All assumptions are reviewed at each reporting date.

The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	2022 \$'000	2021 \$'000
Unconditional and expected to settle within 12 months	5,555	6,069
Unconditional and expected to settle after 12 months	7,474	7,554
Total current employee provisions	13,030	13,623

5. BALANCES FROM OPERATIONS

5.6 Other provisions

	2022 \$'000	2021 \$'000
Non-current		
Make good provision	2,286	2,254
Total other provisions	2,286	2,254

Make good provision

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

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

6. HOW WE FINANCED OUR OPERATIONS

6.1 Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank and on hand	3,078	4,900
Deposits at call	25,216	24,321
Total cash and deposits	28,294	29,221

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call.

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

	2022 \$'000	2021 \$'000
Net result for the year	(413)	2,938
Non-cash movements		
Depreciation / amortisation of non-financial assets	13,198	14,177
Net (gain) / loss on sale of non-financial assets		
Impairment and forgiveness of loans and receivables	(7,475)	866
Impairment of non-financial assets	892	-
Gain on reversal of make good provision	-	(542)
Retained earnings adjustment	-	(415)
Share of profits of associates and joint venture	(2,561)	(679)

Other cash movements		
Share of profits of associates and joint venture	(6,280)	(3,902)

Movements in assets and liabilities		
Decrease / (increase) in receivables, including contract assets	1,729	539
Decrease / (increase) in other assets	(264)	615
(Decrease) / increase in payables	2,712	4,253
(Decrease) / increase in provisions	(952)	2,385
(Decrease) / increase in contract liabilities	(672)	(2,110)

Net cash flows from / (used in) operating activities	(87)	18,125
---	-------------	---------------

Per cash flow statement	(87)	18,125
--------------------------------	-------------	---------------

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

6. HOW WE FINANCED OUR OPERATIONS

6.2 Borrowings

	2022 \$'000	2021 \$'000
Non-current		
Advances from Government	3,125	7,500
Total borrowings	3,125	7,500

Advances from Government

Advances from Government are initially measured at fair value, being the cost of the interest bearing liabilities, and where applicable, adjusted for transaction costs unless BHI designated a financial liability at fair value through profit or loss.

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.

For advances at amortised cost, any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

For advances at fair value through profit or loss, any changes in its fair value and if applicable, any interest related charges are reported in profit or loss.

During 2022 BHI received a deed from the Department of Education and Training which agreed to forgive, discharge and release in full the debt relating to its interest-free loan. The total value of the debt forgiven was \$7.5m.

Changes in liabilities arising from financing activities

	Advances from Government \$'000
Balance at 1 July 2021	7,500
Balance as at 31 December 2021	7,500
Advances from Government	3,125
Forgiveness of Loan	(7,500)
Balance as at 31 December 2022	3,125

The fair values were not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

6.3 Contributed capital

	2022 \$'000	2021 \$'000
Balance at 1 January	27,124	27,124
Balance at 31 December	27,124	27,124

Funding that is in the nature of contributions by the Victorian State Government are treated as contributed capital when designated in accordance with UIG Interpretation 1038 *Contribution by Owners Made to Wholly-Owned Public Sector Entities*. Capital funds provided by the Commonwealth Government are treated as income.

6. HOW WE FINANCED OUR OPERATIONS

6.4 Leases

Policy

At inception of a contract, BHI will assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- the contract involves the use of an identified asset;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

As a lessee

BHI recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

Right-of-use assets that arise from below market (including peppercorn) leases, which are to be measured at cost in accordance with FRD 123 Transitional requirements on the application of AASB 16 Leases.

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). Generally, BHI uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that BHI is reasonably certain to exercise, lease payments in an optional renewal period if BHI is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless BHI is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured:

- when there is a change in future lease payments arising from a change in an index or rate;
- if there is a change in BHI's estimate of the amount expected to be payable under a residual value guarantee; or
- if BHI changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

6. HOW WE FINANCED OUR OPERATIONS

6.4 Leases (continued)

Peppercorn leases

BHI has elected to apply the option available under AASB 16 which allows not-for-profit entities to not measure right of use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Right of use assets	Property \$'000	Vehicles \$'000	Other \$'000	Total \$'000
2022				
Balance as at 1 January 2022	23,608	454	1,759	25,821
Additions	-	105	-	105
Modifications	-	(20)	-	(20)
Amortisation	(2,570)	(157)	(338)	(3,065)
Balance as at 31 December 2022	21,038	382	1,421	22,841

2021				
Balance as at 1 January 2021	26,819	262	2,104	29,185
Additions	-	336	-	336
Modifications	8	(8)	-	-
Amortisation	(3,219)	(136)	(345)	(3,700)
Balance as at 31 December 2021	23,608	454	1,759	25,821

Lease liabilities

	2022 \$'000	2021 \$'000
Maturity analysis – contractual undiscounted cash flows		
Within one year	2,763	2,606
Later than one year but not later than five years	12,351	12,309
Later than five years	8,820	11,401
Total discounted lease liabilities as at 31 December	23,934	26,316

Current	2,763	2,606
Non-current	21,171	23,710
Total lease liabilities	23,934	26,316

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments

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

Categories of financial instruments

	2022 \$'000	2021 \$'000
Contractual financial assets		
Financial assets measured at amortised cost		
Cash and cash equivalents	28,294	29,221
Trade receivables	1,552	1,759
Amount receivable from Government	2,113	4,901
Revenue receivable	6,000	4,640
Other receivables (security deposits)	47	47
Financial assets measured at fair value through profit or loss		
Investment and other financial assets	9,790	7,229
Total contractual financial assets	47,795	47,797

Contractual financial liabilities		
Loans and payables		
Supplies and services	4,167	3,117
Other payables (lease incentive liabilities)	438	500
Accrued Expense	3,331	4,341
At amortised cost		
Borrowings (Advances from Government)	3,125	7,500
Total contractual financial liabilities	11,060	15,458

Note: The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

Categories of financial instruments

BHI classifies its financial assets at amortised cost only if both of the following criteria met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets measured at amortised cost are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method (and for assets, less any necessary impairment).

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

BHI recognises the following assets in this category:

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

Financial liabilities at amortised cost are initially recognised on the date they originate. 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. BHI recognises the following liabilities in this category:

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1.1 Financial risk management objectives and policies

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

BHI's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of BHI. BHI uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Primary responsibility for the identification and management of financial risks rests with BHI's finance function, overseen by the Audit and Risk Committee of BHI on behalf of the Board.

7.1.2 Credit risk

Credit risk refers to the possibility that a customer 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 monitored on a regular basis. BHI monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

- all potential customers are rated for credit worthiness taking into account their size and financial standing; and
- customers that do not meet BHI's strict credit policies may only purchase via credit cards or EFT.

The trade receivables balances at 31 December 2022 and 31 December 2021 largely relate to student debtors, sponsor debtors, other debtors who engage BHI to provide training services or short courses as well as government agencies. These balances do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

BHI does not hold any security on the trade receivables balance. In addition, BHI does not hold collateral relating to other financial assets.

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

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

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

BHI's transactional cash holdings are held with commercial authorised deposit-taking institutions with AA- credit ratings.

7. MANAGING RISKS AND UNCERTAINTIES

7.1.2 Credit risk (continued)

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

	Financial institution (AA-rating) \$'000	Government agencies (AAA-rating) \$'000	Other counterparty \$'000	Total \$'000
2022				
Cash and cash equivalents	28,294	-	-	28,294
Receivables	-	9,597	114	9,711
Investments and other financial assets	-	-	9,790	9,790
Total contractual financial assets	28,294	9,597	9,904	47,795
2021				
Cash and cash equivalents	29,221	-	-	29,221
Receivables	-	10,020	1,327	11,347
Investments and other financial assets	-	-	7,229	7,229
Total contractual financial assets	29,221	10,020	8,556	47,797

Note: The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

AASB 9 uses an 'expected credit loss' (ECL) model. Under this model, loss allowances are measured on either of the following bases:

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1.2 Credit risk (continued)

In measuring expected credit losses, trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 60 months before 31 December 2022 and the past 48 months before 31 December 2021, as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. BHI has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

The following table provides information about the estimated exposure to credit risk and ECLs for trade and other receivables as at 31 December 2022:

	Estimated gross carrying amount \$'000	Weighted average loss rate %	Estimated loss allowance \$'000	Credit impaired (yes / no)
31 Dec 2022				
Current (not past due)	1,819	0%	-	No
31 – 60 days past due	8,803	10%	(911)	No
61 – 90 days past due	397	100%	(397)	No
More than 90 days past due	848	100%	(848)	No
	11,867		(2,156)	
31 Dec 2021				
Current (not past due)	433	0%	-	No
31 – 60 days past due	10,907	1%	(122)	No
61 – 90 days past due	205	52%	(106)	No
More than 90 days past due	1,902	98%	(1,872)	No
	13,447		(2,100)	

Loss rates are based on actual credit loss experience. These rates are multiplied by scale factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and BHI's view of economic conditions over the expected lives of the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with BHI, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

7. MANAGING RISKS AND UNCERTAINTIES

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

BHI's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in Note 7.1.

BHI manages liquidity risk by:

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

BHI's exposure to liquidity risk is deemed to be not material based on prior periods' data and current assessment of risk.

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

7.1.4 Market risk

In its daily operations, BHI, is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse effect on the operating result and /or net worth of the BHI.

The Board ensures that all market risk exposure is consistent with the BHI's business strategy and within the risk tolerance of the BHI. Regular risk reports are presented to the Board.

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

Foreign currency risk

BHI's exposure to foreign currency risk relates to the delivery of services in currencies other than the Australian dollars, 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 as at 31 December 2022.

BHI manages its exposure to foreign currency risk by predominantly transacting in Australian dollar. 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.

The objective is to manage the interest rate risk to achieve stable and sustainable net interest earnings in the long term. This is managed predominantly through a mixture of short term and longer term investments. Management monitors movement in interest rates on a monthly basis.

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

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

The weighted average effective rate for cash at bank for 2022 was 1.5% (2021, 0.1%)

The weighted average effective rate for deposits at call for 2022 was 1.6% (2021, 0.3%)

A reasonably possible increase of 50 basis points (2021: 50 basis points) in interest rates at the reporting date would have increased equity and net result by \$141k (2021, \$146k). 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. MANAGING RISKS AND UNCERTAINTIES

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 of \$55K for 2022 (2021 \$194K).

Management are aware of some legal matters that could have a material impact on the Institute. There is a lack of certainty around the likely timing or amount of cash outflow that could be required in respect of these matters.

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:

- land, buildings, plant and equipment, vehicles, and leasehold improvements.

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

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

Fair value estimation

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

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

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.

A summary of changes between levels can be found in Note 7.3(a).

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

Fair value determination of financial assets and liabilities

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

There is no reportable difference between the carrying amount and fair value for the year ended 31 December 2022.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

(a) Fair value determination of non-financial assets including right of use assets

BHI holds property, plant and equipment for which fair values are determined.

BHI, in conjunction with the Valuer-General Victoria (VGV), monitors changes in the fair value of each asset through relevant data sources to determine whether revaluations are required. The recurring fair value measurements of non-financial physical assets, such as land and buildings, are based on Level 2 observable inputs and Level 3 unobservable inputs due to the nature and characteristics of BHI's campus assets. There is little or no observable market evidence of the market selling price of campus assets as they are specialised assets with a Community Service Obligation (CSO) applied.

Right of use assets that arose from below market (including peppercorn) leases, were measured at cost in accordance with FRD 123 Transitional requirements on the application of AASB 16 Leases.

The table below shows the relevant fair value information relating to those assets.

		Fair value hierarchy		
		Level 1 Quoted prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000
2022				
Non-specialised land	85,661	-	85,661	-
Specialised land	199,575	-	-	199,575
Total land at fair value	285,236	-	85,661	199,575
Buildings	211,731	-	-	211,731
Total buildings at fair value	211,731	-	-	211,731
Plant and equipment	19,119	-	-	19,119
Vehicles	142	-	-	142
Leasehold improvements	3,288	-	-	3,288
Artworks	539	-	539	
Right of use assets	22,841	-	-	22,841
Total other assets at fair value	45,929	-	539	45,390
2021				
Non-specialised land	36,095	-	36,095	-
Specialised land	262,798	-	-	262,798
Total land at fair value	298,893	-	36,095	262,798
Buildings	190,594		-	190,594
Total buildings at fair value	190,594	-	-	190,594
Plant and equipment	18,176	-	-	18,176
Vehicles	160	-	-	160
Leasehold improvements	3,596	-	-	3,596
Artworks	328	-	328	-
Land improvements	-	-	-	-
Right of use assets	25,821	-	-	25,821
Total other assets at fair value	48,081	-	328	47,753

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Impairment

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

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

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

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

(b) Valuations of property, plant and equipment

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 103 Non-financial Physical Assets issued by the Assistant Treasurer. A full revaluation of education assets normally occurs every five years, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations with interim revaluations determined in accordance with the requirements of the FRD. Revaluation increases and decreases arise from differences between an asset's carrying value and the fair value. Consistent with all government education assets, an independent valuation of all land and buildings was performed by the Valuer-General Victoria with an effective date of 31 December 2022.

During the current year, the RBA have progressively increased the cash rate target from 0.1% at 1 January to 3.1% by year end. The RBA have taken these measures in response to higher than target inflation rates currently being experienced in the Australian economy. The increases in the cash rate target has had a consequential impact on the risk free and capitalisation rates used in determining the fair value of non-financial assets and creates increased estimation uncertainty as the market continues to adjust.

Further, rising costs of construction and inflation creates estimation uncertainty for assets measured at current replacement cost.

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

For non-specialised land, an independent valuation was performed by the Valuer General Victoria with an effective date of 31 December 2022. 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 does not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Specialised land and specialised buildings: the market approach is also used for specialised land, although is adjusted for the Community Service Obligation (CSO) to reflect the specialised nature of the land being valued.

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

For BHI's majority of specialised buildings, the current replacement cost method is used. The replacement cost of specialised buildings is based on comparing the existing building with a modern equivalent, then adjusting for associated depreciation. 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 specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 31 December 2022.

Construction in progress assets are held at cost. BHI transfers the assets out of construction in progress and into the relevant asset category when they are ready for use.

Motor vehicles are valued using the current 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 during use 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 current replacement cost method.

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

Right-of-use assets are recognised initially at an amount equal to the lease liability according to AASB 16.C8 b(ii) and valued at current replacement costs over the life of the applicable leases. There is no evidence of a reliable market-based fair value (or other relevant fair value indicators) for right-of-use assets and depreciated cost is the fair value for these types of assets. These assets have been classified as level 3 under the fair value hierarchy for 2022 based on significant unobservable inputs. Using current rental and review of ROU assets fair value assessment, the movement is much lower than the 10% threshold hence no managerial revaluation is required and no impact on the fair value of ROU properties. There is an increase of estimation uncertainty in relation to ROU properties and valuations during COVID 19.

There were no changes in valuation techniques throughout the period to 31 December 2022.

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

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Reconciliation of level 3 items for the periods ended 31 Dec 2021 and 31 Dec 2022

	Leasehold improvements \$'000	Specialised land and buildings \$'000	Right-of-use assets \$'000	Other assets \$'000
Level 3 Fair value measurements 2021				
As at 1 January 2021	3,970	377,695	29,183	18,439
Additions	-	8,465	337	1,220
Disposals	-	-	-	-
Depreciation	(619)	(4,867)	(3,699)	(4,478)
Revaluation	-	68,162	-	-
Write-ups/transfers/(write-offs)	245	3,937	-	3,155
Transfers into or out of Level 3	-	-	-	-
Balance as at 31 December 2021	3,596	453,392	25,821	18,336

Level 3 Fair value measurements 2022				
As at 1 January 2022	3,596	453,392	25,821	18,336
Additions	150	3,382	105	3,104
Disposals	-	-	(20)	-
Depreciation	(458)	(4,852)	(3,065)	(4,272)
Revaluation	-	3,968	-	-
Write-ups/transfers/(write-offs)	-	1,216	-	2,095
Transfers into or out of Level 3	-	(45,800)	-	-
Balance as at 31 December 2022	3,288	411,306	22,841	19,263

Description of significant unobservable inputs to Level 3 valuations

2022 and 2021	Valuation technique	Significant unobservable inputs	Estimated sensitivity
Specialised land	Market approach	Community service obligation (CSO) adjustment and heritage registrations.	A significant increase or decrease in the CSO adjustment would result in a significantly higher or lower fair value
Specialised buildings	Current replacement cost	Useful life of buildings and cost per square metre	A change in the useful life of the buildings and/or cost per square metre would result in a significantly higher or lower fair value
Motor vehicles	Current replacement cost	Useful life of vehicles	A change in the useful life may have an impact on the fair value (higher / lower)
Plant and equipment	Current replacement cost	Useful life of plant and equipment	A change in the useful life may have an impact on the fair value (higher / lower)
Leasehold improvements	Current replacement cost	Useful life of lease	A change in the useful life may have an impact on the fair value (higher / lower)
Right of use assets	Current replacement cost	Useful life of right of use asset lease term	A change in the useful life may have an impact on the fair value (higher / lower)

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

8. GOVERNANCE DISCLOSURES

8.1 Responsible persons

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

The persons who held the positions of Ministers and Accountable Officers in BHI were as follows:

Position	Name	Relevant Period
Minister for Training and Skills and Higher Education	The Hon. Gayle Tierney MLC	1 January 2022 to 31 December 2022
Board Chair	Ms Tracey Cooper	1 January 2022 to 31 December 2022
CEO / Managing Director	Mr Grant Radford	21 June 2022 to 31 December 2022
Interim CEO/Managing Director	Ms Laura Macpherson	25 February 2022 to 20 June 2022
CEO / Managing Director	Ms Vivienne King	1 January 2022 to 24 February 2022
Board Member	Mr Jack Diamond	1 January 2022 to 7 January 2022
Board Member	Mr Allan Moore	1 January 2022 to 31 December 2022
Board Member	Ms Amanda Brook	1 January 2022 to 31 December 2022
Board Member	Ms Annabelle Roxon	1 January 2022 to 31 December 2022
Board Member	Mr Haydn Pound	1 January 2022 to 31 December 2022
Board Member	Ms Jane Foley	1 January 2022 to 31 December 2022
Board Member	Mr Phillip Davies	1 January 2022 to 31 December 2022
Board Member	Ms Susan Pelka	1 January 2022 to 31 December 2022
Board Member	Mr Anthony Nippard	1 January 2022 to 31 December 2022
Board Member	Mr Ashley Van Krieken	1 January 2022 to 31 December 2022

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of BHI during the reporting period was in the range: \$420,000 – \$429,999 (2021: \$350,000 – \$359,999).

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

	2022	2021
Income range		
Less than \$10,000	1	-
\$10,000 – \$19,999	-	2
\$20,000 – \$29,999	-	2
\$40,000 – \$49,999	9	8
\$70,000 – \$79,999	1	-
\$80,000 – \$89,999	-	1
Total number	11	13
Total remuneration (\$'000)	501	527

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

8. GOVERNANCE DISCLOSURES

8.2 Remuneration of executives

The number of executive officers, other than the Accountable Officer, and their total remuneration during the reporting period is 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.

	2022 \$'000	2021 \$'000
Remuneration		
Short-term employee benefits	1,368	1,702
Post-employment benefits	156	186
Termination benefits	167	158
Total remuneration	1,691	2,046
Total number of executives	11	12
Total annualised employee equivalents (i)	6	8

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

8.3 Related parties

Related parties of 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 entities that are controlled and consolidated into BHI's consolidated financial statements (see Note 9.3); and
- all departments and public sector entities that are controlled and consolidated into the whole-of-state consolidated financial statements.

BHI has had material government related party transactions for the period ending 31 December 2022, further information can be found in Note 2.1 and outstanding balances with a government related party at Note 5.1. BHI had no related party transactions with other entities for the period ending 31 December 2022.

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

- Box Hill Enterprises Ltd

8. GOVERNANCE DISCLOSURES

8.3 Related parties (continued)

Key management personnel of BHI include the Minister for Training and Skills and Higher Education, the members of the BHI Board, Chief Executive Officer/Managing Director, and members of the Executive Leadership Team, which at 31 December 2022 comprised:

- Executive Director People Culture & Transformation, Aggie Kost
- Executive Director Student Experience, Hemant Kokularupan
- Executive Director Academic Governance, Susan Spozetta
- Acting Executive Director Commercial, Paul Newnham
- Chief Operating Officer, Jane Grover
- Executive Director Educational Delivery, Jane Trewin
- Chief Financial Officer, Matthew Graver

Compensation of key management personnel

	2022 \$'000	2021 \$'000
Remuneration		
Short-term employee benefits	2,225	1,937
Post-employment benefits	227	178
Termination benefits	167	-
Total remuneration	2,618	2,115

Transactions and balances with key management personnel and other related parties

BHI had no related party transactions with key management personnel for the period ended 31st December 2022.

8.4 Remuneration of auditors

	2022 \$'000	2021 \$'000
Remuneration of the Victorian Auditor-General's Office		
Audit of the financial statements	127	112
Total remuneration of the Victorian Auditor-General's Office	127	112
Remuneration of other auditors		
Internal audit services	120	104
Other audit services	77	128
Total remuneration of other auditors	197	232
Total	324	344

(i) The Victorian Auditor-General's Office is not allowed to provide non-audit services. The audit fee cost includes the audit of Box Hill Institute and Box Hill Enterprises financial statements.

9. OTHER DISCLOSURES

9.1 Other economic flows included in net result

	2022 \$'000	2021 \$'000
(a) Net gain/(loss) on financial instruments		
Impairment of loans and receivables	(30)	(866)
Total net gain/(loss) on financial instruments	(30)	(866)
(b) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	1,096	(31)
Net gain/(loss) arising from revaluation of annual leave liability	21	(36)
Share of net profit of associates excluding dividends	8,841	4,581
Profit on sale of assets	10	-
Impairment of assets	(902)	-
Gain on reversal of make good provision	-	542
Total other gains/(losses) from other economic flows	9,067	5,056
Total other economic flows included in net result	9,037	4,190

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

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

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

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

9. OTHER DISCLOSURES

9.2 Other equity reserves

	2022 \$'000	2021 \$'000
Physical asset revaluation surplus		
Balance at 1 January	384,234	309,409
Revaluation increment/(decrement) on non-current assets	7,945	74,825
Balance at 31 December	392,179	384,234
Restricted fund surplus		
Balance at 1 January	1,183	1,183
Transfers from accumulated Surplus	(37)	-
Balance at 31 December	1,146	1,183
Total reserves balance at 31 December	393,325	385,417

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

9. OTHER DISCLOSURES

9.3 Ex gratia expenses

	2022 \$'000	2021 \$'000
Compensation for economic loss	-	-
Total ex gratia payments	-	-

No ex gratia payments were made to departing staff during 2022 (2021, Nil)

9.4 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entity, which has the same year end as BHI:

Controlled entities	Country of incorporation	Class of shares	2022 %	2021 %
Box Hill Enterprises Ltd	Australia	Limited by guarantee	100	100

Box Hill Enterprises Pty Ltd

BHI is deemed to have control over Box Hill Enterprises (BHE) as BHI holds 100% of the share capital issued by BHE.

BHE is in the process of being wound up and is not considered to be a going concern at 31st December 2022.

9.5 Events after reporting date

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

On 5 December 2022, the Government issued an administrative order restructuring some of its activities via machinery of government changes, effective 1 January 2023. As part of the machinery of government restructure, overall administrative responsibility for BHI was transferred from the Department of Education and Training, to the Department of Jobs, Skills, Industry & Regions. This change is not anticipated to have any significant impacts on the overall operations or financial position of BHI moving forward, as the Responsible Ministers have not changed.

9.6 Application of standards issued but not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 31 December 2022 reporting period.

AASB 2022-3 - Amendments to Australian Accounting Standards - Illustrative examples for NFPs accompanying AASB 15 amends the Australian illustrative examples for not-for-profit entities accompanying AASB 15 Revenue from Contracts with Customers to illustrate how AASB 15 applies to the recognition and measurement of upfront fees. The amendments do not change the requirements of AASB 15. The Basis for Conclusions also document the Board's decision to retain the accounting policy choice on an ongoing basis for NFP private sector lessees to elect to initially measure a class of right-of-use assets arising under concessionary leases at cost or at fair value. The amendment is not expected to impact BHI and BHI will not early adopt the standard.

AASB 2020-1 - Amendments to Australian Accounting Standards - Classification of liabilities as current or non-current amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued *2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non current - Deferral of Effective Date* to defer the application by one year to periods beginning on or after 1 January 2023. The amendment is not expected to impact BHI and BHI will not early adopt the standard.

9. OTHER DISCLOSURES

9.6 Application of standards issued but not yet effective (continued)

AASB 2021-2 - Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates amends:

- *AASB 7 - Financial Instruments;*
- *AASB 7 - Presentation of Financial Statements;*
- *AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors; and*
- *AASB 134 - Interim Financial Reporting.*

The Standard also makes amendments to *AASB Practice Statement 2 Making Materiality Judgements* (December 2017). These amendments arise from the issuance by the International Accounting Standards Board (IASB) in February 2021 of the following International Financial Reporting Standards:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and*
- *Definition of Accounting Estimates (Amendments to IAS 8)*

The amendment is not expected to impact BHI and BHI will not early adopt the standard.

AASB 2021-7c - Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections is the first of a three part series of amendments, that defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018. The amendment is not expected to impact BHI and BHI will not early adopt the standard.

9.7 New or amended Accounting Standards and Interpretations adopted

BHI has adopted *AASB 2021-7a - Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* from 1 January 2022. The amendment, which is the first of a three part series of amendments, makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The amendment has not had a material impact on the consolidated entity's financial statements.

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 2022 • declaration by the Board Chair, Chief Executive Officer/Managing Director and Chief Financial Officer. <p>In my opinion, the performance statement of Box Hill Institute in respect of the year ended 31 December 2022 presents fairly, in all material respects, in line with the reporting requirements outlined by the Minister in the statement of priorities.</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 are 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.</p> <p>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 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.



Charlotte Jeffries

as delegate for the Auditor-General of Victoria

MELBOURNE
27 March 2023

Box Hill Institute

Performance Statement for the year ended 31 December 2022

Declaration By Board Chair, Chief Executive Officer and Managing Director, and Chief Financial Officer

In our opinion, the accompanying Statement of Performance of Box Hill Institute, in respect of the year ended 31 December 2022, is presented fairly.

The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets where applicable, 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.



Tracey Cooper
Chair of the Board
Date: 23 March 2023
Place: Box Hill, Melbourne



Grant Radford
Chief Executive Officer and Managing Director
Date: 23 March 2023
Place: Box Hill, Melbourne



Matthew Graver
Chief Financial Officer
Date: 23 March 2023
Place: Box Hill, Melbourne

Box Hill Institute

Performance Statement for the year ended 31 December 2022

Indicator title	Description and methodology	Metric	2022 Target	2022 Actual	Explanation of variances	Prior year result
Training Revenue diversity	Breakdown of training revenue split by Government funded and Fee for Service <i>Training revenue split by:</i> • Government Funded • Fee for Service (FFS) • Student F&C	Percentage			Actual results in line with target.	
			46%	45%		47%
			42%	45%		42%
			12%	10%		11%
Employment costs as a proportion of training revenue	Employment and Third Party training delivery costs as a proportion of training revenue Government Funded and FFS) <i>Employment costs + 3rd party training delivery costs / Training Revenue</i>	Percentage	100.3%	109.3%	Demand for Vocational training was softer than expected in 2022. Employment costs were contained where possible, mainly through management of vacancies. Some new programs in 2022 contributed employee costs, where the associated income is not captured by this metric.	98.2%
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 FTE</i>	\$'000s	\$242.0	\$209.7	Lower demand for courses was partly offset by lower staffing levels, however this revenue shortfall was not able to be fully addressed through reduced headcount. Other operating cost containment measures implemented are not captured by this metric.	\$213.6
Operating margin percentage	Operating margin % <i>EBIT (excluding Capital Contributions) / Total Revenue (excluding Capital Contributions)</i>	Percentage	(6.6%)	(5.7%)	Organisational cost containment has offset lower revenue than Budgeted. As at 1 January 2022, the institute had an outstanding loan of \$7.5m owed to the Department of Education and Training. During the year, the Department forgave this loan. This loan forgiveness was recognised as other income and contributes to an improved result for this indicator compared to Target.	(3.6%)

Disclosure Index

Item No.	Source	Summary Of Reporting Requirement	Page Number
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
1.	FRD 22	Manner of establishment and the relevant Minister	5
2.	FRD 22	Purpose, functions, powers and duties	5
3.	FRD 22	Key initiatives and projects	7-8
4.	FRD 22	Nature and range of services provided	4, 7-8
MANAGEMENT AND STRUCTURE			
5.	FRD 22	Organisational structure	16-18
FINANCIAL AND OTHER INFORMATION			
6.	FRD 10	Disclosure Index	95-96
7.	FRD 22	Employment and conduct principles	23
8.	FRD 29	Workforce data disclosures	29-31
9.	FRD 22	Occupational health and safety policy	24
10.	FRD 22	Summary of the financial results for the year	19-20
11.	FRD 22	Significant changes in financial position during the year	19-20
12.	FRD 22	Summary of operational and budgetary objectives	3, 7-14, 90
13.	FRD 22	Major changes or factors affecting performance	19
14.	FRD 22	Subsequent events	89
15.	FRD 22	Application and operation of the <i>Freedom of Information Act 1982</i>	21
16.	FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	21
17.	FRD 22	Statement on National Competition Policy	21
18.	FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	22
19.	FRD 22	Application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act)	22
20.	FRD 22	Details of consultancies over \$10 000	28
21.	FRD 22	Details of consultancies under \$10 000	28
22.	FRD 22	Disclosure of government advertising expenditure	28
23.	FRD 22	Disclosure of ICT expenditure	26
24.	FRD 22	Summary of Environmental Performance	25
25.	FRD 22	Statement of availability of other information	27
26.	FRD 25	Local Jobs First	22
27.	SD 5.2	Specific requirements under Standing Direction 5.2	33
28.	CG 10 Clause 27	Summary of Major Commercial Activities	7-8
29.	CG 12 Clause 33	TAFE Institute Controlled Entities	87

COMPLIANCE ATTESTATION AND DECLARATION			
30.	SD 5.1.4	Financial Management Compliance Attestation Statement	21
31.	SD 5.2.3	Declaration in report of operations	89
FINANCIAL STATEMENTS			
DECLARATION			
32.	SD 5.2.2	Declaration in financial statements	33
OTHER REQUIREMENTS UNDER STANDING DIRECTIONS 5.2			
33.	SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	41
34.	SD 5.2.1(a)	Compliance with Standing Directions	35
OTHER DISCLOSURES AS REQUIRED BY FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
35.	FRD 11	Disclosure of ex-gratia expenses	89
36.	FRD 21	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report	84
37.	FRD 103	Non-financial physical assets	54-60
38.	FRD 110	Cash flow statements	40
39.	FRD 112	Defined benefit superannuation obligations	51
Note: References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are in the nature of disclosure			
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
40.	Legislation	Compliance statement	22, 26, 27
41.	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2022	22
42.	Policy	Statement of compliance with the Victorian Public Service Travel Policy	23
43.	KPIs	Key Performance Indicators: <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 	94
44.	PAEC and VAGO (June 2003 Special Review – Recommendation 11)	Overseas Operations: <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 	14-15

Notes

Notes

Notes



boxhill.edu.au | 1300 BOX HILL

BOX HILL INSTITUTE

BOX HILL CAMPUS

Elgar Campus
465 Elgar Road, Box Hill

Nelson Campus
853 Whitehorse Road, Box Hill

CITY CAMPUS

253 Flinders Lane, Melbourne

LILYDALE LAKESIDE CAMPUS

Jarlo Drive, Lilydale

