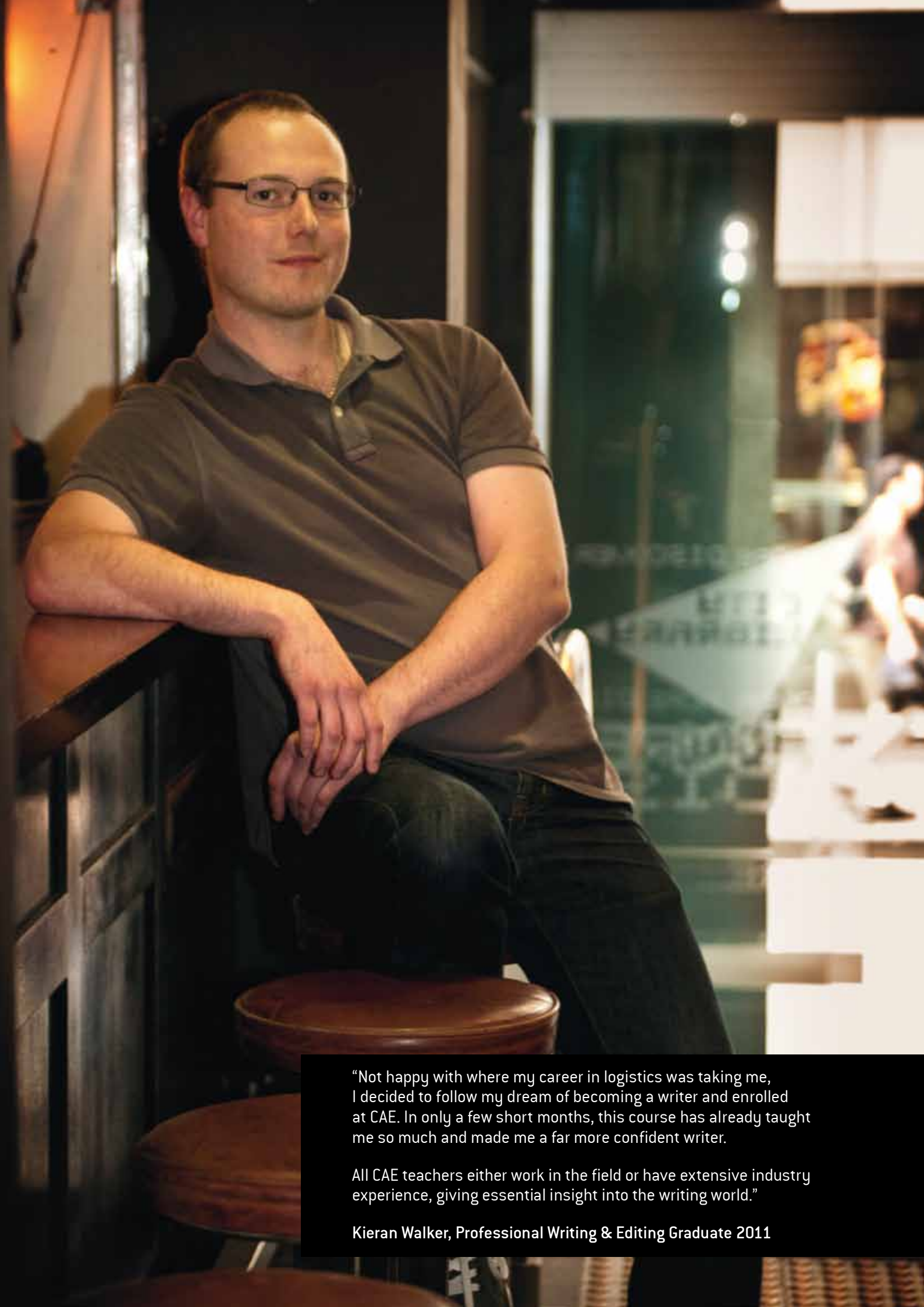


CENTRE FOR ADULT EDUCATION
ANNUAL REPORT 2011





"Not happy with where my career in logistics was taking me, I decided to follow my dream of becoming a writer and enrolled at CAE. In only a few short months, this course has already taught me so much and made me a far more confident writer."

All CAE teachers either work in the field or have extensive industry experience, giving essential insight into the writing world."

Kieran Walker, Professional Writing & Editing Graduate 2011

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ABOUT CAE

OUR MISSION

Transforming lives through the power of learning.

OUR ESTABLISHMENT

The Centre for Adult Education (CAE) was founded in 1947 (as the Council of Adult Education) under Victorian Government legislation, with the broad charter to provide adult education to the Melbourne community.

CAE's founding director was Colin Badger and the founding chairman was the Honourable Frank Crean.

In 2001, Victorian Parliament passed an amendment to the *Adult Community and Further Education Act 1991* which established CAE as an adult education institution to be known as the Centre for Adult Education (CAE), with reporting responsibility to the Adult Community and Further Education (ACFE) Board and the Victorian Parliament.

CAE is governed by a body corporate known as the Board of the Centre for Adult Education as described in the *Education and Training Reform Act 2006*. The Minister responsible for CAE is the Honourable Peter Hall MLC, Minister for Higher Education and Skills.

OUR LOCATION

An integral part of the Melbourne community, CAE delivers the majority of its courses from three central campuses in the heart of the arts and café area of Melbourne's CBD. These campuses include 253 and 278 Flinders Lane and 21 Degraeve Street.

CAE also offers courses at the Ola Cohn Centre in East Melbourne, in partnership with other organisations throughout Melbourne.

CAE conducts the globally-delivered Occupational English Test (OET) through the OET Centre.

OUR STRATEGIC DIRECTION

The CAE Strategic Framework 2009-2013 positions CAE to continually meet the changing needs of Melbourne learners, communities, businesses, industries and governments in an ever-changing global environment and guides CAE's daily operations.

The framework outlines four key areas of learning:

Learning for Learning Supporting people to successfully engage in learning;

Learning for Earning Assisting learners to develop, update and enhance skills for employment;

Learning for Business Designing workforce development solutions to improve and sustain business performance; and

Learning for Living Enriching life through access to diverse learning experiences.

CAE actively promotes the value of learning for all by ensuring that it provides strong transitions, employment skills, enterprise productivity and an enhanced life for all learners, regardless of life stage or personal circumstances.

CAE customises learning solutions to maximise workforce productivity and improve business performance.

CAE also offers rich and varied learning programs that celebrate Melbourne's diverse culture.

OUR PROGRAMS & SERVICES

CAE is a leading provider of Adult and Community Education (ACE) in Victoria. CAE has a strong focus on delivering nationally recognised and accredited training and non-accredited short courses, and connects with the community through socially inclusive practices that recognise diversity and creativity.

CAE receives Victorian Government funding to deliver nationally recognised and accredited courses designed to help young and older adults complete their secondary education and begin or change their career direction. The funding also supports a range of pre-accredited programs – locally developed rather than nationally recognised.

CAE offers a vibrant and supportive adult learning environment, flexible learning options, skills recognition, practical training and supervised work placements. CAE also provides access to the City Library, Learner Services and Learn@CAE, the Independent Learning Centre.

In addition to meeting the lifelong learning needs of individuals, CAE delivers programs in partnership with the business community and government through customised enterprise programs. CAE aims to achieve the objectives of the Victorian Government while recognising industry trends and balancing the needs of individuals, community, government and business.

CAE provides the majority of programs and services in the following three areas:

Vocational Education and Training (VET) and Educational Quality

- Community Services, Business, IT and TAE (Training & Assessment), Writing and Editing, Fitness, Yoga, Visual Arts and Languages from beginner to advanced levels.

CAE College

- Victorian Certificate of Education (VCE), Liberal Arts, Victorian Certificate of Applied Learning (VCAL), English as a Second Language (ESL) and General Education.

Short Courses

- Creative Arts, Visual Arts, Living and Lifestyles, Health and Wellbeing, Business and CAE Book Groups.

About CAE



OUR VALUES

CAE's *Staff Code of Conduct and Behaviour* aligns with CAE's values statement. CAE staff demonstrate the following values in their daily work:

- Learning
- Inclusion
- Integrity
- Innovation
- Commitment

OUR CAPABILITY

CAE builds its capability through investment in:

- **Service Culture** – quality and continuous improvement;
- **Leadership Strength** – research, management, influence and governance;
- **Staff** – skilled, connected, engaged and diverse; and
- **Sustainable Practice** – business, environment and systems.

OUR DELIVERY

In 2011 CAE delivered:

- Operating revenue of \$23.342 million
- 27,810 learners in over 47,233 subject enrolments
- 1,226,730 Student Contact Hours (SCH)
- Equivalent full-time staffing average of 157.7
- Working capital ratio at 31 December 2011 of 0.82



“I left school when I was 13 to help my mother look after my twin sisters. I started Level 1 English at CAE at 46 years old. It was hard coming back to school as an older adult, but what made my learning experience easier were the other adults in class who made me feel relaxed and welcome. Two years ago I became a CAE support worker. My goal now is to pass my VCE and continue with my support work.”

Margaret Roberts, General Ed Support Worker
and current VCE student

MESSAGES FROM THE CHAIRPERSON & CEO

CHAIRPERSON'S REPORT

On behalf of the newly established interim Board for the Centre for Adult Education (CAE), it is with pleasure that I submit the 2011 Annual Report. In 2011, a watershed year, the then Board of CAE took the unprecedented and courageous step of creating a new future for the organisation. This future will not only provide short-term security but will ensure that the values, purpose and place of CAE will continue for many years to come. The partnership between CAE and Box Hill Institute is the first critical step in achieving this vision.

"There is much to celebrate in the creation of this innovative alliance. CAE has a distinctive and proud history in the provision of lifelong learning to adults from all walks of life. The partnership with Box Hill Institute will result in expanded opportunities for engagement with learning, be it senior secondary, vocational and higher education, or informal learning. The partnership paves the way for a unique post-compulsory-education institution, one that values learning in all its forms.

I would personally like to recognise the dedication of the retiring CAE Board, in particular Fran Thorn, who has served for six years. Thanks to Adrian Smith, Alison Terry, Denise O'Brien and elected staff member Susie Bate, as well as 2011 newcomers Jim Davidson, Annette Foley and Terence Cheong, the elected student member. The provision of sound governance by the Board and its Committees was critical to the success of the partnership negotiations and ongoing operations throughout 2011.

Finally, I would like to acknowledge the outstanding contribution of the Chief Executive Officer, Denise O'Brien. Denise, her management team and staff are to be congratulated for ensuring a positive transition to the new entity while delivering great outcomes and experiences for CAE learners, clients and community."

Frank King, CAE Board Chair
February 2006 – to 31 December 2011

I would also acknowledge the outstanding leadership and stewardship of Frank King in his role as Chair of the CAE Board over the last six years.

Against a backdrop of continuing change and challenge, CAE achieved a promising result in 2011. Business restructuring activity in the first quarter resulted in a reforecast budget that was realised.

CAE has provided adult learning programs and services to thousands of adults each year for over 65 years. Its diversity of offerings reflects the diversity of its learners, and 2011 was no exception. CAE's continued contribution to the economic, social and cultural prosperity of individuals and the community is demonstrated by its delivery of 1,226,730 student contact hours to 27,810 individual learners in 47,233 enrolments in 2011.

In 2011, 2,243 short courses were delivered. These courses encourage individuals to continue learning, enhancing their lives and ensuring social connectedness and wellbeing. Exciting new programs, including iPad for Seniors, new Philosophy courses and Walking Tours, and the reintroduction of Ballroom Dancing, were developed in response to the continually changing interests and demands of Melbourne's adult learners.



Nationally recognised accredited qualifications were achieved through the delivery of 43 programs from Certificate through to Advanced Diploma levels, supporting adults in effectively gaining employment, or changing or progressing their careers.

Through CAE College, CAE proudly delivered outstanding results in VCE and VCAL in 2011. CAE College provided a diverse range of general education programs that enabled many adults to build foundation skills, and partnered with agencies to deliver pre-accredited programs to adults facing barriers to learning and skills attainment. The success of these programs is due to the capacity of CAE and its partners to deliver learning when, where and how it is required by the learners themselves – a credit to the enthusiastic, professional staff involved.

CAE continued to administer the Occupational English Test (OET), which assesses the English-language proficiency of people who have trained as medical/health professionals in one country and wish to practise in another English-speaking country. In 2010, the OET Centre administered the test globally seven times; almost three-quarters of candidates sat the OET in Australia. However, global test applications for 2011 were 10% less than in 2010 due to a slowdown in skilled migration and damage to Australia's reputation following safety concerns among Indian students.

The outgoing and current Board of CAE are grateful for the ongoing support of the Minister for Higher Education and Skills, the Hon. Peter Hall MLC. We acknowledge Ms Rowena Allen, Chairperson of the ACFE Board, for her ongoing commitment to the Adult Community Education sector. Our thanks go to the Deputy Secretary of Skills Victoria, Kym Peake, and the General Manager of ACFE, Sian Lewis, and their teams for providing assistance to the Board and management of CAE throughout a challenging year.

I would particularly like to acknowledge the hard working staff and management of CAE. The reputation of CAE reflects in large part their contribution, focus on the learner and hard work.

I hope you find the CAE 2011 Annual Report of interest. All at CAE look forward to a strong association with existing and new learners and, through the partnership with Box Hill Institute, the delivery of greater opportunities to *transform lives through the power of learning*.

Darrell Cain
Board Chair, CAE

CEO'S REPORT

For 65 years, Centre for Adult Education (CAE) has understood the vital role it plays in supporting lifelong learning. In 2011, CAE continued to adapt and respond to the ever-changing expectations of individual learners, businesses and communities through the provision of programs that enable adults to pursue further study, enhance their employment prospects, and enrich their lives.

As the incoming Chief Executive Officer CAE, it is with great pleasure that I acknowledge some of the many successes of CAE through this report.

The year commenced with the official launch of CAE College by the Minister for Higher Education and Skills, the Hon. Peter Hall MLC. The event attracted strong sector and community interest, with guests having the opportunity to hear directly from CAE College learners about their experiences. CAE College delivers to young adults and mature learners a range of programs including VCE (Victorian Certificate of Education), VCAL (Victorian Certificate of Applied Learning) and Liberal Arts. Eleven per cent of our learners in Year 12 VCE achieved ATAR university entrance rankings of over 90%, while 70% of our Certificate IV Liberal Arts learners moved directly into university courses, and 86% of our senior VCAL learners are now at their first-preference destinations. Others were able to build their foundation skills, such as literacy, numeracy, English language and general education, in order to participate more effectively in further learning.

The CAE College model is underpinned by a personalised learning approach whereby all learners are encouraged to identify their learning aspirations and are supported in meeting these regardless of prior education.

CAE continued to support adults in gaining nationally recognised accredited qualifications that enabled them to gain employment or manage their careers. A total of 43 qualifications were on offer in 2011, from Certificate II through to Advanced Diploma levels. CAE graduates found employment in diverse industries and businesses as a result of qualifications obtained in Community Services, Business and IT, Fitness, Yoga Teaching, Writing and Editing, and Visual Arts.

Re-engaging adults in learning was a feature of the work of CAE in 2011. Working in partnership with a number of agencies, and supported by funding from the Adult, Community and Further Education (ACFE) Board for 'pre-accredited' training, CAE was able to provide relevant learning programs to adults who had faced disruption to their learning due to health, homelessness, unemployment or family or community dislocation.



Specific highlights of 2011 were:

- Receiving a \$100,000 Access and Equity grant from Skills Victoria through the Partnerships in Supported Learning Model project, to assist the collaboration between Hanover Welfare Services and CAE. CAE was one of only six successful Transition Learning Partnerships to receive this funding. The program supports people experiencing homelessness in re-engaging with education and training and moving on to further study or employment.
- The Elizabeth Street Common Ground's first anniversary. The Common Ground Learning Precinct is a Community Learning Partnership between HomeGround Services and CAE, funded by ACFE to deliver a range of pre-accredited classes on-site to the residents, all of whom have experienced long-term homelessness; 62 learners participated in the program in 2011.
- CAE's involvement in the Peter MacCallum Cancer Centre's onTrac@PeterMac. 'Undergoing treatment' means that young adults are often unable to attend regular tertiary education programs. CAE's Splice program provided engagement in learning and social connection with other young people in an accessible and non-intrusive manner.

The delivery of thousands of short courses throughout 2011 ensured that there was something of interest for learners of all ages. The benefits of lifelong learning are many, and include the development of new skills and interests that may lead to further formal learning and employment. CAE sees the 'city as the classroom', and as such many students take advantage of outdoor opportunities such as walking tours, photography and even dance classes at Federation Square.

Learning innovation and leadership in adult learning was evidenced by the many projects CAE led during the year, including the development of the mylearning website. Funded by a Telematics Trust grant, my learning is an open-access, user-friendly and engaging website for adult learners, organised around three themes: my life (including life@CAE), my study and my work. Learners can independently access the website to meet their personal learning needs, and it provides a valuable support resource for teachers.

CAE received funding from the ACFE Capacity and Innovation Grants program to develop a podcasting toolkit for its staff. This subscription module for podcasts on the mylearning website enables CAE learners to regularly receive updates of teacher podcasts.

MESSAGES FROM THE CHAIRPERSON & CEO

CEO'S REPORT [CONT'D]

CAE supported the adult and community education sector in coordinating a range of ACFE-funded projects, including the ACFE e-mentor project and the delivery of 'A-frame' training for Learn Local organisations across the state. The project is now in its fourth year of operation and has developed a strong community capacity building model through the appointment of 18 e-mentors/e-champions who assist 69 Learn Local organisations across Victoria to develop skills and knowledge around e-learning tools and their application in the classroom. This project will be delivering a state-wide e-learning showcase for the sector in June 2012.

CAE has had a very active role in the development of the A-frame Curriculum Framework, which underpins the delivery of quality pre-accredited courses across the state. In 2011, CAE continued to deliver A-frame professional development workshops to over 200 coordinators and tutors across 125 organisations.

CAE has been working with VicRoads and its partners to develop and deliver the P-plate drivers program known as My Live Tribe, a behaviour-change program for newly licensed drivers. During 2011, the CAE project team recruited and trained program-delivery staff and trialled the curriculum in NSW and Victoria; delivery of the main program commenced in November. This program is expected to impact up to 14,800 newly licensed drivers taking part in the largest behaviour-change research program of its type in the world.

CAE is integral to the vibrancy of Melbourne's CBD and appreciates its many supporter alliances and relationships. CAE was pleased to promote festivals such as the Melbourne Comedy Festival, Melbourne International Arts Festival, Sustainable Living Festival and Melbourne Spring Fashion Week, and values the relationships with Melbourne Library Service, Craft Victoria, Federation Square, Hopscotch Films and Energise Enterprise.

The 51st Annual Adult Learning Australia (ALA) Conference was hosted by CAE in September 2011. ALA conferences have a strong tradition of bringing together national and international practitioners, stakeholders and researchers in the fields of adult education and lifelong learning to learn, share and celebrate. The conference was attended by over 90 delegates and attracted speakers from around Australia, New Zealand and the UK.

None of these achievements would have been possible without the enthusiastic and professional efforts of CAE management and staff. Congratulations to Josie Rose, who was a finalist in the Victorian Training Awards, Victorian VET Client Service/Support Excellence

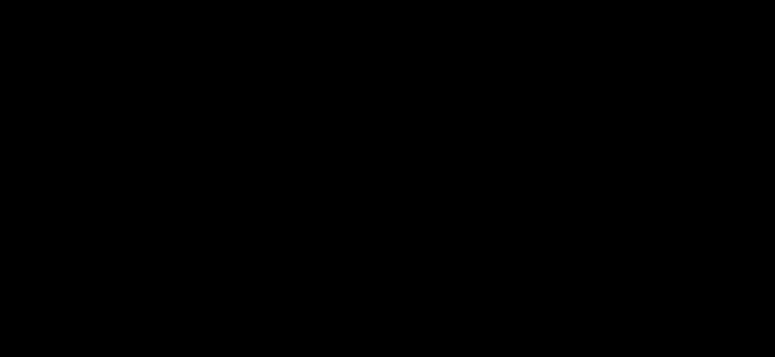
Award category, for her work in Delivery Innovation and e-learning. Congratulations also to the two finalists in the Victorian Learn Local Awards. The Common Ground Learning Precinct was nominated in the Outstanding Pre-accredited Program category. Marie Baird was the coordinator of the project and it was great to see her outstanding work and that of her team acknowledged. Ann Hardingham was nominated as the Learn Local Outstanding Practitioner and her many achievements were listed as part of her nomination.

2011 was a year of achievement and change. In 2012, the new partnership with Box Hill Institute will see CAE retain its unique identity as well as provide greater prospects for learners, business and staff.

I would like to thank Denise O'Brien for her vision and leadership of CAE in her role as CEO in 2011. I look forward to our continued association as she takes up the newly created role at Box Hill Institute of Senior Executive Director, Adult Learning Strategic Research. I would also like to recognise the commitment of the leadership team at CAE along with other managers and staff who worked beyond self-interest to meet the needs of learners and clients while the organisation was undergoing transformational change. The previous CAE Board, chaired by Frank King, provided insightful governance and, with the management team, responded to the changing environment by securing this partnership. In doing so, they facilitated an exciting way forward for CAE and Box Hill Institute.

A highlight of the year was the announcement of the partnership with Box Hill Institute. This partnership brings together two pre-eminent learning organisations with similar values, missions and focus on students as the learner. The opportunities for both the CAE and the Institute in providing an enhanced range of programs are very exciting and we look forward to the partnership developing in 2012 and beyond. The bringing together of these two organisations is unique in Australia. We now cater to the needs of students in the areas of secondary school education, vocational education, higher education and now, thanks to the partnership with the CAE, adult learning. All at CAE and Box Hill Institute see a world of potential as the two entities maximise their individual and collective capabilities to deliver an expanded range of learning opportunities in 2012 and beyond.

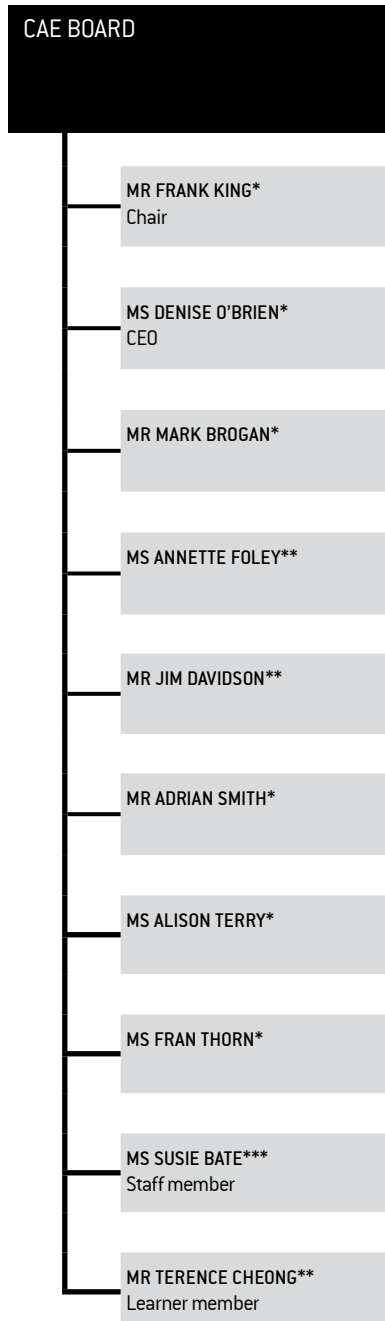
John Maddock
Chief Executive Officer



"I completely changed my mindset when it came to healthy living a few years ago and I started to look at study options. Friends in the fitness industry recommended CAE/Career Fitness. I wish I had done it sooner! I know it sounds cliché, but I find myself saying it all the time: If health and fitness are your passions, you should embrace them. The industry is booming and it's so rewarding helping clients improve their quality of life."

Sarah, Certificates III & IV in Fitness graduate, 2011

CAE BOARD STRUCTURE 2011



* Term expired during 2011

**Term commenced and expired during 2011

***Resigned from CAE Board 2011

CAE BOARD ACCOUNTABILITIES & COMMITTEES

The Board of CAE is responsible to the Victorian Government, individuals, businesses and communities for the strategic oversight and guidance of CAE.

The Board is accountable for the provision of sound governance. As a Victorian public entity the activity of the Board is under constant scrutiny by government and community. The Board is committed to transparent and ethical practice.

The Board Committees and their members during 2011 were:

- Finance and Resources Committee: Alison Terry (Chair), Frank King and Adrian Smith
- Audit and Risk Management Committee: Mark Brogan (Chair) and Frank King
- Performance and Risk Management Committee (amalgamation of Finance and Resources Committee and Audit and Risk Management Committee): Adrian Smith (Chair), Frank King and Alison Terry
- Governance and Remuneration Committee: Fran Thorn (Chair), Frank King and Alison Terry

The CAE Board held the following meetings in 2011:

- CAE Board: seven meetings, including Board Planning Day
- Finance and Resources Committee: three meetings
- Audit and Risk Management Committee: one meeting
- Performance and Risk Management Committee: eight meetings
- Governance and Remuneration Committee: one meeting

CAE Board Structure

CAE Board Accountabilities & Committees

CAE Board Profiles



**FRANK KING
(CHAIR)**

Co-opted Board Member

February 2006 – August 2009

Ministerial appointment

Term commenced 7 September 2009

Term expired 31 December 2011

Board attendance: 6/6

Qualifications

- Bachelor of Commerce

Frank King brings experience in finance, risk management and accounting to the CAE Board. He is Principal of FJ and JM King and Associates, providers of policy and strategic advice to corporate and public entities that do business in the public sector. Frank King is the Chairperson of CAE, President of the Emergency Services Superannuation Scheme and a Board member of the Growth Areas Authority. He is an independent member of the Audit Committee of the Parliament of Victoria and a Board member and Chair of the Audit and Risk Committee of Social Traders Ltd. He is a Board member and Treasurer of the West Heidelberg Community Legal Service. He was a recipient of the Centenary Medal for outstanding service to governments on policy issues.



**DENISE O'BRIEN
(CEO)**

Appointed 4 August 2008

Term expired 31 December 2011

Board attendance: 6/6

Qualifications

- Master of Education
- Bachelor of Education
- Diploma of Teaching
- Graduate Diploma of Special Education
- Graduate Diploma of Education
- Graduate Certificate in Leadership Development
- Diploma of Frontline Management

Denise O'Brien has worked in a broad range of teaching, management and leadership positions across many educational sectors, in both regional and metropolitan Victoria. Denise held her first Executive position at East Gippsland Institute of TAFE as Associate Director Learning and Innovation then took up the position as General Manager Education at Adult Multicultural Education Services (AMES). In 2005 Denise returned to Wodonga TAFE as the CEO. Denise is acutely aware of the economic and social impact of lifelong learning and the place public providers hold in ensuring the quality of service delivery at all levels. In her position at CAE Denise played a key strategic and leadership role relating to the effective and relevant delivery of adult and vocational education and training programs and services to the individuals, businesses and communities of Melbourne and beyond.



**MARK BROGAN
(DIRECTOR)**

Ministerial appointment

Term commenced 3 September 2008

Term expired 15 March 2011

Board attendance: 2/2

Qualifications

- Bachelor of Law (Honours)
- Masters in Information Technology
- Masters in Accounting
- Certified Information Systems Auditor
- Certified Information Security Manager
- Certified in the Governance of Enterprise Information Technology

Prior to joining Australia Post's Corporate Audit function, Mark Brogan was an Executive Director with Ernst & Young Melbourne. Prior to Ernst & Young, he served with PricewaterhouseCoopers in four international regions – Europe, North America, Asia Pacific and Australasia. His expertise in financial reporting, internal and external audits, and risk management enables him to provide oversight on governance, risk and audit activities. Mark served as Chair of the Audit and Risk Management Committee.



**ADRIAN SMITH
(DIRECTOR)**

Co-opted appointment

Term commenced 7 December 2009

Ministerial appointment

Re-appointed 8 June 2011

Term expired 31 December 2011

Board attendance: 5/6

Qualifications

- Bachelor of Business
- Fellow, Certified Practising Accountant
- Certificate in IV Assessment and Workplace Training

Adrian Smith has extensive experience in business and organisational development consulting. He has significant financial, management and strategic experience to complement his corporate HR and organisation development experience across banking, professional services and manufacturing environments. Adrian has demonstrated the ability to work at a strategic/organisational level and at an individual level with an emphasis on constructive skills transfer. Adrian has worked effectively at all levels of management, including tactical, operational, strategic and executive.

CAE BOARD PROFILES



ALISON TERRY (DIRECTOR)

Ministerial appointment

Commenced 1 May 2009

Term expired 31 December 2011

Board attendance: 6/6

Qualifications

- Bachelor of Economics
- Bachelor of Laws (Honours)
- Graduate Diploma of Business (Accounting)
- Australian Institute of Company Directors – Diploma with Order of Merit, Company Directors' Course

Alison Terry holds the position of Head of Corporate Affairs at Better Place Australia, with responsibility for external relations, public policy and government affairs. Prior to her current role, she worked for GM Holden for 19 years in a number of legal, finance and external relations roles, including General Counsel and Executive Director, Corporate Affairs for Australia and New Zealand. She also serves on the Boards of Australian Super and NBN Tasmania and is a member of the Australian National University Finance Committee.



FRAN THORN (DIRECTOR)

Ministerial appointment

Term commenced 31 January 2005

Term expired 31 January 2008

Re-appointed 22 April 2008

Term expired 15 March 2011

Re-appointed 8 June 2011

Term expired 31 December 2011

Board attendance: 5/5

Qualifications

- Bachelor of Arts (Honours)
- Master of Arts
- Master of Business Administration
- Graduate Diploma of Librarianship

Fran Thorn brings leadership, change management, organisational culture, research and development skills to the CAE Board. Fran was appointed Secretary of the Department of Health, which was created in August 2009 to ensure a truly integrated approach to health, mental health and aged care. Prior to this, Fran worked in a number of roles including Secretary of the Department of Human Services, Secretary of the Department of Innovation, Industry and Regional Development, and Under-Secretary, Portfolio Performance with the Department of Sustainability and Environment. She has also been actively involved in managing an implementation of reforms in government service delivery in education and training at a system-wide level and in the management of human resources at a public sector-wide level. Fran served as the Chair of the Governance and Remuneration Committee.



JIM DAVIDSON (DIRECTOR)

Ministerial appointment

Term commenced 8 June 2011

Term expired 31 December 2011

Board attendance: 2/3

Qualifications

- Masters in Social Administration
- Bachelor of Arts (Honours) Psychology
- Graduate Diploma of Applied Science (Social Statistics)

Jim Davidson brings knowledge of post-compulsory education and training and his demonstrated commitment to lifelong learning to the CAE Board. He has extensive experience at all levels of government and government policy. Jim has served as a former Deputy Secretary at the Office of Training and Tertiary Education (OTTE) and was previously Deputy Secretary of the Department of Education, Employment and Workplace Relations (DEEWR).



ANNETTE FOLEY (DIRECTOR)

Ministerial appointment

Term commenced 8 June 2011

Term expired 31 December 2011

Board attendance: 2/3

Qualifications

- PhD
- Graduate Certificate in Education (Tertiary)
- Masters in Professional Education and Training
- Graduate Diploma of Education
- Diploma of Applied Science
- Bachelor of Arts (Politics and Social Thought) (current)

Annette Foley is the Deputy Dean of Education at the School of Education and Arts, University of Ballarat. She has worked across the TAFE, Higher Education, Secondary, Adult Community Education and private training sectors for over 25 years. Annette is an active researcher in the areas of vocational education and training, adult and community education, and lifelong learning, in which she has been published widely in Australia and internationally.

CAE Board Profiles



**SUSIE BATE
(STAFF MEMBER)**

Staff-elected

Term commenced 16 December 2010

Resigned from CAE and CAE Board 30 September 2011

Board attendance: 3/4

Qualifications

- Bachelor of Arts / Music (Honours)
- Master of Arts (Communications)

Susie Bate brought a staff perspective to the CAE Board. She was the Marketing & Communications Coordinator and had over seven years' experience in developing, producing and implementing effective communications and marketing strategies for the areas of education and local government. Prior to communications, Susie worked for a number of years in academic and public libraries. She is passionate about adult learning, access to literature and the arts, music and craft.

**TERENCE CHEONG
(LEARNER MEMBER)**

Elected

Term commenced 8 March 2011

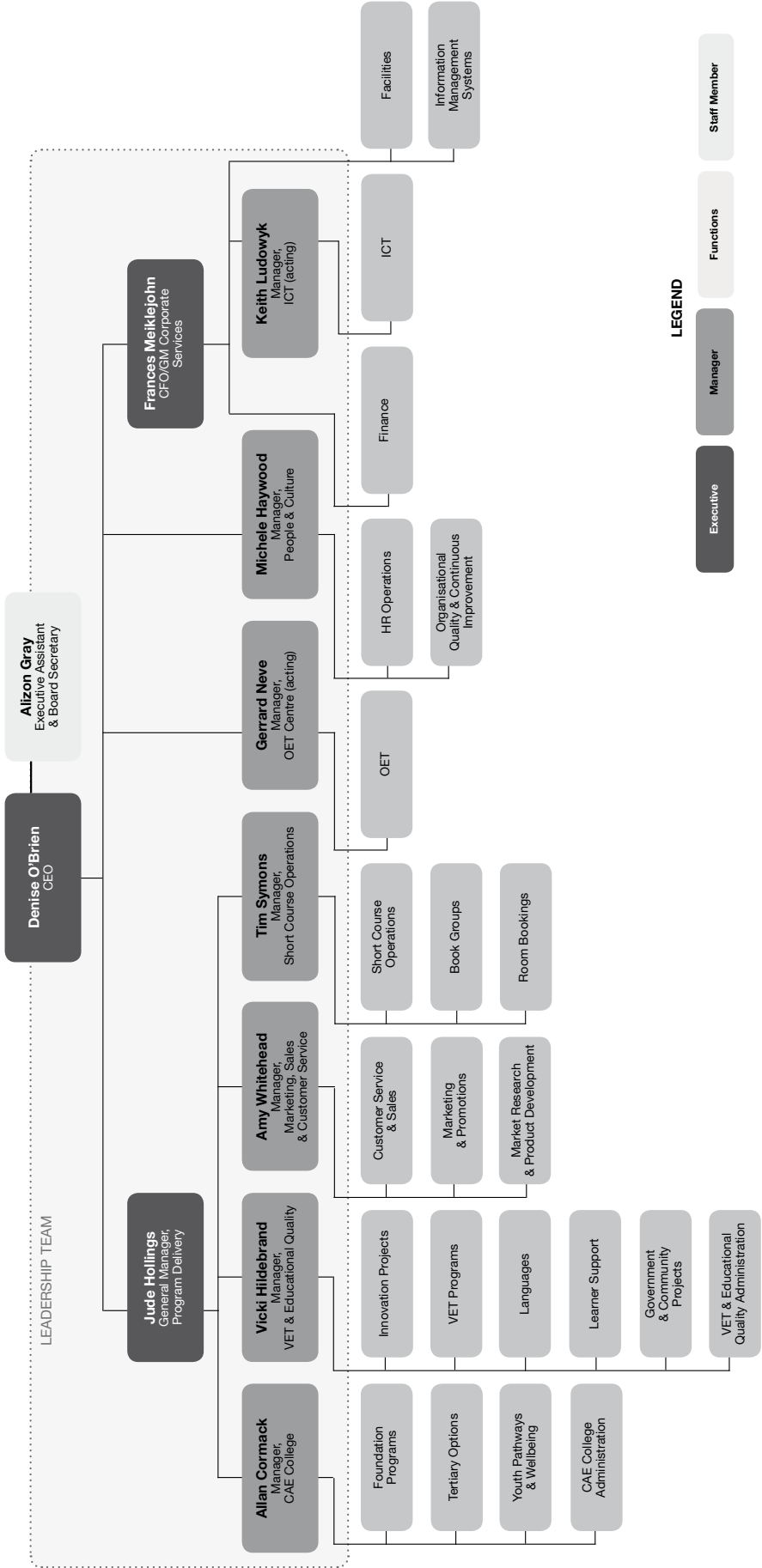
Term expired 21 November 2011

Board attendance: 4/4

Terence Cheong completed his VCE studies with CAE during his time as the Board Learner.

CAE ORGANISATION CHART 2011

CAE EXECUTIVE & LEADERSHIP TEAM 2011





PROGRAM REPORTS & HIGHLIGHTS

VIBRANT NEIGHBOURHOOD

Learners are connected to Melbourne's CBD community through socially inclusive practices that recognise diversity and creativity.

Located in the heart of Melbourne's most vibrant cultural precincts, CAE delivers the majority of its courses from three central campuses in Melbourne's CBD, and draws a strong connectivity with its immediate surrounding community. CAE plays an intrinsic role in the growth of Melbourne's inner city culture. CAE is unique in that it engages individuals in learning throughout their life span. It is as relevant to a 17 year old completing VCE as it is with a 70 year old learning to use an iPad. The benefits of continuous learning to health, social inclusion, employability and citizenship are at the heart of learning at CAE.

With a strong focus on delivering both informal and nationally recognised accredited courses, CAE connects with the community through socially inclusive practices that recognise diversity and creativity. In addition to meeting the lifelong learning needs of individuals, CAE delivers programs in partnership with the business community and government through customised enterprise programs. CAE offers a vibrant and flexible learning environment and real training for real job opportunities.

CAE's contribution to Melbourne's festivals, events, programs and joint ventures is an important initiative in continuing to develop participation in Melbourne cultural life and to entice, educate and entertain its community.



PROGRAM REPORTS & HIGHLIGHTS

LEARNER SERVICES

The learner support team consists of staff from within both VET and CAE College. Together they work to provide support to CAE learners in accredited courses. In 2011, CAE's student counsellors, saw a total of 246 CAE learners. The majority of learners accessing the service did so to receive career guidance of one sort or another; for example, 69 learners received support to complete VTAC applications, 107 received course guidance, and 76 received general career guidance. Most learners accessing the service came from CAE College (VCE: 114; General Education: 60). However, learners from the VET sector were also represented, with 55 studying Community Services, 11 studying Professional Writing and Editing, and four who studied Business.

The Youth Pathways service aims to support the academic and wellbeing needs of all CAE learners aged 15–25, with a particular focus on those learners who are under the age of 18. All prospective VCE learners who are under 18 are interviewed by a Youth Pathways Officer prior to enrolment, so as to introduce them to the adult learning environment and to determine their readiness and suitability for the VCE program.

In 2011, the Youth Pathways Officers introduced a daily 'drop-in' hour, to improve their accessibility to learners who require brief and immediate assistance. This service has been well utilised by CAE learners across a broad range of courses. In addition to this, the Youth Pathways Officers also run a Breakfast Club two mornings per week. This program is aimed at fostering a sense of community and inclusiveness among CAE learners, as well as the promotion of healthy eating habits. Our connection with the charity organisation Second Bite assists us in running the breakfast program at minimal cost, thanks to the abundance of fresh fruit donated to us weekly.

The Disability Support Unit delivered 8,399 supported student contact hours in 2011. Forty-four students registered for disability support services across all programming areas. Of these students:

- 75% were enrolled in accredited courses;
- 36% were enrolled in Literacy and Numeracy courses;
- 45% required assistive technology in class;
- 40% required learning support workers in class;
- 30% required class materials in alternative formats; and
- 45% required flexibility in participation and assessment.

Most students required more than one type of support. The highlights of service delivery included an 84% course completion rate and the successful participation of a student with hearing and vision impairments in a cooking class.

LEADING PRACTICE

Programs and services are continuously improved and informed through specialist adult learning research and application.

In 2011 we saw consolidated CAE compliance practices with the standard invalid enrolment audit conducted in May 2011 and the continued implementation of the CAE internal educational quality audit program.

CAE was excluded from the scheduled October 2011 Skills for Victoria Contract Compliance Audit program due to the organisation's partnership with Box Hill Institute and the foreshadowed changes to the governance arrangements.

CAE's continuing improvement processes were enhanced by the streamlining of the learner survey e-tool for short courses, VCE/VCAL and nationally recognised training.

ENGAGING ENVIRONMENTS

Learning is facilitated through access to contemporary and relevant resources, learning spaces and delivery modes.

CAE's Independent Learning Centre, Learn@CAE, was established in 2009 to support programs that provide guided, out-of-class learning activities. Learn@CAE supports the development of enhanced learning-to-learn and independent learning skills, off-site access, and flexible options for learners. In 2011, Learn@CAE provided the following:

- 1,165 private study visitors to the Independent Learning Centre (private study includes use of desk space in CM10 from 9am to 8pm Monday to Thursday, 9am to 5pm Friday, and 10am to 4pm Saturday)
- 2,374 logins to computers over the period January to 14 December 2011
- 7,727 hours of computer access.

In addition to overseeing the continued growth of Learn@CAE, the Delivery Innovation unit also facilitates the integration and development of e-learning tools into CAE delivery. Our online learning platform, Moodle, facilitated blended learning experiences for over 1,000 students and over 140 courses.

The mylearning website – funded by a Telematics Trust grant – was developed during 2011. This is an open-access, user-friendly and engaging website for adult learners organised around three themes: my life (including life@CAE), my study and my work. The mylearning website can be accessed by learners independently to meet their personalised learning needs. It provides a valuable resource for teachers to use to support their classroom teaching.

CAE also received funding from the ACFE Capacity and Innovation Grants Program to develop a podcasting toolkit for CAE staff. During late 2011, we completed work with ICT to develop a subscription module for podcasts on the mylearning website, which enables CAE learners to subscribe to and regularly receive updates of teacher podcasts.



PROGRAM REPORTS & HIGHLIGHTS

CAE also managed other externally funded projects such as the CAE Commons digital repository project, as well as a cyber-safety project funded by the Office of Youth which offered opportunities for our staff to participate in e-learning workshops and to work on e-learning projects.

The staff from Delivery Innovation represented CAE at the following recent e-learning forums:

- ConVerge11, the leading Victorian e-learning conference, at which a presentation was made; and
- the TDC Digital Communities project.

In 2011, CAE managed the following ACFE key projects for the ACE sector:

- support for Quality Pre-accredited Teaching and Learning in ACE: A-frame
- state wide ACFE e-learning grant.

These projects brought together expertise from staff in Educational Research, Delivery Innovation, General Education and VET.

CAE COLLEGE

CAE College provides educational opportunities and pathways to learners from a variety of backgrounds and ages. In an open, supportive and equitable environment, we have helped learners who range in age from 17 to 70. Our learners include those who have had successful education and careers as well as those who face the most significant obstacles, including physical, social, economic and learning barriers. We apply adult learning principles, individual learning plans and the dedication of experienced and qualified teachers to educate and support these learners.

In 2011, CAE College teachers, administration staff and support staff worked together to deliver quality education experiences and outcomes to around 400 VCE, 350 General Education, 80 VCAL, 26 ReTale, 35 OET prep, 30 DLA and 100 Pre-accredited students across a range of programs, from Pre-accredited to Foundation level and tertiary options.

In keeping with our community linkage values, we have partnered with a variety of organisations such as Hanover (Hanover Reach and the Access and Equity projects), Common Ground, an Office of Youth Affairs (Web Wise) project, Peter Mac Hospital (SPLICE program), WISE employment and Victoria Police.

Highlights for CAE College in 2011

- Our performance in VCE was commendable, with 15 students receiving an ATAR in excess of 90. The top ATAR this year was 99.45; 67% of students had an ATAR in excess of 70. The top VCAA study score was 48 (Psychology), two students scored 47 (English Language, Further Maths), and several other students scored 46.
- The Pre-accredited programs at Common Ground qualified as a finalist in the Victorian Learn Local awards. Approximately 60 students from Common Ground, a residential home for the formerly long-term homeless, successfully completed Pre-accredited training.

- VCE students were successful in significant awards, including:
- a recipient of an education scholarship from Pinnacle Foundation;
- a finalist in the VCAA Season of Excellence 2012 drama performance; and
- a student presentation in the Top Arts at the National Gallery of Victoria along with other top-achieving students from art studios across Victoria.

VOCATIONAL EDUCATION & TRAINING (VET)

CAE provides nationally recognised training aimed at supporting learners to develop, upgrade and enhance skills for employment, and for recreational, leisure and self-development interests.

Our nationally recognised training programs have flexible delivery (with full- or part-time options) and have been developed in conjunction with industry partners to ensure employer needs and capacity requirements are met.

In 2011 the nationally recognised qualifications responded to needs in the following areas:

- Writing & Editing
- Community Services
- Visual Arts
- Fitness Instructor Training
- Yoga Teaching
- Business (Move UP! Program)
- Training & Assessment

In 2011 our partnerships with the Academy of Yoga Learning and Career Fitness ensured the successful delivery of high quality programs ensuring graduates are well equipped for the industry. CAE also commenced a new partnership with Mt Beauty, McCullough Institute, to offer RPL and Training in TAE40110 Certificate IV in Training and Assessment to people in the local area.

CAE's innovative business and leadership pathway program, Move UP!, was launched in October 2011. A range of highly qualified speakers from business and industry provided an inspirational series of lectures to the participants who commenced their individual learning pathways under this program. Move UP! is expected to be a CAE flagship program in 2012.

VET was successful in tendering for projects to work with the Department of Business and Industry in implementing a new Contracts Management framework across all contracts managers within the department. VET was also successful in the tender for Regis Aged Care providers, to provide basic IT training to nursing and aged care staff at their 57 facilities nationally. This tender also included training to assist staff for the rollout of their electronic patient care management system, AutumnCare.



"After teaching for thirty years, I decided to make a change. My initial apprehension at returning to study after so many years was soon dispelled. I joined a vibrant group of people from all walks of life.

The course was thoughtfully and professionally presented and because of its close ties with Disability Service providers, information and material was relevant and up to date. The lecturers had a wealth of experience.

The course provided me with a realistic perspective of the many workplace challenges yet without losing sight of all the positive aspects this employment might provide."

Tino Michael Krizos, Disability Graduate 2011

PROGRAM REPORTS & HIGHLIGHTS

Highlights for VET in 2011:

- Numbers of enrolments in Professional Writing and Editing and Visual Arts strengthened in 2011.
- All graduates who applied for places in University art schools were successful.
- Certificate IV in Community Services offered for the first time during 2011.
- A number of graduates in Aged Care, Disability Support and Community Services gaining employment directly following their courses.
- Six Certificate III in Fitness programs, three Certificate IV in Fitness programs, and one "Group Exercise Instruction" program delivered in 2011. This is only slightly less than the total program delivery in 2010 in spite of the deregulation of the market and the very large number of private providers who entered the training sector in the fitness industry.
- Successful completion of a VET in Schools program in Information Technology with learners participating from eight different secondary schools within the Inner Melbourne area.
- Curriculum for Language Certificates II, III and IV were updated during the first half of 2011, and accredited by the VRQA. This curriculum is owned by CAE and will bring in revenue over the next few years as other providers seek to offer these programs.
- Professional Writing and Editing teacher Carolyn Morwood successfully published her book, *Death and the Spanish Lady*.

SHORT COURSES

Short courses operate to serve CAE's Learning for Living strategy, which aims to enrich life through access to diverse learning experiences. Short courses aim to:

- provide quality, unique and interesting learning opportunities
- facilitate lifelong learning and the development of skills
- improve learner enjoyment of life
- satisfy learner needs
- provide a positive learner experience
- maintain a sound financial footing to ensure the sustainability of our service.

2011 saw CAE consolidate the majority of our short courses into one new department – the Short Course Operations Department. This has led to an improved ability to manage and deliver CAE short courses.

In 2011, CAE successfully ran a total of 2,243 instances of short courses, facilitated by 89 different tutors. Short courses were delivered in the following subject areas: Languages, Health and Wellbeing, Writing, Creative Arts, Visual Arts, Performing Arts, Digital Media and Design, Food and Wine, Business and IT, Living and Lifestyles, and Non-accredited ESL / Study Support.

A total of 16,258 learners participated in CAE short courses in 2011; 71.5% of our learners were women and 28.5% were men. A total of 9,350 members participated in 886 CAE-facilitated book discussion groups throughout Australia.

Language short courses are a significant part of the short course business, with 419 courses offered in 2011 generating 4,609 enrolments. In 2011 Languages short courses continued its ongoing partnership with the Defence Force and the Australian Federal Police.

Highlights for Short Course Operations in 2011

2011 saw a restructuring of operations under the new Short Course Operations Department. The following highlights occurred throughout the year.

- A decrease in course cancellation rates resulting in increased learner satisfaction
- Improved programming of courses to meet learner demand
- Two separate performances by the 80s Dance Madness course learners in Federation Square
- Two separate performances by the Soul Choir course learners in Federation Square
- A performance by the Soul Choir course learners in the Melbourne City Library
- Improved profitability of CAE courses
- Design and rollout of a range of popular cooking and lifestyle programs
- Continued strong performance by digital media courses
- Implementation of a standardised learner feedback system to provide tutors and staff with accurate and useful course feedback
- Reduction in delivery costs to improve CAE business outcomes and allow competitive pricing
- Utilisation of the Ola Cohn Centre to deliver screen printing and floristry courses
- Installation of a sprung wooden floor to increase the offer of on-site dance courses.

OCCUPATIONAL ENGLISH TEST

The purpose of the Occupational English Test (OET) is to evaluate the English-language competence of people who have trained as medical practitioners outside Australia and wish to gain provisional registration to practise their profession in an English-speaking context.

The OET is administered by the OET Centre, a delivery area within CAE. Candidates for the OET come from twelve health and allied health professions: dentistry, dietetics, medicine, nursing, occupational therapy, optometry, pharmacy, physiotherapy, podiatry, radiography, speech pathology and veterinary science.

All four language skills are tested – listening, speaking, reading and writing – with an emphasis on contextualised communication for professional purposes. The test is currently used by the governing bodies of health professions at the state and national level in Australia, New Zealand and Singapore. The regulatory authority governing each profession determines both the result required from candidates to meet the standard that will allow them to communicate effectively in the workplace, and the period of validity of results. The OET Centre has a Memorandum of Understanding (MOU) with the University of Melbourne for OET research, test materials supply, assessment analysis and technical support.

Highlights for the OET in 2011

- The OET Centre administered the test globally seven times in 2011. A total of 7,116 candidates sat for the OET, 78% of them in Australia. The largest professional group sitting the OET was nursing (41.25% of the total candidature), followed by dentistry, medicine and pharmacy.

Short Courses

Occupational English Test

Room Hire & Facilities

- Global test applications for 2011 decreased by fewer than 9% compared with 2010 due to the slowdown in skilled migration and reputation damage to Australia following safety concerns among Indian students. Demand for the OET continues to be strong in all Australian cities, New Zealand and the Middle East.
- In August 2011, the OET presented at the Federal Parliamentary Inquiry into the Registration of Overseas-trained Doctors. Issues relating to language testing for overseas-trained doctors were under examination, and OET representatives fielded questions surrounding assessment, test validity and reliability, and the social consequences of language testing in skilled migration contexts. The inquiry provided an opportunity for increased exposure of the OET in the wider public domain.
- Sales of practice materials via the OET online bookshop increased by 5% in 2011. The OET Centre also released a number of new Listening, Reading and Writing practice books, all available for purchase via the OET Centre's online bookshop. New editions of Writing and Speaking Sub-test practice materials have been developed and are scheduled to be sold via the OET website throughout 2012.
- Changes were made in the OET candidate management systems (CARS) enabling candidates to apply for consecutive administrations following publication of results. Changes were made to strengthen test policies and procedures, including the revision of Special Consideration and the standardisation of test-day operating systems and assessor training.

ROOM HIRE & FACILITIES

CAE Room Hire operates to serve CAE's Learning for Learning, Learning for Earning, Learning for Business and Learning for Living strategies. CAE offers CBD locations and the Ola Cohn Centre to allow individuals, businesses and other groups to meet and grow in a supportive learning environment. We aim to achieve the following:

- provide unique learning opportunities, including classrooms, conference venues, learning spaces and meeting places
- help the community/society positively through education
- maintain a sound financial structure by charging appropriately for our services
- provide excellent service to external and internal clients and other CAE departments
- improve client/learner enjoyment of life and contribute to the power of learning
- build client relationships by satisfying client requirements
- maximise room usage through CAE core business, Room Hire and internal business.

Highlights for Room Hire in 2011

- In 2011, the CAE Room Hire unit provided learning facilities to external clients on 445 occasions, representing 2,730 hours of room hire.
- CAE also began providing permanent rental office space to the Adult Learning Australia organisation.



"The quality of education, the learning environment and the teaching methods used at CAE have helped me develop a better understanding of the course as well as gain useful skills and knowledge for working in the Disability Advocacy field."

Yassin Firea, CAE Community Services student

Ola Cohn Centre and the CAE Art Collection

In 1965, Ola Cohn bequeathed her studio home in Gipps Street, East Melbourne and a significant number of her artworks to CAE. This generous donation has enabled CAE to continue her artistic legacy by keeping the doors of her studio open to successive generations of students. Her studio is used for CAE classes and is made available for clients of CAE Room Hire.

CAE has completed an inventory of the 84 artworks by Ola Cohn in its care. All items were identified with a unique catalogue number, subjected to a condition report, and photographed and added to a database to enable secure information storage and a central place for the recording of location changes. This process was continued through 2011 to establish a definitive list of 378 items in the wider CAE art collection.

MARKETING & COMMUNICATIONS

CAE's Marketing & Communications unit is responsible for all marketing, communications and public relations activity. It supports CAE's strategic objectives through innovation and by establishing partnerships that engage the Melbourne community and support lifelong learning.

Four Course Guides were produced in summer, autumn, winter and spring to promote CAE courses and events. They were distributed via the metropolitan run of the Saturday edition of The Age, CAE's student and business databases, and CAE's CBD campuses. To drive enrolments during each season, the Course Guides were supported with e-broadcasts sent out via CAE's electronic database, and print and outdoor advertising.

February 2011 saw the Minister for Higher Education and Skills, the Hon. Peter Hall MLC, launch CAE College. To support the newly positioned college and drive enrolments, a range of suburban press and magazine advertisements were run at key periods throughout the year.

In March a work skills training direct-mail campaign targeting Melbourne CBD businesses was launched to promote CAE's work skills courses which included nationally recognised and accredited courses and a mix of relevant short courses.

We also created our first interactive 'calendar guide', which highlighted the range of holiday course options available from late November. This campaign was undertaken using slightly different channels: metropolitan cafés, foyer spaces of like-organisations, and suburban Melbourne letterbox drops.

In 2011 CAE partnered with many Melbourne festivals to develop and support mutually beneficial events for stakeholders as well as to increase awareness of CAE in the Melbourne community.

Sponsorships: Melbourne International Comedy Festival and Melbourne International Arts Festival.

Partnerships: Melbourne Library Service, Melbourne Spring Fashion Week, Craft Victoria, Federation Square, Hopscotch Films, Sustainable Living Festival and Energise Enterprise.

Expos: In 2011 we once again showcased the depth and breadth of the CAE course offerings to a wide range of potential learners at The Age VCE and Careers Expo (Friday 6 May to Sunday 8 May 2011) at the Caulfield Racecourse, and the Herald Sun Careers Expo (Friday 29 July to Sunday 31 July 2011) at the Melbourne Convention and Exhibition Centre. Staff from all program delivery areas assisted with the 'tell and sell' of our range of nationally recognised training and short course programs.

PEOPLE & CULTURE

CAE's People & Culture unit was fully occupied in 2011 with an organisational restructure that occurred in May and more directly aligned the services offered to the customer base, creating new delivery areas for Short Courses, Vocational Education & Training, CAE College, and Marketing, Sales & Customer Service. People & Culture supported all aspects of the restructure and then developed a series of change-management workshops to identify the changes in systems which needed to occur.

In October 2011 with the announcement of the partnership with Box Hill Institute, People & Culture began working closely with Box Hill Institute's Organisational Development Department to start the processes of change management, transition management and the alignment of organisational processes and procedures. The partnership provides great opportunities for CAE staff, including broader career opportunities in Australia and overseas, and access to a wider range of professional development opportunities.

CAE ORGANISATIONAL BEHAVIOURS

CAE continues to adhere to the public sector values which underpin the way staff behave and interact with their colleagues, CAE leadership and learners. CAE's own Code of Behaviours further defines expectations of its staff.

WORKFORCE DATA

The workforce data table shows the equivalent full-time (EFT) staff numbers for 2010 and 2011.

	EFT 2011	Head Count 2011
Teaching staff – ongoing	27.8	45
Teaching staff – fixed term	3.8	4
Teaching staff – sessional	39.3	713
Teaching staff sub-total	70.9	762
Executive officers	2.8	3
Administrative staff – ongoing	68	70
Administrative staff – fixed term	7	9
Casual	9	134
Non-teaching sub-total	84	213
EFT total for CAE	157.7	978

	EFT 2010	Head Count 2010
Teaching staff – ongoing	30.91	52
Teaching staff – fixed term	0.00	0
Teaching staff – sessional	19.29	162
Teaching staff sub-total	50.20	214
Executive officers	4.00	4
Administrative staff – ongoing	90.50	99
Administrative staff – fixed term	9.10	11
Casual	5.50	31
Non-teaching sub-total	109.10	145
EFT total for CAE	159.3	359

Marketing & Communications
People & Culture
CAE Organisational Behaviours
Workforce Data
Building Services
Occupational Health & Safety
Workplace Relations



BUILDING SERVICES

CAE has established policies and mechanisms to ensure that works to existing buildings conform with building standards and with statutory obligations arising from the *Building Act 1993* which relate to health and safety measures. CAE places a strong emphasis on the provision and maintenance of high-quality buildings that meet regulatory requirements of OH&S standards. All CAE building works conform to building regulations.

OCCUPATIONAL HEALTH AND SAFETY

CAE continues to be committed to ensuring a safe and healthy workplace for our staff and our learners. The OH&S Committee was very active in 2011, ensuring that all First Aid, OH&S Representative and Floor Warden positions were staffed with trained personnel and that workplace inspections were conducted in each area twice a year.

New incident-reporting procedures were introduced. And as part of our commitment to the ongoing health and welfare of our employees, CAE, in conjunction with WorkSafe, again offered free health checks and flu vaccinations.

WORKPLACE RELATIONS

CAE submitted its management position to government to begin the process of enterprise bargaining for a new agreement. This process stalled in October 2011 with the announcement of the partnership between Box Hill Institute and CAE. The process was reinstated at the end of 2011 and the management position is with the Department of Treasury and Finance for approval prior to commencement of bargaining in 2012.

CAE needs to move to a new classification structure for positions as part of the requirements under the *Fair Work Act 2009*. Discussions of classifications began in May 2011 but these were suspended after the announcement of the partnership with BHI.

No days were lost through industrial action.



FREEDOM OF INFORMATION ACT

CAE complies with government regulations about freedom of information, as outlined under the *Freedom of Information Act 1982*, including the amendments of 3 August 2007. *The Freedom of Information Act 1982* allows the public a right of access to documents held by CAE. It is CAE's policy to facilitate, subject to privacy and confidentiality provisions, access to information without recourse to the provisions of the Act.

For the period 1 January to 31 December 2011, there were no requests made for documents under the *Freedom of Information Act 1982*.

WHISTLEBLOWERS PROTECTION ACT

CAE complies with the provisions in the *Whistleblowers Protection Act 2001*, incorporating the amendments of 1 July 2007, and ensures that its processes are transparent, with appropriate accountabilities. CAE supports the making of disclosures that reveal corrupt conduct, mismanagement of public resources or risk to public health, safety or the environment. CAE has established a policy for reporting disclosures of improper conduct or detrimental action, which ensures that staff can make disclosures without fear of retribution. For the year ended 31 December 2011, there were no instances raised with CAE in regards to the *Whistleblowers Protection Act 2001*.

NATIONAL COMPETITION POLICY

CAE has comprehensive policies, procedures and costing models to ensure compliance with the *National Competition Policy* and the Victorian Government's competitive neutrality principles.

CAE SUBJECT ENROLMENTS AND STUDENT CONTACT HOURS (SCH)

Reported by Skills Category and Funding Code for the year ended 31 December 2011.

Levels		Students*	Enrolments	SCH
Foundation	ACE Delivery	163	506	45,088
	Additional	60	73	13,669
	Fee-for-service	11	45	2,880
	Government Contract	584	4,591	195,994
Creation	Additional	1	1	72
	Fee-for-service	100	477	21,245
	Government Contract	685	2,889	184,798
Building	Fee-for-service	251	2,446	51,446
	Government Contract	570	4,583	151,973
Deepening	Fee-for-service	65	498	23,971
	Government Contract	118	795	45,888
Short Course	Fee-for-service	16,258	20,929	221,520
Book Groups	Fee-for-service	9,350	9,400	268,186
TOTAL		27,810	47,233	1,226,730

*Total figure for students will not equal the sum of categories as a student can be enrolled under multiple categories but is only included once in the total.

SCOPE OF ACTIVITY

In 2011 CAE was registered with the Victorian Registration and Qualifications Authority to deliver 70 courses. This includes 40 training package qualifications and 29 nationally recognised courses.

MODULE LOAD COMPLETION RATE

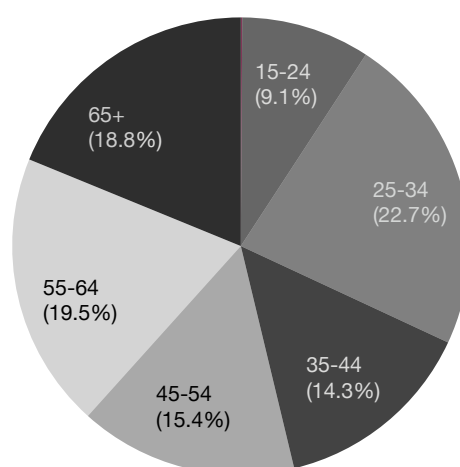
The module load completion rate for student contact hours delivered with outcomes is 62%.

NUMBER OF PROGRAMS

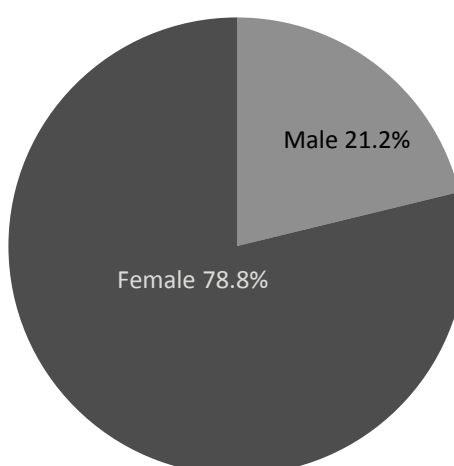
	Government funded	Pre-Accredited	LLNP	Short Courses	Book Groups	Total
2011 Programs	43	6	1	685	886	1,621
Total	43	6	1	685	886	1,621

CAE LEARNER PROFILE

AGE ANALYSIS



GENDER BREAKDOWN



Freedom of Information Act
Whistleblowers Protection Act
National Competition Policy
CAE Subject Enrolments and Student Contact Hours (SCH)
Scope of Activity
Module Load Completion Rate
Number of Programs
CAE Learner Profile



CAE LEARNER PROFILE

PARTICIPATION RATE OF 15–24 YEAR OLDS AND 25–64 YEAR OLDS

Age	Female	Male	Total
<15	29	7	36
15–24	1,686	833	2,519
25–64	15,610	4,406	20,016
65+	4,577	662	5,239
TOTAL	21,902	5,908	27,810

LEARNERS BY AGE GROUP (AGE TAKEN AT 30 JUNE 2011)

Age	Total no. students	%
<15	36	0
15–24	2,519	9
25–34	6,310	22
35–44	3,985	14
45–54	4,290	15
55–64	5,431	19
65+	5,239	18
TOTAL	27,810	100

LEARNERS BY AGE GROUP BY FUNDING TYPE (AGE TAKEN AT 30 JUNE 2011)

Age	Government	Fee-for-service	Book Groups	Total
<15	1	34	1	36
15–24	602	1,918	36	2,519
25–34	311	5,231	802	6,310
35–44	281	3,153	573	3,985
45–54	266	2,705	1,378	4,290
55–64	193	2,622	2,691	5,431
65+	132	1,293	3,869	5,239
TOTAL	1,786	16,956	9,350	27,810

COMPLIANCE WITH GOVERNMENT GUIDELINES

In accordance with the Performance Agreement as set out by the Minister, CAE has complied with circulars, directives, regulations and guidelines applicable to CAE.

ENVIRONMENTAL PERFORMANCE

The Green Committee is guided and supported by an Environmental Management Plan (EMP) which formalises CAE's commitment to environmental good practice and continuous improvement. The plan is continually developed, monitored and reviewed by the Green Committee and endorsed by the Executive Team. Green Committee meetings are open to all CAE employees, with current representation from teaching and learning areas and corporate services.

The primary objectives of the committee are to:

- formalise CAE's commitment to sustainability and the environment in line with organisational policies and procedures
- inform, educate and encourage staff and learners in relation to sustainability and environmental issues
- initiate and implement more-sustainable workplace practices and behaviours throughout the organisation
- coordinate green activities and events throughout CAE
- provide all staff with an open forum to submit ideas and feedback on current or future practices at CAE

CAE is proudly a 'car less' organisation and in 2011 continued to support the Commuter Club for staff, using the yearly Metcard/Myki or V/Line ticket. By participating in the scheme, CAE staff can obtain these tickets at a discounted price and have payments deducted fortnightly through Payroll.

FURTHER INFORMATION

- statements regarding declarations of pecuniary interest by relevant officers
- shares held beneficially by senior officers as nominees of a statutory authority or subsidiary
- publications produced and where the publications can be obtained
- changes in prices, fees, charges, rates and levies charged
- major external reviews carried out
- research and development activities undertaken
- overseas visits undertaken
- assessments and measures undertaken to improve the occupational health and safety of employees
- industrial relations issues
- major committees sponsored by CAE

Enquiries regarding this information should be directed to:

Board Secretary
Centre for Adult Education
253 Flinders Lane
Melbourne VIC 3000
Phone: +613 9652 0611
Email: enquiries@cae.edu.au



"The CAE journey for me has been very rewarding and the end result is the Certificate IV qualification that will open all sorts of doors back into the work force. I would like to convey my immense thanks to the fantastic tutors for their never ending support, and to my fellow learners thank you for the camaraderie and friendship – it is greatly appreciated."

Joy Furlong, 2011 Community Services student



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



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

CENTRE FOR ADULT EDUCATION ATTESTATION OF COMPLIANCE FOR 2011

I, Darrell Cain, certify that CAE has risk management processes in place consistent with the Australian/New Zealand Risk Management Standards and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposure. The Audit and Risk Management Committee verifies this assurance and that the risk profile of CAE has been critically reviewed within the last 12 months.

A handwritten signature in dark ink, appearing to read 'D. Cain', is positioned above a horizontal line.

Darrell Cain
Board Chairperson
Date

SUMMARY OF 2011 FINANCIAL RESULTS

The CAE budget for 2011 was premised on higher student contact hour delivery, together with the full year effect of facilities lease costs, having had a six month rent free period in 2010. It became apparent that Student Contact Hours were not achievable and the budget was reforecast from July 2011. CAE delivered a deficit of \$2.047 million for the 2011 year (\$3.527 million in 2010) a turnaround of \$1.5 million being a reduction in the deficit from the previous year.

After an organisational restructure which included a number of redundancies, CAE had a revised trading revenue target of \$22.735 million with a rolling forecast of \$22.205 million for the last quarter. Expenditure was reforecast at \$25.594 million with a rolling forecast for the last quarter of \$24.048 million before depreciation.

There was no extensive expenditure on capital items during the year.

SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2011 WITH PREVIOUS FOUR YEAR COMPARATIVES

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>	<i>2009</i> <i>\$'000</i>	<i>2008</i> <i>\$'000</i>	<i>2007</i> <i>\$'000</i>
Revenue	23,342	24,656	27,871	24,175	22,664
Expenses	25,389	28,813	25,560	22,690	21,598
Net Result	<u>(2,047)</u>	<u>(3,527)</u>	<u>2,311</u>	<u>1,485</u>	<u>1,066</u>
Total assets	12,782	15,281	17,879	16,725	15,766
Total liabilities	6,809	7,261	6,331	7,488	8,014
Net Assets	<u>5,973</u>	<u>8,020</u>	<u>11,548</u>	<u>9,237</u>	<u>7,752</u>
Net increase / (decrease) in cash and cash equivalents	<u>(1,274)</u>	<u>(3,568)</u>	<u>(2,280)</u>	<u>1,320</u>	<u>2,423</u>

CONSULTANCIES

During the year ended 31 December 2011, CAE did not engage any individual consultant with fees in excess of \$100,000 (excluding GST). CAE engaged seven consultants each costing less than \$100,000 at a total expenditure of \$121,824 (excluding GST).

SUBSEQUENT EVENTS

On 7 September 2011, the Minister for Higher Education and Skills and the Minister Responsible for the Teaching Profession announced that the Centre for Adult Education (CAE) and Box Hill Institute of Further Education (BHI) will enter into a partnership arrangement.

The partnership will be affected by an Order by the Governor in Council pursuant to the *Education and Training Reform Act 2006* and/or a legislative amendment to this Act, and will take effect in 2012. The structure of the partnership will have the effect that the Board of Box Hill Institute will be the controlling Board of CAE.

All CAE Board members resigned as at 31 December 2011.

SUMMARY OF SIGNIFICANT CHANGES

Significant changes during 2011 included an organisational restructure, resulting in a number of positions being made redundant, together with a number of resignations in key management positions.

ACTIVITY TABLE OPERATING STATEMENT – OPERATING EXPENSES

	<i>Note</i>	<i>2011 \$'000</i>	<i>2010 \$'000</i>
Delivery and support activity	A2	12,323	15,090
Admin and general service	A3	5,844	5,585
Property, plant and equipment services	A4	6,349	6,393
Student and other services	A5	873	1,115
Total Operating Expenses		25,389	28,183

Note A2 – OPERATING STATEMENT

Delivery Provision and Support Activity

Salary, wages, overtime & allowance	7,895	9,650
Superannuation	645	742
Payroll tax	384	461
Other salary related costs	93	83
Consumables	577	1,025
Communication expenses	257	290
Contract and other services	2,142	2,358
Other direct delivery expenses	330	480
	12,323	15,090

Note A3 – OPERATING STATEMENT

Administration and General Services Activity

Salary, wages, overtime and allowance	3,247	3,108
Superannuation	238	274
Payroll tax	149	129
Other salary related costs	85	211
Consumables	127	124
Communication expenses	33	56
Contract and other services	372	332
Fees	232	284
Other Expenses	1,361	1,067
	5,844	5,585

Note A4 – OPERATING STATEMENT

Property, Plant and Equipment Services Activity

Salary, wages, overtime and allowance	337	475
Superannuation	28	36
Payroll tax	18	24
Other salary related costs	6	4
Consumables	76	149
Communication expenses	17	26
Contract and other services	945	938
Depreciation	1,217	1,546
Utilities	154	156
Rent/leasing charges	3,140	2,260
Repairs and maintenance	219	186
Other expenses	192	593
	6,349	6,393

Note A5 – OPERATING STATEMENT

Student and Other Services Activity

Salary, wages, overtime and allowance	363	460
Superannuation	31	39
Payroll tax	19	23
Other salary related costs	6	5
Consumables	4	39
Other direct delivery expenses	450	549
	873	1,115



FINANCIAL STATEMENTS AND ACCOMPANYING NOTES FOR THE YEAR ENDED 31 DECEMBER 2011

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THE AUDITOR-GENERAL'S REPORT

VAGO
Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Centre for Adult Education

The Financial Report

The accompanying financial report for the year ended 31 December 2011 of the Centre for Adult Education which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by president of the board, chief executive officer and chief finance and accounting officer has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Centre for Adult Education are responsible for the preparation and the presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the Financial Management Act 1994 and for such internal control as the Board Members determine is necessary to enable the preparation and the presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making these risk assessments, consideration is given to the internal control relevant to the entity's preparation and the presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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Level 25, 35 Spring Street, Melbourne VIC 3000
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Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Centre for Adult Education as at 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the Financial Management Act 1994.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Centre for Adult Education for the year ended 31 December 2011 included both in the Centre for Adult Education's annual report and on the website. The Board Members of the Centre for Adult Education are responsible for the integrity of the Centre for Adult Education's website. I have not been engaged to report on the integrity of the Centre for Adult Education's website. The auditor's report relates only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to the financial statements. If users of the financial report are concerned with this subject matter arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.


 D. D. R. Pearson
 Auditor-General

MELBOURNE
12 March 2012

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Auditing is our professional duty

ANNUAL DECLARATION BY THE BOARD CHAIRPERSON, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE AND ACCOUNTING OFFICER FOR THE YEAR ENDED 31 DECEMBER 2011



**FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER, 2011
DECLARATION BY THE BOARD CHAIRPERSON, CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCE AND ACCOUNTING OFFICER**

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

We further state that, in our opinion, the information set out in the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2011 and financial position of the Centre for Adult Education as at 31 December 2011.

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 Centre for Adult Education will be able to pay its debts as and when they become due and payable.

The Board Chairperson and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of the Centre for Adult Education.

A handwritten signature in dark ink, appearing to read 'D. Cain', positioned above a horizontal line.

Darrell Cain
Board Chairperson
Date 1/03/2012

A handwritten signature in dark ink, appearing to read 'John Maddock', positioned above a horizontal line.

John Maddock
Chief Executive Office
Date 1/03/2012

A handwritten signature in dark ink, appearing to read 'Frances Meiklejohn', positioned above a horizontal line.

Frances Meiklejohn
Chief Finance and Accounting Officer
Date 1/03/2012

BALANCE SHEET **AS AT 31 DECEMBER 2011**

	<i>Note</i>	<i>2011 \$'000</i>	<i>2010 \$'000</i>
Assets			
Financial assets			
Cash and deposits	4	1,034	2,307
Receivables	5	499	386
Investments, loans and other financial assets	6	1,327	1,500
Total financial assets		<u>2,860</u>	<u>4,193</u>
Non-financial assets			
Property, plant and equipment	7	9,258	10,060
Intangible assets	8	371	636
Other non-financial assets	9	293	392
Total non-financial assets		<u>9,922</u>	<u>11,088</u>
Total assets		<u>12,782</u>	<u>15,281</u>
Liabilities			
Payables	10	2,623	2,694
Provisions	11	1,260	1,470
Other liabilities	12	2,926	3,097
Total liabilities		<u>6,809</u>	<u>7,261</u>
Net assets		<u>5,973</u>	<u>8,020</u>
Equity			
Accumulated surplus/(deficit)	13(b)	(3,700)	(1,653)
Reserves	13(c)	2,055	2,055
Contributed capital	13(a)	7,618	7,618
Net worth		<u>5,973</u>	<u>8,020</u>
Commitments for expenditure	15	66,390	69,539
Contingent assets and contingent liabilities	17	431	395

The above balance sheet should be read in conjunction with the accompanying notes.

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Note</i>	<i>2011 \$'000</i>	<i>2010 \$'000</i>
Continuing operations			
Income from transactions			
Government contributions – operating	2(a)(i)	8,063	9,712
Government contributions – capital	2(a)(ii)	3	13
Sale of goods and services	2(b)	12,449	12,990
Interest	2(c)	198	336
Other income	2(d)	2,630	1,605
Total income from transactions		<u>23,342</u>	<u>24,656</u>
Expenses from transactions			
Employee benefits	3(a)	13,545	15,724
Depreciation and amortisation	3(b)	1,217	1,546
Interest expense	3(c)	252	266
Supplies and services	3(d)	5,724	6,612
Other operating expenses	3(e)	4,651	4,036
Total expenses from transactions		<u>25,389</u>	<u>28,184</u>
Net result from transactions (net operating balance)		<u>(2,047)</u>	<u>(3,528)</u>
Net result from continuing operations		<u>(2,047)</u>	<u>(3,528)</u>
Comprehensive Result		<u><u>(2,047)</u></u>	<u><u>(3,528)</u></u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Note</i>	<i>Equity at 1 Jan 2011</i>	<i>Changes due to Total Comprehensive result</i>	<i>Equity at 31 Dec 2011</i>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Accumulated surplus/(deficit)		(1,653)	(2,047)	(3,700)
Accumulated surplus/(deficit) at the end of the year		(1,653)	(2,047)	(3,700)
Contributions by owners		7,618	-	7,618
Physical assets revaluation reserve		2,055	-	2,055
Total equity at the end of the year		8,020	(2,047)	5,973

	<i>Note</i>	<i>Equity at 1 Jan 2010</i>	<i>Changes due to Total Comprehensive result</i>	<i>Equity at 31 Dec 2010</i>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Accumulated surplus/(deficit)		1,875	(3,528)	(1,653)
Accumulated surplus/(deficit) at the end of the year		1,875	(3,528)	(1,653)
Contributions by owners		7,618	-	7,618
Physical assets revaluation reserve		2,055	-	2,055
Total equity at the end of the year		11,548	(3,528)	8,020

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Note</i>	<i>2011 \$'000</i>	<i>2010 \$'000</i>
Cash flows from operating activities			
Receipts			
Government contributions - operating	2(a)(i)	8,735	10,033
Government contributions - capital	2(a)(ii)	3	13
User fees and charges received		13,380	12,972
Interest received		189	353
Other receipts		2,588	1,560
Total receipts		24,895	24,931
Payments			
Payments to suppliers and employees		(25,156)	(25,928)
Goods and services tax paid to the ATO		(784)	(676)
Interest and other costs of finance paid		(252)	(273)
Total payments		(26,192)	(26,877)
Net cash flows from/(used in) operating activities	14	(1,297)	(1,946)
Cash flows from investing activities			
Proceeds from sale of investment		173	-
Payments for non-financial assets	7&8	(150)	(2,515)
Net cash provided by/(used in) investing activities		23	(2,515)
Cash flows from financing activities			
Repayment of operating/finance leases		-	(106)
Proceeds from borrowings		-	1,000
Net cash provided by/(used) in financing activities		-	894
Net increase (decrease) in cash and cash equivalents		(1,274)	(3,567)
Cash and cash equivalents at the beginning of the financial year		2,308	5,875
Cash and cash equivalents at the end of the financial year	4	1,034	2,308

The above cash flows statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements represent the audited general purpose financial statements for Centre for Adult Education (CAE).

1.01 STATEMENT OF COMPLIANCE

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

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

1.02 BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

These financial statements are presented in Australian dollars, the functional and presentation currency of the CAE.

In the application of AAS, judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

These financial statement have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Exceptions to the historical cost convention include:

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2011 and the comparative information presented for the year ended 31 December 2010.

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

1.03 REPORTING ENTITY

The financial statements cover the Centre for Adult Education (CAE) as an individual reporting entity. The CAE is a statutory Body Corporate established pursuant to an act made by the Minister under the *Education and Training Reform Act 2006* Section 3.3.28.

Its principal address is:

Centre for Adult Education (CAE)
253 Flinders Lane
Melbourne VIC 3000

1.04 BASIS OF CONSOLIDATION

The financial statements include all the activities of CAE. The CAE has no controlled entity.

1.05 EVENTS AFTER REPORTING DATE

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the CAE and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and which may have a material impact on the results of subsequent years. Refer also to Note 19 regarding the merger between the CAE and Box Hill Institute of Further Education (BHI)

1.06 GOODS AND SERVICES TAX (GST)

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

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

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

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

1.07 INCOME FROM TRANSACTIONS

Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of CAE's major activities as follows:

Government contributions

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

Sale of goods and services

(i) Student fees and charges

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

(ii) Fee for Service

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

(iii) Revenue from sale of goods

Revenue from sale of goods is recognised by CAE when:

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

Interest

Interest from cash, short-term deposits and investments is brought to account on a time proportional basis taking into account interest rates applicable to the financial assets.

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

Other income

Rental income

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

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

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

1.08 EXPENSES FROM TRANSACTIONS

Employee benefits

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

Retirement benefit obligations

(i) Defined contribution plan

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

(ii) Defined benefit plans

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

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

Depreciation and amortisation

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

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

<i>Class of asset</i>	<i>Method</i>	<i>Rate/Rates</i>
Buildings	Straight	20%
Plant and equipment	Straight	10% - 30%
Leasehold improvements	Straight	4% - 55%

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis. There has been no change in the methodology and rates for 2011.

Amortisation

Intangible assets with finite lives are amortised on a straight line basis over the assets useful lives. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite lives are not amortised. The useful life of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, CAE tests all intangible assets with indefinite lives for impairment by comparing its recoverable amount with its carrying amount:

- (a) annually;
- (b) whenever there is an indication that the intangible asset may be impaired.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Interest Expense

Interest expense is recognised as expenses in the period in which they are incurred.

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

Grants and other transfers

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

Other operating expenses

Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held-for-distribution are expensed when distributed.

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

Resources provided free of charge or for nominal consideration are recognised at their fair value.

1.09 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

Net gain/(loss) on non-financial assets

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

Disposal of non-financial assets

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

Impairment of assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount and so require write downs).

All other assets are assessed annually for indications of impairment, except for:

- Financial assets;
- Investment property that is measured at fair value;
- Non-current assets held-for-sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the statement of comprehensive income, except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

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

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

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

Net gain/(loss) on financial instruments

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

Revaluations of financial instruments at fair value

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

Impairment of financial assets

Financial assets have been assessed for impairment in accordance with Australian Account Standards. Where a financial asset's fair value at balance date has reduced by 20 percent or more than its cost price; or where its fair value has been less than its cost price for a period of 12 or more months, the financial instrument is treated as impaired.

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

Other gains/(losses) from other economic flows

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

1.10 FINANCIAL ASSETS

Cash and deposits

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

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

Receivables

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

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

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

Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables, and
- available for sale financial assets.

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- CAE retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- CAE has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Derecognition of financial assets

At the end of each reporting period, CAE assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 90 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

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

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

1.11 LEASES

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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Centre for Adult Education as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are apportioned between periodic interest income and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Centre for Adult Education as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability, and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating leases

Centre for Adult Education as lessor

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

Centre for Adult Education as lessee

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

Lease incentives

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

1.12 NON-FINANCIAL ASSETS

Property, plant and equipment

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

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

Freehold land and buildings are shown initially at cost, then subsequently at their fair value less accumulated depreciation where applicable.

CAE inherited a property at East Melbourne from the late Ola Cohn, a local artist. The land and building assets are heritage listed. This asset is deemed worthy of preservation because of its social rather than financial benefits provided to the community. The nature of this asset means there are certain limitations and restrictions imposed on use and /or disposal.

Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

Leasehold improvements

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

Works of art

The CAE's work of art is measured at valuation.

Work in progress

Work in progress is initially valued at cost of acquisition. Work in progress includes the cost of materials and other cost directly attributable to the acquisition and commissioning of assets.

Non financial physical assets constructed by CAE

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

Revaluations of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRDs issued by the Minister for Finance. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

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

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to CAE.

1.13 LIABILITIES

Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to the CAE prior to the end of the financial year that are unpaid, and arise when CAE 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.

Provisions

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

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

Employee benefits

The calculation of employee benefits includes all relevant on-costs and are calculated as follows at reporting date.

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

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

Current Liability – unconditional LSL representing 7 years is disclosed as a current liability even when the CAE does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

- present value – component that is not expected to be settled within 12 months.
- nominal value – component that is expected to be settled within 12 months.

Non-current liability – conditional LSL representing less than 7 years is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow (refer to Note 4(c)).

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The CAE recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

Performance Payments

Performance payments for CAE Executive Officers are based on a percentage of the annual salary package provided under the contract of employment. A liability is provided for under the term of the contracts at reporting date and paid out in the next financial year.

Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the estimated consolidated comprehensive operating statement.

Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year's period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Onerous contracts

An onerous contract is considered to exist where CAE has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

1.14 COMMITMENTS

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value and inclusive of the GST payable.

1.15 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer note 17) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

1.16 EQUITY

Contributed capital

Funding that are in the nature of contributions by the State government are treated as contributed capital when designated in accordance with UIG Interpretation 1038 Contribution by Owners Made to Wholly-Owned Public Sector Entities. Commonwealth capital funds are not affected and are treated as income.

1.17 FOREIGN CURRENCY TRANSLATIONS

Functional and presentation currency

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

Transactions and balances

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

1.18 MATERIALITY

In accordance with Accounting Standard AASB1031 'Materiality', accounting policies need only be identified in the summary of accounting policies where they are considered 'material'. Accounting policies will be considered material if their omission, misstatement or non-disclosure has the potential, individually or collectively, to:

- (a) influence the economic decisions of users taken on the basis of the financial report; and
- (b) affect the discharge of accountability by the management or governing body of the entity.

1.19 ROUNDING OF AMOUNTS

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

1.20 COMPARATIVE INFORMATION

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

1.21 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2011 reporting period.

As at 31 December 2011 the following standards and interpretations (applicable to the CAE) had been issued but were not mandatory for financial year ending 31 December 2011. CAE has not, and does not intend to, adopt these standards early.

Amending Pronouncements and Errata	Standards Affected	Outline of Amendment	Application date of standard	Impact on financial statements
AASB 9 Financial instruments	AASB 139 Financial Instruments: Recognition and Measurement	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement	Reporting periods beginning on 1 January 2013.	Detail of impact is still being assessed.
AASB 1053 Application of Tiers of Australian Accounting Standards.		This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Reporting periods beginning on 1 July 2013.	The Victorian Government is currently considering the impacts of reduced disclosure requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9.	AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12.	This standard gives effect to consequential changes arising from the issuance of AASB 9.	Reporting periods beginning on 1 January 2013.	Detail of impact is still being assessed.
AASB 2010 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.		These amendments introduce reduced disclosure requirements for application by certain types of entities.	Reporting periods beginning on 1 July 2013.	The amendments do not affect financial measurement or recognition and are not expected to have any impact on financial result or position.
AASB 2010 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).	AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127.	This relates to the introduction of AASB 9 Financial instruments.	Reporting periods beginning on 1 January 2013.	Detail of impact is still being assessed.
AASB 2011 2 Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project – Reduced Disclosure Requirements	AASB 101 and AASB 1054.	The objective of this amendment is to include some additional disclosure from the Trans Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements (RDRs).	Reporting periods beginning on 1 January 2013.	The Victorian Government is currently considering the impacts of RDRs and has not decided if they will be implemented in the Victorian public sector.

1.21 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS [CONT'D]

<i>Amending Pronouncements and Errata</i>	<i>Standards Affected</i>	<i>Outline of Amendment</i>	<i>Application date of standard</i>	<i>Impact on financial statements</i>
AASB 2011 3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments.	AASB 1049.	<p>This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.</p> <p>This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used.</p>	Reporting periods beginning on 1 July 2012.	There will be no impact on performance measurement.

NOTE 2: INCOME FROM TRANSACTIONS

	2011 \$'000	2010 \$'000
<i>Income from transactions</i>		
(a) Grants and other transfers (other than contributions by owners)		
Government financial assistance		
(i) Government contributions – operating		
State government recurrent	8,063	9,712
Total government contributions – operating	<u>8,063</u>	<u>9,712</u>
(ii) Government contributions – capital		
State capital	3	13
Total government contributions – capital	<u>3</u>	<u>13</u>
Total government financial assistance	<u>8,066</u>	<u>9,725</u>
(b) Sales of goods and services		
Student fees and charges	6,438	6,650
Rendering of services		
Fee-for-service – government	1,383	1,873
Fee-for-service – international operations - onshore	3,837	3,462
Fee-for-service – other	53	217
Total rendering of services	<u>5,273</u>	<u>5,552</u>
Other non-course fees and charges		
Sale of goods	738	788
Total other fees and charges	<u>738</u>	<u>788</u>
Total revenue from sale of goods and services	<u>12,449</u>	<u>12,990</u>
(c) Interest		
Interest from financial assets not at fair value through P/L:		
Interest on bank deposits	198	336
Total interest revenue from financial assets not at fair value through P/L	<u>198</u>	<u>336</u>
Net interest income	<u>198</u>	<u>336</u>
(d) Other income		
Rental revenue:		
Rent / venue hire	1,118	1,043
Total rental revenue	<u>1,118</u>	<u>1,043</u>
Donations, bequests and contributions	2	25
Other revenue	1,510	537
Total other income	<u>2,630</u>	<u>1,605</u>

NOTE 3: EXPENSES FROM TRANSACTIONS

	2011 \$'000	2010 \$'000
Expenses from transactions		
(a) Employee expenses		
Salaries, wages, overtime and allowances	10,799	13,000
Superannuation	942	1,091
Payroll tax	570	637
Worker's compensation	136	122
Long service leave	252	83
Annual leave	185	461
Termination benefits	606	149
Other	54	181
Total employee expenses	13,545	15,724
(b) Depreciation and amortisation		
Depreciation of non-current assets		
Buildings	4	5
Plant and equipment	284	284
Total depreciation	288	289
Amortisation of non-current physical and intangible assets		
Leasehold improvements	558	1,007
Software	371	250
Total amortisation	929	1,257
Total depreciation and amortisation	1,217	1,546
(c) Interest expense costs		
Finance lease costs	252	266
Total interest expense	252	266
(d) Supplies and Services		
Purchase of supplies and consumables	784	1,230
Communication expenses	307	374
Contract and other services	3,459	3,644
Building repairs and maintenance	219	187
Fees and charges	955	1,177
Total supplies and services	5,724	6,612
(e) Other expenses		
General expenses		
Marketing and promotional expenses	866	691
Occupancy expenses	3,294	2,621
Audit fees and services	74	125
Staff development	180	289
Travel and motor vehicle expenses	52	86
Other expenses	159	158
Total other expenses	4,626	3,970
Equipment below capitalisation threshold	26	66
Total other operating expenses	4,651	4,036

NOTE 4: CASH AND CASH EQUIVALENTS

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
Cash at bank and on hand	325	448
Australian currency deposits - at call	709	1,859
Total cash and cash equivalents	<u>1,034</u>	<u>2,307</u>

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
(a) Reconciliation to cash at the end of the year		
Balances as above	1,034	2,307
Balance as per cashflow statement	<u>1,034</u>	<u>2,307</u>

(b) Cash at bank and on hand
These are non-interest bearing

(c) Deposits at call
The deposits are bearing floating interest rates between 4.49% and 4.86% (2010 - 3.94% and 4.81%).
These deposits have an average maturity of 30 to 120 days.

NOTE 5: RECEIVABLES

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
Current receivables		
Contractual		
Trade receivables ¹	248	233
Provision for doubtful contractual receivables (See also Note 5(a) below)	(6)	(16)
Revenue receivable	14	6
Total contractual	<u>256</u>	<u>223</u>
Statutory		
Amounts owing from Victorian Government	243	118
GST receivable from ATO	-	44
Total statutory	<u>243</u>	<u>163</u>
Total current receivables	<u>499</u>	<u>386</u>
Total receivables	<u><u>499</u></u>	<u><u>386</u></u>

¹ The average credit period on sales of goods and services is 30 days. No interest is charged on receivables. A provision has been made for estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience. The \$10,000 reduction was recognised in the operating result for the current financial year.

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
(a) Movement in the provision for doubtful contractual receivables		
Balance at the beginning of the year	(16)	(3)
Decrease/Increase in provision recognised in the net result	10	(13)
Balance at the end of the year	<u>(6)</u>	<u>(16)</u>

(b) Ageing analysis of contractual receivables

Please refer to Note 25 for the nature and extent of ageing analysis arising from contractual receivables.

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

Please refer to Note 25 for the nature and extent of credit risk arising from contractual receivables.

NOTE 6 – INVESTMENTS, LOANS AND OTHER FINANCIAL ASSETS

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
Fixed Interest bearing bills, bonds/Term Deposits	-	1,500
Fixed Interest Term Deposits with TCV	1,327	-
Total investments, loans and other financial assets	<u>1,327</u>	<u>1,500</u>

(a) Ageing analysis of investments, loans and other financial assets

Please refer to Table (iv) in Note 25 for the ageing analysis of investments, loans and other financial assets.

(b) Nature and extent of risk arising from investments, loans and other financial assets

Please refer to Note 25 for the nature and extent of risks arising from investments, loans and other financial assets.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	<i>Land \$'000</i>	<i>Buildings \$'000</i>	<i>Construction in progress \$'000</i>	<i>Plant & Equipment \$'000</i>	<i>Leasehold Improvements \$'000</i>	<i>Cultural assets \$'000</i>	<i>Total \$'000</i>
Centre for Adult Education							
At 1 January 2010							
Cost	-	-	202	1,561	8,589	-	10,352
Valuation	1,900	160	-	-	-	352	2,412
Accumulated depreciation	-	(8)	-	(954)	(2,481)	-	(3,443)
Net book amount	<u>1,900</u>	<u>152</u>	<u>202</u>	<u>607</u>	<u>6,108</u>	<u>352</u>	<u>9,321</u>
Year ended 31 December 2010							
Opening net book amount	1,900	152	202	607	6,108	352	9,321
Additions	-	-	-	345	1,781	2	2,128
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	(4)	-	(284)	(1,007)	-	(1,295)
Transfer to assets	-	-	(202)	51	57	-	(94)
Closing net book amount	<u>1,900</u>	<u>148</u>	<u>-</u>	<u>719</u>	<u>6,939</u>	<u>354</u>	<u>10,060</u>
At 31 December 2010							
Cost	-	-	-	1,925	10,429	354	12,708
Valuation	1,900	160	-	-	-	-	2,060
Accumulated depreciation	-	(12)	-	(1,206)	(3,490)	-	(4,708)
Net book amount	<u>1,900</u>	<u>148</u>	<u>-</u>	<u>719</u>	<u>6,939</u>	<u>354</u>	<u>10,060</u>
Year ended 31 December 2011							
Opening net book amount	1,900	148	-	719	6,939	354	10,060
Additions	-	-	-	60	4	-	64
Disposals	-	-	-	-	(19)	-	(19)
Depreciation expense	-	(4)	-	(284)	(558)	-	(846)
Closing net book amount	<u>1,900</u>	<u>144</u>	<u>-</u>	<u>495</u>	<u>6,366</u>	<u>354</u>	<u>9,258</u>
At 31 December 2011							
Cost	-	-	-	1,885	10,400	354	12,639
Valuation	1,900	160	-	-	-	-	2,060
Accumulated depreciation	-	(16)	-	(1,390)	(4,035)	-	(5,441)
Net book value at the end of the financial year	<u>1,900</u>	<u>144</u>	<u>-</u>	<u>495</u>	<u>6,365</u>	<u>354</u>	<u>9,258</u>

(a) Valuations of land and buildings

CAE performed a management review of land and building values as at 31 December 2011 using Valuer General Victoria Indices. The movement in land and building since the last revaluation undertaken by DTZ Australia (Victoria) Pty. Ltd. (as at 31 December 2007) was immaterial; subsequently land and buildings were not revalued at 31 December 2011.

NOTE 8: INTANGIBLE ASSETS

	<i>Software \$'000</i>	<i>Total \$'000</i>
At 1 January 2010		
Cost	645	645
Accumulated amortisation and impairment	(240)	(240)
Net book amount	405	405
Year ended 31 December 2010		
Opening net book amount	405	405
Additions	387	387
Additions from internal developments	94	94
Amortisation charge	(250)	(250)
Closing net book amount	636	636
At 31 December 2010		
Cost	1,156	1,156
Accumulated amortisation and impairment	(520)	(520)
Net book amount	636	636
Year ended 31 December 2011		
Opening net book amount	636	636
Additions	106	106
Amortisation charge	(371)	(371)
Closing net book amount	371	371
At 31 December 2011		
Cost	1,262	1,262
Accumulated amortisation and impairment	(891)	(891)
Net book value at the end of the financial year	371	371

NOTE 9: OTHER NON-FINANCIAL ASSETS

	<i>2011 \$'000</i>	<i>2010 \$'000</i>
Current other non-financial assets		
Prepayments	293	392
Total other non-financial assets	293	392

NOTE 10: PAYABLES

	2011 \$'000	2010 \$'000
Current		
Contractual		
Supplies and services	921	827
Other employee entitlements payable within 12 months	233	287
Other	1,436	1,580
	<u>2,590</u>	<u>2,694</u>
Statutory		
Taxes Payable	33	-
Total current payables	<u>2,623</u>	<u>2,694</u>
Total payables	<u><u>2,623</u></u>	<u><u>2,694</u></u>

The carrying amounts of CAE's payables are denominated in the following currencies:

Notes

- 1 The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of invoice.

Maturity analysis of contractual payables

Refer to Note 25 for maturity analysis of contractual payables.

NOTE 11: PROVISIONS

	2011 \$'000	2010 \$'000
Current provisions expected to be settled within 12 months		
Employee benefits		
Annual leave	418	261
Long service leave	147	102
Total current provisions expected to be settled within 12 months	<u>565</u>	<u>363</u>
Current provisions expected to be settled after 12 months		
Employee benefits		
Annual leave	52	295
Long service leave	440	550
Total current provisions expected to be settled after 12 months	<u>492</u>	<u>845</u>
Total current provisions	<u><u>1,057</u></u>	<u><u>1,208</u></u>
Non-current		
Employee benefits		
Long service leave	203	262
Total non-current provisions	<u>203</u>	<u>262</u>
Total provisions	<u><u>1,260</u></u>	<u><u>1,470</u></u>

NOTE 12: OTHER LIABILITIES

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
Current		
Lease incentive	185	170
Total current other liabilities	<u>185</u>	<u>170</u>
Non-current		
Lease incentive	2,741	2,927
Total non-current other liabilities	<u>2,741</u>	<u>2,927</u>
Total other liabilities	<u><u>2,926</u></u>	<u><u>3,097</u></u>

NOTE 13: EQUITY

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
(a) Contributed capital		
Balance at 1 January	7,618	7,618
Balance at 31 December	<u>7,618</u>	<u>7,618</u>
(b) Accumulated surplus/(deficit)		
Balance at 1 January	(1,653)	1,875
Net result for the year	(2,047)	(3,528)
Balance at 31 December	<u>(3,700)</u>	<u>(1,653)</u>
(c) Reserves		
Composition of Reserves		
Asset Revaluation Reserve – Land	1,900	1,900
Asset Revaluation Reserve – Buildings	14	14
Asset Revaluation Reserve – Works of Art	141	141
Balance at 31 December	<u>2,055</u>	<u>2,055</u>
Total equity	<u><u>5,973</u></u>	<u><u>8,020</u></u>
Movements in reserves	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
Asset Revaluation Reserve – Land		
Balance at 1 January	1,900	1,900
Balance at 31 December	<u>1,900</u>	<u>1,900</u>
Asset Revaluation Reserve – Buildings		
Balance at 1 January	14	14
Balance at 31 December	<u>14</u>	<u>14</u>
Asset Revaluation Reserve – Works of Art		
Balance at 1 January	141	141
Balance at 31 December	<u>141</u>	<u>141</u>

NOTE 14: CASH FLOW INFORMATION

	2011 \$'000	2010 \$'000
(a) Reconciliation of operating result after income tax to net cash flows from operating activities		
Net operating result for the year	(2,047)	(3,527)
Non-cash flows in operating result		
Depreciation and amortisation of non-current assets	1,217	1,546
Amortisation of Lease Incentive	(171)	(50)
Total non-cash flows in operating result	<u>1,046</u>	<u>1,496</u>
Total movements included in investing and financing activities	-	-
Movements in operating assets and liabilities		
Increase in trade receivables	(113)	165
Increase in other assets	99	(177)
Decrease in payables	(73)	(16)
Decrease/(increase) in employee benefits	(210)	100
Decrease/(increase) in provisions	-	13
Total movement in operating assets and liabilities	<u>(297)</u>	<u>85</u>
Net cash flows provided by / (used in) operating activities	<u>(1,297)</u>	<u>(1,946)</u>

NOTE 15: COMMITMENTS

	2011 \$'000	2010 \$'000
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	3,468	3,464
Later than one year but not later than five years	14,795	14,371
Later than five years	54,765	58,657
Total lease commitments	<u>73,028</u>	<u>76,492</u>
GST reclaimable on the above	(6,638)	(6,953)
Net commitments Operating Leases	<u>66,390</u>	<u>69,539</u>

Representing:

Cancellable operating leases	-	44
Non-cancellable operating leases	66,390	69,495
Total lease commitments	<u>66,390</u>	<u>69,539</u>

(i) Operating leases

Operating leases payable relating to tenancies at:

253 Flinders Lane, Melbourne	62,422	64,835
278 Flinders Lane, Melbourne	10,542	11,425
Port Phillip Arcade, Melbourne	-	44
Operating leases payable for photocopier	64	188
	<u>73,028</u>	<u>76,492</u>

The amounts above are measured at nominal value inclusive of GST.

NOTE 16: LEASED ASSETS

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
As at the reporting date the CAE leased out the following assets:		
253 Flinders Lane – City Library	6,602	7,251
253 Flinders Lane – Shop front (Café)	1,080	1,178
278 Flinders Lane – Kangan Batman Institute of TAFE	2,064	2,236
Gross amount of leased assets	<u>9,746</u>	<u>10,665</u>
Operating Lease Receivables		
Non-cancellable operating lease receivables		
Payments due		
Within one year	946	919
Later than one year but not later than five years	4,074	3,954
Later than five years	4,726	5,792
Total operating lease receivables	<u>9,746</u>	<u>10,665</u>
GST reclaimable on the above	(887)	(970)
Net commitments operating leases receivables	<u>8,859</u>	<u>9,695</u>

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

NOTE 17: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
Details and estimates of maximum amounts of contingent assets and contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the accounts are as follows:		
Contingent Assets		
Bank guarantee held at reporting date:		
253 Flinders Lane	-	27
Total Contingent Assets	<u>-</u>	<u>27</u>
Contingent Assets		
In respect of Business Undertakings		
Bank guarantee issued at reporting date:		
271 Collins Street Pty. Ltd.	(238)	(229)
Trust Co Ltd	(193)	(193)
Total Contingent Liabilities	<u>(431)</u>	<u>(422)</u>
Net Estimated Contingent Liabilities	<u>(431)</u>	<u>(395)</u>

NOTE 18: ECONOMIC DEPENDENCY

As an adult education institution, CAE provides training on behalf of the Adults, Community and Further Education (ACFE) Board and Skills Victoria. The CAE is dependant on the ACFE Board and Skills Victoria for a significant volume of revenue and financial support. The contribution from ACFE Board and Skills Victoria represents 35% (2010: 39%) of CAE's total revenue.

NOTE 19: SUBSEQUENT EVENTS

On 7 September 2011, the Minister for Higher Education and Skills and the Minister Responsible for the Teaching Profession, announced that the Centre for Adult Education (CAE) and Box Hill Institute of Further Education (BHI) will enter into a partnership arrangement.

The partnership will take effect by an Order of the Governor in Council pursuant to the *Education and Training Reform Act 2006* and/or a legislative amendment to this Act, and will take effect in 2012. The structure of the partnership will have the effect that the Board of Box Hill Institute of TAFE will be the controlling Board of CAE. All CAE Board members resigned as at 31 December 2011.

NOTE 20: REMUNERATION OF AUDITORS

	2011 \$'000	2010 \$'000
Remuneration of Victorian Auditor General's Office for:		
Audit of the financial statements	38	37
Audit of the financial report 2011 additional fee in 2010	-	10
Total remuneration of Victoria Auditor General's Office	<u>38</u>	<u>47</u>
Remuneration of other auditors		
Internal Audit	36	78
Total remuneration of other auditors of subsidiaries	<u>36</u>	<u>78</u>
Total Remuneration of auditors	<u><u>74</u></u>	<u><u>125</u></u>

NOTE 21: SUPERANNUATION

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

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Statement of Comprehensive Income of CAE.

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

	2011 \$'000	2010 \$'000
Superannuation		
Paid Contribution for the Year		
Defined benefit plans :		
Emergency Services State Superannuation Fund – revised and new	103	119
Total defined benefit plans	<u>103</u>	<u>119</u>
Defined contribution plans:		
VicSuper	556	668
Other	281	304
Total defined contribution plans	<u>837</u>	<u>972</u>
Total paid contribution for the year	<u><u>940</u></u>	<u><u>1,091</u></u>

- 1 The CAE does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.
- 2 The above amounts were measured as at 30 June of each year, or in the case of employer contributions they relate to the years ended 30 June.

NOTE 22: KEY MANAGEMENT PERSONNEL DISCLOSURES

Responsible persons related disclosures

In accordance with the directions of the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made for the responsible Ministers and responsible Members of Council.

(i) Minister

The relevant Minister is The Hon Peter Hall MP, Minister for Higher Education and Skills. Remuneration of the Ministers is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the Parliament.

(ii) Members of the Board of Centre for Adult Education (CAE)

The following persons were responsible persons and executive officers of CAE during the year.

Ministerial Appointments	Period of Tenure
Mr Frank King – Chair	07/09/2009 - 31/12/2011
Ms Alison Terry	01/05/2009 - 31/12/2011
Ms Fran Thorn	08/06/2011 - 31/12/2011
Mr Jim Davidson	08/06/2011 - 31/12/2011
Ms Annette Foley	08/06/2011 - 31/12/2011
Mr Adrian Smith (Resigned)	08/06/2011 - 31/12/2011
Mr Mark Brogan (Resigned)	03/09/2008 - 15/03/2011
Accountable Officer	Period of Tenure
Ms Denise O'Brien – Chief Executive Officer	04/08/2008 - 31/12/2011
Staff elected board member	Period of Tenure
Ms Susie Bate (Resigned)	16/12/2010 - 30/09/2011
Student elected board member	Period of Tenure
Mr Terence Cheong (Resigned)	08/03/2011 - 21/11/2011

Responsible Persons

Key management personnel disclosures	2011 \$'000	2010 \$'000
Remuneration of Board members		
Remuneration received, or due and receivable from the Institute in connection with the management of the Institute. Includes termination payments and bonuses paid at end of contracts.	280	277
Income range	No.	No.
The number of responsible persons whose remuneration from CAE was within the specified bands are as follows:		
\$0 - \$10,000	8	8
\$10,001 - \$20,000	-	1
\$50,001 - \$60,000	-	1
\$70,001 - \$80,000	1	-
\$200,001 - \$210,000	1	1
Total number of Responsible Persons	10	11

Executive Officers

	<i>2011</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>
Key management personnel disclosures		
Executive Officers' Remuneration		
Base remuneration of executive officers	298	446
Total remuneration of executive officers	429	645
Income range	<i>No.</i>	<i>No.</i>
The number of executive officers whose remuneration from CAE was within the specified bands are as follows:		
\$40,001 - \$50,000	1	-
\$60,001 - \$70,000	1	-
\$100,001 - \$110,000	2	-
\$120,001 - \$130,000	-	1
\$140,001 - \$150,000	1	2
\$230,001 - \$240,000	-	1
Total executive officers	<u>5</u>	<u>4</u>

Key management personnel

	<i>2011</i> <i>No.</i>	<i>2010</i> <i>No.</i>
Key management personnel disclosures		
Executive Officers' personnel compensation		
Short term employee benefits	12	13
Termination benefits	116	113
Total key management personnel compensation	<u>128</u>	<u>126</u>

NOTE 23: RELATED PARTIES**Key management personnel**

Except where a member of the Board is the President of the Emergency Services and State Superannuation Scheme (ESSS), CAE makes regular statutory superannuation contributions to the ESSS. At reporting date there were no related party transactions between CAE and responsible persons or key management personnel.

NOTE 24: CAE DETAILS**CAE details**

The registered office and principal place of business for the CAE is 253 Flinders Lane, Melbourne 3000. The CAE Australian Business Number (ABN) is 84 434 201 642.

NOTE 25–1**FINANCIAL INSTRUMENTS (part I)****Financial risk management****(i) Financial risk management objectives**

The Institute's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Institute'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 derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. The Institute uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Audit and Risk Committee with the Finance function of the Institute under policies approved by the Board. The Audit and Risk Committee identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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

(ii) Financial risk exposures and management

The Institute's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivables and payables and leases.

The main risks the Institute is exposed to through its financial instruments are market risk, foreign currency risk, price risk, funding risk, interest rate risk, credit risk and liquidity risk.

(iii) Categorisation of financial instruments

Carrying amount of financial instruments by category:

Financial Assets	Note	Category	2011 \$'000	2010 \$'000
Cash and deposits	4	Cash	1,034	2,307
Receivables ^(a)	5	Loans and receivables	499	341
Investments	6		1,327	1,500
			<u>2,860</u>	<u>4,148</u>
Financial Liabilities				
Payables ^(a)	10	Financial liabilities	2,590	2,694
			<u>2,590</u>	<u>2,694</u>

Note:

(a) Receivables and payables disclosed here exclude statutory receivables and statutory payables.

Market risk

The CAE in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse affect on the operating result and /or net worth of the Institute. e.g. an adverse movement in interest rates or foreign currency exchange rates.

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

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

Foreign currency risk

The CAE is exposed to fluctuations in foreign currencies arising from the delivery of services in currencies other than AUD\$. This risk is managed by natural hedging where possible.

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

Price risk

The CAE is exposed to price risk in respect of fee for service and contract services which are subject to open market competition.

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

Interest rate risk

Interest rate risk arises from the potential for a change in interest rates to change the expected net interest earnings in the current reporting period and in future years. Similarly, interest rate risk also arises from the potential for a change in interest rates to cause a fluctuation in the fair value of the financial instruments.

The objective is to manage the rate risk to achieve stable and sustainable net interest earnings in the long term. This is managed predominately through a mixture of short term and longer term investments.

Funding risk

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

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

There has been no significant change in CAE'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.

Concentrations of credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 31 December 2011.

Credit risk is managed on a group basis and reviewed regularly by the Audit and Risk Committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The Audit & Risk Committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an "A" rating are utilised; and
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

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

The trade receivables balance at 31 December 2011 and 31 December 2010 do not include any counter parties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the institute's governing body, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. The institute manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

There has been no significant change in the CAE'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.

NOTE 25–2

FINANCIAL INSTRUMENTS (part II)

Financial Instruments

(ii) Summarised sensitivity analysis

The following table summarises the sensitivity of the CAE's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

	Carrying amount \$'000	Interest rate risk			
		-1%		2%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2011					
Financial assets					
Cash and deposits	1,034	(10)	(10)	21	21
Receivables ¹	499	-	-	-	-
Investments, loans and other financial assets	1,327	(13)	(13)	27	27
Total increase / (decrease) in financial assets	2,860	(23)	(23)	48	48
Financial liabilities					
Payables ¹	(1,154)	-	-	-	-
Other financial liabilities	(2,926)	-	-	-	-
Total increase / (decrease) in financial liabilities	(4,080)	-	-	-	-
Total increase / (decrease)	(1,221)	(23)	(23)	48	48

	Carrying amount \$'000	Interest rate risk			
		-1%		2%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2010					
Financial assets					
Cash and cash equivalents	2,307	(23)	(23)	46	46
Receivables ¹	341	-	-	-	-
Investments, loans and other financial assets	1,500	(15)	(15)	30	30
Total increase / (decrease) in financial assets	4,148	(38)	(38)	76	76
Financial liabilities					
Payables ¹	(1,146)	-	-	-	-
Other financial liabilities	(3,097)	-	-	-	-
Total increase / (decrease) in financial liabilities	(4,243)	-	-	-	-
Total increase / (decrease)	(95)	(38)	(38)	76	76

Note

1 Receivables and payables disclosed here as financial instruments exclude statutory receivable and statutory payables.

NOTE 25–3

FINANCIAL INSTRUMENTS (part III)

(iii) Financial instrument composition and interest rate exposure

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

Exposure to interest rate risk is insignificant and may arise primarily through the CAE's borrowings. Minimisation of risk is achieved by mainly undertaking fixed rate or non interest bearing financial instruments. For financial liabilities, the CAE mainly undertakes financial liabilities with relatively even maturity profiles. The CAE's borrowings and any movements in interest rates are monitored on a daily basis. The CAE's exposure to interest rate risk is set out below.

2011	Weighted average effective rate %	Total Carrying Amount per Balance Sheet \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-Interest Bearing \$'000
Financial assets					
Cash and deposits					
Cash at bank and on hand	3.50	325	325	-	-
Deposits at call	4.59	709	709	-	-
Contractual receivables					
Trade receivables	-	499	-	-	499
Revenue receivables	-	14	-	-	14
Investment, loans and other financial assets					
Fixed interest bearing bills, bonds/term deposits	4.77	1,327	-	1,327	-
Total financial assets	13	2,874	1,034	1,327	513
Trade and other payables	-	1,154	-	-	1,154
Borrowings					
Other liabilities – lease liability	-	2,926	-	2,926	-
Total financial liabilities	-	4,080	-	2,926	1,154
2010					
Financial assets					
Cash and cash equivalents					
Cash at bank and on hand	3.50	448	448	-	-
Deposits at call	4.40	1,859	1,859	-	-
Contractual receivables					
Trade receivables	-	341	-	-	341
Revenue receivables	-	6	-	-	6
Investment, loans and other financial assets					
Fixed interest bearing bills, bonds/term deposits	4.48	1,500	-	1,500	-
Total financial assets	12	4,154	2,307	1,500	347
Financial liabilities					
Trade and other payables	-	1,146	-	-	1,146
Borrowings					
Other liabilities – lease liability	-	3,097	-	-	3,097
Total financial liabilities	-	4,243	-	-	4,243

Note

1 Other receivables does not include statutory receivables

NOTE 25–3 [CONT'D]

FINANCIAL INSTRUMENTS (part III)

(iv) Ageing analysis of financial assets

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the contractual maturity analysis for CAE's financial assets and financial liabilities.

	Carrying amount	Not past due and not impaired	Maturity Dates					Impaired financial assets
			Less than 1 month	1-3 months	3 months- 1 year	1-5 years	More than 5 years	
2011 Financial assets								
Contractual receivables								
Trade receivables	499	493	-	493	6	-	-	
Revenue receivables	14	14	-	14	-	-	-	-
Investments, loans and other financial assets								
Fixed interest bearing bills, bonds/ term deposits	1,327	1,327	-	1,327	-	-	-	-
Total 2011 financial assets	1,840	1,834	-	1,834	6	-	-	-
2011 Financial liabilities								
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	-	-
Borrowings								
Other Liabilities - lease liability	2,926	-	-	-	185	2,741	-	-
Total 2011 financial liabilities	2,926	-	-	-	185	2,741	-	-
2010 Financial assets								
Contractual receivables								
Trade receivables	341	325	-	325	-	16	-	-
Revenue receivables	12	6	-	6	-	-	-	
Investments, loans and other financial assets								
Fixed interest bearing bills, bonds/ term deposits	3,000	1,500	-	1,500	-	-	-	-
Total 2010 financial assets	3,353	1,831	-	1,831	-	16	-	-
2010 Financial liabilities								
Financial liabilities								
Trade and other payables	1,159	1,159	-	1,159	-	-	-	-
Borrowings								
Other Liabilities - lease liability	3,097	-	-	-	170	852	2,075	-
Total 2010 financial liabilities	4,256	1,159	-	1,159	170	852	2,075	

NOTE 25–4

FINANCIAL INSTRUMENTS (part IV)

Fair value estimation

The fair value of financial assets and financial liabilities is estimated for recognition and measurement for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Institute is the current bid price.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to CAE for similar financial instruments.

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

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

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

Financial Instruments	2011		2010	
	<i>Carrying Amount \$'000</i>	<i>Net Fair Value \$'000</i>	<i>Carrying Amount \$'000</i>	<i>Net Fair Value \$'000</i>
Financial assets				
Cash and cash equivalents				
Cash at bank and on hand	325	325	448	448
Deposits at call	709	709	1,859	1,859
Contractual receivables				
Trade receivables	505	499	357	341
Revenue Receivables	14	14	6	6
Investment, loans and other financial assets				
Fixed interest bearing bills, bonds/term deposits	1,327	1,327	1,500	1,500
Total financial assets	<u>2,880</u>	<u>2,874</u>	<u>4,170</u>	<u>4,154</u>
Financial liabilities				
Payables	1,154	1,154	1,146	1,146
Other Liabilities - Lease liability	2,926	2,926	3,097	3,097
Total financial liabilities	<u>4,080</u>	<u>4,080</u>	<u>4,243</u>	<u>4,243</u>

AUDITOR-GENERAL'S STATEMENT OF PERFORMANCE

VAGO
Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Centre for Adult Education

The Statement of Performance:
The accompanying statement of performance for the year ended 31 December 2011 of the Centre for Adult Education which comprises the statement, the related notes and declaration by president of the board, chief executive officer and chief financial and accounting officer has been audited.

The Board Members' Responsibility for the Statement of Performance:
The Board Members of the Centre for Adult Education are responsible for the preparation and fair presentation of the statement of performance in accordance with the Financial Management Act 1994 and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of performance. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the statement of performance, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the statement of performance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the statement of performance.

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

Independence:
The Auditor-General's independence is established by the Constitution Act 1978. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates, complied with all applicable independence requirements of the Australian accounting profession.

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Auditing is the Public Interest

VAGO
Victorian Auditor-General's Office

(Independent Auditor's Report (continued))

Opinion:
In my opinion, the statement of performance of the Centre for Adult Education in respect of the 31 December 2011 financial year presents fairly, in all material aspects, in accordance with the Financial Management Act 1994.

Matters Relating to the Electronic Publication of the Audited Performance Statement:
This auditor's report relates to the performance statement of the Centre for Adult Education for the year ended 31 December 2011 included both in the Centre for Adult Education's annual report and on the website. The Board Members of the Centre for Adult Education are responsible for the integrity of the Centre for Adult Education's website. I have not been engaged to report on the integrity of the Centre for Adult Education's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked within these statements. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

74.22
D D R Pearson
Auditor-General

MELBOURNE
13 March 2012

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Auditing is the Public Interest

STATEMENT OF PERFORMANCE



CENTRE FOR ADULT EDUCATION PERFORMANCE STATEMENT FOR 2011

In our opinion, the accompanying Statement of Performance of the Centre for Adult Education in respect of the 2011 financial year is presented fairly in accordance with the Financial Management Act 1994.

The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets where applicable 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 circumstances which would render any particulars in the Statement to be misleading or inaccurate.

A handwritten signature in dark ink, appearing to read 'D. Cain', positioned above a horizontal line.

Darrell Cain
Board Chairperson
Date 1/03/2012

A handwritten signature in dark ink, appearing to read 'John Maddock', positioned above a horizontal line.

John Maddock
Chief Executive Officer
Date 1/03/2012

A handwritten signature in dark ink, appearing to read 'Frances Meiklejohn', positioned above a horizontal line.

Frances Meiklejohn
Chief Financial and Accounting Officer
Date 1/03/2012

2011 KEY PERFORMANCE INDICATORS

<i>KPI</i>	<i>Note</i>	<i>Definition</i>	<i>Result</i>	<i>Target</i>
Participation of 15-24 year olds		Number of students within the age group.	2,519	3,000
Participation of 25-64 year olds		Number of students within the age group.	20,016	21,000
Module Load Completion Rate		Scheduled hours assessed and passed including recognition of prior learning (RPL) or satisfactory completion / total scheduled hours reported less recorded with credit transfer and continuing studies outcome.	62%	60%
Student Satisfaction	1	As per survey.	90%	86%
Total Cost per Student Contact Hour (SCH)		Total funded expenditure (excluding depreciation) / total SCH.	\$19.70	\$18.75
Working Capital Ratio (adjusted)		Current assets/ current liabilities (adjusted for non current long service leave).	0.82	1
Net Operating Margin		Funded operating surplus / total revenue (excluding capital).	-3.56%	-1.18%
Fee for Service Revenue		Revenue received from fee for service customers.	\$9,556 million	\$10,514 million
Revenue per EFT Staff	2	Total revenue (excluding capital) / average EFT staff.	\$147,996	\$100,477
Student Contact Hours (SCH)		Total SCH reported (including training activity from all funding sources and fee for service full fee paying students).	1,226,730	1,275,000
Energy Consumption	3	Percentage change in energy consumption for electricity, gas, fuel and heating oil using 2007 as a base year. The target and actual increase relates to new administration and classrooms occupied from February 2010.	2%	1.30%

Note 1 Target based on previous year's actual

Note 2 Target based on previous year's actual

Note 3 Target based on previous year's actual - Increase in energy consumption due to full year effect of server room

DISCLOSURE INDEX

Source reference		REPORTING REQUIREMENT	Identify relevant page(s)
(A) REPORT OF OPERATIONS			
[1]	SD 4.2(g) FRD 22	The Report of Operations is to include qualitative and quantitative information on operations and be prepared on a basis consistent with the financial statements prepared pursuant to the <i>Financial Management Act 1994</i> . This report is to provide users with information about: <ul style="list-style-type: none"> • an institute and its activities; • operational highlights for the reporting period; • future initiatives; and • other relevant information not included in the financial statements. 	4-31
[2]	SD 4.2(h) FRD 22	The Report of Operations must be prepared in accordance with the requirements of the financial reporting directions.	4-31
[3]	SD 4.5.5	Signature of responsible person – Attestation of compliance with the Australian/New Zealand Risk Management Standard.	29
[4]	SD 4.2(j) FRD 22	Signature of responsible person – The Report of Operations must be signed and dated by the Accountable Officer in the case of a Government Department, or in the case of any other Public Sector Body, a member of the responsible Body.	35
STANDARD DISCLOSURES IN THE REPORT OF OPERATIONS General Information			
[5]	FRD 22	Manner of Establishment, including the relevant Minister.	4-5
[6]	FRD 22	The objectives, functions, powers and duties, linked to a summary of its activities, programs and achievements for the reporting period.	4-5
[7]	FRD 22	Nature and range of service provision, including the communities served.	15-22
[8]	FRD 22	Organisational chart(s) detailing members of the governing board and the CEO, and organisational chart(s) detailing occupants of senior officers and their responsibilities.	10, 14
GOVERNANCE Recommendations of the TAFE Governance Review, May 2003			
[9]	TAFE Gov. Review	Outline of the structure of the board including: <ul style="list-style-type: none"> • committees of the board; • descriptions of their functions; and • the names of the members of each committee. 	10-13
[10]	TAFE Gov. Review	Outline of the structure of an institute board, including: <ul style="list-style-type: none"> • names and qualifications of members of the board, including knowledge, experience and skills; and • a summary of the number of meetings attended by each board member. 	10-13
[11]	TAFE Gov. Review	Summary of training undertaken by board members throughout the year, including the number and type of programs.	10-13
[12]	TAFE Gov. Review	A summary of performance and activities of a board including a brief description of a values of a board and whether there is a code of conduct used to guide board decisions.	10
[13]	FRD 22B	Statement on an AEI's workforce data for the current and previous reporting period.	22

[14]	FRD 22B	Statement on the application of employment and conduct principles.	22
[15]	FRD 22B	Statement on occupational health and safety including appropriate performance indicators outlining an AEI's performance against such indicators and details of assessments and measures taken to improve the occupational health and safety of employees.	23
[16]	FRD 22B	A general statement on industrial relations within an institute and details of time lost through industrial accidents and disputes.	23
DISCLOSURE INDEX			
[17]	FRD 10	The Disclosure Index is to contain a list identifying the relevant clauses of Victorian legislation with statutory disclosure requirements.	74-78
[18]	FRD 10	A short description of the relevant requirement.	74-78
[19]	FRD 10	The page in an annual report where the disclosure in satisfaction of the relevant requirement is made.	74-78
DISCLOSURES			
Disclosure of ex-gratia payments			
[20]	FRD 11	Disclosure in aggregate of the nature and amount of any ex gratia payments incurred and written off during the reporting period. This is to be included in the notes to the financial statement.	NA
Disclosures of responsible persons			
[21]	FRD 21A (1) (a)	The name of each person holding a position that meets the definition of responsible person of the reporting entity at any time during the reporting period.	63
Disclosures of remuneration of executive officers			
[22]	FRD 21A (1) (b)	Where there is more than one responsible person during any reporting period, the total remuneration of all responsible persons received or receivable in connection to their employment.	64
[23]	FRD 21A (1) (c)	An analysis of remuneration of responsible persons: <ul style="list-style-type: none"> • in bands of \$10,000; and • listing the number of responsible persons whose actual remuneration for the period falls within each band. 	64
[24]	FRD 21A (1) (d)	A table disclosing the aggregate amount of related party transactions at the reporting date, including but not limited to the aggregate amount of repayments, shares and share options and other sources of remuneration that do not come under the definition of any of the above mentioned categories received by the responsible person in addition to base remuneration.	64
[25]	FRD 21(2) (a)	Total remuneration of all executive officers received or receivable in connection to their employment: <ul style="list-style-type: none"> • including the remuneration of executive officers acting in the position of an accountable officer at any time during the reporting period; and • to ensure disclosures are meaningful, additional information may need to be disclosed about the nature of such remuneration. 	64
[26]	FRD 21 (2) (b)	Base remuneration disclosed separately from actual remuneration. Significant variations between total and base remuneration should be supported by explanatory commentary.	64
[27]	FRD 21 (2) (c)	Accrual principles that apply in determining remuneration levels. All amounts received or receivable by the individual are to be disclosed.	64
FINANCIAL INFORMATION			
[28]	FRD 22	Summary of financial results with comparative information for preceding four years.	30
[29]	FRD 22	Summary of significant changes in financial position.	30
[30]	FRD 22	Summary of operational and budgetary objectives, including performance against objectives and significant achievements.	31

[31]	FRD 22	Events subsequent to balance date which may have a significant effect on operations in subsequent years, including a summary of major changes affecting the achievement of operational objectives.	30-31
[32]	FRD 22	For each consultancy valued in excess of \$100,000, set out: <ul style="list-style-type: none"> • a schedule listing the consultants engaged; • a summary of project involved; • total project fees approved (excluding GST); • expenditure for the reporting period (excluding GST); and • future commitments relating to consultant. 	30
[33]	FRD 22	Total number of consultancies individually valued at less than \$100,000 (excl. of GST).	30
[34]	FRD 22	Total expenditure (exclusive of GST) of these consultancy engagements.	30
[35]	FRD 22	Financial information must be consistent with that included in the financial statements.	30-31
[36]	FRD 22	The Report of Operations should be presented in a format that complements the financial report as a whole: <ul style="list-style-type: none"> • containing any additional information the accountable officer or the governing board considers appropriate; or • any information which has been mandated by other authoritative pronouncements. The Report of Operations must contain general and financial information, including other relevant financial information, outlining and explaining an entity's operations and activities for the reporting period.	4-31
[37]	FRD 27	The Report of Operations must include in its report of operations an audited statement of performance including: <ul style="list-style-type: none"> • the relevant performance targets and indicators as determined by the responsible Minister; • the actual results achieved for that financial year against pre-determined performance targets and indicators; and • an explanation of any significant variance between the actual results and performance targets indicators. 	4-31
OTHER RELEVANT INFORMATION			
[38]	FRD 22	Summary of Application of the <i>Freedom of Information Act 1982</i> (including amendments of 3 August 2007).	24
[39]	FRD 22	Statement on compliance with building and maintenance provisions of the <i>Building Act 1993</i> (including amendments of 1 July 2007).	23
[40]	FRD 22	Summary of the application and operation of the <i>Whistleblowers Protection Act 2001</i> (including amendments of 1 July 2007) and disclosures required by this Act.	24
[41]	FRD 22	Statement on implementation and compliance with <i>National Competition Policy</i> , including statement on compliance with policy statements, especially: <ul style="list-style-type: none"> • "Competitive Neutrality: A Statement of Victorian Government Policy"; • "Victorian Government Timetable for the Review of Legislative Restrictions on Competition"; and • any subsequent reforms. 	24
[42]	FRD 22	Summary of environmental performance.	26
[43]	FRD 22	Statement (to the extent applicable that the information listed in Appendix 1) is available on request to the relevant Minister, members of Parliament or the public. This includes additional information available on request subject to provision of the <i>Freedom of Information Act 1982</i> (including amendments of 3 August 2007).	26
[44]	FRD 22	Statement that declarations of pecuniary interests have been duly completed by all relevant officers.	26
[45]	FRD 22	Details of shares held by senior officers (as nominees or held beneficially in a statutory authority or subsidiary).	26
[46]	FRD 22	Details of publications produced by the entity about itself and how they can be obtained).	22, 26
[47]	FRD 22	Details of major promotional, public relations and marketing activities undertaken to develop community awareness of the institute and its services.	22, 26

[48]	FRD 22	Details of changes in prices, fees, charges, rates and levies charged by the institute.	26
[49]	FRD 22	Details of any major external reviews carried out on the institute.	26
[50]	FRD 22	Details of major research and development activities undertaken by the institute.	26
[51]	FRD 22	Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.	26
[52]	FRD 22	List of major committees sponsored by the institute, the purposes of each committee and the extent to which the purposes have been achieved.	26
OVERSEAS OPERATIONS OF VICTORIAN AEIS			
[53]	PAEC	Financial and other information on initiatives taken or strategies relating to the AEI's international operations.	NA
AUDITOR GENERAL Recommendation in relation to Overseas Operations of AEIs – 3.110 Auditor General, Special Reviews, 30 June 2002.			
[54]	3.110	Information in annual reports of an AEI should include: <ul style="list-style-type: none"> • nature of strategic and operational risks; • strategies established to manage such risks; • performance measures and targets formulated for off shore operations; and • the extent to which expected outcomes have been achieved. 	NA
FINANCIAL REPORTING DIRECTION 27 – PRESENTATION OF REPORTING AND PERFORMANCE INFORMATION Audited Statements of Key Performance Measures (KPIs) must include an audited statement of performance for certain KPIs.			
[55]	FRD 27A	Reporting and performance should be presented using KPIs and a signed Performance Management Certificate should also be completed. (The following 11 are the mandatory KPIs) 1. Participation of 15-24 year olds. 2. Participation of 25-64 year olds. 3. Module Load Completion Rate. 4. Student satisfaction. 5. Total Cost per Student Contact Hour (SCH). 6. Working Capital Ratio. 7. Net Operating Margin. 8. Fee for Service Revenue. 9. Revenue per EFT Staff. 10. Student Contact Hours (SCH). 11. Energy Consumption.	73
(B) FINANCIAL STATEMENTS Part 7 of the Financial Management Act 1994 (FMA)			
[56]	FMA 49 (a)	Must contain such information as required by the Minister.	33-73
[57]	FMA 49 (b)	Must be prepared in a manner and form approved by the Minister.	33-73
[58]	FMA 49 (c)	Must present fairly the financial transactions of an institute during the financial year to which they relate.	33-73
[59]	FMA 49 (d)	Must present fairly the financial position of an institute as at the end of the year.	33-73
[60]	FMA 49 (e)	Must be certified by the Accountable Officer for an institute in the manner approved by the Minister.	33-73

		The Financial Statements must be prepared in accordance with:	
[61]	SD 4.2 (a)	Australian Accounting Standards (AAS and AASB) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).	40
[62]	SD 4.2 (a)	Financial Report Directions.	40-51
[63]	SDA 4.2 (a)	Business rules.	40-51
The Financial Statements are to comprise the following:			
[64]	SD 4.2 (b)	An operating statement.	31
[65]	SD 4.2 (b)	A balance sheet.	36
[66]	SD 4.2 (b)	A statement of recognised income and expenses.	37
[67]	SD 4.2 (b)	A cash flow statement.	39
[68]	SD 4.2 (b)	Notes to the financial statements.	40-70
The Financial Statements must, where applicable, be signed and dated by the Accountable Officer, CFO and a member of the Responsible Body stating whether, in their opinion:			
[69]	SD 4.2 (c)	The Financial Statements present fairly the financial transactions during the reporting period and the financial position at the end of the period.	35
[70]	SD 4.2 (c)	The Financial Statements are prepared in accordance with this direction and applicable Financial Reporting Directions.	35
[71]	SD 4.2 (c)	The Financial Statements comply with applicable Australian Accounting Standards (AAS and AAB) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).	35



