

# 2022 ANNUAL REPORT



# Acknowledgement of Country

Bendigo Kangan Institute acknowledges the traditional owners of the lands on which our campuses are located and pays its respects to Elders past and present.



Bendigo City campus

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We recognise that our campuses are located on the ancestral lands of the Djaara people of the Dja Dja Wurrung and Yorta Yorta Nations, the Wurundjeri Woiwurrung people of the Kulin Nations, and the Gunaikurnai people.

We share the vision of Reconciliation Australia that recognises the special place and culture of Aboriginal and Torres Strait Islander people as the First Australians.

Reconciliation will only be achieved if the past is acknowledged, the present understood, and the future based on equality, respect and genuine opportunity.

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# Message from the Chairperson

**Margaret O'Rourke**

On behalf of Bendigo Kangan Institute and its Board, I am pleased to present our Annual Report for 2022.

The past year has been full of significant achievements and challenges as we continued to feel the impacts of COVID-19.

I am proud of the contribution our people have made to our success this year, with Bendigo Kangan Institute winning the Large Training Provider of the Year Award at the Australian Training Awards. We were also recognised as the community award winner at the Victorian Chamber of Commerce COVIDSafe Business Awards. These achievements would not be possible without the commitment and support of our educators and staff across all our campuses. They work tirelessly to provide our students with the best experience in their vocational education and training.

Student success has also remained strong with two students, Franchesca Morrell and Desirae Kilduff, awarded Victorian Trainee of the Year and Koorie Student of the Year respectively at the Victorian Training Awards.

2022 was the first full year of a cohesive and robust Victorian TAFE network led by the new Office of TAFE Coordination and Delivery, alongside the new Victorian Skills Authority. Through this network we have collaborated closely with other TAFEs to share insights, including plans for environmental sustainability, as well as accessibility and inclusion. We look forward to the continued partnership in 2023 and opportunities to demonstrate and share best practice with the network.

We've continued to progress our *2020>2025 Strategic Plan* and in particular our three-year transformation program, North Star. In 2022 Bendigo Kangan Institute recorded a \$14.7 million deficit, as it continued its investment in the North Star program of works which will see Bendigo Kangan Institute being financially sustainable by 2024. The Board is confident in the financial sustainability of the organisation in the longer term as we continue to deliver on our *2020>2025 Strategic Plan*.

Through North Star, we're implementing our new student management system and have met our strategic goals to improve experience and student offering and achieve reaccreditation in 2022. North Star remains an essential part of the future success of Bendigo Kangan Institute and despite continuing challenges from COVID-19, the Board is pleased with how the plan is tracking.

On behalf of the Board, I would like to thank our Chief Executive Officer, Sally Curtain, and her Executive Team for the strong leadership they've shown throughout 2022. Their success in the face of continuing adversity is a testament to their passion and commitment to achieve the best student outcomes.

Finally, I'd like to pay tribute to the work of former Chairperson, Peter Harmsworth AO, and former Chair of the Finance, Audit and Risk Management Committee, Michael McCartney, for their significant contribution to Bendigo Kangan Institute and its Board. During his tenure, Mr Harmsworth was instrumental in the development of our *Innovate Reconciliation Action Plan*, launched in 2021. It was the first of its kind for the TAFE sector and something I know Mr Harmsworth is very proud of.

I look forward to leading a Board where we continue to work closely with government and industry to deliver training that meets the needs of our students, communities and economy.

23 February 2023  
Margaret O'Rourke

**CHAIRPERSON**

# Message from the CEO

## Sally Curtain



After transitioning from pandemic to recovery over the course of the past year, our work has never been more important in supporting our economy and our community. TAFE is now truly recognised as being at the heart of the vocational education and training sector and at the forefront of solving current urgent national skills shortages — while also providing students with the skills, knowledge and confidence to change their lives.

At Bendigo Kangan Institute in 2022, we demonstrated this at every level, continuing to place our students at the centre of everything we do and working closely with industry partners to deliver the best possible outcomes for both.

For much of this year, the continuing impact of the COVID-19 pandemic provided challenges with staff and students falling ill, which had an impact on our operations and face-to-face teaching and learning. Later in the year, some of our regional communities were affected by the Victorian floods, with Echuca particularly badly hit.

But from adversity comes innovation and a world of opportunity. We have continued to track well against our *2020>2025 Strategic Plan* and in progressing our three-year transformation program, North Star. At the beginning of 2020, the Board set the vision of becoming a leading provider of quality vocational education and training. Our win at the Australian Training Awards for Large Training Provider of the Year was the perfect realisation of that vision. Central to this achievement have been our people, whose dedication and commitment knows no bounds.

We are proud that we were able to deliver for our community in 2022 with more job-ready nurses and aged care workers to meet growing demand, and the launch of new cybersecurity and electric vehicle courses for the jobs of the future. In all, we established 70 commercial agreements with industry. In parallel, our students' satisfaction and outcomes improved in 2022. We also completed our Quality 2022 program, which was a comprehensive organisation-wide review and improvement exercise. This led to our registration being renewed by the Australian Skills Quality Authority (ASQA) for a further seven years. We also successfully updated a significant number of our training products to ensure they continue to be relevant to the latest needs of industry.

Improving our places is key to our plans for the future, and we delivered a range of campus enhancements through the course of the year, including a refurbished Health Hub at our Essendon campus and a dedicated youth space for VCAL students at Broadmeadows. Our Charleston Road Bendigo campus was upgraded to improve student experience, while our Bendigo TAFE City Campus Revitalisation Project won numerous Victorian and Australian awards. Builders have been appointed for our \$60 million Health and Community Centre of Excellence Project in Broadmeadows.

We demonstrated our state, national and international standing through events ranging from welcoming the Indian Education Minister Dharmendra Pradhan to our Automotive Centre of Excellence at Docklands; The Hon Brendan O'Connor, Minister for Skills and Training, to a jobs and skills roundtable at our Bendigo City campus; and Australian and Victorian Government Ministers and The Hon Daniel Andrews MP, Premier of Victoria, to a number of events including launches of the *2022 Victorian Skills Plan* and 55,000 fee-free TAFE places in Victoria. In the Victorian TAFE network, we have continued to play an active role, for example hosting the Victorian TAFE Association State Conference in Bendigo.

I'd like to thank former Chairperson Peter Harmsworth AO for his contribution to the success of Bendigo Kangan Institute over the last six years. On 31 October 2022, we welcomed Margaret O'Rourke as our new Chairperson.

Our growth this year has been driven by our strategic plan and delivering on it. We welcomed strong Australian and Victorian Government support in responding to skills shortages. We look forward to working together to deliver the Government's commitment to new training facilities, including Castlemaine, Sunbury and Broadmeadows. As we wrap up a big 2022, we are poised to play an even bigger role in delivering the jobs of the future and helping our students achieve their dreams.

23 February 2023  
Sally Curtain

**CHIEF EXECUTIVE OFFICER**



**SECTION ONE**

# Our Organisation



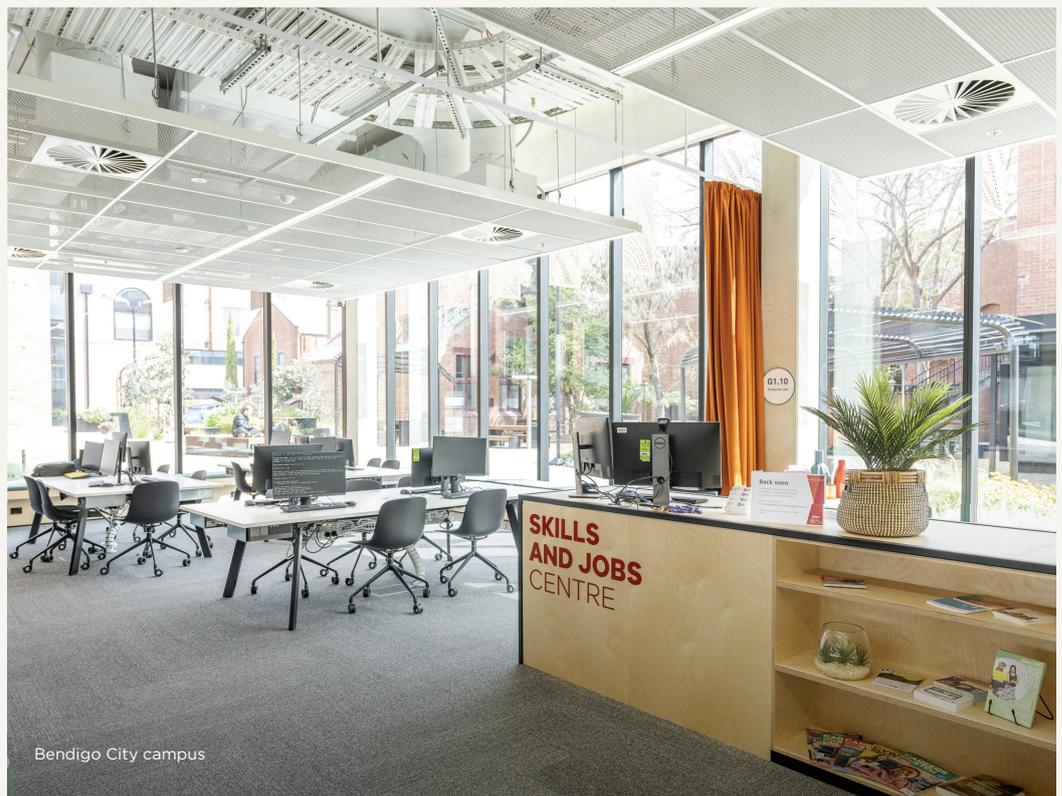
Bendigo City campus

## Functions, powers and duties

Bendigo Kangan Institute's functions, powers and duties are detailed in the *Education and Training Reform Act 2006* and the Constitution of Bendigo Kangan Institute.

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

- Directions of the Minister for Training and Skills and Higher Education (or predecessors)
- Commercial Guidelines — TAFE Institutes
- Strategic Planning Guidelines — TAFE Institutes
- *Public Administration Act 2004*
- *Financial Management Act 1994*
- *Freedom of Information Act 1982*
- *Building Act 1993*
- *Public Interest Disclosure Act 2012*
- *Local Jobs First Act 2003*
- *Carers Recognition Act 2012*
- *Infringements Act 2006*
- *Public Records Act 1973*



Bendigo City campus

## Bendigo Kangan Institute Board

The Bendigo Kangan Institute Board was established under the *Education Training and Reform Act 2006*. The Board reports to The Hon Gayle Tierney MP, Minister for Training and Skills and Higher Education. The Board sets the strategic direction and oversees and governs the operations of Bendigo Kangan Institute.

### BOARD MEMBERS AND COMMITTEES

as at 31 December 2022

#### BOARD MEMBERS

**Margaret O'Rourke**

CHAIR

**Professor Hal Swerissen**

DEPUTY CHAIR

**Anne Brosnan**

**Elizabeth Joldeski**

**Katrina Lai**

**Sally Curtain**

CEO

**Dr Margaret Salter**

**Fiona Schutt**

**Cheryl Woollard**

**Audrey Sanderson**

STAFF REPRESENTATIVE

#### FINANCE, AUDIT AND RISK MANAGEMENT COMMITTEE

**Fiona Schutt**

CHAIR

**Katrina Lai**

**Margaret O'Rourke**

**Dr Margaret Salter**

**Professor Hal Swerissen**

**Cheryl Woollard**

#### GOVERNANCE AND CULTURE COMMITTEE

**Cheryl Woollard**

CHAIR

**Margaret O'Rourke**

**Anne Brosnan**

**Dr Margaret Salter**

**Sally Curtain**

CEO

#### EDUCATION AND BUSINESS DEVELOPMENT COMMITTEE

**Professor Hal Swerissen**

CHAIR

**Anne Brosnan**

**Sally Curtain**

CEO

**Elizabeth Joldeski**

**Katrina Lai**

**Margaret O'Rourke**

**Audrey Sanderson**

STAFF REPRESENTATIVE

#### VETASSESS COMMITTEE

**Professor Hal Swerissen**

CHAIR

**Sally Curtain**

CEO

**Elizabeth Joldeski**

**Katrina Lai**

**Margaret O'Rourke**

### EXECUTIVE TEAM

as at 31 December 2022

Board of Directors				
<b>Sally Curtain</b> CHIEF EXECUTIVE OFFICER		<b>Jocelen Griffiths</b> CHIEF OF STAFF		<b>Lynn Pagoda</b> BOARD SECRETARY
<b>Janelle Arena</b> CHIEF INDUSTRY ENGAGEMENT AND EDUCATION OFFICER	<b>Michelle Paez-Kirkland</b> CHIEF GOVERNANCE AND QUALITY OFFICER (ACTING)	<b>Caroline Schmidt</b> CHIEF EXPERIENCE AND GROWTH OFFICER (ACTING)	<b>Michelle Johnston</b> CHIEF PEOPLE CULTURE AND STRATEGY OFFICER	<b>Graham Fryer</b> CHIEF OPERATING OFFICER
<b>Rob Thomason</b> EXECUTIVE DIRECTOR VETASSESS   EWORKS		<b>Annie Tiso</b> EXECUTIVE DIRECTOR CAMPUS TRANSFORMATION	<b>Phill Murphy</b> EXECUTIVE DIRECTOR STUDENT JOURNEY TRANSFORMATION	

## Businesses and campuses

Bendigo Kangan Institute has significant footprints in regional and metropolitan areas. As part of its TAFE activity, it operates nine campuses, within which are three Centres of Excellence in Automotive, Health and Community, and Food and Fibre. There are also two Skills and Jobs Centres at the Bendigo and Broadmeadows campuses.

In addition, Bendigo Kangan Institute is among three TAFE providers offering vocational education and training to the Victorian prison system, delivering training at public and private prisons and a secure forensic mental health facility. It also delivers training internationally through partnerships with overseas training institutes.

### BENDIGO KANGAN INSTITUTE COMPRISES FOUR BRANDS:



Provider of vocational education and training for central and northern metropolitan Melbourne.



Provider of vocational education and training in regional Victoria.



A leading Australian assessing authority and independent assessment-only registered training organisation for clients internationally. A central focus is the provision of high quality assessment services for skilled migration on behalf of the Federal Government.



One of Australia's leading e-learning delivery and consultancy specialists, with a strong foundation in servicing the national VET system, government organisations and the corporate sector, offering a range of training products and services to help businesses maximise the benefits of online education.





**SECTION TWO**

# Year In Review

Automotive Centre of Excellence, Docklands campus



## VISION

To be acknowledged as a leading educator and trainer in work and life skills, making a real difference for students and industry across the communities we serve.



## MISSION

To empower people and industry with the skills to create a bright future.



## VALUES

Passion, Accountability, Collaboration,  
Client Experience, Respect, Integrity.

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## 2020 > 2025 Strategic Plan

### STRATEGIC GOALS

- Making the student the central focus of what we do.
- Becoming recognised as a strong and responsive partner with industry.
- Building innovative training resources and practices.
- Maintaining a highly professional, efficient and engaged workforce and organisation.
- Becoming a financially sustainable TAFE.
- Building a reputation for academic quality and relevance with students and industry.
- Capturing a bigger and more diverse market share.

The strategic goals will be achieved through six activity streams:

1	IMPROVE OUR OFFERING
2	IMPROVE OUR EXPERIENCE
3	IMPROVE OUR PLACES
4	DIGITALLY ENABLE OUR OPERATIONS
5	BUILD A UNITED TAFE
6	BUILD A PROFESSIONAL AND FINANCIALLY SUSTAINABLE ORGANISATION

The *2020>2025 Strategic Plan* outlines our vision and the destination — where we want to be in 2025. Delivering key projects and initiatives that give substance to the six activity streams within the plan, North Star is the organisational transformation program to help us get there. By the end of 2022, Bendigo Kangan Institute completed 18 out of 40 projects.

# 2022 BY THE NUMBERS

 **34%**  
increase  
IN VETASSESS  
applications  
(compared to 2021)



# 25,291

**TOTAL ENROLMENTS**

(excluding corrections)



# 9,804

apprentices  
and trainees



# 4,609

Free TAFE  
students



# 19

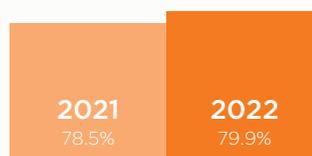
AWARDS

## SATISFACTION

# 79.9%

student

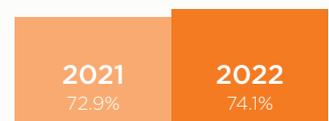
(2022 Victorian Skills Authority  
Student Satisfaction Survey)



# 74.1%

employer

(2022 Victorian Skills Authority  
Employer Satisfaction Survey)



# 73%

**STAFF SATISFACTION  
WITH CURRENT JOB**

Steady on 2021  
(2022 Victorian Public Sector Commission  
People Matter Survey)



# 70

**COMMERCIAL  
AGREEMENTS**

with industry clients

# Meeting our strategic goals in 2022

## Improve our offering

### DIGITAL TRAINEESHIP AND CERTIFICATE IV IN CYBERSECURITY

Bendigo Kangan Institute launched the Certificate IV in Cyber Security (22334VIC) in March 2022, utilising both physical and virtual technology. We partnered with other technology training institutions to develop the teaching curriculum and created new industry connections with Cythera, Carsales and Murdoch Webster as cyber security contacts.

Bendigo Kangan Institute also established an employer-led partnership called the Digital Traineeship Program with the support of Digital Skills Organisation and the Victorian Skills Authority in response to a growing demand for digital skills training.

Working closely with Carsales, MYOB, REA Group, InfoXchange and LiveTiles, the full-time paid software development traineeship offers students a personalised learning plan tailored to the employer. They also complete the Diploma of Information Technology (ICT50220) and bespoke micro credentials developed for skills not covered by the existing training packages.

### ELECTRIC VEHICLES

In 2022, Bendigo Kangan Institute provided training in Electric and Hybrid Vehicle Safety (SCAEVTS) to more than 230 participants, addressing a critical skills gap for existing technicians.

Bendigo Kangan Institute also delivered electric vehicle training to trainers at the International Automobile Centre of Excellence (iACE) in India, enabling it to deliver a suite of electric vehicle units.

Work is underway to introduce the new Certificate III in Automotive Electric Vehicle Technology (AUR32721) apprenticeship and the Battery Electric Vehicle Inspection and Servicing Skill Set (AURSS00064) in 2023.

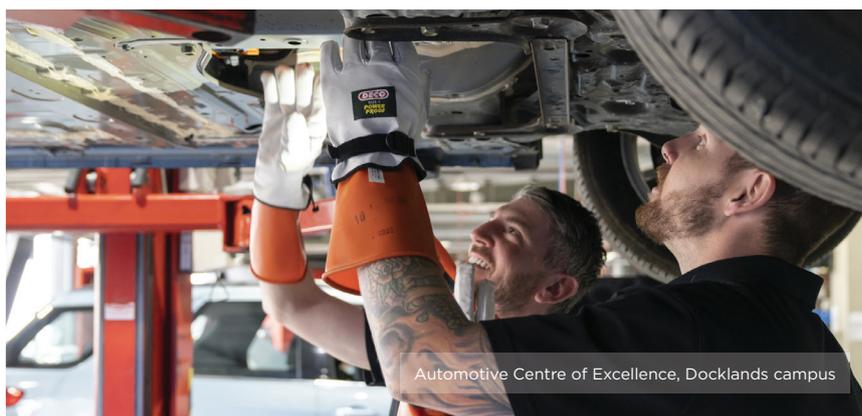
### CORRECTIONS

Bendigo Kangan Institute is moving forward with efforts to establish better pathways to employment.

This includes collaborating with employers and the wider Bendigo Kangan Institute network to facilitate more support for reintegration and rehabilitation for prisoners.

### VCAL TRANSITION

Bendigo Kangan Institute prepared for the transition of its Victorian Certificate of Applied Learning (VCAL) certificate into two new certificates in 2023 — the Victorian Certificate of Education (VCE) Vocational Major Certificate (VCE0000001) and the Victorian Pathway Certificate (VPC0000001) - in line with Victorian Government reforms.



Automotive Centre of Excellence, Docklands campus

During the year, Bendigo Kangan Institute updated its curriculum for VCAL programs, supported teachers in planning and professional currency, and implemented a communications campaign for prospective students. Senior managers and teachers also participated in training with the Department of Education and Training, Victorian Curriculum and Assessment Authority and Victorian TAFE Association.

## NEW PROGRAMS TO MEET INDUSTRY NEEDS

Bendigo Kangan Institute established 70 commercial agreements with industry in 2022. Key initiatives include a new partnership with Oasis Horticulture to deliver a Certificate III in Horticulture (AHC30716) to staff on their working days. The program trained 36 staff in 2022 and will continue into 2023.

A Care to Lead program was launched with Bendigo Health, providing customised leadership training for three cohorts of health professionals that addressed specific sector needs and the patient's journey.

Bendigo Kangan Institute worked with Westar and Patterson Cheney to co-design a new three-year heavy commercial vehicle apprenticeship program, with 12 participants commencing in 2022. There was also the launch of an on-site training course for Jayco and the delivery of the Certificate III in Recreational Vehicle Service and Repair (MSM31015) to 24 employees.

Bendigo Kangan Institute extended its collaboration with the Department of Environment, Land, Water and Planning (DELWP) to deliver two new traineeship programs encompassing the Certificate III in Agriculture (AHC30116) and Certificate III in Conservation and Ecosystem Management (AHC31420) to 18 trainees. The traineeship program provides Victorian-based youth from disadvantaged and culturally and linguistically diverse backgrounds with an opportunity to gain a qualification while being employed.

## QUALITY 2022

Implemented throughout the year, Quality 2022 was a comprehensive organisation-wide review and improvement exercise aimed at ultimately delivering improved student experience, industry connections, culture of quality, compliance and integrity, as well as clear responsibilities for quality maintenance and improvement, and better integration of critical systems and processes.

A key initiative included setting up a dedicated project team to conduct course packaging changes to meet new national standards for 52% of courses spanning all delivery areas on the scope of registration. Bendigo Kangan Institute worked with our specialists in courseware development eWorks as well as the Victorian TAFE network and third-party providers to share and improve course materials. Bendigo Kangan Institute was nominated as the lead in sharing automotive courseware within the Victorian TAFE network.

### BELINDA REVILLE, HORTICULTURE STUDENT WITH OASIS HORTICULTURE

“The reason I chose Kangan is because I could do this through my workplace. I am a single mum, it would have been very hard for me to undertake a qualification outside of work hours.”

A new Self Assurance Model was implemented across the organisation consisting of a centralised framework and strengthened data collection through a central reporting business intelligence system.

In June 2022, Bendigo Kangan Institute achieved re-registration with the Australian Skills Quality Authority (ASQA) without any conditions for a further seven years.

## TAILORED COURSES FOR FIRST NATIONS PEOPLE

A focus of Bendigo Kangan Institute's *Innovate Reconciliation Action Plan (RAP)* is to contribute to reducing the historical gap of social and economic disadvantage for First Nations people. In 2022, Bendigo Kangan Institute developed and delivered two new programs customised for First Nations people, with participants supported by a Koorie support officer and engagement mentor.

The programs included a customised Certificate IV in Leadership and Management (BSB40520) for the Victorian Aboriginal Child Care Agency and the Diploma of Community Services (CHC52015) for the Mallee District Aboriginal Services Association.

## Improve our experience

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### MY eQUALS LAUNCHED

In partnership with Higher Ed Services (HES) and Digitary, Bendigo Kangan Institute launched digital credentials for its learners on My eEquals this year.

The move provides students with 24/7 access to their secure digital qualifications so they can easily share their credentials with potential employers anywhere and at any time. The digitalisation of the process also reduces the time needed to process and issue qualifications.

### STUDENT JOURNEY TRANSFORMATION

The Student Journey Transformation Program (SJTP) delivers capability and user experience improvements across the end-to-end student lifecycle. The program transforms people, process and systems from a highly manual environment using complex and out of date systems.

Bendigo Kangan Institute developed and deployed a digital apply to enrol capability (dSR) to improve and transform student journey practices and processes. Working closely with prime vendor partner ReadyTech, Bendigo Kangan Institute is progressively deploying a new student management system, JR Plus, with course offerings and enrolment functionality for the 2023 student intake already deployed across all student cohorts. ReadyTech continued to deliver improvements to JR Plus' functionality throughout 2022 to meet the complex needs of Bendigo Kangan Institute and its students. A major deployment in early 2023 will enable JR Plus to support delivery of 2023 student study through to course completion. It will also provide capability for government compliance reporting, as well as enable the decommissioning of a number of legacy systems.

A dedicated change team was established to drive successful transition, ongoing support and continuous improvement on the new systems.

### WORKING WITH INDUSTRY TO ENHANCE STUDENT EXPERIENCE

Bendigo Kangan Institute worked with industry on unique opportunities for our students to apply their skills and showcase their talent in 2022. This included motorsport students participating in pit lane, horticulture students showcasing at the Melbourne International Flower and Garden Show and fashion students collaborating with Red Cross Shops to present Kangan Institute's first in-person fashion show since the pandemic.

### WRAP AROUND SUPPORT FOR MULTICULTURAL STUDENTS

Wrap around support for students undertaking the Adult Migrant English Program (AMEP) at Bendigo and Broadmeadows campuses continued in 2022 through strong partnerships with community organisations providing settlement, mental health and legal support for students. A new initiative with Bendigo Community Health Services was established, with a mental health clinician attending campus monthly to support students, predominantly refugees, through self-referrals and referrals from teachers.

### STRENGTHENING YOUTH SUPPORT

Strengthening youth support was a focus in 2022, which was the first full year for our students to enjoy new youth spaces and support from dedicated youth workers available through the Australian Government's Job Trainer Fund.

A dedicated youth space at Broadmeadows campus was created in 2022 for Victorian Certificate of Applied Learning (VCAL) students to unwind, host events and carry out hands-on activities. Located in the same building as VCAL classrooms and welfare room, the new space offered students a seamless experience from learning through to support.

2022 was also the first full year for regional VCAL students to enjoy new youth spaces developed within the revitalised Bendigo City Campus, with events like Clothes Swap Day, Mental Health Day and Hot Dog Day fundraiser held during the year.

In 2022, 63 students accessed individual support with our youth workers through 194 sessions. Youth workers additionally supported 5,053 students through proactive engagement and other activities at the new youth spaces.

### IMPROVED E-LIBRARY EXPERIENCE

A new My Library website for students was launched this year, merging the previously separate Bendigo TAFE and Kangan Institute library websites. My Library offers an improved layout for students to simplify navigation and information sourcing. Customised information to support the various needs of students are available through a dedicated staff and student pages. A new feature is the ability to add curated subject guides from the library directly to students' individual learning platform, MyLearning, to strengthen their learning experience.

## Improve our places

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### SAFE PLACES TO STUDY AND WORK

Bendigo Kangan Institute continued to assess its properties for potentially harmful materials and removed high risk cladding and asbestos from its Docklands, Echuca, Essendon and Broadmeadows campuses.

### POWERED BY SOLAR

Work commenced on Bendigo Kangan Institute's largest solar program with the installation of 620 solar panels at Charleston Road campus. This will provide more than 35% of power needs at the campus.

### ESSENDON HEALTH HUB

Officially opened in March 2022, the newly refurbished Essendon Health Hub consolidated all of Kangan Institute's health training under one roof. Training was previously delivered across two campuses.

The hub boasts modern state-of-the-art facilities, including simulation labs and has capacity to train more than 900 health students every year.

### HEALTH AND COMMUNITY CENTRE OF EXCELLENCE IN BROADMEADOWS

In 2022 Bendigo Kangan Institute advanced the development of the new Health and Community Centre of Excellence (HACCOE) in Broadmeadows campus through design consultation with stakeholders.

An MOU with Hume City Council was established for a joint landscaping approach to Broadmeadows Town Park and Broadmeadows campus.

We also identified a pathway for GreenStar five star accreditation and appointed builders for our \$60 million Health and Community Centre of Excellence project in Broadmeadows.

### NEW SPACES AT CHARLESTON ROAD CAMPUS

From a new parent room and first aid space, through to a refurbished student recreation area and upgraded classrooms, a focus of 2022 was upgrading Charleston Road campus to improve student experience.

Outside, a fully landscaped outdoor space with furniture and waterproof shade umbrella was created to maximise the use of outdoor spaces. The campus also undertook a tree and vine planting initiative involving horticulture students to increase shade and improve campus aesthetics.



# Digitally enable our operations

## DIGITAL TRANSFORMATION

Bendigo Kangan Institute's digital transformation continued with the retirement of several legacy systems and the introduction of technology delivering new education and operational capability.

A Business Intelligence platform enabling improved dashboards and live, interactive reporting to support decision making was implemented.

Bendigo Kangan Institute networks underwent significant upgrades. The implementation of a modern Wide Area Network provided a ten-fold increase in data speed and a robust, fully duplicated cost-effective network fabric. An upgrade of Core Network infrastructure further strengthened the foundation of Bendigo Kangan Institute's technology platforms for the future.

The migration of Bendigo Kangan Institute's traditional desktop telephony to soft phone technology and the implementation of new call centre technology were successfully completed.

Records and documents are now better managed and more secure with the implementation of an Electronic Document and Records Management System.

## STRENGTHENING SECURITY

Security was strengthened through new processes and systems, including a modern Identity and Access Management platform used to authenticate the users of all Bendigo Kangan Institute systems, as well as new threat detection systems.

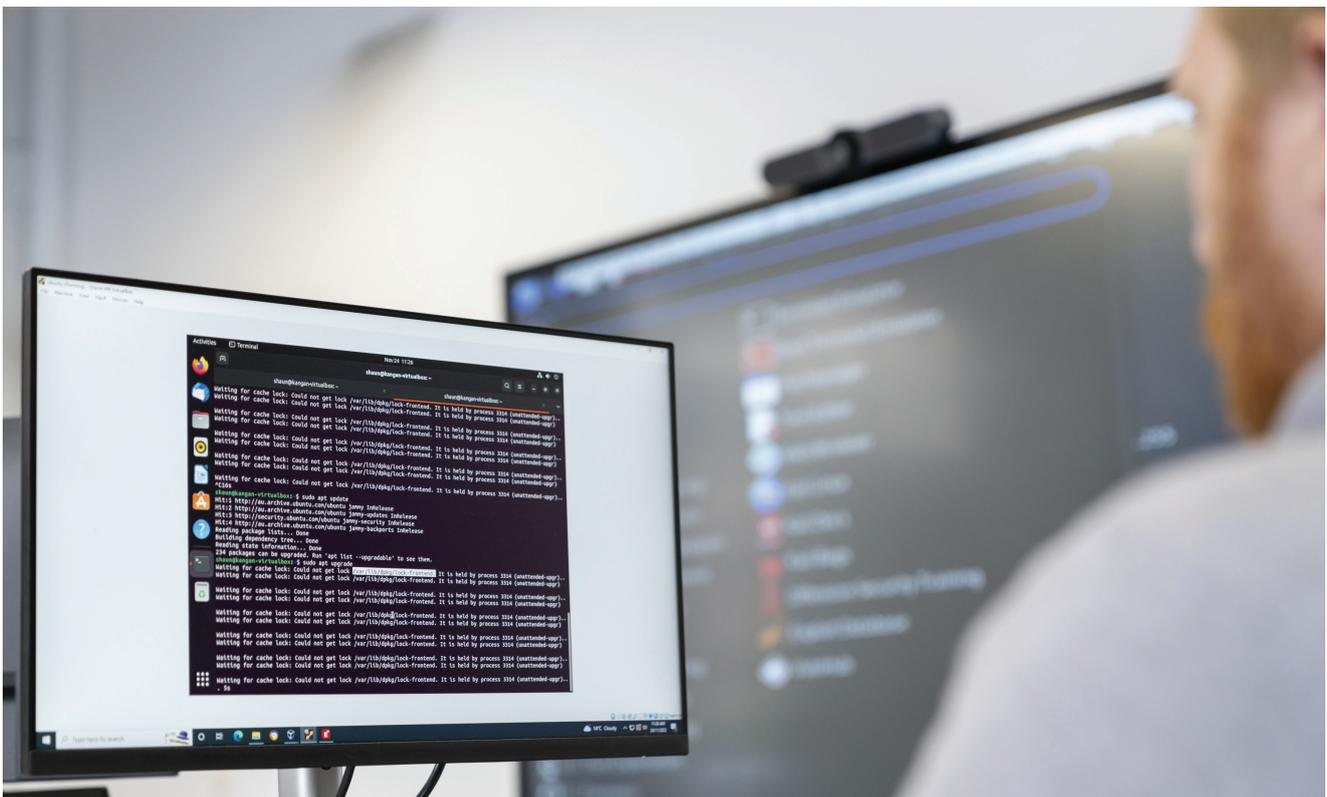
## MOVING TO CLOUD SERVICES

In line with the 2020>2025 Strategic Plan to move systems from datacentres to cloud services wherever feasible, email and other productivity tools were migrated to the Microsoft cloud, taking the utilisation of cloud services from 10% to over 76% in just three years.

A modernised cloud-based Finance system (CiAnywhere) was implemented, providing advanced functionality and improved reliability from anywhere, and at any time.

## INNOVATION PLATFORM

An innovation platform was implemented to assist in harvesting and managing staff ideas for innovation and other improvements.



Cremonne campus

## Build a united TAFE

### EDUCATOR PASSPORT

More than 750 teachers attended 82 professional development courses as part of our teacher capability development program, Educator Passport. Digital skills, facilitation and wellbeing were a major focus. 88% of educators were awarded their full Educator Passport in 2022, a 57% increase compared to 2021.

**MARK TORPY,  
LEAD LEARNING AND  
TEACHING SPECIALIST**

“The opportunity to complete professional development workshops and a secondment, enabled me to move from a teaching role to a lead learning and teaching specialist role. In this time, I developed skills in leadership, change management and knowledge in quality and compliance.”

### CULTURE JOURNEY

Bendigo Kangan Institute launched four Culture Commitments in 2022, reflecting the aspirations of its people and needs of our strategy. A Culture and Engagement Plan was developed based on employee research to achieve our desired culture and engaged workforce. A team of 30 Culture Champions was formed to support its implementation, with culture commitments embedded into all stages of the employee lifecycle.

The leadership development plan continued in 2022 with executives, senior leaders and mid-level leaders participating in regular leadership development forums and workshops with industry experts. Bendigo Kangan Institute’s leadership for transformation program was rolled out to mid-level leaders, where they participated in 360-degree assessments, immersion workshops and coaching circles to meet the adaptive challenges of transformation.

### INCLUSIVITY AT THE HEART OF CULTURE

Bendigo Kangan Institute kicked off its Journey to Inclusive Leadership program in 2022. The program provides a bottom-up approach to develop an authentic culture of diversity and inclusivity.

A Diversity Charter to serve as a five-year compass was introduced, with six affinity groups focusing on gender, youth, wellbeing, ability, LGBTQIA+, environment and sustainability created for staff to participate in. A refreshed Code of Business Conduct and Ethics was launched in December. 2023 will see the roll out of a communications campaign and inclusive leadership training.

We also launched a *Gender Equity Plan* in March and progressed the implementation of our *Accessibility and Inclusion Plan* and *Innovate Reconciliation Action Plan* (RAP). As part of the latter, our Indigenous Education Centre (IEC) developed staff training sessions to build cultural awareness and competency. Sessions were delivered on campus by Shane Charles, a Yorta Yorta/Wurundjeri educator, artist, musician and administrator with a distinguished career in Indigenous affairs.



Midsumma Pride March

## Build a professional and financially sustainable organisation

### NEW WEBSITES

In partnership with NTTData and Adobe, Bendigo TAFE and Kangan Institute rebuilt and launched their customer facing websites in mid-2022. Now hosted on a common platform, both websites provide customers an improved experience when viewing courses and applying online, including a chat bot. Both sites are fully responsive to make it easier for users to navigate regardless of the device they are using.

### A GREENER CORPORATE FLEET

With emissions reduction a key focus of our Environmental Sustainability Plan, Bendigo Kangan Institute rolled out ten fully electric vehicles to its fleet through the Victorian Government's Department of Treasury and Finance's Zero Emission Vehicle program. We also installed ten charging stations across five metropolitan and regional campuses.

### CREATING SOCIAL IMPACT THROUGH PROCUREMENT

Bendigo Kangan Institute worked with majority Indigenous-owned construction management business, Barpa, on the refurbishment of Essendon Health Hub. We also worked with Kinnaway and HAPPSA on an Indigenous business support pilot project, with Bendigo Kangan Institute providing a cleaning contract to Aboriginal and Torres Strait Islanders who are interested in starting their business with ongoing mentoring and support with establishment.

Bendigo Kangan Institute also engaged inclusive employer and trainer Green Collect to recycle, repurpose and reuse more than 530 unwanted furniture items from Moonee Ponds campus after its closure. Items appropriate for reuse were donated to low-income households and community groups.

Over the year Bendigo Kangan Institute provided 218 hours of new work for people who faced significant barriers to employment.



Electric vehicle fleet at Charleston Road Campus in Bendigo

## VETASSESS

With Australia's borders reopening in 2022, VETASSESS experienced a large increase in applications for skills assessment for migration. The Australian Government's decision to raise its quota for skilled migrants fuelled a jump in demand in the final months of the year.

In 2022, trades application numbers surpassed the record year in 2019 and increased by 41% on 2021, while general and professional occupations rose by 32% on the previous year.

VETASSESS' expertise was sought internationally and discussions with the Indian Government continued regarding a pilot project to train students in India to Australian standards for jobs in Australian industries such as aged care and hospitality.

VETASSESS partnered with the Chinese Testing, Inspection and Certification Education Association (CTICEA) on cross-border qualification recognition opportunities by mapping Chinese vocational qualifications to Australian standards. This research is funded by the Victorian Government through a grant from the Study Melbourne Research Partnership Program (SMRP) and delivered by veski.

Other highlights of the year:

- A customer service centre established to improve customer experience by handling enquiries more efficiently.
- Trade assessors resumed face-to-face technical interviews and practical assessments offshore.
- The award of three contracts from the Department of Employment and Workplace Relations to assist onshore migrants with a free skills assessment, and to have a free employability assessment and gain access to subsidised training.
- The launch of micro-credentials with the Australian Marketing Institute and digital badges for the Customer Service Institute of Australia.
- The Job Ready Workplace Program was expanded from assessments in Victoria and Tasmania to include New South Wales, the Australian Capital Territory and South Australia.
- Assessment awarded for occupations under five new Designated Area Migration Agreements (DAMAs) which assist regional industries to hire for skills specific to their area.

Staff continued to work with industry bodies to ensure skills assessment criteria were updated to reflect industry practice and meet the needs of Australian employers.

## eWORKS

VETASSESS' online arm, eWorks, completed major educational projects requiring expertise in digital content development, recognition of prior learning, and industry-led training.

These included:

- An eLearning module for the Australian Government's Department of Education and the Brazilian Ministry of Education on the Australian vocational education and training system, with a focus on recognition of prior learning.
- Development of learning and assessment resources for 99 units across four skill sets and five qualifications for a number of clients.

# Awards

## 2022 AUSTRALIAN TRAINING AWARDS



**Gold recipient - Large Training Provider of the Year:** Bendigo TAFE and Kangan Institute



**Excellence in Language, Literacy and Numeracy Practice Award:** Susan Shaw, Kangan Institute (Teacher)

**Aboriginal and Torres Strait Islander Student of the Year (finalist):** Desirae Kilduff, Bendigo TAFE

**Trainee of the Year (finalist):** Franchesca Morrell, Bendigo TAFE

## 2022 VICTORIAN TRAINING AWARDS



**Large Training Provider of the Year:** Bendigo TAFE and Kangan Institute



**Koorie Student of the Year:** Desirae Kilduff, Bendigo TAFE



**Trainee of the Year:** Franchesca Morrell, Bendigo TAFE



**Inclusive Training Provider of the Year (finalist):** Bendigo TAFE and Kangan Institute



**Apprentice of the Year (finalist):** Madison Giordano, Kangan Institute

## 2022 VICTORIAN COVIDSAFE BUSINESS AWARDS



**Community Award:** Bendigo TAFE and Kangan Institute

## 2022 VICTORIAN ARCHITECTURE AWARDS



**Australian Institute of Architects' Joseph Reed Award for Urban Design:** Bendigo TAFE Revitalisation Project

## 2022 LANDSCAPE ARCHITECTURE AWARDS VICTORIA



**Health and Education Landscape — Award of Excellence:** Bendigo TAFE Redevelopment

## 2022 AUSTRALIAN URBAN DESIGN AWARDS



**The Built Projects – Local and Neighbourhood Scale Prize:** Bendigo TAFE Redevelopment

2022 APPRENTICESHIP EMPLOYMENT NETWORK APPRENTICESHIP AWARDS



**Disability Achievement Award:**  
Massimo Zurzolo,  
Kangan Institute

2022 AUSTRALIAN BAKING INDUSTRY NATIONAL SCHOLARSHIP AWARDS



Ruwan Colombage,  
Kangan Institute (teacher)

2022 VICTORIAN BAKING SHOW



**Victorian Perpetual Training Trophy:** Kangan Institute



**Gateaux category:** Abeer Al Sahwi, Kangan Institute (second place)

2021 TOP 50 PUBLIC SECTOR WOMEN – COVID HEROES



Michelle Johnston, Bendigo TAFE and Kangan Institute (executive)

2022 7NEWS VICTORIAN YOUNG ACHIEVER AWARDS



**Inspirational TAFE Student Award:** Jessica Stone,  
Bendigo TAFE

2022 FASHION AWARDS AUSTRALIA STITCH DON'T DITCH COMPETITION



**Resident Casual Wear:**  
Olivia Barca, Kangan Institute

**FRANCESCA MORRELL,  
DENTAL ASSISTING TRAINEE**

“What I learnt in theory at night could be put into practice during the day. It kept me on my toes, and it kept me aware of everything I needed to do in my role.”

2022 DESIGN MATTERS NATIONAL BUILDING DESIGN AWARDS (VIC, NSW & SA)



**2022 Best Digital Presentation and Best Response to a Design Brief:** John Quinlan,  
Bendigo TAFE



**2022 Best Response to a Design Brief (Commendation):**  
Aaron Arbuckle, Bendigo TAFE

## Financial Performance

Bendigo Kangan Institute is committed to its goal of financial sustainability with a structured approach focusing on improving TAFE financial performance whilst growing other revenue streams and maintaining cost control initiatives.

	2022	2021	2020	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Total income from transactions	192,911	191,374	211,679	164,365	161,231
Total expenses from transactions	-206,741	-196,117	-175,461	-172,117	-159,444
Total other economic flows	-868	-150	878	-820	397
<b>Net results</b>	<b>-14,698</b>	<b>-4,893</b>	<b>37,096</b>	<b>-8,572</b>	<b>2,184</b>
Change to asset revaluation surplus	63,751	13,846	-4,881	2,270	-
<b>Comprehensive result</b>	<b>49,053</b>	<b>8,953</b>	<b>32,215</b>	<b>-6,302</b>	<b>2,184</b>
Total assets	576,427	496,600	509,078	482,177	456,248
Total liabilities	87,556	56,783	78,214	77,331	40,100
<b>NET ASSETS</b>	<b>488,870</b>	<b>439,817</b>	<b>430,864</b>	<b>404,846</b>	<b>416,148</b>

The net result for 2022 was a deficit of \$14.698 million compared to a deficit of \$4.893 million for the year ended 31 December 2021.

This deficit was mainly due to:

- An increase in Employee Benefits arising from revised Enterprise Bargain Agreements for Multi-Enterprise Agreement (MEA) staff in May and November, and Professional, Administrative, Clerical, Computing and Technical (PACCT) staff in July, offset in part by unfilled vacancies in the year.
- Increase in consultancy costs mainly for VETASSESS due to increased Fee For Service delivery.
- Reduction in Business Continuity Grants and income recognition from capital grants pending completion of works on construction projects.

This deficit is partially offset by an increase in Operating Grants due to the increase in the TAFE Services Fund.

At 31 December 2022, Bendigo Kangan Institute's net assets were \$488,870 million (2021: \$439.817 million).

The increase in net assets of \$49.053 million was due to:

- Five yearly revaluation of Bendigo Kangan Institute's Land and Buildings (independent revaluations) in 2022 as required by the Department of Education and Training, recording an increase in valuations of \$63.751 million.
- An increase in Contract Liabilities of \$18.4 million, pending completion of construction works in relation to the Broadmeadows campus revitalisation.

The increase in net assets due to the above were partially offset by the new advance of \$14.1 million to support TAFE's continuing operations.

## Workforce Profile

Bendigo Kangan Institute is committed to the recruitment, selection, support and retention of high-quality employees who will strengthen its capability to achieve strategic and organisational goals. Recruitment and selection for employment is based on merit and guided by principles which promote fair and equitable practice and enhance the organisation's ability to attract the best possible candidates.

### WORKFORCE DISCLOSURES

	ALL EMPLOYEES		ONGOING			FIXED TERM AND CASUAL	
	Headcount (HC)	FTE	Full-time (HC)	Part-time (HC)	FTE	Headcount (HC)	FTE
<b>DECEMBER 2022</b>							
<b>Gender</b>							
Women Executives	6	6	-	-	-	6	6
Women (total staff)	739	630	382	223	530	134	100
Men Executives	3	3	-	-	-	3	3
Men (total staff)	543	491	358	108	429	77	62
Self-described	-	-	-	-	-	-	-
<b>Age</b>							
15-24	19	16	13	4	15	2	1
25-34	163	152	106	18	122	39	31
35-44	301	265	175	64	220	62	45
45-54	350	311	208	86	266	56	46
55-64	329	289	191	100	258	38	31
65+	120	86	47	59	78	14	7
<b>TOTAL EMPLOYEES</b>	<b>1,282</b>	<b>1,121</b>	<b>740</b>	<b>331</b>	<b>959</b>	<b>211</b>	<b>162</b>

- All figures reflect paid employment for the final full pay period of 2022, in accordance with the general reporting requirements detailed in FRD221.
- 2022 saw a decrease in FTE compared to 2021, with the decrease resulting from natural attrition during the year.
- Eligible fixed term, casual and sessional staff were offered an employment status conversion during 2022, in line with legislative and Enterprise Agreement obligations.
- FTE values have been rounded to nearest whole number in accordance with reporting requirements. This has resulted in some anomalies due to rounding in the FTE totals displayed.
- Employees have been correctly classified in the workforce data collections.

	ALL EMPLOYEES		ONGOING			FIXED TERM AND CASUAL	
	Headcount (HC)	FTE	Full-time (HC)	Part-time (HC)	FTE	Headcount (HC)	FTE
<b>DECEMBER 2021</b>							
<b>Gender</b>							
Women Executives	4	4	4	-	4	-	-
Women (total staff)	745	631	362	230	516	153	114
Men Executives	6	6	5	1	6	-	-
Men (total staff)	551	530	361	113	463	77	67
Self-described	-	-	-	-	-	-	-
<b>Age</b>							
15-24	23	21	11	4	13	8	7
25-34	165	154	105	29	127	31	28
35-44	306	273	177	69	227	60	46
45-54	358	320	204	84	266	70	54
55-64	335	298	182	109	263	44	35
65+	109	94	44	48	83	17	11
<b>TOTAL EMPLOYEES</b>	<b>1296</b>	<b>1161</b>	<b>723</b>	<b>343</b>	<b>979</b>	<b>230</b>	<b>181</b>

PERFORMANCE AND ACCOUNTABILITY FRAMEWORK FTE

	FULL-TIME		PART-TIME		CASUAL		TOTAL
	Ongoing	Fixed term	Ongoing	Fixed term	Teacher	Other	
<b>DECEMBER 2022</b>							
PACCT staff	407	96	79	17	-	3	603
Executive	-	8	-	-	-	-	8
Teacher	281	14	118	14	15		442
<b>TOTAL EMPLOYEES</b>	<b>688</b>	<b>117</b>	<b>197</b>	<b>31</b>	<b>15</b>	<b>3</b>	<b>1,052</b>

	FULL-TIME		PART-TIME		CASUAL		TOTAL
	Ongoing	Fixed term	Ongoing	Fixed term	Teacher	Other	
<b>DECEMBER 2021</b>							
PACCT staff	380	120	84	16	-	3	602
Executive	8	-	-	-	-	-	8
Other	1	-	-	-	-	-	1
Teacher	286	26	120	14	37	-	483
<b>TOTAL EMPLOYEES</b>	<b>674</b>	<b>146</b>	<b>204</b>	<b>31</b>	<b>37</b>	<b>3</b>	<b>1,094</b>

Note:

- Performance and Accountability Framework FTE includes all staff employed during the reporting year, with data calculated in accordance with the general reporting requirements required by TAFEs.
- FTE values have been rounded to nearest whole number in accordance with reporting requirements. This has resulted in some anomalies due to rounding in the FTE totals displayed.
- Executives have been classified as fixed term as per employment contracts in the 2022 data presented.



**SECTION THREE**

# Compliance

Broadmeadows campus

A key focus for 2022 was to commence the build of a Psychologically Healthy and Safe organisation. This includes hazard identification, assessment, and control planning, taking a prevention of harm model to managing psychological health and safety. This project will be a focus in 2023, when the framework is established in consultation and partnership with the operational units.

Another priority in 2022 has been the development of a Vaccination Policy. It was developed in consultation, and alignment with an organisational risk assessment and government requirements, in response to the COVID-19 pandemic, to enable staff to work safely on campus.

In 2022 there were 100 reported incidents causing injury or illness (including personal illness). Of these, 27 incidents were related to staff and 73 were related to students. Additionally, there were 84 reported hazards or near miss incidents, a 16 per cent decrease compared to 2021. In total there were 184 incidents and hazards relating to staff. There were 14 Lost Time Incidents reported during 2022 resulting in a final Lost Time Injury Frequency Rate (LTIFR) of 8.33 in 2022, an increase from a reported LTIFR of 5.7 in 2021.

CATEGORY	COMMENTARY FOR MATERIAL VARIANCES			
	2020	2021	2022	
Hazards/incidents (per 100 FTE)	20.39	15.68	16.41	Due to staff returning to the office in 2022, there has been a slight increase in hazard and incident reporting.
Lost Time Standard Claims Hazards/incidents (per 100 FTE)	.37	.86	1.25	In 2022 there was an increase in Number of Lost Time Standard Claims, most of which were physical injury claims and there was a decline in mental health claims.
Average Cost Per Claim	\$91,467	\$89,673	\$85,451	There was a reduction in the average cost per claim in 2022, as a result of a fall in mental health claims. Despite this the number of claims increased in 2022.

## Work Cover claims

There were 15 active WorkCover claims (equivalent to 1.34 claims per 100 FTE staff) managed in 2022, including 15 new additional incurred cost claims. Three of the 15 claims were of a psychological nature and 12 were physical injury claims.

## Freedom of Information Act 1982

Bendigo Kangan Institute is subject to the provisions of the *Freedom of Information Act 1982* (FOI Act). The FOI Act gives a right of access (subject to exemptions and exceptions) to information held in the form of a document by Bendigo Kangan Institute.

In accordance with Part II of the Act, Bendigo Kangan Institute has facilitated access to information without recourse to the provisions of the FOI Act, subject to privacy and confidentiality provisions. Bendigo Kangan Institute also publishes a wide range of material related to its governance and organisation, learning, teaching and engagement functions. These publications may be made available upon request, subject to the provisions of the FOI Act.

This year Bendigo Kangan Institute prepared and submitted to the Office of the Victorian Information Commissioner (OVIC) its report on FOI activity for the period 1 July 2021 to 30 June 2022 for OVIC's Annual Report. In 2022 calendar year, Bendigo Kangan Institute received eight requests for information under the FOI Act.

## Information available on request

Subject to the provisions of the FOI Act, information that shall be retained by the Accountable Officer shall include:

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

All FOI enquiries should be directed to:

The Freedom of Information Officer  
Bendigo Kangan Institute Private Bag 299, Somerton  
VIC 3062 or emailed to: [legal@kangan.edu.au](mailto:legal@kangan.edu.au)

## Public Interest Disclosures Act 2012

The *Public Interest Disclosures Act 2012* (VIC) encourages and assists people to make disclosures of suspected improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for such matter to be investigated.

Bendigo Kangan Institute provides guidance on its intranet and public website about its Improper Conduct Policy and Procedure, which reflects Bendigo Kangan Institute's obligations under the Act.

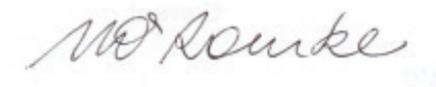
Bendigo Kangan Institute's policy encourages staff, students, contractors and members of the public to speak up about suspected improper conduct and explains how the protections apply. Because Bendigo Kangan Institute cannot receive a public interest disclosure, its Public Interest Disclosure Coordinators confidentially assist disclosers in understanding the process and how to make a complaint to the Independent Broad-based Anti-corruption Commission (IBAC) and facilitate welfare support for those seeking to speak up.

## Careers Recognition Act 2012

Bendigo Kangan Institute ensures that the rights and interests articulated in the *Careers Recognition Act 2012* are considered when delivering its services to clients in a care relationship. During 2022, the organisation has taken all practical measures to comply with its obligations under the Act.

## Financial management compliance attestation

"I, Margaret O'Rourke, on behalf of the Responsible Body, certify that the Bendigo Kangan Institute for the period 1 January 2022 to 31 December 2022, has no Material Compliance Deficiency with respect to the applicable Standing Directions made under the *Financial Management Act 1994* and Instructions."



**Margaret O'Rourke**

Bendigo Kangan Institute Board Chairperson  
23 February 2023

## National competition policy

Bendigo Kangan Institute provides education and training in a contestable market. Bendigo Kangan Institute and its trading businesses implement a pricing model and policy that is consistent with maintaining commercial competitiveness in the marketplace with competitive neutrality principles outlined in Victoria's competitive neutrality policy. The pricing policy and approach explains how Bendigo Kangan Institute meets legislative requirements and government guidelines to set prices for the sale of its programs, products and services.

## Compulsory non-academic fees, subscriptions and charges

Bendigo Kangan Institute waived compulsory non-academic student services fees in 2022 given the impact of COVID-19.

A number of engagement and support services were provided to students in 2022 funded by government grant programs, including but not limited to on-campus/virtual events for students, counselling and welfare services, disability support services and student employment centre.

## Building and maintenance

Bendigo Kangan Institute ensures that all works requiring building approval are approved and certified by an independent and qualified building surveyor. Bendigo Kangan Institute requires all building practitioners engaged to carry out major works show current registration and insurance before commencing works. All buildings are maintained to a level of prescribed performance as specified in the essential safety measures maintenance manual. Mandatory periodical checks and tests are undertaken, with records of these inspections kept under the requirements and provisions of the *Building Act 1993*, Building Regulations 2006, Building Code of Australia, Australian standards and other codes, the Minister's guidelines and any subsequent amendments of these.

## Environment performance and impacts

Bendigo Kangan Institute is guided by its 2021-2030 *Environmental Sustainability Plan*, which defines the organisation's goals, measures, and activities across emissions reductions, water efficiency, reduction in waste and sustainable procurement.

In 2022 a new Sustainability Group and Sustainability Coordinator role was created within the organisation to lead environmental measures, data collation and the monitoring of performance.

### ENERGY USE

The table below charts the energy use across all campuses and sites, including estimated greenhouse gas emissions. Energy figures are not available for Moonee Ponds campus (a rented property vacated in June 2022). Conversion to LED lighting across our campuses resulted in improved energy efficiency this year. With Bendigo Kangan Institute's continued investment in renewable energy supply, the transition of all gas fuelled assets to electricity is a priority. This transition is supported by current asset auditing and procurement planning.

	ELECTRICITY			GAS		
	Kilowatt-hour (kwh)	CO2 tonne	Per m <sup>2</sup>	Megajoules	CO2 tonne	Per m <sup>2</sup>
Bendigo City	1,489,625.4	1,610.5	128.7	4,381,864	243.4	378.5
Broadmeadows	1,982,665.8	2,119.8	80.5	6,616,397	367.4	268.5
BTEC	28,807.5	30.8	17.9	96,695	5.43	60.1
Castlemaine	17,320	25.5	43.4	N/A	N/A	N/A
Charleston Road	900,363.4	1,771.6	74.4	2,081,696	115.7	172
Cremorne	595,676.3	636.7	74.9	2,026,328	122.6	254.8
Docklands	1,278,922.1	1,379.9	85.5	5,521,260	306.6	369.3
Echuca	112,119.5	120	43.7	374,449	20.8	146
Essendon	274,268.2	295.6	102.8	39	0	0.02

### WASTE PRODUCTION

The table below charts waste production across all campuses. No data is provided for Moonee Ponds campus (a rented property vacated in June 2022), as well as Bendigo Technical Education College (BTEC), and Castlemaine due to different waste contractors. There are no liquid waste removal services for Cremorne campus.

In 2022 a student composting program was introduced at Charleston Road campus, diverting 15 cubic metres of green waste and 750 litres of kitchen food scraps on campus into organic compost and worm castings.

With sustainability and efficiency top of mind, plans are in place to incorporate scanning technology on waste bins across all campuses in 2023 to track and report waste streams. Plans are also underway to introduce ionised water as an alternative to cleaning agents on campus, providing a range of benefits including eliminating packaging waste.

	WASTE			
	Total (Tonnes)	Recycle Rate % (Solids Only)	CO2 (Tonnes)	Liquid Waste (Tonnes)
Bendigo City	47.4669	22	26.3449	19.34
Broadmeadows	158.832	12	132.204	3.44
Charleston Road	68.4893	15	46.6377	23.822
Cremorne	19.322	20	18.3204	0
Docklands	49.865	11	39.9228	12.955
Echuca	5.065	N/A	1.278	4
Essendon	9.559	7	9.7476	0.7

## TRANSPORTATION

The table below charts transportation use across Bendigo Kangan Institute, including associated greenhouse gas emissions. Calculations are based on an estimated two thirds usage of the vehicle fleet on a daily basis. Encouraging the use of video conferencing as an alternative to driving to meetings is an ongoing policy. Introduced to the corporate fleet in December 2022, Bendigo Kangan Institute's new electric vehicles are expected to have an ongoing and measurable effect on emissions performance.

	TRANSPORTATION	
	Distance travelled (KM)	CO2 emission (Tonnes)
Car	920,018.4	140.30
Light Commercial Vehicle (LC)	160,003.2	34.16
Heavy Commercial Vehicle (HC)	N/A	N/A

## WATER CONSUMPTION

The table below charts water consumption across campuses. No data is available for Moonee Ponds campus (a rented property vacated in June 2022). An audit of existing water harvesting reserves at Bendigo Kangan Institute campuses is underway, with plans to divert water harvested towards production, operational and ecological outcomes.

	WATER
	Kilolitre
Bendigo City	414
Broadmeadows	10,718
BTEC	243
Castlemaine	48
Charleston Road	1,820
Docklands	2,744
Echuca	1,768
Essendon	1,385
Cremorne	329
<b>TOTAL WATER CONSUMPTION</b>	<b>19,469</b>
<b>TOTAL WATER CONSUMPTION PER FTE</b>	<b>17.3675</b>

## Local Jobs First – Victorian Industry Participation Policy

The Local Jobs First – Victorian Industry Participation Policy (VIPP) focuses on local industry development and improves opportunities for local suppliers to compete for work on all types of government contracts, helping to create and sustain opportunities for Victorian businesses and workers.

The policy requires government departments and agencies to consider competitive local suppliers, including small and medium enterprises, when awarding contracts valued at \$1 million or more in regional Victoria or \$3 million or more in metropolitan Melbourne or for state-wide activities.

LOCAL CONTENT, EMPLOYMENT AND ENGAGEMENT			
	Trades + Skills Centre	Broadmeadows HaCCOE	Cleaning, Waste and Pest Control
Applied Local Jobs First Policy (Y/N)	Y	Y	Y
Strategic/standard projects	Standard	Strategic	Standard
Date registered with Industry Capability Network (ICN)	2/3/2021	3/30/2021	7/22/2022
Local jobs weighting applied (Y/N)	Y	Y	Y
Major Project Skills Guarantee (MPSG) applicable (Y/N)	N	Y	N
MPSG total number of hours	-	15,241	-
Local content committed (%) building minimum	91%	94.06%	-
Local content committed (%) furniture, fittings, and equipment (FF&E) minimum	-	87.06%	-
Local content committed (%) steel-related items minimum	-	93.98%	-
Local content committed (%) services minimum	-	-	99.77%
No. of SMEs in supply chain	100	299	2
Local jobs to be created	10	2,157	9,671
Local jobs to be retained	6	55,692	17,908
Apprenticeships to be created	2	1,081	-
Apprenticeships to be retained	2	4,324	-
Traineeships to be created	2	0.038	2.211
Traineeships to be retained	2	0.152	-

	ALL PROJECTS					
	Number of projects	Value	Average local content	Jobs	Jobs created	Jobs retained
Metro - Standard - Broadmeadows Trades and Skills Centre (completed)	1	\$4,400,699	91.00%	16	10	6
Metro - Strategic - Broadmeadows Health and Community Centre of Excellence (commenced)	1	\$44,574,539	91.70%	57.85	2.16	55.69
Regional - Standard	-	-	-	-	-	-
Regional - Strategic	-	-	-	-	-	-
Statewide - Standard - Cleaning, Waste and Pest Control (commenced)	1	\$8,555,599	99.77%	27.58	9.67	17.91
Statewide - Strategic	-	-	-	-	-	-
<b>TOTAL</b>	<b>3</b>	<b>\$57,530,837</b>	<b>94.15%</b>	<b>101.43</b>	<b>21.83</b>	<b>79.60</b>

## Major commercial activities

In May 2021, funding was announced for a \$60 million Health and Community Centre of Excellence in Broadmeadows campus as part of the 2021-22 Victorian Budget. Construction is set to begin in 2023 and expected to be completed by 2024.

## Advertising expenditure

NAME OF CAMPAIGN	CAMPAIGN SUMMARY	START / END	ADVERTISING & MEDIA	CREATIVE DEVELOPMENT	RESEARCH	PRINT AND COLLATERAL	OTHER CAMPAIGN
Sem 1 2022	Acquisition	Jan - Apr 2022	\$910,073.29	-	-	-	-
Sem 2 2022	Acquisition	May - Jul 2022	\$654,204.60	-	-	-	-
T4 2022	Acquisition	Aug - Sep 2022	\$184,300.05	-	-	-	-
Sem 1 2023	Acquisition	Oct - Dec 2022	\$428,493.35	\$250,000	-	-	-

## Consultancies expenditure

Consultants for services are engaged when specialist skills are required. The total consultancy cost incurred during 2022 was \$4.26 million (excl. GST).

There were 9 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022 in relation to these consultancies was \$66,802 (excl. GST).

There were 22 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022 in relation to these consultancies was \$4.19 million (excl. GST).

Details about these consultancies are publicly available on the Bendigo TAFE and Kangan Institute websites:

- Kangan Institute: <https://www.kangan.edu.au/news-and-resources/annual-reports>
- Bendigo TAFE: [www.bendigotafe.edu.au/aboutbendigotafe/documentlibrary](http://www.bendigotafe.edu.au/aboutbendigotafe/documentlibrary)

## Information Community Technology (ICT) expenditure

In 2022, Bendigo Kangan Institute continued to enhance its digital platforms and to improve ICT equipment and infrastructure.

We continued our investment in transforming the student experience via the development of a new website and Student Journey Platform that will be finalised in early 2023.

BUSINESS AS USUAL (BAU) ICT EXPENDITURE 2022	NON-BUSINESS AS USUAL (BAU) ICT EXPENDITURE 2022	
	Operational	Capital
\$10,518,864	\$9,530,495	\$3,178,221

## Victorian Public Service Travel Policy

All overseas and domestic travel by employees of Bendigo Kangan Institute during the 2022 reporting year was compliant with the Victorian Public Service Travel Policy as per its November 2017 update by the Department of Treasury and Finance.

## Overseas operations

Border closures continued to restrict travel into and out of Australia, with virtual training delivery continuing as the core delivery model for international projects throughout the year. This allowed existing students to complete their studies within expected timelines.

Offshore student recruitment continued to be a challenge resulting in no additional international offshore projects in 2022.

INTERNATIONAL REVENUE		
Year 2022	International student numbers	Revenue
International onshore (VET + ELICOS)	128 (97 VET + 31 ELICOS)	\$813,699
International offshore (excl. VETASSESS)	130	\$233,000
<b>TOTAL TAFE INTERNATIONAL REVENUE</b>		<b>\$1,046,699</b>



**SECTION FOUR**

# Financial Statements

Echuca campus

# Independent Auditor's Report

## To the board of Bendigo Kangan Institute

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<b>Opinion</b>	<p>I have audited the financial report of Bendigo Kangan Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 31 December 2022</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• declaration by the Board Chair, Chief Executive Officer and Chief Finance Officer.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the institute as at 31 December 2022 and its 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 Accounting Standards.</p>
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<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute 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>
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<b>Board's responsibilities for the financial report</b>	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute'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 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 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.

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MELBOURNE  
27 March 2023



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

**BENDIGO KANGAN INSTITUTE**  
**FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

**DECLARATION BY BOARD CHAIR  
CHIEF EXECUTIVE  
AND CHIEF FINANCIAL OFFICER**

The attached financial statements for Bendigo Kangan Institute have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer 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 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, and Chief Financial Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Bendigo Kangan Institute.



Ms. Margaret O'Rourke, Board Chair

Melbourne  
Date 23 March 2023



Ms. Sally Curtain, Chief Executive Officer

Melbourne  
Date 23 March 2023



Ms. Melissa Chalker, Chief Financial Officer

Melbourne  
Date 23 March 2023

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Bendigo Kangan 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 Institute's stewardship of resources entrusted to it.

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# FINANCIAL STATEMENTS

## Comprehensive Operating Statement

For the year ended 31 December 2022

	NOTE	2022	2021
		\$'000	\$'000
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE AND INCOME FROM TRANSACTIONS</b>			
Government grants			
Operating grants - revenue	2.1.1	59,313	61,322
Operating grants - income	2.1.1	51,145	25,174
Capital grants - income	2.1.2	5,133	35,154
Revenue from fees, charges and sales	2.2	75,285	67,700
Other revenue	2.3	-	-
Other income	2.3	2,035	2,025
<b>TOTAL REVENUE AND INCOME FROM TRANSACTIONS</b>		<b>192,911</b>	<b>191,374</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Employee benefits	3.1.1	139,958	135,561
Depreciation and amortisation	3.6	18,820	18,268
Supplies and services	3.3	35,274	30,975
Finance costs	3.5	44	92
Other operating expenses	3.4	12,645	11,221
<b>TOTAL EXPENSES FROM TRANSACTIONS</b>		<b>206,741</b>	<b>196,117</b>
		<b>(13,830)</b>	<b>(4,743)</b>
<b>NET RESULT FROM TRANSACTIONS</b>			
<b>OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>			
Net gain/(loss) on non-financial assets	4.1.3	-	30
Net gain/(loss) on financial instruments	9.1a	(868)	(617)
Other gains/(losses) from other economic flows	9.1b	-	437
<b>TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>		<b>(868)</b>	<b>(150)</b>
		<b>(14,698)</b>	<b>(4,893)</b>
<b>NET RESULT</b>			
<b>OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>			
Gain on revaluation of physical assets	9.2	63,751	13,846
<b>COMPREHENSIVE RESULT</b>		<b>49,053</b>	<b>8,953</b>

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

## Balance Sheet

As at 31 December 2022

	NOTE	2022	2021
		\$'000	\$'000
<b>ASSETS</b>			
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	6.1	50,566	51,350
Receivables	5.1	33,199	11,380
<b>Total financial assets</b>		<b>83,765</b>	<b>62,730</b>
<b>NON-FINANCIAL ASSETS</b>			
Property, plant and equipment	4.1	480,806	418,518
Right of use assets	6.4	1,438	2,666
Intangible assets	4.2	5,929	6,729
Other non-financial assets	5.2	4,489	5,957
<b>Total non-financial assets</b>		<b>492,662</b>	<b>433,870</b>
<b>TOTAL ASSETS</b>		<b>576,427</b>	<b>496,600</b>
<b>LIABILITIES</b>			
Payables	5.3	5,552	6,900
Contract liabilities	5.4	34,476	15,999
Employee provisions	5.5	27,974	26,965
Other provisions	5.6	1,523	1,831
Borrowings	6.2	16,903	2,803
Lease liabilities	6.4	1,128	2,285
<b>TOTAL LIABILITIES</b>		<b>87,556</b>	<b>56,783</b>
<b>NET ASSETS</b>		<b>488,870</b>	<b>439,817</b>
<b>EQUITY</b>			
Accumulated surplus / (deficit)		32,197	46,895
Contributed capital		246,762	246,762
Reserves	9.2	209,911	146,160
<b>NET WORTH</b>		<b>488,870</b>	<b>439,817</b>

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

## Statement of Changes in Equity

For the year ended 31 December 2022

	PHYSICAL ASSETS REVALUATION SURPLUS	ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
	\$'000	\$'000	\$'000	\$'000
<b>AS AT 1 JANUARY 2021</b>	<b>132,314</b>	<b>51,788</b>	<b>246,762</b>	<b>430,864</b>
Net result for the year	-	(4,893)	-	(4,893)
Other economic flows - other comprehensive income	13,846	-	-	13,846
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>13,846</b>	<b>(4,893)</b>	<b>-</b>	<b>8,953</b>
<b>YEAR ENDED 31 DECEMBER 2021</b>	<b>146,160</b>	<b>46,895</b>	<b>246,762</b>	<b>439,817</b>
Net result for the year	-	(14,698)	-	(14,698)
Other economic flows - other comprehensive income	63,751	-	-	63,751
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>63,751</b>	<b>(14,698)</b>	<b>-</b>	<b>49,053</b>
<b>YEAR ENDED 31 DECEMBER 2022</b>	<b>209,911</b>	<b>32,197</b>	<b>246,762</b>	<b>488,870</b>

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

## Cash Flow Statement

For the year ended 31 December 2022

	NOTE	2022	2021
		\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Government contributions		142,515	110,466
Receipts from customers - fees, charges and sales		59,802	80,111
Goods and services tax recovered from the ATO		1,111	1,533
Interest received		691	351
Other receipts		1,350	6,125
<b>Total receipts from operating activities</b>		<b>205,468</b>	<b>198,586</b>
<b>PAYMENTS</b>			
Payments to employees		(127,951)	(126,150)
Payments to suppliers		(60,246)	(71,923)
Goods and services tax paid to the ATO		(1,526)	(1,602)
Interest paid - lease liability		(44)	(81)
<b>Total payments from operating activities</b>		<b>(189,767)</b>	<b>(199,756)</b>
<b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>6.1.1</b>	<b>15,701</b>	<b>(1,170)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(14,133)	(42,576)
Payments for intangible assets		(1,195)	(3,097)
Proceeds from sale of non-financial assets		0	30
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(15,328)</b>	<b>(45,643)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liabilities		(1,157)	(1,583)
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>(1,157)</b>	<b>(1,583)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(784)</b>	<b>(48,396)</b>
Cash and cash equivalents at beginning of year		51,350	99,746
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>6.1</b>	<b>50,566</b>	<b>51,350</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

# 1. About this report

Bendigo Kangan Institute 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).

Bendigo Kangan Institute is a Technical and Further Education (TAFE) provider, based in metropolitan Melbourne and the Bendigo region.

Its registered office and principal address is:

Bendigo Kangan Institute  
62-104 Charleston Road  
Bendigo, VIC 3550  
Australia

### 1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of Bendigo Kangan Institute (the "TAFE"). 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 Bendigo Kangan Institute's satisfaction of a performance obligation (refer to Note 2.2);
- AASB 16 *Leases* and the requirements to determine the lease term to the extent that extension options are certain (refer to Note 6.4);
- whether AASB 1059 *Service Concession Arrangements: Grantors* is applicable - specifically, in determining whether an asset provides public services and in determining whether the operator manages at least some of the public services and not acting merely as an agent on behalf of the grantor.

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

- 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 Bendigo Kangan Institute as an individual reporting entity. Bendigo Kangan Institute had no controlled entities for the period ended 31 December 2022.

## 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.

## 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.

Bendigo Kangan Institute's (BKI's) budget for 2023 has been approved by the Minister for Training and Skills and Higher Education. On this basis, the Board is satisfied that BKI will hold sufficient cash reserves across 2023 to support its ongoing operations, therefore the statements are prepared on a going concern basis. The Board is confident in the financial sustainability of the organisation in the longer term as we continue to deliver on our *2020>2025 Strategic Plan*. Noting the TAFE has substantial economic dependency on Government Operating and Capital Contributions.

The TAFE manages funding risk by continuing to diversify and increase funding from commercial activities, both domestically and offshore.

There has been no significant change in the TAFE'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, the TAFE 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.

## 1.3 Impact of COVID-19

The coronavirus (COVID-19), which was declared a global pandemic in March 2020, continued to impact Bendigo Kangan Institute's operations in 2022.

Various restrictions such as self-isolation and border entry rules continued into 2022 and these actions have in turn, continued to impact the manner in which businesses operate, including that of Bendigo Kangan Institute.

Consistent with the prior year, COVID-19 continued to have an impact on the operations of the TAFE and as a consequence has resulted in a number of impacts on the performance of the TAFE as well as the judgements and estimates used in assessing balances.

Bendigo Kangan Institute continued to conduct classes through blended learning, hold examinations online, place restrictions on non-essential work, perform COVID-19 testing and implement work from home arrangements where appropriate.

The key impacts on the appropriateness of the going concern basis of accounting, performance of the business as well as various accounting treatments and estimates are summarised below and disclosed in subsequent notes where relevant and material.

## THE KEY IMPACTS ON THE PERFORMANCE IS SUMMARISED AS FOLLOWS:

### Basis of preparation

As at 31 December 2022, Bendigo Kangan Institute was in a net asset position of \$488,870,000 (2021: \$439,817,000), a net current asset position of \$27,213,000 (2021: \$11,099,000), net deficit of \$14,698,000 (2021: net deficit of \$4,893,000) and generated positive operating cash flows of \$15,701,000 (2021: negative operating cash flows of \$1,170,000). Considering the TAFE's financial position, together with the continued impacts of COVID-19 on the business as discussed below, the TAFE has concluded it is appropriate to prepare the financial statements on a going concern basis.

- Bendigo Kangan Institute has received confirmation from the Department of Education and Training for all funding agreements relating to the 2023 financial year, which provides assurance to enable it to continue as a going concern.
- Bendigo Kangan Institute has also implemented a number of measures including the following to reduce costs as well as to ensure it has adequate cash reserves to satisfy its obligations as and when it falls due:-
  - a. identified and achieved reductions in non-salary expenses
  - b. managed campuses and buildings to reduce operating costs
  - c. management of vacancies

### Revenue and other income

Bendigo Kangan Institute continued to deliver a blended learning model allowing remote delivery and online training. It also received one-off operational Grants and Capital Grants allowing delivery of service as a contracted service provider of Fee for Service Delivery. The Department of Education and Training provided Business Continuity Grants to assist Bendigo Kangan Institute with its response to continued impacts from the pandemic, provided support to retain staff and maintain Government funding at pre-pandemic levels. This is further discussed in Note 2.1.

COVID-19 continued to impact the way classes have been conducted by the TAFE and as a consequence continued to impact student enrolments. The following course enrolments have been significantly impacted:

1. Certificate II in Security Operations
2. Diploma of Building and Construction (Management)
3. Certificate III in Animal Studies
4. Diploma of Justice
5. Certificate III in Concreting

The financial implication of the fall in student enrolment pre Business Continuity Grants, was approximately \$5.5 million.

VETASSESS Group, which operates as a separate division within Bendigo Kangan Institute, has seen increased revenue in 2022 following the reopening of Australian borders and increased applications for skilled migration assessment (\$10.9m above 2022 budget).

### Employee provisions

COVID-19 forced the cancellation of a number of instances of planned leave by staff. Without being allowed to travel away from home, staff were reluctant to take leave during the Victorian State lockdown. In 2022, staff have started to utilise leave but the Institute is still seeing a rise in provisions. As a result, the leave provisions have increased by \$1,009,000 (2021: by \$5,171,000). This is discussed further in Note 5.5.

## THE KEY IMPACTS ON ACCOUNTING TREATMENTS AND ESTIMATES ARE AS FOLLOWS:

### **Allowance for expected credit losses**

Although both local and international students were impacted by the pandemic, the TAFE has not experienced a decline in the collectability of its trade receivables. Where students are experiencing financial difficulty, the TAFE 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. The TAFE 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 the TAFE 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 cycle falling in 2022 financial year. On instructions of the Valuer General of Victoria, Herron Todd White Pty Ltd was engaged to perform the valuation of the TAFE's non-financial physical assets, mainly land and buildings, valuations effective from 31 December 2022. This is further discussed in Note 7.3.

Exceptions to the fair value measurement policy as described above include:

- right-of-use assets that arise from below market (including peppercorn) leases, which are be measured at cost in accordance with FRD 123;
- assets under construction which are measured under cost unless they relate to service concession arrangement assets which shall be measured at current replacement cost; and
- assets where the TAFE has received the prior written approval of the Assistant Treasurer to be measured at cost.

## 2. How we earned our funds

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

### Operating grants

The TAFE receives numerous operating grants from DET to assist with its operations. Grants such as TAFE Services Fund and other grants assist the TAFE with operational costs for Maintenance and Asset Management and in better servicing special community needs including funding to assist with hiring of Community Service Officers.

The TAFE recognises income immediately in the comprehensive operating statement when control is achieved over the funds and the contract is not enforceable or the performance obligations are not sufficiently specific.

Where performance obligations are sufficiently specific, the asset and related liability are recognised with the residual being directly recognised in the comprehensive operating statement.

### Capital grants

In the 2021/22 State Budget, the TAFE was allocated a \$60 million capital works grant to be paid between 2021 and 2025 for the construction of a Health & Community Centre of Excellence as the first stage of the revitalisation of the Broadmeadows Campus. During the current year, the TAFE received \$21.8 million government contributions upon successful completion of milestones as specified in the grant agreements.

## 2.1 Government grants

### 2.1.1 REVENUE AND INCOME FROM GOVERNMENT GRANTS

	2022	2021
	\$'000	\$'000
<b>GRANTS AND OTHER TRANSFERS</b>		
<b>GOVERNMENT GRANTS - OPERATING REVENUE</b>		
State government - contestable	59,313	61,321
<b>TOTAL GOVERNMENT GRANTS - OPERATING REVENUE</b>	<b>59,313</b>	<b>61,321</b>
<b>GOVERNMENT GRANTS - OPERATING INCOME</b>		
State government - other grants	51,145	25,174
Commonwealth government grants	-	-
Other	-	-
<b>TOTAL GOVERNMENT GRANTS - OPERATING INCOME</b>	<b>51,145</b>	<b>25,174</b>
<b>TOTAL GOVERNMENT GRANTS - OPERATING</b>	<b>110,458</b>	<b>86,496</b>

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

## Revenue and income from government grants

The TAFE 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 TAFE'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 the TAFE expects to be entitled in exchange for transferring promised goods or services to a customer.

### Income from government grants

Income from government grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the TAFE has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the TAFE 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

- contributions by owners, in accordance with AASB 1004
- 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 <b>performance obligations are sufficiently specific</b> in accordance with AASB 15.	Revenue is recognised <b>over time</b> in the comprehensive operating statement as the performance obligations are delivered.

## 2.1.2 CAPITAL GRANTS INCOME

	2022	2021
	\$'000	\$'000
<b>GOVERNMENT GRANTS - CAPITAL</b>		
State government - capital	5,133	35,154
Commonwealth government grants	-	-
<b>TOTAL GOVERNMENT GRANTS - CAPITAL</b>	<b>5,133</b>	<b>35,154</b>
<b>TOTAL GOVERNMENT GRANTS</b>	<b>115,591</b>	<b>121,650</b>

INCOME TYPE	NATURE	PERFORMANCE OBLIGATION	TIMING OF SATISFACTION
State government - capital	Where the TAFE receives a financial asset to construct or acquire a non-financial asset which is to be retained and used by the TAFE.	Whilst the TAFE has an obligation to acquire or construct a non-financial asset, such transactions are accounted for following specific guidance under AASB 1058.	When the asset is acquired.  Or  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 have been received for services to be delivered in the following year, these amounts are deferred as a liability (Note 5.4).

## 2.2 Revenue from fees, charges and sales

	2022	2021
	\$'000	\$'000
Student fees and charges	9,733	10,741
Fee for service - government	27,158	23,482
Fee for service - international operations - onshore	882	1,386
Fee for service - international operations - offshore	10,253	8,292
Fee for service - other	27,016	23,501
<b>OTHER NON-COURSE FEES AND CHARGES</b>		
Student amenities and services	243	298
<b>TOTAL REVENUE FROM FEES, CHARGES AND SALES</b>	<b>75,285</b>	<b>67,700</b>

The following table provides a breakdown of contractual sales with customers based on the timing of revenue recognition

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue recognised over time	64,789	59,110
Revenue recognised at a point in time	10,496	8,590
<b>TOTAL REVENUE FROM FEES, CHARGES AND SALES</b>	<b>75,285</b>	<b>67,700</b>

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.

Revenue for student fees and charges is recognised as the course is delivered to the student and is measured as the amount the TAFE expects to be entitled to. 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.

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 the TAFE provides the service to the student.

The TAFE uses a variety of metrics to recognise revenue over time in line with AASB 15. This is because of the varying degrees and methods of delivery of performance obligations. For example, the TAFE recognises Student Fees and Charges based on actual student contact hours, but Fee For Service activities are recognised based on delivery of service.

REVENUE TYPE	NATURE	PERFORMANCE OBLIGATION	TIMING OF SATISFACTION
Student fees and charges	<p>The Institute provides educational services to eligible domestic students.</p> <p>Student fees and charges revenue includes student tuition fees and course materials received or to be received from eligible students for the provision of these services.</p>	Provision of education services	<p>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.</p> <p>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.</p>
Fee for service – government	Relates to course fees funded by State government departments (excluding revenue/income recognised in note 2.1.1).	Provision of services	<p>Revenue is recognised over time by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered.</p> <p>Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as a contract liability.</p>
Fee for service – International onshore/offshore	Relates to international student course fees and other revenue for onshore and offshore training operations.		
Fee for service – other	Relates to revenue from training programs to domestic students (who are not eligible for a government funded subsidy) and private organisations (industry)		
Revenue from sale of goods		Delivery of goods	Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers. Sales are recognised based on the contractual price, net of any discounts (if applicable). Payment of transaction price is due immediately.

### 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	2021
	\$'000	\$'000
Student fees and charges	2,206	3,314
Fee for service	3,987	2,755
Other	4,154	24,980
	<b>10,347</b>	<b>31,049</b>

### 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	2024
	\$'000	\$'000
<b>REVENUE EXPECTED TO BE RECOGNISED</b>	<b>25,862</b>	<b>11,085</b>

Note: These are estimates only, based on professional judgement and past experience.

### 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); and/or
- 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 21 days).

Students are generally entitled to a refund (less administration fee) if they withdraw from a course within 28 days of enrolment. Students who withdraw after this time are generally not entitled to a refund.

International students may enter into a payment plan/instalment arranged between the TAFE and the student, which involves the TAFE determining the amount to deposit before commencing studies, and the amount payable during the students' courses. The due date for these payments are set in the middle and end of each teaching semester, with half of the course fees payable at plan/instalment due date.

## 2.3 Other revenue and income

	2022	2021
	\$'000	\$'000
Interest income	703	335
Rental income	532	214
Donations, bequests and grants	33	40
Other income	767	1,436
<b>TOTAL OTHER INCOME</b>	<b>2,035</b>	<b>2,025</b>
<b>TOTAL OTHER INCOME</b>	<b>2,035</b>	<b>2,025</b>

OTHER INCOME TYPE	NATURE	PERFORMANCE OBLIGATION	TIMING OF SATISFACTION
Interest	Interest income includes interest received on bank term 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 from operating leases	The TAFE 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. The TAFE also receives rental income from long term lease arrangements with third parties.	None	Rental income is recognised on a time proportional basis and is brought to account when the TAFE's right to receive the rental is established.
Donations and bequests	From time to time, generous benefactors may provide donations or gifts to further the objectives of the TAFE. Typically, donations and bequests do not contain performance obligations that are sufficiently specific.	None	Recognised on receipt, when there are no sufficiently specific performance obligations. Typically, the stated purpose of the gift is not specific enough for the requirements of the AASB 15. In the rare circumstance where a gift has a sufficiently specific performance obligation revenue will be recognised when or as the obligation is satisfied.
Other income	Other income includes income from car park, salon, bakery.	Other income is recognised when the TAFE's right to receive payment is established.	

### 2.3.1 LEASES RECEIVABLE

	2022	2021
	\$'000	\$'000
<b>RECEIVABLE (IN-GST):</b>		
Within one year	604	235
Later than one year but not later than five years	1,340	499
Later than five years	182	232
<b>TOTAL LEASES RECEIVABLE</b>	<b>2,126</b>	<b>967</b>
GST payable on the above	193	88
<b>NET OPERATING LEASES RECEIVABLE</b>	<b>1,933</b>	<b>879</b>

When the TAFE 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 is 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	2021
	\$'000	\$'000
Salaries, wages, overtime and allowances	108,230	104,912
Superannuation	11,041	10,120
Payroll tax	5,319	5,585
Mental health levy	689	-
Workers compensation	1,756	1,224
Annual leave	9,542	9,615
Long service leave	2,699	4,033
Termination benefits	682	73
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>139,958</b>	<b>135,561</b>

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.

#### IMPACT OF COVID-19

The impact of COVID-19 is further discussed in Note 1.3.

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. The TAFE recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits which are expected to be wholly-settled more than 12 months after balance sheet date are discounted to present value.

## 3.2 Superannuation

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

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

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

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

	2022	2021
	\$'000	\$'000
<b>PAID CONTRIBUTION FOR THE YEAR</b>		
<b>DEFINED BENEFIT PLANS:</b>		
State Superannuation Fund - revised and new	122	141
<b>TOTAL DEFINED BENEFIT PLANS</b>	<b>122</b>	<b>141</b>
<b>ACCUMULATION CONTRIBUTION PLANS:</b>		
VicSuper	4,423	4,310
Other	6,496	5,863
<b>TOTAL ACCUMULATION CONTRIBUTION PLANS</b>	<b>10,919</b>	<b>10173</b>
<b>TOTAL PAID CONTRIBUTION FOR THE YEAR</b>	<b>11,041</b>	<b>10,314</b>
<b>CONTRIBUTION OUTSTANDING AT YEAR END</b>		
<b>ACCUMULATION CONTRIBUTION PLANS:</b>		
VicSuper	-	-
Other	-	-
<b>TOTAL ACCUMULATION CONTRIBUTION PLANS</b>	<b>-</b>	<b>-</b>
<b>TOTAL CONTRIBUTION OUTSTANDING AT YEAR END</b>	<b>-</b>	<b>-</b>

### Accumulation contribution plans

Contributions are expensed when they become payable.

The bases for contributions are determined by the various schemes.

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

### 3.3 Supplies and services

	2022	2021
	\$'000	\$'000
Building repairs and maintenance	1,236	1,854
Communication expenses	1,535	1,498
Contract and other services	25,923	21,545
Fees and charges	451	330
Purchase of supplies and consumables	6,128	5,748
<b>TOTAL SUPPLIES AND SERVICES</b>	<b>35,273</b>	<b>30,975</b>

#### IMPACT OF COVID-19

The impact of COVID-19 is further discussed in Note 1.3.

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.

#### 3.3.1 OTHER EXPENDITURE COMMITMENTS

Commitments for future maintenance, repairs or enhancements to investment property in existence at reporting date but not recognised as liabilities are as follows:

	2022	2021
	\$'000	\$'000
<b>PAYABLE</b>		
Within one year	5,010	3,956
Later than one year but not later than five years	1,102	2,639
Later than five years	-	-
<b>TOTAL OTHER EXPENDITURE COMMITMENTS</b>	<b>6,112</b>	<b>6,595</b>
GST payable on the above	535	600
<b>NET OTHER EXPENDITURE COMMITMENTS</b>	<b>5,577</b>	<b>5,995</b>

### 3.4 Other operating expenses

	2022	2021
	\$'000	\$'000
Audit fees and services	269	248
Equipment below capitalisation threshold	1,095	762
Marketing and promotional expenses	3,707	3,664
Staff development	1,088	1,000
Travel and motor vehicle expenses	1,229	269
Utilities	2,503	2,427
Expenses relating to short-term leases	698	314
Expenses relating to low-value leases	41	11
Other	2,014	2,525
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>12,644</b>	<b>11,221</b>

#### IMPACT OF COVID-19

The impact of COVID-19 is further discussed in Note 1.3.

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.

### 3.5 Finance costs

	2022	2021
	\$'000	\$'000
Interest on debt	-	10
Interest on lease liabilities	44	82
<b>TOTAL FINANCE COSTS</b>	<b>44</b>	<b>92</b>

### 3.6 Depreciation and amortisation

	2022	2021
	\$'000	\$'000
Depreciation of property, plant and equipment	15,596	13,026
Depreciation of right of use assets	1,229	1,837
Amortisation of intangible assets	1,995	3,405
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>18,820</b>	<b>18,268</b>

# 4. 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), The TAFE'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	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	149,503	121,328	-	-	149,503	121,328
Buildings	294,560	304,932	(528)	(36,757)	294,032	268,175
Construction in progress	14,934	5,804	-	-	14,934	5,804
Plant and equipment	68,044	63,100	(45,808)	(40,051)	22,237	23,048
Motor vehicles	2,070	2,070	(2,044)	(2,013)	26	57
Leasehold improvements	506	506	(432)	(407)	74	99
Cultural assets	1,983	1,983	(1,982)	(1,977)	1	6
	<b>531,600</b>	<b>499,723</b>	<b>(50,794)</b>	<b>(81,205)</b>	<b>480,806</b>	<b>418,518</b>

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 an adjustment is made for community service obligation (CSO) to reflect the specialised nature of the land being valued.

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

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

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

The formal revaluation of land and building assets (including land improvements) was conducted for the year ended 31 December 2022 by Herron Todd White (Vic/Tas) Pty Ltd on the instructions of the Valuer-General of Victoria. As a result of the revaluation the TAFE had revaluation gains of \$63,751,000.

### **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.

#### 4.1.1 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	CONSTRUCTION IN PROGRESS	PLANT AND EQUIPMENT	MOTOR VEHICLES	LEASEHOLD IMPROVEMENTS	CULTURAL ASSETS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>								
Opening net book amount	121,328	268,175	5,804	23,048	57	99	6	418,517
Additions	-	59	9,129	4,945	-	-	-	14,133
Revaluations	28,175	35,576	-	-	-	-	-	63,751
Disposals	-	-	-	-	-	-	-	-
Depreciation	-	(9,778)	-	(5,756)	(31)	(25)	(5)	(15,596)
<b>NET CARRYING AMOUNT</b>	<b>149,503</b>	<b>294,032</b>	<b>14,933</b>	<b>22,236</b>	<b>26</b>	<b>74</b>	<b>1</b>	<b>480,806</b>
<b>2021</b>								
Opening net book amount	107,482	224,353	30,256	12,799	88	124	18	375,120
Additions	-	-	40,096	2,480	-	-	-	42,576
Revaluations	13,846	-	-	-	-	-	-	13,846
Disposals	-	-	-	-	-	-	-	-
Transfers	-	52,382	(64,548)	12,166	-	-	-	-
Depreciation	-	(8,560)	-	(4,397)	(31)	(25)	(12)	(13,025)
<b>NET CARRYING AMOUNT</b>	<b>121,328</b>	<b>268,175</b>	<b>5,804</b>	<b>23,048</b>	<b>57</b>	<b>99</b>	<b>6</b>	<b>418,518</b>

#### 4.1.2 CAPITAL COMMITMENTS

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

	2022	2021
	\$'000	\$'000
<b>PAYABLE</b>		
Within one year	38,066	19,871
Later than one year but not later than five years	40,722	59,800
Later than five years	-	-
<b>TOTAL CAPITAL EXPENDITURE COMMITMENTS</b>	<b>78,788</b>	<b>79,671</b>
GST payable on the above	7,163	7,243
<b>NET CAPITAL EXPENDITURE COMMITMENTS</b>	<b>71,625</b>	<b>72,428</b>

### 4.1.3 GAIN / LOSS ON PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	\$'000	\$'000
Net gain/(loss) on disposal of property, plant and equipment	-	30
<b>NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>-</b>	<b>30</b>

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.

## 4.2 Intangible assets

The TAFE has capitalised expenditure for the Development of Online Learning Modules however no additional content was capitalised in 2022. Additions for 2022 relate to our student management system.

	2022	2021
	\$'000	\$'000
<b>GROSS CARRYING AMOUNT</b>		
Opening balance	6,729	7,319
Additions	1,195	3,097
Amortisation	(1,995)	(3,405)
Written off	-	(282)
<b>CLOSING BALANCE</b>	<b>5,929</b>	<b>6,729</b>
<b>NET CARRYING AMOUNT AT END OF THE YEAR</b>	<b>5,929</b>	<b>6,729</b>

### 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, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

SaaS arrangements are service contracts providing the TAFE 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 the TAFE 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 the TAFE 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

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 as an 'expense from transactions' on a straight-line basis over their useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

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.

## 4.3 Depreciation and amortisation

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

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 the Institute 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 – 50 years (2021: 5 – 50 years)	Straight Line
Plant and equipment	3 – 10 years (2021: 3 – 10 years)	Straight Line
Motor vehicles	5 – 10 years (2021: 5 – 10 years)	Straight Line
Leasehold improvements	5 – 50 years (2021: 5 – 50 years)	Straight Line
Land and building improvements	10 – 40 years (2021: 10 – 40 years)	Straight Line
Right of use assets	Lease term (2021: lease term)	Straight Line
Software	3 – 4 years (2021: 3 – 4 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.

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

# 5. Balances from operations

## 5.1 Receivables

	2022	2021
	\$'000	\$'000
<b>CURRENT</b>		
Trade receivables	12,452	7,940
Loss allowance on trade receivables	(4,688)	(3,845)
Accrued income	10,449	6,246
Other receivables	14,457	367
<b>TOTAL RECEIVABLES FROM CONTRACTS WITH CUSTOMERS</b>	<b>32,670</b>	<b>10,708</b>
<b>STATUTORY</b>		
GST input tax credit recoverable	529	672
<b>TOTAL CURRENT RECEIVABLES</b>	<b>33,199</b>	<b>11,380</b>

**Receivables** consist of:

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

Receivables 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. Bendigo Kangan Institute 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

The TAFE 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	2021
	\$'000	\$'000
<b>BALANCE AT THE BEGINNING OF THE YEAR</b>	<b>(3,845)</b>	<b>(3,282)</b>
Amounts written off	24	-
Net remeasurement of loss allowance	-	-
Reversal of unused loss allowance recognised in net result	-	-
Increase in loss allowance recognised in net result	(866)	(563)
<b>BALANCE AT THE END OF THE YEAR</b>	<b>(4,688)</b>	<b>(3,845)</b>

In respect of trade and other receivables, the TAFE 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

	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>						
Trade receivables	7,764	5,117	128	20	2,499	-
Other receivables	14,457	14,457	-	-	-	-
<b>TOTAL</b>	<b>22,221</b>	<b>19,574</b>	<b>128</b>	<b>20</b>	<b>2,499</b>	<b>-</b>
<b>2021</b>						
Trade receivables	4,095	1,554	2,213	137	191	-
Other receivables	367	367	-	-	-	-
<b>TOTAL</b>	<b>4,462</b>	<b>1,921</b>	<b>2,213</b>	<b>137</b>	<b>191</b>	<b>-</b>

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

The TAFE's receivables relate to period ending 31st December 2022. 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.

## 5.2 Other non-financial assets

	2022	2021
	\$'000	\$'000
<b>CURRENT</b>		
Prepayments	4,489	5,957
<b>TOTAL CURRENT OTHER NON-FINANCIAL ASSETS</b>	<b>4,489</b>	<b>5,957</b>
<b>TOTAL OTHER NON-FINANCIAL ASSETS</b>	<b>4,489</b>	<b>5,957</b>

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

## 5.3 Payables

	2022	2021
	\$'000	\$'000
<b>CURRENT</b>		
<b>CONTRACTUAL</b>		
Supplies and services	5,127	6,193
<b>TOTAL CONTRACTUAL PAYABLES</b>	<b>5,127</b>	<b>6,193</b>
<b>STATUTORY</b>		
GST payable	505	683
FBT payable	24	24
Other taxes payable	(104)	0
<b>TOTAL STATUTORY PAYABLES</b>	<b>425</b>	<b>707</b>
<b>TOTAL CURRENT PAYABLES</b>	<b>5,552</b>	<b>6,900</b>

**Payables** consist of:

- contractual payables, such as accounts payable and refund liabilities. Accounts payable represent liabilities for goods and services provided to Bendigo Kangan Institute prior to the end of the financial year that are unpaid, and arise when the TAFE 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.

### 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	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>						
Supplies and services	5,127	5,127	5,127	-	-	-
Other payables	-	-	-	-	-	-
<b>TOTAL</b>	<b>5,127</b>	<b>5,127</b>	<b>5,127</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021</b>						
Supplies and services	6,193	6,193	6,193	-	-	-
Other payables	-	-	-	-	-	-
<b>TOTAL</b>	<b>6,193</b>	<b>6,193</b>	<b>6,193</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: The disclosures above exclude statutory payables (e.g. GST payable).

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

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

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.

## 5.4 Contract and other liabilities

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

	2022	2021
	\$'000	\$'000
<b>CONTRACT LIABILITIES</b>		
Student fees	3,737	3,503
Fee for service	4,906	4,137
Other	-	-
Government contributions - contestable	-	-
Government contributions - other contributions	106	252
<b>TOTAL CONTRACT LIABILITIES</b>	<b>8,749</b>	<b>7,892</b>

### Contract liabilities

Any fees received by the TAFE 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.

	2022	2021
	\$'000	\$'000
<b>OTHER LIABILITIES</b>		
Deferred capital grants	25,727	8,107
<b>TOTAL OTHER LIABILITIES</b>	<b>25,727</b>	<b>8,107</b>

### Deferred capital grants

Grant consideration was received from the DET to support the construction of Broadmeadows Campus Revitalisation Program. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date as the costs of construction closely reflect the stage of completion of the Broadmeadows Campus Revitalisation. Bendigo Kangan Institute has deferred recognition of a portion of grant funding received as a liability towards outstanding obligations.

	2022	2021
	\$'000	\$'000
<b>CONTRACTUAL</b>		
Deferred capital grants at beginning of the year	8,107	24,980
Grant consideration for capital works received during the year	22,684	18,504
Grant consideration recognised as income under AASB 1058	(5,064)	(35,377)
<b>CLOSING BALANCE OF DEFERRED CAPITAL GRANTS</b>	<b>25,727</b>	<b>8,107</b>

## 5.5 Employee benefits in the balance sheet

	2022	2021
	\$'000	\$'000
Annual leave	9,946	9,816
Long service leave	13,310	13,267
<b>Total short-term benefits</b>	<b>23,256</b>	<b>23,083</b>
Long service leave	4,717	3,882
<b>Total long-term benefits</b>	<b>4,717</b>	<b>3,882</b>
<b>TOTAL EMPLOYEE PROVISIONS</b>	<b>27,974</b>	<b>26,965</b>

The leave obligations cover the TAFE's liabilities for long service leave and annual leave, which are classified as either other long-term benefits or short-term benefits.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro rata payments in certain circumstances. The entire amount of the provision of \$23,256,000 (2021: \$23,083,000) is presented as current, since the TAFE does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the TAFE does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

	2022	2021
	\$'000	\$'000
Unconditional and expected to settle within 12 months	9,744	9,874
Unconditional and expected to settle after 12 months	13,512	13,209
<b>TOTAL CURRENT EMPLOYEE PROVISIONS</b>	<b>23,256</b>	<b>23,083</b>

## 5.6 Other provisions

	2022	2021
	\$'000	\$'000
Make good provision	1,523	1,831
<b>TOTAL OTHER PROVISIONS</b>	<b>1,523</b>	<b>1,831</b>

### Make good provision

Provisions are recognised when the TAFE 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.

### Reconciliation of other provisions

	2022	2021
	\$'000	\$'000
Opening balance	1,831	1,831
Additional provisions recognised	-	-
Reductions arising from payments	(308)	-
<b>CLOSING BALANCE</b>	<b>1,523</b>	<b>1,831</b>

# 6. How we financed our operations

## 6.1 Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash at bank and on hand	50,566	51,350
<b>TOTAL CASH AND DEPOSITS</b>	<b>50,566</b>	<b>51,350</b>

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### 6.1.1 RECONCILIATION OF OPERATING RESULT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2022	2021
	\$'000	\$'000
<b>NET RESULT FOR THE YEAR</b>	<b>(14,698)</b>	<b>(4,893)</b>
<b>NON-CASH MOVEMENTS</b>		
Depreciation / amortisation of non-financial assets	18,820	18,268
Net gain on sale of non-financial assets	-	(30)
Write off of work in progress	-	282
Notional interest on borrowings	-	9
<b>MOVEMENTS IN ASSETS AND LIABILITIES</b>		
Increase in receivables	(21,818)	6,085
Decrease in other assets	1,468	(1,033)
Decrease in payables	(1,348)	(6,727)
Increase in provisions	700	5,171
Increase in contract liabilities	18,477	(18,302)
Increase in Borrowings	14,100	-
<b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>15,701</b>	<b>(1,170)</b>
<b>PER CASH FLOW STATEMENT</b>	<b>15,701</b>	<b>(1,170)</b>

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

## 6.2 Borrowings

	2022	2021
	\$'000	\$'000
<b>CURRENT</b>		
Advances from Government	2,657	2,646
<b>NON-CURRENT</b>		
Advances from Government	14,246	157
<b>TOTAL BORROWINGS</b>	<b>16,903</b>	<b>2,803</b>

### 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 the TAFE designated a financial liability at fair value through profit or loss.

The measurement basis subsequent to initial recognition depends on whether the TAFE 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.

### Maturity analysis of borrowings

	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>						
Advances from Government	16,903	16,903	-	-	2,657	14,246
<b>TOTAL</b>	<b>16,903</b>	<b>16,903</b>	<b>-</b>	<b>-</b>	<b>2,657</b>	<b>14,246</b>
<b>2021</b>						
Advances from Government	2,803	2,803	-	-	2,646	157
<b>TOTAL</b>	<b>2,803</b>	<b>2,803</b>	<b>-</b>	<b>-</b>	<b>2,646</b>	<b>157</b>

The fair values are 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.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 7.3) due to the use of unobservable inputs, including own credit risk.

## 6.3 Contributed capital

	2022	2021
	\$'000	\$'000
Balance at 1 January	246,762	246,762
<b>BALANCE AT 31 DECEMBER</b>	<b>246,762</b>	<b>246,762</b>

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.

## 6.4 Leases

### Policy

At inception of a contract, the TAFE 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

The TAFE 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

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, the TAFE 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 the TAFE is reasonably certain to exercise, lease payments in an optional renewal period if the TAFE is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the TAFE 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 the TAFE's estimate of the amount expected to be payable under a residual value guarantee; or
- if the TAFE 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.

### Peppercorn leases

The TAFE 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.

Following are the peppercorn leases held by the TAFE at significantly-below market terms conditions. There is economic dependence on these leases to support the TAFE's business operations. There are no restrictions on the use of underlying assets specific to the entity.

	TERM VALID UNTIL (INCL OPTIONS)	LEASE RENTAL
1. Land: Docklands Centre of Excellence - Stage 1	Year 2087	\$1
2. Land: Docklands Centre of Excellence - Stage 2	Year 2104	\$1
3. Basketball Stadium, Dimboola Road, Broadmeadows	Year 2034	\$Nil

### Right of use assets

	PROPERTY	TOTAL
	\$'000	\$'000
<b>2022</b>		
Balance as at 1 January 2022	2,666	2,666
Additions	-	-
Remeasurements arising from reassessments	-	-
Modifications	-	-
Amortisation	(1,229)	(1,229)
<b>BALANCE AS AT 31 DECEMBER 2022</b>	<b>1,437</b>	<b>1,437</b>
<b>2021</b>		
Balance as at 1 January 2021	4,504	4,504
Disposals	-	-
Amortisation	(1,838)	(1,838)
<b>BALANCE AS AT 31 DECEMBER 2021</b>	<b>2,666</b>	<b>2,666</b>

## Lease liabilities

	2022	2021
	\$'000	\$'000
<b>MATURITY ANALYSIS – CONTRACTUAL UNDISCOUNTED CASH FLOWS</b>		
Within one year	997	1,107
Later than one year but not later than five years	137	1,227
Later than five years	-	-
<b>TOTAL UNDISCOUNTED LEASE LIABILITIES AS AT 31 DECEMBER</b>	<b>1,133</b>	<b>2,334</b>
Future finance charges	(5)	(49)
<b>TOTAL DISCOUNTED LEASE LIABILITIES AS AT 31 DECEMBER</b>	<b>1,128</b>	<b>2,285</b>
Current	992	1,015
Non-current	137	1,270
<b>TOTAL LEASE LIABILITIES</b>	<b>1,128</b>	<b>2,285</b>

The TAFE has elected not to recognise right of use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, and leases of low-value assets (individual assets worth less than \$10,000), including IT equipment. The TAFE recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# 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	2021
	\$'000	\$'000
<b>CONTRACTUAL FINANCIAL ASSETS</b>		
<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST</b>		
Cash and cash equivalents	50,566	51,350
Trade receivables	18,213	10,340
Other receivables	14,457	367
<b>TOTAL CONTRACTUAL FINANCIAL ASSETS</b>	<b>83,236</b>	<b>62,057</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>		
<b>LOANS AND PAYABLES</b>		
Supplies and services	5,127	6,193
<b>AT AMORTISED COST</b>		
Borrowings (Advances from Government)	16,903	2,803
<b>TOTAL CONTRACTUAL FINANCIAL LIABILITIES</b>	<b>22,030</b>	<b>8,996</b>

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

### Categories of financial instruments

The TAFE 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).

The TAFE 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. The TAFE recognises the following liabilities in this category:

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

### 7.1.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The TAFE 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.

The TAFE's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the TAFE. The TAFE 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 The TAFE's finance function, overseen by the Audit and Risk Management Committee of the TAFE 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 the TAFE, which comprise cash and deposits and non-statutory receivables. The TAFE's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the TAFE.

Credit risk is monitored on a regular basis. The TAFE 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 the TAFE's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 31 December 2022 and 31 December 2021 largely relate to student debtors, sponsor debtors, other debtors who engage Bendigo Kangan Institute 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.

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

In addition, the TAFE 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. The TAFE'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 the TAFE's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

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

	FINANCIAL INSTITUTIONS (AA-RATING)	GOVERNMENT AGENCIES (AAA-RATING)	OTHER COUNTERPARTY	TOTAL
	\$'000	\$'000	\$'000	\$'000
<b>2022</b>				
Cash and cash equivalents	50,566	-	-	50,566
Receivables	-	18,734	13,936	32,670
<b>TOTAL CONTRACTUAL FINANCIAL ASSETS</b>	<b>50,566</b>	<b>18,734</b>	<b>13,936</b>	<b>83,236</b>
<b>2021</b>				
Cash and deposits	51,350	-	-	51,350
Receivables	-	-	10,708	10,708
<b>TOTAL CONTRACTUAL FINANCIAL ASSETS</b>	<b>51,350</b>	<b>-</b>	<b>10,708</b>	<b>62,057</b>

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.

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. The TAFE 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:

	<b>ESTIMATED GROSS CARRYING AMOUNT</b>	<b>WEIGHTED AVERAGE LOSS RATE</b>	<b>ESTIMATED LOSS ALLOWANCE</b>	<b>CREDIT IMPAIRED</b>
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>(YES / NO)</b>
<b>31-DEC-22</b>				
Current (not past due)	15,255	0	-	No
1-30 days past due	2,263	30	128	No
31 - 60 days past due	896	5	20	No
61 - 90 days past due	-	0	-	No
More than 90 days past due	8,139	89	4,099	Yes
	<b>26,553</b>		<b>4,247</b>	
<b>31-DEC-21</b>				
Current (not past due)	1,505	0	-	No
1-30 days past due	3,170	30	951	No
31 - 60 days past due	151	5	8	No
61 - 90 days past due	-	0	-	No
More than 90 days past due	3,254	89	2,887	Yes
	<b>8,080</b>		<b>3,845</b>	

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 the TAFE'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 the TAFE, and a failure to make contractual payments for a period of greater than 120 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.

Of the above impairment losses, \$4.2m (2021: \$3.8M) relate to receivables arising from contracts with customers.

### 7.1.3 LIQUIDITY RISK

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

The TAFE 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.

The TAFE's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in note 7.1.

The TAFE 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.

The TAFE'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 the TAFE's exposure, the TAFE'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, the TAFE 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 TAFE.

The Board ensures that all market risk exposure is consistent with the TAFE's business strategy and within the risk tolerance of the TAFE. 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**

Foreign currency risk is the risk that the TAFE's operating result, cash flow or capital are negatively impacted by a change in foreign exchange rates. The TAFE has minimal exposure to 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. However the organisation is more exposed to a loss of net interest earnings driven by lower interest rates set by the Reserve Bank of Australia, which is being directly passed on by the authorised deposit taking institutions holding the Institute's funds.

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:

Interest rate exposure of financial instruments

		INTEREST RATE EXPOSURE				
		WEIGHTED AVERAGE INTEREST RATE	CARRYING AMOUNT AT 31 DECEMBER	FLOATING INTEREST RATE	FIXED INTEREST RATE	NON- INTEREST BEARING
2022				\$'000	\$'000	\$'000
<b>FINANCIAL ASSETS</b>						
	Cash and cash equivalents	1.54%	50,566	50,566	-	-
	Trade receivables	-	18,213	-	-	18,213
	Other receivables	-	14,457	-	-	14,457
	<b>TOTAL FINANCIAL ASSETS</b>	-	<b>83,236</b>	<b>50,566</b>	-	<b>32,670</b>
<b>FINANCIAL LIABILITIES</b>						
	Trade and other payables	-	5,127	-	-	5,127
	<b>TOTAL FINANCIAL LIABILITIES</b>	-	<b>5,127</b>	-	-	<b>5,127</b>

		INTEREST RATE EXPOSURE				
		WEIGHTED AVERAGE INTEREST RATE	CARRYING AMOUNT AT 31 DECEMBER	FLOATING INTEREST RATE	FIXED INTEREST RATE	NON- INTEREST BEARING
2021			\$'000	\$'000	\$'000	\$'000
<b>FINANCIAL ASSETS</b>						
	Cash and cash equivalents	0.40%	51,350	51,350	-	-
	Trade receivables	-	10,340	-	-	10,340
	Other receivables	-	367	-	-	367
	<b>TOTAL FINANCIAL ASSETS</b>	-	<b>62,057</b>	<b>51,350</b>	-	<b>10,708</b>
<b>FINANCIAL LIABILITIES</b>						
	Trade and other payables	-	6,193	-	-	6,193
	<b>TOTAL FINANCIAL LIABILITIES</b>	-	<b>6,193</b>	-	-	<b>6,193</b>

Sensitivity analysis and assumptions

	INTEREST RATE RISK				
	CARRYING AMOUNT AT 31 DECEMBER	-1% (100 BASIS POINTS)		+1% (100 BASIS POINTS)	
		RESULT	EQUITY	RESULT	EQUITY
2022		\$'000	\$'000	\$'000	\$'000
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	50,566	(506)	(506)	506	506
<b>TOTAL IMPACT</b>		<b>(506)</b>	<b>(506)</b>	<b>506</b>	<b>506</b>

	INTEREST RATE RISK				
	CARRYING AMOUNT AT 31 DECEMBER	-1% (100 BASIS POINTS)		+1% (100 BASIS POINTS)	
		RESULT	EQUITY	RESULT	EQUITY
2021		\$'000	\$'000	\$'000	\$'000
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	51,350	(513)	(513)	513	513
<b>TOTAL IMPACT</b>		<b>(513)</b>	<b>(513)</b>	<b>513</b>	<b>513</b>

## 7.2 Contingent assets and contingent liabilities

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

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

### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

### Quantifiable contingent assets

	2022	2021
	\$'000	\$'000
Funding arrangements - (i)	35,200	57,000

(i) The TAFE has entered into funding agreements with the DET for the revitalisation of the Broadmeadows Campus. The release of these funds is contingent on the TAFE demonstrating that the agreed milestones have been achieved.

### Contingent liabilities

Contingent liabilities are:

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

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

	2022	2021
	\$'000	\$'000
Bank guarantees (i)	377	377

### Quantifiable contingent liabilities

(i) The amount disclosed comprises bank guarantees for the purposes of securing supply of rental premises from third parties on normal terms and conditions

There were no unquantifiable contingent assets or contingent liabilities as at 31 December 2022 (31 December 2021: nil) that may have a material effect on the financial operations of the TAFE.

## 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 the TAFE.

This section sets out information on how the TAFE 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.

The TAFE 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.

The TAFE 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 the TAFE's independent valuation agency.

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

The TAFE 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.

#### **a. Fair value determination of non-financial assets including right of use assets**

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

The TAFE, 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 the TAFE'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			
	CARRYING AMOUNT AT	LEVEL 1	LEVEL 2	LEVEL 3
	31 DECEMBER	QUOTED PRICES	OBSERVABLE PRICE INPUTS	UNOBSERVABLE INPUTS
<b>2022</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Non-specialised land	-	-	-	-
Specialised land	149,503	-	-	149,503
<b>TOTAL LAND AT FAIR VALUE</b>	<b>149,503</b>	<b>-</b>	<b>-</b>	<b>149,503</b>
Non-specialised buildings	-	-	-	-
Specialised buildings	294,032	-	-	294,032
<b>TOTAL BUILDINGS AT FAIR VALUE</b>	<b>294,032</b>	<b>-</b>	<b>-</b>	<b>294,032</b>
Plant and equipment	22,237	-	-	22,237
Vehicles	26	-	-	26
Leasehold improvements	74	-	-	74
Land improvements	-	-	-	-
Right of use assets	-	-	-	-
<b>TOTAL OTHER ASSETS AT FAIR VALUE</b>	<b>22,337</b>	<b>-</b>	<b>-</b>	<b>22,337</b>
<b>2021</b>				
Non-specialised land	-	-	-	-
Specialised land	121,328	-	-	121,328
<b>TOTAL LAND AT FAIR VALUE</b>	<b>121,328</b>	<b>-</b>	<b>-</b>	<b>121,328</b>
Non-specialised buildings	-	-	-	-
Specialised buildings	268,175	-	-	268,175
<b>TOTAL BUILDINGS AT FAIR VALUE</b>	<b>268,175</b>	<b>-</b>	<b>-</b>	<b>268,175</b>
Plant and equipment	23,048	-	-	23,048
Vehicles	57	-	-	57
Leasehold improvements	99	-	-	99
Land improvements	-	-	-	-
Right of use assets	-	-	-	-
<b>TOTAL OTHER ASSETS AT FAIR VALUE</b>	<b>23,204</b>	<b>-</b>	<b>-</b>	<b>23,204</b>

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

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

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

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

For the TAFE's majority of specialised buildings, the depreciated 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 the TAFE'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. The TAFE 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 depreciated replacement cost method. The TAFE 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 TAFE 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 depreciated cost. As there is no evidence of a reliable market-based fair value (or other relevant fair value indicators) for leasehold improvements, depreciated cost is the fair value for these types of assets. The valuation of leasehold improvements is based on significant unobservable inputs and accordingly is classified as a Level 3 asset.

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

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

#### Reconciliation of level 3 items for the periods ended 30 June 2021 and 30 June 2022

	LEASEHOLD IMPROVEMENTS	SPECIALISED LAND AND BUILDINGS	PLANT AND EQUIPMENT	MOTOR VEHICLES
	\$'000	\$'000	\$'000	\$'000
<b>AS AT 1 JANUARY 2021</b>	<b>124</b>	<b>331,835</b>	<b>12,799</b>	<b>88</b>
Additions	-	-	2,480	-
Disposals	-	-	-	-
Depreciation	(25)	(8,560)	(4,397)	(31)
Revaluation	-	13,846	-	-
Transfers into or out of Level 3	-	52,382	12,166	-
<b>BALANCE AS AT 31 DECEMBER 2021</b>	<b>99</b>	<b>389,503</b>	<b>23,048</b>	<b>57</b>
<b>AS AT 1 JANUARY 2022</b>	<b>99</b>	<b>389,503</b>	<b>23,048</b>	<b>57</b>
Additions	-	59	4,945	-
Disposals	-	-	-	-
Depreciation	(25)	(9,778)	(5,756)	(31)
Revaluation	-	63,751	-	-
Transfers into or out of Level 3	-	-	-	-
<b>BALANCE AS AT 31 DECEMBER 2022</b>	<b>74</b>	<b>443,535</b>	<b>22,237</b>	<b>26</b>

**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	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)

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 Bendigo Kangan Institute were as follows:

POSITION	NAME	RELEVANT PERIOD
Minister for Training and Skills and Minister for Higher Education	The Hon. Gayle Tierney MLC	1 January 2022 to 31 December 2022
Director and Chief Executive Officer (Accountable Officer)	Ms. Sally Curtain	1 January 2022 to 31 December 2022
Board Member	Mr. Peter Harmsworth	1 January 2022 to 31 August 2022
Board Member	Ms. Margaret O'Rourke	1 January 2022 to 31 December 2022
Board Member	Prof. Hal Swerissen	1 January 2022 to 31 December 2022
Board Member	Ms. Anne Bronson	1 January 2022 to 31 December 2022
Board Member	Ms. Katrina Lai	1 January 2022 to 31 December 2022
Board Member	Dr. Margaret Salter	1 January 2022 to 31 December 2022
Board Member	Ms. Cheryl Woollard	1 January 2022 to 31 December 2022
Board Member	Ms. Audrey Sanderson	1 January 2022 to 31 December 2022
Board Member	Mr. Michael McCartney	1 January 2022 to 30 June 2022
Board Member	Ms. Elizabeth Joldeski	1 September 2022 to 31 December 2022
Board Member	Ms. Fiona Schutt	1 July 2022 to 31 December 2022

## Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the TAFE during the reporting period was in the range: \$400,000 – \$409,999 (2021: \$360,000 – \$369,999).

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

	2022	2021
	\$'000	\$'000
<b>INCOME RANGE</b>		
\$0 - \$9,999	1	-
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	4	7
\$40,000 - \$49,999	3	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	-	2
\$150,000 - \$159,999	1	-
\$360,000 - \$369,999	-	1
\$400,000 - \$409,999	1	-
<b>TOTAL NUMBER</b>	<b>12</b>	<b>11</b>
<b>TOTAL REMUNERATION (\$'000)</b>	<b>885</b>	<b>774</b>

Remuneration of the Responsible Minister is included in the financial statements of the State's Annual Financial Statement.

## 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	2021
	\$'000	\$'000
<b>REMUNERATION</b>		
Short-term employee benefits	2,247	1,816
Post-employment benefits	230	179
Other long-term benefits	-	-
Termination benefits	-	-
<b>TOTAL REMUNERATION</b>	<b>2,477</b>	<b>1,995</b>
<b>TOTAL NUMBER OF EXECUTIVES</b>	<b>11</b>	<b>12</b>
<b>TOTAL ANNUALISED EMPLOYEE EQUIVALENTS (i)</b>	<b>8.7</b>	<b>8.4</b>

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

## 8.3 Related parties

Related parties of the TAFE:

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

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

### Related party transactions

	TRANSACTION VALUES FOR YEAR ENDED 31 DECEMBER		BALANCES OUTSTANDING AS AT 31 DECEMBER	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>RELATED PARTY TRANSACTIONS</b>				
Melbourne Polytechnic	6,493	6,251	357	33
Box Hill Institute	610	1,112	7	-
Goulburn Ovens TAFE	28	57	(27)	27
Holmesglen TAFE NEIS	28	-	-	-
William Angliss Institute of TAFE	-	6	-	-
Bendigo Health	121	-	-	-
<b>TOTAL</b>	<b>7,280</b>	<b>7,426</b>	<b>337</b>	<b>60</b>

Key management personnel of the TAFE include the Minister for Training and Skills and Higher Education, directors of the Board, Chief Executive Officer, and members of the Executive Committee. The compensation detailed below excludes the salary and benefits received by the Minister for Training and Skills and Higher Education. The Minister's remuneration and allowances is reported within the Department of Parliamentary Services' Financial Report.

## Compensation of key management personnel

	2022	2021
	\$'000	\$'000
<b>REMUNERATION</b>		
Short-term employee benefits	3,019	2,546
Post-employment benefits	343	223
Other long-term benefits	-	-
Termination benefits	-	-
<b>TOTAL REMUNERATION</b>	<b>3,362</b>	<b>2,769</b>

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

The TAFE had no related party transactions for the period ending 31 December 2022.

## 8.4 Remuneration of auditors

	2022	2021
	\$'000	\$'000
<b>REMUNERATION OF THE VICTORIAN AUDITOR-GENERAL'S OFFICE</b>		
Audit of the financial statements	68	65
<b>TOTAL REMUNERATION OF THE VICTORIAN AUDITOR-GENERAL'S OFFICE</b>	<b>68</b>	<b>65</b>
<b>REMUNERATION OF OTHER AUDITORS</b>		
Internal audit services	201	188
<b>TOTAL REMUNERATION OF OTHER AUDITORS</b>	<b>201</b>	<b>188</b>
<b>TOTAL</b>	<b>269</b>	<b>253</b>

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

# 9. Other disclosures

## 9.1 Other economic flows included in net result

	2022	2021
	\$'000	\$'000
<b>(A) NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS</b>		
Impairment of loans and receivables	(868)	(617)
<b>TOTAL NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS</b>	<b>(868)</b>	<b>(617)</b>
<b>(B) OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS</b>		
Net gain arising from revaluation of long service leave liability	1,988	418
Net gain arising from revaluation of annual leave liability	63	19
Net gain on non-financial assets (including PPE and intangible assets)	63,751	30
<b>TOTAL OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS</b>	<b>65,803</b>	<b>467</b>
<b>TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>	<b>64,935</b>	<b>(150)</b>

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

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

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

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

## 9.2 Other equity reserves

	2022	2021
	\$'000	\$'000
<b>PHYSICAL ASSET REVALUATION SURPLUS</b>		
Balance at 1 January	146,160	132,314
Revaluation increment on non-current assets	63,751	13,846
<b>BALANCE AT 31 DECEMBER</b>	<b>209,911</b>	<b>146,160</b>

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

## 9.3 Ex gratia expenses

	2022	2021
	\$'000	\$'000
Compensation for economic loss	7	-
<b>TOTAL EX GRATIA PAYMENTS</b>	<b>7</b>	<b>-</b>

## 9.4 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 the TAFE, the results of those operations or the state of affairs of the TAFE 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 Bendigo Kangan Institute 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 Bendigo Kangan Institute moving forward, as the Responsible Ministers have not changed.

## 9.5 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. The Department of Treasury and Finance assesses the impact of these new standards and advises Bendigo Kangan Institute of their applicability and early adoption where applicable.

*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 the TAFE and the TAFE 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 the TAFE and the TAFE will not early adopt the standard.

*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*
- *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 the TAFE and the TAFE 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 the TAFE and the TAFE will not early adopt the standard.

## 9.6 New or amended Accounting Standards and Interpretations adopted

The TAFE 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 Institute's financial statements.



## SECTION FIVE

# Performance Statement

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# Independent Auditor's Report

## To the Board of Bendigo Kangan Institute

<b>Opinion</b>	<p>I have audited the accompanying performance statement of Bendigo Kangan Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> <li>• performance statement for the year ended 31 December 2022</li> <li>• declaration by Board Chair, Chief Executive Officer and Chief Financial Officer.</li> </ul> <p>In my opinion, the performance statement of Bendigo Kangan 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the performance statement</b>	<p>The Board 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>
<b>Auditor's responsibilities for the audit of the performance statement</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.</p>

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.

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MELBOURNE  
27 March 2023

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

**BENDIGO KANGAN INSTITUTE**  
**PERFORMANCE STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**DECLARATION BY BOARD CHAIR**  
**CHIEF EXECUTIVE**  
**AND CHIEF FINANCIAL OFFICER**

In our opinion, the accompanying Statement of Performance of Bendigo Kangan 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.



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Ms. Margaret O'Rourke, Board Chair

Melbourne  
Date 23 March 2023



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Ms. Sally Curtain, Chief Executive Officer

Melbourne  
Date 23 March 2023



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Ms. Melissa Chalker, Chief Financial Officer

Melbourne  
Date 23 March 2023

## Performance statement – Key performance indicators

INDICATOR	DESCRIPTION AND METHODOLOGY	MEASURE	2022 TARGET	2022 ACTUAL	EXPLANATION OF VARIANCES	PRIOR YEAR RESULT
Training revenue diversity	Breakdown of training revenue by:				<ul style="list-style-type: none"> <li>GF revenue is aligned to target due to the ability to result students and increased attendance.</li> <li>FFS revenue improved on target due to not having international border restrictions.</li> <li>SF&amp;C administrative a slight reduction to target due to a reduction in new enrolment intakes.</li> </ul>	
	• Government Funded (GF)		44.9%	44.1%		47.7%
	• Fee for Service (FFS)	%	47.2%	48.6%		44.0%
	• Student Fees and Charges (SF&C)		7.9%	7.2%		8.3%
Employment costs as a proportion of training revenue	Employment and third-party training delivery costs as a proportion of training revenue (VTG and FFS)  (Employment costs - Workforce reduction exp - Mental health levy + Third-party training providers cost) / Training revenue	%	102.0%	103.2%	2022 actuals saw a slight increase to the target due to a drop in new enrolments seeing a reduction in HESG training revenue, even though there has been improved employment costs through vacancies and a reduction in FTE.	105.3%
Training revenue per teaching FTE	Training revenue (excl. third-party) per teaching FTE  <i>Training revenue (excl. revenue delivered by third-parties) / Teaching FTEs</i>	\$	\$323,748	\$304,109	Slightly lower revenue per teaching FTE driven by a combination of decreased training revenue compared to targets and increased teaching FTE due to the conversion of a number of sessional teachers to ongoing across the Institute.	\$266,339
Operating margin percentage	Operating margin %  <i>EBIT (excl. capital contributions) / Total revenue (excl. capital contributions)</i>	%	-21.5%	-10.1%	Higher Fee for Service revenue and other revenue from one off grants, reduced operational expenditure and reduction in employment costs from higher vacancies and a reduction of operational FTE have resulted in an improved operating margin compared to targets.	-25.5%



**SECTION SIX**

Disclosure  
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