

ANNUAL REPORT 2018



MELBOURNE
POLYTECHNIC

ACKNOWLEDGEMENT OF CULTURE

Cultural inclusiveness is one of our guiding principles at Melbourne Polytechnic. On behalf of our staff and students we acknowledge the first educational practices that occurred on this land for thousands of years. They are the traditional learnings and teachings of the Wurundjeri people.

MELBOURNE POLYTECHNIC

ANNUAL REPORT 2018

CONTACT US

Melbourne Polytechnic
Locked Bag 5
Preston VIC 3072
AUSTRALIA

+61 3 9269 1200

info@melbournepolytechnic.edu.au

www.melbournepolytechnic.edu.au

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Left: In February 2018, at the Melbourne Polytechnic Greensborough Campus, the Victorian State Government announced a \$1.8 million funding boost for residential care training. This enabled Melbourne Polytechnic to lead a project to deliver training to an additional 700 Victorian residential care workers.

L-R: Lucy Brownless, Melbourne Polytechnic; Jacqui Sartorello Isho, Resicare student; Member for Eltham, Vicki Ward; Jamal Brown, Resicare student; Minister for Training and Skills and the Minister for Higher Education, the Hon. Gayle Tierney MP; Member for Yan Yean, Danielle Green; José Peregrina, DHHS; Frances Coppolillo, Melbourne Polytechnic Chief Executive; Eleanor Ravenarki, Melbourne Polytechnic.



Left: Deputy Premier of Victoria, the Hon. James Merlino MP, attended the 2018 opening of the Whittlesea Tech School at Melbourne Polytechnic's Epping Campus. He is pictured here with Mill Park Secondary College student, Grace Cawsey.



Left: Students and staff at Melbourne Polytechnic's Collingwood Campus received a visit from the Premier of Victoria, the Hon. Daniel Andrews MP, on 18 September 2018. The Premier was joined by the Minister for Training and Skills and the Minister for Higher Education, the Hon. Gayle Tierney MP, and the Member for Richmond, Richard Wynne.

L-R: Frances Coppolillo, Melbourne Polytechnic Chief Executive; Howard Kelly, Melbourne Polytechnic; Mackenzie Butcher, Hairdressing Apprentice; Jake Hutchinson, Parks and Gardens Apprentice; Victorian Premier, the Hon. Daniel Andrews MP; Jacob Jasser, Commercial Cookery Apprentice; Minister for Training and Skills and the Minister for Higher Education, the Hon. Gayle Tierney MP; Member for Richmond, Richard Wynne; Annelise Tully, Hairdressing Apprentice; Colin Donaldson, Parks and Gardens Apprentice; Dr Mimmie C. Watts, Advisor on African Community Engagement.

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REPORT OF OPERATIONS

BOARD CHAIR'S REPORT



I am pleased to present Melbourne Polytechnic's 2018 Annual Report. Prepared for our stakeholders, this report provides you with a summary of our achievements and financial results for 2018.

Across 2018 we continued to deliver on our vision to **develop the capabilities of students and industry to thrive in a rapidly changing world.**

The year has been one of significant achievements, all of which hold us in great stead to face the opportunities and challenges in the coming years.

Highlights include:

- ▶ Development of the Melbourne Polytechnic Strategic Plan 2019-2023. The strategic plan places students at the centre of all that we do, calling out priorities to ensure we deliver great learning experiences and vocational outcomes for our students.
- ▶ Winner of the inaugural Victorian Training Award 2018 for Inclusive Training Provider of the Year, reflecting the commitment of our teachers and other staff to meeting the needs of our diverse student population.
- ▶ Opening of the Whittlesea Tech School and the Banyule Nillumbik Tech School. The Tech Schools see us work in close partnership with secondary schools and their students from across our catchment, providing new and diverse pathways for learning and engagement.
- ▶ Announcement of \$40M for the redevelopment of Melbourne Polytechnic's Collingwood Campus, improving the amenity and capacity of the campus and enabling us to implement a precinct approach in partnership with key local stakeholders.
- ▶ Improved financial result driven by an increase in enrolments and government grants. This has improved our financial position and we foresee that this will be further consolidated over coming years

There were several changes to the Board membership during the year and they are outlined on pages 24-26 of this report. I would like to take the opportunity to thank the outgoing members for their commitment and contribution. Further, I welcome the new Board members and thank them, along with the rest of the Board, for their wisdom, guidance and support, working diligently to continue to strengthen the Institute. I would also like to thank the members of the Academic Board who work to support the Board in its role to assure high-quality learning experiences and vocational outcomes of our students.

I would like to thank the Minister for Training and Skills and the Minister for Higher Education, the Hon. Gayle Tierney MP, her staff and the Department of Education and Training for their support and assistance during an important year for Melbourne Polytechnic.

I would also like to thank Melbourne Polytechnic's staff who have all worked tirelessly to implement the Board's direction and achieved excellent outcomes for Melbourne Polytechnic's students and partners.



Jim Pasinis
Board Chair
Melbourne Polytechnic

Date: 25 February 2019

I confirm that this Report of Operations was prepared in accordance with the requirements of the relevant Financial Reporting Directions.



Jim Pasinis
Board Chair
Melbourne Polytechnic

Date: 25 February 2019

MESSAGE FROM THE CHIEF EXECUTIVE



In 2018, Melbourne Polytechnic continued its commitment to equipping students and industry to thrive in the rapidly changing world. In my first full year as Chief Executive I was thrilled to be able to lead a team of dedicated people who achieved so much. The TAFE education and training system is fundamental to meeting the needs of students, industry and communities, and is critical to the success of the Victorian economy. However, the environment in which we operate is not without its challenges and, despite this, 2018 was a year of great success.

One measure of our success was the awarding to Melbourne Polytechnic of the Victorian Training Award for Inclusive Training Provider of the Year. The award recognises the actions of our teachers and staff every day to create learning environments that meet the needs of our very diverse student population. Our commitment to our diverse communities and students is one of the hallmarks of Melbourne Polytechnic, where we operate with students and communities from some of the most socially and economically challenged places in Melbourne. We believe that the training and support we offer helps to create a brighter, more successful future for all our students.

Over 2018 we continued to strengthen our partnership with industry, deepening our existing relationships and building new ones – reflecting changes to the Victorian economy. We built our relationships in manufacturing, food and fibre, and human services.

In response to the transformation promised by the National Disability Insurance Scheme, we further consolidated our offerings to train workers in the disability industry, working in partnership with people with disabilities and service providers to understand the skills and attributes of a successful disability workforce of the future. Inside Melbourne Polytechnic we worked on ensuring we provide opportunities for people living with disability to fully engage in work, training and education.

In 2018 we further consolidated our role as a steward of significant public assets. We undertook a number of refurbishments to our existing sites and, excitingly, in partnership with local secondary schools, opened the Whittlesea Tech School and the Banyule Nillumbik Tech School. We also commenced planning for the coming decades to better understand the types of facilities and locations we will need to be a leading-edge training provider into the future. Early work for the redevelopment of the Collingwood Precinct was also commenced.

In 2017, Melbourne Polytechnic was awarded the role of prime contractor for the delivery of the Adult Migrant Education Program (AMEP). In 2018, our first full year of operation, together with our contracted service providers, we met the contract requirements, delivering English education to migrants across Melbourne and setting them on the pathway for deeper engagement in our communities and participation in Victoria's economy.

We continued to consolidate our international education offerings, with an increasing number of international students travelling to Melbourne to study at our locations, and an increasing number of students studying Melbourne Polytechnic courses close to their homes in China, Pakistan and Hong Kong.

Importantly for our future, in late 2018 the Board endorsed the Melbourne Polytechnic Strategic Plan 2019-2023 setting our direction and priorities for the next five years. Through this plan we will build upon our strengths and continue to focus on what is important to us so we can equip students and industries to thrive.

I'd like to close by thanking the Board for their support during my first year, and to acknowledge the outstanding efforts of all our staff and their support of the student body. I look back on 2018 as a year of solid performance, as a springboard to our future success.

A handwritten signature in black ink, appearing to read 'Frances Coppolillo'.

Frances Coppolillo
Chief Executive
Melbourne Polytechnic
Date: 25 February 2019

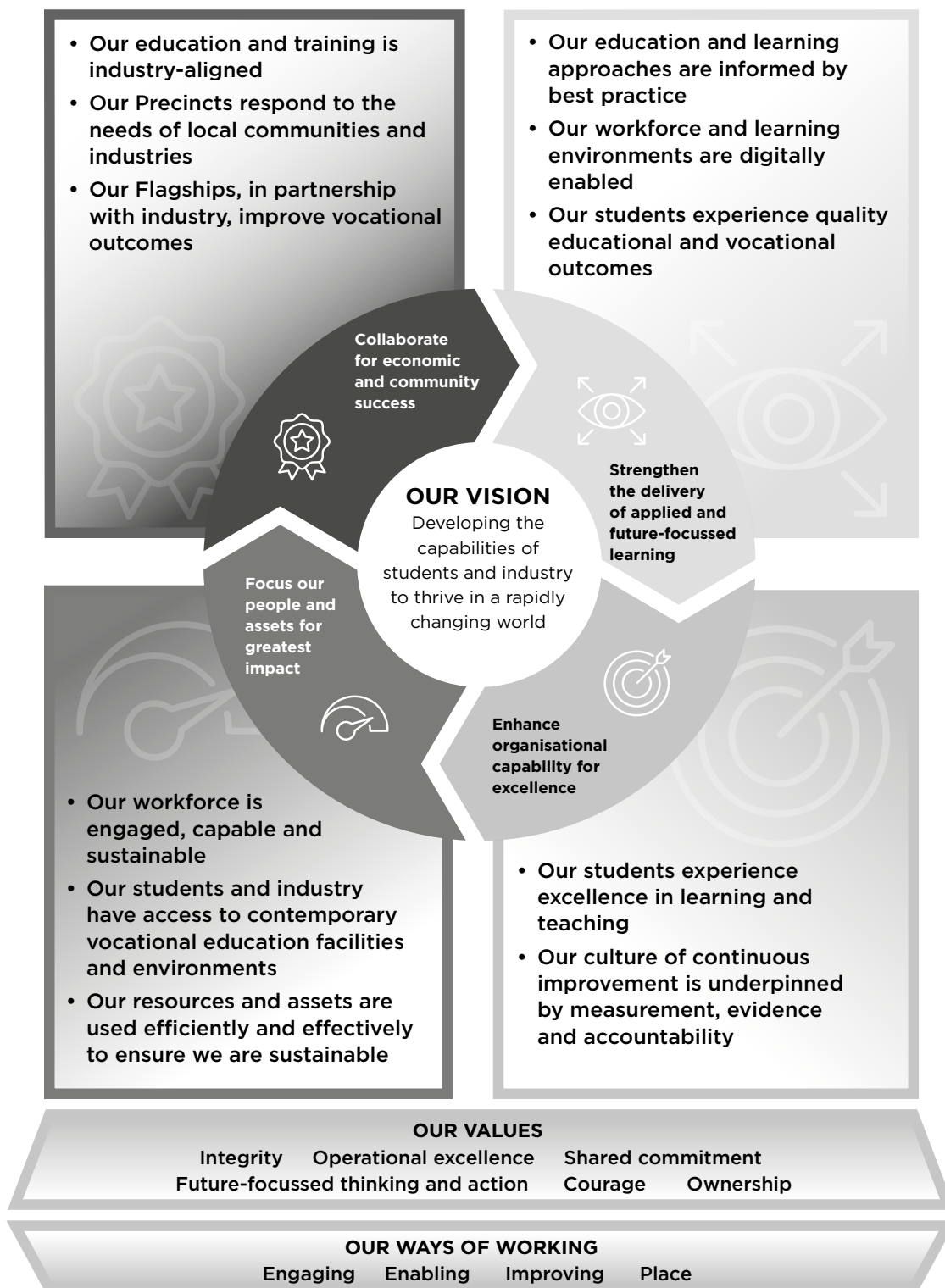
OVERVIEW OF THE MELBOURNE POLYTECHNIC STRATEGIC PLAN 2019-2023

In late 2018, the Melbourne Polytechnic Board endorsed a strategic plan for the period 2019-2023.

The strategic plan provides Melbourne Polytechnic with a clear focus on our priorities and efforts over the next five years to realise our vision: *Developing the capabilities of students and industry to thrive in a rapidly changing world.*

Through its Strategic Plan, Melbourne Polytechnic demonstrates its commitment to improvement and continuing the transformation of the Institute as an agile, forward-looking organisation that will deliver positive training and employment outcomes and success for students, local industries and communities.

STRATEGIC PLAN SUMMARY 2019-2023



STUDENT PROFILE – JOHN PULI

Changing your life's direction and undertaking study in a new field can be intimidating as a mature-aged student, but John Puli is delighted that he took the leap.

With a background of part-time jobs that he says didn't inspire him, in 2018 John decided to pursue his life-long interest in art and drawing and enrolled in Melbourne Polytechnic's Certificate IV in Visual Arts. John was drawn to the course as he was keen to learn new techniques and understand a bit more about art history.

John has a learning disability and he found the help of the Disability Support Service invaluable. A support worker helped John review and understand the coursework and build collaborative relationships with other students.

John appreciated the time his teacher, Con Emmanuel, spent with him. Con was honest about John's work and gave straightforward feedback, which helped John understand what he needed to work on. Being treated with respect and receiving honest feedback were important to John and throughout the course he appreciated being treated just like everyone else and being assessed against the same standards as his classmates.

Now that he has completed the Certificate IV in Visual Arts, John is focusing on improving his computer skills in 2019 and is planning to return to Melbourne Polytechnic to undertake the Diploma of Visual Arts.

John learnt more in 2018 than he ever thought he could and pushed himself beyond what he thought were his limits. He has some great advice for other mature-aged students who are considering studying at Melbourne Polytechnic: "Go for it! There are people willing to help you if you are willing to do the work."



In 2018, the Whittlesea Tech School and the Banyule Nillumbik Tech School were officially opened.

Developed in partnership with 32 local secondary schools, local government and industry, the schools are based at Melbourne Polytechnic's Greensborough and Epping campuses. They offer tech-enabled hubs for young people to design, create, experiment and grow.

The core programs offered at the Tech Schools encompass locally co-developed Inquiries, Design Challenges and Masterclasses. One of the featured programs is StudentStartUp, which enables young people to develop and extend their innovations into the real world with the support of industry partners and mentors, such as the Melbourne Innovation Centre.

The relationships between the Tech Schools, local secondary schools and industry are unique and designed to create real-world opportunities for students. Our industry partners provide energy, insight and value that broadens the scope of what education offers. Together with the secondary schools, we create new opportunities with the Tech Schools as the fulcrum.

We would like to acknowledge the planning and effort that went into developing the Tech Schools, in particular the work of the DET Tech Schools team, the Tech School Committees, and the Melbourne Polytechnic leadership team and staff. The passion, knowledge and enthusiasm shown by all contributors helped create a vibrant environment that encourages young people to learn and innovate.

The emerging confidence from secondary schools, industry and the broader community demonstrates that the Tech Schools are already seen as significant community assets. As they grow they will provide even more opportunities for creative minds and ideas and encourage young people to tackle real-world challenges while developing the skills of problem solving, creativity, critical thinking and entrepreneurship.



Above: The Premier of Victoria, the Hon. Daniel Andrews MP, spoke at the opening of the Banyule Nillumbik Tech School at Melbourne Polytechnic's Greensborough Campus in 2018.

Also pictured are (L-R): Frances Coppolillo, Melbourne Polytechnic Chief Executive; Minister for Training and Skills and the Minister for Higher Education, the Hon. Gayle Tierney MP; Deputy Premier of Victoria, the Hon. James Merlino MP; Uncle Perry Wandin, Elder from the Wurundjeri Tribe; Howard Kelly, Melbourne Polytechnic.

COLLINGWOOD CAMPUS PRECINCT DEVELOPMENT

The redevelopment of the Collingwood Campus started in 2018 utilising the Precinct approach. This approach aims to create a vibrant student and industry-centric educational setting that is responsive to the needs of industry and the community. It guides us to invest in local community groups to improve vocational and educational outcomes and provide a safe, creative and inclusive space.

During the year, we developed strong relationships with partners who share our vision, including the National Youth Commission, the Melbourne Innovation Centre, the Secretariat of National Aboriginal and Islander Child Care (SNAICC), AchieveGlobal and the Refugee and Immigration Legal Centre. These partners complement our vision of a precinct and expand our educational offerings. We are also developing strong relationships with African communities. Our partners work with us to collaborate and identify new opportunities to jointly use their capabilities and assets to contribute to the economic development and wellbeing of the local community.

The refurbishment of the library was completed and this innovative space will be used as a hub for social entrepreneurship, for community groups, and for the provision of short courses. The library hub is the precursor of further developments that will arise as a result of the recent Victorian state election.

The Collingwood precinct will support contemporary approaches to learning and teaching and will be a place of inclusion that welcomes and invites in the local community.



The newly refurbished Collingwood Campus Library.

STUDENT PROFILE – SCOTT BATTYE

After completing a Bachelor of Arts (Games Graphic Design), Scott applied for jobs in the industry and found that his knowledge, although extensive, was too industry-narrow, so in 2016 he started his Melbourne Polytechnic education journey.

Starting with a Diploma of Information Technology, Scott continued on to complete an Advanced Diploma of Computer Systems Technology in 2017. He proactively volunteered in student-based activities such as Open Day, was instrumental in developing the student IT Society and travelled to Xi'an China on a student study tour.

Scott commenced casual employment at Melbourne Polytechnic in both the Marketing and ICT departments in 2017 while studying for his Training and Assessment qualification. He now combines his Information Technology experience with his student experience to teach introductory web for the Certificate IV in Information Technology in the School of Engineering, Design and Construction.

In 2018, Scott was awarded the Outstanding Engineering, Design and Construction VET Student of the Year and the Melbourne Polytechnic Overall Outstanding Student of the Year.

On encouraging others who are interested in reaching their education goals, Scott says, "The learning doesn't finish when you leave the classroom; focus on learning and building a solid foundation of skills and knowledge. Build your 'knowledge tower' on strong foundations and you're less likely to fail!"



AWARDS AND ACHIEVEMENTS

The 2018 awards and achievements of Melbourne Polytechnic students and staff demonstrate excellence in student achievement and the commitment of our staff to continuous professional development.

STUDENT AWARDS

2018 EPSON AUSTRALIAN INSTITUTE OF PROFESSIONAL PHOTOGRAPHY (AIPP) AWARDS

Jorge Garcia Juarez Winner - 2018 Epson AIPP Student Photographer of the Year

Deborah Brown Winner - 2018 Epson AIPP Student Photographer of the Year

2018 HAIR SHOW

Samantha Wells Winner - Avant Garde Stage 1

Stephanie Kotsos Winner - Avant Garde Stage 2

Nesrin Alibrahim Winner - Bridal Stage 1

Sogol Rahmi Winner - Bridal Stage 2

Miriam Sheehan Winner - Barbering Haircuts

AUS TAFE CULINARY TROPHY

Katherine Pietsch Bronze Medal - First-year Apprentices

Jacob Jasser Silver Medal - Second-year Apprentices, Best Overall Second-year Apprentice in the State, Best Apprentice in the State

Glen Coustley Bronze Medal - Second-year Apprentices

Monica Vinson Certificate of Merit - Second-year Apprentices

Nicholas Gnafakis Bronze Medal - Third-year Apprentices

Claudia Pereira Da Costa Bronze Medal - Culinary Students

Chieh Liu (Chloe) Bronze Medal - Culinary Students

AUSTRALIAN CULINARY FEDERATION CAKE COMPETITION

Julie Harris Gold Medal - Wedding Cakes

Yi-Jen Wang Silver Medal - Wedding Cakes

Josie Iueli Bronze Medal - Wedding Cakes

Nevena Mihailova Gold Medal - Apprentice Wild & Wacky Cakes

Julie Harris Silver Medal - Apprentice Wild & Wacky Cakes

Carolina Ramirez Rojas Bronze Medal - Apprentice Wild & Wacky Cakes

John Quai Hoi Gold Medal - Open Professional Class - Wedding Cakes

John Quai Hoi Certificate of Merit - Open Professional Class - Sweet Buffet Showpiece

BAYSIDE FILM FESTIVAL

Ana Maria Ovalle Muskus Best Short Documentary Film

BUILDING DESIGNERS ASSOCIATION OF VICTORIA

Lindsay Fischer Most Promising Student

CIVIL CONTRACTORS FEDERATION AWARDS

Pio Spandoni 2017 Outstanding Student of the Year - Diploma of Engineering Technology - Civil

DESIGN INSTITUTE OF AUSTRALIA AWARDS

Renee Hope Winner - Graduate of the Year Award in Jewellery and Object Design

EPOCH (GRADUATE SHOW, DIPLOMA OF VISUAL ARTS, PAINTING)

Allan Cross Outstanding Painting Award (Sponsored by Deans Art)

Samuel Outstanding Student (Sponsored by Deans Art)

Antonietta Martin Outstanding Printmaking Student Award (Sponsored by Firestation Print Studio)

Isabelle McKenna Achievement Award (Sponsored by Visual Arts Department)

Antonietta Martin Printmaking Acquisitive Award (Sponsored by Adam and Stathi Kotzapavlidis Memorial)

Linda Baker Printmaking Achievement Award (Sponsored by Visual Arts Department)

Connie Pennisi Commendation Award (Sponsored by Visual Arts Department)

FACT OR FICTION PORTRAIT COMPETITION, SPONSORED BY SLAM

Brook Murray (Skolnik)	First Prize - 12-month membership to IA (Sponsored by Illustrators Australia)
Joseph Klarenbeek	Second Prize
Julia Novella	Third Prize
Karen Jackson	Special Commendation
Julia Nagao	First Prize (Photography Category)
Leandro Olgiati	Second Prize (Photography Category)

ILLUSTRE EXHIBITION (DIPLOMA OF VISUAL ARTS)

Jennifer Saunders	Best Traditional Media
Julia Novella	Best Traditional Media
Katherine Bouman	Best Digital Work
Yuin Yahn Yip	Best Digital Work
Vickie Trivellas	Best Children's Book Illustration
Fleure Ruth Umealu	Best Cutting Edge Illustration
Irene Wu	Best Individual Work
Shae Foreman-Sim	Best Body of Work
Leah Hume	Best Body of Work
Melissa Alvaro	Acquisition Prize (Sponsored by Adam and Stathi Kotzapavlidis Memorial)

LORD COCONUT

Jean-Nicolas Weryha	Lord Coconut Melbourne Cufflink Prize (Jewellery)
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MANIFEST (GRADUATE SHOW, ADVANCED DIPLOMA OF CREATIVE PRODUCT DEVELOPMENT)

Jayden Nesbitt Gardas	Best In Individual Work (Sponsored by Deans Art)
Brooke Skolnik (Murray)	Outstanding Student Award (Sponsored by Deans Art)
Darcy Scott	Encouragement Award (Sponsored by Visual Arts Department)

MASTER LOCKSMITHS ASSOCIATION OF AUSTRALASIA

Riley-Jack Davison	John Andrews Apprentice of the Year Award
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MELBOURNE INTERNATIONAL FLOWER AND GARDEN SHOW

Elinor Beard	First Place - The Avenue of Achievable Gardens Blue Category Award
Bessie Richards	First Place - The Avenue of Achievable Gardens Blue Category Award
Sarah Jardine	First Place - The Avenue of Achievable Gardens Blue Category Award Winner - Best Use of Plant Life Award, Winner - Award of Excellence - Best in All Categories

NORTHERN INDUSTRY STUDENT PLACEMENT PROGRAM (NISPP)

Jessica O'Donnell	2018 Placement Student of the Year
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ROYAL AGRICULTURAL SOCIETY OF VICTORIA

- ROYAL MELBOURNE SHOW, SCHOOLS PARADERS COMPETITION

Kimberly Bird	First Paraders - Heat 20, 19 years and over (also paraded for Champion Handler)
Holly Bast	Fourth Paraders - Heat 20, 19 years and over
Jennifer Bessell	Fifth Paraders - Heat 20, 19 years and over

VCAL FOUNDATION PERSONAL SKILLS DEVELOPMENT

Isa Fezollari	Award winner - VCAL Achievement Awards
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WORLDSKILLS AUSTRALIA NATIONAL CHAMPIONSHIPS 2018

Leah Straughair	Silver Medal - Jewellery
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STAFF AWARDS

AUSTRALIA COUNCIL FOR THE ARTS: ARTS PROJECTS FOR INDIVIDUALS AND GROUPS

Edwina Preston Monetary Grant

BEGA VALLEY GALLERY SHIRLEY HANNAN NATIONAL PORTRAIT AWARD

Warren Crossett Finalist

DOUG MORAN NATIONAL PORTRAIT PRIZE

Warren Crossett Finalist

MELBOURNE POLYTECHNIC RESEARCH AND SCHOLARSHIP SEEDING GRANT

Eugene Ball

Martin Koszolko

ONLINE OHS INDUCTION EXCELLENCE AWARD

Michael Costa Finalist

INSTITUTE AWARDS

2018 VICTORIAN TRAINING AWARDS

Inclusive Training Provider of the year

AUS TAFE CULINARY TROPHY

Most Outstanding Establishment in Victoria

2018 STAFF EXCELLENCE AWARDS

Melbourne Polytechnic's 2018 Excellence Awards evening was a wonderful event, with many staff sharing stories of great achievements throughout the year and recognising the longstanding tenure of employees who reached 10, 20 or 30 years of service.

It is important to recognise the outstanding contribution of our staff members and their ongoing commitment to excellence. The Award provides a great opportunity to reflect and acknowledge the people who build our Institute and inspire the Melbourne Polytechnic community.

In the 2018 Excellence Awards program we had many applications that showcased why our staff are the heart of our Institute. From inspiring stories of teachers and support staff who have guided our students through their studies and student experience to the operational staff who provide a contribution every day to build the Melbourne Polytechnic brand and keep the Institute running smoothly.

This year I was pleased to recognise the finalist and winner in the Chief Executive's Award, which recognises those who have consistently shown initiative and drive to 'make a difference' in their role. These people are the ones who make us smile, who improve our working experience and who embody the culture of Melbourne Polytechnic. The winner of the 2018 Chief Executive's Award was the very deserving and always smiling Suzy Tustonjic, who is a Security Guard and valuable member of our Facilities and Assets team.

Another very special element of the 2018 Excellence Awards event was the recognition of service of five staff members who have been with Melbourne Polytechnic for 30+ years.

Congratulations to:

Fiona Blair (Leading Teacher, Music Industry),
Urs Reusser (Teacher, Cookery),
Annie Kelly (Teacher, English EAL),
Gail Healey (Academic Records Officer),
Joseph Ciavarella (Teacher, Electrical).

I was honoured to recognise the commitment of Maggie Iovannella, who started as a staff member 40 years ago and has brought her loyalty, creativity and sense of humour to the library ever since.

Frances Coppillo
Chief Executive



Above: Melbourne Polytechnic Chief Executive, Frances Coppillo (L), with Suzy Tustonjic (R).

Below: Melbourne Polytechnic Chief Executive, Frances Coppillo (R), with Maggie Iovannella (L).



SECONDARY SCHOOLS ENGAGEMENT

The Future Students Team is the first Melbourne Polytechnic point of contact for many people and it works to identify, inform and qualify potential students. The Team liaises with key influencers and industry and collects feedback on the Melbourne Polytechnic brand and products.

The Future Students Team works with Melbourne Polytechnic's VCAL and VETiS programs and coordinates the Institute's Secondary School Engagement Committee and the Secondary School Leaders Advisory Committee, which includes 15 principals from local secondary schools.

In 2018, Melbourne Polytechnic's Future Students Team:

- ▶ Promoted Melbourne Polytechnic at 167 events.
- ▶ Provided information and advice at 23 Career Network Meetings that were attended by 458 Secondary School Career Advisors.
- ▶ Arranged for 2,540 local secondary school students to visit Melbourne Polytechnic campuses.

During the year, the Future Students Team worked closely with Local Learning and Employment Networks, local councils, youth groups, Victoria Police, other TAFEs and universities on joint initiatives that included:

VCAL - the Future Students Team helped market Melbourne Polytechnic's VCAL offering to secondary schools and supported the development of new VCAL programs.

Creative Arts Taster - a free event that provided information about music, sports broadcasting, sound production, photography, illustration and visual arts was held at our Fairfield Campus. 165 local secondary students attended.

African Youth Engagement Program - a Career Pathways Information Night was held for young Australian African people. Approximately 50 students, aged 14 to 17 years, attended the event, which promoted career pathways opportunities and featured speakers from diverse backgrounds.

VCE Careers Expo, Caulfield Race Course - The Future Students Team coordinated Melbourne Polytechnic's stand at the Expo, which was attended by over 30,000 prospective students.

#FINDTHEIRFEET

#findtheirfeet is a community education initiative led by the Future Students Team and developed in partnership with the Career Education Association of Victoria (CEAV), Local Learning and Employment Networks, La Trobe University, Northlink and local secondary schools.

In the rapidly changing world of work, talking about career options with young people can be difficult. #findtheirfeet helps by providing clear information, useful resources and the chance to talk to real people about options available now and in the future.

#findtheirfeet launched in 2018 and held three successful events. Following extremely positive reviews, the Department of Education and Training will provide sponsorship of \$200,000 to run #findtheirfeet in 2019.

#findtheirfeet event, 24 October 2018, Melbourne Polytechnic Greensborough Campus.



WORKING WITH INDUSTRY AND GOVERNMENT

2018 was a fantastic year for the Industry and Government Partnerships Team. Along with continuing delivery of programs to existing clients, many new projects were won and implemented.

HIGHLIGHTS

- ▶ Successful application for an Innovation Fund grant for the Designed Glass sector.
- ▶ Established a partnership with the Brotherhood of St Lawrence to provide Horticulture and Business Services training via their Group Training Organisation.
- ▶ Launched a trade program with Jayco Caravans to provide training for their Carpentry, Plumbing, Engineering and Electrical apprentices, as well as a number of workforce development initiatives in non-trade topics such as leadership and training.
- ▶ Commencement of the Costa Mushrooms Workforce Training Innovation Fund Project. This project will help Costa employees improve their harvesting skills by using Virtual Reality and help retain staff, reduce injuries and improve the quality of produce.
- ▶ The Caravan Industry Association of Victoria (CIAV) Workforce Training Innovation Fund, run in partnership with the CIAV and Nova Caravans, progressed in 2018. Research identified best practice in caravan manufacturing, which resulted in Nova completely redesigning their assembly line, which improved output both in volume of caravans built and their quality.
- ▶ Successful completion of Phase 1 of the Jemena Development Program. Melbourne Polytechnic was subsequently contracted to deliver the next phase of the Program, which includes the production of all Enterprise and Generic Competency training needs for all Jemena Network Control Room Coordinators.
- ▶ Successfully ran three groups of the Victorian State Government's Secondary School Managers' Development Program. This involved a Certificate IV in Business being delivered to groups of Secondary School Managers from neighbouring schools, providing skill development and building strong peer networks.
- ▶ Implemented an initiative to deliver educational services (such as Certificate in General Education for Adults) at the Disability Forensic Assessment and Treatment Service (DFATS) Fairfield facility. The program was so successful that Melbourne Polytechnic secured a contract extension midway through the first term.

INTERNATIONAL EDUCATION

Melbourne Polytechnic manages the delivery of programs outside Australia with 20 partner institutions. Our delivery is underpinned by a strong regulatory framework and ongoing monitoring of Australian providers. In 2018, most students were based in China and Hong Kong and new projects were developed in Korea, Indonesia, Bangladesh and Sri Lanka.

Our continued high-level involvement in international education enhances our reputation and contributes to the wider Australian education sector, supporting Victorian and Australian Government initiatives wherever possible. We continue to engage with Victorian TAFE International as the lead professional development body in the field and the voice of Victorian TAFEs with government.

The continued development of the independent institute Fuzhou Melbourne Polytechnic in Fujian Province, China, saw a growth in student enrolments from 200 to 700 across four majors in Accounting, Business, Hospitality and Information Technology, which will lead to significant and sustainable export revenues and jobs for Victorians.

Below and Right: Facilities at Fuzhou Melbourne Polytechnic.



2018 HIGHLIGHTS

We expanded and diversified our international education services and profile, and developed new partnerships and projects that included:

- ▶ Short-term programs took place in Indonesia, China, Korea and at an orphanage in Zambia, with groups visiting transnational partners and building significant rapport and goodwill across the world.
- ▶ Successfully delivered United Nations Development Program-funded master trainer programs to Myanmar Government parliamentary staff and Myanmar vocational college leaders, in collaboration with the Victorian State Government and the Myanmar Government Education Department.
- ▶ Successful delivery of the Technical and Vocational Education and Training (TVET) Trainer Course to commercial clients in China, and Training and Assessor courses in South Korea.
- ▶ Commenced delivery of the Beijing Government Vocational Teacher Professional Development Program for vocational high school teachers who deliver early years education and accounting in Beijing.
- ▶ Indonesian Ministry of Research, Technology and Higher Education (RISTEKDIKTI) Vocational Teacher Retooling Program - Successfully delivered Animal Livestock and Civil Engineering practical training, industry exposure and Australian accredited certifications to Indonesian university and polytechnic teachers.
- ▶ Launched a new program in collaboration with the Gyeongsangbuk-do Provincial Government in Korea to deliver customised hospitality training under an innovative new model.
- ▶ Thailand Office of Vocational Education Commission - Successful delivery of customised English and vocational training methodology to directors and teachers of vocational colleges, and vocational English training to vocational students.
- ▶ Development and first delivery of a bridging program for Bangladesh Diploma of Engineering students to undertake the Advanced Diploma of Engineering, which will enable them to progress to Melbourne Polytechnic to study the Bachelor of Engineering.

DOMESTIC EDUCATION

- ▶ International student enrolments in VET, higher education and English language programs (ELICOS) occurred from 68 countries and increased by approximately 50 per cent in 2018. 1,285 equivalent full-time study load (EFTSL) students.



LOOKING AHEAD

Development of existing capacity building projects through Asia and South East Asia will remain the major strategic focus.

NATURE OF STRATEGIC AND OPERATIONAL RISKS FOR OVERSEAS OPERATIONS

Melbourne Polytechnic is committed to the effective management of risk to achieve strategic goals and objectives and to responsibly meet our regulatory and contractual obligations. We are conscious of the inherent risks of overseas projects and work to identify and mitigate them in accordance with the Institute's Risk Management Policy.

RISK MITIGATION STRATEGIES

Melbourne Polytechnic works continuously to assess, manage and treat risk as an element of decisions and process, not as a standalone activity. In terms of overseas operations, this takes the form of:

- ▶ Monthly reports on each international project in the pipeline.
- ▶ Business cases for each new major international project.
- ▶ Ongoing research and on-the-ground appraisal of the business and safety environments in areas of operation.
- ▶ Continuous consultation with government, management and other stakeholders.



PERFORMANCE MEASURES AND TARGETS

The Institute promotes optimal performance in overseas projects through a process of ongoing assessment and review. New major projects are subject to detailed financial planning and management to ascertain viability and maximise benefits. All projects, once approved, are included in the annual budget cycle and are subject to rigorous monthly identification and reporting. Any significant variances are highlighted and discussed through the corporate governance structure, namely the Executive, the Board and the relevant sub-committees.



Above: Facilities at Fuzhou Melbourne Polytechnic.

Below: The Fuzhou Melbourne Polytechnic Campus.



OUR SCHOOLS AND SUPPORT ACTIVITIES

Melbourne Polytechnic delivers quality education through its six schools and is supported and enabled by its student support and corporate functions.

SCHOOL OF BUSINESS, INNOVATION AND ENTREPRENEURSHIP

The School of Business, Innovation and Entrepreneurship offers vocational and higher education programs ranging from Certificates through to Master's qualifications across three departments: Business, Hospitality and Work Education.

The Department of Hospitality offers programs in Hospitality, Bakery, Patisserie, Cookery and Events. The Business department offers programs in Finance and Accounting, Business and Management, Real Estate and Legal Services. The Department of Work Education offers a specialised suite of programs to students with intellectual disabilities.

HIGHLIGHTS

- ▶ The Work Education department, in partnership with other areas of the Institute, had its work recognised when Melbourne Polytechnic won the 2018 Victorian Training Awards for Inclusive Training Provider of the Year.
- ▶ The Hospitality department competed in the Australian Culinary Federation Cake Competition and won Best Establishment. Melbourne Polytechnic is only the second TAFE to ever achieve this award. A number of students also won medals and certificates of merit in this competition (see page 10 for more detail) and student Jacob Jasser won Best Overall Second-year Apprentice in the State and Best Apprentice in the State.

SCHOOL OF CREATIVE ARTS

The School of Creative Arts consists of Visual and Performing Arts. Within these two departments are creative disciplines including Music Performance, Illustration, Theatre Studies, Graphic Design, Screen and Media, Writing, Editing and Publishing, Photo Imaging, Sound Production, Hairdressing, Specialist Make-Up for Theatre, Jewellery, and Costume Design.

Students are positioned to thrive in their careers because we develop programs to meet not only student needs, but also the needs of industry. A career in the creative arts is challenging and students are provided with the best possible start by building programs that focus on real-world outcomes.

HIGHLIGHTS

- ▶ An international partnership was forged with Enter Audio House in Indonesia, supporting them to transform the live audio industry in Indonesia.
- ▶ Awarded a \$900,000 grant through the Workforce Training Innovation Fund to establish the Australian Centre for Designed Glass at the Prahran campus.
- ▶ The 'Under One Sky' collaborative project, which brings together students from the Diploma of Photography, English as an Additional Language (EAL) and the Diploma of Writing and Editing to publish a book of migrant and refugee students' experiences.

SCHOOL OF ENGINEERING, DESIGN AND CONSTRUCTION

This School specialises in the design and delivery of programs for the Engineering, Design and Construction, and IT industries. Programs are undertaken by local, interstate and international students and include Apprenticeship, Diploma, Advanced Diploma and Bachelor courses.

HIGHLIGHTS

- ▶ Electrical Trade Delivery programs were moved from Preston Campus to Heidelberg Campus, allowing full use of the Learning Management System (LMS) and integration with other trades in the Trade Hub.
- ▶ Plumbing was expanded into an additional building at Heidelberg Campus to accommodate larger numbers of students in this growing area.
- ▶ Trade Department staff went to Korea to assist with the delivery and auditing of Institute-accredited Welding training.

SCHOOL OF FOOD, PLANT AND ANIMAL INDUSTRIES

This School offers training in Agriculture, Horticulture, Animal and Equine Studies, and Civil Construction to improve the economic, environmental and social outcomes of rural and urban communities. Our education program is industry oriented and focused on skills development across a range of vocational and higher education programs (certificates to degrees).

HIGHLIGHTS

- ▶ Melbourne Polytechnic extended its partnership with La Trobe University and began offering its Bachelor of Veterinary Nursing.
- ▶ Melbourne Polytechnic students took out all of the awards in the Achievable Gardens Competition at the 2018 Melbourne International Flower and Garden Show. The winner also received the gold medal for Best In Show.
- ▶ Successful completion of the Vocational Competence Retooling Scholarship Program for the Indonesian Ministry of Research, Technology and Higher Education, which involved 15 academics from universities and polytechnics from across Indonesia.

SCHOOL OF FOUNDATION AND PREPARATORY STUDIES

This School brings together teaching and support programs to enable students to gain the confidence and skills to engage in meaningful further study, or to be ready for work. The School aims to be open, welcoming and rigorous in its approach to teaching and places the needs of students at the centre of planning and delivery.

HIGHLIGHTS

- ▶ Auslan regional delivery was expanded into Wodonga.
- ▶ A new English as an Additional Language (EAL) model of delivery that meets the needs of migrant students in new and innovative ways was piloted at Broadmeadows. This increased our attendance rates by 15%.

SCHOOL OF HEALTH AND EDUCATION

The vision of this School is to be the provider of choice for health and education training, and it aims to deliver skills that contribute to the wellbeing of the entire community. The School offers courses in health, community services, early years education, training and assessment, and individual support. It delivers industry-focused, student-centric programs that set students up for a positive start to their careers.

HIGHLIGHTS

- ▶ Successful roll out of the Residential Care Workers Vocational Training Initiative. Melbourne Polytechnic provided upskilling and Certificate IV in Child, Youth and Family Intervention to staff across Victoria.
- ▶ Strengthened the partnership with Araluen to support training for students working with people living with disabilities.
- ▶ Responded to increased demand for the ITAC program, which sees Melbourne Polytechnic staff travelling overseas in a 'Train The Trainer' model for teacher training.

MELBOURNE AMEP

Melbourne Polytechnic is the prime contractor for the Melbourne Adult Migrant English Program (MAMEP), which brings together training providers from across five regions in Melbourne to deliver English language tuition to eligible migrants. MAMEP, which is funded by the Australian Government, provides eligible clients with access to 510 hours of English language tuition along with support such as tutoring and child care to help learners stay engaged with the tuition.

MAMEP was established in 2017 and during its first full year of operation to June 2018 it exceeded all of its key performance indicators. Ninety-four per cent of eligible clients went on to commence training and approximately 89 per cent of clients in pre-employment and social English streams met the required learning outcomes.

In partnership with 18 subcontractors, including TAFEs and Learn Locals, MAMEP is not only building English skills but supporting social participation, independence and stronger connection to community for hundreds of migrants across Melbourne.

Other highlights from the first year of operation include:

- ▶ Winner of the AMEP Innovation Grant for work that gathered graduates from the work-focused program to provide current students with networking opportunities, industry updates and employment advice.
- ▶ Successful expansion of Volunteer Tutor-based Homework Clubs at the Preston and Greensborough Campuses.

STUDENT ACQUISITION

The Student Acquisition Team nurtures our future students from initial enquiry to enrolment, supporting our prospective students through Student Connect (our call centre) and in person at four campus hubs and two Skills and Job Centres. The team handles enquiries from inbound calls, the Melbourne Polytechnic website, LiveChat, walk-ins and events.

HIGHLIGHTS

- ▶ In 2018, Student Connect serviced more than 94,000 phone calls.
- ▶ 7,600 customers were served at our Skills and Job Centres, which was 2,300 more than in 2017.
- ▶ More than 1,600 clients booked appointments with Education and Course Advisors at our Skills and Job Centres, which was an increase of 790 from the previous year.
- ▶ 3,900 prospective students attended our Information and Enrolment events across 30 study areas, which was 800 more than 2017.
- ▶ A cloud-based telephony system was implemented in Student Connect.
- ▶ A six-hub strategy was established and will be implemented in 2019.

STUDENT EXPERIENCE

Student Experience delivers a comprehensive range of services to students to ensure they meet their educational goals and to enhance their participation in Institute life.

Student Experience comprises the following departments: Academic Registry, Academic and Learning Support Services, Koorie Services, Student Services including Counselling and Disability Support, Student Life and Media (SLAM), Fitness Centre, Student Communications and the Student Hub.

HIGHLIGHTS

- ▶ Awarded the Inclusive Training Provider of the Year award at the Victorian Training Awards.
- ▶ Established the International Student Mental Health Ambassador program.
- ▶ Launched Melbourne Polytechnic's 2018–2021 Aboriginal Education Strategy.
- ▶ Launched the Student Hub at Preston Campus to better meet student needs.
- ▶ Welcomed over 400,000 visitors to the Library's physical and digital destinations.
- ▶ Achieved a 27% increase in Indigenous student participation rates.
- ▶ Increased engagement with the Melbourne Polytechnic THRIVE APP by 22%.
- ▶ Ran 330 on-campus events across the year to support student engagement.

FACILITIES AND ASSETS

The Facilities and Assets team is responsible for all assets and related services including buildings, utilities, grounds, timetabling, infrastructure and the management of security, cleaning, waste, sustainability and mobile equipment (excluding ICT, multimedia and telecommunication resources).

HIGHLIGHTS

- ▶ Opened two Tech Schools (see page 8).
- ▶ Upgraded trade facilities at Heidelberg Campus by relocating and enhancing the electro technology facilities and expanding the purpose-built roof plumbing facilities. This, and further planned work, strengthens Melbourne Polytechnic's reputation as a Trade Hub in the Northern corridor.
- ▶ Implemented a QR code system for all teaching spaces, which enables students to immediately download the current classroom timetable.
- ▶ Installed a new half-court basketball arena at the Heidelberg Campus.
- ▶ Designed and constructed new facilities for concrete formwork training at Epping Campus.

ICT SERVICES

In 2018, the Institute committed to improve ICT facilities and infrastructure. One of the key investments was a project that improved the wide area network. Fibre links between Greensborough, Epping and Prahran were completed and work commenced on linking the remaining campuses. This upgrade was complemented by the establishment of a 2Gbps service, which significantly increased internet connectivity.

In addition to a major technology investment in 55 computer labs across the Institute, 25 venues received audio/visual upgrades, and new ICT equipment and infrastructure was incorporated into the Tech Schools at the Greensborough and Epping campuses.

Business As Usual (BAU) ICT expenditure	Operational and Capital	\$9.6 million
Non-Business as Usual (non-BAU) ICT Expenditure	Operational	\$0.3 million
	Capital	\$0.5 million

ENVIRONMENTAL PERFORMANCE

In 2018, Melbourne Polytechnic:

- ▶ Reduced energy consumption by eight million megajoules by replacing old building services equipment with high-efficiency equipment and improving mechanical services efficiency by installing Variable Speed Drivers (VSDs).
- ▶ Recycled six tonnes of backlog e-waste.
- ▶ Piloted a coffee cup recycling program at Preston campus.

ENERGY USE

	2018	2017	2016
Total energy usage segmented by primary source (megajoules)	65,465,486	73,551,604	72,274,470
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tonnes CO2-e)	13,554	14,747	12,163
Percentage of electricity purchased as green power	0%	0%	0%
Units of energy used per FTE (megajoules)	59,877	71,340	106,455
Units of energy used per unit of GFA (megajoules per m ²)	392	525	516

FTE: full-time equivalent

Total Gross Floor Area (GFA) is 167,205m², excluding Ararat.

WASTE PRODUCTION

	2018			2017			2016		
	Organic*	Recycle	Waste	Organic*	Recycle	Waste	Organic*	Recycle	Waste
Total units of office waste disposed of by destination (kg per year)	N/A	119,302	775,000	N/A	111,550	599,280	N/A	62,710	649,760
Units of office waste disposed of per FTE by destination (kg per FTE)	N/A	109	708	N/A	108	869	NA	73	760
Recycling rate (% of total waste by weight)	15.4%			16%			10%		
Greenhouse gas emissions associated with waste disposal (tonnes CO2-e)	1,072			718			844		

* Organic data is not available

Waste and recycling data is based on information provided by the waste services contractor.

Waste data includes general office waste and construction waste from teaching areas.

Recycling data includes co-mingled, paper, cardboard and e-waste.

FTE: full-time equivalent

PAPER USE

	2018			2017			2016		
	0-49%	50-75%	76-100%	0-49%	50-75%	76-100%	0-49%	50-75%	76-100%
Total units of A4 equivalent copy paper (reams)	12,876			9,608			8,887		
A4 equivalent copy paper used per FTE (reams per FTE)	11			9			10		
Percentage of recycled content copy paper purchased	0-49%	50-75%	76-100%	0-49%	50-75%	76-100%	0-49%	50-75%	76-100%
Reams	12,371	0	505	9,523	0	85	2,544	6,343	0

FTE: full-time equivalent

WATER CONSUMPTION

	2018	2017	2016
Total water consumption (kilolitres)	76,555	52,620	60,415
Total water consumption per FTE (kilolitres)	70	51	71
Units of metered water used per unit of GFA (kilolitres per m ²)	0.46KL/m ²	0.37kl/m ²	0.43 kl/m ²

FTE: full-time equivalent

Total Gross Floor Area (GFA) is 167,205m², excluding Ararat.

TRANSPORTATION

	2018			2017			2016		
	Petrol	Diesel	LPG	Petrol	Diesel	LPG	Petrol	Diesel	LPG
Total energy consumption fleet vehicle (megajoules)	1,732,494	1,278,627	66,600	1,578,000	1,162,000	100,000	1,509,000	1,292,000	118,000
Total vehicle travelled (km)	377,602	262,103	62,301	470,959	290,721	26,134	293,722	127,638	30,156
Greenhouse gas emissions (tonnes CO ₂ -e)	122	96	4.27	89	81	6	108	97	7
Total distance travelled by air (km)	N/A			N/A			N/A		
Percentage of employees using alternative forms of transport	N/A			N/A			N/A		

GREENHOUSE GAS EMISSIONS

	2018	2017	2016
Total greenhouse gas emissions associated with energy use (tonnes CO ₂ -e)	13,544	15,422	12,163
Total greenhouse gas emissions associated with fleet vehicle (tonnes CO ₂ -e)	222	176	212
Total greenhouse gas emissions associated with air travel (tonnes CO ₂ -e)	N/A	N/A	N/A
Total greenhouse gas emissions associated with waste production (tonnes CO ₂ -e)	1,072	253	844
Greenhouse gas emissions offsets purchased (tonnes CO ₂ -e)	0	0	0

PROCUREMENT

Melbourne Polytechnic's Procurement Policy ensures that all procurement activity undertaken on behalf of Melbourne Polytechnic complies with sustainability principles and minimises the negative impacts and costs of operations.

SUMMARY OF FINANCIAL PERFORMANCE

Melbourne Polytechnic recorded a net result of \$10.8 million surplus in 2018, compared to a 2017 surplus of \$0.2 million, largely as a result of increased training revenue and increased Victorian State Government contributions.

The Institute's revenue increased to \$203.2 million in 2018, compared to \$166.0 million in 2017. This 22.4% increase was driven by a full year realisation of the Adult Migrant English Programs (AMEP) contract with the Australian Government, an increase in enrolments and an increase in Victorian State Government funding. Expenditure increased from \$163.8 million in 2017 to \$192.4 million in 2018. This was primarily driven by a full year of payments to the AMEP Network delivery providers and an increase in teaching salaries due to the new TAFE Enterprise Agreement, which became effective from 1 May 2018. The Institute's closing cash position was similar to last year's at \$33.5 million.

Melbourne Polytechnic continues to focus on the delivery of excellent quality training and education, while growing revenue in an efficient manner to improve productivity on the path to financial sustainability.

SUMMARY OF FINANCIAL RESULTS

	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Total income from transactions	203,163	165,965	133,071	139,588	121,513
Total expenses from transactions	192,393	163,798	135,740	142,980	140,709
Net result from transactions (Net operating balance)	10,770	2,167	(2,669)	(3,392)	(19,196)
Other economic flows included in net result	66	(2,013)	220	(101)	(1,344)
Net result	10,836	154	(2,449)	(3,493)	(20,540)
Other economic flows not included in net result	(119)	76,148	-	17,926	15,689
Comprehensive result	10,717	76,302	(2,449)	14,433	(4,851)

At 31 December 2018, Melbourne Polytechnic's consolidated net assets were \$372.0 million (2017: \$361.3 million). The increase in net assets was due to:

- ▶ The favourable trading result for the year; and
- ▶ The increased capital activity in relation to the Banyule Nillumbik and Whittlesea Tech Schools Project.

SUMMARY OF FINANCIAL POSITION

	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Total assets	436,727	421,659	338,470	332,031	307,292
Total liabilities	64,728	60,377	53,490	44,602	34,296
Net assets	371,999	361,282	284,980	287,429	272,996

ACKNOWLEDGEMENT OF THE COMMON FUNDING AGREEMENT

Melbourne Polytechnic acknowledges the financial support provided by the Victorian State Government for services funded pursuant to the Common Funding Agreement between Melbourne Polytechnic and the Victorian State Government.

BOARD AND COMMITTEES

The Melbourne Polytechnic Board is responsible to the Victorian State Government for the overall strategy, governance and performance of Melbourne Polytechnic's functions.

BOARD DIRECTORS AT 31 DECEMBER 2018

Jim Pasinis	Minister Appointed Director
Fiona McNabb	Minister Appointed Director
Daniel Stubbs	Minister Appointed Director (1 Jul 2018 - 31 Dec 2018)
Fiona Smith AM	Minister Appointed Director (1 Jul 2018 - 31 Dec 2018)
Helen Clarke	Minister Appointed Director (1 Jul 2018 - 31 Dec 2018)
Tali Bernard	Minister Appointed Director (1 Jul 2018 - 31 Dec 2018)
Joe Dicks	Minister Appointed Director (1 Jan 2018 - 30 June 2018), Board Appointed Director (1 Jul 2018 - 31 Dec 2018)
Professor Lee Astheimer	Board Appointed Director
Ian Munro PSM	Board Appointed Director
Dr Richard Tait	Board Appointed Director
Frances Coppolillo	Chief Executive
Mel Riel	Staff Elected Director



Jim Pasinis

Jim Pasinis has over 30 years' experience in the health and community services sector and was awarded the Centenary Medal for his services to culturally and linguistically diverse communities in the northern metropolitan area of Melbourne. He is a director of the Victorian Responsible Gambling Foundation (VRGF) and the Araluen Centre.

Mr Pasinis has been instrumental in implementing government-funded community health services and has assisted marginalised young people in developing social and employment skills.

He has served as a director of the Penington Institute, a charity that raises awareness regarding drug use and disease prevention, and was Chief Executive Officer of Banyule Community Health, West Heidelberg Community Health Centre and Box Hill Community Health Service.

Mr Pasinis holds a Diploma of Accounting and a Graduate Diploma of Health Administration and is a member of the Australian Institute of Company Directors.



Frances Coppolillo

Frances Coppolillo has an extensive history with Melbourne Polytechnic. She took up the role of Deputy Chief Executive Officer in September 2014 and led the College, Schools and a range of student-focused departments. Prior to this, Ms Coppolillo was the Deputy Director Programs - Teaching and Learning.

Ms Coppolillo joined the VET sector as a teacher in 1986 and throughout her career she has held a range of teaching, management and leadership positions, including Associate Director of Melbourne Polytechnic's Faculty of Further Education, a role she performed for 14 years.

Ms Coppolillo was a founding director on the Board of the TAFE Development Centre (now the VET Development Centre) and has led projects in learning resource development, and best practice projects in student engagement and retention. She has been a member of a number of regional development committees including Northern RDA and Local Learning and Employment Networks.

Her qualifications include Bachelor of Education and Master of Social Sciences (Policy and Management). Ms Coppolillo is the first female CEO of Melbourne Polytechnic (formerly NMIT).



Dr Richard Tait

Dr Richard Tait has extensive experience in the information and communications technology sphere. He is currently a non-executive director of CenITex, a Victorian State Government authority that provides information technology services, and has served as Chief Information Officer of Goldman Sachs JBWere in Melbourne, Interim Chief Information Officer at the Australian Taxation Office, and Chief Technologist at ANZ Bank.

Dr Tait holds qualifications in science and information technology from the University of Melbourne and Monash University, and a PhD from the Université Pierre et Marie Curie (Paris VI). He is also a graduate member of the Australian Institute of Company Directors.



Fiona Smith AM

Fiona Smith AM was awarded the Order of Australia in recognition of her human rights and social justice advocacy. She served a five-year term as Chairperson of the Victorian Equal Opportunity and Human Rights Commission and played an integral role in implementing Victoria's Charter of Human Rights and Responsibilities.

Ms Smith has practised as a public interest lawyer, is an accredited mediator, has served as a member of the Commonwealth Administrative Appeals Tribunal and holds a qualification from the Australian Institute of Company Directors.

Throughout her career, Ms Smith has held a range of leadership positions including ten years as the Chairperson of Victoria's Business Licensing Authority, serving as a director of Yooralla and the Victorian Eye and Ear Hospital, and as a trustee of the Reichstein Foundation.



Daniel Stubbs

Daniel Stubbs has a wealth of legal, policy and economics experience and is the Chief Executive Officer of Inner Melbourne Community Legal, which provides legal services to disadvantaged and marginalised Melburnians. He is also a director of the National Association of Community Legal Centres.

Mr Stubbs has a particular interest in human rights, social justice and disability. He is a director of Blind Citizens Australia and previously served as Executive Director of the Australian Capital Territory Council of Social Service Inc and as President of Australia-Pacific Islands Disability Support Inc. He has held policy roles in the Commonwealth Department of Employment, Education and Training and the Commonwealth Department of Education, Training and Youth Affairs and has acted as a governance and strategic policy consultant for various overseas non-governmental organisations.

Mr Stubbs' qualifications include Bachelor of Laws (Hons), Bachelor of Commerce (Hons) and a Graduate Diploma in International and Development Economics.



Ian Bruce Munro PSM

Ian Bruce Munro PSM has extensive experience in economic development across a broad range of industry sectors, and in regulatory and land supply matters. Mr Munro was the inaugural Chief Executive Officer of Invest Assist and served as a board member of the Metropolitan Planning Authority/Growth Areas Authority and the Victorian Environmental Assessment Council for several terms.

He held various executive roles in the then Department of Innovation, Industry and Regional Development including Chief Executive Officer, Deputy Secretary and Executive Director and was a specialist consultant to the Victorian Department of Economic Development, Jobs, Transport and Resources for many years.

Mr Munro holds a Bachelor of Applied Science (Surveying), is a Licensed Surveyor and holds a qualification from the Australian Institute of Company Directors. He was awarded a Public Service Medal in 2007 and a Centenary Medal in 2001.



Professor Lee Astheimer

Professor Lee Astheimer served as Deputy Vice-Chancellor (Research) at Deakin University (2009-16) where she managed the growth and development of Deakin's research portfolio, including research training, infrastructure, and engagement with business and industry. She previously served as Pro Vice-Chancellor (Research) at the University of Wollongong and has a wealth of experience in research development, research policy and managing national and international research partnerships.

Professor Astheimer held academic positions at Rutgers University in New Jersey, USA, the University of Tasmania and the University of Wollongong. She held a US National Science Foundation (NSF) Postdoctoral Fellowship at the University of Washington in Seattle, USA and her work has been widely published in peer reviewed journals.

Professor Astheimer has a Bachelor of Science (Biology, Hons) from Lakehead University in Ontario, Canada and a PhD in Ecology from the University of California, Davis, USA. She has been a member of numerous boards and holds qualifications from the Australian Institute of Company Directors.



Tali Bernard

Tali Bernard is currently serving as a board member and Deputy Chair of the Accident Compensation Conciliation Service. She is also a member of the School Council at Clifton Hill Primary School.

Ms Bernard practised as a lawyer for over 18 years in the areas of family law and personal injury litigation and she is committed to improving access to justice and access to education for all Victorians. She is also passionate about alternative dispute resolution.

Ms Bernard has had many years' experience as a board member in the Community Legal Service sector, including being a board member of Women's Legal Service Victoria (WLSV) for over 11 years. As a board member of WLSV, Ms Bernard assisted with an organisational restructure and change in strategy, which enhanced WLSV's casework capacity and facilitated a focus on relationship breakdown and violence against women.

In addition to her legal qualifications, Ms Bernard has a Bachelor of Arts, is a former student of Melbourne Polytechnic and is a graduate of the Company Directors Course at the Australian Institute of Company Directors.



Helen Clarke

Ms Clarke began her career teaching at Preston East Technical School and subsequently held executive and senior roles in the Department of Education and Training and the Department of Human Services. She has worked in policy and operational roles including curriculum development, school governance and stakeholder relations.

As Deputy Chair of Bank Australia and its predecessor, Education Credit Union Pty Ltd, Ms Clarke is an experienced company director practised in board governance including risk, remuneration, audit and sustainable development strategy.

In addition to Diplomas in Social Science and Education, Ms Clarke holds a qualification from the Australian Institute of Company Directors and is a Fellow of the Institute.



Joe Dicks

Joe Dicks has over 31 years' experience as a chartered accountant and was one of the founding partners of the forensic accounting division of PPB Advisory. He has advised Victorian TAFEs on performance reporting, strategic planning and budgetary matters during his time as a consultant.

Mr Dicks is a director of Campus Living Villages, a student accommodation provider, and Think Childcare. He was a founding board member of Uniting AgeWell and also served on the board of Wesley Mission Victoria.

Mr Dicks is an accredited Business Valuations Specialist, a Certified Fraud Examiner, and has completed the Australian Institute of Company Directors course.



Fiona McNabb

Fiona McNabb is a finance and risk management professional with over 25 years' of corporate experience as an executive, consultant and non-executive director. Her professional background is in treasury, global financial markets and risk management.

Ms McNabb is currently an independent director of Responsible Entity Partners Ltd and Tidswell Financial Services Ltd, subsidiaries of Sargon Capital, where she also chairs the audit, risk and compliance committees. She was previously a director of VicForests where she was chair of the audit and risk management committee and a deputy trustee director of VicSuper Fund. Fiona has extensive board experience across many sectors, including superannuation, investments, agriculture and the arts. Ms McNabb is also a Senior Industry Fellow within Monash Business School, teaching finance and investments.

Ms McNabb's qualifications include Bachelor of Science majoring in Pure Mathematics (BSc), Fellow of the Australian Institute of Company Directors (FAICD), Senior Fellow of the Financial Services Institute of Australasia (SF Fin) and Graduate of the Australian Institute of Superannuation Trustees (GAIST).



Mel Riel

Mel Riel began his career in Vocational Education and Training when he was employed as a sessional teacher in the Hospitality Department at Melbourne Polytechnic in July 1997. Within six months, he was appointed the Restaurant Program Coordinator of Melbourne Polytechnic's training restaurant, St Georges.

Under Mr Riel's leadership and guidance, St Georges was voted the Training Restaurant of Victoria. Other nominees included reputable training organisations such as William Angliss, Crown Casino and Hotel Sofitel. Mr Riel's passion for teaching has produced quality hospitality graduates who are highly regarded by the industry.

Over the past 21 years at Melbourne Polytechnic, Mr Riel has held a series of positions including Manager, Food and Beverage Operations, Hospitality Department Manager and he is currently the Head of Conferencing and Events. Prior to teaching, he established a career in the hotel and restaurant industry and has been actively involved in the industry for the past 30 years. His strong alliance with the industry provides Melbourne Polytechnic's hospitality students with learning outcomes that are current and relevant as well as employment opportunities.

Mr Riel's qualifications include Advanced Diploma of Hospitality Management and Diploma of Vocational Education and Training and he is currently an honorary member of Preston Rotary Club.

BOARD DIRECTORS WHOSE APPOINTMENTS CEASED IN 2018

Sandy Forbes Minister Appointed Director (ceased 30 June 2018)
Arianne Rose Minister Appointed Director (ceased 30 June 2018)

BOARD COMMITTEES AND ACADEMIC BOARD

Three committees and the Academic Board helped the Board fulfil its duties in 2018 in accordance with their Charters.

- ▶ the Audit and Risk Committee
- ▶ the Nomination and Remuneration Committee
- ▶ the Business Review Committee
- ▶ the Academic Board

The **Audit and Risk Committee** provides the Board with independent and objective advice on accounting policies and financial reporting; matters relating to Melbourne Polytechnic's internal control framework; external and internal audit performance and processes; risk management and its implications for all audit activities; and the effectiveness of Melbourne Polytechnic's compliance framework.

The Audit and Risk Committee also reviews the annual financial statements and makes a recommendation to the Board to authorise the statements before they are released to Parliament by the Responsible Minister.

The **Nomination and Remuneration Committee** helps the Board fulfil its responsibilities relating to the recruitment and selection of nominee Board Directors and executive remuneration.

The purpose of the **Business Review Committee** is to provide oversight, advice and recommendations to the Board in relation to the development and implementation of strategy for campus infrastructure, facilities and major assets, and information communications and technology.

This includes the development and implementation of Melbourne Polytechnic's Asset Strategy, Melbourne Polytechnic's Digital Strategy, and other related strategies and plans. The Board may also nominate other major projects to be reviewed and/or overseen by the Business Review Committee, which may include large business development projects or large capital or operational projects.

The **Academic Board** assures the quality, integrity and academic standards of the core activities of learning, teaching and scholarship in the context of a polytechnic approach to contemporary work practices, educational innovation and applied research.

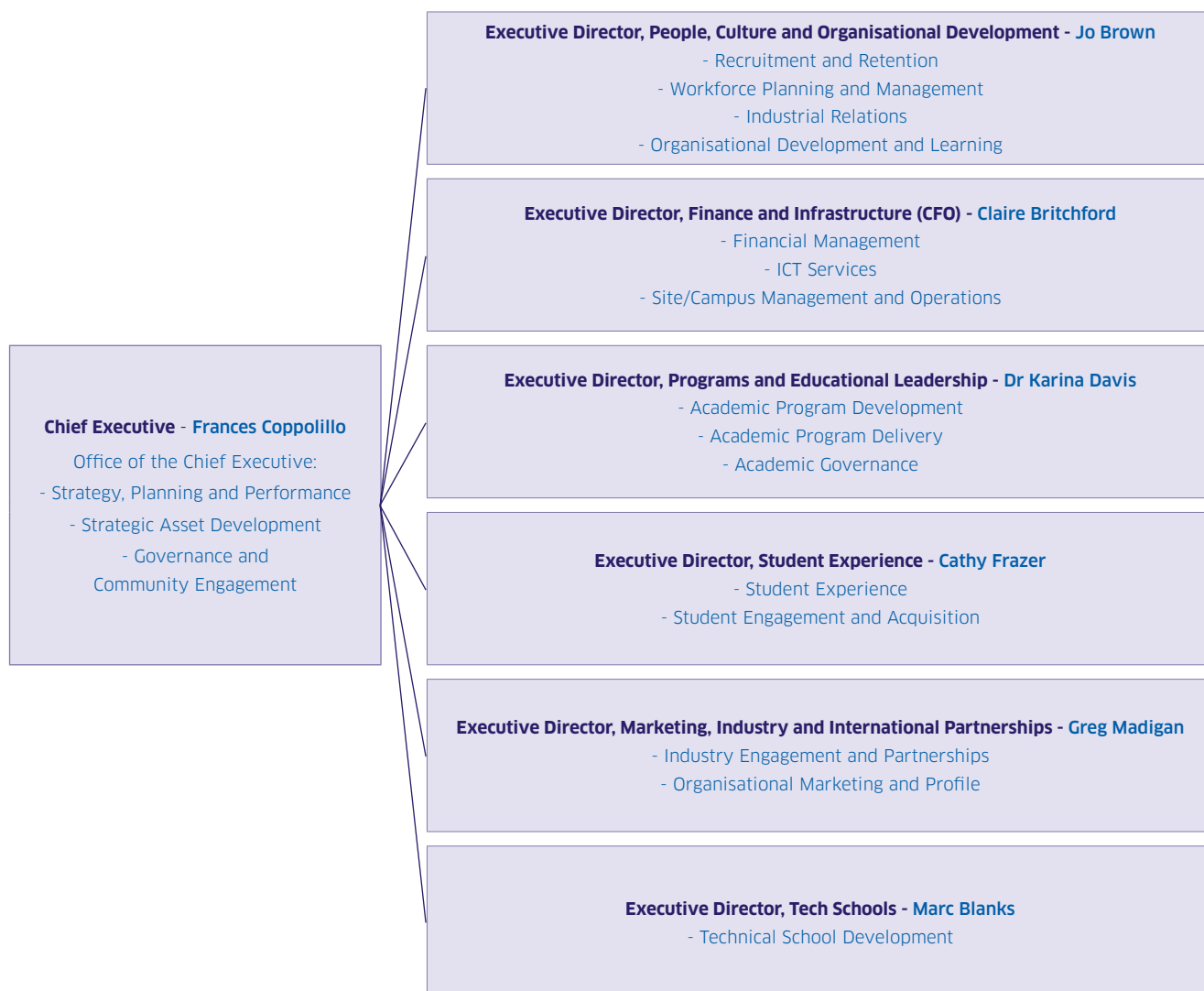
BOARD COMMITTEES CHART AND MEMBERSHIP



2018 ACADEMIC BOARD MEMBERSHIP

Professor Angela Carbone	External Member, (Swinburne University) 1 Jan 2018 – 31 Dec 2018
Frances Coppolillo	Chief Executive 1 Jan 2018 – 31 Dec 2018
Dr Karina Davis	Executive Director, Programs and Educational Leadership 1 Jan 2018 – 31 Dec 2018
Cathy Frazer	Executive Director, Student Services 1 Jan 2018 – 31 Dec 2018
Craig Jones	VET Staff Member 1 Jan 2018 – 31 Dec 2018
Professor Joyce Kirk	Independent Chair 1 Jan 2018 – 31 Dec 2018
Diane Lewis	Head, Organisational Learning Chair, Learning and Teaching Committee 1 Jan 2018 – 31 Dec 2018
Basil Papageorge	Head, School of Business, Innovation and Entrepreneurship 1 Jan 2018 – 31 Dec 2018
Marin Radobuljac	Academic Registrar 1 Jan 2018 – 31 Dec 2018
Dr Anne Rouse	External Member (Education Consultant and Organisational Psychologist) 1 Jan 2018 – 31 Dec 2018
Dr Tim Weir	Head, School of Creative Arts 1 Jan 2018 – 31 Dec 2018
Dr Sashi Sivathasan	Head, School of Engineering, Design and Construction 1 Jan 2018 – 28 Feb 2018
Talie Helene	VET Student Member 1 Jan 2018 – 30 Apr 2018
Caroline Kennedy	HE Staff Member 1 Jan 2018 – 31 Jul 2018
Dr Julian Hill	Head, School of Food, Plant and Animal Industries 1 Jan 2018 – 30 Aug 2018
Dr Audrey D'Souza	Head, School of Health and Education 1 Jan 2018 – 3 Dec 2018
Nouman Rana	HE Student Member 1 May 2018 – 31 Dec 2018
Lucas Vidgen	VET Student Member 1 May 2018 – 31 Dec 2018
Sven Bergstrom	Head, Quality and Compliance 7 Jun 2018 – 31 Dec 2018
Dr Nicola Cooley	Chair, Applied Research Committee (Acting) Manager, Agricultural and Animal Sciences Head of Program, Bachelor of Agriculture and Technology 1 Jul 2018 – 31 Dec 2018
Dr Megan Dietze	HE Staff Member 3 Aug 2018 – 31 Dec 2018
Pauline Morrow	Head, School of Foundation and Preparatory Studies 4 Oct 2018 – 31 Dec 2018
Lou Nunn	(Acting) Head, School of Food, Plant and Animal Industries 4 Oct 2018 – 31 Dec 2018
Ruth Barnes	(Acting) Head, School of Health and Education 6 Dec 2018 – 31 Dec 2018

MELBOURNE POLYTECHNIC SENIOR MANAGEMENT STRUCTURE AT 31 DECEMBER 2018



CORPORATE GOVERNANCE

Melbourne Polytechnic is a body corporate established pursuant to the *Education and Training Reform Act 2006*. Our name reflects the Institute's operations to markets outside of northern metropolitan Melbourne.

In 2018, the Hon. Gayle Tierney MP was the Minister for Training and Skills and the Minister for Higher Education.

MELBOURNE POLYTECHNIC OBJECTIVES, FUNCTIONS, POWERS AND DUTIES

The objectives of Melbourne Polytechnic are set out in the *Education Training and Reform Act 2006* and the Melbourne Polytechnic Constitution. These require Melbourne Polytechnic:

- ▶ To perform its functions for the public benefit by operating efficiently to ensure sustainability, prudence with commercial practice, and to maximise its contribution to the economy, community and industry.
- ▶ To facilitate student learning, knowledge acquisition, skills for employment and vocational education and training through excellent teaching, innovation and educational leadership that delivers quality outcomes.
- ▶ To collaborate as part of a strong public training provider network which is mutually and commercially beneficial to enable the Institute to offer or provide educational services that meet the needs of industry partners and communities, including persons and groups that have particular education needs.
- ▶ To facilitate higher education through excellent teaching, innovation and educational leadership that delivers quality outcomes.
- ▶ To provide global education including tertiary education and consultancy services for employment, workforce development and industry productivity delivering employment outcomes, improved productivity, and enterprise business success.
- ▶ To build community capacity and enrich the lives of young people and adults through lifelong learning and personal development delivering economic development within communities, social inclusion, and adult personal learning and development.

The functions of Melbourne Polytechnic are:

- ▶ To provide the communities and industries served by the Institute with efficient and effective technical and further education programs and services.
- ▶ To provide the communities and industries served by the institute with efficient and effective adult, community and further education programs and services which are responsive to the needs of the community and to consult with the relevant Regional Councils about the provision of these programs and services.
- ▶ To prepare, publish or distribute or license the use of literary or artistic work, audio or audio-visual material or computer software.
- ▶ To engage in an activity on a commercial basis if the activity is consistent with Melbourne Polytechnic's other functions and strategic plan.
- ▶ To confer vocational training awards and higher education awards.
- ▶ To operate as a group training organisation that employs apprentices and other trainees and places them with host employers.

WORKFORCE DATA

PERFORMANCE AND ACCOUNTABILITY FRAMEWORK FTE TABLE (DECEMBER 2017 - DECEMBER 2018)

December 2018	Full-time		Part-time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	267.0	53.0	51.0	10.1	NA	54.4	435.5
Executive	20.0	0.0	0.0	0.0	NA	0.0	20.0
Other	50.0	8.0	7.5	1.5	NA	34.8	101.8
Teacher	213.0	43.0	51.0	20.8	208.2	NA	536.0
Total	550.0	104.0	109.5	32.4	208.2	89.2	1,093.3

December 2017	Full-time		Part-time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	247.0	45.0	40.6	11.5	NA	35.5	379.6
Executive	24.0	0.0	0.0	0.0	NA	0.0	24.0
Other	55.0	6.0	7.1	1.5	NA	51.8	121.4
Teacher	215.0	42.0	53.4	14.6	180.5	NA	505.5
Total	541.0	93.0	101.1	27.6	180.5	87.3	1,030.5

Note: Active staff in last pay period December

FTE: full-time equivalent.

PACCT Staff: including casuals, employed under the Professional, Administrative, Clerical, Computing and Technical Award/certified agreement.

Other: excluding teachers, PACCT, Middle Managers or Executives.

The 2017 FTE figures differ to those reported in the 2017 Annual Report due to the new requirement to round to one decimal point.

Employees have been correctly classified

WORKFORCE DISCLOSURES (DECEMBER 2017 - DECEMBER 2018)

December 2018	All employees		Ongoing			Fixed term and casual	
	Number (Headcount)	FTE	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
Gender							
Women Executives	9	9.0	9	0	9.0	0	0.0
Women (total staff)	1,163	605.9	261	126	347.3	776	258.6
Men Executives	11	11.0	11	0	11.0	0	0.0
Men (total staff)	885	486.7	289	38	312.1	558	174.6
Self-described	3	0.7	0	0	0.0	3	0.7
Age							
15-24	90	24.7	4	1	4.6	85	20.1
25-34	293	127.0	57	13	65.5	223	61.5
35-44	421	227.4	114	34	137.3	273	90.1
45-54	534	298.2	151	55	187.2	328	111.0
55-64	549	338.3	197	46	227.4	306	110.9
Over 64	164	77.7	27	15	37.4	122	40.3
Total employees	2,051	1,093.3	550	164	659.4	1,337	433.9

Note: Active staff in last pay period December

FTE: full-time equivalent

The 2017 FTE figures differ to those reported in the 2017 Annual Report due to the new requirement to round to one decimal point.

Employees have been correctly classified

These statistics are provided to meet the Victorian State Government reporting requirements for 2018 Workforce Data.

December 2017	All employees		Ongoing			Fixed term and casual	
	Number (Headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
Gender							
Women Executives	10	10.0	10	0	10	0	0.0
Women (total staff)	1,141	568.3	251	120	331.1	770	237.2
Men Executives	14	14.0	14	0	14	0	0.0
Men (total staff)	854	462.2	290	32	311.0	532	151.2
Self-described	0	0.0	0	0	0.0	0	0.0
Age							
15-24	107	20.1	2	0	2.0	105	18.1
25-34	312	132.1	58	14	65.4	240	66.7
35-44	411	208.1	117	27	134.3	267	73.8
45-54	544	301.7	161	58	199.5	325	102.2
55-64	500	311.3	183	43	213.7	274	97.6
Over 64	121	57.2	20	10	27.2	91	30.0
Total employees	1,995	1,030.5	541	152	642.1	1,302	388.4

Note: Active staff in last pay period December

FTE: full-time equivalent

The 2017 FTE figures differ to those reported in the 2017 Annual Report due to the new requirement to round to one decimal point.

Employees have been correctly classified

These statistics are provided to meet the Victorian State Government reporting requirements for 2018 Workforce Data.

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:

- ▶ Melbourne Polytechnic Code of Practice and Code of Conduct
- ▶ Equal Opportunity, Discrimination and Harassment Policy
- ▶ Employment Policy
- ▶ Prevention of Workplace Bullying Policy
- ▶ Prevention of Sexual Harassment Policy
- ▶ Employee Grievances Policy
- ▶ Melbourne Polytechnic Recruitment and Selection Policy

GENERAL STATEMENT ON INDUSTRIAL RELATIONS

Quality relationships were maintained with all unions with coverage at Melbourne Polytechnic. The Institute has regular consultative arrangements in place with the unions to ensure any issues arising are dealt with appropriately. There were no days lost to industrial action taken in 2018.

OCCUPATIONAL HEALTH AND SAFETY

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 four times during the year. The Committee considered staff and student incident reports at each meeting.

Seventy-two staff were provided with audiometric testing.

A notification process has been developed via the THRIVE app, which will enable staff and students to be notified if an emergency/evacuation occurs.

During 2018, OHS Training was provided as follows:

Number of staff	Training
82	First Aid
15	Cardiopulmonary Resuscitation
49	Warden Training
28	Psychological First Aid in the Workplace
4	Occupational Health and Safety for Managers and Supervisors
20	Manual Handling and Ergonomics
37	Anti-Discrimination and Workplace Bullying Prevention
57	Mental Health Fitness

Statistics for reported hazards and incidents are below.

	2018	2017	2016
Total number employed as at the last pay in December	2,051	1,995	1,632
Total full-time equivalent as at the last pay in December	1,093	1,031	889
Number of hazards/incidents reported	56	58	53
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	5.1	5.6	6.0
Time lost (hours)	3,466	1,705	3,098
Number of claims accepted	12	14	10
Number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	0.5	0.8	0.9

Melbourne Polytechnic's WorkCover premium for 2018/2019 was \$823,615.52 inclusive of GST. The performance rating of 1.139957 was 12.99% worse than the industry average.

Claims	2018	2017	2016
Average cost per claim for the year	\$43,094	\$22,849	\$62,455
Payments to date	\$63,435	\$92,398	\$167,750
Estimate of outstanding claim costs	\$454,583	\$228,183	\$659,173

Summary of 2018 claim figures:

- ▶ Minor claims were excluded as they do not incur costs and serve as notification only.
- ▶ Standard claims were allocated to the date they were received by the Agent and not by the date of injury.
- ▶ All data was extracted as at 3 January 2019 and reflects costs on all claims up to 31 December 2018.
- ▶ Average Cost - total incurred is calculated by dividing the count of claims per calendar year by Total Incurred. Total Incurred is inclusive of Total Paid + Estimate less recoveries (if any).
- ▶ Average Cost Total Paid - divides count of claims per calendar by Total Paid only and does not include estimates.
- ▶ Melbourne Polytechnic receives on average 13.14 standard claims per year. In 2018 Melbourne Polytechnic received a total of 12 claims representing a reduction of 1.14 claims or 9.13%.

COMPLIANCE WITH LEGISLATION AND REGULATIONS

APPLICATION OF THE FREEDOM OF INFORMATION (FOI) ACT 1982

It is Melbourne Polytechnic's policy to facilitate, subject to privacy and confidentiality provisions, access to information without recourse to the provisions of the FOI Act where appropriate.

The Director of Corporate Governance and General Counsel is responsible for ensuring compliance with the *Freedom of Information Act 1982* and the *Protected Disclosure Act 2012*.

FOI ACCESS ARRANGEMENTS

Requests for access to documents must be in writing and directed to:

The Freedom of Information Officer
Governance Department
Melbourne Polytechnic
Locked Bag 5
Preston VIC 3072 AUSTRALIA

Requests can also be sent by email to:
foi@melbournepolytechnic.edu.au

FOI FEES AND ACCESS CHARGES

The application fee for an FOI request was \$28.40 until 30 June 2018 and \$28.90 from 1 July 2018.

Charges for access to documents were in accordance with the Freedom of Information (Access Charges) Regulations 2014.

FOI ACCESS CLAIMS 2018

There were four requests for access to documents received pursuant to the FOI Act during 2018.

COMPLIANCE WITH VICTORIAN PUBLIC SECTOR TRAVEL PRINCIPLES

Melbourne Polytechnic complies with the Victorian Public Sector Travel Principles through application of the Melbourne Polytechnic International and Domestic Travel Policy.

COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012

Melbourne Polytechnic 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 2018, nor have any disclosures been made to Melbourne Polytechnic Protected Disclosure Contacts.

Melbourne Polytechnic's Protected Disclosure Policy was approved in June 2016, updated in April 2017 and will next be reviewed in 2019. The policy references the *Protected Disclosure Act 2012* and related internal policies. No disclosures have been made.

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
- ▶ opportunities to purchase leave
- ▶ 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 accommodation 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 issued by independent building surveyors engaged on a job-by-job basis. A registered building practitioner oversaw all works.

A register of building surveyors and the jobs they certified was 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 2018, 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	4
Certificate of final inspection/occupancy issued	3

COMPLIANCE WITH THE VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP) ACT 2003

During the year ending 31 December 2018, Melbourne Polytechnic did not commence any Local Jobs First – VIPP applicable procurements.

During the year ending 31 December 2018, Melbourne Polytechnic completed two Local Jobs First – VIPP applicable projects, collectively valued at about \$17,251,170.76.

Both of these projects were located in metropolitan Melbourne, with an average commitment of 77.6 per cent local content.

The outcomes reported from the implementation of the policy where information was provided, were as follows:

- ▶ An average of 77.6 per cent of local content outcome was recorded.
- ▶ A total of six Annualised Employee Equivalent jobs were created.
- ▶ Five new apprenticeships/traineeships were created and 45 existing apprenticeships/traineeships were retained.

During 2018, there were 62 small to medium-sized businesses engaged by Principal Contractors on projects.

COMPLIANCE WITH THE NATIONAL COMPETITION POLICY

Melbourne Polytechnic has developed a pricing and costing model that is consistent with the National Competition Policy, including the requirements of the policy statement 'Competitive Neutrality Policy Victoria', and any subsequent reforms.

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)*
- ▶ The Constitution of Melbourne Polytechnic
- ▶ Directions of the Minister for Training and Skills and the Minister for Higher Education (or predecessors)
- ▶ Victorian State Government Department of Education and Training Commercial Guidelines
- ▶ Victorian State Government Department of Education and Training Strategic Planning Guidelines
- ▶ *Public Administration Act 2004*
- ▶ *Financial Management Act 1994*
- ▶ *Freedom of Information Act 1982*
- ▶ *Building Act 1993*
- ▶ *Protected Disclosure Act 2012*
- ▶ *Victorian Industry Participation Policy Act 2003*

MELBOURNE POLYTECHNIC FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I, Jim Pasinis, Chair, Melbourne Polytechnic Board, on behalf of the Responsible Body, certify that Melbourne Polytechnic has complied with the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions except for the following Material Compliance Deficiencies:

- ▶ Direction 3.7.1 requires that the Responsible Body must ensure that the Agency applies the Victorian Government Risk Management Framework (VGRMF). Melbourne Polytechnic has identified opportunities for improvement in relation to its application of the VGRMF and has developed a plan to implement these improvements.



Jim Pasinis
Board Chair
Melbourne Polytechnic
Date: 25 February 2019

2018 FINANCIAL STATEMENTS

MELBOURNE POLYTECHNIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



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DECLARATION

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER, 2018

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

We certify that the attached Financial Statements for Melbourne Polytechnic have been prepared in accordance with Part 7 of the *Financial Management Act 1994*, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to and forming part of the Financial Report, presents fairly the financial transactions during the year ended 31 December 2018 and financial position of the Institute as at 31 December 2018.

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 they become due and payable.

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



Jim Pasinis
Board Chair
Melbourne Polytechnic
Date: 25 February 2019



Frances Coppolillo
Chief Executive
Melbourne Polytechnic
Date: 25 February 2019



Claire Britchford
Chief Finance Officer
Melbourne Polytechnic
Date: 25 February 2019



Independent Auditor's Report

To the Board of Melbourne Polytechnic

Opinion I have audited the financial report of Melbourne Polytechnic (the institute) which comprises the:

- balance sheet as at 31 December 2018
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- declaration by the Board Chair, Chief Executive Officer and Chief Finance Officer.

In my opinion the financial report presents fairly, in all material respects, the financial position of the institute as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of *Part 7 of the Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Part 7 of the Financial Management Act*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the institute to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
1 March 2019



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$'000	2017 \$'000
Income from transactions			
Government contributions	2.1	97,490	85,376
Sale of goods and services	2.2	100,068	75,590
Interest income		426	389
Other income		5,179	4,610
Total income from transactions		203,163	165,965
Expenses from transactions			
Employee benefits	3.1.1	105,114	92,872
Depreciation and amortisation	4.2	5,482	6,297
Supplies and services	3.2	64,302	54,230
Other operating expenses	3.3	17,495	10,399
Total expenses from transactions		192,393	163,798
Net result from transactions		10,770	2,167
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets		157	89
Other gains/(losses) from other economic flows	9.1	(91)	(2,102)
Total other economic flows included in net result		66	(2,013)
Net result		10,836	154
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	9.2	(119)	76,148
Comprehensive result		10,717	76,302

The comprehensive operating statement comprises three components, being 'net result from transactions', 'other economic flows included in net result', as well as 'other economic flows - other comprehensive income'. The sum of the former two, represents the net result. The net result is equivalent to profit or loss derived in accordance with AASs.

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

BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018 \$'000	2017 \$'000
Assets			
Financial assets			
Cash and deposits	6.1	33,461	32,399
Receivables	5.1	15,321	12,358
Total financial assets		48,782	44,757
Non-financial assets			
Inventories and biological assets		215	454
Non-current assets held for sale		1,100	-
Prepayments		5,558	1,676
Property, plant and equipment	4.1	380,248	374,297
Intangible assets		824	475
Total non-financial assets		387,945	376,902
Total assets		436,727	421,659
Liabilities			
Payables	5.2	17,102	18,010
Employee provisions	3.1.2	19,331	16,228
Other provisions		2,112	1,054
Government borrowings	6.2	17,369	17,643
Other liabilities		8,814	7,442
Total liabilities		64,728	60,377
Net assets		371,999	361,282
Equity			
Contributed capital		31,681	31,681
Accumulated surplus/(deficit)		51,449	40,613
Reserves	9.2	288,869	288,988
Net worth		371,999	361,282

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the institute does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

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 2018

	Physical assets revaluation surplus \$'000	Accumulated surplus \$'000	Contributions by owner \$'000	Total \$'000
At 1 January 2017	212,840	40,459	31,681	284,980
Net result for the year	-	154	-	154
Other economic flows - other comprehensive income	76,148	-	-	76,148
Year ended 31 December 2017	288,988	40,613	31,681	361,282
Net result for the year	-	10,836	-	10,836
Other economic flows - other comprehensive income	(119)	-	-	(119)
Year ended 31 December 2018	288,869	51,449	31,681	371,999

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

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 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts			
Government contributions		96,852	84,343
User fees and charges received		109,665	86,125
Goods and services tax recovered		611	-
Interest received		426	344
Total receipts		207,554	170,812
Payments			
Payments to suppliers and employees		(193,222)	(158,880)
Goods and services tax paid		-	(829)
Fringe benefits tax paid		(152)	(160)
Total payments		(193,374)	(159,869)
Net cash flows from/(used in) operating activities	6.1.1	14,180	10,943
Cash flows from investing activities			
Purchase of non-financial assets		(13,061)	(9,027)
Proceeds from sales of non-financial assets		217	129
Net cash provided by/(used in) investing activities		(12,844)	(8,898)
Cash flows from financing activities			
Proceeds from borrowings		-	97
Repayment of borrowings		(274)	(237)
Net cash flows from/(used in) financing activities		(274)	(140)
Net (decrease)/increase in cash and cash equivalents		1,062	1,905
Cash and cash equivalents at the beginning of the financial year		32,399	30,494
Cash and cash equivalents at the end of the financial year	6.1	33,461	32,399

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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NOTE 1. ABOUT THIS REPORT

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

Its registered office and principal address is:

77 St Georges Road
Preston VIC 3072

1.1 BASIS OF PREPARATION

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 unless a different measurement basis is specifically disclosed in notes associated with the item measured on that different basis. Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

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

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 Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates relate to:

- ▶ the fair value of land, buildings, infrastructure, plant and equipment (refer to note 7.3); and
- ▶ actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 3.1).

These financial statements cover Melbourne Polytechnic as an individual reporting entity. Melbourne Polytechnic had no controlled entities for the period ended 31 December 2018.

Goods and Services Tax (GST)

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

Funding risk

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

Melbourne Polytechnic has substantial economic dependency on Government operating and capital contributions.

Melbourne Polytechnic manages funding risk by continuing to diversify and increased funding from commercial activities, both domestically and offshore.

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.

1.2 COMPLIANCE INFORMATION

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

For the purposes of preparing financial statements, Melbourne Polytechnic is classed as a not-for-profit entity. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Accounting policies applied are disclosed in sections where the related accounting balance or financial statement matter is disclosed.

NOTE 2. HOW WE EARNED OUR FUNDS

2.1 GOVERNMENT CONTRIBUTIONS

	2018	2017
	\$'000	\$'000
Grants and other transfers		
State Government - contestable	43,157	40,326
State Government - other contributions	46,551	33,276
Total Government contributions - operating	89,708	73,602
State Government contributions - capital	7,782	11,774
Total Government contributions	97,490	85,376

Government contributions are recognised as revenue in the period when the following conditions are met:

Melbourne Polytechnic obtains control of the contributions or the right to receive the contribution, the economic benefits comprising the contribution will flow to Melbourne Polytechnic and the amount of the contribution can be measured reliably.

2.2 SALE OF GOODS AND SERVICES

	2018	2017
	\$'000	\$'000
Student fees and charges	15,050	13,916
Fee for service - Government	46,423	30,431
Fee for service - international operations - onshore	19,467	13,400
Fee for service - international operations - offshore	4,288	4,139
Fee for service - other	12,987	10,706
Other non-course fees and charges		
Sale of goods	1,853	2,998
Total fees and charges	100,068	75,590

Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage completion of education and training 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, such amounts are disclosed as revenue in advance.

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.

Revenue from sale of goods

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

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

NOTE 3. HOW WE EXPENDED OUR FUNDS

3.1 EMPLOYEE BENEFITS

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

All assumptions are reviewed at each reporting date.

3.1.1 EMPLOYEE BENEFITS IN THE COMPREHENSIVE OPERATING STATEMENT

	2018	2017
	\$'000	\$'000
Expense		
Salaries, wages, overtime and allowances	83,398	79,169
Superannuation	7,894	7,047
Payroll tax	4,474	4,119
Long service leave	2,492	1,091
Annual leave	4,114	695
Termination benefits	1,880	120
Other	862	631
Total employee benefits	105,114	92,872

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

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

3.1.2 EMPLOYEE BENEFITS IN THE BALANCE SHEET

	2018	2017
	\$'000	\$'000
Current provisions		
Employee benefits - Annual leave		
Unconditional and expected to wholly settle within 12 months	3,569	2,680
Unconditional and expected to wholly settle after 12 months	1,980	1,421
Employee benefits - Long service leave		
Unconditional and expected to wholly settle within 12 months	1,085	1,448
Unconditional and expected to wholly settle after 12 months	8,775	7,030
Provisions for on-costs		
Unconditional and expected to wholly settle within 12 months	706	846
Unconditional and expected to wholly settle after 12 months	1,665	1,309
Total current provisions for employee benefits	17,780	14,734
Non-current provisions		
Employee benefits	1,342	1,293
Employee benefits on-costs	209	201
Total non-current provisions	1,551	1,494
Total employee provisions	19,331	16,228

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.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits annual leave are all recognised in the provision for employee benefits as 'current liabilities', because Melbourne Polytechnic 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 Melbourne Polytechnic expects to wholly settle within 12 months; or
- ▶ present value - if Melbourne Polytechnic does not expect to wholly settle within 12 months.

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow. The discount rate applied is as advised by the Assistant Treasurer.

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

3.2 SUPPLIES AND SERVICES

	2018	2017
	\$'000	\$'000
Purchase of supplies and consumables	6,343	5,773
Contract and other services	4,323	5,123
Cost of goods sold/distributed (ancillary trading)	4,047	3,679
Building repairs and maintenance	3,946	2,701
Operating lease payments	2,750	4,778
Professional fees and charges	4,867	3,340
Third party training providers	34,565	18,119
Computer software and hardware expenses	3,461	10,717
Total supplies and services	64,302	54,230

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

Non-cancellable operating lease commitments payable

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2018	2017
	\$'000	\$'000
Payable:		
Within one year	2,479	3,854
Later than one year but not later than five years	4,081	821
Total operating lease commitments	6,560	4,675

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.

Other expenditure commitments

Commitments for future services in existence at reporting date but not recognised as liabilities are as follows:

	2018	2017
	\$'000	\$'000
Payable:		
Within one year	3,194	164
Later than one year but not later than five years	1,580	334
Total other expenditure commitments	4,774	498

3.3 OTHER OPERATING EXPENSES

	2018 \$'000	2017 \$'000
General expenses	4,352	1,928
Settlement payments	300	-
Marketing and promotional expenses	3,739	4,297
Utilities	3,720	2,358
Audit fees and services	43	43
Staff development	713	696
Bad debts from transactions	123	249
Equipment below capitalisation threshold	4,505	828
Total other operating expenses	17,495	10,399

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

Audit fees and services relate to remuneration to the Victorian Auditor General's Office for the audit of the financial statements.

NOTE 4. THE ASSETS WE INVESTED IN

4.1 PROPERTY, PLANT AND EQUIPMENT

Melbourne Polytechnic has made the judgement that certain depreciation expense of plant and equipment used during construction of a new building is recognised in the comprehensive operating statement.

Fair value measurement

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

In accordance with government purpose classifications, Melbourne Polytechnic's property, plant and equipment are assets used for the purpose of education. Property, plant and equipment includes all operational assets.

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Land	178,352	179,552	-	-	178,352	179,552
Buildings	199,258	186,503	(3,763)	-	195,495	186,503
Construction in progress	541	3,082	-	-	541	3,082
Plant and equipment	28,396	26,940	(23,324)	(23,126)	5,072	3,814
Motor vehicles	2,297	2,421	(1,900)	(1,906)	397	515
Leasehold improvements	1,308	1,211	(1,096)	(548)	212	663
Library collections	5,066	4,984	(4,887)	(4,816)	179	168
Net carrying amount	415,218	404,693	(34,970)	(30,396)	380,248	374,297

Initial recognition

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

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

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

Subsequent measurement

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

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

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

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

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

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

Revaluations of non-financial physical assets

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

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

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

Reconciliation of movements in carrying amount of property, plant and equipment as at 31 December 2018

	Land \$'000	Buildings \$'000	Construction in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Library collections \$'000	Total \$'000
Opening balance	179,552	186,503	3,082	3,814	515	663	168	374,297
Additions	-	-	12,485	270	-	42	83	12,880
Revaluations	(100)	(19)	-	-	-	-	-	(119)
Disposals	-	-	-	(54)	(5)	-	-	(59)
Transfer (to)/from asset categories	-	12,774	(15,026)	2,108	90	54	-	-
Transfer (to)/from disposal group held for sale	(1,100)	-	-	-	-	-	-	(1,100)
Depreciation	-	(3,763)	-	(1,066)	(203)	(234)	(72)	(5,338)
Impairment	-	-	-	-	-	(313)	-	(313)
Closing balance	178,352	195,495	541	5,072	397	212	179	380,248

Reconciliation of movements in carrying amount of property, plant and equipment as at 31 December 2017

	Land \$'000	Buildings \$'000	Construction in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Library collections \$'000	Total \$'000
Opening balance	108,471	180,052	2,794	2,799	473	974	156	295,719
Additions	-	-	5,657	1,811	267	18	104	7,857
Revaluations	70,706	5,442	-	-	-	-	-	76,148
Disposals	-	-	-	-	(27)	-	-	(27)
Transfer (to)/from asset categories	-	4,964	(5,369)	405	-	-	-	-
Transfer (to)/from disposal group held for sale	375	25	-	-	-	-	-	400
Depreciation	-	(3,980)	-	(1,201)	(198)	(329)	(92)	(5,800)
Impairment	-	-	-	-	-	-	-	-
Closing balance	179,552	186,503	3,082	3,814	515	663	168	374,297

4.1.2. CAPITAL COMMITMENTS

	2018 \$'000	2017 \$'000
Payable:		
Within one year	686	9,205
Later than one year but not later than five years	-	-
Total capital expenditure commitments	686	9,205

4.2 DEPRECIATION AND AMORTISATION

Depreciation and amortisation is provided on software, property, plant and equipment and freehold buildings.

Depreciation and amortisation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

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

Class of assets	Useful Life	
Buildings	3 - 60 years	(2017: 50 years)
Plant and Equipment	3 - 20 years	(2017: 5 - 20 years)
Motor Vehicles	4 - 13 years	(2017: 4 - 13 years)
Leasehold Improvements	3 - 4 years	(2017: 3 - 4 years)
Library Collections	5 years	(2017: 5 years)
ICT Software	2.5 - 5 years	(2017: 2.5 - 5 years)

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

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

The following is a summary of depreciation and amortisation for the period ended 31 December 2018:

	2018	2017
	\$'000	\$'000
Depreciation of non-financial assets		
Buildings	3,763	3,980
Plant and equipment	1,066	1,201
Motor vehicles	203	198
Library collections	72	92
Leasehold improvements	234	329
Total depreciation	5,338	5,800
Amortisation of non-financial physical and intangible assets		
Software	144	497
Total amortisation	144	497
Total depreciation and amortisation	5,482	6,297

NOTE 5. BALANCES FROM OPERATIONS

5.1 RECEIVABLES

	2018	2017
	\$'000	\$'000
Contractual		
Sale of goods and services	4,214	2,548
Impairment loss on receivables	(188)	(638)
Revenue receivable	11,012	10,161
Total contractual	15,038	12,071
Statutory		
GST input tax credit recoverable	283	287
Total receivables	15,321	12,358
Represented by:		
Current receivables	15,321	12,358

Receivables consist of:

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

Receivables other than sale of goods and services are stated exclusive of the amount of GST receivable. Receivables that are contractual are classified as financial instruments. Statutory receivables are 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.

Impairment

Melbourne Polytechnic measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	2018
	\$'000
Movement in the provision for doubtful contractual receivables	
Balance at the beginning of the year under AASB 139	(638)
Adjustment on initial application of AASB 9	-
Balance at the beginning of the year under AASB 9	(638)
Amounts written off	123
Net remeasurement of loss allowance	(144)
Reversal of unused provision recognised in net result	594
Reversal of provision for uncollectable receivables written off during the year	(123)
Balance at the end of the year	(188)

Ageing analysis of contractual receivables

	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	
2018						
Trade receivables	4,026	996	3,071	45	102	(188)
Revenue receivables	11,012	11,012	-	-	-	-
Total 2018	15,038	12,008	3,071	45	102	(188)
2017						
Trade receivables	1,910	1,804	334	185	225	(638)
Revenue receivables	10,161	10,161	-	-	-	-
Total 2017	12,071	11,965	334	185	225	(638)

Note: The disclosures above excludes statutory payables (e.g. amounts arising to Victorian Government and GST taxes payable).

The average credit period on sales of goods is 22 days. No interest is charged on receivables.

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

5.2 PAYABLES

	2018	2017
	\$'000	\$'000
Contractual		
Supplies and services	17,063	17,973
Statutory		
FBT Payable	39	37
Total payables	17,102	18,010
Represented by:		
Current payables	17,102	18,010

Payables consist of:

- ▶ contractual payables, such as accounts payable, and unearned income. 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 Melbourne Polytechnic becomes obliged to make future payments in respect of the purchase of those goods and services; and
- ▶ statutory payables, such as goods and services tax and fringe benefits tax 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.

Maturity Analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
2018							
Supplies and services	17,063	17,063	13,937	1,590	1,536	-	-
Total 2018	17,063	17,063	13,937	1,590	1,536	-	-
2017							
Supplies and services	17,973	17,973	12,559	5,414	-	-	-
Total 2017	17,973	17,973	12,559	5,414	-	-	-

Note: The disclosures above excludes statutory payables (e.g. amounts arising to Victorian Government and GST taxes payable).

Note: The average credit period is 30 days. No interest is charged on the other payables. Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

NOTE 6. HOW WE FINANCED OUR OPERATIONS

6.1 CASH AND DEPOSITS

	2018 \$'000	2017 \$'000
Cash at bank and on hand	33,461	28,399
Deposits at call with TCV	-	4,000
Total cash and deposits	33,461	32,399

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.

For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as borrowings on the balance sheet.

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

	2018 \$'000	2017 \$'000
Net result for the year	10,836	154
Non-cash movements		
Depreciation and amortisation of non-financial assets	5,482	8,234
Net (gain)/loss on sale of non-financial assets	(157)	(89)
Movements in assets and liabilities		
Decrease/(increase) in receivables	(2,963)	(3,593)
Decrease/(increase) in inventories	239	(44)
Decrease/(increase) in other assets	(3,882)	(793)
Increase/(decrease) in payables	(908)	2,990
Increase/(decrease) in provisions	4,161	1,934
Increase/(decrease) in other liabilities	1,372	2,150
Net cash flows from/(used in) operating activities	14,180	10,943

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

6.2 GOVERNMENT BORROWINGS

	2018 \$'000	2017 \$'000
Current		
Advances from Government	5,874	274
Non-Current		
Advances from Government	11,495	17,369
Total borrowings	17,369	17,643

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 depends on whether Melbourne Polytechnic has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost.

Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest-bearing liabilities. Melbourne Polytechnic determines the classification of its interest-bearing liabilities at initial recognition.

Maturity Analysis of borrowings

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
2018							
Advances from Government	17,369	17,369	274	650	4,950	11,495	-
Total 2018	17,369	17,369	274	650	4,950	11,495	-
2017							
Advances from Government	17,643	17,643	274	-	-	14,769	2,600
Total 2017	17,643	17,643	274	-	-	14,769	2,600

NOTE 7. MANAGING RISKS AND UNCERTAINTIES

7.1 FINANCIAL INSTRUMENTS

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

Categories of financial instruments

	2018 \$'000	2017 \$'000
Contractual financial assets		
Financial assets measured at amortised cost		
Cash and deposits	33,461	32,399
Trade receivables	4,026	1,910
Revenue receivable	11,012	10,161
Total contractual financial assets	48,499	44,470
Contractual financial liabilities		
Loans and payables		
Supplies and services	17,063	17,973
Advances from Government	17,369	17,643
Total contractual financial liabilities	34,432	35,616

Categories of financial instruments

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

Melbourne Polytechnic recognises the following financial assets in this category:

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

Financial liabilities at amortised cost 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. Melbourne Polytechnic recognises the following liabilities in this category:

- ▶ payables (excluding statutory payables); and
- ▶ borrowings (including finance lease liabilities).

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at Fair Value through Other Comprehensive Income (FVOCI), but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The financial assets at amortised cost consist of trade receivables, cash and deposits and revenue receivable.

Under AASB 9, loss allowances are measured on either of the following bases:

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

Financial risk management objectives and policies

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

Melbourne Polytechnic's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

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, and ageing analysis for credit risk.

Primary responsibility for the identification and management of financial risks rests with the Audit and Risk Committee of Melbourne Polytechnic with oversight by the Board.

Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Credit risk arises from the contractual financial assets of 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 counterparty on their contractual obligations resulting in financial loss to Melbourne Polytechnic.

Credit risk is measured at fair value and is monitored on a regular basis. Melbourne Polytechnic monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

- ▶ all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- ▶ customers that do not meet Melbourne Polytechnic's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balance at 31 December 2018 and 31 December 2017 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

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

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents 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.

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

	Financial Institutions (AA- rating)	Government agencies (AAA rating)	Other counterparty	Total
	\$'000	\$'000	\$'000	\$'000
2018				
Cash and deposits	33,461	-	-	33,461
Trade receivables	-	3,098	928	4,026
Revenue receivable	-	9,993	1,019	11,012
Total contractual financial assets	33,461	13,091	1,947	48,499
2017				
Cash and deposits	28,399	4,000	-	32,399
Trade receivables	-	573	1,337	1,910
Revenue receivable	-	9,344	817	10,161
Total contractual financial assets	28,399	13,917	2,154	44,470

Notes: 1. The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

The following table provides information about the estimated exposure to credit risk and ECLs for trade and other receivables as at 1 January 2018.

	Estimated gross carrying amount	Weighted average loss rate	Estimated loss allowance	Credit impaired
	\$'000		\$'000	
Current (not past due)	12,008	5%	79	YES
31-60 days past due	3,071	10%	6	YES
61-90 days past due	45	50%	21	YES
More than 90 days past due	102	90%	82	YES
Total contractual financial assets	15,226		188	

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

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 within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

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

Melbourne Polytechnic manages liquidity risk by:

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

Melbourne Polytechnic's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Melbourne Polytechnic had no contingent assets or contingent liabilities for the period ending 31 December 2018.

7.3 FAIR VALUE DETERMINATION

SIGNIFICANT JUDGEMENT: FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of Melbourne Polytechnic.

This section sets out information on how Melbourne Polytechnic determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- ▶ land, buildings, plant and equipment, vehicles and lease hold improvements.

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

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

Fair value estimation

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

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

Melbourne Polytechnic determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. A summary of changes between levels can be found in table 7.3 (a).

Fair value determination of financial assets and liabilities

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

There is no reportable difference between the carrying amount and fair value for the year ended 31 December 2018.

(a) Fair value determination of non-financial assets

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

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

Below are the relevant fair value information relating to those assets.

Fair value measurement hierarchy

	Carrying amount as at 31 Dec 2018 \$'000	Fair value hierarchy		
		Level 1 Quoted prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000
2018				
Specialised land	178,352	-	5,431	172,921
Total land at fair value	178,352	-	5,431	172,921
Specialised buildings	158,640	-	1,564	157,076
Heritage buildings	36,855	-	627	36,228
Total buildings at fair value	195,495	-	2,191	193,304
Construction in progress	541	-	-	541
Plant and equipment	5,072	-	-	5,072
Motor vehicles	397	-	-	397
Leasehold improvements	212	-	-	212
Library collections	179	-	-	179
Total other assets at fair value	6,401	-	-	6,401

	Carrying amount as at 31 Dec 2017 \$'000	Fair value hierarchy		
		Level 1 Quoted prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000
2017				
Specialised land	179,552	-	6,631	172,921
Total land at fair value	179,552	-	6,631	172,921
Specialised buildings	148,944	-	1,609	147,335
Heritage buildings	37,559	-	660	36,899
Total buildings at fair value	186,503	-	2,269	184,234
Construction in progress	3,082	-	-	3,082
Plant and equipment	3,814	-	-	3,814
Motor vehicles	515	-	-	515
Leasehold improvements	663	-	-	663
Library collections	168	-	-	168
Total other assets at fair value	8,242	-	-	8,242

Impairment

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

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

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

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

(b) Valuations of property, plant and equipment

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 103F Non-financial Physical Assets issued by the Assistant Treasurer. A full revaluation of education assets normally occurs every five years, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations with interim revaluations determined in accordance with the requirements of the FRD. Revaluation increases and decreases arise from differences between an asset's carrying value and the fair value. Consistent with all government education assets, an independent valuation of all land and buildings was performed by the Valuer-General Victoria with an effective date of 31 December 2017.

Specialised land is valued using the market approach and then adjusting for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

Under the market valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset.

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 either Level 2 or Level 3 assets.

Specialised and heritage buildings are valued using the depreciated replacement cost method for all but some minor exceptions. This represents the highest and best use when the market approach is not suitable. The replacement costs assessment is based on replacement of the existing building with a modern equivalent standard, and where heritage buildings are involved, a cost loading to reflect the likely need to replace any destroyed buildings with closely similar (i.e. heritage) architecture, then adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings and heritage buildings are classified as either Level 2 or Level 3 in the fair value hierarchy.

Motor Vehicles are valued using the depreciated replacement cost method. Melbourne Polytechnic 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.

Construction in Progress assets are held at cost. The Institute transfers the assets into and out of assets under construction when they are ready for use.

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.

Library collections are held at cost. The process of acquisition, use and disposal is managed by Melbourne Polytechnic who set relevant depreciation rates during use to reflect the utilisation of its collections.

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

There were no changes in valuation techniques throughout the period to 31 December 2018.

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

Description of significant unobservable inputs to Level 3 valuations

2018 and 2017	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre
Heritage buildings	Depreciated replacement cost	Direct cost per square metre
Construction in progress	Depreciated replacement cost	Useful life of the asset once it is ready for use
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment
Motor vehicles	Depreciated replacement cost	Useful life of vehicles
Library collections	Depreciated replacement cost	Useful life of library books
Leasehold improvements	Depreciated replacement cost	Useful life of lease

NOTE 8. GOVERNANCE

8.1 RESPONSIBLE PERSONS

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

The persons who held the positions of Ministers and Accountable Officers in Melbourne Polytechnic are as follows:

Position	Name	Dates of appointment
Minister for Training and Skills and the Minister for Higher Education	The Hon. Gayle Tierney MP	1 January 2018 to 31 December 2018
Chief Executive Officer (Accountable Officer)	Frances Coppolillo	1 January 2018 to 31 December 2018
Board Chairman	Jim Pasinis	1 January 2018 to 31 December 2018
Board Director	Alexandra Forbes	1 January to 30 June 2018
Board Director	Arianne Rose	1 January to 30 June 2018
Board Director	Fiona McNabb	1 January to 31 December 2018
Board Director	Joe Dicks	1 January to 31 December 2018
Board Director	Mel Riel	1 January to 31 December 2018
Board Director	Lee Astheimer	1 January to 31 December 2018
Board Director	Ian Munro PSM	1 January to 31 December 2018
Board Director	Richard Tait	1 February to 31 December 2018
Board Director	Daniel Stubbs	1 July to 31 December 2018
Board Director	Fiona Smith AM	1 July to 31 December 2018
Board Director	Helen Clarke	1 July to 31 December 2018
Board Director	Tali Bernard	1 July to 31 December 2018

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Department during the reporting period was in the range: \$310,000 – \$319,999 (\$320,000 – \$329,999 in 2017).

	2018	2017
Remuneration	\$'000	\$'000
Short-term benefits	684	649
Post-employment benefits	53	-
Other long-term benefits	8	-
Termination benefits	-	-
Share-based payments	-	-
Total remuneration	745	649
Total number of executive officers	14	11
Total annualised employee equivalent (AEE)	14	11

8.2 REMUNERATION OF EXECUTIVES

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full-time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

	2018	2017
Remuneration	\$'000	\$'000
Short-term employee benefits	4,159	4,605
Post-employment benefits	346	-
Other long-term benefits	92	2
Termination benefits	250	433
Total remuneration	4,847	5,040
Total number of executives	24	29
Total annualised employee equivalents ⁽ⁱ⁾	23	26

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

8.3 RELATED PARTIES

Related parties of Melbourne Polytechnic include:

- ▶ all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over); and
- ▶ all cabinet ministers and their close family members.

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

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

Compensation of key management personnel

	2018	2017
Remuneration	\$'000	\$'000
Short-term employee benefits	2,732	1,954
Post-employment benefits	198	-
Other long-term benefits	45	-
Termination benefits	20	154
Total remuneration	2,995	2,108

Transactions and balances with key management personnel and other related parties

Melbourne Polytechnic had no related party transactions for the period ending 31 December 2018.

NOTE 9. OTHER DISCLOSURES

9.1 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2018	2017
	\$'000	\$'000
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	(228)	(16)
Impairment of non-financial physical and intangible assets	(313)	(1,937)
Remeasurement of provision for doubtful debts under AASB 9	(144)	
Unwinding of other provisions	594	(149)
Total other gains/(losses) from other economic flows	(91)	(2,102)

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

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

- ▶ revaluations and impairments of non-financial physical and intangible assets; and
- ▶ remeasurements arising from employee benefits and the provision for doubtful debts disclosed above.

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

9.2 OTHER EQUITY RESERVES

Physical asset revaluation surplus¹

	2018	2017
	\$'000	\$'000
Balance at 1 January	288,988	212,840
Revaluation increment/(decrement) on non-current asset	(119)	76,148
Balance at 31 December	288,869	288,988

¹ The physical asset revaluation surplus arises on the revaluation of land and buildings. The Valuer-General Victoria conducted a revaluation of 91 St Georges Road, Preston in 2018 that resulted in a decrement.

9.3 EVENTS AFTER REPORTING DATE

No matter or circumstance has occurred subsequent to period end that has 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 subsequent financial years.

9.4 APPLICATION OF STANDARDS ISSUED BUT NOT YET EFFECTIVE

A. AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 18 Revenue, AASB 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

i. Sales of goods

For the sale of products, revenue is currently recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under AASB 15, revenue will be recognised when a customer obtains control of the goods.

Melbourne Polytechnic's assessment indicates that this will have minimal impact as the only sale of goods are within the Hospitality and Agricultural areas and are not of a material nature.

ii. Rendering of services

Melbourne Polytechnic is involved in managing contracts, as well as performing related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognised using the stage-of-completion method.

Under AASB 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which Melbourne Polytechnic sells the services in separate transactions.

Based on Melbourne Polytechnic's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, Melbourne Polytechnic does not expect the application of AASB 15 to result in significant differences in the timing of revenue recognition for these services.

iii. Transition

Melbourne Polytechnic plans to adopt AASB 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application. As a result, Melbourne Polytechnic will not apply the requirements of AASB 15 to the comparative period presented.

B. AASB 16 LEASES

AASB 16 replaces existing leases guidance, including AASB 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply AASB 15 at or before the date of initial application of AASB 16.

Melbourne Polytechnic has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including Melbourne Polytechnic's borrowing rate at 1 January 2019, the composition of Melbourne Polytechnic's lease portfolio at that date, Melbourne Polytechnic's latest assessment of whether it will exercise any lease renewal options and the extent to which Melbourne Polytechnic chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that Melbourne Polytechnic will recognise new assets and liabilities for its operating leases of campuses. As at 31 December 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to \$6,560,000 on an undiscounted basis (see Note 3.2).

In addition, the nature of expenses related to those leases will now change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

No significant impact is expected for Melbourne Polytechnic's finance leases.

Melbourne Polytechnic does not expect the adoption of AASB 16 to impact its ability to comply with the revised maximum leverage threshold loan covenant.

Transition

As a lessee, Melbourne Polytechnic can either apply the standard using a:

- ▶ retrospective approach; or
- ▶ modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

Melbourne Polytechnic plans to apply AASB 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under AASB 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. Melbourne Polytechnic is assessing the potential impact of using these practical expedients.

Melbourne Polytechnic is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

Management performed a review of the Institute's operating lease population. Based on this review, the impact of transition to AASB 16 will be a reduction in operating lease rental expense of approximately \$2.8 million, with offsetting increases in depreciation and interest expense. Based on the current lease population and renewal assumptions, the right-of-use asset and lease liability recognition will be approximately \$10.2 million.

C. AASB 1058 INCOME OF NOT-FOR-PROFIT ENTITIES

Where a transaction does not meet the requirements to be accounted for under AASB 15 as it is either not an enforceable contract or the performance obligations are not sufficiently specific (refer below), Melbourne Polytechnic will assess whether the transaction should be accounted for under AASB 1058.

i. Volunteer services

An accounting policy choice is provided in relation to volunteer services.

- ▶ Where volunteer services can be reliably measured, an entity can elect to recognise the fair value of these services as an asset or expense.
- ▶ Local governments, government departments, general government sectors (GGS) and whole of government are required to recognise volunteer services if they would have been purchased had they not been donated and the fair value can be reliably measured.

ii. Transition

Melbourne Polytechnic plans to apply AASB 1058 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 1058 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

Based on Melbourne Polytechnic's assessment, there will be no material impact on revenue recognition associated with the application of AASB 1058.

D. OTHER STANDARDS

The following amended standards and interpretations are not expected to have a significant impact on Melbourne Polytechnic's consolidated financial statements.

- ▶ Annual Improvements to IFRSs 2014-2016 Cycle - Amendments to AASB 101 and AASB 128.
- ▶ Classification and Measurement of Share-based Payment Transactions (Amendments to AASB 102).
- ▶ Transfers of Investment Property (Amendments to AASB 140).
- ▶ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 110 and AASB 128).
- ▶ IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- ▶ IFRIC 23 Uncertainty Over Income Tax Treatments.
- ▶ AASB 2018-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-17 Cycle.
- ▶ AASB 2018-2 Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement.
- ▶ AASB 2018-3 Amendments to Australian Accounting Standards - Reduced disclosure requirements.
- ▶ AASB 2018-4 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Public Sector Licensors.

9.5 CHANGES IN ACCOUNTING POLICIES

A. ESTIMATED IMPACT OF THE ADOPTION OF AASB 9

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement.

The total estimated adjustment (net of tax) to the opening balance of Melbourne Polytechnic's equity at 1 January 2018 is not materially impacted due to the decrease in retained earnings as a result of additional receivables recognised in the initial application of AASB15.

i. Classification and Measurement - Financial assets

AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value in other comprehensive income and fair value through profit or loss. The standard eliminates the existing AASB 139 categories of held to maturity, loans and receivables and available for sale.

The following table and accompanying notes below explain the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of Melbourne Polytechnic's financial assets and financial liabilities.

Financial assets	Original classification under AASB 139 \$'000	New classification under AASB 9 \$'000	Original carrying amount under AASB 139 \$'000	Reclassification \$'000	Remeasurement \$'000	New carrying amount under AASB 9 \$'000
Trade receivables	44	188	44	0	144	188
Total financial assets	44	188	44	0	144	188

ii. Impairment - Financial Assets and Contract Assets

Melbourne Polytechnic assess trade receivables for impairment on an annual basis and as a result there was no additional impairment recognised at 1 January 2018. The effect on trade receivables during the annual assessment due to AASB 9 is as per the table above.

iii. Classification - Financial Liabilities

Melbourne Polytechnic has not designated any financial liabilities at FVTPL and it has no current intention to do so. Melbourne Polytechnic's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

iv. Transition

Changes in accounting policies resulting from the adoption of AASB 9 have generally been applied retrospectively, except as described below.

- ▶ Melbourne Polytechnic will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9 have been recognised in retained earnings and reserves as at 1 January 2018.
- ▶ The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- ▶ The determination of the business model within which a financial asset is held.
- ▶ The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- ▶ The designation of certain investments in equity instruments not held for trading as at FVOCI.

AUDIT REPORT ON PERFORMANCE STATEMENT



Independent Auditor's Report

To the Board of Melbourne Polytechnic

Opinion	<p>I have audited the accompanying performance statement of Melbourne Polytechnic (the institute) which comprises the:</p> <ul style="list-style-type: none"> • performance statement for the year ended 31 December 2018 • the management certification. <p>In my opinion, the performance statement of Melbourne Polytechnic in respect of the year ended 31 December 2018 presents fairly, in all material respects.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance statement	<p>The Board is responsible for the preparation and fair presentation of the performance statement for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.</p>

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

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

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



MELBOURNE
1 March 2019

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

2018 PERFORMANCE STATEMENT DECLARATION

In our opinion, the performance of Melbourne Polytechnic in respect of the 2018 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.



Jim Pasinis
Board Chair
Melbourne Polytechnic
Date: 25 February 2019



Frances Coppolillo
Chief Executive
Melbourne Polytechnic
Date: 25 February 2019



Claire Britchford
Chief Finance Officer
Melbourne Polytechnic
Date: 25 February 2019

2018 PERFORMANCE STATEMENT

Indicator	Description and Methodology	Measure	2018		Explanation of variances	2017
			Target	Actual		Result
Training revenue diversity	Breakdown of training revenue by: <ul style="list-style-type: none"> ▶ Government Funded (GF) ▶ Fee for Service (FFS) ▶ Student Fees and Charges (SFC) 	%	VTG - 30% FFS - 56% SFC - 14%	VTG - 30.5% FFS - 58.8% SFC - 10.7%	Higher than expected International onshore and offshore revenue increased the proportion of fee for service revenue.	VTG - 36% FFS - 52% SFC - 12%
Employment costs as a proportion of training revenue	Employment and third-party training delivery costs as a proportion of training revenue. (Employment costs - Workforce reduction expenses + third-party training delivery costs)/Training revenue.	%	95%	97.5%	Indicator is in line with expectations and forecast.	98.3%
Training revenue per teaching FTE.	Training revenue (excluding revenue delivered by third parties) per Teaching FTE. Training revenue (excluding revenue delivered by third parties)/Teaching FTEs.	\$	200K	199K	Indicator is in line with expectations and forecast.	189k
Operating margin percentage	Operating margin percentage. EBIT (excluding capital contributions)/Total revenue (excluding capital contributions).	%	-13.90%	1.5%	Higher net result than forecast largely as a result of increased training revenue and increased State Government contributions.	-7.5%

Note: All account groupings (e.g. employment costs, training revenue etc.) included in the table above are prescribed by the official Department of Education and Training (DET) financial account structure and are in line with the quarterly financial data submission template provided by DET for completion by TAFEs.

CONSULTANCIES

In 2018, Melbourne Polytechnic did not engage or incur any expenditure related to consultants.

ADVERTISING

Details of 2018 advertising expenditure (campaigns with a media spend of \$100,000 or greater)

Campaign name	Campaign summary	Start date	End date	Advertising (Media) expenditure (excl GST)	Creative and campaign development expenditure (excl GST)	Research and evaluation expenditure (excl GST)	Print and collateral expenditure (excl GST)	Other campaign expenditure (excl GST)	Total campaign expenditure (excl GST)
Summer Campaign (2017/2018) Start of Year	Enrolment & Brand Campaign	1 Jan 2018	28 Feb 2018	\$460,514	\$10,611	-	-	-	\$471,125
Midyear Campaign	Enrolment & Brand Campaign	2 Apr 2018	31 Jul 2018	\$759,053	\$196,912	-	-	-	\$955,965
Open Day Campaign	Enrolment & Brand Campaign	23 Jul 2018	19 Aug 2018	\$133,650	-	-	-	-	\$133,650
Human Services Campaign	Brand Campaign	26 Nov 2018	31 Dec 2018	\$84,081	\$54,215	-	-	-	\$138,296
Summer Campaign (2018/2019) End of Year	Enrolment & Brand Campaign	1 Nov 2018	31 Dec 2018	\$164,366	\$317,211	-	-	-	\$481,577

SUMMARY OF MAJOR COMMERCIAL ACTIVITIES

There were no Major Commercial Activities requiring disclosure conducted by Melbourne Polytechnic in 2018.

COMPULSORY NON-ACADEMIC FEES AND CHARGES STATEMENT AS AT 31 DECEMBER 2018

Melbourne Polytechnic imposes a compulsory non-academic fee 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 the Student Life and Media (SLAM) unit, and the maintenance of campus facilities for direct student use.

The 2018 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. 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 fee is subject to the provisions of the *Education and Training Reform Act 2006*.

The total income from compulsory non-academic fees collected by the Institute in 2018 was \$1,393,311. The Institute used the income generated from the compulsory non-academic fee for salary and non-salary expenditures including, but not limited to: campus betterment activities, a range of support services, student events, access to a fitness centre and student communications.

No fees, subscriptions and charges were made directly available to student organisations in 2018. However SLAM staff, which included Student Engagement and Events Officers, the SLAM Team Leader and a Student Communications Coordinator were employed by the Institute.

The following engagement and support services were provided to students in 2018, funded by the amenities fee:

- ▶ 330 on-campus events with a reach of over 23,000 students.
- ▶ Access to library resources and collaborative study spaces.
- ▶ Provision of online and face-to-face study support and tutoring services.
- ▶ Counselling and welfare support services.
- ▶ Provision of the Melbourne Polytechnic THRIVE APP for students.
- ▶ Orientation and induction activities across all campuses.
- ▶ Campus betterment, including upgrades to student recreational and learning spaces.

	2018 \$	2017 \$
Income		
Compulsory Non-Academic Fees	1,393,311	1,281,710
Total Income	1,393,311	1,281,710
Expenditure		
Salaries		
Salaries	936,713	787,226
Salary On-costs	163,866	140,381
Total Salary Expenditure	1,100,579	927,607
Non-salaries		
Consumables	24,146	13,947
Subscriptions	59,497	61,185
Telephone	2,631	2,343
Equipment Purchases	20,215	29,213
Registration and Licensing	0	655
Software Licenses	0	28,089
Fees and Charges	0	1,253
Fitness Centre	113,784	106,350
Travel	6,304	5,250
Staff Development	500	226
Freight and Cartage	1,348	315
Advertising – Courses and Other	3,228	10,005
Orientation/Recreational Activities	95,882	65,618
Minor Works	50,528	20,246
Uniforms	8,564	2,210
Hospitality	6	0
Security Services	228	1,773
Professional Fees	545	7,456
Total Non-salary Expenditure	387,406	356,134
Total Expenditure	1,487,985	1,283,741
Operating Result for the Year	(94,674)	(2,031)

ADDITIONAL INFORMATION

Consistent with the requirements of the *Freedom of Information Act 1982* and the *Financial Management Act 1994*, information on the following items is available on request:

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

REQUESTS FOR ADDITIONAL INFORMATION

The Board Secretary
Melbourne Polytechnic
Locked Bag 5
Preston VIC 3072
AUSTRALIA
+61 3 9269 1200

INFORMATION ABOUT MELBOURNE POLYTECHNIC

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

DISCLOSURE INDEX

This Annual Report was prepared in accordance with the *Financial Management Act 1994* and the Directions of the Assistant Treasurer. The Disclosure Index shows compliance with the statutory requirements.

The financial report was authorised by the Board members on 25 February 2019.

ITEM NO.	SOURCE	SUMMARY OF REPORTING REQUIREMENT	PAGE
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
1	FRD 22H	Manner of establishment and the relevant Minister.	28
2	FRD 22H	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements.	4-6, 8, 10-12, 14-20, 24-29
3	FRD 22H	Nature and range of services provided including communities served.	8, 14-20, 29
MANAGEMENT AND STRUCTURE			
4	FRD 22H	Organisational structure and chart, detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities.	24-28
FINANCIAL AND OTHER INFORMATION			
5	FRD 03A	Accounting for dividends.	N/A
6	FRD 07B	Early adoption of authoritative accounting pronouncements.	60-63
7	FRD 10A	Disclosure Index.	70-72
8	FRD 17B	Long service leave and annual leave for employees.	46-47
9	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 February 2004.	N/A
10	FRD 22H	Operational and budgetary objectives, performance against objectives and achievements.	4, 6, 23, 66
11	FRD 22H	Occupational health and safety statement including performance indicators, performance against those indicators.	32
12	FRD 22H	Workforce data for current and previous reporting period including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections.	30-31
13	FRD 22H	Summary of the financial results, with comparative information for the preceding four reporting periods.	23
14	FRD 22H	Summary of significant changes in financial position.	23, 41
15	FRD 22H	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future.	2, 4-6, 8, 14-20
16	FRD 22H	Post-balance sheet date events likely to significantly affect subsequent reporting periods.	60
17	FRD 22H	Summary of application and operation of the <i>Freedom of Information Act 1982</i> .	33
18	FRD 22H	The report of operations shall provide a discussion and analysis of the entity's operating results and financial position and include details about significant factors that affect the entity's performance.	4, 23, 66
19	FRD 22H	TAFE workforce inclusion policy, including a measurable target and report on the progress towards the target.	N/A
20	FRD 22H	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST).	67
21	FRD 22H	Statement, where applicable, on the implementation and compliance with the National Competition Policy, including compliance with the requirements of Victoria's Competitive Neutrality Policy and any subsequent reform.	34
22	FRD 22H	Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act), and the actions that were taken during the year to comply with the Carers Act.	33
23	FRD 22H	Summary of application and operation of the <i>Protected Disclosure Act 2012</i> including disclosures required by the Act.	33
24	FRD 22H & FRD 24D	Summary of Environmental Performance.	21-22

ITEM NO.	SOURCE	SUMMARY OF REPORTING REQUIREMENT	PAGE
FINANCIAL AND OTHER INFORMATION CONT.			
25	FRD 22H	Consultants: Report of Operations must include a statement disclosing each of the following: 1. Total number of consultancies of \$10,000 or more (excluding GST). 2. Location (e.g. website) of where the schedule with the below details of the consultancies over \$10,000 has been made publicly available: ▶ Consultant engaged ▶ Brief summary of project ▶ Total project fees approved (excluding GST) ▶ Expenditure for reporting period (excluding GST) ▶ Any future expenditure committed to the consultant for the project. 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period.	67
26	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer.	69
27	FRD 22H	An entity shall disclose the following in the report of operations: a) Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and b) Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: (i) Operational expenditure (OPEX); and (ii) Capital expenditure (CAPEX).	20
28	FRD 25C	Victorian Industry Participation Policy Disclosures.	34
29	FRD 26B	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004.	N/A
30	SD 5.1.4	Financial management compliance attestation.	34
31	FRD 119A	Transfers through contributed capital.	41
32	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, the Standing Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.	4, 37, 44
33	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	4
34	CG 10 (clause 27)	Summary of Major Commercial Activities.	4-6, 8, 14-20, 67
35	CG 12 (clause 33)	TAFE Institute Controlled Entities.	44

FINANCIAL REPORT

FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE *FINANCIAL MANAGEMENT ACT 1994*

36	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: ▶ the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and ▶ the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.	37
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OTHER REQUIREMENTS UNDER STANDING DIRECTIONS/*FINANCIAL MANAGEMENT ACT 1994*

37	SD 5.2.2(a) and FMA s49	An Agency's financial statements must include a signed and dated declaration by: ▶ the Accountable Officer; ▶ subject to Direction 5.2.2(c), the CFO; and ▶ for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body.	37
38	FRD 30D	Rounding of amounts.	44
39	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to: ▶ review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister.	27

ITEM NO.	SOURCE	SUMMARY OF REPORTING REQUIREMENT	PAGE
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
40	FRD 11A	Disclosure of ex-gratia payments.	N/A
41	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report.	58-59
42	FRD 102A	Inventories.	41
43	FRD 103G	Non-financial physical assets.	48-51, 56, 57, 60
44	FRD 105B	Borrowing costs.	N/A
45	FRD 106B	Impairment of assets.	54, 57-58
46	FRD 107B	Investment properties.	N/A
47	FRD 109A	Intangible assets.	41
48	FRD 110A	Cash flow statements.	42
49	FRD 112D	Defined benefit superannuation obligations.	N/A
50	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates.	N/A
51	FRD 114B	Financial instruments - general government entities and public non-financial corporations.	53-55
52	FRD 120L	Accounting and reporting pronouncements applicable to the reporting period.	43-63
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
53	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"> ▶ <i>Education and Training Reform Act 2006</i> (ETRA) ▶ TAFE institute constitution ▶ Directions of the Minister for Training and Skills (or predecessors) ▶ TAFE institute Commercial Guidelines ▶ TAFE institute Strategic Planning Guidelines ▶ <i>Public Administration Act 2004</i> ▶ <i>Financial Management Act 1994</i> ▶ <i>Freedom of Information Act 1982</i> ▶ <i>Building Act 1993</i> ▶ <i>Protected Disclosure Act 2012</i> ▶ <i>Victorian Industry Participation Policy Act 2003</i> 	34
54	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2018.	68
55	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Policy.	33
56	Key Performance Indicators	Institutes to report against: <ul style="list-style-type: none"> ▶ Employment costs as a proportion of training revenue; ▶ Training revenue per teaching FTE; ▶ Operating margin percentage; ▶ Training revenue diversity. 	66
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
57	PAEC and VAGO (June 2003 Special Review - Recommendation 11)	<ul style="list-style-type: none"> ▶ Financial and other information on initiatives taken or strategies relating to the institute's overseas operations. ▶ Nature of strategic and operational risks for overseas operations. ▶ Strategies established to manage such risks of overseas operations. ▶ Performance measures and targets formulated for overseas operations. ▶ The extent to which expected outcomes for overseas operations have been achieved. 	16-17

ABOUT THIS REPORT

The Melbourne Polytechnic Annual Report 2018 is a report to the Parliament of Victoria required under Section 45 of the *Financial Management Act 1994*. The Annual Report contains information about the operations of Melbourne Polytechnic during 2018, audited standard Financial and Performance Statements and other information required under Standing Directions of the Assistant Treasurer under the Act (Section 4 Financial Management Reporting) and the Financial Reporting Directions given under the Act.

In preparing this report, Melbourne Polytechnic followed the reporting guidelines issued by the Higher Education and Skills Group, Department of Education and Training, Victorian Government. 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.

To view our Annual Reports online go to:
www.melbournepolytechnic.edu.au/explore-melbourne-polytechnic/reports/

This training may be delivered with Victorian and Commonwealth Government funding.
Information correct at March 2019 © MELBOURNE POLYTECHNIC ABN 50 230 165 243



MELBOURNE POLYTECHNIC CAMPUSES, TRAINING CENTRES, SKILLS AND JOBS CENTRES & COURSE ADVICE CENTRE

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

Greensborough

61 Civic Drive
Greensborough VIC 3088

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

INTERNATIONAL CAMPUS

Fuzhou Melbourne Polytechnic Campus
199 Xi Yuan Gong Road
Shangjie District, Minhou County, Fuzhou
Fujian Province, China

SKILLS AND JOBS CENTRES

Melbourne Polytechnic @ Northland Shopping Centre
2-50 Murray Road
Preston VIC 3072

Melbourne Polytechnic @ Westfield Plenty Valley
415 McDonalds Road
Mill Park VIC 3082

COURSE ADVICE CENTRE

Melbourne Polytechnic @ Westfield Doncaster
619 Doncaster Road (Cnr Williamsons Road)
Doncaster VIC 3108

TRAINING CENTRES

Ararat Training Centre

Grano Street
Ararat VIC 3377

Growling Frog Vineyard

1910 Donnybrook Road
Yan Yean VIC 3755

Northern AMEP Centre

Corner Belfast and Blair Streets
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

