

ANNUAL REPORT 2014

MELBOURNE
POLYTECHNIC



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YOUR
WORLD**

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MELBOURNE POLYTECHNIC

– A NEW NAME FOR A NEW ERA

On 2 October 2014 the Northern Melbourne Institute of TAFE (NMIT) changed its name to Melbourne Polytechnic.

The change of name is part of a much wider, strategic process to transform the Institute to a more contemporary provider of high quality education and student experiences, delivered via a business model that is financially viable and sustainable.

With a proud history of providing vocational education to Victorians that spans more than a 100 years, the Institute has grown beyond the scope of a traditional TAFE to a training model that blends practical learning and traditional theory with increased pathways to higher education.

'Polytechnic' therefore better fits what we offer today; it also has greater recognition internationally – especially across Europe and Asia. Additionally, our new name reflects the broadening of the Institute's operations to markets outside of northern metropolitan Melbourne.

Throughout this Annual Report you will learn more about the Institute's exciting transformation agenda and some of the key transformative successes that have been achieved in 2014.

While Melbourne Polytechnic is re-shaping for the future we will continue to carry forward the expertise and reputation for quality developed over a century as one of Victoria's leading providers of vocational education. This is reflected in our:

MISSION

- ▶ to provide our students with the opportunity to realise their potential through quality vocational education and
- ▶ to contribute to the economic and social success of our stakeholders.

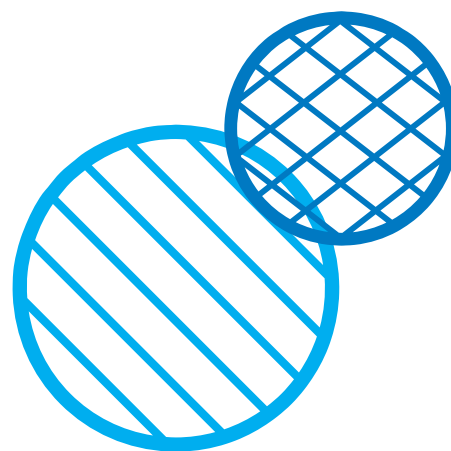
VALUES

- ▶ quality
- ▶ fairness
- ▶ integrity
- ▶ collaboration
- ▶ respect for the individual
- ▶ respect for the environment
- ▶ creating opportunity through effort
- ▶ personal growth through knowledge

VISION

Melbourne Polytechnic will:

- ▶ be Australia's most recognised polytechnic, viewed as a market leader and an educator of choice by students and industry
- ▶ be agile in meeting the needs of students and industry, linking theory and practice in all courses, and preparing students for careers in an ever-changing multicultural world
- ▶ have motivated staff through pride in the achievements of our students; the satisfaction of employers; and the recognition of their contribution to these outcomes.





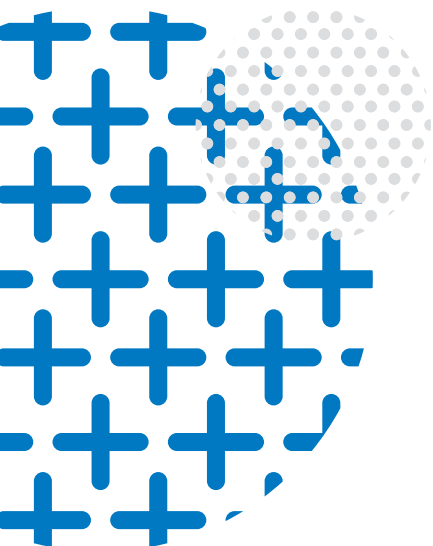
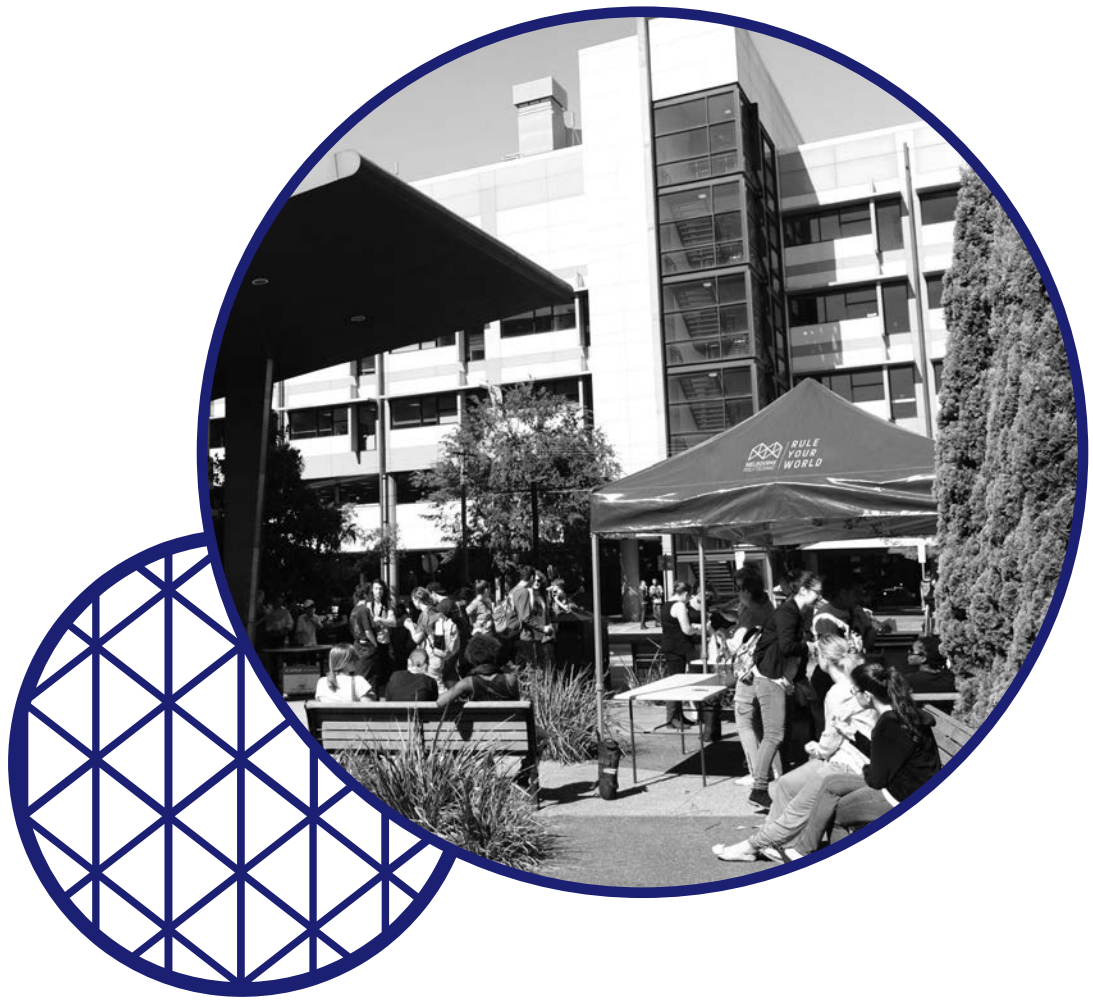
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MELBOURNE POLYTECHNIC

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CONTENTS

REPORT OF OPERATIONS	4 – 25
Board Chair's Report	4
Attestation on Compliance with The Australian/New Zealand Risk Management Standard	5
Interim Chief Executive Officer's Report	6
Corporate Governance	7
Board Committees	8 – 9
Senior Management	10
2014: A Year of Transformation	11 – 13
Awards	14 – 18
2014 Highlights	19 – 25
WORKFORCE AND COMPLIANCE	26 – 29
Environmental Performance	26 – 27
Workforce Staffing Details and Compliance	27
Employment and Conduct Principles	28
Industrial Relations	28
Occupational Health and Safety (OH&S)	28
Application of The Freedom Of Information Act 1982	28
FOI Access Arrangements	28
Compliance with Victorian Public Sector Travel Principles	28
Compliance with The Protected Disclosure Act 2012	28
Compliance with The Carers Recognition Act 2012	29
Compliance with The Building Act 1993	29
Compliance with The Victorian Industry Participation Policy Act 2003	29
Compliance with National Competition Policy	29
INTERNATIONAL EDUCATION	31 – 34
FINANCIAL STATEMENTS	35 – 90
Audit Report on Financial Statements	36 – 37
Institute Declaration	38
Comprehensive Operating Statement for the Year Ended 31 December 2014	39
Balance Sheet As At 31 December 2014	40
Statement of Changes in Equity for the Year Ended 31 December 2014	41
Cash Flow Statement for the Year Ended 31 December 2014	42
Notes to the Financial Statements for the Year Ended 31 December 2014	43 – 78
Audit Report on Statement of Performance	79 – 80
Statement of Performance Management	81
Performance	82
Information about Melbourne Polytechnic	83
Summary of Financial Results	83
Summary of Significant Changes in Financial Position	83
Events Subsequent to Balance Date	83
Consultancies	84
Additional Information	85
Compliance with Other Legislation and Subordinate Instruments	85
2014 Vet Fees and Charges Prescribed by Victorian Training Guarantee Guidelines and Fees	86
Activity Table	87 – 88
Compulsory Non-Academic Fees and Charges Statement As At 31 December 2014	89 – 90
DISCLOSURE INDEX	91 – 93

REPORT OF OPERATIONS

BOARD CHAIR'S REPORT

2014 was a year of unprecedented challenge. The Institute commenced a process of transformation across all aspects of its operation and now, rebranded as Melbourne Polytechnic, looks to an exciting future.

I was impressed by the manner in which staff maintained business as usual during 2014 following the departure of former CEO, Dr Andy Giddy, in March. The transformation process has been driven by Interim CEO, Ron Gauci, and the Senior Management Team. Ron's leadership and active communication has been fundamental in moving the Institute forward.

The willingness of our staff to adapt and contribute to the accelerated business transformation process that followed has been a significant factor in addressing our 2013 performance.

The Board gives its full support to the transformation process led by the Interim CEO and the Senior Management Team.

There have been a number of successes during 2014 that will contribute to reshaping the Institute for the future. Key highlights include:

- ▶ the opening of the Melbourne Polytechnic Prahran campus at the beginning of 2014. This has injected new life into the former Swinburne University site and provided the Institute with a foothold in new markets in Melbourne's central and south east regions
- ▶ the adoption of a single brand strategy since October with all former NMIT operations now operating as Melbourne Polytechnic. This will strengthen our brand profile in a competitive vocational education market and enable efficiencies across all communications channels
- ▶ the securing of \$19 million in TAFE Structural Adjustment Fund (TSAF) funding from the Victorian Government. This will enable Melbourne Polytechnic to progress key strategic initiatives as part of its business transformation process.

There have been many other successes in the day-to-day operations of the Institute during 2014 and you can read more about them in the Faculty and Services Highlights section on pages 19-25.

I was delighted to once again attend the annual Graduation Ceremony where the expertise of our teaching and support staff, industry-standard facilities, and aspirations of our students culminates in a celebration of achievement. I was also impressed by our teachers and students at this year's inaugural Auslan Graduation Evening. Auslan is the primary language used by Australia's deaf community and contributes to the quality of life of thousands of Australians. During the evening, around 60 students received their Certificate II or III in Auslan. It was inspiring to witness these students progressing in their ambition of working in fulfilling careers that are essential to the Victorian community.

During the year, all Board members attended a Governance Workshop where a review of the Board's committee structure and individual roles within committees was completed. This also resulted in the drafting of a Governance Improvement Plan which will be implemented in 2015.

Changes in Board membership during 2014 include the departure of Deputy Chair - Joy Acquaro - who ended her term on the Board in March. I would like to thank Joy for her contribution to the Institute since joining the Board in April 2008, including serving as Board Chair from February 2012 to April 2013. Joy's knowledge and support have been greatly appreciated over the years. I also wish to thank Anthony Monley whose term also ended in March of this year and welcome new Board members Paul Shannon, Tony Nippard and David Bristow who were appointed in 2014.

In November, the Victorian State Election resulted in a change of government and I would like to congratulate and welcome Steve Herbert as the new Minister for Training and Skills. I would also like to thank the former Minister for Higher Education and Skills, Nick Wakeling, and his staff for their support and assistance during an important year for the Institute.

2014 commenced with challenge and uncertainty but ended with the promise of a bigger future for the Institute under the banner of Melbourne Polytechnic. With a new name, a secure financial base, new structure, and the future development of new systems and technologies, we will equip our students for the future.



John Gibbins
Board Chair
Melbourne Polytechnic
DATE: 26/2/2015

ATTESTATION ON COMPLIANCE WITH THE AUSTRALIAN/NEW ZEALAND RISK MANAGEMENT STANDARD

I, John Gibbins certify that Melbourne Polytechnic has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009 or its successor) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Finance, Audit and Risk Management Committee verifies this assurance and that the risk profile of the Institute has been critically reviewed within the last 12 months.



John Gibbins
Board Chair
Melbourne Polytechnic
Date: 26/2/2015



JOHN GIBBINS

BOARD CHAIR

INTERIM CHIEF EXECUTIVE OFFICER'S REPORT

The records will show that 2014 was one of the most pivotal in the Institute's one hundred-and-two-year history. As the year commenced, NMIT was facing uncertainty on the back of its fiscal challenges and a rapidly growing aggressive contestable marketplace. Necessary changes were identified and made that resulted in the development of a transformation agenda designed to not only save the Institute but also provide it with an exciting future.

Given the position of the Institute, I was impressed with the willingness and commitment from staff, particularly the senior management, to explore new ways of doing business and the speed with which they responded to the challenges. The team developed a series of workgroups that developed solutions within the transformation agenda, establishing key review areas, namely:

- ▶ People and Culture
- ▶ Structure
- ▶ The Student Experience
- ▶ Systems and Processes
- ▶ Finance and Risk
- ▶ Assets and Resource Utilisation
- ▶ The Brand: Marketing and Communication
- ▶ Courses and Programs.

The recommendations presented formed the basis of the following key strategic initiatives, being:

- ▶ organisational restructure
- ▶ implementation of more advanced systems and processes
- ▶ implementation of a single brand strategy
- ▶ divestment of surplus assets and more effective utilisation of retained assets
- ▶ revitalising the Student Experience plus enhanced learning initiatives.

As a result of this vitally important work, I am proud of what was achieved in such a short period of time. The key successes include:

- ▶ securing the financial stability and viability of the Institute through the provision of a State Government backed interest free facility. Whilst \$3M of this has been received by the Institute, neither this nor any component of the entire \$16M facility has been utilised
- ▶ significant investment through the successful bidding for the TAFE Strategic Adjustment Fund enabling a \$19M transformation program
- ▶ the renaming of the Institute from NMIT to Melbourne Polytechnic through the adoption of a more contemporary and globally appealing single brand
- ▶ commencement at Prahran campus
- ▶ the achievement of aggressive transformation goals relating to cash flows, staff ratios, course profitability and organisational re-structure
- ▶ the TEQSA re-registration
- ▶ while devoting significant time and resources to transforming the Institute, we still managed to continue the delivery and development of high quality programs and services

- ▶ the development of a growth strategy to reverse the concerns over the negative trending in enrolments and net revenue. Whilst the institute experienced a decline in enrolments and hence revenue between 2013 and 2014, Melbourne Polytechnic's budget shows a positive trend of growth in 2015. Initial indications are that this growth will be realised
- ▶ the successful implementation of a Transformation Plan that will see Melbourne Polytechnic return to a position of market strength and viability by 2016.

Market challenges and opportunities will continue to test us without question, however, we have proven that we can be flexible and responsive to what comes our way. We continue to invest in infrastructure and innovation to enable us to improve productivity, efficiency and market responsiveness. The Institute is now in a position to seek out a permanent CEO to continue the journey of realising its strategic plans for the longer term.

To have achieved these objectives in such a short period is a credit to all members of staff who participated and committed to the transformation agenda. Their resilience, professionalism and innovative spirit have already placed the institute back on course to being a leading provider of vocational education in Victoria. Through their great efforts the Institute has ended 2014 in a very different place to where it started, providing for an exciting 2015 ahead.

I would like to also extend my gratitude to the Board, the State Government, the various associations, employer groups and business partners that provided their support this year.



Ron Gauci
Interim Chief Executive Officer
Melbourne Polytechnic
DATE: 26/2/2015



RON GAUCI

INTERIM CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE

ESTABLISHMENT

NMIT was established as a body corporate on 1 January 2013 and the Board was established on 15 April 2013, in accordance with section 3.1.11(2) of the Education and Training Reform Act, to oversee and govern the Institute.

In 2014, NMIT developed a transformation agenda, an integral component of which was transition to a new brand, Melbourne Polytechnic. The Chair of NMIT wrote to the Minister for Higher Education and Skills on behalf of the Board, in September to request that he make a recommendation to the Governor in Council under section 3.1.11 (1) (e) of the Education and Training Reform Act 2006, for an Order in Council, to change NMIT's name to Melbourne Polytechnic and to change the name of the Board to the Board of Melbourne Polytechnic.

The Order to change the name was gazetted and came into effect on 2 October 2014. As Melbourne Polytechnic is not a new legal entity, its Constitution reflects the amendment to the original Constitution, showing the name change. The date shown of making the Constitution remains as 9 April 2013; the date of coming into effect of the Constitution also remains as 15 April 2013 and the Constitution is still a 2013 Order.

THE BOARD

The Board currently comprises nine directors one of whom is the Chair (appointed by order, by the Governor in Council). Five directors are ministerial nominees, and four are Board nominees (appointed by the Victorian Minister for Higher Education and Skills).

The Board is responsible to the Victorian Government for the overall strategy, governance and performance of Melbourne Polytechnic's functions. The responsible Ministers for Higher Education and Skills/Training and Skills during 2014 were the Hon. Peter Hall, MLC, the Hon. Nicholas Wakeling, MP, and the Hon. Steve Herbert, MP.

The Board's powers, duties and functions are outlined in the Melbourne Polytechnic Constitution.

The Board's duties are to:

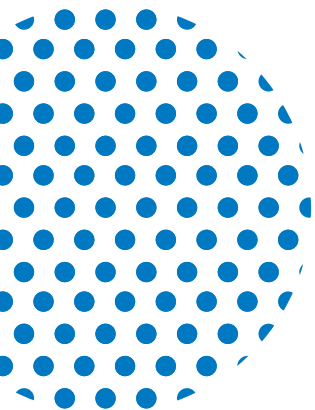
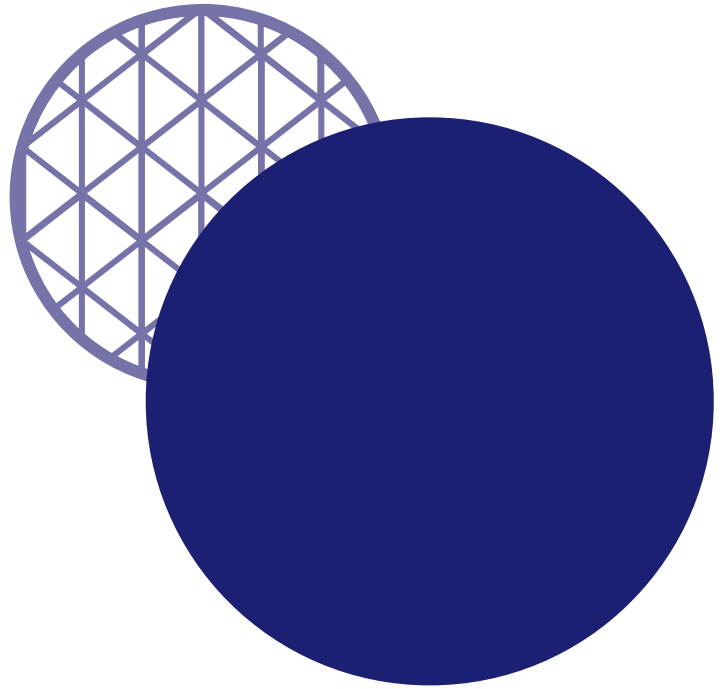
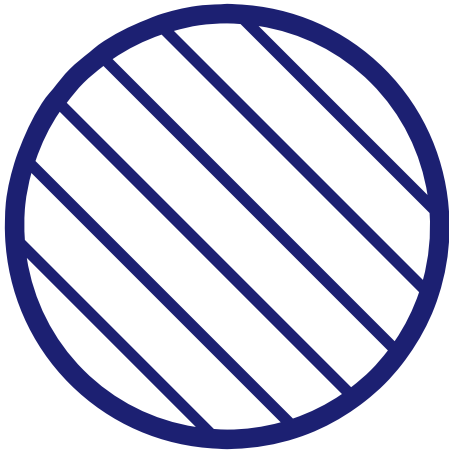
- ▶ take all reasonable steps for the advancement of the objectives of Melbourne Polytechnic and the Board under the Act and Melbourne Polytechnic's Constitution
- ▶ operate in accordance with the economic and social objectives and public sector management policy established from time to time by the Government of Victoria
- ▶ meet at intervals prescribed in the Constitution
- ▶ provide all assistance and information as the Minister, Secretary of the Department of Education and Training or the Deputy Secretary Higher Education and Skills Group may reasonably require from the Board; and
- ▶ ensure the safe custody and proper use of the Common Seal of Melbourne Polytechnic.

The Board directors are also subject to the Victorian Public Sector Director's Code of Conduct, which outlines the following duties:

- ▶ act with honesty and integrity
- ▶ act in good faith in the best interests of the public entity
- ▶ act fairly and impartially
- ▶ demonstrate leadership and stewardship
- ▶ use position appropriately
- ▶ act in a financially responsible manner
- ▶ exercise due care, diligence and skill
- ▶ comply with the establishing legislation
- ▶ use information appropriately.

The Melbourne Polytechnic Board Governance Charter provides guidance for Board directors in decision making. There were 18 Board meetings in 2014.





BOARD COMMITTEES

A new governance framework was developed in May 2014, following a review of strategic priorities. Committee delegations are outlined in the Instruments of Delegation and in the committee charters. The Chair of each committee reports its activities to the Board at the next meeting, including the exercise of any delegation.

BOARD MEMBERS (DIRECTORS) IN 2014

John Gibbins (Chair)

Joy Acquaro (Deputy Chair, ceased 31/3/2014)

David Bristow (commenced 19/2/2014)

Heather Campbell (Deputy Chair from 1/4/2014)

Katrina Campion

Prof. David Finlay

Lakris "David" Makris

Anthony Monley (ceased 31/3/2014)

Tony Nippard (commenced 1/4/2014)

Paul Shannon (commenced 22/1/2014)

Dr Jenny Wajsenberg

**RESPONSIBLE
MINISTER FOR
TRAINING AND SKILLS**

**THE BOARD OF
MELBOURNE POLYTECHNIC**
John Gibbins – Board Chair

**BOARD
EXECUTIVE
COMMITTEE**

Has delegated powers

Role

- ▶ Deal with urgent matters between Board meetings as required.
- ▶ Develop an annual Board work plan and timetable.
- ▶ Assist Board fulfil its responsibilities relating to executive remuneration, recruitment and selection of board nominee directors.

Membership

Board Chair, Deputy Chair, Chairs of the Finance, Audit & Risk Management Committee, the Education Committee, the Business Development Committee and the Assets and Resources Committee.

**EDUCATION
COMMITTEE**

Has delegated powers

Role

- ▶ Ensure integrity of the core education activities of teaching and scholarship and in particular the structures, policies and processes which ensure quality outcomes.

Membership

Prof. David Finlay (Chair from 10 November)
Dr Jenny Wajsenberg (Chair from Jan 2014 to Nov 2014), Katrina Campion, Tony Nippard, David Makris.

**FINANCE, AUDIT
AND RISK MANAGEMENT
COMMITTEE**

Has delegated powers

Role

- ▶ Advise the Board on matters of accountability and internal control at Melbourne Polytechnic, including compliance and financial reporting, accounting policies and business risk.

Membership

Paul Shannon (Chair), John Gibbins, Heather Campbell, David Bristow, Dr Jenny Wajsenberg.

**BUSINESS
DEVELOPMENT
COMMITTEE**

Role

- ▶ Identify and implement initiatives to grow Melbourne Polytechnic's profitable revenue base.

Membership

David Bristow (Chair), John Gibbins, Prof. David Finlay, Katrina Campion.

**ASSETS AND
RESOURCES
COMMITTEE**

Role

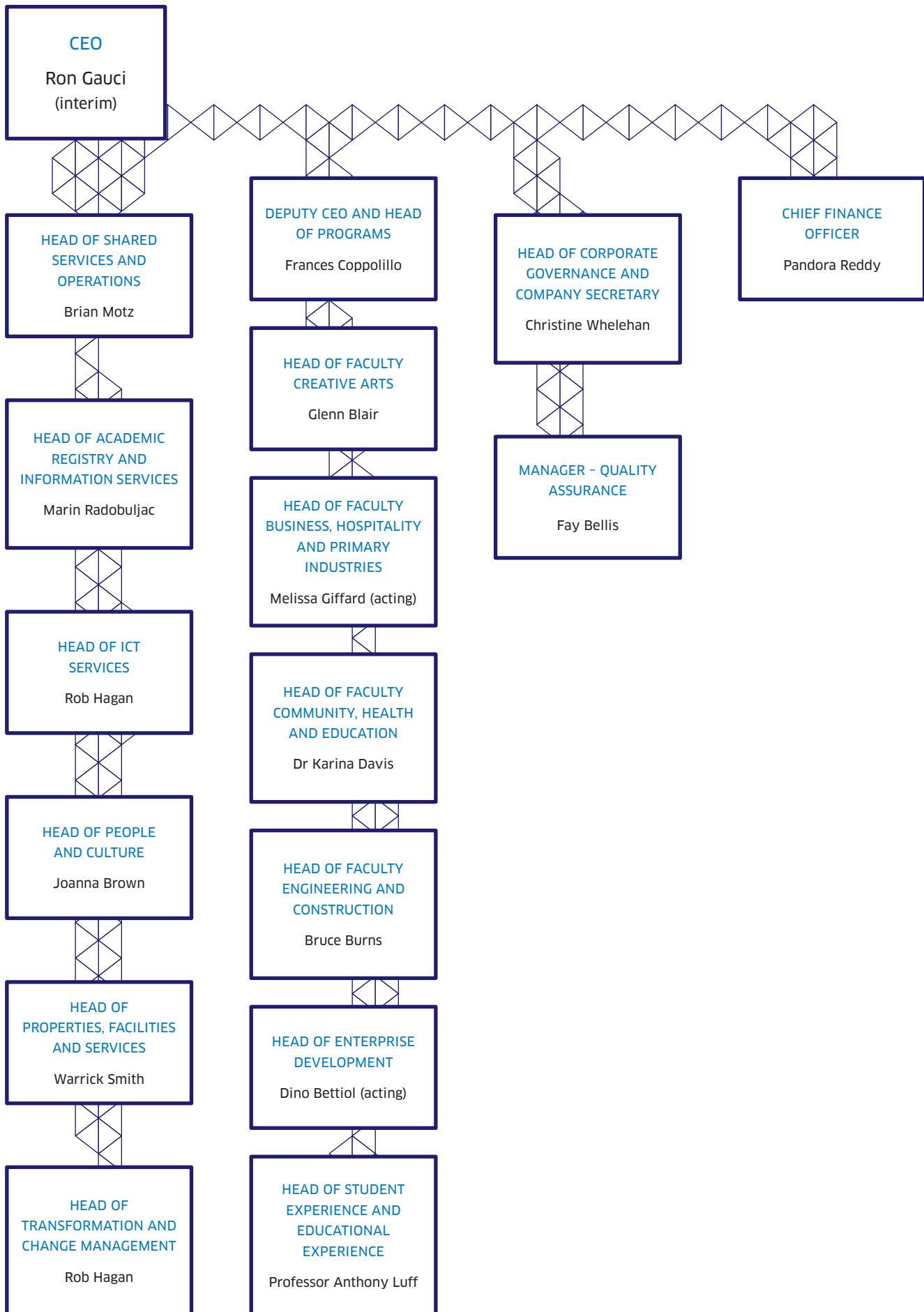
- ▶ Provide strategic direction and leadership on the sustainable management of Melbourne Polytechnic's infrastructure assets and resources now and into the future.

Membership

David Makris (Chair), Heather Campbell, Paul Shannon, Tony Nippard

CHIEF EXECUTIVE OFFICER
Ron Gauci (interim)

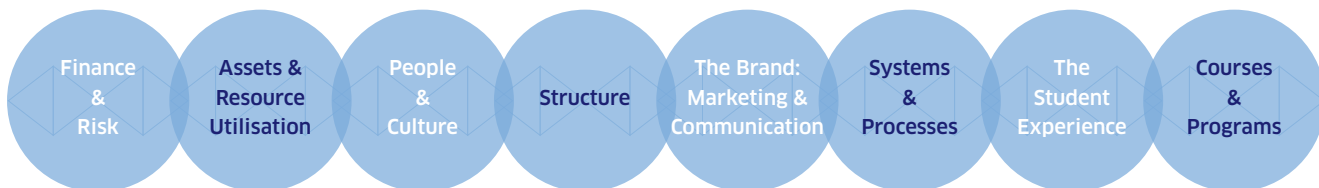
MELBOURNE POLYTECHNIC SENIOR MANAGEMENT



2014: A YEAR OF TRANSFORMATION

2014 presented an unprecedented year of change for the Institute, not only in name, but in the way the organisation is structured, marketed, and operated – all with the ultimate aim of providing the highest quality education and student experiences delivered in a financially sustainable way.

Eight transformation working groups were set up to research and develop solutions within the transformation agenda. The groups, comprising senior management, focused on the following areas:



The recommendations of the transformation working groups resulted in a transformation agenda with five key strategic objectives:



THE TRANSFORMATION JOURNEY

Throughout 2014 Institute staff were kept up-to-date with objectives and progress with respect to the business transformation process through regular updates via the Staff Portal and a series of campus Q&A presentations by the Interim CEO.

While the transformation process is on-going, the recovery plan to transform the Institute is well developed and many initiatives are underway, some of which are highlighted below. With an ultimate goal to return the Institute to a profitable concern, Melbourne Polytechnic has a bright future and is on track to cease being a high-risk concern.

KEY TRANSFORMATION ACTIVITIES COMMENCED IN 2014

RE-ESTABLISHING FINANCIAL VIABILITY

In addition to securing a State Government backed interest free facility which has not been fully utilised, the Institute was successful in its bid to the TAFE Strategic Adjustment Fund for \$19 million to fund the key objectives of its transformation agenda.

The Institute has also achieved substantial reforms relating to cash flows and stemming our loss of market share in enrolments.

A MORE EFFICIENT BUSINESS STRUCTURE

Creating a more financially viable business model is a key priority within the Melbourne Polytechnic transformation agenda. To this end key reforms were initiated in 2014 including the introduction of a new faculty and services structure that is more nimble and responsive to student and industry needs.

By the end of 2014 overall staffing levels were reduced by around 150 full-time equivalent positions with the majority of staff reductions achieved through a voluntary redundancy program. This also addressed an imbalance in the ratio of teaching to non-teaching staff. In achieving this necessary reduction in staffing levels the Institute farewelled a large number of long-serving and valued staff and wishes to acknowledge their commitment and expertise over the years and decades.

SUSTAINABLE COURSE PROFILE

In its transformational year Melbourne Polytechnic undertook in-depth analysis and review of its course profile resulting in tough decisions involving expanding areas of strength and contemplating withdrawal from areas deemed unsustainable.

Course profitability and viability and long-term success is largely dependent on the Institute's ability to maximise revenue growth opportunities whilst maintaining standards of academic excellence.

At the core of its corporate strategy, Melbourne Polytechnic remains committed to enhancing the student experience through the development of quality courses and outcomes. In its transition to a more commercially sound framework Melbourne Polytechnic will continue to invest in capability and capacity to develop effective partnerships and educational programs for a sustainable future.

ENTERPRISE DEVELOPMENT

A key part of the Institute's organisational restructure during 2014 was to formally introduce an Enterprise Development Department as part of the Programs Division.

Comprising International Development Programs, Business Development and Sales, Research and Corporate Planning, and Marketing units, the Enterprise Development Department is designed to seek out growth opportunities including:

- ▶ increase revenue growth into the future
- ▶ leverage new and existing fee-for-service opportunities from strategic industry, government, and community partnerships
- ▶ develop new relationships with industry, government, and other external business groups
- ▶ analyse and respond to market trends
- ▶ in conjunction with programs areas, develop high quality, industry relevant training programs
- ▶ develop and implement strategies to grow Institute Accredited Courses (short courses), VETiS programs, and other commercially targeted training.

A SINGLE BRAND

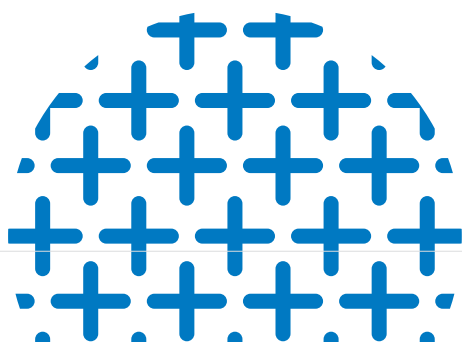
NMIT took a step into the future during the latter part of 2014 by rebranding as Melbourne Polytechnic. Up until this point the only campus that had been fully branded as Melbourne Polytechnic was Prahran while all other campuses and training centres had continued to run under the NMIT banner.

The rebrand, a key strategic transformation objective, was announced by the then Premier of Victoria, Dr Dennis Napthine, October 2.

Branding consultants, Publicis Mojo, were engaged to assist with the development of the new brand.

The resulting new name of Melbourne Polytechnic with a positioning tag-line of **Rule Your World** provides the Institute with a stronger brand profile in a competitive vocational education market. The Polytechnic title also better reflects the Institute's expansion from VET provider to include Higher Education Programs and consultancy to industry. A single brand also negates the need to duplicate the marketing and communications effort across multiple brands.

Even though the formal decision to rebrand was made in October, significant progress in the rebranding process was achieved during the remainder of 2014. The process spans all branded communications - including print and digital collateral - from signage, stationary, and corporate logo to advertising, internal quality documentation, website and social media.



E-FORMS

The introduction of a VET online enrolment form that allows prospective students to apply for a course via the Melbourne Polytechnic website was implemented in 2014.

This initiative represents an example where an innovation addresses two change objectives i.e. to enhance the student experience and to implement processes and systems that optimise the effective and efficient operations of the Institute while addressing compliance requirements.

The online enrolment form reduces the amount of paper-based processing with the added potential to reduce the amount of time a new student has to spend on campus to finalise their enrolment.

The form links to the Institute's Student Management System providing programs departments with an efficient way of monitoring authentic enrolment prospects. Staff can also initiate an enrolment application form and email a link to the semi-completed form to a prospective student, thereby speeding up the process and increasing the chances of securing the enrolment.

A NEW CAMPUS IN MELBOURNE'S SOUTHEAST

With a view to expanding its footprint and accessing new markets in central and south-east Melbourne, the Institute commenced operations on the former Swinburne University Prahran campus in February 2014.

The new campus was the first to be fully branded as Melbourne Polytechnic and initially offered around 80 programs spanning design, visual arts, theatre arts, music performance, digital media, writing and editing, and photography plus studies in business, hospitality, beauty, community studies, and more.

The commencement of Melbourne Polytechnic programs has revitalised the Prahran campus with new facility development including photography studios, and music recording and rehearsal rooms, while existing spaces such as the David Williamson Theatre have experienced greater utilisation through programs such as the Melbourne Polytechnic Talking Heads industry seminar series.

Enrolment numbers at Prahran grew steadily throughout 2014 providing a sound base on which to expand in 2015.

COURSE ENQUIRY CENTRE

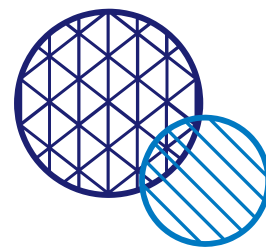
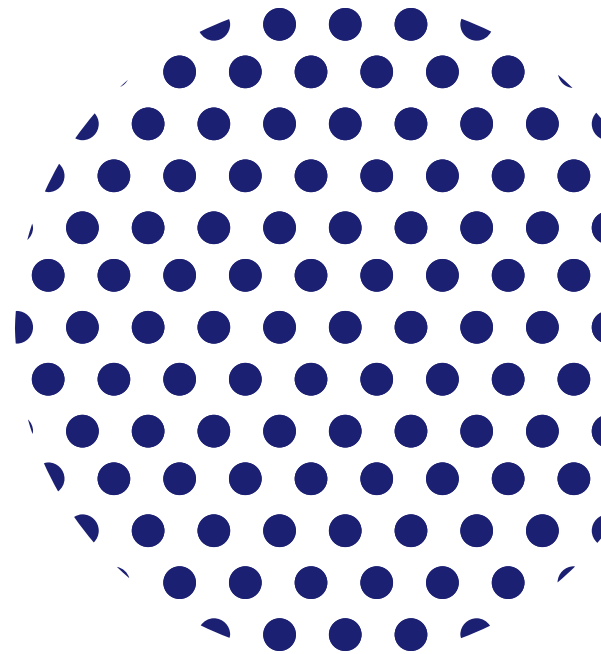
As part of the Institute's focus on implementing optimised processes and systems, the decision was taken in the latter part of 2014 to outsource the course enquiry call centre to student recruitment specialists, Hobsons.

Experienced in providing first-line course enquiry services to other Victorian providers, Hobsons provide a service dedicated to converting enquiries to confirmed enrolments.

The service also provides the Institute with enhanced reporting and analysis plus substantial direct e-marketing resources, thereby increasing our capacity to reach targeted market segments.

MAJOR COMMERCIAL ACTIVITIES

Throughout 2014, Melbourne Polytechnic progressed its plans for the potential sale of the Greensborough campus after it was closed in 2013. However in late 2014, as a result of a change in government policy to rebuild and grow TAFE institutes in Victoria, the campus has now been reclassified to educational purposes and is no longer classified as held-for-sale.



AWARDS

INTERNATIONAL DEVELOPMENT PROGRAMS

2014 VICTORIAN INTERNATIONAL EDUCATION AWARDS

International Office - winner of Victorian Premier's Award for Excellence in International Education - TAFE for 2014.

FACULTY OF BUSINESS, HOSPITALITY AND PRIMARY INDUSTRIES

2014 VICTORIAN INTERNATIONAL EDUCATION AWARDS

Withitaport (Anne) Sangprakong

Finalist in the category: International Student of the Year - Higher Education

DURA WEAR VIC TAFE COOKERY CHALLENGE 2014

Team Comprising:

Team Event: Winners of Bronze Medal and Third Place Overall - 'Best Dessert'

Ahmed Eloutath

Nicholas Mattsson

Harrison Knox

Manjula Mishra

FONTERA PROUD TO BE A CHEF

Adelle Carr

Dessert Patisserie Category - Gold Medal, Best Overall Dessert

MELBOURNE INTERNATIONAL FLOWER AND GARDEN SHOW (MIFGS)

Courtney Hirschausen

3rd Place : Student Floral Competition Intermediate : 'Table Setting for 2'

Bianca Besanko

2nd Place : Student Floral Competition Advanced - 'An Event 2014'

Margaret McLennan

3rd Place : Student Floral Competition Advanced - 'An Event 2014'

Emma Tenni

3rd Place : DEBCO Avenue of Achievable Gardens 'A Gardener's Garden'

Thomas Pinney

3rd Place : DEBCO Avenue of Achievable Gardens 'A Gardener's Garden'

Scott Tappenden

2nd Place : DEBCO Avenue of Achievable Gardens 'Edible Space'

Melissa Greenslade

2nd Place : DEBCO Avenue of Achievable Gardens 'Edible Space'



ROYAL AGRICULTURAL SOCIETY OF VICTORIA

Amber Bawden Winner of the 'Emerging Leaders Award'

ROYAL MELBOURNE SHOW - OVER 18 YEARS STUDENT CATTLE HANDLERS COMPETITION

Luke Bell 1st Place

ROYAL MELBOURNE SHOW - OVER 18 YEARS STUDENT CATTLE HANDLERS COMPETITION

Blake Lobe 2nd Place

Shane Whelan 2nd Place

Maren Van Hove 3rd Place

Thomas Ady 3rd Place

WORLDSKILLS STATE TITLES

Tyson Carr Winner of the Gold Medal in the Victorian Country Regional Landscape Construction Category

STAFF AWARDS

INVITATION TO PRESIDE AS THE CHIEF JUDGE AT THE SELANGOR TURF CLUB,

INTERNATIONAL HORSE SHOW 2014, FARRIERS COMPETITION

Colin Smith

WESTPAC COMMUNITY LEADERS AWARDS 2014

Donald Warren Winner of the Westpac Community Leaders Award - Treasurer
(Awarded for the contribution made to the Careers Education Association of Victoria)

INSTITUTE AWARDS

MELBOURNE INTERNATIONAL FLOWER & GARDEN SHOW (MIFGS)

Horticulture Floristry Students Awarded Bronze Medal : Floral Design Competition

2014 VICTORIAN DISABILITY SECTOR AWARDS

The Work Education Department's 'Imagine Choir' was invited and paid to perform at the 2014 Victorian Disability Sector Awards held at Federation Square.

SAVOUR AUSTRALIA RESTAURANT AND CATERING HOSTPLUS AWARDS FOR EXCELLENCE IN THE CATEGORY

'RESTAURANT IN A TRAINING INSTITUTE'

St Georges Training Restaurant was recipient of the award - 'Runner-up Restaurant in a Training Institute'.

FACULTY OF CREATIVE ARTS

2014 CANON AIPP AUSTRALIAN PROFESSIONAL PHOTOGRAPHER OF THE YEAR AWARDS

Angela Connell	Runner-up 2014 AIPP Australian Student Photographer of the Year
Jacquiline Hogan	Winner 2014 AIPP Australian Student Photographer of the Year

ADVANCED DIPLOMA OF CREATIVE PRODUCT EXHIBITION (VISUAL ARTS DEPARTMENT AWARDS SPONSORED BY INDUSTRY)

Jeffrey Gunadi	Best Body of Work Award
Cassie Thomson	Creative Enterprise Potential Award
Sian Haldane	Best Traditional Artwork Award and Most Organised And Business Ready Award
Annie Wong	Best Adaption of Text/Story to Illustration Award
Lauren Hall	Best Children's Illustrator Award
Janet Tiitinen	Best Digital Artwork Award

FIRST IMPRESSIONS PRINTMAKING EXHIBITION

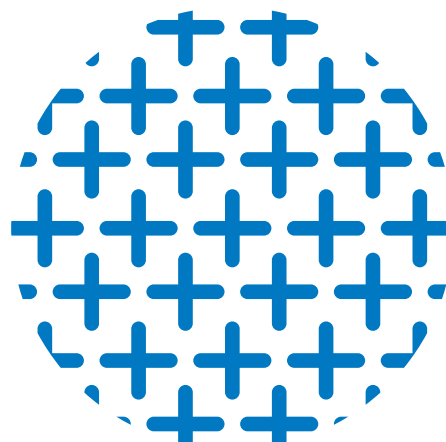
Lisa Newton	Magnani Papers Australia - 2014 Encouragement Award
Anna Jenkins	Magnani Papers Australia - 2014 Encouragement Award
Lara Sim	Magnani Papers Australia - 2014 Encouragement Award
Elvis Rianto	Magnani Papers Australia 2014 Excellence Award
Anastasia Kotzapavlidis	Magnani Papers Australia 2014 Excellence Award

GLOW WINTER ARTS FESTIVAL - CITY OF STONNINGTON 'SHOT IN THE DARK PHOTOGRAPHY COMPETITION'

Alison Harper	1st Prize - 'Lights of Stonnington' Category and Runner-up in the 'Faces of Stonnington' Category
Jim Patris	Highly Commended Award 'Faces of Stonnington' Category

ILLUSTRE 2014 (VISUAL ARTS DEPARTMENT AWARDS SPONSORED BY INDUSTRY)

Daniela Carvacho	Best Book Illustration Award
Airolg Humberto Sanchez Suarez	Best Digital illustration Award
Ines Pedroza Jimenez Villacorta	Best Digital Illustration Award
Clare Brady	Best Traditional Illustration Award
Gina Gordes	Cutting-Edge Illustration Award
Sophie Wallace	Best Traditional Illustration Award
Yoshi Webb	Best Concept Design Award
Yoko Maejima	Most Outstanding Individual Work Award
Nina Cheles-McLean	Best Body of Work Award



INTROSPECTIVES GRADUATE EXHIBITION 2014 - DIPLOMA OF VISUAL ARTS

Sylvia Ballerini	Recipient of Minister for Higher Education and Skills 'Emerging Artist Award'
Elvis Rianto	Recipient of Minister for Higher Education and Skills 'Emerging Artist Commendation Award' and winner of 'Outstanding Visual Arts Student Award'
Anastasia Kotzapavlidis	Recipient of Minister for Higher Education and Skills 'Emerging Artist Commendation Award'
Carla Jo Murray	Recipient of 'Outstanding Graduate Award'
Steven Andrews	Recipient of 'Encouragement Award'
Chanakarn Chatakul	Recipient of 'Best Painting Concept Award'

NATIONAL ASSOCIATION FOR THE VISUAL ARTS (NAVA) IGNITION PRIZE FOR PROFESSIONAL PRACTICE

William Beruldsen	Winner of the NAVA Ignition Prize
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NATIONAL SOUTHERN CROSS PACKAGING DESIGN COMPETITION

Carlos Fojo Borrelli	Winner of the Gold Medal
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STAFF AWARDS

2014 AUSTRALIAN JAZZ BELL AWARDS

Members of the 'Andrea Keller Quartet': Andrea Keller Eugene Ball Ian Whitehurst	Best Australian Modern Jazz Album
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Allan Browne	Best Australian Modern Jazz Album
Allan is the only staff member of the 'Julien Wilson Quartet'	Best Australian Jazz Song of the Year Best Australian Jazz Ensemble

2014 CANON AIPP AUSTRALIAN PROFESSIONAL PHOTOGRAPHER OF THE YEAR

Karen Dobia	2014 AIPP Australian Professional Illustrative Photographer of the Year
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CITY OF STONNINGTON - GLOW WINTER ARTS FESTIVAL: SHOT IN THE DARK PHOTOGRAPHY COMPETITION

Con Emmanuelle	Awarded 1st Prize for the 'Places of Stonnington' category.
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NILLUMBIK PRIZE EXHIBITION

Silvi Glattauer	Winner of the Nillumbik Prize 2014
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SIGNAL 37 SHOWCASE 'INFINITY + 1'

Kate Gech	\$15,000 City of Melbourne Grant
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FACULTY OF ENGINEERING AND CONSTRUCTION

107th MASTER PLUMBERS AND MECHANICAL SERVICES OF AUSTRALIA GOLD MEDAL AND TRAINING AWARDS

Kimberley Smyth Recipient of Rose Curtis Award

2013 END OF YEAR GRAPHISOFT ARCHICAD STUDENT COMPETITION

Raffaella Angerosa Winner Graphisoft ArchiCAD Student Competition

2014 BUILDING DESIGN AWARDS

Connor McGrath Recipient of Brian Morrison Award (awarded to the most promising student)

DESIGN INSTITUTE OF AUSTRALIA - VICTORIA/TASMANIA GRADUATE OF THE YEAR AWARDS 2013

Jeremy Bryant 2013 Runner-up Jewellery Design Graduate of the Year

DESIGN INSTITUTE OF AUSTRALIA GRADUATE OF THE YEAR AWARDS

Lynette Lohrey Runner-up - Interior Design and Decoration Student of the Year

GRAND DESIGNS LIVE HOME SHOW

Amanda Camilleri Winner of the Gold Medal - Grand Designs Live - Rooms by Design

NATIONAL CARPENTERS' DAY

Aaron Holmes Winner of National Apprentice Carpenter of the Year

NATIONWIDE JEWELLERS ANNUAL MEMBERS DINNER

Jyothi Forman Winner of the Nathan Cameron Perpetual Trophy for 'Apprentice of the Year'

ROSANNA ROTARY CLUB AWARDS

Nicole Allan Rotary Scholarship Award

WORLDSKILLS 2014 NATIONAL COMPETITION

Jyothi Forman Winner of 1st Place Gold Medal - Jewellery. Jyothi will now represent Australia at the World Titles to be held in Brazil 2015.

WORLDSKILLS STATE TITLES

Eleanor Hawke Winner of the Gold Medal in the Melbourne Jewellery Category

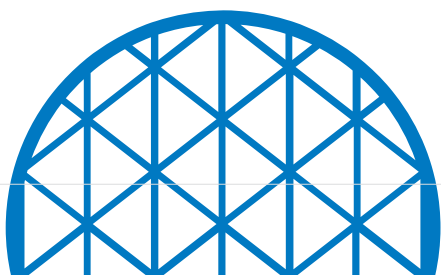
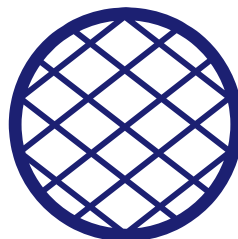
WORLDSKILLS STATE TITLES

Jyothi Forman Winner of the Gold Medal in the Victorian Country Region Jewellery Category

INSITUTE AWARDS

WELDING TECHNOLOGY INSTITUTE OF AUSTRALIA (WTIA) ANNUAL DINNER AWARDS

The Institute's Fabrication Department was announced winner of the WTIA Welding Training Organisation for 2013 at the Annual Dinner Awards.



2014 HIGHLIGHTS

FACULTY OF BUSINESS, HOSPITALITY AND PRIMARY INDUSTRIES.

HEAD OF FACULTY – BUSINESS, HOSPITALITY, AND PRIMARY INDUSTRIES.

Melissa Giffard (Acting)

The Faculty of Business, Hospitality and Primary Industries specialises in program design and delivery in the areas of Agriculture, Horticulture, Equine, Animal Studies, Viticulture, Business, Commerce, Hospitality, Tourism and Work Education. The Faculty delivers programs across vocational and higher education, plus customised training programs for industry.

HIGHLIGHTS

As part of an Institute focus on developing initiatives to enhance the student and staff experience the Faculty:

- ▶ sent 10 students to Hangzhou, China for cultural exchange and language studies as part of the AsiaBound Grant series
- ▶ sent Diploma of Horticulture (Turf) student, Ben Matthews, to America and attended the 'Future Turf Managers' Program sponsored by US golf course maintenance equipment manufacturer, Jacobsen
- ▶ organised a study tour to Spain for Bachelor of Agriculture and Technology (Viticulture) students
- ▶ supported a range of community events (through the provision of students as event organisers/assistants) including Relay for Life and the 2014 Muscular Sclerosis Cycle.

In line with a whole-of-Institute transformation objective of pursuing market opportunities and leveraging academic partnerships, the Faculty:

- ▶ entered into a service agreement with Didasko Institute of Business for the delivery of online diplomas in Business, Marketing and Office Administration
- ▶ commenced the Bachelor of Agriculture and Technology in conjunction with LaTrobe University.

Other highlights included:

- ▶ Agriculture and Animal Science teacher, Tenille Petrilli, being elected Victorian President of the Veterinary Nurses Council of Australia – Victorian Division. This is significant in the context of Melbourne Polytechnic's further development of vocational and higher education veterinary nursing qualifications including the delivery of our new Associate Degree in Veterinary Nursing in 2015
- ▶ three floristry students winning second place in their individual categories at the 2014 Melbourne International Flower and Garden Show and five students achieving third place
- ▶ a first place in the Royal Melbourne Show animal handling category, two second places and two thirds in similar categories. The senior judge publicly acknowledged the skills of teacher (Reanna Clayton) in training the students so well.

FACULTY OF COMMUNITY, HEALTH AND EDUCATION

HEAD OF FACULTY – COMMUNITY, HEALTH AND EDUCATION

Dr Karina Davis

The Faculty of Community, Health and Education delivers high quality and innovative programs focused on: supporting people to further their skills and understanding of English; those looking to enter or who are already working in the broad social services, health and wellbeing, and education areas; and students seeking bridging support into other fields of career or study.

The Faculty consists of four Departments – Health, Community and Wellbeing; Foundation Studies; Vocational Pathways; and Higher Education.

HIGHLIGHTS

2014 has seen growth across a number of key delivery areas complementing the Institute's strategic focus on enterprise development including:

- ▶ growth in the Adult Migrant Education Program with delivery across four campuses and at four off-site locations that increase access options, particularly for women
- ▶ record enrolments in a range of Skills for Education and Employment, and Victorian Training Guarantee funded programs at the Epping campus and Broadmeadows Training Centre alongside the development of a work readiness and training program that provided work placements for over 100 students.
- ▶ continued growth of the Workplace English Language and Literacy training contracts to 18 delivery sites across 2014 and into 2015
- ▶ impressive and substantial growth in the AUSLAN programs that ensures we are delivering well against our government contract requirements
- ▶ continued growth of Youth Unit programs.

As part of an Institute focus on improving the student experience and outcomes, the Faculty is pleased to report:

- ▶ the continued success of key higher education programs including 100% of Diploma of Tertiary Studies graduates receiving their first choice of offers into degree courses
- ▶ a 100% of the first ever graduates from the Bachelor of Education (Early Years) gaining employment or post-graduate study offers
- ▶ continued achievement of positive study and employment outcomes for disengaged local and refugee youth through the Youth Unit.

In line with the Institute's transformation agenda of achieving greater productivity through improved systems and processes we achieved:

- ▶ the introduction of online registration and payment for the IELTS testing centre which has contributed to a successful and competitive year for IELTS delivery.

FACULTY OF CREATIVE ARTS

HEAD OF FACULTY – CREATIVE ARTS

Glenn Blair

The Faculty of Creative Arts comprises the departments of Performing Arts, Visual Arts, and Creative Arts – Higher Education. The Faculty delivers a range of courses, production partnerships and collaborative projects for the creative industries.

HIGHLIGHTS

Highlights supporting the Institute's transformation strategy of introducing initiatives that enhance the student and staff experience included:

- ▶ placement of students into the Comedy and Fringe festivals
- ▶ development of new relationships with venues including Wesley Anne and the Elsternwick Hotel to support student workplace assessments
- ▶ Sound Production Coordinator Darren Steffen heading up a team of staff and students to conceive, design and install the sound design component for VAULT!, an exhibition charting the history of Circus Oz. The event was part of the Melbourne Festival and presented in the Victorian Arts Centre Gallery
- ▶ Hairdressing and Beauty conducting a very successful in-house Fashion Show. The judging panel included industry partners from film and television
- ▶ Bachelor of Writing and Publishing students securing writing internships in Sydney.

As part of the Institute's focus on educational enhancement through pathways and academic partnerships we:

- ▶ established guaranteed pathways with the VET in Schools provider – College of Sound and Music Production (COSAMP) – for Music and Sound students wishing to study at Melbourne Polytechnic
- ▶ hosted Sahmyook University (Korea) students visiting the Diploma of Beauty Therapy at the Collingwood Campus while Simona Barta (Beauty Teacher) was a guest lecturer for the Diploma of Beauty Therapy at Sahmyook.

In line with the Institute's strategic objectives of restructuring to a more viable model and enterprise development, the Faculty:

- ▶ relocated a number of programs to the Prahran campus
- ▶ developed relationships with the Stonnington (Prahran) community including collaboration with the City of Stonnington to support the inaugural Winter Glow Festival, and continued relationship building with the Stonnington community through the Open Studio project.

Other highlights included:

- ▶ Jacqui Cherie Hogan (Diploma of Photoimaging) awarded 2014 Canon AIPP Student Photographer of the Year. Keren Dobia (Photoimaging Teacher) awarded 2014 Cannon AIPP Professional Illustrative Photographer of the Year
- ▶ employment of Screen and Media graduates at WIN TV
- ▶ Jewellery Manufacture student Jyothi Forman won the 1st Place Gold Medal for Jewellery at the 2014 Worldskills Australia National Competition in Perth.

FACULTY OF ENGINEERING AND CONSTRUCTION

HEAD OF FACULTY – ENGINEERING AND CONSTRUCTION

Bruce Burns

The Faculty provides a wide range of Institute, state, and nationally accredited courses ranging from customised programs for industry to entry level training, new apprenticeships, post-apprenticeships, diploma, advanced diploma and bachelor courses.

Courses are undertaken by local, interstate, and international clients, in program delivery modes ranging from on-campus, online, and onsite training and assessment.

HIGHLIGHTS

As part of the Institute strategic focus on improving the student experience, the Faculty:

- ▶ successfully implemented the Bachelor of Engineering Technology (Civil) program which aligns with Institute and faculty priorities of providing seamless pathways from VET to Higher Education
- ▶ organised a two-week study tour for 20 staff and students to Sichuan College of Architectural Technology (SCAT) with Melbourne Polytechnic and Chinese students working on joint projects
- ▶ introduced concurrent study in dual qualifications in our electrical, joinery and furniture program areas. This is a major strategy of the faculty and complements an Institute-wide strategic initiative to deliver excellence in learning and teaching.

In line with the Institute's transformative priority of Enterprise Development:

- ▶ the faculty continues to prioritise international opportunities both on and offshore, as evident by six Malaysian students returning to participate in the institute graduation ceremony. The Diploma of Building program delivered to Sichuan College of Architectural Technology (SCAT), China, continues to grow with approximately 1,100 student enrolments.

Other highlights included:

- ▶ students winning eleven individual awards at state and national levels ranging across the design (building and interiors), jewellery, construction, architecture and information technology sectors.
- ▶ our continued focus on industry engagement and endorsement has been acknowledged with the Welding Technology Institute of Australia (WTIA) announcing (during 2014) Melbourne Polytechnic as the Top Welding Training Organisation for 2013.
- ▶ the Bachelor of Built Environment is set to commence in 2nd semester of 2015.

ACADEMIC REGISTRY AND INFORMATION SERVICES

HEAD OF ACADEMIC REGISTRY AND INFORMATION SERVICES

Marin Radobuljac

Academic Registry and Information Services provides a range of services including: VTAC selection; awards management; enrolment processes; maintenance of academic records and curriculum data; offshore delivery management; the reporting of student enrolment data – internally and externally; and general helpdesk enquiries.

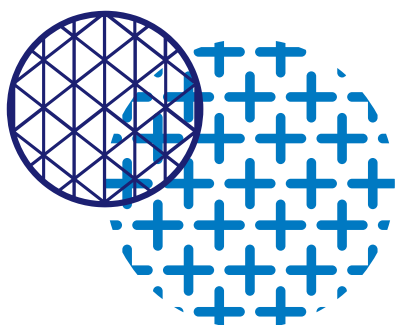
HIGHLIGHTS

One of the Institute's key strategic transformation objectives is to implement processes and systems to optimise effective and efficient operations. In this regard we:

- ▶ introduced (in conjunction with ICT) an electronic VET enrolment form enabling applications to be tracked in the Student Management System (SMS)
- ▶ updated the teaching Vocational Competency Register to integrate course details directly from the SMS
- ▶ developed (in conjunction with the Finance Department) and implemented reporting to recognise revenue within program areas.

As part of the Institute strategic goal of introducing initiatives that enhance the student and staff experience we:

- ▶ introduced two additional rounds of awards to ensure students receive their qualifications as soon as possible
- ▶ trained relevant staff in the new procedure regarding electronic enrolment forms plus redesigned processes at Information Desks and Student Enrolment Centres to facilitate the implementation of the electronic forms
- ▶ established an Enrolment Centre at the Prahran campus.



PROPERTIES, FACILITIES AND SERVICES

HEAD OF PROPERTIES, FACILITIES AND SERVICES

Warrick Smith

The Properties, Facilities and Services department is responsible for all the institute assets and related services (excluding ICT/multimedia/telecommunication resources) including buildings, grounds, infrastructure, cleaning, sustainability management, and security.

HIGHLIGHTS

In support of transformation processes and systems to optimise the effective and efficient operations of the Institute and its retained assets we:

- ▶ completed the renovation of building E, Epping, for the new Veterinary Nursing Course
- ▶ engaged a central timetabling co-ordinator.

As a part of the Institute's change initiative to enhance the student and staff experience we:

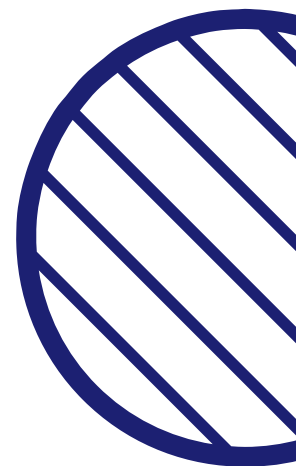
- ▶ installed a new music training facility on level 3 in Building U, Prahran. This includes a control room, four large recording and practice and eight small practice rooms
- ▶ installed a new disabled lift to Building U, Prahran
- ▶ installed air-conditioning to all classrooms and offices in building A, Preston.

As part of the Institute-wide restructure to a more financially viable model we:

- ▶ relocated music courses and the Library from Greensborough to the Prahran campus
- ▶ relocated Drafting and Civil Engineering from Greensborough to the Epping campus.
- ▶ introduced the Pay by Phone carparking system to all suburban campuses.

Other highlights included:

- ▶ continued a detailed facility study for the Greener Government Buildings Program
- ▶ progressed environmental audits for Preston and Greensborough campus
- ▶ commenced the public place recycling program.



EDUCATIONAL TRANSFORMATIONS (E-LEARNING) AND ACADEMIC LEADERSHIP

SENIOR LECTURER - FLEXIBLE LEARNING

Dr Charlotte Brack

The Educational Transformations group addresses issues of learning and teaching across VET and HE at a centralised level including: academic governance and administration; quality and integrity; curriculum development and tertiary pedagogies; learning environments; academic professional development, scholarship and applied research. The group leads and manages curriculum development and accreditation of Higher Education degrees with the Tertiary Education Quality Standards Agency (TEQSA). The group manages, administers and supports the Institute Learning Management System. Professional development of teachers is addressed with a range of approaches in areas of pedagogy, teaching practice, learning assessment and evaluation, online and e-learning, and scholarly/research activities.

HIGHLIGHTS

In the provision of quality accredited higher education courses, the Educational Transformations group achieved:

- ▶ successful accreditation of:
 - ▶ two new Masters degrees (Creative Industries, Practising and Professional Accounting) with TEQSA
 - ▶ one new Associate Degree (Veterinary Nursing) with TEQSA
 - ▶ renewal of the Bachelor and Associate Degree of Agriculture and Technology with TEQSA and with LaTrobe University
 - ▶ the Bachelor and Associate Degree of Engineering Technology (Civil) with Engineers Australia
 - ▶ two Bachelor degrees (Business, Hospitality Management) with Hong Kong Education Bureau (the Regulator) for offer of courses through Hong Kong Universal Education Ltd.
- ▶ submission of applications for renewal of accreditation with TEQSA of two Bachelor degrees (Accounting, Equine Studies)
- ▶ commencement of delivery of two Bachelor degrees: Engineering Technology (Civil) at the Epping campus; Agriculture and Technology at Epping through the LaTrobe University partnership
- ▶ professional development and educational enhancement programs:
 - ▶ workshops and seminars culminating in the 2014 HE Showcase of Learning, Teaching and Research (12.12.2014, Prahran Campus)
 - ▶ collaborative planning and participation with the group of five Victorian TAFEs offering HE programs in the Mixed Sector Symposium-Higher Education in TAFE (05.12.14, at the Box Hill Institute Box Hill campus).

In the development of online learning the group has successfully achieved:

- ▶ a range of strategic imperatives in relation to system design, development and evaluation
- ▶ capacity building of staff through the delivery of over 120 hours of professional development opportunities
- ▶ implementation and ongoing support of student online learning in blended environments across VET and HE programs
- ▶ responded to over 4000 enquiries from staff and students.

ICT SERVICES

HEAD OF ICT SERVICES

Rob Hagan

ICT Services is responsible for the development and delivery of all Information and Communication Technology (ICT) services used by Melbourne Polytechnic.

ICT Services responded to 9,882 recorded end user requests for assistance comprising 5,142 Incidents (i.e., faults) and 4,740 Service Requests during 2014.

HIGHLIGHTS

As a part of the Institute's change initiative to enhance the student and staff experience ICT Services:

- ▶ improved the availability of the Institute Wide Area Network (WAN) through the implementation of optic fibre links (augmenting existing microwave links)
- ▶ added a second optic fibre link to the Internet to improve overall Internet availability
- ▶ produced standardised department SharePoint home page to improve document mobility and visibility
- ▶ implemented online enrolment forms within the student management system (Strata).

In line with an Institute-wide restructure to a more financially viable model we:

- ▶ provided ICT support and equipment for the commissioning of the new campus at Prahran.

In support of transformation processes and systems to optimise the effective and efficient operations of the Institute and its retained assets we:

- ▶ upgraded 119 computer labs (2,307 computers) to the latest application software
- ▶ upgraded the Student Management System (Strata V3.7)
- ▶ streamlined the process for upgrading student computer labs through an upgrade of our ZCM software management product
- ▶ upgraded Microsoft SharePoint 2007 to SharePoint 2013 providing a much richer product and document management capacity
- ▶ tendered for the replacement, improvement and rationalisation of the Institute's fleet of printers in order to reduce cost and improve quality of service
- ▶ implemented Internet management hardware and software allowing better monitoring and management of Internet access
- ▶ prepared business cases to support the TAFE Structural Adjustment Fund funding submission and established a project framework for the approved initiatives.

INTERNATIONAL DEVELOPMENT PROGRAMS

HEAD OF INTERNATIONAL DEVELOPMENT PROGRAMS

Dino Bettiol

International Development Programs (IDP) markets to and recruits international students to study in Australia at Melbourne Polytechnic. IDP also manages the delivery of Melbourne Polytechnic programs in other countries in addition to providing a consultancy service to the Institute on all international activities.

HIGHLIGHTS

In line with the Institute's stated mission of providing the highest quality education and student experiences in a financially viable and sustainable way, IDP has:

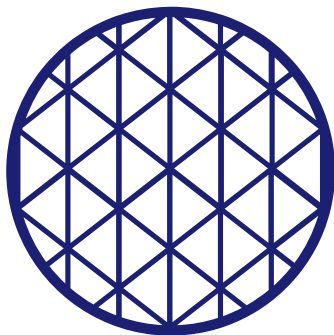
- ▶ been instrumental in the Institute receiving the Premier's Award for Excellence in International Education – TAFE for 2014
- ▶ continued to grow the numbers of international students in Higher Education programs
- ▶ developed clear policies and pricing for hosting overseas delegations / study tours. This has resulted in an increase in visits by delegations and full cost recovery.

As the Institute seeks to transform its business model through the introduction of initiatives that enhance the student and staff experience, IDP has:

- ▶ continued to develop access to international experience for our domestic students. The institute has been successful in applying for nearly \$250,000 in government grants for overseas study tours. The benefit for our domestic students and staff during these tours is further enhanced by IDP's extensive network of contacts among our offshore international education partners.

Other highlights included:

- ▶ the introduction of an (onshore) Civil Engineering degree has clearly met a market demand
- ▶ successful registration of two degrees to be offered through Hong Kong Universal Education. These will be the first Melbourne Polytechnic degrees offered outside Australia.



LEARNING SUPPORT SERVICES (INCLUDING LIBRARY AND STUDENT SERVICES)

HEAD OF LEARNING SUPPORT SERVICES

Cathy Frazer

Learning Support Services (including Library and Student Services) delivers a range of services to support the Institute's capacity to recruit, engage, transition and retain students. Learning Support Services comprises Student Counselling and Disability Support, Student Life and Media (SLAM), Koorie Services Centre, Student Communications, Library Services, and an administrative team.

HIGHLIGHTS

As part of the Institute's transformative initiative to enhance the student and staff experience we:

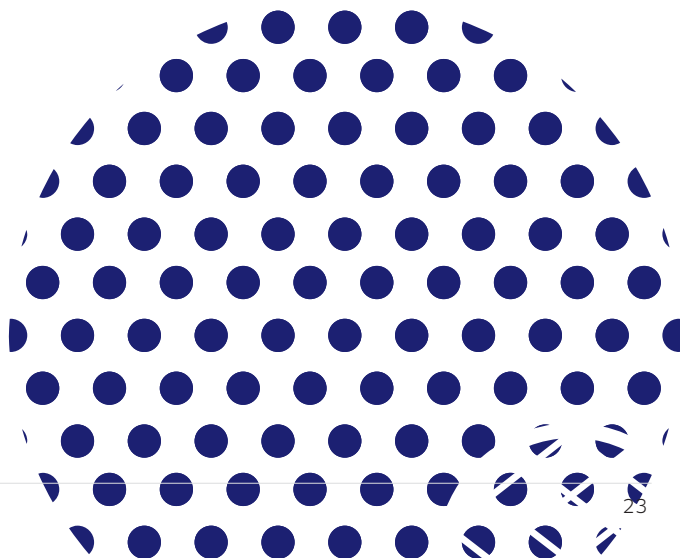
- ▶ delivered more than 150 on campus events to over 20,000 students
- ▶ ran Good Health Week activities which attracted over 1500 students. The SLAM team was awarded Best New Event 2014 at the CampusLink Conference Awards for this initiative
- ▶ supported the development of information and digital literacy among staff and students via the 'Library Engagement Series 2014' and professional development sessions.

In line with the Institute's strategic objective of optimising the use of retained assets:

- ▶ the Yarra House student accommodation facility achieved 100% rental occupancy during term time.

The institute is seeking to transform its processes and systems to optimise effective and efficient operations. In this respect we:

- ▶ transitioned the Library's Interlibrary loan service to an online computer based system
- ▶ co-located the Counselling and Disability Support Services at the Preston Campus to form a centralised Student Support Service Hub.



MARKETING

HEAD OF MARKETING

Jude Whelan

The Marketing Department services a wide range of stakeholders within and external to Melbourne Polytechnic: from staff, industry bodies, and employers to school careers practitioners, the Melbourne Polytechnic Board, and the Victorian Government.

Marketing operations span the full range of internal and external communications including online assets, digital marketing and analytics, social media, media relations, publications and marketing collateral, advertising, and design. The department also manages student recruitment, internal and external events, and acts as brand custodian for the Institute.

HIGHLIGHTS

With the Institute's transformation strategy focussed on re-branding to reflect a more contemporary provider of quality education, the Marketing Department:

- ▶ Was integral to leading, planning, and implementing a re-branding strategy for Melbourne Polytechnic. By the end of 2014 the following had been actioned:
 - ▶ development of a new logo, tag line and style guide
 - ▶ commencement of the transitioning of digital communication platforms (website, social media channels) that serviced two brands to a single brand
 - ▶ planning with internal stakeholders for the retirement of NMIT
 - ▶ development of Melbourne Polytechnic branded materials ranging from stationary to major external signage
 - ▶ a communication plan to inform external stakeholders (feeder schools, alumni, industry and government etc.).
- ▶ increased social media output, audience growth and engagement (amplification) across key social media platforms including Twitter, Instagram, and Facebook
- ▶ leveraged promotional opportunities (mainly via social media) presented by the Prahran campus being featured in the 2014 series of The Block. Block contestant couples revamped five plain Prahran campus office spaces into 'creative havens'.

Other highlights

- ▶ engaging Institute staff in the process and rationale relating to the Institute's strategic transformation agenda. This was done via the Institute's main internal communications channels: the staff portal, staff e-newsletter, and campus presentations by the Interim CEO
- ▶ planning and implementing a pre-promotional campaign to support the commencement of the Prahran campus
- ▶ event management for the Institute's Graduation and Study Grants ceremonies, Careers Practitioners Days, Prahran campus Open Day, Auslan Graduation, and 'Back to Prahran' event (one of our first major events for alumni).

PATHWAYS AND ACADEMIC PARTNERSHIPS

SENIOR ADMINISTRATIVE OFFICER

Andrew Moulton

Pathways and Academic Partnerships are key elements in Melbourne Polytechnic's future as an integrated education provider.

Effective articulation pathways between VET and higher education, along with strategic partnerships with other education providers, are central components in expanding opportunities for students to access a range of educational experiences and facilitate mobility between education sectors and institutions through articulation arrangements and recognition of prior learning and educational achievement. Development and management of articulation pathways and educational partnerships in higher education have been supported by the Higher Education Office working collaboratively with the International Office, VET programs, QA and governance functions.

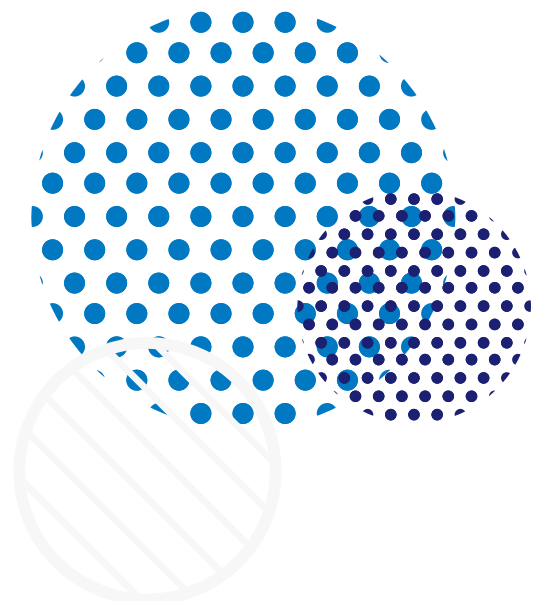
HIGHLIGHTS

Delivery of the Bachelor of Agriculture and Technology commenced at the Epping campus in partnership with La Trobe University. Other degree programs and course components have been developed for accreditation and possible future delivery, including:

- ▶ bachelor courses in engineering technology and veterinary nursing
- ▶ concurrent delivery of design drafting CAD components to Bachelor of Engineering students
- ▶ delivery of clinical skills components in the Bachelor of Nursing.

Other major activities include:

- ▶ review of the VET to HE articulation policy, process and documentation
- ▶ development of a central Articulation Register and review cycle
- ▶ development of a framework to inform future curriculum development and delivery initiatives
- ▶ administration of educational partnerships with external domestic partners.



PEOPLE AND CULTURE

HEAD OF PEOPLE AND CULTURE

Joanna Brown

People and Culture provides all faculties, departments and staff at Melbourne Polytechnic with human resource services and advice encompassing anti-discrimination, recruitment, induction, leave, industrial relations, employee welfare, occupational health and safety including the provision of warden training, first aid training, and the provision of first aid supplies.

HIGHLIGHTS

In support of the Institute's strategic transformation objective of achieving a more financially viable model through organisational re-structure, People and Culture:

- ▶ managed the voluntary redundancy program process including the provision of career transition services for staff taking a redundancy package.

As part of strategic initiatives to enhance the workplace experience of our staff we:

- ▶ implemented a series of seminars where staff could obtain free advice regarding a range of employment and post-employment matters including preparing for retirement, superannuation, salary sacrifice, and health cover benefits.

Other highlights included:

- ▶ provision of first aid and warden training to 131 staff across six campuses
- ▶ provision of training for 18 staff in asthma and anaphylaxis
- ▶ provision of audiometric testing for 69 staff who work in designated noisy areas.

TEACHING AND LEARNING (QUALITY AND DEVELOPMENT)

DEVELOPMENT OFFICER - STAFF DEVELOPMENT

Lynne Matheson

Teaching and Learning (Quality and Development) is responsible for implementing professional development programs and activities that focus on evidence-based, high quality teaching practices and supports the improvement of outcomes for students.

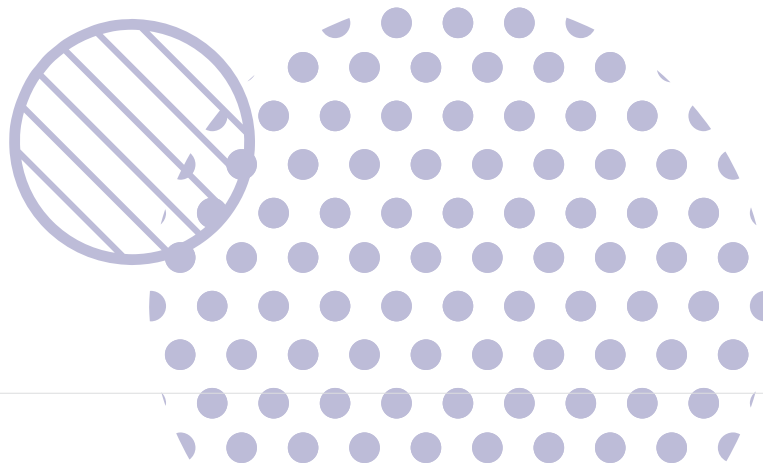
HIGHLIGHTS

As part of the Institute's transformative initiative to enhance the student and staff experience we:

- ▶ implemented a staff professional development program of forums and workshops covering industry currency, course design, digital literacy, team building and self-awareness, sustainability, understanding change, Koorie culture, and mental health issues
- ▶ promoted and recognised innovation in teaching and learning across the institute through the inaugural Teaching and Learning Excellence Poster Showcase
- ▶ conducted a detailed analysis of the CATs (Capability Analysis Tool) surveys implemented across the Institute in 2013. Our subsequent report included recommendations for future development and action
- ▶ introduced an Achievement Awards program for teaching and support staff. Applications will be submitted for the 2015 Victorian Training awards.

In support of transformation processes and systems to optimise effective and efficient operations and use of retained assets we:

- ▶ conducted research and analysis of industry performance management practices. The resulting report will assist Institute management re implementing a performance management approach
- ▶ facilitated the Collaborative Space Project conducted at the Prahran campus. The project successfully engaged teachers, students, and the local community in utilising a shared space and provides a model for potential adoption at other campuses.



WORKFORCE AND COMPLIANCE INFORMATION

ENVIRONMENTAL PERFORMANCE

Melbourne Polytechnic has focused on effective energy management since 1990 and has a successful record in environmental performance. All new and refurbished buildings will have, as part of the planning and construction processes, environmentally sustainable outcomes. Where possible, such outcomes will also be applied to existing building stock.

In 2014 Melbourne Polytechnic:

- ▶ developed systems and processes for measuring and verification of the up and coming energy performance contract
- ▶ contracted with the Australian Packaging Covenant to make a 54% improvement in recycling of generated waste

- ▶ completed a waste stream audit to provide baseline waste data
- ▶ introduced paid carparking to improve use of public transport and participated in the "ride to work" day
- ▶ in conjunction with Yarra Valley Water installed two additional "Choose Tap" water fountains
- ▶ installed an ionized water dispenser at Fairfield to reduce the consumption of cleaning chemicals
- ▶ reduced the engine size on fleet vehicles to improve the fuel efficiency
- ▶ piloted a central office waste separation system at Preston campus.

ENERGY USE

	2013	2014
Total energy usage segmented by primary source (megajoules)	64,248,000	68,468,000
Greenhouse Gas Emissions associated with energy use, segmented by primary source and offsets (tonnes CO ₂ -e)	14,405	15,712
Percentage of electricity purchased as green power	0%	0%
Units of energy used per FTE (megajoules)	64,427	73,377
Units of energy used per unit of office area (megajoules per m ²)	375.42	386.97

WASTE PRODUCTION

	2013**			2014***		
	Organic*	Recycle	Waste	Organic*	Recycle	Waste
Total units of office waste disposed of by destination (kg per year)	N/A	372,630	833,070	N/A	54,720	876,000
Units of office waste disposed of per FTE by destination (kg per FTE)	N/A	373.67	835.40	N/A	58.64	938.86
Recycling rate (% of total waste by weight)	44%			6%		
Greenhouse Gas emissions associated with waste disposal (tonnes CO ₂ -e)	999.98			1051.20		

* Organic data not available.

** 2013 data provided by waste service provider.

*** 2014 data based on waste audit. Waste audit data provides a more accurate assessment of office waste. Since the waste audit Melbourne Polytechnic has implemented a public place recycling program which will significantly improve recycling rates.

PAPER USE

Paper data could not be obtained from Melbourne Polytechnic's previous paper supplier.

WATER CONSUMPTION

	2013	2014
Total potable water consumption (kilolitres)	86,993.00	73,009.00
Total potable water consumption per FTE (kilolitres)	87.23	78.24
Units of metered water consumed in office per unit of Office area (kilolitres per m ²)	0.50 KL/m ²	0.41KL/m ²

TRANSPORTATION

	2013			2014		
	Petrol	Diesel	LPG	Petrol	Diesel	LPG
Total energy consumption fleet vehicle (gigajoules)	1560.35	427.19	0.00	1377.81	324.44	74.69
Total vehicle travelled (km)	360372	127745	0.00	491152	121380	19580
Greenhouse Gas emissions (tonnes CO ₂ -e)	116.234	29.0	0.00	109.385	22.78	4.47
Greenhouse Gas emissions (per 1,000km)	0.11	0.02	0.00	0.10	0.02	0.00
*Total distance travelled by air (km)	N/A			N/A		
Percentage of employees using alternative modes of transport ie. public transport, walking, cycling**	N/A			N/A		

* 2013 and 2014 data for distance travelled by air is not available. A procedure has been developed to ensure that all data from 2015 is collected.

** Travel survey - Melbourne Polytechnic did not undertake travel surveys in 2013 or 2014. A survey will be undertaken in 2015.

GREENHOUSE GAS EMISSIONS

	2013	2014
Total greenhouse gas emissions associated with energy use (tonnes CO ₂ -e)	14,405	15,712
Total greenhouse gas emissions associated with fleet vehicle (tonnes CO ₂ -e)	145.23	132.16
Total greenhouse gas emissions associated with air travel (tonnes CO ₂ -e)	N/A	N/A
Total greenhouse gas emissions associated with waste production (tonnes CO ₂ -e)	999.98	1051.20
Greenhouse Gas emissions offsets purchased (tonnes CO ₂ -e)	0.00	0.00

PROCUREMENT

EXAMPLES OF HOW MELBOURNE POLYTECHNIC HAS INCORPORATED ENVIRONMENTAL CONSIDERATIONS INTO PROCUREMENT PROCESS

Environmental sustainability is an optional evaluation criteria for all tenders issued by Melbourne Polytechnic.

The following 2014 Tenders required suppliers to submit responses that address environmental sustainability considerations:

- ▶ parking management system
- ▶ mechanical services contract
- ▶ security contract
- ▶ stationary supplier contract
- ▶ print management solution.

WORKFORCE STAFFING DETAILS AND COMPLIANCE

	Ongoing Employees				Fixed Term and Casual
	Number (Headcount)	Full-time (Headcount)	Part-time (Headcount)	FTE	FTE
June 2013	853	655	198	788.45	208.76
June 2014	785	617	168	729.25	203.79

Note: Active staff in last pay period June

	June 2013			June 2014		
	Ongoing		Fixed Term and Casual	Ongoing		Fixed term and Casual
	Number (Headcount)	FTE	FTE	Number (Headcount)	FTE	FTE
Gender						
Male	395	382.00	77.50	367	352.50	73.55
Female	458	406.45	131.26	418	376.75	130.24
Age						
Under 25	11	10.60	13.43	10	10.00	10.17
25-34	100	94.80	32.22	84	80.20	31.53
35-44	172	156.50	41.04	154	140.60	31.04
45-54	278	255.90	65.81	266	245.00	70.44
55-64	262	244.10	45.50	235	220.85	51.71
Over 64	30	26.55	10.76	36	32.60	8.90
Classification						
Executives	24	23.20	0.00	24	23.60	0.00
Teaching	415	380.60	111.87	368	338.40	112.72
Non - Teaching	306	280.75	69.51	276	255.25	73.27
Higher Ed Teaching	46	43.00	17.38	55	51.80	8.09
Higher Ed Non - Teaching	18	17.80	1.00	20	19.60	0.41
Other	44	43.10	9.00	42	40.60	9.30

Note: Active staff in last pay period June

EMPLOYMENT AND CONDUCT PRINCIPLES

Melbourne Polytechnic's People and Culture policies and practices are underpinned by the public sector employment principles set out in Section 8 of the Public Administration Act 2004. Selection decisions are based on key selection criteria in position descriptions available to all applicants. Melbourne Polytechnic has a range of policies that promote fairness and equity in the workplace and are designed to discourage discrimination and harassment against staff, students and visitors.

These policies include but are not limited to:

- ▶ Institute Code of Practice
- ▶ Anti-discrimination Policy
- ▶ Employment Procedures
- ▶ Prevention of Workplace Bullying Policy and Procedures
- ▶ Sexual Harassment Policy and Procedures
- ▶ Policy and Procedures for Employee Grievances
- ▶ Selection Policy.

GENERAL STATEMENT ON INDUSTRIAL RELATIONS

Excellent relationships were maintained with all unions with coverage at Melbourne Polytechnic. The Institute has regular consultative arrangements in place with the unions to ensure issues arising are dealt with appropriately. There were no days lost to industrial action taken in 2014.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

Melbourne Polytechnic is committed so far as is practicable to providing and maintaining a working environment that is safe and without risks to health. This commitment is based on the belief that all occupational injuries/illnesses can and must be prevented.

The Occupational Health and Safety Committee met three times during the year. The Committee considered staff and student incident reports at each meeting.

During 2014, one staff member was trained as an Occupational Health and Safety Representative, one staff member received Occupational Health and Safety Representative refresher training, 117 staff received first aid training and 18 staff received CPR training.

Statistics for reported accidents and incidents are tabulated below.

Staff	
Total number employed as at the last pay in November 2014	1,494
Number of incidents reported	45
Number of Compensable Claims	8
Time lost (hours)	1,776.40

Students	
Total number of enrolments effective November 2014	43,919
Number of incidents reported	98

The Institute's WorkCover premium for 2014/15 was \$553,925.98 inclusive of GST. Melbourne Polytechnic's rating was 15.89% better than the industry average.

APPLICATION OF THE FREEDOM OF INFORMATION (FOI) ACT 1982

It is Melbourne Polytechnic policy to facilitate, subject to privacy and confidentiality provisions, access to information without recourse to the provisions of the FOI Act. The People and Culture department has responsibility for the administration of the Freedom of Information, Information Privacy and Protected Disclosure Acts.

FOI ACCESS ARRANGEMENTS

Requests for access to records must be in writing and directed to:
Freedom of Information Officer
People and Culture Department
Melbourne Polytechnic
77 St Georges Road
Preston 3072

FOI ACCESS CHARGES

Charges for access to documents were in accordance with the Freedom of Information [Access Charges] Regulations 2004. Charges covered costs incurred in conducting routine searches for documents, supervising document inspections and supplying document copies. The application fee for FOI requests was \$25.70 until 27 June 2014 and \$26.50 from 28 June 2014 onwards.

FOI ACCESS CLAIMS 2014

There was one request for access to records pursuant to the FOI Act during 2014.

COMPLIANCE WITH VICTORIAN PUBLIC SECTOR TRAVEL PRINCIPLES

Melbourne Polytechnic complies with the Victorian Public Sector Travel Principles.

COMPLIANCE WITH PROTECTED DISCLOSURE ACT 2012

The Institute supports individuals who make a protected disclosure under the Protected Disclosure Act 2012 including the protection of persons from any detrimental action by officers, employees, contractors or the Institute itself.

Melbourne Polytechnic has not been advised by the Independent Broad-based Anti-corruption Commission (IBAC) that there were any disclosures made against Melbourne Polytechnic or any of its staff in 2014.

COMPLIANCE WITH THE CARERS RECOGNITION ACT 2012

The Carers Recognition Act 2012 formally acknowledges the significant contribution that carers make to the Australian community. Melbourne Polytechnic considers the carers recognition principles as set out in the Act when developing relevant staff and student policies, procedures and provision of services. These include:

- ▶ flexible working arrangements
- ▶ part-time work opportunities
- ▶ 48/52 working arrangements
- ▶ an Employee Assistance Program.

Students with carer responsibilities or those with a disability are also supported at Melbourne Polytechnic through:

- ▶ application of special consideration arrangements
- ▶ provision of reasonable accommodations to enable participation
- ▶ provision of additional supports such as access to counselling and disability support services.

COMPLIANCE WITH THE BUILDING ACT 1993

Melbourne Polytechnic ensured that all works requiring building approval had plans certified; works in progress were inspected and occupancy permits were issued by independent building surveyors engaged on a job-by-job basis. All works were overseen by a registered building practitioner.

A register of building surveyors and the jobs they certified is maintained. Melbourne Polytechnic required all building practitioners engaged on its works to show evidence of current registration upon their engagement.

A condition of contracts between Melbourne Polytechnic and building contractors requires the maintenance of registration for the duration of the contract. All practitioners engaged by Melbourne Polytechnic maintained their registered status throughout the year.

During 2014, the following works and maintenance were undertaken to ensure conformity with the relevant standards.

Building Works	Number
Work under construction and the subject of mandatory inspections	2
Certificate of final inspection/occupancy issued	1

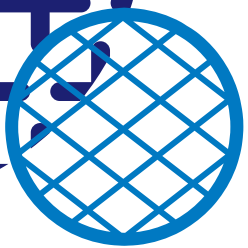
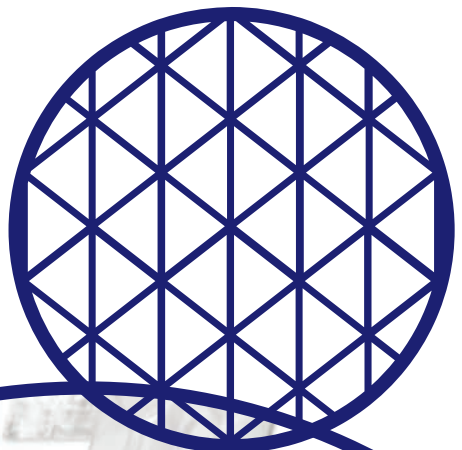
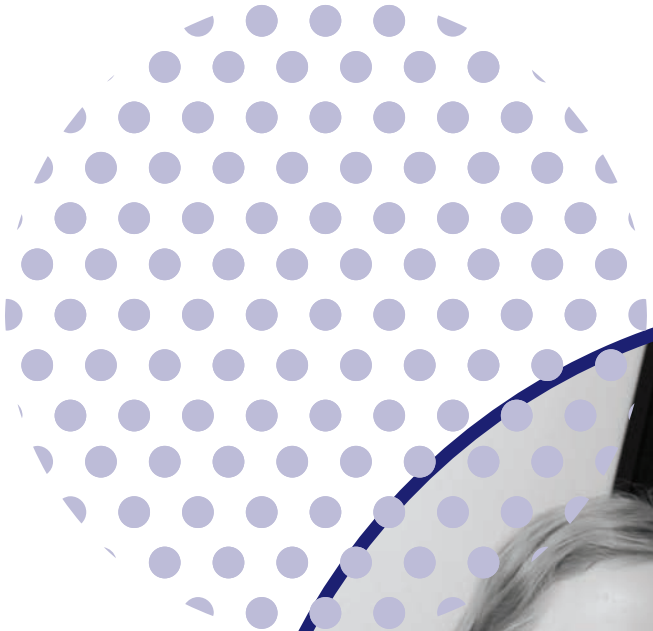
COMPLIANCE WITH THE VICTORIAN INDUSTRY PARTICIPATION POLICY ACT 2003

Melbourne Polytechnic does not have any current contracts to which VIPP applied.

COMPLIANCE WITH NATIONAL COMPETITION POLICY

Melbourne Polytechnic has developed a costing model which considers any competitive advantage that Melbourne Polytechnic may possess. This enables the Institute to comply with National Competition Policy, including:

- ▶ the government policy statement 'Competitive Neutrality: A Statement of Victorian Policy'
- ▶ the Victorian Government Timetable for the Review of Legislative Restrictions on Competition
- ▶ any subsequent reforms.



INTERNATIONAL EDUCATION

GROWTH AND ACHIEVEMENTS

International student enrolment numbers were a mixed picture compared to the previous year, for both inbound students and those enrolled in our offshore partner programs:

- ▶ we have been recognised for our high level of support for international students and programs, winning the Victorian Government award for Excellence in International Education – TAFE for 2014. We link Australian Government funding with our extensive network of international education partners to maximise the benefit of overseas tours for all our students
- ▶ we have registration for two degrees (Business and Hospitality Management) to be offered in Hong Kong from 2015, the first Melbourne Polytechnic degrees to be offered outside Australia
- ▶ offshore enrolment numbers have declined as expected in 2014 with a total of 6,284 students. Some niche discipline areas are still strong. However changes to Chinese government policy may force Melbourne Polytechnic to give up some of its successful Chinese partnerships and we are looking at options to compensate for this in China and in other countries
- ▶ the inbound market achieved 16% on-going growth in numbers of enrolments in Higher Education programs, with 320 equivalent full-time study load (EFTSL) international student enrolments over 2014. VET enrolments have remained relatively stable.

INTERNATIONAL STUDENTS STUDYING IN AUSTRALIA

During 2014, Melbourne Polytechnic successfully recruited international students from 69 nationalities, with significant numbers of inbound students coming from Pakistan, India, Vietnam, Colombia, the United Kingdom and Sri Lanka.

The spread of countries where students are successfully recruited assists in mitigating the risk associated with being over-reliant on a number of countries from which to source international students. Melbourne Polytechnic is actively seeking SVP (Streamlined Visa Processing) status, and to achieve this will mean some traditional source countries of international students will receive less marketing effort and increased admission requirements in order to achieve the higher visa grant rates required, and conversely increased efforts directed towards countries categorised as “low risk” by immigration authorities.

Despite facing severe competition from universities that gained a significant advantage due to some government policy changes, Melbourne Polytechnic managed to maintain viable numbers to sustain a variety of programs and courses.

INTERNATIONAL STUDENTS STUDYING OUTSIDE AUSTRALIA

Melbourne Polytechnic delivered programs outside Australia with 28 partner institutions. The majority of these students were studying through partner institutions in China and preceded their main study with English language training provided through Melbourne Polytechnic or other providers approved by the Institute.

Programs in Korea and Hong Kong serve several hundred students, and new programs are in the final stages of development in Malaysia. Melbourne Polytechnic continues to develop new agreements with partners seeking to have Australian programs approved by their national authorities, with a view to future recruitment.

The International Office has maintained and logged all agreements with foreign institutions to ensure that all ASQA VET Quality Framework and ISO 9001 requirements have been covered.

Melbourne Polytechnic continues to deliver staff development programs to selected academic staff at partner institutions to enhance our capacity, as well as to ensure compliance. The full implementation of the transnational education manual across all offshore partner programs ensures the quality management of programs.

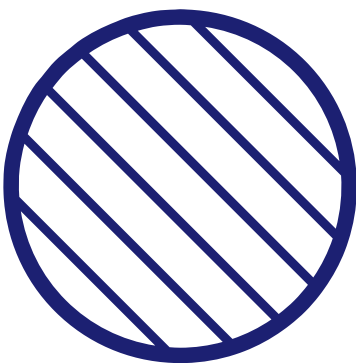


FIGURE 1 – RISK ISSUES AND STRATEGIES: ONSHORE INTERNATIONAL STUDENT PROGRAMS

Risk Issue	Strategies
<p>Implementation of amended government policy around immigration rules had adversely impacted recruitment (with emphasis on VET) from key source countries.</p>	<p>Melbourne Polytechnic closely monitored government policy changes and actively worked with support of the Victorian government to lobby the federal government to highlight issues and practices which make Australia, Victoria and Melbourne Polytechnic comparatively less attractive to international students. Melbourne Polytechnic engaged with Department of Immigration and Border Protection (DIBP) to request current country specific risk areas, and for high risk countries focused on recruitment into higher education programs.</p>
<p>Reliance on international student enrolments from source countries that are subject to stricter assessment and scrutiny by the Department of Immigration and Border Protection.</p>	<p>Melbourne Polytechnic continued to lobby government on the implementation of Streamlined Visa Processing for TAFEs and for a more transparent interpretation and application of the Genuine Temporary Entrant test.</p> <p>The Institute will continue to target countries that are less likely to be subjected to inequitable treatment in visa applications.</p> <p>Melbourne Polytechnic developed systems and maintained records to allow the source (agent, country, applicant characteristics) of visa refusals to be recorded, tracked and monitored. This resulted in stricter admission requirements and assessment for identified high risk applicants, and cancellation of authorised agent representatives identified as high risk, in line with DIBP recommendations.</p>
<p>The rise of private providers, and the growing trend of providers, both private, TAFE and University to offer ELICOS at discounted rates has reduced the ability of Melbourne Polytechnic ELICOS to act as a feeder course to VET and HE programs.</p>	<p>Melbourne Polytechnic has established articulation arrangements with numerous external ELICOS and VET providers that creates opportunity to recruit students already onshore.</p>

**FIGURE 2 – RISK ISSUES AND STRATEGIES: TRANSNATIONAL (OFFSHORE)
INTERNATIONAL STUDENT PROGRAMS**

Risk Issue	Strategies
Changes to government policy abroad impact on the ability of overseas partners to recruit into joint programs.	Melbourne Polytechnic is developing new models with vocational colleges and schools in China to take advantage of new opportunities in line with Chinese domestic policy changes
Finance:	
Decreasing margins from offshore programs due to exchange rate differentials along with increasing costs associated with service provision.	Melbourne Polytechnic reviews agreements and fees prior to each intake to ensure the financial viability of programs, while exploring new models designed to reduce the direct input of teaching and the high associated costs.
Program and project budgets that are not carefully monitored, evaluated and costed jeopardise the financial viability of international activities.	Melbourne Polytechnic continues to assign a high priority to project management, especially in relation to budgets.
Strategic Engagement:	
Entering new agreements in unexplored markets without proper due diligence.	Melbourne Polytechnic refers to best practice manuals and other sources of available support and guidance to ensure all projects are carefully and thoroughly evaluated.
Over-reliance on a narrow base of program models and countries for international activities.	Participation in trade missions and information available through government agencies are means by which new opportunities can be identified.
Staffing:	
International security issues can severely impact on the ability to send teaching staff offshore and marketing staff to key source countries for inbound students.	The Institute maintains good working relationships with existing partners to ensure that short term disruptions to travel arrangements can be handled by re-scheduling the teaching provided by Melbourne Polytechnic and partner institutions. Melbourne Polytechnic also reviews DFAT travel warnings as standard practice for all travel.
High growth levels in transnational operations can be limited by the availability of suitably qualified staff.	Staffing capability is strong with numerous avenues to secure quality staff for existing programs.
Quality Assurance:	
Failure to implement or complacency in the application of established and tested QA procedures can result in a loss of reputation and damage to the Melbourne Polytechnic brand.	Melbourne Polytechnic maintains ISO 9001 accreditation of all operations. Requirements of the ASQA VET Quality Framework are integrated into our ISO framework and centralised compliance system and monitored through regular audits.
Increased scrutiny, compliance costs and pressures from the regulators where nationally recognised qualifications are delivered offshore, combined with a lack of consideration of offshore programs in review of Training Packages.	Melbourne Polytechnic is engaged in networks and actively contributes to the discussion on appropriate requirements for quality assurance of transnational delivery to ensure that inappropriate propositions are actively debated.

INTERNATIONAL CONSULTANCY

The International Office provides a consultancy and advisory service to senior management and Melbourne Polytechnic faculties on all international activities. This includes hosting delegations, briefing senior staff involved in approved visits and identifying opportunities for further development. Over the past year, Melbourne Polytechnic has implemented policies and a graduated scale of prices for hosting delegations. This has been accompanied by an increase in visits by delegations and full cost recovery.

The International Office has advised and assisted in the development of articulation agreements aimed at improved pathways for international students studying in Melbourne. This is an on-going task which we would like to see progress more quickly.

Opportunities for specialised consulting and training in our areas of specialist expertise are actively pursued in close cooperation with the appropriate faculty.

PERFORMANCE MEASURES, TARGETS AND OUTCOMES

FINANCE

All Melbourne Polytechnic international activities are required to cover costs and make a reasonable return in their own right. No international activity is supported on the basis of 'loss leading' or support of another activity. Each category of activity has its own budget which is carefully monitored. All categories cover costs and return a margin in line with Institute requirements.

QUALITY

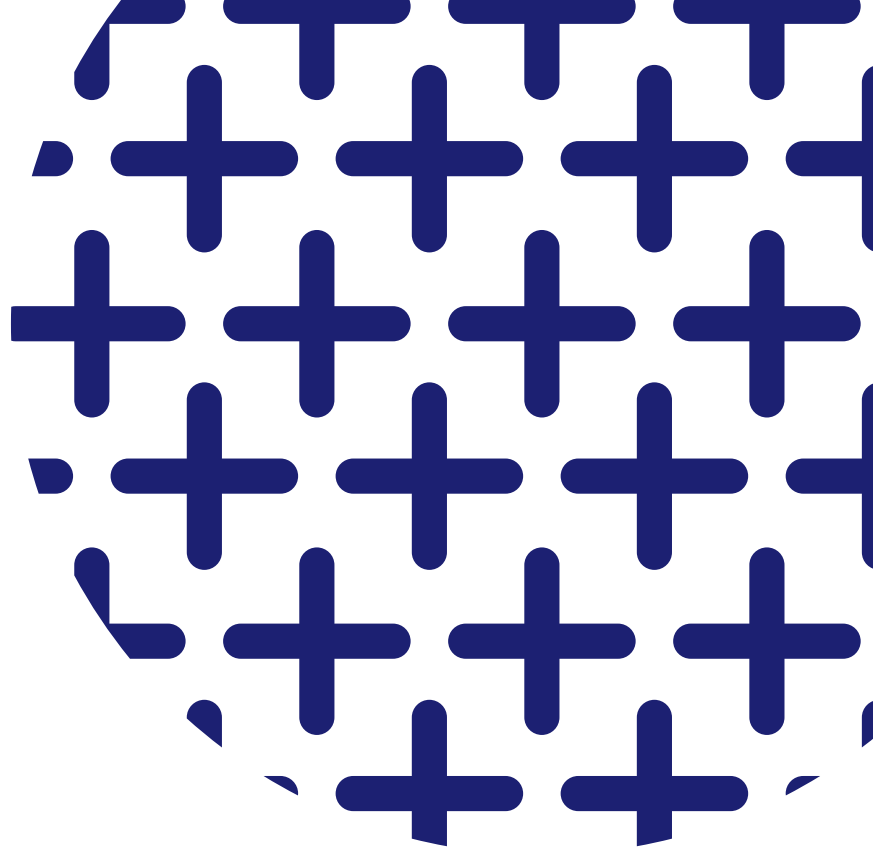
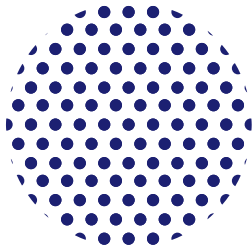
All international Melbourne Polytechnic activities which lead to an award are required to produce educational outcomes comparable to those achieved in Melbourne while taking account of the context of delivery.

Comparability of outcomes is monitored through our quality assurance program. Professional development activities were conducted in China and Australia for key personnel in offshore partnerships to improve compliance with ASQA VET Quality Framework requirements and enhance the quality of course delivery. A regular audit program is in place.

Melbourne Polytechnic international graduates who choose to articulate to higher education have a high success rate in gaining entry to further study and achieve outstanding success.

REPUTATION

Melbourne Polytechnic has an established reputation and is a highly regarded Institute that operates ethically and responsibly in the international education environment. Through our continued high level involvement in professional activity in the field and the regular stream of international institutions actively seeking partnerships with Melbourne Polytechnic we enhance our reputation and contribute to the wider Australian education sector. Melbourne Polytechnic continues to actively engage with Victorian TAFE International as the lead professional development body in the field.



MELBOURNE POLYTECHNIC
(FORMERLY KNOWN AS NORTHERN
MELBOURNE INSTITUTE OF TAFE)
2014 FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the board members, Melbourne Polytechnic

The Financial Report

The accompanying financial report for the year ended 31 December 2014 of Melbourne Polytechnic which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by the board chair, chief executive officer and chief finance officer has been audited.

The board members' responsibility for the Financial Report

The board members of Melbourne Polytechnic are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditing in the Public Interest

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Melbourne Polytechnic as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modification to the opinion expressed above, attention is drawn to the following matter. For the financial year ended 31 December 2014, Melbourne Polytechnic recognised a net loss from continuing operations of \$20.5 million and a negative net cash outflow from operating activities of \$6.9 million. As indicated in Note 1.02 in the financial report, Melbourne Polytechnic has or intends to implement a number of initiatives to monitor and improve its cash flows from operations. In addition, Melbourne Polytechnic can access a further \$13 million from its existing loan facility with the Department of Education and Training to support its cash flows from operations. This loan facility can be drawn upon as required but must be repaid by 30 June 2017.

These conditions, along with other matters as set forth in Note 1.02, indicate the existence of a material uncertainty that may cast significant doubt about Melbourne Polytechnic's ability to continue as a going concern, and therefore, Melbourne Polytechnic may be unable to realise its assets and discharge its liabilities in the normal course of business.



MELBOURNE
28 April 2015

John Doyle
Auditor-General

DECLARATION

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER, 2014

DECLARATION BY THE BOARD CHAIR CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

We certify that the attached financial statements for Melbourne Polytechnic has been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2014 and financial position of the Institute as at 31 December 2014.

At the date of signing this financial report, we are not aware of any circumstance that would render any particulars included in the financial report to be misleading or inaccurate. There are reasonable grounds to believe that the Institute will be able to pay its debts as and when they became due and payable.

The Board Chair, Chief Executive Officer and Chief Finance Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Melbourne Polytechnic.



Board Chair
John Gibbins
Date: 24/4/2015
Place: Preston, Victoria



Acting Chief Executive Officer
Frances Coppolillo
Date: 24/4/2015
Place: Preston, Victoria



Chief Finance Officer
Pandora Reddy
Date: 24/4/2015
Place: Preston, Victoria

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Continuing operations			
Income from transactions			
Government contributions - operating	2(a)(i)	48,008	41,579
Government contributions - capital	2(a)(ii)	-	3,214
Sale of goods and services	2(b)	70,067	64,579
Interest	2(c)	174	1,212
Other income	2(d)	3,264	2,395
Total income from transactions		121,513	112,979
Expenses from transactions			
Employee expenses	3(a)	93,227	97,659
Depreciation and amortisation	3(b)	6,481	6,499
Grants and subsidies apprentices and trainees	3(c)	5	44
Supplies and services	3(d)	18,895	18,530
Other operating expenses	3(e)	22,101	21,479
Total expenses from transactions		140,709	144,211
Net result from transactions (net operating balance)		(19,196)	(31,232)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	(1,097)	(412)
Other gains/(losses) from other economic flows	4(b)	(247)	(46)
Total other economic flows included in net result		(1,344)	(458)
Net result from continuing operations		(20,540)	(31,690)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	14	15,689	(13,866)
Total other economic flows - Other comprehensive income		15,689	(13,866)
Comprehensive result		(4,851)	(45,556)

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

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Assets			
Financial assets			
Cash and deposits	15(a)	12,256	17,560
Receivables	5	4,862	5,974
Total financial assets		17,118	23,534
Non-financial assets			
Inventories	6	183	1,088
Non-financial assets classified as held-for-sale	7(a)	1,075	10,600
Property, plant and equipment	8	285,366	265,225
Biological assets	9	2,153	2,987
Other non-financial assets	10	1,397	1,329
Total non-financial assets		290,174	281,229
Total assets		307,292	304,763
Liabilities			
Payables	11	15,901	9,728
Provisions	12	15,395	17,188
Borrowings	13	3,000	-
Total liabilities		34,296	26,916
Net assets		272,996	277,847
Equity			
Accumulated surplus/(deficit)		46,401	66,941
Physical asset revaluation surplus	14	194,914	179,225
Contributed capital		31,681	31,681
Net worth		272,996	277,847
Commitments for expenditure	16	4,439	4,633
Contingent assets and contingent liabilities	17	-	13

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 2014

	Note	Physical asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000
At 1 January 2013		193,091	98,686	31,681	323,458
Net result for the year		-	(31,690)	-	(31,690)
Adjustment due to change in accounting policy		-	(55)	-	(55)
Other comprehensive income for the year		(13,866)	-	-	(13,866)
Year ended 31 December 2013	14	179,225	66,941	31,681	277,847
Net result for the year		-	(20,540)	-	(20,540)
Other comprehensive income for the year		15,689	-	-	15,689
Transfer to accumulated surplus		-	-	-	-
Year ended 31 December 2014	14	194,914	46,401	31,681	272,996

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 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts			
Government contributions - operating (including Government FFS)	2(a)(i)	70,854	60,031
Government contributions - capital	2(a)(ii)	-	3,214
User fees and charges received		57,694	57,064
Interest received		165	1,426
Other receipts		48	233
Total receipts		128,761	121,968
Payments			
Payments to suppliers and employees		(132,694)	(142,523)
Goods and services tax paid to the ATO		(2,702)	(2,412)
Other payments		(299)	(297)
Total payments		(135,695)	(145,232)
Net cash flows from/(used in) operating activities	15(c)	(6,934)	(23,264)
Cash flows from investing activities			
Purchases of non-financial assets		(1,520)	(6,876)
Proceeds from sales of non-financial assets		160	146
Payments for biological assets		(10)	(42)
Net cash provided by/(used in) investing activities		(1,370)	(6,772)
Cash flows from financing activities			
Proceeds from borrowings	15(b)	3,000	-
Net cash flows from/(used in) financing activities		3,000	-
Net increase/(decrease) in cash and cash equivalents		(5,304)	(30,036)
Cash and cash equivalents at the beginning of the financial year		17,560	47,596
Cash and cash equivalents at the end of the financial year	15(a)	12,256	17,560

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

NOTES CONTENT

Note	Accompanying Note
1	Summary of significant accounting policies
2	Income from transactions
3	Expenses from transactions
4	Other economic flows included in net result
5	Receivables
6	Inventories
7	Non-financial physical assets classified as held for sale
8	Property, plant and equipment
9	Biological assets
10	Other non-financial assets
11	Payables
12	Provisions
13	Borrowings
14	Reserves
15	Cash flow information
16	Commitments for expenditure
17	Contingent assets and contingent liabilities
18	Leases
19	Superannuation
20	Financial instruments
21	Responsible persons and executive officers
22	Related parties
23	Ex-gratia expenses
24	Remuneration of auditors
25	Subsequent events
26	Economic dependency
27	Institute details

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Melbourne Polytechnic for the year ended 31 December 2014.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2014 and the comparative information presented for the year ended 31 December 2013.

The following is a summary of the material accounting policies adopted by the Institute in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

1.01 STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 Whole of Government and General Government Sector Financial Reporting.

For the purposes of preparing financial statements, the 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.

1.02 BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

Going Concern

The financial report of Melbourne Polytechnic has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year Melbourne Polytechnic incurred a comprehensive result of \$4.8m loss (2013 - \$45.6m loss) and at 31 December 2014 total liabilities of \$34.3m (2013 - \$26.9m) exceeded total financial assets of \$17.1m (2013 - \$23.5m).

At the commencement of 2014, Melbourne Polytechnic launched its transformation plan in response to the substantial operating loss incurred in 2013 as a result of a reduction in funding previously received from the government. At the end of 2013 Melbourne Polytechnic commenced serious realignment of its organisational resources which continued into the 2014 financial year. Further,

through its development of various strategic initiatives Melbourne Polytechnic was able to obtain government support by successfully securing a one off grant via the TAFE Structural Adjustment Funding to the value of \$19m. As at 31 December, 2014 only \$8.8m of the grant had been received and accounted for in the 2014 Comprehensive Result. This funding has provided and will continue to provide Melbourne Polytechnic with the ability to support its transformational projects with a focus to move towards financial sustainability and asset self-sufficiency. The remaining \$10.2m of the grant is expected to be received prior to 30 June, 2015. The TAFE Structural Adjustment Funding has allowed the Board to support management in the following initiatives anticipated to lead to a turnaround in the financial position of Melbourne Polytechnic:

- ▶ the rebranding project which saw the Institute's name change from Northern Melbourne Institute of TAFE (NMIT) to Melbourne Polytechnic;
- ▶ an alignment of organisational resources required for right sizing the overall business as a result of reduced income;
- ▶ a review and focus on governance matters of the business;
- ▶ review and development of various system and process enhancements focused on increased efficiency and productivity;
- ▶ an alignment of courses and programs that focuses on maintaining quality training whilst ensuring viability and profitability of all products;
- ▶ a decision to expand current operations to Prahran; and
- ▶ a focus on customer experience, conversion and retention through the development of electronic learning tools and external collaboration.

Declined cash balances at the end of 2013 resulted in a detailed analysis and forecasting of cash flows. Strict emphasis was placed on cash flow monitoring throughout 2014. Consequently, the \$16 million interest-free bridging loan facility provided by Higher Education and Skills Group in May 2014 was not fully drawn upon in 2014 (\$3m received in 2014). The Department is committed to supporting the existing loan agreement in 2015, leaving undrawn funds at 31 December, 2014 of \$13m.

In February 2015 Melbourne Polytechnic was successful in securing a further \$4 million in government funding to support the Victorian government's positive agenda to rebuild and grow TAFE institutes in Victoria. This non-repayable grant is expected to be received prior to 30th April, 2015.

To ensure ongoing viability and that the recovery plan remains on track, Melbourne Polytechnic is committed to the following:

- ▶ exploring avenues for increasing its operational revenues, particularly a focus on fee for service revenue growth opportunities;
- ▶ ongoing analysis of current operations to be able to achieve cost effectiveness and organisational efficiencies where possible;
- ▶ continued expansion of activities at the Prahran campus. Due to the late commencement of operations in 2014, Melbourne Polytechnic was unable to achieve initial forecasts. Enrolment activity will be monitored; and

- ▶ a stronger commercial model for the Institute that focuses on return on investment and profitability.

There is a continued material uncertainty regarding Melbourne Polytechnic's ability to continue as a going concern as outlined in this note. However, based on the progress of ongoing efforts to date, and the continued support from State Government, it is expected that Melbourne Polytechnic will be able to generate sufficient revenues to ensure its continued viability. Given all of the above, the Board consider that the going concern basis of preparation of these financial statements is appropriate.

Other matters

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.

These financial statements are presented in Australian dollars, the functional and presentation currency of Melbourne Polytechnic, and have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

- ▶ non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value
- ▶ the fair value of an asset other than land is generally based on its depreciated replacement value
- ▶ available-for-sale investments which are measured at fair value with movements reflected in 'other economic flows - other comprehensive income'.

Critical accounting judgement and key sources of estimation uncertainty

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. 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.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- ▶ the fair value of land, buildings, infrastructure, plant and equipment
- ▶ superannuation expense
- ▶ actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

Fair value measurement

Consistent with AASB 13 Fair Value Measurement, Melbourne Polytechnic determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, biological assets and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ 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
- ▶ Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Melbourne Polytechnic has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Melbourne Polytechnic determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

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

Melbourne Polytechnic, in conjunction with VGV monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Fair value assessments have been performed at 31 December 2014 for Melbourne Polytechnic's land and buildings by applying the Value- General land and building indexation factors for the calendar year 1 January 2014 to 31 December 2014. The assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required.

1.03 REPORTING ENTITY

The financial statements cover Melbourne Polytechnic as an individual reporting entity. The Institute is a statutory body corporate, established pursuant to an act made by the Victorian Government under the Education and Training Reform Act 2006.

Its principal address is:

77 St Georges Road
Preston
Victoria 3072

The financial statements include all the controlled activities of the entity.

1.04 BASIS OF CONSOLIDATION

The financial statements include all the activities of Melbourne Polytechnic.

Melbourne Polytechnic controlled one entity during the 2014 year, NMIT International Ltd. NMIT International Ltd has remained dormant and has never traded since its inception, therefore consolidation into Melbourne Polytechnic financial statements has not occurred. NMIT International was formally de-registered on 5 August 2014.

Melbourne Polytechnic had no other controlled entities as at 31 December 2014.

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Melbourne Polytechnic.

1.05 EVENTS AFTER REPORTING DATE

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

1.06 GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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.

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 flow.

Commitments and contingent assets or liabilities are presented on a gross basis.

1.07 INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the Institute's major activities as follows:

Government contributions

Government contributions are recognised as revenue in the period when Melbourne Polytechnic gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current period.

Sale of goods and services

(i) Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage of services provided. Where student fees and charges revenue has been clearly received in respect of courses or programs to be delivered in the following year, any non-refundable portion of the fees is treated as revenue in the year of receipt and the balance as Revenue in Advance.

(ii) Fee-for-Service

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

(iii) Revenue from sale of goods

Revenue from sale of goods is recognised by Melbourne Polytechnic when:

- (a) the significant risks and rewards of ownership of the goods have transferred to the buyer
- (b) the Institute retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- (c) the amount of revenue can be reliably measured
- (d) it is probable that the economic benefits associated with the transaction will flow to Melbourne Polytechnic
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

Other income

Rental income

Rental income is recognised on a time proportional basis and is brought to account when Melbourne Polytechnic's right to receive the rental is established.

Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

1.08 EXPENSES FROM TRANSACTIONS

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

Employee benefits

Expenses for employee benefits are recognised when incurred, except for contributions in respect of defined benefit plans.

Retirement benefit obligations

(i) Defined contribution plan

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

(ii) Defined benefit plans

The amount charged to the statement of comprehensive income in respect of superannuation represents the contributions made by Melbourne Polytechnic to the superannuation plan in respect of current services of current Institute staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Melbourne Polytechnic does not recognise any deferred liability in respect of the plan(s) because the Institute has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as and when they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its finance report.

Depreciation and amortisation

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation 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. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Depreciation methods and rates used for each class of depreciable assets are:

Class of asset	Method	Rate(s)
Buildings	Straight Line	2% to 4%
Plant and equipment	Straight Line	5% to 20%
Motor vehicles	Straight Line	8% to 20%
Library collections	Straight Line	20%
Major components - buildings	Straight Line	5% to 10%

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis.

Interest expense

Interest expense is recognised in the period in which it is incurred.

Interest expense includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

The government advance is interest free.

Grants and other transfers

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable.

Fair value of assets and services provided free of charge or for nominal consideration

Resources provided free of charge or for nominal consideration are recognised at their fair value when Melbourne Polytechnic obtains control over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

1.09 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

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

Disposal of non-financial 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.

Gain/(loss) arising from fair value changes of biological assets

Biological assets are measured at fair value, and the resultant gain/(loss) is reported as an other economic flow.

Impairment of non-financial assets

Assets are assessed annually for indications of impairment (i.e. as to whether their carrying value exceeds their recoverable amount and so require write downs), except for:

- ▶ inventories;
- ▶ financial assets
- ▶ certain biological assets related to agricultural activity
- ▶ non-current assets held-for-sale.

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 statement of comprehensive income, except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash flows 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. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

Impairment of financial assets

Financial assets have been assessed for impairment in accordance with Australian Accounting Standards.

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as 'other economic flows'.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

1.10 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 non-derivative financial instruments:

Loans and receivables

Loans and receivables 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, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1.11), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

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

Financial instrument liabilities measured at amortised cost include all of Melbourne Polytechnic's contractual payables and advances received other than those designated at fair value through profit or loss.

1.11 FINANCIAL ASSETS

Cash and deposits

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

Receivables

Receivables consist of:

- ▶ statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable
- ▶ contractual receivables, which include debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Investments and other financial assets

Investments are classified in the following categories:

- ▶ financial assets at fair value through profit or loss
- ▶ loans and receivables
- ▶ held to maturity investments
- ▶ available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- ▶ the rights to receive cash flows from the asset have expired
- ▶ Melbourne Polytechnic retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement
- ▶ Melbourne Polytechnic has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Melbourne Polytechnic has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Melbourne Polytechnic's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period, Melbourne Polytechnic assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more

than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

1.12 LEASES

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Operating leases

Melbourne Polytechnic as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

Melbourne Polytechnic as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

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

1.13 NON-FINANCIAL ASSETS

Inventories

Inventories include goods and other property held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations. It includes land held-for-sale and excludes depreciable assets.

Inventories held-for-distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost, includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to a land held for sale (undeveloped, under development, developed) and to other high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

The basis used in assessing loss of service potential for inventories held-for-distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Non-financial physical assets classified as held-for-sale, including disposal group assets

Non-financial physical assets (including disposal group assets) are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

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

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

Property, plant and equipment

All non-financial physical assets, 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 initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each

determined at the inception of the lease.

Non-financial physical assets such as national parks, other Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

The fair value of cultural assets and collections, heritage assets and other non-financial physical assets that the State intends to preserve because of their unique historical, cultural or environmental attributes, is measured at the replacement cost of the asset less, where applicable, accumulated depreciation (calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset) and any accumulated impairment. These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for-profit entity, the fair value may be derived from estimates of the present value of future cash flows. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

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.

For the accounting policy on impairment of non-financial physical assets, refer to Note 1.09 on Impairment of non-financial assets.

Library collections

Library collections are measured at cost less accumulated depreciation.

Leasehold improvements

The cost of a leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

Restrictive nature of cultural and heritage assets, Crown land and infrastructures

Certain agencies hold cultural assets, heritage assets, Crown land and infrastructure, which are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. Consequently, there are certain limitations and restrictions imposed on their use and/or disposal.

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 Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used

to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Revaluation increases are credited directly to equity in the revaluation reserve, except to the extent that an increase reverses a revaluation decrease in respect of that class of property, plant and equipment, previously recognised as an expense (other economic flows) in the net result, the increase is recognised as income (other economic flows) in determining the net result.

Revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of property, plant and equipment, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Biological Assets

Bloodstock horses

Bloodstock horses used for breeding purposes are measured at fair value based on an independent valuation undertaken as at 31 December 2014.

Vineyard

Land under vine is measured at fair value and stated at valuations conducted at 31 December 2012 by the Valuer-General Victoria; and assessed against indexation movements for subsequent years.

Vines are measured at fair value.

An increase or decrease in the fair value of these biological assets is recognised in the consolidated comprehensive operating statement as other economic flow.

Prepayments

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.

1.14 LIABILITIES

Payables

Payables consist of:

- ▶ contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to Melbourne Polytechnic prior to the end of the financial year that are unpaid, and arise when the Melbourne Polytechnic becomes obliged to make future payments in respect of the purchase of those goods and services
- ▶ statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not

included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Provisions

Provisions are recognised when Melbourne Polytechnic 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.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, and annual leave

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

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- ▶ undiscounted value - if the Institute expects to wholly settle within 12 months
- ▶ present value - if the Institute does not expect to wholly settle within 12 months.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where Melbourne Polytechnic does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

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

Discount and wage inflation rates advised by the Minister of Finance (Department of Treasury) have been applied in the calculation of long service leave provisions.

Conditional LSL is disclosed a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for termination of employment. The 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 falling due more than 12 months after balance sheet date are discounted to present value.

Employee benefits on-costs

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

Performance Payments

Performance payments for Melbourne Polytechnic's Executive Officers are based on a percentage of the annual salary package provided under the contract of employment. Generally, a liability is provided for under the term of the contracts at reporting date and paid out in the next financial year. There are no performance payments provided for in these financials for the period ending 31 December 2014 (2013 - nil).

Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition is 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.

The classification depends on the nature and purpose of the borrowing. Melbourne Polytechnic determines the classification of its borrowing at initial recognition.

1.15 COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

1.16 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 17) and, if quantifiable, are measured at nominal value.

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

1.17 EQUITY

Contributed capital

Funding that are 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. Commonwealth capital funds are not affected and are treated as income.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distribution to owners.

1.18 FOREIGN CURRENCY TRANSLATIONS

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. Melbourne Polytechnic's financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign currency translation differences are recognised in other economic flows and accumulated in a separate component of equity, in the period in which they arise.

1.19 MATERIALITY

In accordance with Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Error, when an Australian Accounting Standard specifically applies to a transaction, other event or condition, the accounting policies applied to that item shall be determined by applying the Standard, unless the effect of applying them is immaterial.

Accounting policies will be considered material if their omission or misstatement could, either individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

1.20 ROUNDING OF AMOUNTS

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

1.21 COMPARATIVE INFORMATION

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.22 CHANGE IN ACCOUNTING POLICY

Subsequent to the 2013 reporting period, there has been no change in accounting policy for the financial year ended 31 December 2014.

1.23 NEW AND REVISED AASBS IN ISSUE BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2014 reporting period.

As at 31 December 2014 the following standards and interpretations had been issued but were not mandatory for financial year ending 31 December 2014. Melbourne Polytechnic has not, and does not intend to, adopt these standards early.

Standard/Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2017	The preliminary assessment has identified that the financial impact of available-for-sale assets will now be reported through other comprehensive income and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2014 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2014 reporting period and is considered to have insignificant impacts on public sector reporting.

- ▶ AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- ▶ AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- ▶ 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements.
- ▶ 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.
- ▶ 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting.
- ▶ 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- ▶ 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements
- ▶ 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders
- ▶ 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments
- ▶ AASB Interpretation 21 Levies.

NOTE 2

INCOME FROM TRANSACTIONS

	2014	2013
	\$'000	\$'000
2 Income from transactions		
(a) Grants and other transfers (other than contributions by owners)		
(i) Government contributions - operating		
State government - contestable	34,354	38,791
Other contributions by State Government	13,654	2,788
Total government contributions - operating	48,008	41,579
(ii) Government contributions - capital		
Commonwealth capital	-	853
State capital	-	2,361
Total government contributions - capital	-	3,214
Total government contributions	48,008	44,793
(b) Sales of goods and services		
Student fees and charges	16,505	13,915
Rendering of services		
Fee for service - Government	21,085	18,452
Fee for service - International operations - onshore	5,335	7,168
Fee for service - International operations - offshore	4,870	5,795
Fee for service - other	19,917	16,813
Total rendering of services	51,207	48,228
Other non-course fees and charges		
Sale of goods	2,355	2,436
Total other fees and charges	2,355	2,436
Total revenue from sale of goods and services	70,067	64,579
(c) Interest		
Interest from financial assets not at fair value through P/L:		
Interest on bank deposits	174	1,212
Total interest from financial assets not at fair value through P/L	174	1,212
Net interest income	174	1,212
(d) Other income		
Rental income:		
Rent	760	92
Total rental income	760	92
Accommodation income	1,452	1,394
Donations, bequests and contributions	118	233
Childcare income	68	72
Other revenue	866	604
Total other income	3,264	2,395

NOTE 3

EXPENSES FROM TRANSACTIONS

	2014	2013
3 Expenses from transactions	\$'000	\$'000
(a) Employee expenses		
Salaries, wages, overtime and allowances	78,886	83,081
Superannuation	6,894	7,183
Payroll tax	4,061	4,307
Long service leave	(1,399)	212
Annual leave	(394)	(91)
Termination benefits	4,422	1,994
Other	757	973
Total employee expenses	93,227	97,659
(b) Depreciation and amortisation		
Depreciation of non-current assets		
Buildings	3,769	3,915
Plant and equipment	2,006	2,055
Motor vehicles	303	341
Library collections	163	164
Total depreciation	6,241	6,475
Amortisation of non-current physical and intangible assets		
Leasehold improvements	240	24
Total amortisation	240	24
Total depreciation and amortisation	6,481	6,499
(c) Grants and other transfers (other than contributions by owners)		
Grants and subsidies apprentices and trainees	5	44
Total grants and other transfers	5	44
(d) Supplies and services		
Purchase of supplies and consumables	4,048	4,543
Communication expenses	768	864
Contract and other services	4,571	3,742
Cost of goods sold/distributed (ancillary trading)	3,354	3,214
Building repairs and maintenance	2,433	1,824
Fees and charges	3,721	4,343
Total supplies and services	18,895	18,530
(e) Other operating expenses		
General expenses		
Marketing and promotional expenses	2,424	2,153
Audit fees and services	100	130
Staff development	164	933
Travel and motor vehicle expenses	1,225	1,389
Consortium disbursements	7,321	6,993
Utilities	2,340	2,132
Foreign currency translation losses	40	23
Other expenses	5,322	4,618
Total other expenses	18,936	18,371
Operating lease rental expenses:		
Lease payments	2,084	1,101
Total operating lease rental expenses	2,084	1,101
Subtotal	21,020	19,472
Equipment below capitalisation threshold	1,081	2,007
Total other operating expenses	22,101	21,479

NOTE 4

OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2014	2013
	\$'000	\$'000
4 Other economic flows included in net result		
(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)		
Impairment of biological assets	(1,155)	(351)
Net gain/(loss) on disposal of property plant and equipment	58	(61)
Total net gain/(loss) on non-financial assets	(1,097)	(412)
(b) Other gains/(losses) from other economic flows		
Bad debts	(247)	(46)
Total other gains/(losses) from other economic flows	(247)	(46)

NOTE 5

RECEIVABLES

	2014	2013
	\$'000	\$'000
5 Receivables		
Current receivables		
Contractual		
Sale of goods and services ¹	2,065	2,764
Provision for doubtful contractual receivables (See also Note 5(a) below)	(273)	(54)
Revenue receivable	3,021	3,230
Total contractual	4,813	5,940
Statutory		
Amounts owing from Victorian government	49	34
Total statutory	49	34
Total current receivables	4,862	5,974
Total receivables	4,862	5,974

1. The average credit period on sales of goods is 30 days. No interest is charged on overdue accounts. A provision has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

The \$272,964 reduction was recognised in the operating result for the current financial year.

	2014	2013
	\$'000	\$'000
(a) Movement in the provision for doubtful contractual receivables		
Balance at beginning of the year	54	60
Reversal of unused provision recognised in the net result	(54)	-
Increase in provision recognised in the net result	285	(6)
Reversal of provision of receivables written off during the year as uncollectible	(12)	-
Balance at end of the year	273	54

(b) Ageing analysis of contractual receivables

Refer to Note 20(ii) for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from contractual receivables

Refer to Note 20(ii) for the nature and extent of credit risk arising from contractual receivables.

NOTE 6 INVENTORIES

	2014	2013
6 Inventories	\$'000	\$'000
Current		
Supplies and consumables – at cost:		
Print room supplies	13	7
Hairdressing and beauty products	37	44
Hospitality supplies	36	32
Inventories held-for-sale – at cost:		
Nursery	32	31
Wine	-	899
Bookshop	65	75
Total current inventories	183	1,088

NOTE 7 NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE

	2014	2013
7 Non-financial physical assets classified as held for sale	\$'000	\$'000
(a) Non-current assets:		
Freehold land held-for-sale (i)	945	9,199
Buildings	130	1,401
Total non-financial physical assets classified as held for sale	1,075	10,600

(b) Fair value measurement of non-financial physical assets held for sale	Carrying amount as at 31 Dec 2014 \$'000	Fair value hierarchy	
		Level 2	Level 3
		Observable Price Inputs \$'000	Un-observable Inputs \$'000
The following table provides the fair value measurement hierarchy of the Institute's non-financial physical assets held for sale.			
Freehold land held for sale	945	-	945
Buildings	130	-	130
Total		-	1,075

(i) Melbourne Polytechnic deemed two properties for sale as at 31 December 2014.

91 St Georges Road is currently vacant, awaiting re-zoning and will be put to public auction upon finalisation of re-zoning. Therefore, no buyer exists. Disposal is expected to take place in late 2015.

Bedford Street is currently leased as residential property; awaiting re-zoning and will be put to public auction upon finalisation of re-zoning. Therefore, no buyer exists. Disposal is expected to take place in mid to late 2015.

Freehold land held for sale is reported at the lower of carrying amount or fair value less costs to sell. Refer to Note 8 (Property, plant and equipment) for the valuation technique applied to non-specialised land.

NOTE 8

PROPERTY, PLANT AND EQUIPMENT

	Land at fair value ¹	Buildings	Assets under construction	Plant and equipment	Motor Vehicles	Leasehold Improvements	Library	Total
(a) Property, plant and equipment	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2013								
Cost	-	2,106	14,810	-	-	-	-	16,916
Valuation	90,004	173,992	-	22,031	2,703	479	4,570	293,779
Accumulated depreciation	-	(1,112)	-	(14,455)	(1,583)	(215)	(4,147)	(21,512)
Net book amount	90,004	174,986	14,810	7,576	1,120	264	423	289,183
Year ended 31 December 2013								
Opening net book amount	90,004	174,986	14,810	7,576	1,120	264	423	289,183
Additions	-	5,234	160	918	390	-	174	6,876
Disposals	-	(10)	-	(33)	(163)	-	-	(206)
Adjustments due to reclassification ²	424	(14,290)	-	-	-	-	-	(13,866)
Transfer to assets classified as held-for-sale ²	(9,199)	(1,401)	-	-	-	-	-	(10,600)
Depreciation ³	-	(3,915)	-	(2,055)	(341)	(24)	(164)	(6,499)
Transfer into/(out of) assets under construction	-	14,412	(14,412)	337	-	-	-	337
Closing net book amount	81,229	175,016	558	6,743	1,006	240	433	265,225
At 31 December 2013								
Cost	-	21,728	558	-	-	-	-	22,286
Valuation	81,229	157,981	-	22,847	2,790	479	4,744	270,070
Accumulated depreciation	-	(4,693)	-	(16,104)	(1,784)	(239)	(4,311)	(27,131)
Net book amount	81,229	175,016	558	6,743	1,006	240	433	265,225
Year ended 31 December 2014								
Opening net book amount	81,229	175,016	558	6,743	1,006	240	433	265,225
Additions	-	566	-	751	159	-	75	1,551
Disposals	-	-	-	(2)	(141)	-	-	(143)
Adjustments due to reclassification ²	1,272	14,602	-	-	-	-	-	15,874
Transfer to assets classified as held-for-sale ²	8,044	1,296	-	-	-	-	-	9,340
Depreciation ³	-	(3,769)	-	(2,006)	(303)	(240)	(163)	(6,481)
Transfer into/(out of) assets under construction	-	558	(558)	-	-	-	-	-
Closing net book amount	90,545	188,269	-	5,486	721	-	345	285,366
At 31 December 2014								
Cost	-	-	-	23,464	2,539	479	4,819	31,301
Valuation	90,545	196,725	-	-	-	-	-	287,270
Accumulated depreciation	-	(8,456)	-	(17,978)	(1,818)	(479)	(4,474)	(33,205)
Net book value at the end of the financial year	90,545	188,269	-	5,486	721	-	345	285,366

1. Fair value assessments have been performed at 31 December 2014 for Melbourne Polytechnic's land and buildings by applying the Valuer-General land and building indexation factors for the calendar year 1 January 2014 to 31 December 2014. The assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation of all campuses was not required. The next formal valuation of land and buildings will be required in 2017.
2. In 2014, the Greensborough campus has been transferred from held-for-sale assets to property, plant and equipment. This reclassification resulted in a need to re-determine the fair value of the Greensborough campus in accordance with accounting standards.
3. The useful lives of assets as stated in Note 1 are used in the calculation of depreciation as shown in Note 3(b).

Restricted assets

The Institute holds \$37,290,000 worth of properties listed as heritage assets. These heritage assets cannot be modified or disposed of without Ministerial approval.

	Carrying amount as at 31 Dec 2014	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted Prices	Observable Price Inputs	Un-observable Inputs
(b) Fair value measurement hierarchy for assets as at 31 December 2014	\$'000	\$'000	\$'000	\$'000
Land at fair value:				
Non specialised land	-	-	-	-
Specialised land	90,545	-	-	90,545
Total of land at fair value	90,545	-	-	90,545
Buildings at fair value:				
Non specialised buildings	-	-	-	-
Specialised buildings	150,979	-	-	150,979
Heritage assets	37,290	-	-	37,290
Total of buildings at fair value	188,269	-	-	188,269
Plant, equipment and vehicles at fair value:				
Vehicles ¹	721	-	-	721
Plant and equipment	5,486	-	-	5,486
Total of plant, equipment and vehicles at fair value	6,207	-	-	6,207
Cultural assets at fair value:				
Library	345	-	-	345
Total of Cultural assets at fair value	345	-	-	345
TOTAL ASSETS AT FAIR VALUE	285,366			285,366

Classified in accordance with the fair value hierarchy, see Note 1.

There were no transfers between Levels during the year.

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 Level 3 assets.

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

An independent valuation of the Institute'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 2012.

Heritage assets

Heritage assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

An independent valuation of Melbourne Polytechnic's heritage assets was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 31 December 2012.

Vehicles

Vehicles are valued using the depreciated replacement cost method. The Institute 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 Melbourne Polytechnic who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 31 December 2014.

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

(c) Reconciliation of Level 3 fair value as at 31 December 2014	Specialised land	Specialised buildings	Heritage assets	Plant and equipment	Motor Vehicles	Library
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	81,229	137,726	37,290	6,743	1,006	433
Purchases (sales)	-	566	-	751	159	75
Transfers in (out) of Level 3	8,044	1,854	-	-	-	-
Gains or losses recognised in net result	-	-	-	(2)	(141)	-
Depreciations	-	(3,763)	-	(2,006)	(303)	(163)
Impairment loss	-	-	-	-	-	-
Subtotal	89,273	136,383	37,290	5,486	721	345
Revaluation	1,272	14,596	-	-	-	-
Subtotal	1,272	14,596	-	-	-	-
Closing balance	90,545	150,979	37,290	5,486	721	345

(d) Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised buildings	Depreciated replacement cost	Useful life of specialised buildings	20-100 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Heritage assets	Reproduction cost	Useful life of heritage buildings	40-100 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Useful life plant and equipment	5-10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Motor vehicles	Depreciated replacement cost	Useful life of vehicles	5-6 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

NOTE 9

BIOLOGICAL ASSETS

	2014	2013
(a) Plants and animals	Qty	Qty
Vineyard production (tonnes harvested)	34	96
Fish fingerlings (by headcount)	-	4,450
Horses (by headcount)	65	50
Bulls (by headcount)	6	4
Cattle (by headcount)	357	390
Sheep (by headcount)	122	150

	2014	2013
(b) Reconciliation of carrying amount	\$'000	\$'000
Movement in carrying amounts of aged vines:		
Carrying amount at beginning of period	227	227
Carrying amount at end of period	227	227
Movement in carrying amounts of animals:		
Carrying amount at beginning of period	2,760	3,139
Increases due to births	9	10
Increases due to donations	1	1
Increases due to purchases	10	42
Decreases attributable to deaths	(6)	(72)
Decreases due to sales	(535)	(9)
Other	(313)	(351)
Carrying amount at end of period	1,926	2,760
Total biological assets	2,153	2,987

(c) Nature of activities

Melbourne Polytechnic is involved in grape production and management of vineyards for educational purposes. The institute also maintains various categories of animals (livestock and bloodstock) for educational purposes.

Melbourne Polytechnic utilises the above facilities and resources in order to deliver educational programs related to equine, aquaculture and agriculture.

(d) Financial risk management strategies

Melbourne Polytechnic is exposed to financial risks in respect of its biological activities, in particular, grape production and bloodstock horses. The primary financial risk in relation to grape production occurs due to the volatile climatic conditions that can affect production levels from year to year. Exposure to financial risk also emerges due to weak wine turnover throughout the year. In terms of bloodstock horses, diminishing market value due to ageing stock poses a financial risk for the institute. Melbourne Polytechnic manages these risks by actively reviewing and managing the working capital requirements of these activities.

	Level 2	Level 3
	Observable	Un-observable
	Price Inputs	Inputs
(e) Fair value measurement hierarchy for assets as at 31 December 2014	\$'000	\$'000
Land under vine	-	227
Animals	-	1,926

There were no transfers between Levels during the year.

Land under vine

Land under vine is measured at fair value and stated at valuations conducted at 31 December 2012 by the Valuer-General Victoria; and assessed against indexation annually based on Valuer-General indexation movements for subsequent years.

Animals

The bloodstock assets are measured at fair value less costs to sell, with any changes recognised in the comprehensive operating statement - other economic flows. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs. Melbourne Polytechnic's horses have been independently valued by Woodside Park Stud as at 31 December 2014.

The fair value of a biological asset is based on its present location and condition. If an active market exists for a biological asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where access exists to different markets then the most relevant market is referenced.

To ascertain the 'fair market value' of each individual animal, the following criteria/aspects are utilised:

- ▶ initial purchase price
- ▶ age of each animal
- ▶ pedigree
- ▶ production history
- ▶ market value trends
- ▶ current confirmation of the animal and physical type
- ▶ progeny sales and demand.

NOTE 10

OTHER NON-FINANCIAL ASSETS

	2014	2013
	\$'000	\$'000
Current other non-financial assets		
Prepayments	1,397	1,329
	1,397	1,329

NOTE 11 PAYABLES

	2014 \$'000	2013 \$'000
Current		
Contractual		
Supplies and services	10,198	5,142
Revenue in Advance	5,601	4,470
	15,799	9,612
Statutory		
GST payable	26	41
FBT payable	76	75
Total current payables	15,901	9,728

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

(a) Maturity analysis of contractual payables

Please refer to Note 20(iii) for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 20(iii) for the nature and extent of risks arising from contractual payables.

NOTE 12 PROVISIONS

	2014 \$'000	2013 \$'000
12 Provisions		
Current provisions (i)		
Employee benefits (Note 12(a))		
Annual leave (Note 12(a)):		
Unconditional and expected to wholly settle within 12 months	2,748	3,032
Unconditional and expected to wholly settle after 12 months	1,356	1,410
Long service leave (Note 12(a)):		
Unconditional and expected to wholly settle within 12 months	369	710
Unconditional and expected to wholly settle after 12 months	7,750	8,352
	12,223	13,504
Provisions for on costs (Note 12(a) and Note 12(b)):		
Unconditional and expected to wholly settle within 12 months	470	568
Unconditional and expected to wholly settle after 12 months	1,370	1,483
Total current provisions	14,063	15,555
Non-current (ii)		
Employee benefits (Note 12(a))	1,158	1,418
On costs (Note 12(a) and Note 12(b))	174	215
Total non-current provisions	1,332	1,633
Total provisions	15,395	17,188

	2014	2013
(a) Employee benefits and on costs	\$'000	\$'000
Current employee benefits		
Annual leave	4,104	4,442
Long service leave	8,119	9,062
	12,223	13,504
Non-current employee benefits		
Long service leave	1,158	1,418
Total employee benefits	13,381	14,922
Current on costs	1,840	2,051
Non-current on costs	174	215
Total on costs	2,014	2,266
Total employee benefits and on costs	15,395	17,188

	2014	2013
(b) Movement in provisions	\$'000	\$'000
Opening balance	17,188	17,032
Additional provisions recognised	-	156
Amounts used	(1,793)	-
Closing balance	15,395	17,188

- (i) Employee benefit provisions are reported as current liabilities where Melbourne Polytechnic does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision includes both short-term benefits that are measured at nominal values and long-term benefits that are measured at present values.
- (ii) Employee benefit provisions that are reported as non-current liabilities also include long-term benefits that do not qualify for recognition as a current liability, and are measured at present values.

NOTE 13 BORROWINGS

	2014	2013
13 Borrowings	\$'000	\$'000
Non-current		
Advances from government (i)	3,000	-
Total borrowings	3,000	-

- (i) At the commencement of 2014, the Department of Education and Early Childhood Development provided a \$16 million interest free unsecured loan facility to support Melbourne Polytechnic's short term solvency. During 2014 Melbourne Polytechnic was advanced \$3 million, however positive cash flow throughout the year eliminated the requirement for a further drawdown. The loan is repayable by June 2017.

(a) Maturity analysis of borrowings

Refer to Note 20(iii) for the maturity analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Refer to Note 20(iii) for the nature and extent of risks arising from borrowings.

(c) Default and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

NOTE 14 RESERVES

	2014	2013
	\$'000	\$'000
14 Reserves		
Physical asset revaluation surplus (i):		
Balance at 1 January	179,225	193,091
Revaluation increments/(decrements)	15,689	(13,866)
Balance at 31 December	194,914	179,225
Net changes in reserves	194,914	179,225

- (i) The physical assets revaluation surplus arises on the revaluation of land and buildings. As at 31 December 2014 land and buildings for Melbourne Polytechnic's Greensborough campus and specific held for sale assets were revalued by the Valuer-General Victoria. Refer to notes 7 and 8.

NOTE 15 CASH FLOW INFORMATION

	2014	2013
	\$'000	\$'000
15 Cash flow information		
(a) Reconciliation of cash and cash equivalents		
Total cash and deposits disclosed in the balance sheet	12,256	17,560
Balance as per cash flow statement	12,256	17,560

(b) Financing facilities

In 2014 Melbourne Polytechnic arranged an interest free finance facility with the Department of Education and Training. The bridging loan was for \$16 million, however Melbourne Polytechnic sought and the Department agreed to provide a cash advance of \$3 million during 2014. An undrawn balance of \$13 million remains as a line of credit. Refer to note 13.

	2014	2013
	\$'000	\$'000
(c) Reconciliation of net result for the period		
Net result for the year	(20,540)	(31,690)
Non cash movements:		
(Gain)/loss on sale or disposal of non-current assets	(58)	61
Depreciation and amortisation of non-current assets	6,481	6,499
Impairment of non-current assets	1,155	351
Movements in assets and liabilities		
Decrease / (increase) in trade receivables	1,112	3,993
Decrease / (increase) in inventories	6	(93)
Decrease / (increase) in biological assets	816	70
Decrease / (increase) in other assets	(286)	(557)
Increase / (decrease) in payables	6,173	(1,728)
Increase/ (decrease) in provisions	(1,793)	(170)
Net cash flows from/(used in) operating activities	(6,934)	(23,264)

NOTE 16

COMMITMENTS FOR EXPENDITURE

	2014	2013
	\$'000	\$'000
(a) Capital expenditure commitments payable		
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Property, Plant and Equipment		
Payable:		
Within one year	-	398
Later than one year but not later than five years	-	-
Later than five years	-	-
Total Property, Plant and Equipment	-	398
Non-cancellable operating lease commitments payable ¹		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,868	620
Later than one year but not later than five years	1,926	2,144
Later than five years	-	-
Total minimum lease payments in relation to non-cancellable operating leases	3,794	2,764
(c) Other expenditure commitments		
Commitments for contract cleaning in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	645	1,471
Later than one year but not later than five years	-	-
Later than five years	-	-
Total other expenditure commitments	645	1,471

- Melbourne Polytechnic leases certain land, buildings and equipment to meet current teaching requirements, at current market rates.

NOTE 17

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	2014	2013
	\$'000	\$'000
17 Contingent Assets and Contingent Liabilities		
Details and estimates of maximum amounts of contingent assets and contingent liabilities are as follows:		
Contingent Liabilities		
Legal proceedings and disputes - 2013	-	13
Total Estimated Contingent Assets and (Liabilities)	-	13

NOTE 18 LEASES

(i) Operating leases - Melbourne Polytechnic as lessee

Refer to Note 16 (Commitments for expenditure).

(ii) Operating leases - Melbourne Polytechnic as lessor

Melbourne Polytechnic leases out certain land, buildings and equipment, which are excess to current requirements, at current market rates.

Leasing arrangements

As at the reporting date Melbourne Polytechnic leased out various educational facilities.

	2014	2013
	\$'000	\$'000
Non-cancellable operating lease receivables		
Payments due		
Within one year	382	498
Later than one year but not later than five years	991	902
Later than five years	695	529
Total non-cancellable operating lease receivables	2,068	1,929
Net operating leases receivables	2,068	1,929

NOTE 19

SUPERANNUATION

Employees of Melbourne Polytechnic are entitled to receive superannuation benefits and the Institute contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

Melbourne Polytechnic 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 Statement of Comprehensive Income of the Institute.

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

	2014	2013
	\$'000	\$'000
19 Superannuation		
Paid Contribution for the Year		
Defined benefit plans :		
State Superannuation Fund - revised and new	745	951
Other	13	22
Total defined benefit plans	758	973
Defined contribution plans:		
VicSuper	4,050	4,229
Other	2,173	2,028
Total defined contribution plans	6,223	6,257
Total paid contribution for the year	6,981	7,230
Contribution Outstanding at Year End		
Defined benefit plans:		
State Superannuation Fund - revised and new	-	-
Other	-	-
Total defined benefit plans	-	-
Defined contribution plans:		
VicSuper	72	55
Other	-	-
Total defined contribution plans	-	55
Total	72	55

Melbourne Polytechnic does not have any contributions outstanding to the above funds and there have been no loans made from the funds. 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.

NOTE 20

FINANCIAL INSTRUMENTS

(i) Financial risk management objectives and policies

Melbourne Polytechnic's principal financial instruments comprise of cash assets, receivables (excluding statutory receivables), payables (excluding statutory payables) and borrowings.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 to the financial statements.

Melbourne Polytechnic's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Melbourne Polytechnic's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute. The 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, ageing analysis for credit risk.

Melbourne Polytechnic uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Finance Audit Risk Management Committee of Melbourne Polytechnic. The Board provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The carrying amounts of contractual financial assets and financial liabilities by category are disclosed below:

Carrying amount of financial instruments by category	Note	2014 \$'000	2013 \$'000
(a) Financial Assets			
Loans and Receivables			
Cash and deposits	15(a)	12,256	17,560
Receivables	5	4,813	5,940
Total Financial Assets		17,069	23,500
(b) Financial Liabilities:			
Payables	11	10,198	5,142
Borrowings	13	3,000	-
Total financial liabilities at amortised cost		13,198	5,142

(ii) Credit risk

Credit risk arises from the contractual financial assets of Melbourne polytechnic, which comprise cash and deposits and non-statutory receivables. Melbourne polytechnic's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Melbourne Polytechnic. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risks associated with Melbourne Polytechnic's trade receivables are managed in the following ways:

- ▶ payment terms are 30 days from date of invoice
- ▶ debtors with accounts in excess of 60 days are sent a statement of account, including terms of payment
- ▶ debtors with arrears are sent a reminder notice indicating a further seven days to make payment
- ▶ debtors which represent government departments or agencies are managed by Melbourne Polytechnic directly with government or agency contacts.

Melbourne Polytechnic does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by Melbourne Polytechnic.

The trade receivables balance at 31 December 2014 and 31 December 2013 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Melbourne Polytechnic minimises credit risk in relation to student loans receivable in the following ways:

- ▶ specific loan conditions have been established, which are applicable to all loans
- ▶ all loan monies are related to the cost of student tuition and amenities fees
- ▶ a schedule of repayment is agreed with the student at the time of application
- ▶ where a student falls behind in repayments, a process is implemented which includes reminder letters, individual interview, repayment rescheduling and if necessary, contacting guarantors.

In addition, Melbourne Polytechnic did not engage in hedging for its contractual financial assets in 2014.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Melbourne Polytechnic will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Melbourne Polytechnic'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. Currently Melbourne Polytechnic does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

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

	Financial institutions (AAA rating) \$'000	Government agencies (AAA rating) \$'000	Other \$'000	Total \$'000
2014				
Cash and deposits	-	-	12,256	12,256
Receivables	-	-	4,813	4,813
Total contractual financial assets 2014	-	-	17,069	17,069
2013				
Cash and deposits	-	7,000	10,560	17,560
Receivables	-	-	5,940	5,940
Total contractual financial assets 2013	-	7,000	16,500	23,500

- (i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

Ageing analysis of financial assets

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

The following table discloses the ageing analysis for Melbourne Polytechnic's financial assets.

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired				Impaired financial assets \$'000
			Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	
2014 Financial assets							
Receivables (i):							
Trade receivables	1,792	652	-	664	749	-	(273)
Total 2014 financial assets	1,792	652	-	664	749	-	(273)
2013 Financial assets							
Receivables (i):							
Trade receivables	2,710	1,880	-	420	464	-	(54)
Total 2013 financial assets	2,710	1,880	-	420	464	-	(54)

- (i) Receivables disclosed here exclude statutory receivables (e.g. amounts owing from Victorian Government).

(iii) Liquidity risk

Liquidity risk is the risk that Melbourne Polytechnic would be unable to meet its financial obligations as and when they fall due. Melbourne Polytechnic operates under payments policy of settling financial obligations 30 days from the date of the invoice.

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

The responsibility for liquidity risk management rests with Melbourne Polytechnic's Board, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. Melbourne Polytechnic manages liquidity risk by continuously monitoring forecast and actual cash flows.

Melbourne Polytechnic has not established a standby facility to provide short-term cash, however it meets regularly with the Department of Education and Training to monitor cash flow. In 2014 the Department of Education and Early Childhood Development provided a \$16 million loan facility to support Melbourne Polytechnic's short term solvency. The regular strict monitoring and control of spend throughout 2014 has resulted in favourable movements in actual cash flow compared to forecasted cash flow. As a result, Melbourne Polytechnic did not require drawdown of the full \$16m government loan.

Maturity analysis of financial liabilities

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements represents Melbourne Polytechnic's maximum exposure to liquidity risk.

The following table discloses the contractual maturity analysis for Melbourne Polytechnic's financial liabilities.

	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014 Financial liabilities							
Payables (i):							
Supplies and services	10,198	10,198	7,017	3,131	50	-	-
Borrowings							
Advances from government	3,000	3,000	-	-	-	3,000	-
Total 2014 financial liabilities	13,198	13,198	7,017	3,131	50	3,000	-
2013 Financial liabilities							
Payables (i):							
Supplies and services	5,142	5,142	4,088	1,054	-	-	-
Total 2013 financial liabilities	5,142	5,142	4,088	1,054	-	-	-

- (i) Payables disclosed here exclude statutory payables (e.g. amounts owing to Victorian Government, GST input tax credit recoverable and taxes payable).

(iv) Market risk

Melbourne Polytechnic in its daily operations 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 Melbourne Polytechnic. e.g. an adverse movement in interest rates or foreign currency exchange rates.

Melbourne Polytechnic exposures to market risk are primarily through foreign currency risk, interest rate risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

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

Whilst there has been a targeted review of Melbourne Polytechnic's exposure, its objectives, policies and processes for managing foreign exchange risk from the previous reporting period, during 2014 there has been no significant change in the policies and processes for managing market risk.

Foreign currency risk

The Institute is exposed to foreign currency risk mainly through the delivery of services in currencies other than the Australian Dollar.

The Institute's exposures are mainly against the Chinese Yuan Renminbi (RMB) and are managed through continuous monitoring of movements in exchange rates against the AUD, and by ensuring availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessment of economic outlook, in 2014 it was deemed unnecessary for Melbourne Polytechnic to enter into any hedging arrangements to manage foreign currency risk.

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

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.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Melbourne Polytechnic does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Melbourne Polytechnic has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

There has been no significant change in the Institute'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.

Interest rate movements have not been sufficiently significant during the year to have an impact on Melbourne Polytechnic's year end result.

Melbourne Polytechnic'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.

Financial instrument composition and interest rate exposure

Consolidated 2014	Weighted average effective rate %	Total Carrying Amount per Balance Sheet \$'000	Interest rate exposure		
			Floating interest rate \$'000	Fixed interest rate \$'000	Non-Interest Bearing \$'000
Financial assets					
Cash and deposits					
Cash at bank and on hand	1.8	1,156	1,149		7
Deposits at call	1.8	11,100	11,100		
Receivables (i):					
Trade receivables		1,792			1,792
Revenue receivables		837			837
Total financial assets	-	14,885	12,249	-	2,636
Financial liabilities					
Payables (i):					
Trade and Other		10,198			10,198
Borrowings					
Advances from government		3,000			3,000
Total financial liabilities	-	13,198	-	-	13,198

Consolidated 2013	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Interest rate exposure		
			Floating interest rate	Fixed interest rate	Non-Interest Bearing
	%	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and deposits					
Cash at bank and on hand	2.0	1,260	1,253		7
Deposits at call	3.3	16,300		16,300	
Receivables (i):					
Trade receivables		2,710			2,710
Revenue receivables		3,230			3,230
Total financial assets		23,500	1,253	16,300	5,947
Financial liabilities					
Payables (i):					
Trade and Other		5,142			5,142
Total financial liabilities	-	5,142	-	-	5,142

(i) Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

Sensitivity analysis and assumptions

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Melbourne Polytechnic believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia):

- ▶ a parallel shift of + 0.5% and -0.5% in market interest rates [AUD] from year end rates of 2.5% (2013: 1% up and down).

The following tables disclose the impact on net result and equity for each category of financial instrument held by Melbourne Polytechnic at the end of the reporting period as presented to key management personnel, if the above movements were to occur.

	Carrying amount	Interest rate risk			
		-0.5%		+0.5%	
		Result	Equity	Result	Equity
31 December 2014	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual financial assets					
Cash Management account	1,156	(6)	(6)	6	6
Bank deposits at call	11,100	(56)	(56)	56	56
Total increase/(decrease)	-	(62)	(62)	62	62

Consolidated 31 December 2013	Carrying amount	Interest rate risk			
		-1%		+1%	
		Result	Equity	Result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual financial assets					
Cash Management account	1,260	(13)	(13)	13	13
Bank deposits at call	16,300	(163)	(163)	163	163
Total increase/(decrease)	-	(176)	(176)	176	176

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 result for the current year and future years.

Melbourne Polytechnic manages funding risk by continuing to diversify and increase funding from Commercial activities, both domestically and off shore.

There has been no significant change in Melbourne Polytechnic'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.

(vi) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair values of financial instrument asset and liabilities are determined using the fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels based on the degree to which the fair value is observable.

- ▶ Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Institute can access at the measurement date.
- ▶ Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ▶ Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Melbourne Polytechnic considers that the carrying amount of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value, and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

For other assets and other liabilities the fair value approximates their carrying value. Financial assets where the carrying amount exceeds fair values have not been written down as the Institute intends to hold these assets to maturity.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	2014		2013	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and deposits	12,256	12,256	17,560	17,560
Receivables (i):				
Trade receivables	1,792	1,792	2,710	2,710
Revenue receivables	3,070	3,070	3,264	3,264
Total financial assets	17,118	17,118	23,534	23,534
Financial liabilities				
Payables (i):				
Supplies and services	10,198	10,198	5,142	5,142
Borrowings				
Advances from government	3,000	3,000	-	-
Total financial liabilities	13,198	13,198	5,142	5,142

- (i) Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

Melbourne Polytechnic did not have any financial instruments that are measured subsequent to initial recognition at fair value as at 31 December 2014.

NOTE 21

RESPONSIBLE PERSONS AND EXECUTIVE OFFICERS

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

(i) Minister

The relevant Minister was The Hon Peter Hall, MLC, Minister for Higher Education and Skills until his retirement from parliament on 17 March 2014. The Hon Nick Wakeling, MP, was the Minister for Higher Education and Skills from 18 March 2014 to 3 December 2014. The Hon Steve Herbert, MP, was sworn in as the current Minister for Training and Skills from 3 December 2014 following the State election in November 2014.

Remuneration of the relevant Minister is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the Parliament.

(ii) Accountable officer

Mr Andrew Giddy - (Chief Executive) resigned 24 February 2014

Mr Ron Gauci - (Chief Executive) appointed as Interim CEO 6 March 2014

(iii) Members of the board of Melbourne Polytechnic

Mr J Gibbins (Board Chair)

Ms H Campbell (Board Director)

Mr D Makris (Board Director)

Mr A Monley (Board Director to March 2014)

Dr J Wajsenberg (Board Director)

Ms J Acquaro (Board Director to March 2014)

Prof D Finlay (Board Director)

Ms K Campion (Board Director)

Mr P Shannon (Board Director from 22 January 2014)

Mr T Nippard (Board Director from 1 April 2014)

Mr D Bristow (Board Director from 20 February 2014)

Remuneration of the board members in connection with the management of the Institute are disclosed below.

	2014 No.	2013 No.
Income range		
The number of board members whose total remuneration from the Institute was within the specified income bands are as follows:		
\$0 - \$9,999	1	-
\$10,000 - \$19,999	2	8
\$20,000 - \$29,999	5	1
\$30,000 - \$39,999	2	-
\$60,000 - \$69,999	1	-
Total number of board members	11	9
Total remuneration of board members (\$'000)	301	143

Other transactions

Other related transactions and loan requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

(iv) Executive officers

Remuneration of executive officers

The number of executive officers, including the chief executive officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

Income range	Total Remuneration		Base Remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
The number of executive officers whose total remuneration from Melbourne Polytechnic exceeded \$100,000, separately identifying base remuneration and total remuneration, disclosed within the income band of \$10,000 in a table format:				
\$100,000 - \$109,999	-	1	1	1
\$120,000 - \$129,999	2	-	1	-
\$130,000 - \$139,999	-	1	1	1
\$140,000 - \$149,999	1	1	1	1
\$150,000 - \$159,999	2	1	2	1
\$160,000 - \$169,999	6	14	6	14
\$170,000 - \$179,999	8	2	8	2
\$180,000 - \$189,999	2	-	1	-
\$200,000 - \$209,999	1	-	1	-
\$210,000 - \$219,999	-	2	-	2
\$220,000 - \$229,999	1	-	1	-
\$230,000 - \$239,999	1	-	1	-
\$290,000 - \$299,999	-	1	-	1
Total number of executive officers	24	23	24	23
Total annualised employee equivalent (AEE)	22.7	22.4	22.7	22.4
Total amount of remuneration (\$'000)	4,134	3,918	4,073	3,918

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

NOTE 22 RELATED PARTIES

There were no related party transactions made during 2014 (2013: \$66,000).

NOTE 23 EX-GRATIA EXPENSES

There were no ex-gratia payments made during 2014 (2013: nil).

NOTE 24 REMUNERATION OF AUDITORS

	2014	2013
	\$'000	\$'000
24 Remuneration of auditors		
Remuneration of Victorian Auditor General's Office for:		
Audit of the financial statements	43	30
Total remuneration of Victoria Auditor General's Office	43	30
Remuneration of other auditors		
Remuneration of other auditors	57	100
Total remuneration of other auditors	57	100
Total Remuneration of auditors	100	130

NOTE 25 SUBSEQUENT EVENTS

In February 2015 Melbourne Polytechnic was successful in securing \$4 million in government funding to support the Victorian government's positive agenda to rebuild and grow TAFE institutes in Victoria.

No other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of Melbourne Polytechnic, the results of those operations, or the state of affairs of Melbourne Polytechnic in future financial years.

NOTE 26

ECONOMIC DEPENDENCY

	2014	2013
26 Economic dependency	\$'000	\$'000
Government contributions - operating	48,008	41,579
	48,008	41,579

Government contributions - operating

In 2014, 39 per cent of income was generated from government contributions - operating, compared to 37 per cent in 2013.

NOTE 27

MELBOURNE POLYTECHNIC DETAILS

The registered office and principal place of business of Melbourne Polytechnic is:

77 St Georges Road
Preston VIC 3072



Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the board members, Melbourne Polytechnic

The Statement of Performance

The accompanying statement of performance for the year ended 31 December 2014 of Melbourne Polytechnic comprises the statement, the related notes and the Performance Statement for 2014 declaration has been audited.

The board members' responsibility for the Statement of Performance

The board members of Melbourne Polytechnic are responsible for the preparation and fair presentation of the statement of performance and for such internal control as the board members determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the statement of performance based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the statement of performance is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of performance. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the statement of performance, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the statement of performance 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 entity's internal control. An audit also includes evaluating the overall presentation of the statement of performance.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditing in the Public Interest

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the statement of performance of Melbourne Polytechnic in respect of the 31 December 2014 financial year presents fairly, in all material respects.



MELBOURNE
28 April 2015

John Doyle
Auditor-General

STATEMENT OF PERFORMANCE MANAGEMENT

MELBOURNE POLYTECHNIC PERFORMANCE STATEMENT FOR 2014

In our opinion, the performance of Melbourne Polytechnic in respect of the 2014 financial year is presented fairly in accordance with the key performance measures developed in the annual statement of corporate intent.

The performance indicators are determined by the Board in its strategic plan identifying pre-determined targets and the actual results for the year against these indicators and an explanation of any significant variance between the actual results and performance targets. As at the date of signing, we are not aware of any circumstance that would render any particulars in the statement to be misleading or inaccurate.



Board Chair
John Gibbins
Date: 24/4/2015
Place: Preston, Victoria



Acting Chief Executive Officer
Frances Coppolillo
Date: 24/4/2015
Place: Preston, Victoria



Chief Finance Officer
Pandora Reddy
Date: 24/4/2015
Place: Preston, Victoria

PERFORMANCE

KPI	Definition	2014	2014	2013	
		Actual	Target	Actual	
Student satisfaction	Average score for "Overall Satisfaction" taken from AQTF Quality Indicator Learner Survey.	74.9	75.7	89.8%	Target was not achieved. Further investigation and action planning will be undertaken to address all issues affecting student satisfaction.
Staff satisfaction	The People Matter Survey measures a range of aspects of workforce culture and climate across the institute and Victorian Public Sector. The comparator organisations for the survey were Box Hill Institute Group, Chisholm Institute, Holmesglen Institute and William Angliss Institute of TAFE. The People Matter Survey was conducted at Melbourne Polytechnic over the period 28 April to 16 May 2014. 982 questionnaires were distributed and 434 were returned for a response rate of 44%.	62.2%	81.1%	Not undertaken	Target was not achieved. Whilst the Institute is disappointed with the result, the People Matters Survey was conducted in April 2014 during a period of uncertainty throughout the Institute. In late 2014, Melbourne Polytechnic has commenced numerous initiatives focused on the engagement and development of its staff.
Industry satisfaction	Average score for "Overall Satisfaction" taken from AQTF Quality Indicator Employer Survey.	71.7	74.9	Not undertaken	Target was not achieved. Further investigation and action planning will be undertaken to address all issues affecting employer satisfaction.
Government subsidy as a % of total revenue	Total government contributions (operating), excluding TAFE structural adjustment funds.	32.3%	31%	37%	Achieved target.
Utilisation of non-current assets	The proportion of teaching spaces that are used for educational delivery.	Not available	30%	Not available	Target was not measurable in 2014 and prior years due to lack of measurement capability. Currently In development for 2015.
Revenue	Total operating revenues excluding capital contributions and TAFE structural adjustment funds	\$112.7m	\$115m	\$109.8m	Target was not achieved. Overall, operational revenues moved favourably compared to 2013, however there were unachieved targeted FFS revenues in 2014.
Return on Investment	Operating result excluding capital contributions/total non-current assets	(7.16)%	(10.14)%	(12.5)%	Achieved target.
Working Capital Ratio	Current Assets / Current Liabilities (adjusted for Long Term current Long Service Leave)	0.99	0.8	1.85	Achieved target.
Revenue per EFT Staff	Total Revenue (excluding Capital and TAFE structural adjustment funds) / Average EFT Staff	\$107,520	\$112,066	\$99,650	Target was not achieved due to unachieved targeted revenues and unrealised benefits resulting from the organisational re-structure which was incomplete as at 31 December 2014.

INFORMATION ABOUT MELBOURNE POLYTECHNIC

The Melbourne Polytechnic website is a comprehensive source of information about courses, faculties, campuses, services and history. The website provides public access to the Institute's annual reports at: www.melbournepolytechnic.edu.au/explore

SUMMARY OF FINANCIAL RESULTS

Year	Operating Surplus (Deficit) \$000	Accumulated Surplus (Deficit) \$000
2014	(20,540)	46,401
2013	(31,690)	66,941
2012	5,107	98,631
2011	13,540	93,524
2010	14,397	79,984
2009	22,561	65,587

SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION

There were significant changes in financial position for the year ended 31 December 2014. Whilst Melbourne Polytechnic reported a significant loss for 2014, it was a substantially favourable position to the previous year (2013). In 2014 the strategic plan of the organisation was reviewed and realigned towards positive growth and as such Melbourne Polytechnic's transformational journey continues towards financial sustainability, which has been outlined in Note 1.02 of the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

Events subsequent to balance date that will have a significant effect on the operations of Melbourne Polytechnic in future years have been outlined in Note 25 of the financial statements.

CONSULTANCIES

CONSULTANCIES OVER \$10,000 (EXCLUDING GST)

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excl. GST)	Actual 2014 Expenditure (excl. GST)	Future Expenditure (excl. GST)
ALM DESIGN & CONSULTING	Project management - strategic initiatives	Dec 2013	Mar 2014	60,200	60,200	-
BUSINESS LOGIX	Project management - strategic initiatives	Dec 2013	Feb 2014	13,200	13,200	-
CAREER TRANSITIONS AUSTRALIA	Employee assistance and career transition	Mar 2014	Nov 2014	12,000	12,000	-
CIO ADVISORY PTY LTD	Melbourne Polytechnic organisational re-design	Dec 2014	Dec 2014	12,727	12,727	-
FAST TRACK LEADERSHIP PTY LTD	Business case for strategic initiatives	Jul 2014	Jul 2014	12,540	12,540	-
INCOTRADE AUSTRALIA PTY LTD T/A LEONARDO CONSULTING	Project management - strategic initiatives (E-forms and training plans)	Dec 2013	Jan 2014	21,875	21,875	-
JO FISHER EXECUTIVE PTY LTD	Melbourne Polytechnic organisational re-design	Nov 2014	Nov 2014	13,125	13,125	-
KILLICK INVESTMENTS PTY LTD	Finance department independent review	Apr 2014	Apr 2014	16,000	16,000	-
KPMG	Board governance improvement plan	Dec 2014	Dec 2014	13,722	13,722	-
LEE GENERATION PTY LTD	Project management - strategic initiatives	Jan 2014	Mar 2014	36,125	36,125	-
MADDOCKS LAWYERS	Development of legal agreement templates and review of policy	Nov 2014	Nov 2014	28,150	28,150	33,850
PAVAN CONSULTANTS PTY LTD	Asset rationalisation study	Jan 2014	May 2014	12,893	12,893	2,420
POL PROPERTIES	Project management - strategic initiatives	Jan 2014	Mar 2014	28,000	28,000	-
PPB ADVISORY	Asset management consultancy	Apr 2014	Jun 2014	29,860	29,860	-
SEARCHLIGHT GROUP PTY LTD	Melbourne Polytechnic organisational re-design	Apr 2014	May 2014	33,531	33,531	-
SHAVE HUMAN RESOURCES	Melbourne Polytechnic organisational re-design	Sep 2014	Dec 2014	23,450	23,450	-
THE FIG TEAM PTY LTD	Project management - strategic initiatives	Dec 2013	Jan 2014	11,475	11,475	-
TRAVANCORE CONSULTING	Project management - strategic initiatives	Jan 2014	Mar 2014	44,400	44,400	-
COMPASS ENVIRONMENTAL P/L	Asset management consultancy, Preston and Greensborough	Aug 2014	Dec 2014	74,830	74,830	37,595
DEPT OF TRANSPORT, PLANNING & LOCAL INFRASTRUCTURE	Valuation of property - 91 St Georges Rd	May 2014	May 2014	11,000	11,000	-
G H D PTY LTD	Environmental audit - Preston and Greensborough	Aug 2014	Dec 2014	31,017	31,017	40,874
PAVAN CONSULTANTS PTY LTD	Asset management consultancy, Preston and Greensborough	May 2014	Dec 2014	48,139	48,139	24,249
WILDE AND WOOLLARD	Asset management consultancy, Preston redevelopment	Aug 2013	Jan 2014	10,200	10,200	-
GENERATION-E	Information technology consultancy	Dec 2014	Dec 2014	10,901	10,901	59,954
LOUISE KARCH	Victorian training consortium	Nov 2014	Nov 2014	15,000	15,000	-
LA TROBE UNIVERSITY	Victorian training consortium	Aug 2014	Aug 2014	12,533	12,533	-
REBUS PRESS	Re-writing educational materials	Mar 2014	Dec 2014	19,585	19,585	-
R H CONSULTANCIES PTY LTD	Educational consultancy	Jan 2014	Mar 2014	13,067	13,067	-
SAGACITY CONSULTING GROUP PTY LTD	Customer engagement project	Oct 2014	Dec 2014	22,000	22,000	133,100
SYNERGY ASIA PACIFIC PTY LTD	Educational on-line tool consultancy	Jan 2014	Jan 2014	11,000	11,000	-
TUTORING AUSTRALASIA PTY LTD	Tutor pilot program	Jan 2014	Dec 2014	51,525	51,525	-
VERENNA PTY LTD	Melbourne Polytechnic promotional project	Jan 2014	Aug 2014	23,333	23,333	-
WILD SKY COMMUNICATIONS	Melbourne Polytechnic collaborative project	Mar 2014	Oct 2014	10,892	10,892	-

*Notes: Melbourne Polytechnic engaged 26 consultants, each costing less than \$10,000, for a total cost of \$114,608 during 2014.

Details regarding consultancies over \$10,000 are made publicly available through the publication of this Annual Report on the Melbourne Polytechnic website www.melbournepolytechnic.edu.au/explore

ADDITIONAL INFORMATION

Consistent with the requirements of the Financial Management Act 1994, information on the following items is available on request:

- ▶ statements regarding declarations of pecuniary interests
- ▶ details of shares held by senior officers as nominees or held beneficially in a statutory authority or subsidiary
- ▶ details of publications produced by Melbourne Polytechnic and places where these publications may be obtained
- ▶ details of changes in prices, fees, charges, rates and levies charged
- ▶ details of major external reviews
- ▶ details of major research and development activities
- ▶ details of overseas visits undertaken, including a summary of objectives and outcomes
- ▶ details of major promotional, public relations and marketing activities undertaken to develop community awareness of Melbourne Polytechnic and its services
- ▶ details of assessments and measures undertaken to improve the occupational health and safety of employees
- ▶ statement on industrial relations within Melbourne Polytechnic and details of time lost through industrial accidents and disputes
- ▶ list of major committees sponsored by Melbourne Polytechnic, the purpose of each committee and the extent to which those purposes have been achieved
- ▶ details of all consultancies and contractors.

REQUESTS FOR ADDITIONAL INFORMATION

Requests should be made to:

The Head of Marketing
Melbourne Polytechnic
77 St Georges Rd
Preston VIC 3072

p: 03 9269 1242

e: info@melbournepolytechnic.edu.au

COMPLIANCE WITH OTHER LEGISLATION AND SUBORDINATE INSTRUMENTS

Melbourne Polytechnic complies with all relevant legislation and subordinate instruments, including but not limited to, the following:

- ▶ Education and Training Reform Act 2006 (ETRA)
- ▶ Melbourne Polytechnic Constitution
- ▶ Directions of the Minister for Higher Education and Skills/Training and Skills (or predecessors)
- ▶ Melbourne Polytechnic Commercial Guidelines
- ▶ Melbourne Polytechnic Strategic Planning Guidelines
- ▶ Public Administration Act 2004
- ▶ Financial Management Act 1994
- ▶ Freedom of Information Act 1982
- ▶ Building Act 1983
- ▶ Protected Disclosure Act 2012
- ▶ Victorian Industry Participation Policy Act 2003.

2014 VET FEES AND CHARGES PRESCRIBED BY VICTORIAN TRAINING GUARANTEE GUIDELINES AND FEES

Melbourne Polytechnic charges a range of fees for programs and services offered.

In 2014 the fees and charges included:

- ▶ a compulsory tuition fee per student contact hour for government subsidised programs. Due to changes in Victorian Government policy in relation to student tuition fees, fees vary according to individual programs
- ▶ minimum/concession fees have been set at 20 per cent of the hourly tuition fee rate in accordance with the Victorian Training Guarantee 2014 Guidelines about Fees
- ▶ a compulsory student services and amenities fee of \$0.40 per student contact hour:
 - ▶ minimum \$50 (full-fee and concession)
 - ▶ full-fee maximum \$250
 - ▶ maximum concession \$175
- ▶ class materials and ancillaries fees are charged on enrolment.

CONCESSIONS

Concession fees apply to eligible students who hold a Commonwealth Health Care Card, Pensioner Card or Veteran's Gold Card or their dependent spouse or child, and enrol in a Certificate I-IV level course. In addition, students who self-identify as Aboriginal and/or Torres Strait Islander are entitled to concession fees for all course enrolments, including Diploma and Advanced Diploma level courses.

EXEMPTIONS

Fee exemptions for government-subsidised TAFE courses are available to:

- ▶ individuals from the Judy Lazarus Transition Centre
- ▶ individuals required to undertake a course pursuant to a community based order under the Children, Youth and Families Act 2005
- ▶ individuals with a Young People Transitioning from Care referral form
- ▶ individuals enrolling in the following courses:
 - ▶ Diploma of Children's Services
 - ▶ Diploma of Children's Services (Early Childhood Education and Care)
 - ▶ Advanced Diploma of Children's Services.

Information about changes in fees and charges should be directed to:

Academic Registrar
Melbourne Polytechnic
77 St Georges Road
Preston VIC 3072

ACTIVITY TABLE

The following activity table is unaudited and does not form part of the Financial Statements.

NOTE A1 - OPERATING STATEMENT

TOTAL OPERATING EXPENSES

	Note	2014 \$'000	2013 \$'000
Delivery provision and support activity	A2	87,471	93,346
Administration and general services activity	A3	38,528	36,639
Property plant and equipment services activity	A4	12,554	11,273
Student and other services activity	A5	3,500	3,411
Total Operating Expenses		142,053	144,669

NOTE A2 - OPERATING STATEMENT

DELIVERY PROVISION AND SUPPORT ACTIVITY

	2014 \$'000	2013 \$'000
Salaries, wages, overtime and allowances	59,871	65,332
Superannuation	5,103	5,506
Payroll tax	3,006	3,302
Other salary related costs	560	746
Consumables	3,468	4,067
Travel and motor vehicle expenses	495	536
Depreciation	4,799	4,982
Other direct delivery expenses	10,169	8,876
	87,471	93,346

NOTE A3 - OPERATING STATEMENT

ADMINISTRATION AND GENERAL SERVICES ACTIVITY

	2014 \$'000	2013 \$'000
Salaries, wages, overtime and allowances	21,545	19,671
Superannuation	1,783	1,661
Payroll tax	1,050	996
Other salary related costs	196	225
Consumables	575	469
Communication expenses	768	864
Fees	3,850	4,473
Travel and motor vehicle expenses	730	853
Depreciation	1,677	1,503
Other expenses	6,413	5,924
	38,587	36,639

NOTE A4 - OPERATING STATEMENT

PROPERTY, PLANT AND EQUIPMENT SERVICES ACTIVITY

	2014	2013
	\$'000	\$'000
Salaries, wages, overtime and allowances	-	85
Superannuation	-	7
Payroll tax	-	4
Other salary related costs	-	1
Consumables	-	1
Depreciation	-	7
Equipment	1,155	2,006
Energy costs	2,340	2,132
Contract services	4,574	3,742
Rent/leasing charges	2,084	1,101
Repairs and maintenance	2,401	1,824
Other expenses	-	363
	12,554	11,273

NOTE A5 - OPERATING STATEMENT

STUDENT AND OTHER SERVICES ACTIVITY

	2014	2013
	\$'000	\$'000
Salaries, wages, overtime and allowances	98	107
Superannuation	8	9
Payroll tax	5	5
Other salary related costs	1	1
Consumables	5	6
Depreciation	8	8
Other expenses	3,375	3,273
	3,500	3,411

COMPULSORY NON-ACADEMIC FEES AND CHARGES STATEMENT AS AT 31 DECEMBER 2014

	2014 \$	2013 \$
Income		
Compulsory Non- Academic Fees	1,646,825	971,259
Total Income	1,646,825	971,259
Expenditure		
Salaries		
Salaries	1,472,751	720,928
Salary Oncosts	135,323	131,445
Total Salary Expenditure	1,608,074	852,373
Non Salaries		
Consumables	15,940	18,112
Subscriptions	1,777	1,176
Telephone	2,486	2,746
Equipment Purchases	14,396	10,037
ICT Equipment		786
Furniture and Fittings	1,500	1,572
Equipment Lease	402	779
Travel	4,623	4,843
Citylink Payments	35	77
Staff Development	2,441	4,497
Signage	1,890	5,187
Advertising - Recruitment	315	301
Advertising - Courses and Other	15,685	4,640
Orientation/Recreational Activities	66,570	81,002
Building Repairs and Maintenance	0	254
Minor Works	0	1,530
Uniforms	0	2,216
Hospitality	0	758
Security Services	82	0
Professional fees	577	0
Sponsorships	1,413	0
Total Non Salary Expenditure	130,132	140,513
Total Expenditure	1,738,206	992,886
Operating Result for the year	(91,381)	(21,627)



Pandora Reddy
Chief Finance Officer
24/4/2015

COMPULSORY NON-ACADEMIC FEES AND CHARGES STATEMENT

AS AT 31 DECEMBER 2014 (CONTINUED)

Melbourne Polytechnic imposes compulsory non-academic fees known as the Student Services and Amenities Fee for the purposes of providing a range of free support services to students; on campus recreational activities through Melbourne Polytechnic's Student Life and Media (SLAM) unit and the maintenance of campus facilities for direct student use.

The 2014 Student Services and Amenities Fee was calculated on the basis of 40 cents per enrolled student contact hour in government funded accredited courses, with a maximum fee of \$250 and a minimum fee of \$50. Certain concessions and exemptions applied. For 2014, the Concession fee was calculated at 40 cents per enrolled student contact hour, with a maximum fee of \$175 and a minimum fee for \$50. Courses delivered in the workplace or at community locations were charged a flat fee of \$50 per enrolment. The collection and expenditure of the amenities fees is subject to the provisions of the Education and Training Reform Act 2006.

The total income of compulsory non-academic fees collected by the Institute in 2014 was \$1,646,825.

The Institute used the income generated from compulsory non-academic fees for salary and non-salary expenditures including, but not limited to: campus betterment activities, counselling and disability support services, on campus student events conducted by Student Life and Media staff, orientation and induction activities, the provision of fitness centres on campus and access to online information and student communications including accommodation listings, a student jobs board, student magazine and maintenance of the Student Portal.

The total expenditure in 2014 was \$1,738,206. A complete list of expenditures can be found in the above table.

No fees, subscriptions and charges were made directly available to student organisations in 2014. However Student Life and Media (SLAM) staff which included a Student Engagement officer, SLAM team leader and a Student Communications coordinator were employed by the Institute.

SLAM staff facilitated more than 150 events for over 20,000 Melbourne Polytechnic students in 2014. SLAM also facilitated student initiated activity on campus by supporting student groups with a range of activities including BBQ's, fundraisers and cultural events.

DISCLOSURE INDEX

The Institute's Annual Report is prepared in accordance with the Financial Management Act 1994 and the Directions of the Minister for Finance. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

The financial report was authorised for issue by the Board members on 24th April 2015.

ITEM	SOURCE REFERENCE	SUMMARY OF REPORTING REQUIREMENT	PAGE
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
1	FRD 22E	Manner of establishment and the relevant Minister	i, 7, 75
2	FRD 22E	Objectives, functions, powers and duties	i, 7-10
3	FRD 22E	Nature and range of services provided including communities served	i, 11-13, 19-25
MANAGEMENT AND STRUCTURE			
4	FRD 22E	Organisational structure and chart, including accountabilities	7-10
5	FRD 22E	Names of Board members	8-9
FINANCIAL AND OTHER INFORMATION			
6	FRD 03A	Accounting for Dividends	N/A
7	FRD 07A	Early adoption of authoritative accounting pronouncements	53
8	FRD 10	Disclosure Index	91-93
9	FRD 17B	Long Service leave wage inflation and discount rates	51
10	FRD 19	Private provision of public infrastructure	N/A
11	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	N/A
12	FRD 22E	Operational and budgetary objectives, performance against objectives and achievements	4, 6, 11-13, 82
13	FRD 22E	Occupational health and safety statement including performance indicators, performance against those indicators and how they affected outputs	28
14	FRD 22E	Workforce data for current and previous reporting period including a statement on employment and conduct principles	27-28
15	FRD 22E	Summary of the financial results for the year including previous 4 year comparisons	83
16	FRD 22E	Significant changes in financial position during the year	83
17	FRD 22E	Major changes or factors affecting performance	4, 6, 11-13
18	FRD 22E	Post-balance sheet date events likely to significantly affect subsequent reporting periods	46, 77, 83
19	FRD 22E	Summary of application and operation of the Freedom of Information Act 1982	28
20	FRD 22E	Statement of compliance with building and maintenance provisions of the Building Act 1993	29
21	FRD 22E	Statement on National Competition Policy	29
22	FRD 22E	Summary of application and operation of the Protected Disclosure Act 2012	28
23	FRD 22E	Summary of Environmental Performance	26-27
24	FRD 22E	<p>Consultants: Report of Operations must include a statement disclosing each of the following</p> <ol style="list-style-type: none"> 1. Total number of consultancies over \$10,000 2. Location (eg website) of where details of these consultancies over \$10,000 have been made publicly available 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period <p><u>AND</u> publication on TAFE institute website required, for each consultancy more than \$10,000, of a schedule listing:</p> <ul style="list-style-type: none"> • Consultant engaged • Brief summary of project • Total project fees approved • Expenditure for reporting period • Any future expenditure committed to the consultant for the project 	84

ITEM	SOURCE REFERENCE	SUMMARY OF REPORTING REQUIREMENT	PAGE
25	FRD 22E	Statement, to the extent applicable, on the application and operation of the Carers Recognition Act 2012 (Carers Act), and the actions that were taken during the year to comply with the Carers Act	29
26	FRD 22E	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at (a) - (l) in the FRD)	85
27	FRD 24C	Reporting of office based environmental impacts	26-27
28	FRD 25B	Victorian Industry Participation Policy Disclosures	29
29	FRD 26A	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	N/A
30	FRD 29	Workforce Data Disclosures on the public service employee workforce	27
31	SD 4.5.5	Provide an attestation that risk identification and management is consistent with AS/NZS ISO31000:2009 or equivalent	5
32	SD 4.2 (g)	Qualitative and Quantitative information to be included in Report of Operations, and provide general information about the entity and its activities, together with highlights and future initiatives	4-25, 31
33	SD 4.2 (h)	The Report must be prepared in accordance with requirements of the relevant Financial Reporting Directions	38, 44, 85, 91
34	SD 4.2 (j)	The Report of Operations must be signed and dated by a member of the Responsible Body	4
35	CG 10 (clause 27)	Major Commercial Activities	13
36	CG 12 (clause 33)	Controlled Entities	46
FINANCIAL REPORT			
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1984			
37	SD 4.2(a)	The financial statements must be prepared in accordance with: <ul style="list-style-type: none"> • Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views); • Financial Reporting Directions; and • business rules. 	38, 44-53, 84, 91
38	SD 4.2(b)	The financial statements are to comprise the following: <ul style="list-style-type: none"> • income statement; • balance sheet; • statement of recognised income and expense; • cash flows statement; and • notes to the financial statements. 	39-78
OTHER REQUIREMENTS UNDER STANDING DIRECTION 4.2			
39	SD 4.2(c)	The financial statements must where applicable be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body, stating whether, in their opinion: <ul style="list-style-type: none"> • the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of the period; • the financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions; and • the financial statements comply with applicable Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views). 	38
40	SD 4.2(d)	Rounding of amounts	52
41	SD 4.2(e)	Review and recommendation by Audit Committee or responsible body	38, 91
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
42	FRD 11A	Disclosure of ex-gratia payments	77
43	FRD 21B	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	75-77
44	FRD 101	First time adoption	N/A
45	FRD 102	Inventories	50, 57

ITEM	SOURCE REFERENCE	SUMMARY OF REPORTING REQUIREMENT	PAGE
46	FRD 103E	Non-current physical assets	50, 57-62
47	FRD 104	Foreign currency	52, 72
48	FRD 105A	Borrowing costs	52, 64
49	FRD 106	Impairment of assets	47-49, 56
50	FRD 109	Intangible assets	N/A
51	FRD 107A	Investment properties	N/A
52	FRD 110	Cash flow statements	42, 65
53	FRD 112D	Defined benefit superannuation obligations	68
54	FRD 113	Investment in subsidiaries, jointly controlled entities and associates	N/A
55	FRD 114A	Financial instruments - general government entities and public non-financial corporations	69-74
56	FRD 119A	Transfers through contributed capital	41, 52
57	FRD 120H	Accounting and reporting pronouncements applicable to the reporting period	38, 44-53
PART 7 OF THE FINANCIAL MANAGEMENT ACT 1994 (FMA)			
58	FMA s49(a)	Must contain such information as required by the Minister	38, 91
59	FMA s49(b)	Must be prepared in a manner and form approved by the Minister	38, 91
60	FMA s49(c)	Must present fairly the financial transactions of an institute during the financial year to which they relate	38
61	FMA s49(d)	Must present fairly the financial position of an institute as at the end of the year	38
62	FMA s49(e)	Must be certified by the Accountable Officer for an institute in the manner approved by the Minister	38
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
63	Legislation	The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation and subordinate instruments, including, but not limited to, the following: <ul style="list-style-type: none"> • Education and Training Reform Act 2006 (ETRA) • TAFE institute constitution • Directions of the Minister for Higher Education and Skills (or predecessors) • TAFE institute Commercial Guidelines • TAFE institute Strategic Planning Guidelines • Public Administration Act 2004 • Financial Management Act 1994 • Freedom of Information Act 1982 • Building Act 1983 • Protected Disclosure Act 2012 • Victorian Industry Participation Policy Act 2003 	85
64	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2014.	89-90
65	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	28
PRESENTATION OF REPORTING AND PERFORMANCE INFORMATION			
Audited Statements of Key Performance Measures (KPIs) must include an audited statement of performance for certain KPIs.			
66	FRD 27B	Reporting and performance should be presented using KPIs as set out in the Statement of Corporate Intent agreed with the Minister, comparing 2014 actual performance against the 2014 target and 2013 actual performance, and providing an explanation of any variance between the 2014 actual performance and 2014 target for each KPI. The KPIs must also include the Return on Investment.	81-82
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
67	PAEC and VAGO (June 2003 Special Review item 3.110)	<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. 	23, 31-34, 54

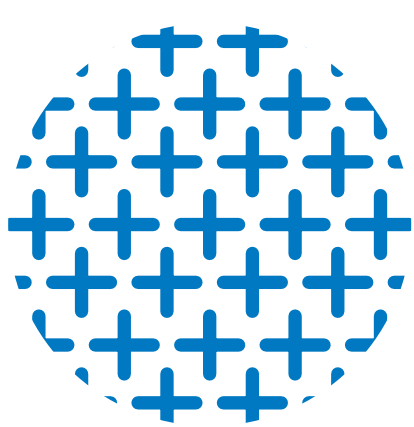
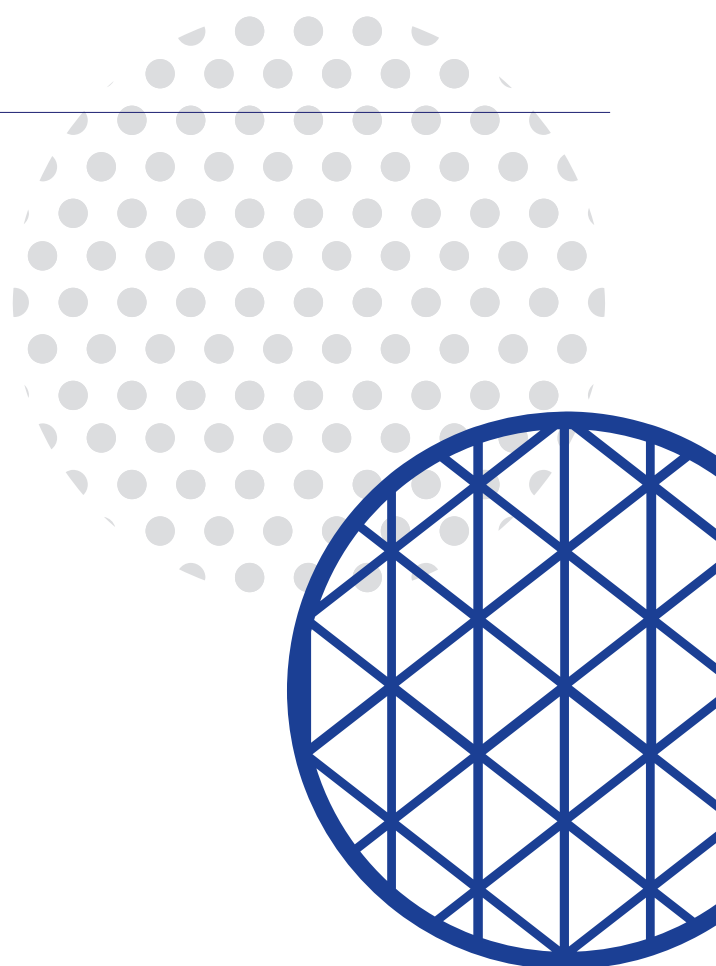
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ABOUT THIS REPORT

The Melbourne Polytechnic 2014 Annual Report is a report to the Parliament of Victoria required under Section 45 of the Financial Management Act 1994. The report contains a report on the operations of Melbourne Polytechnic during 2014, audited standard financial and performance statements and other information required under Standing Directions of the Minister for Finance under the Act (Section 4 Financial Management Reporting) and the Financial Reporting Directions given under the Act.

In preparing this report, Melbourne Polytechnic has followed the reporting guidelines issued by the Higher Education and Skills Group, Department of Education and Early Childhood Development. This report is based on the model Annual Report issued with these guidelines, in accordance with the Financial Management Act 1994, Australian Accounting Standards, Statement of Accounting concepts, authoritative pronouncements of the Australian Accounting Standards Board and other legislative requirements.



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MELBOURNE POLYTECHNIC CAMPUSES AND TRAINING CENTRES

CAMPUSES

Collingwood
20 Otter Street
Collingwood VIC 3066

Epping
Corner Cooper Street and Dalton Road
Epping VIC 3076

Fairfield
Yarra Bend Road
Fairfield VIC 3078

Heidelberg
Corner Waterdale Road and Bell Street
Heidelberg West VIC 3081

Prahran
144 High Street
Prahran VIC 3181

Preston
77 St Georges Road
Preston VIC 3072

TRAINING CENTRES

Ararat
Grano Street
Ararat VIC 3377

Growling Frog Vineyard
1910 Donnybrook Road
Yan Yean VIC 3755

Northern AMEP Centre
Corner Belfast and Blair Street
Broadmeadows VIC 3047

Northern Lodge, Eden Park
Glen Robin Court
Eden Park VIC 3757

Northern Lodge, Yan Yean
2005 Plenty Road
Yan Yean VIC 3755

