

BENDIGO KANGAN INSTITUTE

2023

ANNUAL REPORT





A mural at Essendon Campus by Alex Kerr and Ashley Kerr-Firebrace.

Acknowledgement of Country

Bendigo Kangan Institute acknowledges the Traditional Custodians of the lands on which our campuses and centres are located.

We acknowledge our campuses are located on the ancestral lands of the Djaara people of the Dja Dja Wurrung, the Wurundjeri Woi-Wurrung people, the people of the Yorta Yorta Nation and the Gunaikurnai People.

We respect the Traditional Custodians, Elders past, present and emerging, and their cultural heritage, and we recognise their continuing connection to land, waters and culture.

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.

Table of Contents

Acknowledgement of Country	2
Message from the Board Chair	4
Message from the Chief Executive Officer	6
Our Organisation	
Vision, mission, values	9
Functions, powers and duties	9
Bendigo Kangan Institute Board	10
Organisational chart as at 31 December 2023	11
Businesses and campuses	12
Year in Review	
2023: Our impact	14
2023: Timeline of highlights	16
2020 > 2025 Strategic Plan	18
Delivering against the 2020>2025 Strategic Plan in 2023	20
VETASSESS	30
eWorks	31
Awards and achievements	32
Financial performance	34
Workforce profile	35
Compliance	
<i>Freedom of Information Act 1982</i>	39
Information available on request	39
<i>Public Interest Disclosures Act 2012</i>	40
<i>Carers Recognition Act 2012</i>	40
Victorian Public Service Travel Policy	40
National Competition Policy	41
Building and maintenance	41
Financial management compliance attestation statement	41
Consultancies expenditure	41
Advertising expenditure	42
Information Communications Technology (ICT) expenditure	42
Overseas operations	42
Compulsory non-academic fees, subscriptions and charges	43
Major commercial activities	43
Occupational health and safety	43
Local Jobs First – Victorian Industry Participation Policy	44
Social procurement	45
Environment performance and impacts	46
Financial Statements	
Independent Auditor's Report	49
Declaration by Board Chair, Chief Executive Officer and Chief Financial Officer	51
Table of contents	52
Financial Statements and notes	53
Performance Statement	
Independent Auditor's Report	110
Declaration by Board Chair, Chief Executive Officer and Chief Financial Officer	112
Performance Statement – Key performance indicators	113
Disclosure Index	115

Message from the Board Chair

Margaret O'Rourke



On behalf of Bendigo Kangan Institute and its Board, I am pleased to present our 2023 Annual Report.

The past year was one of milestones, achievements and transformation, with the contributions of our people instrumental to our organisation's success. We commemorated 150 years of tertiary education in Bendigo alongside La Trobe University and joined the rest of the nation to celebrate the 75th anniversary of the Adult Migrant English Program in Australia.

Externally, our organisation was acknowledged through numerous awards. The Bendigo City Revitalisation Project was recognised at the Western Region Building Awards, our innovative Sustainable Disability Support initiative was highly commended at the Australian Disability Clearinghouse on Education and Training's Accessibility in Action Awards, while our bakery team achieved the Victorian Perpetual Training Trophy, third year in a row, at the Victorian Baking Show.

Across Victoria, we were recognised as a finalist for the Victorian Training Awards Large Training Provider of the Year. Our employer, governance and integrity programs were acknowledged among other finalists at the Leadership in the Public Sector Awards and our work with India's International Automobile Centre of Excellence was recognised alongside other leading organisations at the Victorian International Education Awards.

We showcased our state, national and global leadership across numerous events in 2023. We had the privilege of hosting the Premier of Victoria, Deputy Premier of Victoria, the Australian Minister

for Skills and Training and Victorian Minister for Skills and TAFE at our regional and metropolitan campuses throughout the year. The Automotive Centre of Excellence at our Docklands Campus was a host venue for the WorldSkills National Championships. We also proudly welcomed international delegations from India, China, South-East Asia and Oceania, to name a few, to the leading facility and other campuses throughout the year where we demonstrated Australia's excellence in skills and training.

Four years ago, the Board developed the *2020>2025 Strategic Plan* to transform Bendigo Kangan Institute into a future-focused organisation, one that is sustainable and with the capability to grow and evolve. In 2023, Bendigo Kangan Institute recorded a \$17.5 million surplus for re-investment in other initiatives. We continued progressing on the strategy and investing into the final stage of our organisational transformation program, *North Star*, which was aimed at enabling us to achieve our vision. With our core transformation work now complete, the Board acknowledges and thanks all staff at Bendigo Kangan Institute for their contribution and continued commitment to our vision as we evolved our way of working. We are confident the operational capability of our organisation has grown stronger as we close out the final year of the strategic plan in 2024 and plan for our 2025-2030 strategy.

The future is bright for Victorian TAFEs. In 2023, the Australian and Victorian Governments announced a landmark five-year National Skills Agreement embedding national cooperation and strategic investment into Victoria's TAFE and training sector.

As part of the Victorian TAFE network, Bendigo Kangan Institute welcomes this announcement as we work towards fulfilling our mission to achieve the best outcomes for our students and industry. We were pleased to be selected by the Victorian Government as provider for its new TAFE campus in Melton and we are working towards delivering this alongside other major projects on our horizon, such as the new Hume Tech School, a new TAFE campus in Sunbury and a health and learning hub in Castlemaine in partnership with Dhelkaya Health.

On behalf of the Board, I acknowledge the leadership of our Chief Executive Officer, Sally Curtain, and her Executive Team who have, alongside our people, achieved another year of success for our organisation. We are set to be a nimble, industry-focused organisation serving the Melbourne-Bendigo corridor through a multi-campus offering that meets the distinctive needs of our students and communities.

I also acknowledge the contributions of my fellow Board members and especially thank our outgoing members Fiona Schutt, Dr Margaret Salter and Audrey Sanderson. With new members Sharan Burrow AC, Jamie Driscoll and Rudi Pavani joining us, I look forward to leading the Board in its close collaboration with government and industry, so we can keep making an impact within the communities we serve.



Margaret O'Rourke
BOARD CHAIR
 22 February 2024



Bendigo Kangan Institute Board members as at February 2024.



Message from the Chief Executive Officer

Sally Curtin

As we reflect on 2023, I am filled with immense pride and gratitude for what we have collectively achieved. Bendigo Kangan Institute has surpassed expectations, transformed, and grown, all while making a meaningful and positive impact on our communities.

We worked closely with government, industry and community throughout 2023, with our incredible students providing timely inspiration for us as to why we aim to make a real difference through skills and training for our students. Helping respond to skills shortages was and remains our priority. New initiatives propelled this work, including opening a state-of-the-art electric vehicle laboratory and a new Skills and Jobs Centre in Echuca as well as rolling out new courses and skillsets in priority areas such as mental health, electric vehicle, school-based education support and information technology.

Alongside the Hon Gayle Tierney MP, Minister for Skills and TAFE, we commenced construction on our \$60 million Health and Community Centre of Excellence in Broadmeadows, a dedicated facility for students to train for careers within the in-demand health and care sectors. We've been awarded contracts to deliver new TAFE campuses in Sunbury and Melton, a new Hume Tech School and a new health and learning hub in Castlemaine with Dhelkaya Health. The Victorian Government's trust in us to deliver new vocational education facilities exceeds \$155 million.

We teamed up with various partners to develop innovative programs and first-class opportunities for our students. This included partnering with social enterprise She Force to launch a female-only

construction starter program and joining forces with WPC Group and LSH Auto Australia to introduce a fast-tracked apprenticeship program for light vehicle technicians. We began delivering electrical training through a new mobile training van, supporting industry with greater flexibility. We also began training technicians at our new smart farm laboratory in Bendigo with a focus on critical skills in agricultural mechanical technology.

Internationally, we continued to build our relationship with partners in India and China. Our collaboration with India's International Automobile Centre of Excellence was showcased by Austrade as an exemplar of vocational education partnership between Australia and India. We progressed our training delivery in China, graduating our fifth cohort from our long-term partnership with Suzhou Vocational University and conducting our first face-to-face delivery with Jiaying Nanyang Polytechnic since the pandemic. Through VETASSESS, we have continued to play a strong role in supporting individuals undertaking skills assessment for migration into Australia, with total applications nearly doubling compared to 2022.

Throughout the year, we continued to support our talented students to achieve their goals, with many of them celebrating standout achievements. Our training and assessment student Desirae Kilduff achieved the World Federation of Colleges and Polytechnics' Outstanding Student Achievement Award (Bronze), while automotive students Dylan Hoskin, Ali Akber Rezaie and Tom Saxon scored medals at WorldSkills Australia. Automotive apprentice Joachim Lopez-Valoa clinched the Victorian Training Awards'

School-based Apprentice of the Year, the fifth year in a row for our apprentices to be recognised at the awards, with Joachim also representing Victoria at the Australian Training Awards.

The successes of 2023 are a result of our people's commitment to vocational education and training excellence, which has not gone unnoticed in the wider community. On the global podium, former executive Phill Murphy was awarded World Federation of Colleges and Polytechnics' Lifetime Achievement Award (Bronze) while industry placement coordinator Bev Williams and teacher Lorenda Gracey achieved Medals of the Order of Australia for service to education.

Over the past four years, Bendigo Kangan Institute has been on a journey of transformation. Under the stewardship of our Board, we worked towards delivering on our *2020>2025 Strategic Plan*, with transformation at the heart of enabling us to achieve our vision. By the end of 2023, we have delivered on a range of new and improved systems, processes and capabilities, including a realignment of our organisational structure. All of this work puts students at the centre of what we do and enables our organisation to better respond to changing employer and industry demands. You can read more about this within our Year in Review.

I thank our Board and executives for their leadership over the past year and acknowledge the invaluable

contributions and collaborative involvement of our staff, especially as we progressed our journey of transformation. This year we also brought on 76 new industry partners and 113 new commercial agreements and enhanced existing relationships, and this enables us to deliver innovative and quality training and skills. For that, we are an improved, more responsive student-centred organisation set for growth and ready for the future.

We are now well positioned to strengthen our impact in the major growth areas of north-west metropolitan Melbourne and north-central Victoria over the next few years as we deliver on our four new projects – two TAFE campuses in Sunbury and Melton, a health and learning hub in Castlemaine with Dhelkaya Health and the Hume Tech School. We look forward to working with the Victorian Government, community, and industry to deliver on these projects and more, fuelling skills and jobs of the future.



Sally Curtain
CHIEF EXECUTIVE OFFICER
22 February 2024



Victorian School-based Apprentice of the Year Joachim Lopez-Valoa with the Kangan Institute team.

SECTION ONE

Our Organisation



Carpentry teacher Les Worme marked his 30th anniversary at Bendigo TAFE in 2023.



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.



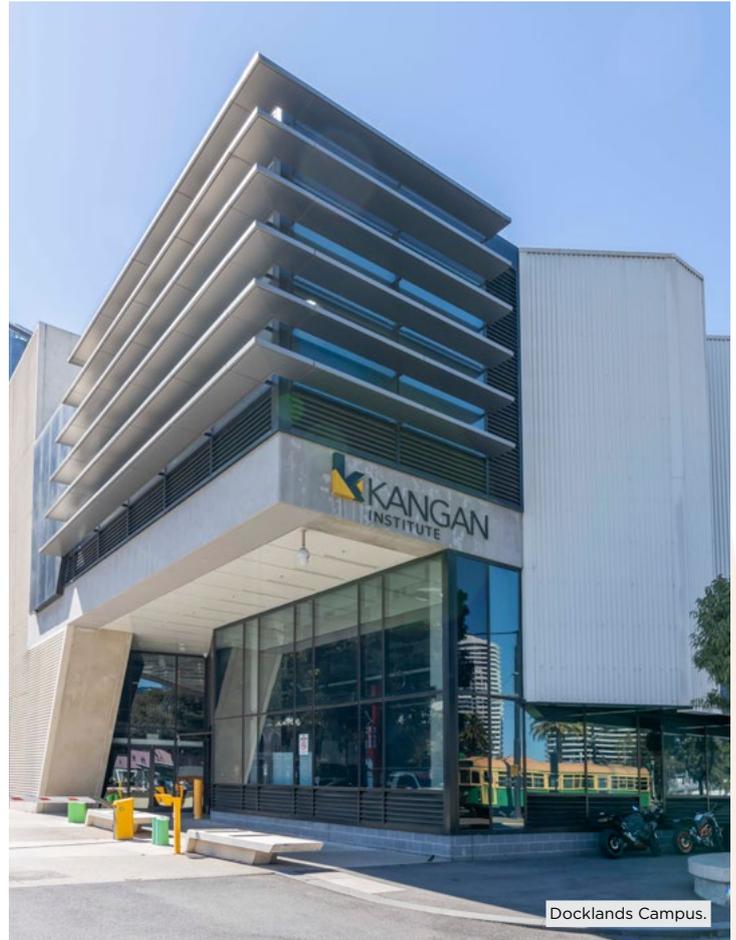
Mission

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



Values

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



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 Skills and TAFE (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*
- ▶ *Gender Equality Act 2020*
- ▶ *Disability Act 2006*
- ▶ *Infringements Act 2006*
- ▶ *Public Records Act 1973*

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 Skills and TAFE.

The Board sets the strategic direction and oversees and governs the operations of Bendigo Kangan Institute. While not responsible for executive management of the functions they oversee, Board committees engage with management in a constructive and professional manner to discharge its advisory responsibility and formulate advice to the Board.

Board members and committees in 2023

BOARD OF DIRECTORS

Margaret O'Rourke

BOARD CHAIR

Professor Hal Swerissen

DEPUTY BOARD CHAIR

Sally Curtain

CHIEF EXECUTIVE OFFICER

Anne Brosnan

Cheryl Woollard

Elizabeth Joldeski

Katrina Lai

Audrey Sanderson

STAFF ELECTED DIRECTOR (UNTIL 30 JUNE 2023)

Rudi Pavani

STAFF ELECTED DIRECTOR (FROM 1 JULY 2023)

Fiona Schutt

(UNTIL 30 SEPTEMBER 2023)

Dr Margaret Salter

(UNTIL 28 NOVEMBER 2023)

Sharan Burrow AC

(FROM 1 DECEMBER 2023)

Jamie Driscoll

(FROM 1 DECEMBER 2023)

EDUCATION AND BUSINESS DEVELOPMENT COMMITTEE

Professor Hal Swerissen

CHAIR

Katrina Lai

DEPUTY CHAIR

Sharan Burrow AC

(FROM 1 DECEMBER 2023)

Sally Curtain

Elizabeth Joldeski

Margaret O'Rourke

Rudi Pavani

Executive sponsor: Janelle Arena

FINANCE, AUDIT AND RISK MANAGEMENT COMMITTEE

Katrina Lai

CHAIR

Fiona Schutt

CHAIR UNTIL 30 SEPTEMBER 2023

Dr Margaret Salter

DEPUTY CHAIR UNTIL 28 NOVEMBER 2023

Sally Curtain

STANDING ATTENDEE

Jamie Driscoll

(FROM 1 DECEMBER 2023)

Margaret O'Rourke

Professor Hal Swerissen

Cheryl Woollard

Executive sponsor: Graham Fryer

GOVERNANCE AND CULTURE COMMITTEE

Cheryl Woollard

CHAIR

Anne Brosnan

Sharan Burrow

(FROM 1 DECEMBER 2023)

Sally Curtain

Margaret O'Rourke

Dr Margaret Salter

(UNTIL 28 NOVEMBER 2023)

Executive sponsor: Michelle Johnston

VETASSESS COMMITTEE

Professor Hal Swerissen

CHAIR

Katrina Lai

DEPUTY CHAIR

Sally Curtain

Jamie Driscoll

(FROM 1 DECEMBER 2023)

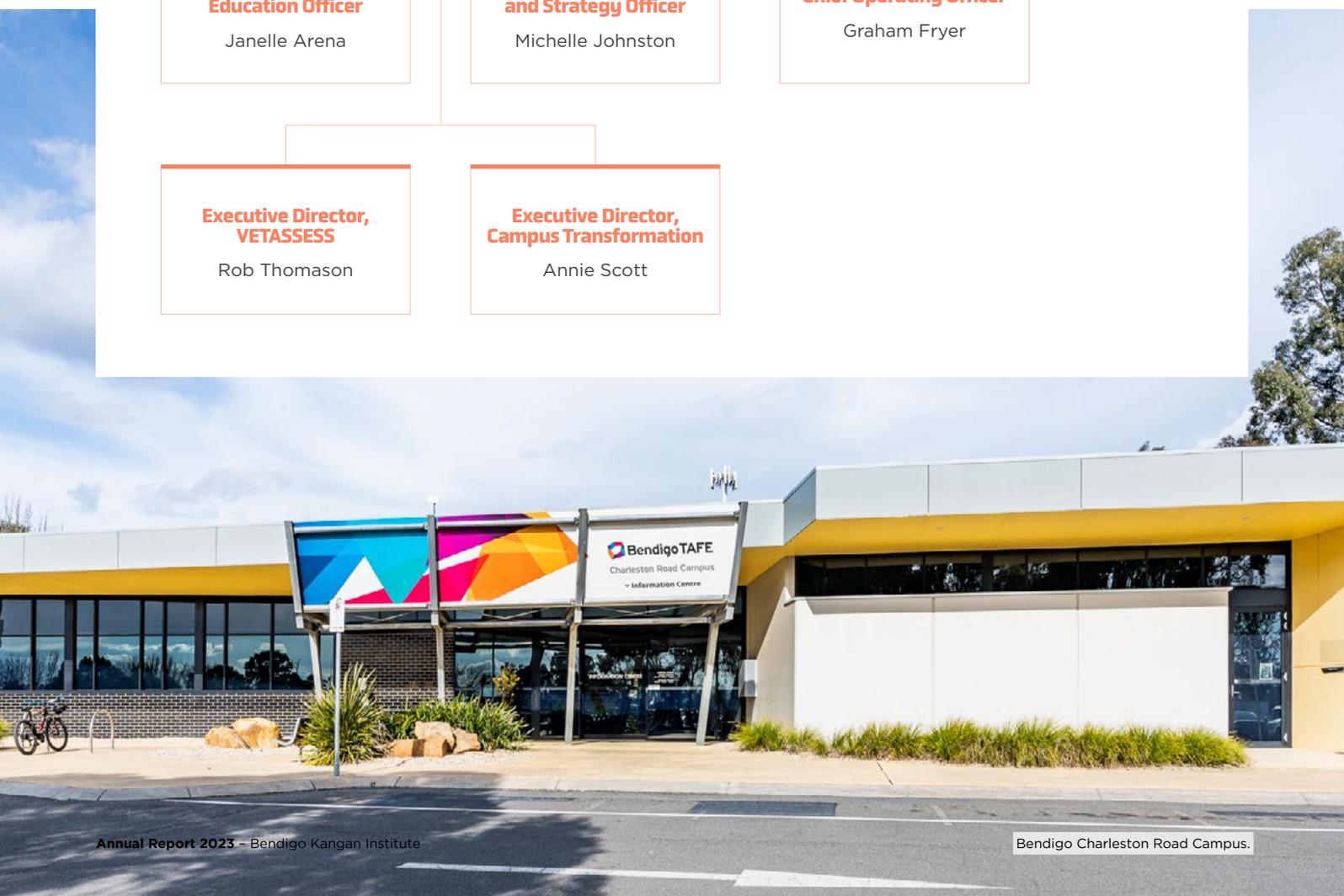
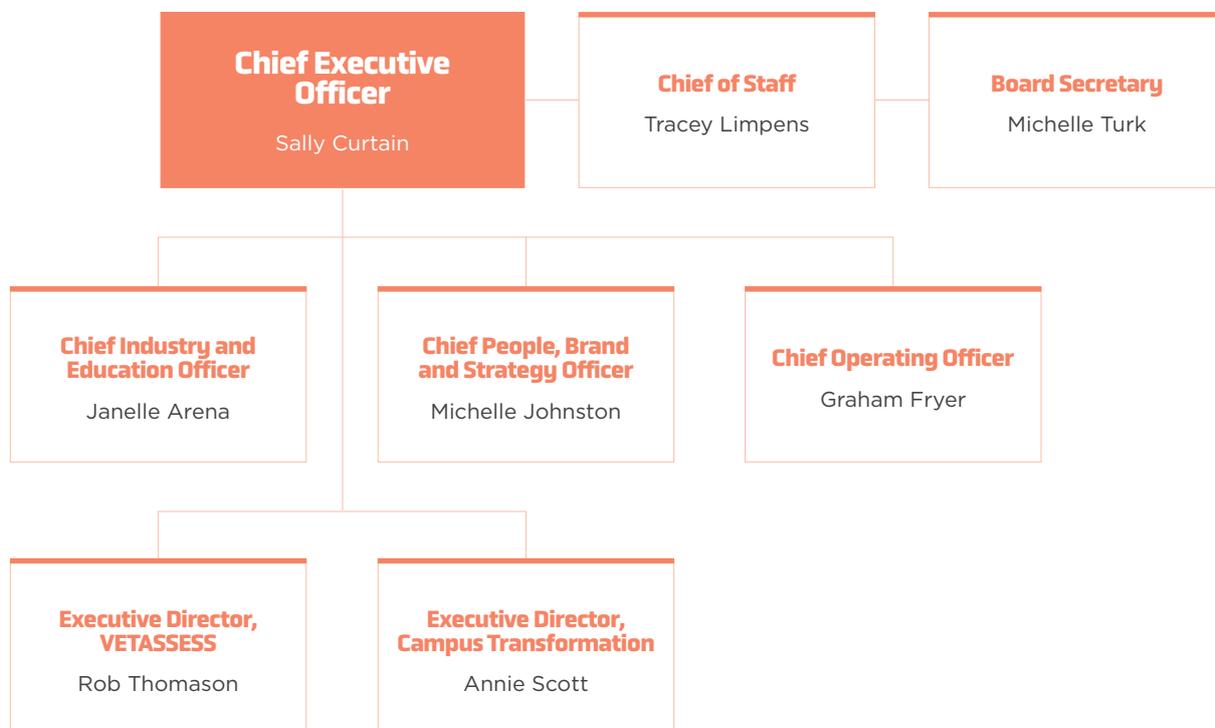
Elizabeth Joldeski

Margaret O'Rourke

Rudi Pavani

Executive sponsor: Rob Thomason

Organisational chart as at 31 December 2023



Businesses and campuses

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

In addition, Bendigo Kangan Institute is among three TAFE providers offering vocational education and training to Victorian correction facilities, including public and private correction facilities 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 in regional Victoria.



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



VETASSESS is Australia's leading authority in qualifications and skills assessment. It provides educational services and consultancy for public and private sector clients, and independent, rigorous and efficient assessment services that support the needs of the Australian labour market.

eWorks

eWorks provides holistic online solutions and e-learning experiences for organisations and learners. The eWorks team are experts in e-learning technology and content design that engages, inspires and empowers individuals.

TAFE campuses



Legend

- Campus
- Campus in Planning

SECTION TWO

Year in Review



2023 Our Impact

37,497

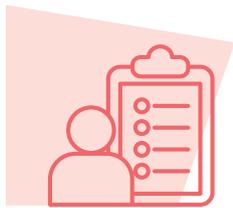
ENROLMENTS*

*Includes TAFE and corrections education enrolments



7,128

individuals supported at Skills and Jobs Centres.



4,535

FREE TAFE ENROLMENTS

accessing more than **40** Free TAFE qualifications.



2,679

NEW APPRENTICES AND TRAINEES



1,091

students supported through counselling, welfare, disability and youth support services.



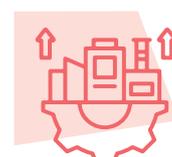
98% increase

in skills assessment applications through VETASSESS (compared to last year).



\$80 million

Victorian Government funding secured for new Sunbury and Melton campuses.



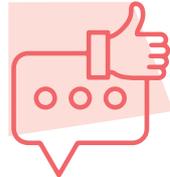
Working to deliver the Hume Tech School servicing more than

19,000

secondary school students.



26
AWARDS



78.1%

of students polled would recommend our TAFE.



92%

of staff polled say they achieve something important through work.



76

new industry partners.



638

new solar panels installed.



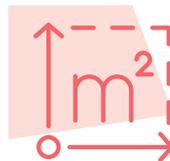
8

new social procurement initiatives.



113

new commercial agreements.



1,077sqm

assets improved this year.



6,088sqm

of new assets commenced construction.

2023

Timeline of highlights



JAN

Launched new campaign, Unleash You, to connect with students exploring vocational education and training opportunities.

FEB

Celebrated student success through major awards and graduation ceremonies, recognising more than 500 students.

MAR

Construction began for new Health and Community Centre of Excellence at Broadmeadows. We also joined the Respect and Equality in TAFE network.

APR

Opened electric vehicle laboratory. We provided 700+ individuals with electric vehicle training in 2023.

MAY

Journey to reconciliation: Partnered with The Long Lunch to promote our *Innovate Reconciliation Action Plan*.

JUN

Launched the TAFE Specialist Employment Program to connect students with disability to employment opportunities.



July



December



August



October



December



September



November

JUL

Launched a new mental health course at regional and metropolitan campuses. We were announced finalist for the Victorian Training Awards' Large Training Provider of the Year.

AUG

Hosted WorldSkills National Championships at our Automotive Centre of Excellence. VETASSESS also launched its Allyship initiative.

SEP

Motor sport students put their skills to the test at Sandown 500.

OCT

Students showcased 100 looks at Melbourne Fashion Week and 22 films at the Transition and Work Education Short Film Festivals.

NOV

Together with the Victorian Government, we opened the new Echuca Skills and Jobs Centre.

DEC

Culminated a year-long celebration of 150 years of tertiary education in Bendigo with La Trobe University. We signed an agreement with Hyzon Motors to develop an innovative Hydrogen Education and Training Precinct.

2020>2025 Strategic Plan

Where we started

In setting our *2020>2025 Strategic Plan*, it was clear we needed to transform to be more efficient and effective, enhance organisational capacity and set a clear path for the future.

The Bendigo Kangan Institute Board developed the *2020>2025 Strategic Plan* to transform our organisation to meet our vision to be a nationally renowned education institute. The plan would position us to better meet the skill demands of today while equipping the organisation for the future. An organisational transformation program, *North Star*, was developed to guide the delivery of critical change projects and initiatives.



Strategic goals

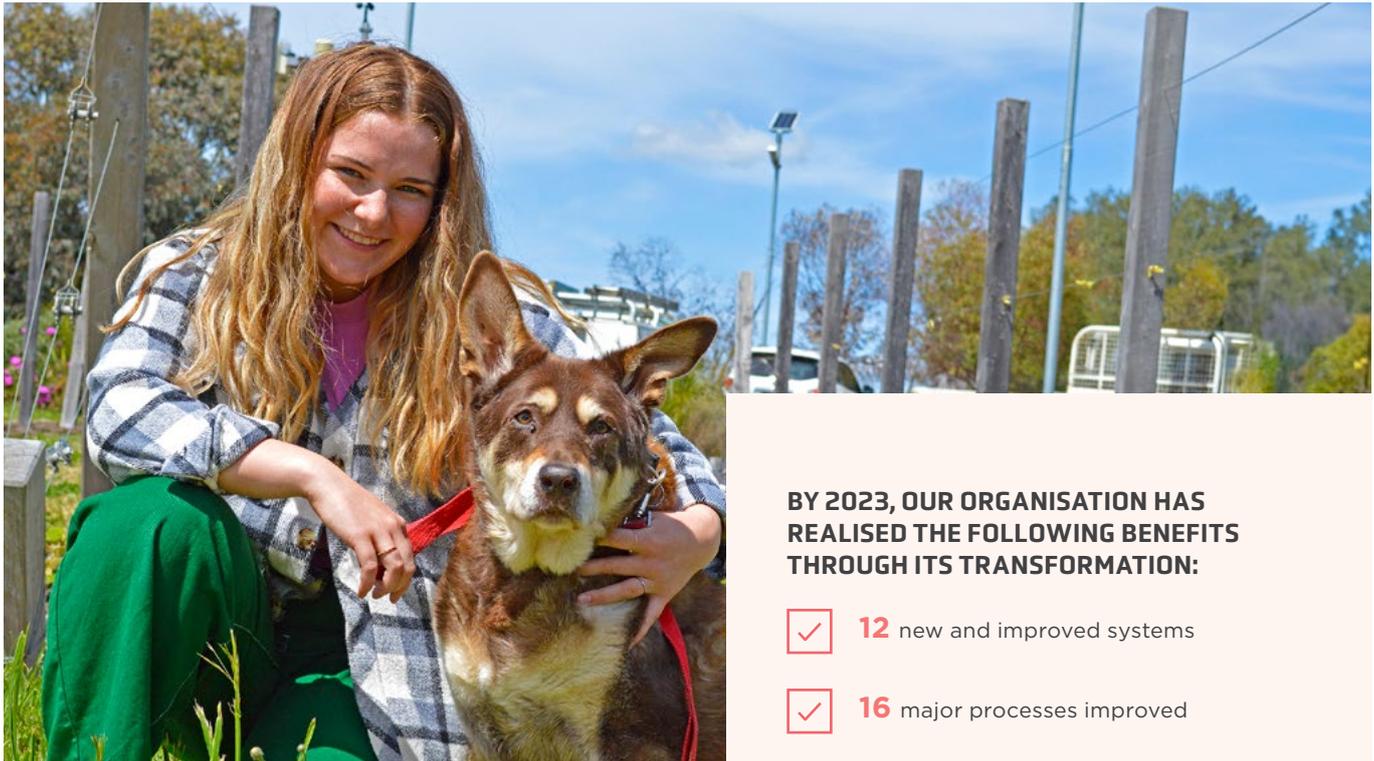
To achieve our vision, we developed seven strategic goals that would define our ambitions:

- ▶ 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

Activity streams

We set out six activity streams to guide the delivery of all the work, programs and projects across the organisation.

- 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



BY 2023, OUR ORGANISATION HAS REALISED THE FOLLOWING BENEFITS THROUGH ITS TRANSFORMATION:

- ✓ 12 new and improved systems
- ✓ 16 major processes improved
- ✓ 12 new and improved capabilities
- ✓ 1,107 units transitioned
- ✓ \$31.57 million of financial benefits
- ✓ 13,375m² of buildings revitalised

Progressing our strategy

The first year of the plan focused on reviewing every part of the organisation to create a picture of what Bendigo Kangan Institute could look like and how we would make that happen.

Using our people, we set about building the foundations for our plan of action and uplifting our internal capabilities.

An optimal design model and roadmap of transformation activities was proposed and adopted by the Bendigo Kangan Institute Board in October 2020.

We began implementing improvements almost immediately, despite ongoing external impacts through COVID-19 which meant continuous reprioritisation of resources. We had to move quickly to digitise our organisations operations and adapt to online learning and delivery – much earlier than anticipated.

In 2021, we established our new executive and senior leadership structure and delivered major capital projects including the revitalisation of Bendigo City Campus, new veterinary clinic and Trades and Skills Centre at Broadmeadows Campus. We also enhanced our cyber security capability and digitised our student records among other key projects.

In 2022, we received our Australian Skills Quality Authority (ASQA) reaccreditation for a further

seven years as a result of our quality uplift program, *Quality 2022*. We began to roll out the new student management system among other major initiatives such as completing the new Essendon Health Hub and launching the digital traineeship pilot and cyber security courses. We were recognised as 2022 Australian Training Provider of the Year at the Australian Training Awards.

During this past year, we have fulfilled the three-year heavy transformation phase of the strategy, moved towards our target operating model and positioned the organisation to succeed in its future state.

Being the last year of our *2020>2025 Strategic Plan*, our focus in 2024 will be on transitioning into our new way of operations and closing out our strategic horizon.

Development of our future strategy is underway, with online workshops on the organisation's value proposition held throughout 2023 to enable staff to provide input.

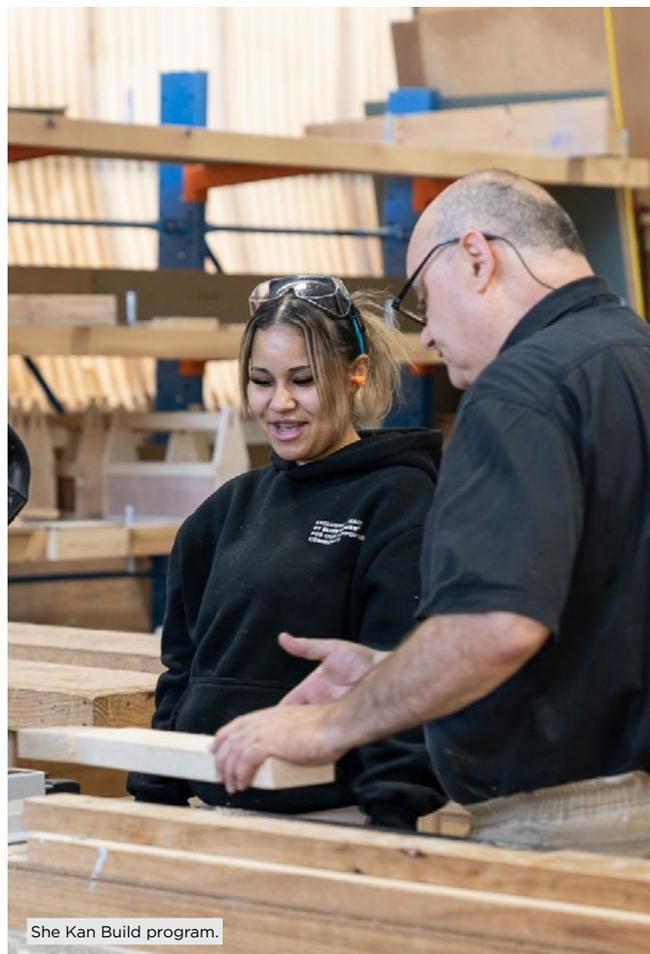
Delivering against the 2020>2025 Strategic Plan in 2023

IMPROVING OUR OFFERING

NEW COURSES AND SKILL SETS TAKE OFF

We launched new nationally accredited courses, including the Certificate IV in Mental Health (CHC43315) and Certificate IV in School Based Education Support (CHC40221). In addition to our existing delivery at Bendigo City and Broadmeadows campuses, we increased access to the Certificate III in Information Technology (ICT30120) by introducing the course at Cremorne Campus. We also introduced new skill sets in Mental Health Co-existing Needs (CHCSS00102) and Mental Health Peer Work (CHCSS00103). Part of the Victorian Government's Free TAFE program for eligible students, these new courses and skill sets align to critical skill needs across the state.

Having commenced a Disability Sector Industry Group in 2023, we also delivered the Certificate IV in Disability (CHC43115) to our first industry cohort, with the program enabling people currently working in the industry to upskill and gain a qualification while working.



She Kan Build program.

ACCELERATED APPRENTICESHIP PROGRAM ROLLED OUT

We teamed up with WPC Group and Mercedes-Benz retail group LSH Auto Australia to launch the *ADVANCE Accelerated Apprenticeship Program* steering apprentices to a qualification in two and a half years. The program commenced in March with its first intake of 12 apprentice technicians.

FIRST FULL YEAR OF DIGITAL TRAINEESHIP PILOT

Our employer-led digital traineeship pilot program, established through the Victorian Government's Workforce Training Innovation Fund and supported by Digital Skills Organisation, Victorian Skills Authority and various employers, continued its progress in 2023. The program had more than 25 participants in 2023, with the first traineeship placements commencing at Carsales.

Two female students were awarded the first-ever Ready for Women Scholarship developed in collaboration with Infoxchange. The scholarship provided recipients with fully funded training in the digital traineeship program.

GAYAP BARING PROGRAM PARTICIPANTS GRADUATE

A graduation ceremony was held for the first cohort of students to complete a customised First Nations jobs skills program within our corrections delivery. Named Gayap Baring, which means one journey, the program supports people in custody to gain job ready skills in civil construction, enabling them to prepare for employment opportunities within Victoria's Big Build projects.

WOMEN IN FOCUS WITH SHE KAN BUILD

In collaboration with Sheforce, we launched a female-only *She Kan Build* program providing women with essential training to work in the construction industry. Participants completed units from the Certificate II in Building and Construction (22338VIC), received wellness support and were connected to employment opportunities.



New electric vehicle laboratory in Docklands.

EXPANDING ZERO EMISSIONS VEHICLE TRAINING

In partnership with the Victorian branch of the Australian Manufacturing Workers' Union, we commenced delivery of specialised electric bus safety training for the bus industry. More than 30 participants undertook training in 2023 in preparation for a move to zero emission buses as part of *Victoria's Bus Plan*.

We introduced the new Battery Electric Vehicle Inspection and Servicing Skill Set (AURSS00064). We also signed a new agreement with Hyzon Motors to develop an innovative Hydrogen Education and Training Precinct. The initiative focuses on developing the specialised skills knowledge and training solutions this clean energy sector requires to meet this rapidly developing market.

In 2023, we provided electric vehicle training to more than 700 individuals across short courses, skill sets and as part of apprenticeships.

NEW SKILLS AND JOBS CENTRE

We officially opened our new Skills and Jobs Centre at Echuca campus in November to provide the community with advice on training and employment opportunities.

A total of 7,128 participants were supported through our Skills and Jobs Centres in 2023. Our services ranged from one-on-one career advisory appointments and employability workshops, to mobile pop-up services in collaboration with community and Workforce Australia employment services providers. This included working with the Campaspe Cohuna Local Learning and Employment Network to provide resume writing advice for youth. Our Skills and Jobs Centre mobile bus also attended student and community events to promote our services.

CONNECTING STUDENTS WITH DISABILITY TO JOBS

In collaboration with AXIS Employment, we launched the pilot TAFE Specialist Employment Program (TSEP) at our Skills and Jobs Centre at Bendigo City Campus to connect students with disability support and employment opportunities.

TRADES TASTER PROGRAM FOR SECONDARY STUDENTS

We partnered with the Campaspe Cohuna Local Learning and Employment Network and secondary schools across Campaspe to host students in a construction taster program focusing on in-demand trades like bricklaying, tiling and more.

Funded by the Australian Government's Department of Employment and Workplace Relations' Industry Training Hubs, the program aimed to increase young people's interest and knowledge in trades.

GREATER FLEXIBILITY WITH MOBILE DELIVERY VAN

We commenced training delivery through a new mobile training van, funded by the Victorian Government's Regional and Specialist Training Fund, to facilitate apprentice training in electrical machine repair. In a Victorian first, the van supports flexible workplace training and assessment across Victoria, enabling industry and individuals to gain capability and accreditation in this skill set.

TRANSITIONING UNITS TO NEW PACKAGES

We transitioned a further 365 units of competency to new packages in 2023, ensuring our students are gaining specific knowledge and skills required to succeed in the modern workplace.

DIGITALLY ENABLING OUR OPERATIONS

INTRODUCTION OF NEW SYSTEMS

Our digital transformation has continued to be guided by our *Enterprise Digital Plan*, with steps taken to replace obsolete technologies and their associated business processes with new cutting-edge systems in 2023.

We implemented a new enterprise asset management system compliant to the Victorian Asset Management Accountability Framework. Implemented in collaboration with the Victorian Government utilising an agreed TAFE common platform, the system strengthens the application of asset management processes, asset performance monitoring and governance, ensuring that Bendigo Kangan Institute's asset base is well managed and utilised effectively.

With many of our applications now migrated to the cloud, we replaced an outdated datacentre centric, tape-based data backup system with a contemporary tapeless backup solution catering to our cloud and in-house assets. This system significantly reduces operational and security risks associated with our data asset storage.

“The way we work and the skills we need are rapidly evolving, and we’re equipping staff with the capability to adopt and integrate new technology into our processes.”

SALLY CURTAIN
CHIEF EXECUTIVE OFFICER

NETWORK UPGRADES

A four-year strategy to overhaul Bendigo Kangan Institute's network is nearing completion. This network carries all inter and intra campus data traffic and has seen major upgrades of network components in recent years. In 2023, the access switch and wireless network infrastructure was upgraded at Docklands, Charleston Road and Castlemaine campuses to establish best in class, end to end connectivity meeting our current and future needs.

By replacing the previous outdated network, the risk of major system outages has been mitigated, ensuring reliable and high-performance services for teaching, learning and other corporate operations. Improved security measures have also been incorporated into the design of the new network.

DECOMMISSIONING OF LEGACY SYSTEMS

We retired 25 legacy systems, including computer servers, database systems and other technology services, in line with our *Enterprise Digital Plan*.

The plan advocates for simplicity of the technology environment by reducing the number of systems, particularly where functions are duplicated, and increasing utilisation of those retained or recently introduced to the organisation. This simplification program was carefully orchestrated to avoid disruption and loss of data. It has resulted in the removal of operational risks, increased compliance with data governance and records management policies, and has eliminated the ongoing need to maintain unnecessary legacy systems.

It has also improved security posture by eliminating systems with known security vulnerabilities whilst improving overall productivity and reducing costs.

ESTABLISHING A DIGITAL LEARNING APPROACH

Our digital learning approach aims to provide a student-centred blended delivery model combining digital and face to face delivery, improving the flexibility, quality and efficiency of delivery. In 2023 we worked towards uplifting a range of technologies to deliver a flexible and student-focused experience, including upgrading our learning platform Moodle, moving to a new cloud-based student portal and transitioning to Microsoft Teams for Teaching.



Staff have access to resources to build knowledge and capability in AI.

DRIVING KNOWLEDGE AND CAPABILITY IN AI

We are developing an *Enterprise Artificial Intelligence (AI) Plan*, with options for AI adoption explored to inform the new plan. This new plan is expected to continuously evolve and will encompass the standardised AI infrastructure and technology set to be adopted by the organisation, as well as safety mechanisms and ethical guidance for staff and students using AI.

During the year we rolled out AI knowledge and capability building across the organisation, including webinars for staff to explore using AI to create a more personalised, efficient, and inclusive educational environment, while ensuring wellbeing and privacy through responsible AI practices.

IMPROVING OUR EXPERIENCE

JOB READY PLUS IMPLEMENTED

This year we went live with our new student management system, Job Ready (JR) Plus, following a \$30 million investment into a three-year Student Journey Transformation Program.

Replacing a highly manual system consisting of complex and out of date systems, JR Plus is innovatively designed to meet the evolving needs of an education provider our size. By 2023, all student enrolments and records processing were migrated to JR Plus. Working closely with our JR Plus vendor Ready Tech, we provided support, communication and training to system users and staff throughout the year and completed embedding the core functionality of this new student management system within our operations. The spine of our TAFE, this new, sector-leading student management system sets a strong foundation for us to continuously improve student experience.



R U OK day at Broadmeadows.

YEAR-ROUND STUDENT SUPPORT

In 2023, 1,091 students were supported through 4,974 individual sessions in counselling, welfare, disability and youth support. Over \$33,000 was provided in financial assistance to students.

Other highlights:

- ▶ more than 1,050 personal care items distributed to students in partnership with Share the Dignity
- ▶ more than 2,500 food relief items distributed to students across regional campuses in partnership with FoodShare
- ▶ more than 400 MoneyMinded resources provided to students, aiding in budgeting and enhancing financial literacy
- ▶ supported 20 students in the Work and Development Permit Scheme, enabling them to offset fines through participating in education and classroom hours.

Various events were organised for students throughout the year in line with days of significance, including International Women's Day, Cultural Diversity Week, Refugee Week, IDAHOBIT Day, R U OK Day, Wear It Purple Day, Homelessness Week and World Kindness Day. We also delivered a Looking After Our Mates program for youth, a Beach and Water Safety program for international students and an English Conversation Club and Computer Club.

A new student support initiative, the Sustainable Disability Support program, received the Highly Commended accolade at the Australian Disability Clearinghouse on Education and Training's (ADCET) 2023 Accessibility in Action Awards. The initiative provides students studying community services and disability courses with work placements within Kangan Institute's student support unit. Placement students are paired with learners requiring disability support, providing these learners with individualised assistance.

We also launched a new QR code appointment booking initiative to streamline access to essential support services. Students are now able to swiftly request appointments with our support staff, ensuring they get the help they need quickly.

MULTICULTURALISM IN THE SPOTLIGHT

We celebrated the 75th anniversary of the Adult Migrant English Program in Australia with our students, staff and partners observing the milestone.

Alongside community partners, we hosted the Hume Refugees/Migrants Employment Forum at Broadmeadows Campus during Refugee Week and announced our Statement of Commitment to empower refugee and culturally and linguistically diverse migrants to achieve sustainable livelihoods. We also hosted a panel event with refugee students sharing their stories.

ACADEMIC QUALITY ASSURANCE EMBEDDED

In 2023 we successfully launched our Self-Assurance Framework, strategically designed to support our future state operations. A pivotal aspect of this initiative involved the implementation of a comprehensive annual calendar featuring monthly internal audit workplans. The outcomes now provide transparent insights into existing compliance levels, empowering our organisation to pinpoint remediation activities and identify opportunities for improvement. By proactively enhancing our practices, we aim to consistently deliver high-quality outcomes for our students.



CREATING REAL-WORLD LEARNING OPPORTUNITIES

Students were supported to participate in various events and showcases in 2023, putting their skills to test in real-world settings. This included the Melbourne International Flower and Garden Show, WorldSkills Australia National Championships, Victorian Baking Show, Transition and Work Education (TWED) Short Film Festival, Melbourne Fashion Week and Sandown 500.

Prop created by TWED students for the short film festival.

IMPROVING OUR PLACES

POWERING ELECTRIC VEHICLE TRAINING

Through a \$1.4 million investment from the Victorian Government, we officially opened an electric vehicle laboratory at Docklands Campus designed to bridge an emerging national skills gap in electric vehicle technicians. The laboratory houses latest technology simulating almost all variants of electric vehicles, making it flexible and adaptable to current and future markets. We provided electric vehicle training to more than 700 participants in 2023 across short courses, skill sets and apprenticeship programs.

A GREENER CAMPUS

We implemented our largest solar program at Charleston Road Campus with the installation of a 319 kilowatt system consisting of 638 solar panels in 2023.

Three staff members gained accreditation as Certified Environmental Impact Assessment Managers. These skills will assist the organisation in identifying operational risks and preparing for the

impacts of climate change and extreme weather events. Two staff members also completed training in Environmental Social Governance. These skills support the development of protocols that promote and track sustainable and ethical procurement.

NEW SMART FARM LABORATORY

We commenced training delivery at a new Smart Farm Laboratory, funded by the Victorian Government's Regional and Specialist Training Fund, at Bendigo Charleston Road Campus. The laboratory is fitted with training simulators aligned to latest technology in the agricultural mechanical industry.

INDIGENOUS MURAL ON DISPLAY

We installed Indigenous art created by Koori artist Jida Gulpilil on fences at Charleston Road Campus, deepening our connection to country and history.



Design for the upcoming Health and Community Centre of Excellence.

HEALTH AND COMMUNITY CENTRE OF EXCELLENCE CONSTRUCTION UNDERWAY

Funded by the Victorian Government, construction of our \$60 million Health and Community Centre of Excellence at Broadmeadows commenced. Building

design concepts were unveiled during the year, with quarterly information sessions about the construction held to keep external stakeholders updated.

BUILDING A UNITED TAFE

AN INCLUSIVE TAFE

We are committed to fostering a supportive workplace and learning environment that prioritises wellness, a sense of belonging, and enables every individual to thrive. This year saw the establishment of our diversity and inclusion team, with the team rolling out a newly developed Social Justice Framework to address inequality and enhance inclusivity within our TAFE.

We continued to advance our *Gender Equality Action Plan*, including endorsing the Respect and Equality in TAFE Framework to combat gender-based violence.

We also progressed our *Accessibility and Inclusion Plan*. Our organisation participated in the Midsumma Pride March and utilised key diversity and inclusion days of significance to implement culture change initiatives. We also introduced programs for teaching teams to support the creation of an inclusive and accessible environment for all students, including building an approach to embed universal design for learning across the TAFE.

REALIGNMENT OF ORGANISATION STRUCTURE

Since 2020, our organisation has been on a transformation journey guided by our *2020>2025 Strategic Plan* and this included a realignment of our organisational structure to put students at the centre of what we do and enable our organisation to better respond to changing employer and industry demands.

The new organisation structure includes implementation of four new hubs – Enquiries and Admissions Hub, Education Operations Hub, Apprentice and Trainee Hub, and Education Design and Self-Assurance Hub – as part of our new education model that ensures students have a consistent and quality learning experience with us.



Jodii Geddes was named Aunty Melva Johnson Aboriginal & Torres Strait Islander Student of the Year.

JOURNEY TO RECONCILIATION

Our journey to reconciliation continued and gained momentum this year as we prepared for the launch of our next *Innovate Reconciliation Action Plan*. Our commitment to reconciliation was further outlined with our Board and Executive team publicly acknowledging the history of systemic disadvantage of Aboriginal and Torres Strait Islander peoples and stating the Institute's support for the Uluru Statement from the Heart.

In 2023 we developed cultural protocol films, delivered Indigenous cultural awareness training for staff and hosted Reconciliation and NAIDOC week events. We proudly partnered with The Long Lunch to promote our *Innovate Reconciliation Action Plan* and continued with our social procurement approach significantly increasing the procurement of goods and services from First Nation businesses.

Two First Nations students were also named Aboriginal and Torres Strait Islander Student of the Year at our Industry Excellence Awards ceremonies.



“I love seeing the students succeed and being part of their journey.”

CAROLINE TARRAN
COMMUNITY SERVICES TEACHER

Koorie liaison officer Caroline Tarran transitioned into teaching at Bendigo TAFE through professional development.

STAFF PROFESSIONAL DEVELOPMENT

Staff across the organisation were supported to embrace various internal and external opportunities for leadership and professional development. Examples include our Senior Leader Development Forums and the Women in Business Leadership Program run by North Link. We also continued to offer Leading Change and Leadership Development programs.

TRANSFORMING TEACHING CAPABILITIES THROUGH EDUCATOR PASSPORT

The Educator Passport provides annual recognition of our educators' teaching capabilities and vocational currency and enables them to maintain their teaching excellence, vocational currency, and long-term career development at Bendigo Kangan Institute. In 2023, 467 educators completed their annual required points for professional and vocational currency and were issued with an Educator Passport and a Digital Badge.

YEAR-ROUND STAFF ENGAGEMENT

We implemented a series of internal sessions in 2023 focusing on things that matter to and for our staff. Some of these sessions included topics on sustainability, gender and pronouns, scholarship and overseas study opportunities, advancing gender equity, financial wellbeing and the Bendigo Kangan Institute social justice framework. Employee engagement pop-up sessions were also held.

We also ran various events and activities to celebrate and acknowledge national and global days of significance, including National TAFE Day, Mental Health Month, Harmony Week and World Kindness Week.

BUILDING A PROFESSIONAL AND FINANCIALLY SUSTAINABLE ORGANISATION

INCREASING AWARENESS AND ACCESSIBILITY TO TAFE

In 2023 we promoted our offerings to diverse audiences and stakeholders to increase awareness of and enhance accessibility to skills and training. We did this through external storytelling, media activity and a new marketing campaign, Unleash You, across television, radio, digital and other channels. These initiatives showcase our TAFE, students, staff and their achievements, and demonstrate how we assist individuals to unleash their potential and pursue rewarding careers.

New partnerships were forged, including with Melbourne Storm and Collingwood AFLW, to

work together to promote vocational education and training opportunities and pathways among key audience demographics.

We promoted our TAFE at various events in 2023, including the Royal Melbourne Show, Sandown 500, Melbourne International Flower and Garden Show and Victorian Careers & Employment Expo. We also held a series of open nights and experience days for prospective students.



A STRONG FOCUS ON SOCIAL PROCUREMENT

We appointed majority Indigenous-owned businesses Barpa and Winya to refurbish and supply furniture for the new VETASSESS offices, and worked with Kinaway certified carpet and vinyl company, Dreamtime Flooring, to create a customised carpet for our Indigenous Education Centre.

Part of the Health and Community Centre of Excellence build in Broadmeadows, we worked

with project partners Architectus and Hutchinson Builders to connect our students to work experience and opportunities within the project.

Regionally, we commenced a fleet vehicle cleaning trial with Bendigo-based certified social enterprise Wise Employment, as well as a ground maintenance and fleet vehicle cleaning contract with Echuca-based disability enterprise Vivid Work Crew.

VETASSESS

In response to Australia's borders reopening post-COVID, VETASSESS experienced a strong increase in applications for skills assessment for migration, with total applications increasing by 98% compared to 2022.

The business increased staff numbers but faced hiring constraints due to the strong demand for qualified trades assessors and the widespread skills shortage across the Australian workforce.

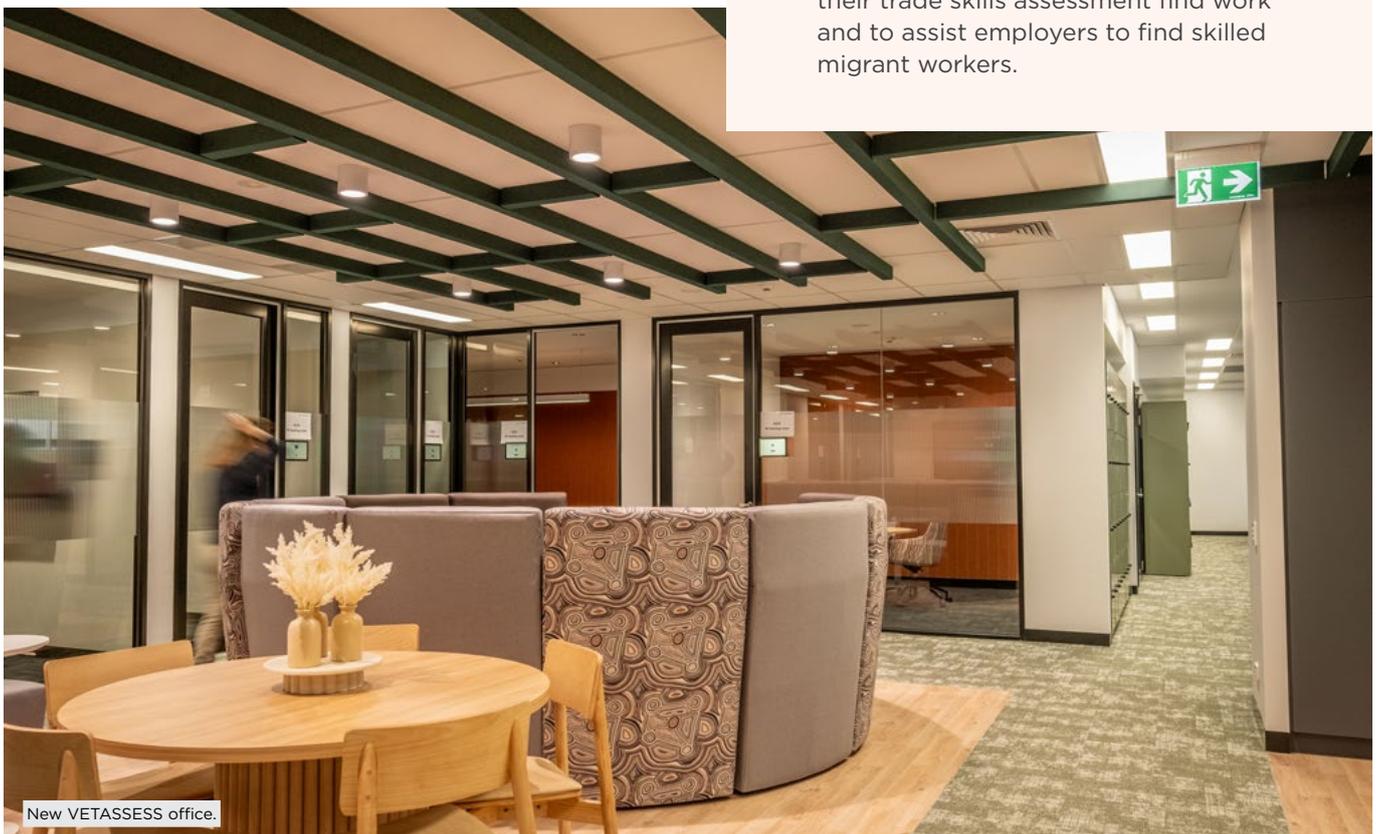
VETASSESS also invested in technology upgrades to meet the demand for its services. The upgrade of the application portal is a major investment that will increase automation of processes and improve the customer experience. This project will continue into early 2024.

VETASSESS launched its Allyship initiative, bringing together migration industry stakeholders including agents, lawyers and governments to collaborate and find ways to make the migrant journey easier, faster and less costly. There is strong enthusiasm for the industry working together and a bigger Allyship meeting will be held in 2024.

VETASSESS continues to focus on diversifying its revenue streams and is working with the Australian Government on enabling skilled aged care workers from a number of countries to come to Australia to work and address the severe industry shortage here.

OTHER HIGHLIGHTS:

- ▶ relocated to Cremorne Campus in newly refurbished workplaces
- ▶ achieved increased automation of the application process for general and professional occupations
- ▶ implemented a new telephony system, giving improved data insight and customer service
- ▶ launched a new website, with customers finding it easier to access information and be guided through the application process
- ▶ rebranded VETASSESS with a new, modern logo
- ▶ contract extended for Trades Recognition Australia services and renewed for the Victorian Government Overseas Qualifications Unit
- ▶ partnered with WorkinAus, an online marketplace for employers and potential migrant employees to find skilled workers and jobs in Australia. Under the brand WorkinTrades, it created a portal on the VETASSESS website to help migrants who are successful in their trade skills assessment find work and to assist employers to find skilled migrant workers.



New VETASSESS office.

eWorks

EWORKS WON SEVERAL NEW CONTRACTS IN 2023, INCLUDING:

- ▶ implementing a new Moodle Learning Management System (LMS) site for the Royal Australian and New Zealand College of Ophthalmologists
- ▶ supplying the Department of Social Services with a LMS for the Carer Gateway, an Australian Government initiative aimed at better supporting the nation's carers
- ▶ collaborating with KATALIS, an Australian Government-backed business development program aimed at harnessing the economic synergies between Australia and Indonesia. eWorks is supporting the development of high-quality learning with an aim to address skill needs in sectors including tourism and hospitality, health, digital economy, manufacturing, and agriculture.

eWorks rebranded during the year and launched a new website developed with the customer journey in mind, with engaging content for clients and potential business. It also launched a new webinar format to build brand awareness and engage with the market.



Awards and achievements



“I’m so honoured to be featured alongside some amazing designers.”

BRIDIE VEARING
AWARD-WINNING FASHION STUDENT

2023 WORLD FEDERATION OF COLLEGES AND POLYTECHNICS AWARDS OF EXCELLENCE

Lifetime Achievement Award (Bronze)

Phill Murphy (staff), Bendigo Kangan Institute

Outstanding Student Achievement Award (Bronze)

Desirae Kilduff, Bendigo TAFE

2023 MEDAL OF THE ORDER OF AUSTRALIA

Australia Day Honours: Service to Education

Lorenda Gracey (staff), Bendigo Kangan Institute

King’s Birthday Honours: Service to Education

Beverly Williams (staff), Bendigo Kangan Institute

2023 WORLDSKILLS AUSTRALIA NATIONAL CHAMPIONSHIPS

Automotive Refinishing (Silver)

Dylan Hoskin, Kangan Institute

Motorcycle Mechanics (Silver)

Tom Saxon, Kangan Institute

Autobody Repair (Bronze)

Ali Akber Rezaie, Kangan Institute

Certificate of Merit

Grant Petch (staff), Bendigo Kangan Institute

2023 FASHION AWARDS AUSTRALIA

Rags to Runway (First prize)

Bridie Vearing, Kangan Institute

2023 AUSTRALIAN DEFENCE FORCE RESERVES AND EMPLOYER SUPPORT

Employer Support Award

Bendigo Kangan Institute

2023 AUSTRALIAN DISABILITY CLEARINGHOUSE ON EDUCATION AND TRAINING ACCESSIBILITY IN ACTION AWARDS

Highly Commended Student Support

Sustainable Disability Support Initiative, Kangan Institute

2023 LEARNX AWARDS

Best eLearning Project - Industry specific (Diamond award)

eWorks

Best Online Learning - Industry specific (Diamond award)

eWorks

Awards and achievements



“The best thing about my experience at Bendigo TAFE would have to be the trainers.”

GEORGINA DIMITRIOU
AWARD-WINNING BAKING STUDENT

2023 DESIGN MATTERS NATIONAL BUILDING DESIGN AWARDS (VIC, NSW, QLD, TAS)

Best Digital Presentation by a Student

Branden Pearce, Bendigo TAFE

Best Digital Presentation by a Student (Commendation)

Joel Anley, Bendigo TAFE

Best Response to a Design Brief (Commendation)

Branden Pearce, Bendigo TAFE

2023 VICTORIAN TRAINING AWARDS

Victorian School-based Apprentice or Trainee of the Year

Joachim Lopez-Valoa, Kangan Institute

(Finalist) Victorian Large Training Provider of the Year

Bendigo TAFE and Kangan Institute

(Finalist) Victorian Apprentice of the Year

Tia Webb, Bendigo TAFE

(Finalist) Victorian Vocational Student of the Year

Pinar Teker, Bendigo TAFE

2023 MASTER BUILDERS VICTORIA REGIONAL BUILDING AWARDS - WESTERN REGION

Excellence in Construction of Commercial Buildings (Projects \$20m+)

Bendigo TAFE City Campus Revitalisation Project

2023 MASTER BUILDERS VICTORIA REGIONAL APPRENTICE OF THE YEAR AWARDS – BENDIGO

Bendigo Chairperson's Award

Trinity Alderton, Bendigo TAFE

Bendigo Apprentice of the Year – Craftsperson Award

Kilby Todd, Bendigo TAFE

2023 VICTORIAN BAKING SHOW

Victorian Perpetual Training Trophy

Bendigo TAFE and Kangan Institute

Gourmet Pull Apart Loaf (Third place)

Georgina Dimitriou, Bendigo TAFE

Fruit Tartlets (Third place)

Siba Badeen, Kangan Institute

2023 MELBOURNE INTERNATIONAL FLOWER AND GARDEN SHOW

Achievable Gardens (Bronze)

Clair Derwort, Fleur Clausen and Craig Wilcox, Bendigo TAFE

Financial performance

In 2023, Bendigo Kangan Institute reported a surplus of \$17.508 million for re-investment in other initiatives and continues to be 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.

	2023	2022	2021	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Total income from transactions	239,782	192,911	191,374	211,679	164,365
Total expenses from transactions	-224,358	-206,741	-196,117	-175,461	-172,117
Total other economic flows	2,084	-868	-150	878	-820
Net results	17,508	-14,698	-4,893	37,096	-8,572
Changes to asset revaluation surplus	-	63,751	13,846	-4,881	2,270
Comprehensive result	17,508	49,053	8,953	32,215	-6,302
Total assets	593,508	576,427	496,600	509,078	482,177
Total liabilities	87,131	87,556	56,783	78,214	77,331
Net assets	506,377	488,870	439,817	430,864	404,846

The net result for 2023 was a surplus of \$17.508 million for re-investment in other initiatives, compared to a deficit of \$14.698 million for the year ended 31 December 2022. This surplus was mainly due to:

- ▶ Increased revenue from VETASSESS from skilled migration and assessments
- ▶ Increased income recognition from capital grants pending completion of works on construction projects

The above was offset by an increase in employment and consultancy costs driven by the flexible workforce in VETASSESS to service its increased assessments and migration services, and a reduction in one-off and operating grants.

At 31 December 2023, Bendigo Kangan Institute's net assets were \$506.377 million (2022: \$488.870 million). The increase in net assets of \$17.508 million was due to continued investment in our campuses and teaching equipment.

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.

PERFORMANCE AND ACCOUNTABILITY FRAMEWORK FTE

	Year ending 31 December 2023						
	Full time		Part time		Casual		Total
	Ongoing	Fixed term	Ongoing	Fixed term	Teacher	Other	
PACCT staff	495	86	88	14	0	3	686
Executive	0	8	0	0	0	0	8
Teacher	285	12	122	15	18	0	452
Total employees	779	107	210	29	18	3	1,146

	Year ending 31 December 2022						
	Full time		Part time		Casual		Total
	Ongoing	Fixed term	Ongoing	Fixed term	Teacher	Other	
PACCT staff	407	96	79	17	0	3	603
Executive	0	8	0	0	0	0	8
Teacher	281	14	118	14	15	0	442
Total employees	688	117	197	31	15	3	1,052

- ▶ A large increase in staff numbers in VETASSESS resulted in marked increase in FTE (full-time equivalent) worked during the year.
- ▶ 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 2023 data presented.

WORKFORCE DISCLOSURES

	December 2023						
	All employees		Ongoing			Fixed term and Casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender							
Women Executives	4	4	0	0	0	4	4
Women (total staff)	805	612	366	281	530	158	82
Men Executives	2	2	0	0	0	2	2
Men (total staff)	585	478	351	149	435	85	43
Self-described	0	0	0	0	0	0	0
Age							
15-24	20	18	12	3	14	5	4
25-34	163	143	95	35	121	33	22
35-44	318	269	169	95	226	54	43
45-54	371	340	226	95	302	50	38
55-64	344	307	216	93	278	35	29
Over 64	105	96	71	29	93	5	3
Total employees	1,321	1,173	789	350	1,034	182	139

December 2022

	All employees		Ongoing			Fixed term and Casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
	Gender						
Women Executives	6	6	0	0	0	6	6
Women (total staff)	739	630	382	223	530	134	100
Men Executives	3	3	0	0	0	3	3
Men (total staff)	543	491	358	108	429	77	62
Self-described	0	0	0	0	0	0	0
Age							
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
Over 64	120	86	47	59	78	14	7
Total employees	1,282	1,121	740	331	959	211	162

- ▶ All figures reflect employment levels for the final full pay period of 2023, in accordance with the general reporting requirements detailed in Financial Reporting Direction (FRD) 22 (April 2023).
- ▶ 2023 saw an increase in FTE compared to 2022 resulting from an increase in VETASSESS staff numbers and hours worked during the year.
- ▶ In line with our enterprise agreement obligations, eligible fixed term, casual and sessional staff were offered an employment status conversion during 2023, continuing the review which began in 2020.
- ▶ 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.

SECTION THREE

Compliance



Compliance

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.

In 2023 Bendigo Kangan Institute prepared and submitted to the Officer of the Victorian Information Commissioner (OVIC) its report on FOI activity for the period 1 July 2022 to 30 June 2023 for OVIC's Annual Report. In the 2023 calendar year, Bendigo Kangan Institute received one request for information under the FOI Act and nineteen requests for personal information under the *Privacy 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
- l. details of all consultancies and contractors including:
 - i. consultants/contractors engaged
 - ii. services provided
 - iii. expenditure committed to for each engagement.

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed above have been retained by the department and are available on request, subject to the provisions of the FOI Act.

All FOI enquiries should be directed to:

The Freedom of Information Officer
 Bendigo Kangan Institute
 Private Bag 299, Somerton VIC 3062
 or emailed to: information@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 Speak Up 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 and Integrity and Corruption Officer confidentially assist disclosers in understanding the process and how to make a complaint to the Independent Broad-based Anti-Corruption Commission and facilitate welfare support for those seeking to speak up.

Carers Recognition Act 2012

Bendigo Kangan Institute ensures that the rights and interests articulated in the *Carers Recognition Act 2012* are considered when delivering its services to clients in a care relationship. During 2023, the organisation has taken all practical measures to comply with its obligations under the Act.

Victorian Public Service Travel Policy

All overseas and domestic travel by employees of Bendigo Kangan Institute during 2023 was compliant with the Victorian Public Service Travel Policy as per its November 2017 update by the Department of Treasury and Finance.



Trades + Skills Centre at Broadmeadows Campus.

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 procedure explains how Bendigo Kangan Institute meets legislative requirements and government guidelines to set prices for the sale of its programs, products and services.

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.

Financial management compliance attestation statement

I, Margaret O'Rourke, on behalf of the Responsible Body, certify that for the period 1 January 2023 to 31 December 2023, the Bendigo Kangan Institute 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 Chair
22 February 2024

Consultancies expenditure

Consultants for services are engaged when specialist skills are required. The total consultancy cost incurred during 2023 was \$1.65 million (excl. GST). There were eight consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2023 in relation to these consultancies was \$47,600 (excl. GST).

There were 17 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2023 in relation to these consultancies was \$1.60 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: <https://www.bendigotafe.edu.au/news-and-resources/publications/annual-reports1>

Advertising expenditure

Name of campaign	Campaign summary	Start/end date	Advertising (media)	Creative and campaign development	Research and evaluation	Print and collateral	Other campaign costs
Semester 1 2023	Acquisition	Jan - Apr 2023	\$1,270,970.83	-	-	-	-
Semester 2 2023	Acquisition	May - Jul 2023	\$656,000.97	-	-	-	-
Term 4 2023	Acquisition	Aug - Sept 2023	\$117,440.00	-	-	-	-
Direct Mail	Awareness	Sept - Oct 2023	\$106,075.33	-	-	-	-
Semester 1 2024	Acquisition	Oct - Dec 2023	\$107,511.90	-	-	-	-

Information Communications Technology (ICT) expenditure

Business as usual ICT expenditure	Non-business as usual ICT expenditure	
	Operational	Capital
\$11,586,825	\$6,104,408	\$2,670,479

In 2023 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 with our new student management system going live in 2023.

Overseas operations

TAFE international student numbers and revenue in 2023		
	Student numbers	Revenue
International onshore	194 (132 VET + 62 ELICOS)	\$1,315,595
International offshore (excl. VETASSESS)	53	\$140,000

With no restrictions on borders and the resumption of travel in and out of Australia, the delivery of international onshore TAFE projects improved in 2023 compared to 2022.

There were no new international offshore TAFE projects in 2023. Attracting international students is not a primary operational focus for Bendigo Kangan Institute, with the organisation's core emphasis the delivery of high-quality education and training programs to its metropolitan and regional domestic students.

Bendigo Kangan Institute continues to build relationships with stakeholders in India and China, where there is strong interest in skills mapping and vocational education and training.

The Indian Government invited the Executive Director of VETASSESS to attend the B20 meeting in New Delhi in September 2023 and to join the Future of Work, Skilling and Mobility Taskforce for the Business 20 (B20).

We also participated in the Victorian Government's Study Melbourne delegation to China, led by the Hon John Brumby AO, Chair of Victoria's International Education Advisory Council. The delegation sought to strengthen the bilateral relationship between the two countries and foster further education collaboration. The delegation was also an opportunity to learn more about new energy vehicles and autonomous driving technology, a growth sector that is booming in China. Our representatives also visited the Jiaying Nanyang Polytechnic Institute as part of our existing partnership.

Conversations continue around skills mobility between India and Australia, which offers the opportunity for training youth locally to fill skills gaps in Australia.

Compulsory non-academic fees, subscriptions and charges

Bendigo Kangan Institute has continued to waive its compulsory non-academic student services fees. A number of engagement and support services were provided to students in 2023 with some activities funded by government grant programs, including but not limited to on-campus and virtual events for students, counselling and welfare services, disability support services and student employment centre.

Major commercial activities

As part of the 2021-22 Victorian Budget, funding was announced for a \$60 million Health and Community Centre of Excellence at Broadmeadows Campus in May 2021. Construction began in 2023 and will be completed by October 2024.

Occupational health and safety

Bendigo Kangan Institute is committed to the delivery of a positive health, safety and wellbeing culture, workplace and learning environment supported by our legal and social responsibilities.

In 2023, health, safety and wellbeing initiatives included:

- ▶ reviewing the policies and procedures outlining safe work practices from psychological and physical safety perspectives
- ▶ maintaining and regularly reviewing the performance of the Health Safety and Wellbeing Framework 2020>2025
- ▶ supporting Health, Safety and Wellbeing Committees within the organisation
- ▶ identification and reporting of hazards, management of incidents, injuries and illnesses with a focus on the wellbeing of the injured or ill team member
- ▶ providing support to employees to achieve recovery following workplace illness or injury.

A key focus for 2023 was the completion of an organisation-wide risk assessment to identify the top ten psychological health and safety hazards within a prevention of harm model. 2024 will see the development and implementation of the priorities and a review of the risk assessment for the psychological health and safety hazards.

We also focused on the reporting and investigation of hazards and incidents across the organisation in 2023. There were 161 reported incidents causing injury or illness (including personal illness). Of these, 29 incidents related to staff and 132 incidents related to students. Additionally, there were 167 reported hazards or near miss incidents, an 83 per cent increase compared to 2022. In total there were 328 incidents and hazards relating to staff and students. There were 8 lost time incidents reported during 2023 resulting in a final Lost Time Injury Frequency Rate (LTIFR) of 4.07 in 2023, decrease from a reported LTIFR of 8.33 in 2022.

Category	2023			Commentary for material variances
	2021	2022	2023	
Hazards/incidents (per 100 FTE)	15.68	16.41	29.3	We saw a significant increase in the number of hazards/incidents reported in 2023 due to our focus on encouraging reporting.
Lost time standard claims hazards/incidents (per 100 FTE)	0.86	1.25	0.69	In 2023 there was a decrease in lost time standard claims hazards/incidents, with the majority being mental injury claims.
Average cost per claim	\$89,673	\$85,451	\$84,350	We saw a reduction in cost of claims in 2023 due to early intervention strategies implemented and the closing of several claims.

There were 30 active WorkCover claims (equivalent to 2.61 claims per 100 FTE staff) managed in 2023, including 27 new additional incurred cost claims. Of the 27 new claims, 15 were of a psychological nature and 12 were physical injury claims. A total of 17 claims were closed in 2023.

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		
	Cleaning, waste and pest control	Broadmeadows Health and Community Centre of Excellence – main works
Applied Local Jobs First Policy (Y/N)	Y	Y
Strategic/standard projects	Standard	Strategic
Date registered with Industry Capability Network (ICN)	22/7/2022	30/3/2021
Local jobs weighting applied	Y	Y
Major Project Skills Guarantee (MPSG) applicable (Y/N)	N	Y
MPSG total number of hours	-	15,241
Local content committed (%) building minimum	-	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 small to medium enterprises (SMEs) in supply chain	2	299
Local jobs to be created	9.6711	2.157
Local jobs to be retained	17.9079	55.6924
Apprenticeships to be created	-	1.081
Apprenticeships to be retained	-	4.3243
Traineeships to be created	2.2105	0.038
Traineeships to be retained	-	0.1518

All projects						
	Number of projects	Value	Average local content	Jobs	Jobs created	Jobs retained
Metro – Standard	-	-	-	-	-	-
Metro – Strategic – Broadmeadows Health and Community Centre of Excellence main works contractor	1	\$44,574,539	91.70%	57.85	2.16	55.69
Regional – Standard	-	-	-	-	-	-
Regional – Strategic	-	-	-	-	-	-
Statewide – Standard – Cleaning, Waste and Pest Control	1	\$8,555,599	99.77%	27.58	9.67	17.91
Statewide – Strategic	-	-	-	-	-	-
Total	2	\$53,130,138	95.70%	85.43	11.83	73.60

Social procurement

This table outlines Bendigo Kangan Institute's activities against the Whole of Victorian Government (WOVG) Social Procurement Framework (SPF).

SPF objective	Outcome	Metric	Unit of measure	2022-23 (Actual)
Opportunities for Victorian First Nations people	Purchasing from First Nations businesses	Number of Victorian First Nations businesses engaged	Number	7
		Total expenditure with Victorian First Nations businesses (excl. GST)	\$(GST exclusive)	\$2,635,227
Opportunities for Victorians with disability	Employment of Victorians with disability by suppliers to the Victorian Government	Number of Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged	Number	6
		Total expenditure with Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises	\$(GST exclusive)	\$44,467
Opportunities for disadvantaged Victorians	Purchasing for disadvantaged Victorians	Number of Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts) engaged	Number	18
		Total expenditure with Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts);	\$(GST exclusive)	\$160,263
Sustainable Victorian social enterprises and First Nations business sectors	Purchasing from Victorian social enterprises and First Nation businesses	Number of Victorian social enterprises engaged	Number	33
		Total expenditure with Victorian social enterprises (excl.GST)	\$(GST exclusive)	\$344,297

Environment performance and impacts

Bendigo Kangan Institute is guided by its *2021-2030 Environmental Sustainability Plan*. This comprehensive plan outlines the organisation's objectives across emissions reduction, water efficiency, waste reduction, and sustainable procurement.

To assess its environmental impact, we have engaged a consultant for the development of our financial year 2023 carbon footprint baseline and review of our environmental strategy. This includes a full greenhouse gas (GHG) inventory including scope 1, 2 and 3, to use as a baseline to access future emissions reduction targets for all campuses.

The review and refresh of our sustainability plan is expected to be in 2024.

ENERGY USE

Across all campuses, the records on annual electricity consumption are down by between 5 to 15%. There has been a reduction of 16.6% in electricity consumption at Charleston Road with the introduction of a 638 panel solar system. Essendon has ceased gas consumption and will be introducing a solar system in 2024 which will lead to further reduction in electricity usage.

	Electricity			Gas		
	Kilowatt-hour (kwh)	CO ₂ tonne	Per m ²	Megajoules	CO ₂ tonne	Per m ²
Bendigo City	1,133,733.28	1,039.48	97.9298	3,505,627	194.67	302.8096
Broadmeadows	1,811,352.85	1,666.44	73.5294	4,859,136	269.84	197.25
Bendigo Technical Education College (BTEC)	35,227.99	32.4	21.9107	67,866	3.78	42.21047
Castlemaine	23,296.94	13.56	58.4030	N/A	N/A	N/A
Charleston Road	750,959.88	690.88	62.0638	1,671,637	92.82	138.1541
Cremorne	493,952.38	469.24	62.1199	841,910	46.74	105.8793
Docklands	978,689.49	900.4	65.4537	4,487,540	249.2	300.1217
Echuca	92,590.80	85.19	36.1034	427,524	23.75	166.702
Essendon	258,194.81	237.54	96.7783	N/A	N/A	N/A

WASTE

In 2023, our organisation awarded a new contract cleaning company GJK to manage cleaning services across all campuses. With a strong focus on environmental sustainability, we have worked with the contractor to introduce a Waste Action Plan featuring a three-tier separation system providing detailed tracking of our waste resources.

Overall, our organisation saw a reduction in waste to landfill, with a greater reduction in recyclables anticipated following the commencement of the Victorian Container Deposit Scheme in November 2023.

	Total waste (kg)	CO ₂ emission
Bendigo City	18,115	23.57
Broadmeadows	105,676	136.45
Castlemaine	850	1.11
Charleston Road	27,836	36.21
Cremorne	12,514	16.26
Docklands	20,819	27.14
Echuca	1,020	1.34
Essendon	12,450	16.21

Total waste breakdown	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
General waste (kg)	6,425	14,275	12,825	13,910	16,010	17,490	13,130	15,538	9,115
Paper recycle (kg)	835	1,850	765	1,250	1,330	1,455	1,003	1,273	476
E-Waste recycle (kg)	0	0	0	0	0	145	0	65	67
Comingle waste (kg)	370	330	275	485	880	755	668	534	863
Recycle percentage	15.8%	13.2%	7.5%	11.1%	12.1%	11.9%	11.3%	10.8%	13.4%

WATER

On site water harvesting and water retention practices will be a focus for our organisation in 2024. We will be conducting an audit of our on-campus water tanks and other methods to collect and use water, in alignment with the Victorian Government's new environmental reporting requirements.

	Water consumption (kl)
Bendigo City	1,277
Broadmeadows	5,086
BTEC	485
Castlemaine	30
Charleston Road	896
Cremorne	1,088
Docklands	901
Echuca	334
Essendon	428
Total water consumption	10,525
Total water consumption per FTE	9.181715

TRANSPORT

In a Bendigo Kangan Institute first, nine electric vehicles were introduced to our vehicle fleet in 2023. This is anticipated to contribute to a long-term reduction in emissions. Staff road travel between campuses has returned to pre-pandemic figures.

Transport type	Distance travelled (km)	CO ₂ emission
Car	440,008.8	956.286
Electric vehicle	60,001.2	N/A
Light commercial	N/A	N/A

SECTION FOUR

Financial Statements





Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Bendigo Kangan Institute

Opinion	<p>I have audited the financial report of the Bendigo Kangan Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 December 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the Board Chair, Chief Executive Officer and Chief Financial Officer. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the institute as at 31 December 2023 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>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation 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>

**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.

MELBOURNE
7 March 2024



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

BENDIGO KANGAN INSTITUTE**FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023****DECLARATION BY BOARD CHAIR
CHIEF EXECUTIVE OFFICER
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 2023 and financial position of the Institute as at 31 December 2023.

At the date of signing this financial report, we are not aware of any circumstances that would render any particulars

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

Date: 28 February 2024

Melbourne



Ms. Sally Curtain, Chief Executive Officer

Date: 28 February 2024

Melbourne



Ms. Melissa Chalker, Chief Financial Officer

Date: 28 February 2024

Melbourne

Table of contents

Bendigo Kangan Institute has presented its audited general-purpose financial statements for the financial year ended 31 December 2023 in the following structure to provide users with the information about the Institute's stewardship of resources entrusted to it.

Financial Statements

Comprehensive Operating Statement	53
Balance Sheet	54
Statement of Changes in Equity	55
Cash Flow Statement	56

Notes to the Financial Statements

1. ABOUT THIS REPORT	57
1.1 Basis of preparation	57
1.2 Compliance information	58
2. HOW WE EARNED OUR FUNDS	60
2.1 Government grants	60
2.2 Revenue from fees, charges and sales	62
2.3 Other revenue and income	65
3. HOW WE EXPENDED OUR FUNDS	67
3.1 Employee benefits	67
3.1.1 Employee benefits in the comprehensive operating statement	67
3.2 Superannuation	67
3.3 Supplies and services	68
3.3.1 Other expenditure commitments	69
3.4 Other operating expenses	69
3.5 Finance costs	70
3.6 Depreciation and amortisation	70
4. THE ASSETS WE INVESTED IN	71
4.1 Property, plant and equipment	71
4.1.1 Reconciliation of movements in carrying amount of property, plant and equipment	72
4.1.2 Capital commitments	73
4.1.3 Gain/(loss) on non-financial assets	73
4.2 Intangible assets	74
4.3 Depreciation and amortisation	75
5. BALANCES FROM OPERATIONS	76
5.1 Receivables	76
5.2 Other non-financial assets	78
5.3 Payables	78

5.4 Contract and other liabilities	80
5.5 Employee benefits in the balance sheet	81
5.6 Other provisions	82
6. HOW WE FINANCED OUR OPERATIONS	83
6.1 Cash and cash equivalents	83
6.1.1 Reconciliation of operating result to net cash flows from operating activities	83
6.2 Borrowings	84
6.3 Contributed capital	85
6.4 Leases	85
7. MANAGING RISKS AND UNCERTAINTIES	88
7.1 Financial instruments	88
7.1.1 Financial risk management objectives and policies	89
7.1.2 Credit risk	89
7.1.3 Liquidity risk	91
7.1.4 Market risk	92
7.2 Contingent assets and contingent liabilities	94
7.3 Fair value determination	95
8. GOVERNANCE DISCLOSURES	101
8.1 Responsible persons	101
8.2 Remuneration of executives	102
8.3 Related parties	103
8.4 Remuneration of auditors	104
9. OTHER DISCLOSURES	105
9.1 Other economic flows included in net result	105
9.2 Equity reserves	106
9.3 Ex gratia expenses	106
9.4 Events after reporting date	106
9.5 Application of standards issued but not yet effective	107
9.6 New or amended Accounting Standards and Interpretations adopted	108

Financial Statements

Comprehensive Operating Statement

For the year ended 31 December 2023

	Note	2023	2022
		\$'000	\$'000
Continuing operations			
Revenue and income from transactions			
Government grants			
Operating grants - revenue	2.1.1	63,868	59,313
Operating grants - income	2.1.1	35,705	51,145
Capital grants - income	2.1.2	21,200	5,133
Revenue from fees, charges and sales	2.2	114,459	75,074
Other income	2.3	4,550	2,246
Total revenue and income from transactions		239,782	192,911
Expenses from transactions			
Employee benefits	3.1.1	154,305	139,996
Depreciation and amortisation	3.6	16,626	18,820
Supplies and services	3.3	38,236	36,033
Finance costs	3.5	2	44
Other operating expenses	3.4	15,190	11,847
Total expenses from transactions		224,358	206,741
Net result from transactions		15,424	(13,830)
Other economic flows included in net result			
Net gain/(loss) on financial instruments	9.1a	2,082	(868)
Net gain/(loss) on non-financial assets	9.1b	2	-
Other gains/(losses) from other economic flows	9.1c	-	-
Total other economic flows included in net result		2,084	(868)
Net result		17,508	(14,699)
Other economic flows - other comprehensive income			
Gain/loss on revaluation of physical assets	9.2	-	63,751
Comprehensive result		17,508	49,052

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

Balance Sheet

As at 31 December 2023

	Note	2023	2022
		\$'000	\$'000
Assets			
Financial assets			
Cash and cash equivalents	6.1	56,725	50,566
Receivables	5.1	30,301	33,199
Total financial assets		87,026	83,765
Non-financial assets			
Property, plant and equipment	4.1	496,050	480,806
Right of use assets	6.4	-	1,438
Intangible assets	4.2	4,891	5,929
Other non-financial assets	5.2	5,541	4,490
Total non-financial assets		506,482	492,662
Total assets		593,508	576,427
Liabilities			
Payables	5.3	6,883	5,552
Contract liabilities	5.4	35,619	34,476
Employee provisions	5.5	28,039	27,974
Other provisions	5.6	-	1,523
Borrowings	6.2	16,590	16,903
Lease liabilities	6.4	-	1,128
Total liabilities		87,131	87,556
Net assets		506,377	488,870
Equity			
Accumulated surplus / (deficit)	9.2	49,704	32,196
Contributed capital	6.3	246,762	246,762
Reserves	9.2	209,911	209,911
Net worth		506,377	488,870

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 2023

	Physical Assets Revaluation Surplus	Accumulated surplus	Contributions by owner	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 January 2022	146,160	46,895	246,762	439,817
Net result for the year	-	(14,699)	-	(14,699)
Other economic flows - other comprehensive income	63,751	-	-	63,751
Total comprehensive income	63,751	(14,699)	-	49,052
Year ended 31 December 2022	209,911	32,196	246,762	488,870
Net result for the year	-	17,508	-	17,508
Other economic flows - other comprehensive income	-	-	-	-
Total comprehensive income	-	17,508	-	17,508
Year ended 31 December 2023	209,911	49,704	246,762	506,377

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 2023

	Note	2023	2022
		\$'000	\$'000
Cash flows from operating activities			
Receipts			
Government contributions		117,173	142,515
Receipts from customers - fees, charges and sales		116,318	59,802
Goods and services tax recovered from the ATO		(758)	1,111
Interest received		2,865	691
Other receipts		1,559	1,350
Total receipts from operating activities		237,158	205,468
Payments			
Payments to employees		(147,309)	(127,951)
Payments to suppliers		(61,356)	(60,246)
Goods and services tax paid to the ATO		141	(1,526)
Interest paid - lease liability		(2)	(44)
Total payments from operating activities		(208,527)	(189,767)
Net cash flows from / (used in) operating activities	6.1.1	28,631	15,701
Cash flows from investing activities			
Payments for property, plant and equipment		(28,384)	(14,133)
Payments for intangible assets		(4,228)	(1,195)
Net cash flows from / (used in) investing activities		(32,612)	(15,328)
Cash flows from financing activities			
Proceeds from borrowings		14,100	-
Repayment of borrowings		(3,960)	-
Payment of lease liabilities		-	(1,157)
Net cash flows from / (used in) financing activities		10,140	(1,157)
Net increase / (decrease) in cash and cash equivalents		6,159	(785)
Cash and cash equivalents at beginning of year		50,565	51,350
Cash and cash equivalents at end of year	6.1	56,725	50,565

The accompanying notes form part of these 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 of Victoria.

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.

Comparative information has been revised where appropriate to conform to changes in presentation in the current year and to enhance comparability.

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:

- ▶ actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 5.5);
- ▶ the loss rate used in calculating the allowance for expected credit losses (refer to Note 7.1.2);
- ▶ the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 7.3); and
- ▶ the fair value of assets measured at current replacement cost as a result of rising costs of construction and inflation.

These estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

These financial statements cover Bendigo Kangan Institute as an individual reporting entity. Bendigo Kangan Institute had no controlled entities for the period ended 31 December 2023.

1. ABOUT THIS REPORT

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 2024 has been approved by the Minister for Skills and TAFE. On this basis, the Board is satisfied that BKI will hold sufficient cash reserves across 2024 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.

Bendigo Kangan Institute manages funding risk by continuing to diversify and increase funding from commercial activities, both domestically and offshore.

There has been no significant change in Bendigo Kangan Institute'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), 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, Bendigo Kangan Institute 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.

THE KEY IMPACTS ON THE PERFORMANCE IS SUMMARISED AS FOLLOWS:

Basis of preparation

As at 31 December 2023, Bendigo Kangan Institute was in a net asset position of \$506,377,000 (2022: \$488,870,000), a net current asset position of \$23,665,000 (2022: \$27,213,000), net profit of \$17,508,000 (2022: net deficit of \$14,698,000) and generated positive operating cash flows of \$28,631,000 (2022: \$15,701,000). 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 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

1. ABOUT THIS REPORT

Revenue and other income

Following the easing of restrictions in 2022, learning returned to campus and no further funding was provided by the Department in relation to the pandemic.

VETASSESS Group, which operates as a separate division within Bendigo Kangan Institute, has seen increased revenue in 2023 following the reopening of Australian borders and increased applications for skilled migration assessment (\$34m above 2023 budget).

Employee provisions

With international borders reopening and easing of restrictions for travel, staff planned leave levels returned to normal. In 2023 staff have continued to utilise leave as such leave provisions have increased by \$65,000 only due to movement in staff during the year (2022: by \$1,009,000). This is further discussed in Note 5.5.

Allowance for expected credit losses

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 and payment history has been considered in determining the expected credit loss for the 2023 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.

For the year ending 31 December 2023 Bendigo Kangan Institute conducted a managerial revaluation. As part of the managerial revaluation, the following inputs and assumptions were included:

- (a) assumptions made about the future
- (b) source of estimation uncertainty
- (c) the nature or class of assets impacted
- (d) the carrying amount of the assets subject to the significant uncertainty
- (e) sensitivity of the carrying amounts to methods, assumptions and estimates including the reasons for their sensitivity; and
- (f) expected resolution of the uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts.

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 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:

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 DJSIR 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 \$17.6 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

	2023	2022
	\$'000	\$'000
Grants and other transfers		
Government grants – operating revenue		
State government - contestable	63,868	59,313
Total government grants - operating revenue	63,868	59,313
Government grants – operating income		
State government - other grants	35,705	51,145
Total government grants - operating income	35,705	51,145
Total government grants – operating	99,573	110,458

Revenue and income from government grants

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

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

2. HOW WE EARNED OUR FUNDS

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 Bendigo Kangan 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 Bendigo Kangan Institute 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 Bendigo Kangan Institute has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, Bendigo Kangan Institute 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. 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. Bendigo Kangan Institute recognises income immediately in the comprehensive operating statement when control is achieved over the funds which occurs on execution of the relevant contract. Where performance obligations are sufficiently specific in accordance with AASB15.	Revenue is recognised over time in the comprehensive operating statement as the performance obligations are delivered.

2. HOW WE EARNED OUR FUNDS

2.1.2 CAPITAL GRANTS INCOME

	2023	2022
	\$'000	\$'000
Government grants - capital		
State government - capital	21,200	5,133
Total government grants - capital	21,200	5,133
Total government grants	120,773	115,590

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 Bendigo Kangan Institute.	Whilst the TAFE has an obligation 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 has 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

	2023	2022
	\$'000	\$'000
Student fees and charges	9,899	9,797
Fee for service - government	30,035	26,883
Fee for service - international operations - onshore	1,316	882
Fee for service - international operations - offshore	10,328	10,253
Fee for service - other	62,660	27,016
Other non-course fees and charges		
Student amenities and services	221	244
Total revenue from fees, charges and sales	114,459	75,074

2. HOW WE EARNED OUR FUNDS

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

	2023	2022
	\$'000	\$'000
Revenue recognised over time	103,910	64,578
Revenue recognised at a point in time	10,549	10,496
Total revenue from fees, charges and sales	114,459	75,074

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.

2. HOW WE EARNED OUR FUNDS

Revenue Type	Nature	Performance obligation	Timing of satisfaction
Student fees and charges	<p>Bendigo Kangan 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).		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.
Fee for service – International onshore/offshore	Relates to international student course fees and other revenue for onshore and offshore training operations.	Provision of services	Where fee for service revenue 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.
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 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 from sale of goods		Delivery of goods	

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:

	2023	2022
	\$'000	\$'000
Student fees and charges	2,644	2,206
Fee for service	4,323	3,987
Other	28,309	4,154
	35,275	10,347

2. HOW WE EARNED OUR FUNDS

Transaction price allocated to remaining performance obligations

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

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

	2024	2025
	\$'000	\$'000
Revenue expected to be recognised	26,300	6,575

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

	2023	2022
	\$'000	\$'000
Interest income	2,865	703
Rental income	580	532
Donations, bequests and grants	41	33
SVTS Interstate	128	276
Other income	936	702
Total other income	4,550	2,246
Total revenue and other income	4,550	2,246

2. HOW WE EARNED OUR FUNDS

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	Bendigo Kangan Institute 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. Bendigo Kangan Institute also receives rental income from long term lease arrangements with third parties. Refer to Note 2.3.1 for Bendigo Kangan Institute's lessor accounting policy.	None	Rental income is recognised on a time proportional basis and is brought to account when Bendigo Kangan Institute'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 Bendigo Kangan Institute. 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 (e.g. dividends)	Other income includes income from car park, salon, bakery.	Other income is recognised when Bendigo Kangan Institute's right to receive payment is established.	

2.3.1 LEASES RECEIVABLE

	2023	2022
	\$'000	\$'000
Receivable:		
Within one year	364	604
Later than one year but not later than five years	734	1,340
Later than five years	147	182
Total leases receivable	1,244	2,126
GST payable on the above	124	193
Net operating leases receivable	1,120	1,933

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 are determined using various assumptions that may differ from actual developments in the future. These include future salary growth rate, future discount rates, tenure of existing staff, and patterns of leave claims.

All assumptions are reviewed at each reporting date.

3.1.1 EMPLOYEE BENEFITS IN THE COMPREHENSIVE OPERATING STATEMENT

	2023	2022
	\$'000	\$'000
Salaries, wages, overtime and allowances	116,089	108,230
Superannuation	12,469	11,041
Payroll tax	7,561	5,319
Mental health levy	810	689
Workers compensation	2,312	1,756
Annual leave	9,962	9,542
Long service leave	2,578	2,699
Termination benefits	2,462	682
Other	62	37
Total employee benefits	154,305	139,996

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

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Bendigo Kangan Institute 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

Bendigo Kangan Institute's employees are entitled to receive superannuation benefits and Bendigo Kangan Institute 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.

Bendigo Kangan Institute 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 Bendigo Kangan Institute are as follows:

3. HOW WE EXPENDED OUR FUNDS

	2023	2022
	\$'000	\$'000
Paid contribution for the year		
Defined benefit plans:		
State Superannuation Fund – revised and new	115	122
Total defined benefit plans	115	122
Accumulation contribution plans:		
VicSuper	4,842	4,423
Other	7,512	6,496
Total accumulation contribution plans	12,354	10,919
Total paid contribution for the year	12,469	11,041
Contribution outstanding at year end		
Accumulation contribution plans:		
VicSuper	-	-
Other	-	-
Total accumulation contribution plans	-	-
Total contribution outstanding at year end	-	-

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

	2023	2022
	\$'000	\$'000
Building repairs and maintenance	745	1,236
General consultancy	13,663	11,257
Payment to contractors	15,857	15,060
Communication expenses	1,206	1,535
Legal expenses	426	394
Purchase of supplies and consumables	6,339	6,550
Total supplies and services	38,236	36,033

3. HOW WE EXPENDED OUR FUNDS

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:

	2023	2022
	\$'000	\$'000
Payable		
Within one year	5,443	5,010
Later than one year but not later than five years	1,898	1,102
Later than five years	-	-
Total other expenditure commitments	7,342	6,112
GST payable on the above	714	535
Net other expenditure commitments	6,628	5,577

3.4 Other operating expenses

	2023	2022
	\$'000	\$'000
Audit fees and services	487	269
Insurance	687	600
Marketing and promotional expenses	4,964	3,707
Staff development	1,313	1,088
Travel and motor vehicle expenses	1,760	1,205
Utilities	2,072	1,911
Expenses relating to short-term leases	700	634
Expenses relating to low-value leases	17	41
Bad debt expense	29	-
Other	3,161	2,392
Total other operating expenses	15,190	11,847

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

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

3. HOW WE EXPENDED OUR FUNDS

3.5 Finance costs

	2023	2022
	\$'000	\$'000
Interest on debt	-	-
Interest on lease liabilities	2	44
Total finance costs	2	44

3.6 Depreciation and amortisation

	2023	2022
	\$'000	\$'000
Buildings	9,316	9,778
Plant and equipment	5,119	5,782
Cultural assets	60	5
Motor vehicles	20	31
Right of use assets	615	1,229
Amortisation of intangible assets	1,497	1,995
Total depreciation and amortisation	16,626	18,820

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment

FAIR VALUE MEASUREMENT

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

In accordance with government purpose classifications (used by the Australian Bureau of Statistics to classify expenses and acquisitions of non-financial assets of the public sector and general government sector), 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	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	149,503	149,503	-	-	149,503	149,503
Buildings	302,039	294,560	(9,844)	(528)	292,195	294,032
Construction in progress	26,908	14,934	-	-	26,908	14,934
Plant and equipment	75,371	67,982	(50,872)	(45,744)	24,498	22,238
Motor vehicles	2,149	2,070	(2,064)	(2,044)	86	26
Leasehold improvements	506	506	(458)	(432)	48	74
Cultural assets	4,836	1,983	(2,024)	(1,984)	2,813	(1)
Total carrying amount	561,311	531,538	(65,261)	(50,732)	496,050	480,806

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

Initial recognition

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

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

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

Subsequent measurement

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

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

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

4. THE ASSETS WE INVESTED IN

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 the TAFE's specialised buildings, the current replacement cost method is used, adjusting for the associated depreciation.

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

The last formal revaluation of land and building assets (including land improvements) were conducted for the year ended 31 December 2022. For the year ended 31 December 2023, an assessment was conducted using indices provided by the Office of the Victorian Valuer-General. No revaluation was required as a result of this assessment.

Revaluations of non-financial physical assets

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

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	Land improvements	Cultural assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023									
Opening net book amount	149,503	294,033	14,933	22,236	26	74	-	1	480,806
Additions	-	7,478	11,975	7,329	80	-	-	2,853	29,711
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Depreciation	-	(9,316)	-	(5,066)	(20)	(25)	-	(40)	(14,467)
Net carrying amount	149,503	292,195	26,908	24,498	86	48	-	2,813	496,050
2022									
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	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Depreciation	-	(9,778)	-	(5,757)	(31)	(25)	-	(5)	(15,596)
Net carrying amount	149,503	294,033	14,933	22,236	26	74	-	1	480,806

4. THE ASSETS WE INVESTED IN

4.1.2 CAPITAL COMMITMENTS

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

	2023	2022
	\$'000	\$'000
Payable		
Within one year	34,605	38,066
Later than one year but not later than five years	37,020	40,722
Later than five years	-	-
Total capital expenditure commitments	71,625	78,788
GST payable on the above	7,163	7,163
Net capital expenditure commitments	64,462	71,625

4.1.3 GAIN/(LOSS) ON NON-FINANCIAL ASSETS

	2023	2022
	\$'000	\$'000
Net gain/(loss) on disposal of property plant and equipment	(2)	-
Net gain/(loss) on non-financial assets	(2)	-

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

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

4. THE ASSETS WE INVESTED IN

4.2 Intangible assets

The TAFE has capitalised expenditure for the Development of Online Learning Modules. Additions for 2023 relate to our student management system and content creation.

	2023	2022
	\$'000	\$'000
Gross carrying amount		
Opening balance	29,197	6,729
Additions	459	22,468
Closing balance	29,656	29,197
Accumulated amortisation and impairment		
Opening balance	(23,268)	(21,273)
Amortisation charge	(1,497)	(1,995)
Closing balance	(24,765)	(23,268)
Net carrying amount at end of the year	4,891	5,929

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.

4. THE ASSETS WE INVESTED IN

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 Bendigo Kangan 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 (2022: 5 - 50 years)	Straight Line
Plant and equipment	3 - 10 years (2022: 3 - 10 years)	Straight Line
Motor vehicles	5 - 10 years (2022: 5 - 10 years)	Straight Line
Leasehold improvements	5 - 50 years (2022: 5 - 50 years)	Straight Line
Land and building improvements	10 - 40 years (2022: 10 - 40 years)	Straight Line
Right of use assets	Lease term (2022: lease term)	Straight Line
Software	3 - 4 years (2022: 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

	2023	2022
	\$'000	\$'000
Current		
Trade receivables	12,572	12,454
Loss allowance on trade receivables	(4,157)	(4,690)
Accrued income	19,803	10,449
Other receivables	796	14,457
Total receivables from contracts with customers	29,014	32,670
Statutory		
GST input tax credit recoverable	1,287	529
Total current receivables	30,301	33,199

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.

5. BALANCES FROM OPERATIONS

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.

	2023	2022
	\$'000	\$'000
Balance at the beginning of the year	(4,688)	(3,845)
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)
Reversal of loss allowance for uncollectable receivables written off during the year	531	-
Balance at the end of the year	(4,157)	(4,688)

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
2023						
Trade receivables	12,572	2,401	802	1,217	3,968	4,184
Other receivables	796	796	-	-	-	-
Total	13,368	3,197	802	1,217	3,968	4,184
2022						
Trade receivables	7,764	5,117	128	20	2,499	-
Other receivables	14,457	14,457	-	-	-	-
Total	22,221	19,574	128	20	2,499	-

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

5. BALANCES FROM OPERATIONS

The TAFE's receivables relate to period ending 31st December 2023. 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

	2023	2022
	\$'000	\$'000
Current		
Prepayments	5,541	4,490
Total current other non-financial assets	5,541	4,490
Non-current		
Prepayments	-	-
Total non-current other non-financial assets	-	-
Total other non-financial assets	5,541	4,490

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

	2023	2022
	\$'000	\$'000
Current		
Contractual		
Supplies and services	6,263	5,127
Total contractual payables	6,263	5,127
Statutory		
GST payable	646	505
FBT payable	24	24
Other taxes payable	(51)	(104)
Total statutory payables	620	425
Total current payables	6,883	5,552

5. BALANCES FROM OPERATIONS

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 Bendigo Kangan Institute 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
2023						
Supplies and services	6,263	6,263	6,263	-	-	-
Other payables	-	-	-	-	-	-
Total	6,263	6,263	6,263	-	-	-
2022						
Supplies and services	5,127	5,127	5,127	-	-	-
Other payables	-	-	-	-	-	-
Total	5,127	5,127	5,127	-	-	-

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. BALANCES FROM OPERATIONS

5.4 Contract and other liabilities

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

	2023	2022
	\$'000	\$'000
Contract liabilities		
Student fees	6,764	3,737
Fee for service	7,220	4,906
Government contributions - other contributions	-	106
Total contract liabilities	13,983	8,749

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.

	2023	2022
	\$'000	\$'000
Other liabilities		
Deferred capital grants	21,635	25,727
Total other liabilities	21,635	25,727

Deferred capital grants

Grant consideration was received from the DJSIR 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.

	2023	2022
	\$'000	\$'000
Contractual		
Deferred capital grants at beginning of the year	25,727	8,107
Grant consideration for capital works received during the year	20,708	22,684
Grant consideration recognised as income under AASB 1058	(24,800)	(5,064)
Closing balance of deferred capital grants	21,635	25,727

5. BALANCES FROM OPERATIONS

5.5 Employee benefits in the balance sheet

	2023	2022
	\$'000	\$'000
Current Provisions		
Employee benefits		
Annual leave		
Unconditional and expected to settle within 12 months	7,819	7,400
Unconditional and expected to settle after 12 months	1,952	2,546
Long service leave		
Unconditional and expected to settle within 12 months	2,354	3,816
Unconditional and expected to settle after 12 months	11,775	10,330
Time off in lieu	-	-
Total current provisions	23,900	24,092
Non-Current Provisions		
Long service leave		
Conditional and expected to settle after 12 months	4,140	3,882
Total non-current provisions	4,140	3,882
Total employee provisions	28,039	27,974

The leave obligations cover Bendigo Kangan Institute'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 \$23,899,760 (2022: \$24,091,698) is presented as current, since Bendigo Kangan Institute does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, Bendigo Kangan Institute 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:

	2023	2022
	\$'000	\$'000
Unconditional and expected to settle within 12 months	10,173	11,216
Unconditional and expected to settle after 12 months	13,727	12,875
Total current employee provisions	23,900	24,092

5. BALANCES FROM OPERATIONS

5.6 Other provisions

	2023	2022
	\$'000	\$'000
Make good provision	-	1,523
Total other provisions	-	1,523

MAKE GOOD PROVISION

Provisions are recognised when the Bendigo Kangan Institute 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

	2023	2022
	\$'000	\$'000
Opening balance	1,523	1,831
Additional provisions recognised	-	-
Reductions arising from payments	-	(308)
Adjustments resulting from re-measurement or settlement without cost	(1,523)	-
Closing balance	-	1,523

6. HOW WE FINANCED OUR OPERATIONS

6.1 Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank and on hand	56,725	50,566
Total cash and deposits	56,725	50,566

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

	2023	2022
	\$'000	\$'000
Net result for the year	17,508	(14,699)
Non-cash movements		
Depreciation / amortisation of non-financial assets	16,626	18,820
Net (gain) / loss on sale of non-financial assets	(2)	-
Net (gain) / loss on sale of financial instruments	(2,082)	868
Movements in assets and liabilities		
Decrease / (increase) in receivables	(11,202)	(22,686)
Decrease / (increase) in other assets	4,249	1,468
(Decrease) / increase in payables	1,331	(1,348)
(Decrease) / increase in provisions	(1,458)	700
(Decrease) / increase in contract liabilities	1,143	18,477
(Decrease) / increase in other liabilities	2,520	14,100
Net cash flows from / (used in) operating activities	28,631	15,701
Per cash flow statement	28,631	15,701

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

6. HOW WE FINANCED OUR OPERATIONS

6.2 Borrowings

	2023	2022
	\$'000	\$'000
Current		
Advances from Government	2,490	2,657
Non-current		
Advances from Government	14,100	14,246
Total borrowings	16,590	16,903

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
2023						
Advances from Government	16,590	16,590	-	-	2,490	14,100
Total	16,590	16,590	-	-	2,490	14,100
2022						
Advances from Government	16,903	16,903	-	-	2,657	14,246
Total	16,903	16,903	-	-	2,657	14,246

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. HOW WE FINANCED OUR OPERATIONS

6.3 Contributed capital

	2023	2022
	\$'000	\$'000
Balance at 1 January	246,762	246,762
Balance at 31 December	246,762	246,762

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.

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, Bendigo Kangan Institute 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;

6. HOW WE FINANCED OUR OPERATIONS

- ▶ amounts expected to be payable under a residual value guarantee; and
- ▶ the exercise price under a purchase option that Bendigo Kangan Institute is reasonably certain to exercise, lease payments in an optional renewal period if Bendigo Kangan Institute is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Bendigo Kangan Institute 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 Bendigo Kangan Institute's estimate of the amount expected to be payable under a residual value guarantee; or
- ▶ if Bendigo Kangan Institute 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

6. HOW WE FINANCED OUR OPERATIONS

Right of use assets

	Property	Total
	\$'000	\$'000
2023		
Balance as at 1 January 2023	1,438	1,438
Additions	-	-
Remeasurements arising from reassessments	-	-
Modifications	-	-
Amortisation	(1,438)	(1,438)
Balance as at 31 December 2023	-	-
2022		
Balance as at 1 January 2022	2,666	2,666
Additions	-	-
Remeasurements arising from reassessments	-	-
Modifications	-	-
Amortisation	(1,229)	(1,229)
Balance as at 31 December 2022	1,438	1,438

Lease liabilities

	2023	2022
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Within one year	-	996
Later than one year but not later than five years	-	137
Later than five years	-	-
Total undiscounted lease liabilities as at 31 December	-	1,133
Future finance charges	-	(5)
Total discounted lease liabilities as at 31 December	-	1,128
Current	-	992
Non-current	-	137
Total lease liabilities	-	1,128

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

	2023	2022
	\$'000	\$'000
Contractual financial assets		
Financial assets measured at amortised cost		
Cash and cash equivalents	56,725	50,566
Trade receivables	28,218	18,213
Other receivables	796	14,457
Term deposits	-	-
Total contractual financial assets	85,739	83,236
Contractual financial liabilities		
Loans and payables		
Supplies and services	6,263	5,127
At amortised cost		
Borrowings (Advances from Government)	16,590	16,903
Lease liabilities		
Lease liabilities	-	1,128
Total contractual financial liabilities	22,853	23,157

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).

7. MANAGING RISKS AND UNCERTAINTIES

Financial liabilities at amortised cost are initially recognised on the date they originate. They are initially measured at fair value minus 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 Bendigo Kangan Institute. Bendigo Kangan Institute 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 Bendigo Kangan Institute 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 counterparty on their contractual obligations resulting in financial loss to the TAFE.

The trade receivables balances at 31 December 2023 and 31 December 2022 largely relate to student debtors, sponsor debtors, other debtors who engage the TAFE 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.

7. MANAGING RISKS AND UNCERTAINTIES

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
2023				
Cash and cash equivalents	56,725	-	-	56,725
Receivables	-	29,014	-	29,014
Total contractual financial assets	56,725	29,014	-	85,739
2022				
Cash and deposits	50,566	-	-	50,566
Receivables	-	18,734	13,936	32,670
Total contractual financial assets	50,566	18,734	13,936	83,236

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 2023 and the past 48 months before 31 December 2022, 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.

7. MANAGING RISKS AND UNCERTAINTIES

The following table provides information about the estimated exposure to credit risk and ECLs for trade and other receivables as at 31 December 2023:

	Estimated gross carrying amount	Weighted average loss rate	Estimated loss allowance	Credit impaired
	\$'000	%	\$'000	(yes / no)
31-Dec-23				
Current (not past due)	3,106	0.0%	-	No
31 – 60 days past due	1,208	0.0%	-	No
61 – 90 days past due	1,217	0.0%	-	No
More than 90 days past due	8,152	30.4%	4,154	Yes
	13,683		4,154	
31-Dec-22				
Current (not past due)	17,519	0.5%	128	No
31 – 60 days past due	896	0.1%	20	No
61 – 90 days past due	-	0.0%	-	No
More than 90 days past due	8,139	15.4%	4,099	Yes
	26,553		4,247	

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, \$4.15m (2022: \$4.25m) 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.

7. MANAGING RISKS AND UNCERTAINTIES

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 organisation's exposure, its 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.

7. MANAGING RISKS AND UNCERTAINTIES

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

	Weighted average interest rate	Carrying amount at 31 December	Interest rate exposure		
			Floating interest rate	Fixed interest rate	Non-interest bearing
		\$'000	\$'000	\$'000	\$'000
2023					
Financial assets					
Cash and cash equivalents	2.87%	56,725	56,725	-	-
Trade receivables		28,218	-	-	28,218
Other receivables		796	-	-	796
Total financial assets		85,739	56,725	-	29,014
Financial liabilities					
Trade and other payables		6,263	-	-	6,263
Total financial liabilities		6,263	-	-	6,263

	Weighted average interest rate	Carrying amount at 31 December	Interest rate exposure		
			Floating interest rate	Fixed interest rate	Non-interest bearing
		\$'000	\$'000	\$'000	\$'000
2022					
Financial assets					
Cash and cash equivalents	1.54%	50,566	50,566	-	-
Trade receivables		18,213	-	-	18,213
Other receivables		14,457	-	-	14,457
Total financial assets		83,236	50,566	-	32,670
Financial liabilities					
Trade and other payables		5,127	-	-	5,127
Borrowings		-	-	-	-
Total financial liabilities		5,127	-	-	5,127

7. MANAGING RISKS AND UNCERTAINTIES

Sensitivity analysis and assumptions

	Carrying amount at 31 December	Interest rate risk			
		-1% (100 basis points)		+1% (100 basis points)	
		Result	Equity	Result	Equity
		\$'000	\$'000	\$'000	\$'000
2023					
Financial assets					
Cash and cash equivalents	56,725	(567)	(567)	567	567
Total impact		(567)	(567)	567	567

	Carrying amount at 31 December	Interest rate risk			
		-1% (100 basis points)		+1% (100 basis points)	
		Result	Equity	Result	Equity
		\$'000	\$'000	\$'000	\$'000
2022					
Financial assets					
Cash and cash equivalents	50,566	(506)	(506)	506	506
Total impact		(506)	(506)	506	506

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.

7. MANAGING RISKS AND UNCERTAINTIES

Quantifiable contingent assets

	2023	2022
	\$'000	\$'000
Funding arrangements - (i)	20,873	35,200

(i) The TAFE has entered into funding agreements with the DJSIR for the revitalisation of the Broadmeadows Campus and Castlemaine Health and Learning Hub.

The release of these funds is contingent on the TAFE demonstrating that the agreed milestones have been achieved.

Quantifiable contingent liabilities

	2023	2022
	\$'000	\$'000
Bank guarantees (i)	90	377

(i) The amount disclosed comprises bank guarantees for the purposes of securing supply of rental premises from third parties on normal terms and conditions, and for the performance of civil works on the favourees property.

There were no unquantifiable contingent assets or contingent liabilities as at 31 December 2023 (31 December 2022: 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

7. MANAGING RISKS AND UNCERTAINTIES

- ▶ 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 2023.

(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.

7. MANAGING RISKS AND UNCERTAINTIES

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

	Carrying amount at 31 December	Fair value hierarchy		
		Level 1 Quoted prices	Level 2 Observable price inputs	Level 3 Unobservable inputs
	\$'000	\$'000	\$'000	\$'000
2023				
Non-specialised land	-	-	-	-
Specialised land	149,503	-	-	149,503
Total land at fair value	149,503	-	-	149,503
Non-specialised buildings	-	-	-	-
Specialised buildings	292,195	-	-	292,195
Total buildings at fair value	292,195	-	-	292,195
Plant and equipment	24,498	-	-	24,498
Vehicles	86	-	-	86
Leasehold improvements	48	-	-	48
Land improvements	-	-	-	-
Right of use assets	-	-	-	-
Total other assets at fair value	24,632	-	-	24,632
2022				
Non-specialised land	-	-	-	-
Specialised land	149,503	-	-	149,503
Total land at fair value	149,503	-	-	149,503
Non-specialised buildings	-	-	-	-
Specialised buildings	294,032	-	-	294,032
Total buildings at fair value	294,032	-	-	294,032
Plant and equipment	22,238	-	-	22,238
Vehicles	26	-	-	26
Leasehold improvements	74	-	-	74
Land improvements	-	-	-	-
Right of use assets	-	-	-	-
Total other assets at fair value	22,337	-	-	22,337

7. MANAGING RISKS AND UNCERTAINTIES

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.

For the year ending 31 December 2023 the TAFE conducted a managerial revaluation. As part of the managerial revaluation, the following inputs and assumptions were included:

- (a) assumptions made about the future
- (b) source of estimation uncertainty
- (c) the nature or class of assets impacted
- (d) the carrying amount of the assets subject to the significant uncertainty
- (e) sensitivity of the carrying amounts to methods, assumptions and estimates including the reasons for their sensitivity; and
- (f) expected resolution of the uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts.

During the current year, the RBA have progressively increased the cash rate target from 3.1% at 1 January to 4.35% 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.

7. MANAGING RISKS AND UNCERTAINTIES

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 the majority of specialised buildings, the current replacement cost method is used. The replacement cost of specialised buildings is based on comparing the existing building with a modern equivalent, then adjusting for associated depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

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

There were no changes in valuation techniques throughout the period to 31 December 2023.

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

7. MANAGING RISKS AND UNCERTAINTIES

Reconciliation of level 3 items for the periods ended 31 December 2022 and 31 December 2023

	Leasehold improvements	Specialised land and buildings	Plant and equipment	Motor vehicles
	\$'000	\$'000	\$'000	\$'000
Level 3 Fair value measurements 2022				
As at 1 January 2022	99	389,503	23,048	57
Additions	-	59	4,945	-
Disposals	-	-	-	-
Depreciation	(25)	(9,778)	(5,757)	(31)
Revaluation	-	63,751	-	-
Write-ups/transfers/(write-offs)	-	-	-	-
Transfers into or out of Level 3	-	-	-	-
Balance as at 31 December 2022	74	443,535	22,236	26
Level 3 Fair value measurements 2023				
As at 1 January 2023	74	443,535	22,236	26
Additions	-	7,478	7,329	80
Disposals	-	-	-	-
Depreciation	(25)	(9,316)	(5,066)	(20)
Revaluation	-	-	-	-
Write-ups/transfers/(write-offs)	-	-	-	-
Transfers into or out of Level 3	-	-	-	-
Balance as at 31 December 2023	48	441,698	24,498	86

Description of significant unobservable inputs to Level 3 valuations

2023 and 2022	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 Skills and TAFE	The Hon Gayle Tierney MP	1 January 2023 to 31 December 2023
Director and Chief Executive Officer (Accountable Officer)	Ms. Sally Curtain	1 January 2023 to 31 December 2023
Board Member	Ms. Margaret O'Rourke	1 January 2023 to 31 December 2023
Board Member	Prof. Hal Swerissen	1 January 2023 to 31 December 2023
Board Member	Ms. Anne Brosnan	1 January 2023 to 31 December 2023
Board Member	Ms. Katrina Lai	1 January 2023 to 31 December 2023
Board Member	Dr. Margaret Salter	1 January 2023 to 28 November 2023
Board Member	Ms. Cheryl Woollard	1 January 2023 to 31 December 2023
Board Member	Ms. Elizabeth Joldeski	1 January 2023 to 31 December 2023
Board Member	Ms. Sharan Burrow	1 December 2023 to 31 December 2023
Board Member	Mr. Jamie Driscoll	1 December 2023 to 31 December 2023
Board Member	Ms. Fiona Schutt	1 January 2023 to 30 September 2023
Board Member	Ms. Audrey Sanderson	1 January 2023 to 30 June 2023
Board Member	Mr. Rudi Pavani	1 July 2023 to 31 December 2023

REMUNERATION

Remuneration received or receivable by the Accountable Officer in connection with the management of Bendigo Kangan Institute during the reporting period was in the range: \$400,000 - \$409,999 (2022: \$400,000 - \$409,999).

8. GOVERNANCE DISCLOSURES

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

Income range

	2023	2022
Less than \$10,000	2	1
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	7	4
\$40,000 - \$49,999	-	3
\$50,000 - \$59,999	-	-
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	-	-
\$80,000 - \$149,999	1	-
\$150,000 - \$159,999	1	1
\$360,000 - \$369,999	-	-
\$400,000 - \$409,999	1	1
Total number	13	12
Total remuneration (\$'000)	914	885

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

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.

8. GOVERNANCE DISCLOSURES

	2023	2022
	\$'000	\$'000
Remuneration		
Short-term employee benefits	2,137	2,247
Post-employment benefits	281	230
Other long-term benefits	132	-
Termination benefits	78	-
Total remuneration	2,628	2,477
Total number of executives	12	11
Total annualised employee equivalents (i)	10.0	8.7

(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 Bendigo Kangan Institute include:

- ▶ all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- ▶ all 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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Related party transactions				
Melbourne Polytechnic	7,067	6,493	1	33
Box Hill Institute	5	610	(4)	-
Goulburn Ovens TAFE	-	28	-	27
Holmesglen TAFE NEIS	-	28	-	-
Bendigo Health	174	121	-	-
Total	7,245	7,280	(4)	60

8. GOVERNANCE DISCLOSURES

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

Compensation of key management personnel

	2023	2022
	\$'000	\$'000
Remuneration		
Short-term employee benefits	2,952	3,019
Post-employment benefits	380	343
Other long-term benefits	132	-
Termination benefits	78	-
Total remuneration	3,542	3,362

Transactions and balances with key management personnel and other related parties

Bendigo Kangan Institute had no related party transactions for the period ending 31 December 2023.

8.4 Remuneration of auditors

	2023	2022
	\$'000	\$'000
Remuneration of the Victorian Auditor-General's Office		
Audit of the financial statements	74	68
Total remuneration of the Victorian Auditor-General's Office	74	68
Remuneration of other auditors		
Internal audit services	413	201
Total remuneration of other auditors	413	201
Total	487	269

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

	2023	2022
	\$'000	\$'000
(a) Net gain/(loss) on financial instruments		
Foreign currency exchange gain/(loss)	-	-
Net gain/(loss) on disposal of financial assets	1,549	-
Impairment of loans and receivables	533	(868)
Total net gain/(loss) on financial instruments	2,082	(868)
(b) Net gain/(loss) on non-financial assets		
Revaluation of investment properties	-	-
Net gain/(loss) on disposal of assets	2	-
Revaluation of Investment properties	-	-
Revaluation of Cultural Assets	-	-
Total net gain/(loss) on non-financial assets	2	-
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	-	-
Net gain/(loss) arising from revaluation of annual leave liability	-	-
Gain/(loss) on revaluation of non-financial assets through other comprehensive income	-	-
Share of profit (excluding dividends) of Joint Ventures using the equity method	-	-
Total other gains/(losses) from other economic flows	-	-
Total other economic flows included in net result	2,084	868

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

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

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

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

9. OTHER DISCLOSURES

9.2 Equity reserves

	2023	2022
	\$'000	\$'000
Accumulated surplus/(deficit)		
Balance at 1 January	32,196	58,091
Transfer to / from Reserves	-	(11,197)
Net operating result for the year	17,508	(14,698)
Balance at 31 December	49,704	32,196
Physical asset revaluation surplus		
Balance at 1 January	209,911	146,160
Revaluation increment/ (decrement) on non-current assets	-	63,751
Reversal of impairment losses	-	-
Balance at 31 December	209,911	209,911

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

9.3 Ex gratia expenses

	2023	2022
	\$'000	\$'000
Compensation for economic loss	-	7
Total ex gratia payments	-	7

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 Bendigo Kangan Institute, the results of those operations or the state of affairs of Bendigo Kangan Institute in subsequent financial years.

9. OTHER DISCLOSURES

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 2023 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 2021-7c - Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections is effective from 1 January 2022. However, this amendment is part of a 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 to annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

AASB 2022-5 - Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback amends AASB 16 Leases to add subsequent requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendment is not expected to impact Bendigo Kangan Institute and Bendigo Kangan Institute will not early adopt the standard.

In March 2020, the AASB issued AASB 2020-1 - Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current, which makes amendments to AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

In December 2022, the AASB issued AASB 2022-6 - Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants, which amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The amendment is not expected to impact Bendigo Kangan Institute and Bendigo Kangan Institute will not early adopt the standard.

AASB 2022-10 - Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial assets of Not-for-Profit Public Sector Entities amends AASB 13 Fair Value Measurement, including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The amendment is not expected to impact Bendigo Kangan Institute and Bendigo Kangan Institute will not early adopt the standard.

AASB 2023-1 - Amendments to Australian Accounting Standards - Supplier Finance Arrangements amends AASB 107 and AASB 7 to require an entity to provide additional disclosures about its supplier finance arrangements. The amendment is not expected to impact Bendigo Kangan Institute and Bendigo Kangan Institute will not early adopt the standard.

9. OTHER DISCLOSURES

9.6 New or amended Accounting Standards and Interpretations adopted

The following Australian Accounting Standards and interpretations are mandatory for the 31 December 2023 reporting period.

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

- ▶ AASB 7 - *Financial Instruments*;
- ▶ AASB 101 - *Presentation of Financial Statements*;
- ▶ AASB 108 - *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- ▶ AASB 134 - *Interim Financial Reporting*.

The Standard also makes amendments to AASB Practice Statement 2 Making Materiality Judgements (December 2017). These amendments arise from the issuance by the International Accounting Standards Board (IASB) in February 2022 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 has not had a material impact on the entity's financial statements.

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 did not have an impact on the entity's financial statements.

AASB 2022-7 - Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards makes editorial corrections to six Standards and to Practice Statement 2 Making Materiality Judgements. It also formally repeals superseded and redundant Australian Account Standards as set out in Schedules 1 and 2 to the Standard. The amendment did not have an impact on the entity's financial statements.

SECTION FIVE
Performance Statement





Independent Auditor's Report

To the Board of Bendigo Kangan Institute

Opinion	<p>I have audited the accompanying performance statement of Bendigo Kangan Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> • performance statement for the year ended 31 December 2023 • declaration by Board Chair, Chief Executive Officer and Chief Financial Officer. <p>In my opinion, the performance statement of Bendigo Kangan Institute in respect of the year ended 31 December 2023 presents fairly, in all material respects, in line with the reporting requirements outlined by the Minister in the statement of priorities.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance statement	<p>The Board are responsible for the preparation and fair presentation of the performance statement and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.</p>

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

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

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



MELBOURNE
7 March 2024

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

BENDIGO KANGAN INSTITUTE

PERFORMANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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

In our opinion, the accompanying Statement of Performance of Bendigo Kangan Institute, in respect of the year ended 31 December 2023, 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.



Ms. Margaret O'Rourke, Board Chair

Date: 28 February 2024

Melbourne



Ms. Sally Curtain, Chief Executive Officer

Date: 28 February 2024

Melbourne



Ms. Melissa Chalker, Chief Financial Officer

Date: 28 February 2024

Melbourne

Performance statement – Key performance indicators

INDICATOR TITLE	DESCRIPTION AND METHODOLOGY	MEASURE	2023 TARGET	2023 ACTUAL	EXPLANATION OF VARIANCES	PRIOR YEAR RESULT
Training revenue diversity	Breakdown of training revenue by:					
	Government Funded (GF)	%	35.0%	35.9%	GF revenue is aligned to target due to the ability to result students and increased attendance.	44.1%
	Fee for Service (FFS)		57.5%	58.6%	FFS revenue targets improved due to increased assessments and skill migrations.	48.6%
	Student Fees and Charges (SF&C)		7.5%	5.6%	SF&C administrative a slight reduction to target due to a reduction in new enrolment intakes.	7.2%
Employment and Third Party training delivery costs as a proportion of training revenue (VTG and FFS)	%		80.8%	84.8%	2023 sees a slight increase to the target due to the flexible workforce required to service the increased assessments and migration services derived from VETASSESS.	103.2%
<i>(Employment Costs - Workforce reduction exp - Mental health levy + 3rd Party Training Providers Cost) / Training Revenue</i>				Compared to the prior year the increased employment costs as a percentage of training revenue was driven by the flexible workforce in VETASSESS to service the higher revenue from skills migrations and assessments.		
Training revenue per teaching FTE*	Training Revenue (excl. revenue delivered by third parties) per Teaching FTE*	\$	\$384,673	\$393,904	Slightly higher revenue per teaching FTE driven from an increase in training revenue compared to target.	\$304,109
	<i>Training Revenue (excl. revenue delivered by 3rd parties) / Teaching FTEs*</i>					
Operating margin percentage	Operating margin %	%	-8.4%	-2.6%	Fee for service revenue and other revenue from one-off grants were higher than prior year as well as target. Along with this, operational and employment expenses were lower than those incurred in prior year as well as lower than target due to higher vacancies and a reduction of operational FTE. The result of this has been an improved operating margin percentage as compared to both prior year and target.	-10.1%
	<i>EBIT excluding Capital Contributions) / Total Revenue (excl Capital Contributions)</i>					

Note: all account groupings (e.g. employment costs, training revenue etc.) included in the table above are prescribed by the Department of Jobs, Skills, Industry and Regions (DJSIR) financial account structure, and are in line with the quarterly financial data submission template provided by DJSIR for completion by TAFEs.

SECTION SIX
**Disclosure
Index**



ITEM NO.	SOURCE	SUMMARY OF REPORTING REQUIREMENT	PAGE
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
1.	FRD 22	Manner of establishment and the relevant Minister	10
2.	FRD 22	Purpose, functions, powers and duties	9
3.	FRD 22	Key initiatives and projects	4-7, 14-31
4.	FRD 22	Nature and range of services provided	12
MANAGEMENT AND STRUCTURE			
5.	FRD 22	Organisational structure	10-11
FINANCIAL AND OTHER INFORMATION			
6.	FRD 10	Disclosure Index	115-116
7.	FRD 22	Employment and conduct principles	35
8.	FRD 29	Workforce data disclosures	35-37
9.	FRD 22	Occupational health and safety policy	43-44
10.	FRD 22	Summary of the financial results for the year	34
11.	FRD 22	Significant changes in financial position during the year	34
12.	FRD 22	Summary of operational and budgetary objectives	4-7, 16-31, 113
13.	FRD 22	Major changes or factors affecting performance	4-7, 34
14.	FRD 22	Subsequent events	106
15.	FRD 22	Application and operation of the <i>Freedom of Information Act 1982</i>	39
16.	FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	41
17.	FRD 22	Statement on National Competition Policy	41
18.	FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	40
19.	FRD 22	Application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act)	40
20.	FRD 22	Details of consultancies over \$10,000	41
21.	FRD 22	Details of consultancies under \$10,000	41
22.	FRD 22	Disclosure of government advertising expenditure	42
23.	FRD 22	Disclosure of ICT expenditure	42
24.	FRD 22	Summary of environmental performance	46-47
25.	FRD 22	Statement of availability of other information	39
26.	FRD 25	Local Jobs First	44-45
27.	SD 5.2	Specific requirements under Standing Direction 5.2	51

ITEM NO.	SOURCE	SUMMARY OF REPORTING REQUIREMENT	PAGE
28.	CG 10 Clause 27	Summary of major commercial activities	43
29.	CG 12 Clause 33	TAFE institute controlled entities	N/A
COMPLIANCE ATTESTATION AND DECLARATION			
30.	SD 5.1.4	Financial Management Compliance Attestation Statement	41
31.	SD 5.2.3	Declaration in report of operations	4-5
FINANCIAL STATEMENTS			
DECLARATION			
32.	SD 5.2.2	Declaration in financial statements	51
OTHER REQUIREMENTS UNDER STANDING DIRECTIONS 5.2			
33.	SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	51
34.	SD 5.2.1(a)	Compliance with Standing Directions	51
OTHER DISCLOSURES AS REQUIRED BY FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
35.	FRD 11	Disclosure of ex-gratia expenses	106
36.	FRD 21	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report	101
37.	FRD 103	Non-financial physical assets	59, 71-72, 96-100
38.	FRD 110	Cash flow statements	56
39.	FRD 112	Defined benefit superannuation obligations	67-68
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
40.	Legislation	Compliance statement	9
41.	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2023	43
42.	Policy	Statement of compliance with the Victorian Public Service Travel Policy	40
43.	KPIs	Key Performance Indicators	113
44.	PAEC and VAGO (June 2003 Special Review - Recommendation 11)	Overseas operations: <ul style="list-style-type: none"> ▶ Financial and other information on initiatives taken or strategies relating to the Institute's overseas operations ▶ Nature of strategic and operational risks for overseas operations ▶ Strategies established to manage such risks of overseas operations ▶ Performance measures and targets formulated for overseas operations ▶ The extent to which expected outcomes for overseas operations have been achieved 	42



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