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► ESTABLISHMENT & OBJECTIVES

ESTABLISHMENT

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, the Honourable Frank Crean, remained in that role until 1974. Mr Crean was an advocate for CAE throughout his lifetime and passed away in December 2008.

In 2001, Victorian Parliament passed an amendment to the Adult Community and Further Education Act 1991 which established CAE as an adult education institute 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. In 2008, CAE performed its functions and exercised its powers subject to the general direction and control of the ACFE Board. The Minister responsible for CAE is the Honourable Jacinta Allan MP, Minister for Skills and Workforce Participation.

OUR LOCATION

An integral part of the Melbourne community, CAE delivers the majority of its courses from two central campuses, 253 Flinders Lane and 21 Degrafs Street located in the arts and café precinct of the CBD. CAE also offers courses at the Ola Cohn Centre in East Melbourne, in partnership with other organisations throughout Melbourne, as well as customised industry programs. The CAE offers a world class Occupational English Test (OET) through the OET Centre.

OUR PROGRAMS & SERVICES

CAE's mission is to transform lives through the power of learning. CAE is a leading provider of Adult and Community Education (ACE) in Victoria. With a strong focus in delivering both accredited and non-accredited courses, CAE connects with the community through socially inclusive practices that recognise diversity and creativity.

A leader in pre-accredited and accredited teaching and learning in ACE, CAE receives government funding to deliver accredited courses designed to help adults complete their secondary education and begin or change their career direction. CAE offers accredited programming in English as a Second Language, Language, Literacy and Numeracy, Community Services Education, Business and IT, VCE, VCAL and Liberal Arts. CAE also offers the Diploma of Professional Writing and Editing and accredited visual art, fitness and yoga programs.

CAE provides a vibrant and supportive adult learning environment, flexible learning options, skills recognition, practical training and supervised work placements. CAE also provides access to key resources including the City Library, multimedia facilities and career counselling.

CAE also offers a wide variety of fee for service programs. Course areas include digital media and design, photography, lifestyles, wellbeing, fitness, food and drink, writing, fashion, and current affairs. CAE teaches over 20 languages, from beginners to advanced levels. CAE also develops and administers the Occupational English Test (OET) worldwide and runs a national book club program.

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

SUMMARY OF ACHIEVEMENTS

In 2008 CAE performed well in the following areas:

- Operating revenue of \$24,175,000.
- Equivalent full time staffing average of 322.
- 35,924 learners with over 63,326 subject enrolments.
- Delivery of 1,500,463 Student Contact Hours (SCH).
- Working capital ratio at 31 December 2008 of 1.94 (2.26 when adjusted for non current long service leave).

A NEW DIRECTION

At the end of 2008 the CAE Board endorsed a new *Strategic Framework 2009-2013*. This framework strongly positions CAE to adapt and continually meet the changing needs of Melbourne learners, communities, businesses, industries and governments in an ever-changing global environment.

The Strategic Framework outlines four streams of learning: 'Learning for Learning', 'Learning for Earning', 'Learning for Business' and 'Learning for Living'. CAE actively promotes the value of learning for all by ensuring that CAE 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.

This new strategic direction also outlines a commitment to sustainable practice, leadership strength, a service culture and a diverse and skilled workforce.



► CHAIRPERSON'S REPORT

CAE continues to be a leader in the provision of adult and community education in Victoria. This report highlights our achievements in meeting the vocational skills development and lifelong learning needs of Melburnians.

On behalf of the CAE Board, I am pleased to submit the 2008 Annual Report.

In 2008 CAE celebrated 61 years of operation. CAE continued to be a leader in the provision of adult and community education in Victoria. This report highlights our achievements in meeting the vocational skills development and lifelong learning needs of Melburnians. Furthermore this report acknowledges the contribution of my fellow Board Members and CAE staff in the delivery of a successful year.

There were a number of significant changes in the sector and to CAE in 2008. In May John Wills left CAE after serving eight years as the Director; I would like to acknowledge his contribution. Thank you to Moira Schulze who acted as interim CEO from that time until August, when CAE welcomed our new CEO, Denise O'Brien, to the organisation. As an experienced CEO Denise O'Brien brings leadership strength and knowledge to this role.

Against a backdrop of review and reform of vocational, adult and community education in Victoria, skills shortages and changing economic conditions, the Board worked with Denise O'Brien and her new executive team to determine a new way forward. After extensive research, consultation and staff participation, the Board endorsed the *Strategic Framework 2009-2013*, that will ensure we are able to meet our mission of "Transforming Lives through the Power of Learning". This Strategic Framework lays the foundation for our future growth. It positions CAE to continue to meet the learning needs of a diverse range of individuals as well as the changing expectations of CBD businesses, community and government at all levels.

The results of the work of CAE in 2008 were very pleasing, meeting financial and contractual requirements, with just under 7% revenue growth compared to 2007. Government sources contributed 38% to the total revenue with the remainder from fee for service and other sources. Our working capital ratio continued to improve to 1.94 (2.26, adjusted for non-current long service leave) at the 31 December.

Further to this healthy financial result, CAE continued to make a significant contribution to the economic and social wellbeing of the community of Melbourne through the delivery of 1,500,463 student contact hours to 35,924 learners.

In addition to the excellent outcomes for our learners studying for vocational qualifications, we are delighted with the achievements of the OET Centre. The OET assesses the English language proficiency of people who have trained as medical and health professionals in one country and wish to gain provisional registration to practice their profession in an English-speaking context. In 2008 the OET was administered globally by the OET Centre six times. For the first time marginally more candidates sat the test in Australia than internationally. This result was largely due to 60% of nursing candidates taking the test in Australia. Global test registrations were up 45% compared with 2007, with a 40% increase in candidates sitting in Australia.

The CAE Board would also like to recognise CAE's active contribution, through its writing and book groups programs and to the successful Melbourne bid for designation as a UNESCO City of Literature. Congratulations to Mandy Maroney on winning the prestigious Victorian Premier's Literary Award – Prize for an Unpublished Manuscript by an Emerging Victorian Writer. Mandy Maroney is a CAE Diploma of Professional Writing and Editing student.

The inaugural Ola Cohn Memorial Sculpture Award was launched in 2008. Open to practising artists who are citizens of Australia, the award commemorates the legacy of the Australian artist and sculptor Ola Cohn. CAE offered a non-acquisitive sculpture prize and exhibition, with a cash prize of \$5,000. Congratulations went to Patrick Delbosc, a former Diploma of Visual Arts student at CAE, who was announced as the winner of the Ola Cohn Sculpture Award for his work *Tween*. *Tween* was generously donated to CAE by the artist.

CAE enjoys a very positive relationship with the Victorian Government. We thank the Minister for Skills and Workforce Participation the Honourable Jacinta Allan MP, for her commitment to CAE. CAE welcomed the *Securing Jobs for Your Future – Skills for Victoria* Ministerial Statement launched in August and has actively contributed to skills reform through our contribution to consultation processes and the alignment of the *Strategic Framework 2009-2013* to the objectives of Skills for Victoria.

I would like to express our appreciation and thanks to Lynne Wannan, who stepped down as ACFE Board Chairperson in August to take up an appointment as the Director of the Victorian Government's new Office for the Community Sector. We appreciate the support and guidance of Adrian Nye the Acting Chairperson of the ACFE Board and Sandy Forbes, General Manager ACFE, Department of Planning and Community Development.



I acknowledge the outstanding commitment of CAE Board Members, Graeme Cocks, Beverley Honig, Fran Thorn, Helen Ormond, Mark Brogan, Shaun Coffey, and Michelle McCann to the organisation. In addition to providing good governance oversight, Board Members gave their time and expertise to our Board Committees; Audit and Risk Management Committee, Education Committee, People Committee, OET Development Committee and Remuneration Committee. As Board Chair I appreciate this effort greatly.

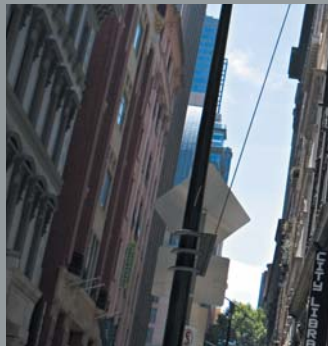
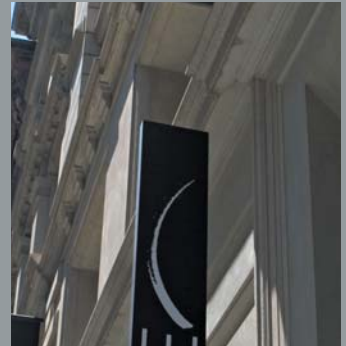
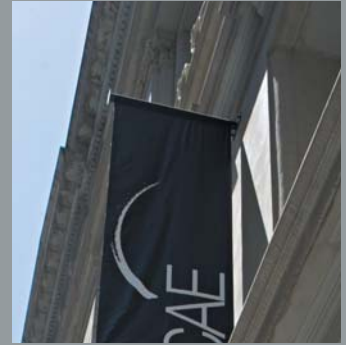
On behalf of the CAE Board, I would like to recognise the contribution of the Honourable Frank Crean, former Labor Federal Treasurer and Deputy Prime Minister, to CAE. Frank Crean was founding Chairman in 1947, when CAE was established under Victorian Government legislation, and remained in that role until 1974. He was a tireless and enthusiastic advocate for CAE throughout his lifetime. Frank Crean passed away on 2 December 2008.

The success of CAE stems from its people. Our thanks to CEO Denise O'Brien, the executive team and CAE's dedicated staff for their contribution to another excellent year.

A handwritten signature in black ink that reads "Frank King".

Frank King

Chair, CAE Board



► CEO'S MESSAGE

The provision of exciting, relevant and accessible programs and services to the residents, visitors and employers of Melbourne's fast growing vibrant CBD is at the heart of our work at CAE.



Our learners engage with CAE for many reasons; to enhance their learning capabilities or gain employment skills or pathway to further education. They may wish simply to learn for the joy of learning by participating in one of the many hundreds of short course options available to them. All of our learners are adults, from our youngest at 16 years of age, through to our 96 year old – all benefiting from the supportive learning environment that is CAE.

In 2008 CAE continued to dismantle barriers to employment and education for many of our participants. CAE launched a Return to Study program designed for individuals who have experienced a learning disruption of some kind. This flexible and individualised program assists in the acquisition of foundation skills such as literacy, numeracy and the skills to cope with further study.

CAE continued to work collaboratively with a wide range of industry and community stakeholders. ReTale Melbourne was initiated in 2008 and provides a unique combination of intensive interventions aimed at assisting homeless and at risk youth in the City of Melbourne to gain practical work skills and qualifications in the retail industry. Designed for young people disengaged from mainstream learning pathways, this program is a collaborative effort between CAE, Victoria Police, ANZ Trustees, Crown, Capital City Local Learning and Employment Network, Salvation Army, Melbourne City Mission and the City of Melbourne. Two cohorts attended the program and over 80% of learners successfully completed Certificate II in Retail. Many of the ReTale learners have gained ongoing employment. One learner was awarded a scholarship from the Dame Merlyn Myer Foundation and another won a scholarship to undertake VCE. I'd like to thank all of the partners who have worked with us to make this a successful program.

Following the success of the dual qualification in Community Services and English as a Second Language (ESL), 2008 saw the introduction of a triple certificate in Certificate III/IV in ESL for Employment, Certificate III in Aged Care Work and Certificate III in Home and Community Care. The programs support people from culturally and linguistically diverse (CALD) backgrounds to gain employment and provide much needed skilled bi-lingual workers to community and aged care services. Learners undertaking these courses successfully found work at the completion of their studies.

During 2008 our ESL staff were involved in the process of developing the new ESL Framework curriculum. This included learner and staff feedback sessions on the existing curriculum and staff involvement on the ESL Curriculum Advisory Group. The new ESL curriculum will be introduced in July 2009.

CAE offered courses in over 20 languages in 2008. CAE provided a wide range of language courses for learners as well as customised programs tailored to fit the needs of the Victorian Government and of corporate clients such as Yamaha. CAE continued its ongoing association with the Australian Federal Government, designing and delivering private tuition in a range of languages to government officers. As well as producing eight DVDs, scripted to provide basic language skills and appropriate cultural briefing for those deployed internationally for community policing.

CAE continued to engage with the Melbourne community through festivals and events. CAE was a supporting partner of the Melbourne International Film Festival, Melbourne International Arts Festival, and the State Library of Victoria's Summer Read program. CAE was involved in umbrella programming with Melbourne Spring Fashion Week and the Melbourne Food and Wine Festival. CAE in conjunction with the Australian Institute of Yoga, also participated in the inaugural Melbourne Yoga Expo.

CAE actively contributed to Melbourne's successful UNESCO City of Literature bid. CAE Book Groups and writing programs staff met with delegates, including librarians from Scotland and Northern England, from the Edinburgh City of Literature Trust at the State Library of Victoria in November. CAE Book Groups continued its partnership with the Melbourne Library Service to offer book clubs at City Library, North Melbourne Library, East Melbourne Library and Docklands Hub.

CAE continued to provide leadership to Adult and Community Education (ACE) in Victoria by providing advice about pre-accredited teaching and learning to ACE providers, delivering professional development for teachers and promoting the role of pre-accredited delivery in ACE as a pathway to further study and employment.

CAE's Education Quality and Compliance unit (EQAC) worked on several projects on behalf of ACFE in 2008. CAE employed a community of practice methodology to review and revise the A-Frame to incorporate employability skills. The A-Frame provides a key tool for planning high quality pre-accredited delivery in ACE. The EQAC unit also managed a state wide community of practice entitled *Adult Literacy and Numeracy in ACE Capability Building Project*. This is a two year program aimed at developing the delivery and assessment skills of literacy and numeracy teachers in ACE.

The success of CAE depends greatly on ensuring we have capable and engaged staff. Our investment in staff development saw 103 staff gain or upgrade to the TAA04 Certificate IV Teaching and Assessment qualification. In addition the nationally funded Reframing the Future project Managing Difficult Student Behaviour as a Result of Mental Health Issues was designed to increase the capability of teachers and trainers to respond to the diverse client base of CAE by developing their skills and knowledge and utilising appropriate internal and external support services to improve outcomes for learners.

Congratulations to the staff for their well deserved recognition at the inaugural Pathways "Excellence in Transition" Awards. CAE was acknowledged as an 'exceptional nomination' and awarded 'Highly Commended' in the Vocational Education and Training (VET) category.

Since taking up the appointment as CEO, I have been made most welcome. I am grateful for the ongoing support I and CAE receive from Sandy Forbes, General Manager ACFE and her team. I thank most sincerely the CAE Board for their encouragement and acknowledge their dedication to the provision of good governance. I welcomed the appointment of a new executive team in October 2008: Sue Seawright, General Manager Business Development and Consulting Services, Jan Golden, General Manager Learner Development and Delivery Innovation, and Gulay Cuvegen, Chief Financial Officer, General Manager Corporate Services. They bring an exceptional combination of experience, knowledge and strong leadership to CAE.

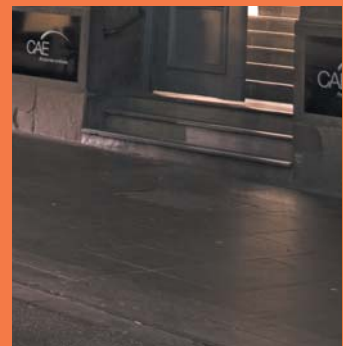
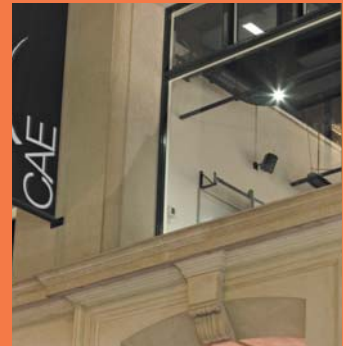
I appreciate and acknowledge the individual and collective contribution of the executive, management group and staff to the development of the *Strategic Framework 2009-2013*. The framework outlines four areas of service to our learners and clients: Learning for Learning, Learning for Earning, Learning for Business, and Learning for Living. With CAE Board input and endorsement the framework will guide our work at all levels and ensure that CAE leads in the provision of vocational, adult and community education programs and services.

Nothing is achieved in isolation, the great result for 2008 is entirely due to the executive and management teams, teachers and specialist – administration staff, who demonstrate on a daily basis their enthusiasm and professional support to the learners, employers and community they serve. I thank them for their ongoing commitment to CAE and their willingness to embrace the way forward.



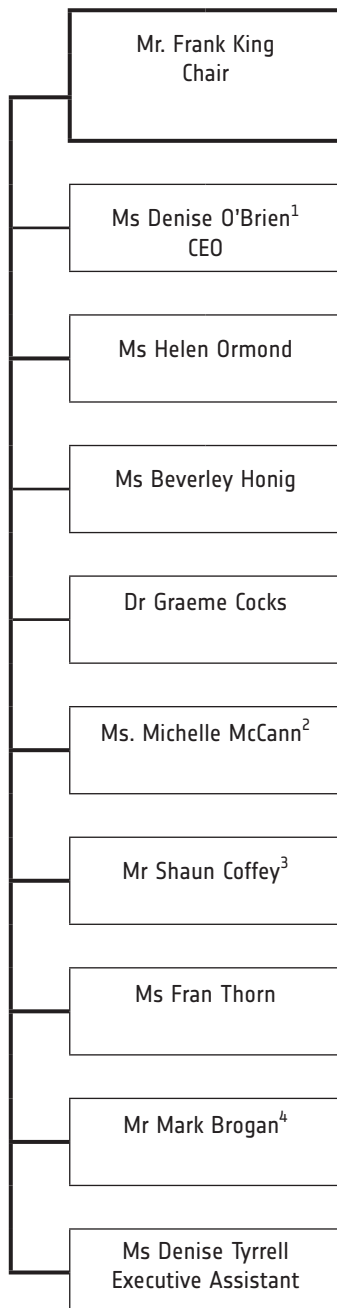
Denise O'Brien

Chief Executive Officer



► CAE BOARD

CAE BOARD AS AT 31 DECEMBER 2008



¹ Ms Moira Schulze
Interim CEO
15 May to 28 July 2008
Board Attendance: 1/1

Mr John Wills
CEO
2000 to 9 May 2008
Board Attendance: 2/2

² Mr Dave Tout
Elected Staff Member,
29 May 2007 to 29 August 2008
Board Attendance: 4/4

³ Ms Ylva Carosone
Elected Student Member
1 May 2006 to 29 May 2008
Board Attendance: 3/3

⁴ Mr Tony Martin,
Ministerial
17 August 2005 to 16 August 2008
Board Attendance: 1/3

The values of the CAE Board reflect the values of CAE: learning, inclusion, integrity, innovation, and commitment. The actions and decisions of the Board are influenced by these values and guided by CAE's Code of Conduct.

In 2008 there were five active Board Committees: an Audit and Risk Management Committee, an Education Committee, a People Committee, a Remuneration Committee and an OET Development Committee. These committees were bound by the terms and conditions that related to compliance and accreditation guidelines, imposed by government and external agencies.

As the governing body of CAE, the CAE Board was responsible for overseeing the strategic development and management of CAE. The CEO and executive team operated under the general accountability of the Board. The operational management of CAE was delegated by the Board to the CEO and executive team.

CAE Board members did not undertake any training during 2008.

The CAE Board held the following meetings in 2008:

- CAE Board: seven meetings
- Audit and Risk Management Committee: ten meetings
- Education Committee: four meetings
- People Committee: four meetings
- Remuneration Committee: three meetings
- OET Development Committee: three meetings

The Board's major achievements in 2008 included:

- Endorsement of the CAE Strategic Framework 2009-2013
- Implementation of ACFE Performance Agreement 2006-2009

BOARD MEMBERS



FRANK KING CHAIR

Co-opted appointment
Year of appointment February 2006
Re-elected 27 February 2008
Term expires 27 February 2010
Board attendance: 7/7

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 Chair of CAE, President of the Emergency Services Superannuation Scheme and a Board member of Victoria Legal Aid and the Growth Areas Authority. He is an independent member and Chair of the Audit Committees of the Department of Treasury and Finance, and an independent member of the Audit Committee of the Parliament of Victoria. He is also a member of Australian Institute of Company Directors. He was a recipient of the Centenary Medal for outstanding service to governments on policy issues. Frank King is also Chair of CAE's Remuneration Committee.



DENISE O'BRIEN CHIEF EXECUTIVE OFFICER

Appointed 4 August 2008
Board attendance: 4/4

Qualifications

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

Denise O'Brien brings strong leadership and management skills and a wealth of knowledge and experience to CAE. She has held a number of positions in teaching, management and leadership across many educational organisations in both regional and metropolitan Victoria. Until taking up the position of CEO of CAE in August 2008, Denise O'Brien was the CEO of Wodonga Institute of TAFE which won Large Training Provider of the Year at the Victorian Training Awards and National Training Awards in 2008. She holds formal education and management qualifications and is committed to vocational, adult and community education.



FRAN THORN DIRECTOR

Ministerial appointment
Commenced 31 January 2005
Term expired 31 January 2008
Re-appointed 22 April 2008
Term expires 15 March 2011
Board attendance: 3/5

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 Thorn was appointed Secretary of the Department of Human Services in March 2007. As Secretary, she is responsible for a portfolio which encompasses health, community services, housing, aged care and disability. Between 2005 and 2007, Fran Thorn was Secretary of the Department of Innovation, Industry and Regional Development. Immediately prior to this role she was with the Department of Sustainability and Environment as Under Secretary, Portfolio Performance. 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.



BEVERLEY HONIG DIRECTOR

Ministerial appointment
Commenced 21 June 2004
Term expires 31 January 2009
Board attendance: 6/7

Qualifications:

- Bachelor of Law
- Bachelor of Arts
- Masters of Business Administration

Beverley Honig is a Board Director of CAE, Chair of the OET Development Committee, Director of Melbourne Markets Authority, Director Australia Israel Chamber of Commerce, Chairman Virtual Health Technologies and Presiding Chair Essential Service Appeals. Previously a senior executive at Coles Myer for many years, Beverley is an internationally qualified lawyer and the CEO of Honeylight Enterprises, a thriving change management and business development business consultancy. Twice nominated International Businesswomen of the year, Beverley Honig has received three prestigious International Trade Awards in recognition of outstanding contributions in forging international trade links. Beverley is listed in the *Who's Who of Business* and is in demand as a public speaker on the topic of business change management, procurement and change management consulting experience together with her legal qualifications are applied in the area of compliance and corporate governance, as well as regulatory and social responsibilities, with particular focus on the role that strategic planning processes play in the exercise of corporate governance.



DR GRAEME COCKS DIRECTOR

Co-op 21 June 2004
Ministerial appointment
Commenced 14 August 2006
Term expires 31 July 2009
Board attendance: 6/7

Qualifications:

- Bachelor Degree Science
- Masters Science
- PhD Science

Dr Graeme Cocks is a widely recognised business and community leader with networks established in Australia and overseas, who is regularly listed in *Who's Who in Business* in Australia and in the World. He is an experienced CEO with strategic leadership skills, extensive knowledge of the education sector and a demonstrated ability to operate at Board level and meet the needs of a diverse range of stakeholders. Dr Graeme Cocks also has education experience as senior lecturer at the University of Adelaide, Professorial Fellow in Management at the Mt Eliza Business School and Associate Professor at Melbourne Business School. He is Chair of the CAE Education Committee.



MARK BROGAN DIRECTOR

Ministerial appointment
Commenced 3 September 2008
Term expires 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

Mark Brogan is an Executive Director with Ernst & Young Melbourne, which he joined in 2005. Prior to this he served with PricewaterhouseCoopers in four global regions – Europe, North America, Asia Pacific and Australasia. He is a member of the Information Systems Audit and Control Association in Melbourne. His expertise in financial reporting, internal and external audits, information technology and risk management enables him to provide governance oversight on significant information technology projects in addition to CAE's financial reports. Mark Brogan serves as Chair of the CAE Audit and Risk Management Committee.



HELEN ORMOND DIRECTOR

Ministerial appointment
Commenced January 2007
Term expires 31 January 2009
(renomination awaiting ministerial approval)
Board attendance: 7/7

Qualifications:

- Bachelor of Arts
- Diploma in Education
- Bachelor of Letters (Honours)
- Master of Arts
- Company Directors Diploma

Helen Ormond is an expert in change leadership and organisational alignment, having successfully led major programs in the corporate sector globally as well as in the public sector at a whole of government level. Her vocational education experience includes the implementation of an APEC award-winning program for a public utility and her membership of the Ministerial Advisory Committee in 2002 that established the TAFE Development Centre. Helen Ormond is currently a Program Director with Mt Eliza Executive Education at the Melbourne Business School. She has published, presented and been interviewed on a range of topics and her change leadership and research have been featured in the Australian Financial Review on several occasions. She is an accredited executive coach, a Fellow of AICD, Fellow of AIM, and Certified Professional of AHRI. Helen was inaugural chair of the CAE People Committee, and is a member of the Audit and Risk Management Committee.



MICHELLE MCCANN ELECTED STAFF REPRESENTATIVE

Commenced 15 November 2008
Term expires 15 November 2010
Board attendance: 1/1

Qualifications:

- Certificate IV in Disability Work
- Certificate III Aged Care Work
- Certificate III Home and Community Care
- Certificate III Community Services Work
- Certificate IV Training and Assessment
- Certificate IV Occupational Health & Safety
- Train the Trainer Certificate
- Certificate in Occupational Studies

Michelle McCann brings a staff perspective to the CAE Board. She is a teacher/coordinator in the Community Services Education Department and has over 15 years experience in the health and community services sector. In addition to teaching in community services she also works as a public safety officer at major events. She is chief fire warden and a health and safety representative.



SHAUN COFFEY ELECTED STUDENT REPRESENTATIVE

Commenced 30 July 2008
Term expires 6 August 2010
Board attendance: 4/4

Shaun Coffey brings a learner perspective to the CAE Board, and also sits on the CAE Education Committee. Shaun Coffey is currently undertaking an Arts Degree at the Australian Catholic University. He has been a learner at CAE for the past two years. He successfully completed VCE, undertaking philosophy, religion and society, English language and legal studies at CAE.

► CAE BOARD COMMITTEES

AUDIT AND RISK MANAGEMENT COMMITTEE

Committee Members: Mark Brogan (Chair), Gulay Cuvegen (CFO General Manager Corporate Services), Helen Ormond, Denise O'Brien (CEO) and Frank King.

The Audit and Risk Management Committee (ARMC) actively assesses operational and strategic risk factors.

In 2008 the committee monitored the following:

- Financial performance and the financial reporting process including the annual financial statements.
- Scope of work, performance and independence of internal audit and external auditor.
- Matters of accountability and internal control affecting the operations of CAE.
- Effectiveness of management information systems and other systems of internal control.
- Acceptability, correct accounting treatment and disclosure of significant transactions which are not part of CAE's normal course of business.
- Sign off of accounting policies.
- CAE's process for monitoring compliance with laws and regulations, and its own Code of Conduct and Code of Financial Practice.

EDUCATION COMMITTEE

Committee Members: Dr Graeme Cocks (Chair), Shaun Coffey (Student Representative) and Denise O'Brien (CEO).

In 2008 the Education Committee focused on quality assurance and education initiatives and trends. It also guided CAE's response to *Skills Victoria Skills Reform Discussion Paper* released by Jacinta Allan MP, Minister for Skills and Workforce Participation.

PEOPLE COMMITTEE

Committee Members: Helen Ormond (Chair), Fran Thorn, Denise O'Brien (CEO) and Rebekah Lee (Manager, Human Resources).

The People Committee was established in August 2007 to provide direction and oversight of strategic Human Resources Management (HRM) matters and assurance to the Board that such matters are being addressed effectively. The Board extended the duration of the People Committee to December 2008 to complete the designated HRM matters and to align them with the new strategic business plan of the organisation.

The People Committee reviewed the status and impact of Human Resources Management matters in the following areas:

- Cultural change.
- Employee engagement.
- Workforce planning and succession management.
- Competency development frameworks.
- Performance management strategy.
- New Human Resources policies.
- Significant appointments.
- Other matters as referred by the Board.

The People Committee monitored the progress of these matters and recommended alternative approaches as necessary.

OET DEVELOPMENT COMMITTEE

Committee Members: Beverley Honig (Chair) Denise O'Brien, Fel Bisiani and John Pill.

Key issues for the OET Development Committee included:

- Refining the assumptions on which the OET Strategic Plan is based.
- Monitoring the progress of the execution of the OET Strategic Plan.
- Determining the message communicated at the annual event for stakeholders (the OET Forum).
- Ensuring currency of policies and procedures.
- Contributing to the direction of OET-relevant research.

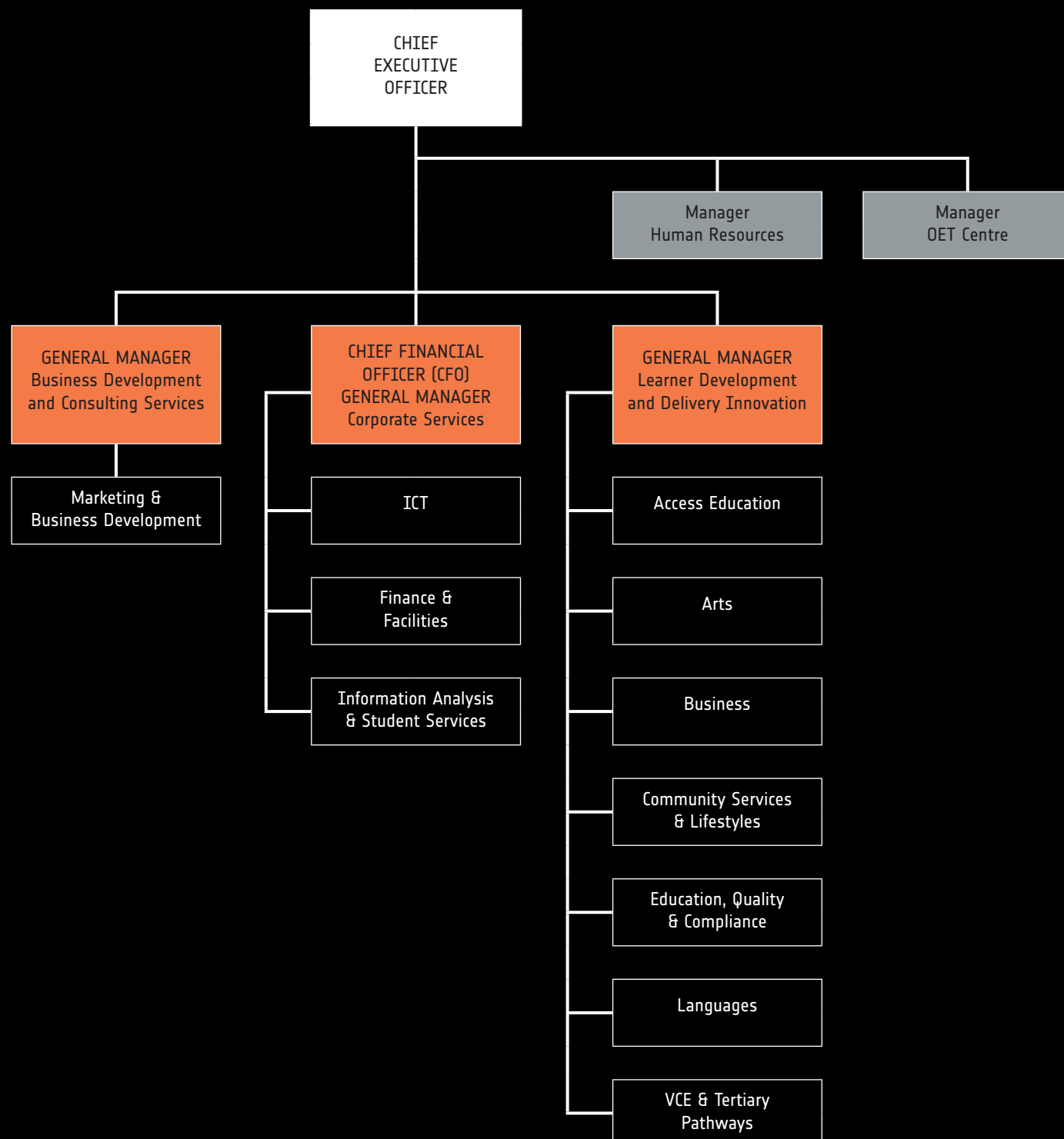
REMUNERATION COMMITTEE

Committee Members: Frank King (Chair) and Dr Graeme Cocks.

In 2008 the Remuneration Committee implemented the following:

- Review of key performance indicators and the annual performance of the CEO
- Remuneration Strategy to ensure consistency with CAE's business objectives and relevant laws.

► ORGANISATIONAL STRUCTURE



► EXECUTIVE TEAM

CHIEF EXECUTIVE OFFICER

Denise O'Brien commenced 4 August 2008 and is responsible for the strategic direction of CAE as delegated by the CAE Board. Denise O'Brien provided guidance, leadership and authoritative advice to the executive team, CAE staff and CAE Board. The executive team reports directly to the CEO.

*Moir Schulze acted as Interim CEO from May through July 2008.

John Wills was CEO from 2000 through May 2008.



GENERAL MANAGER, LEARNER DEVELOPMENT & DELIVERY INNOVATION

Jan Golden commenced 5 November 2008 and is responsible for government funded and accredited education programs across a suite of areas including, VCE, VCAL and tertiary pathways; English as a second language; literacy and numeracy; languages; professional writing and editing; visual arts; community services and lifestyles; training and assessment; business; information technology; and retail. As well as overseeing learner services, innovation in program delivery and the Educational Quality and Compliance unit.



GENERAL MANAGER, BUSINESS DEVELOPMENT AND CONSULTING SERVICES

Sue Seawright commenced 27 October 2008 and is responsible for Business Development, Consulting Services and Marketing. She is also responsible for a suite of fee for service education programs for individuals and organisations, including workforce development solutions in the areas of business, health and wellbeing, arts, and languages.



CHIEF FINANCIAL OFFICER (CFO), GENERAL MANAGER CORPORATE SERVICES

Gulay Cuvegen commenced 24 November 2008 and is responsible for corporate services including Finance and Facilities, Information and Communication Technologies, Customer Service, Student Administration and Information and Analysis.

► STUDENT DEMOGRAPHIC

REPORT OF OPERATIONS

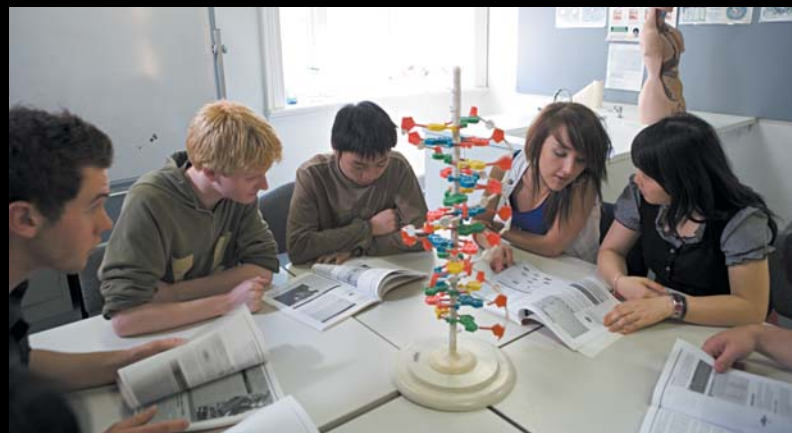
SCOPE OF ACTIVITY

In 2008 CAE was registered with the Victorian Registration and Qualifications Authority to deliver 52 courses. This includes 23 training package qualifications and 29 nationally recognised courses.



CAE SUBJECT ENROLMENTS AND STUDENT CONTACT HOURS (SCH)

ACE Program Category	TOTAL	
	Enrolments	SCH
Adult Literacy & Numeracy		
State Government Contracts	4,512	243,858
Fee for Service	119	4,211
VCE/VCAL		
State Government Contracts	2,936	212,506
Fee for Service	16	1,152
Employment Skills		
State Government Contracts	1,550	54,987
Fee for Service	910	5,393
Vocational		
State Government Contracts	7,807	278,022
Fee for Service	8,321	95,911
Book Groups		
Fee for Service	10,851	306,354
Enrichment		
Fee for Service	26,304	298,069
TOTAL	63,326	1,500,463



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

Age Group	Female	Male	Total
< 15	9	5	14
15 - 24	2,443	1,026	3,469
25 - 64	19,910	5,781	25,691
65 +	4,103	560	4,663
Not Stated	1,611	476	2,087
Total	28,076	7,848	35,924

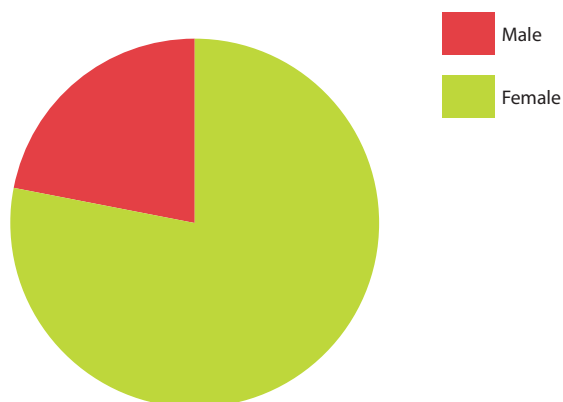
STUDENTS BY AGE GROUP (AGE TAKEN AT 30 JUNE 2008)

Age Group	Total Students	%
< 15	14	0%
15 - 24	3,469	9%
25 - 34	7,730	21%
35 - 44	5,713	15%
45 - 54	5,838	16%
55 - 64	6,410	17%
65 +	4,663	12%
Not Stated	2,087	5%
Total	35,924	100%

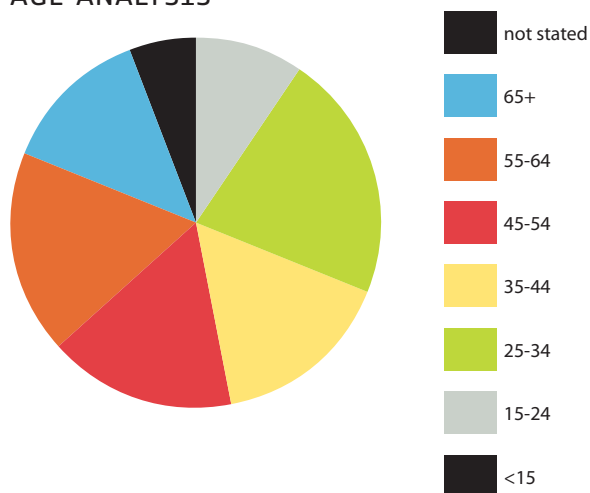
STUDENTS BY AGE GROUP BY FUNDING TYPE (AGE TAKEN AT 30 JUNE 2008)

Age Group	Govt.	FFS	Book Groups	TOTAL
< 15	0	14	0	14
15 - 24	789	2,700	42	3,469
25 - 34	690	6,891	298	7,730
35 - 44	550	4,345	932	5,713
45 - 54	513	3,515	1,961	5,838
55 - 64	394	2,834	3,337	6,410
65 +	166	1,054	3,521	4,663
Not Stated	2	1,391	696	2,087
Total	3104	22,744	10,787	35,924

GENDER BREAKDOWN



AGE ANALYSIS



$$\text{Module Load Completion Rate} = \frac{545,416}{867,332} = 0.63$$



▶ CAE PROGRAMS

CAE Diploma of Professional Writing & Editing student wins Victorian Premier's Literary Award Prize.

ReTale

The ReTale program was developed with industry partners Victoria Police, ANZ trustees, Salvation Army, Capital City Local Learning and Employment Network, Melbourne City Mission and others. This program is designed for at risk youth who have experienced a range of learning barriers within traditional programs. In 2008 two cohorts participated.

The ReTale program had a successful completion rate with over 80% of learners completing Certificate II in Retail. The course format includes support provided by learners studying Youth programs from Victoria University as well as a weekly program with a group of mentors from Victoria Police. Many of the learners have gained ongoing employment and one learner was awarded an Educational scholarship from the Dame Merlyn Myer Foundation. Another learner won a scholarship to undertake VCE.

Mandy Maroney was awarded the prestigious Victorian Premier's Literary Award for her novel *Going Finish*. The Prize recognises talent for an Unpublished Manuscript by an Emerging Victorian Writer.

Mandy says: "studying writing at CAE helped keep the momentum going – and really assisted in getting me to work towards a deadline. I enjoyed the welcoming and encouraging learning environment at CAE – making connections with other like-minded students and forming a network to discuss and workshop ideas was such a helpful process while writing this novel."



Ola Cohn Sculpture Award

Former DVA student Patrick Delbosc was awarded the winner of the Ola Cohn Sculpture Award for his work 'Tween': "This work explores the nature of family and of reactions to society life. Full of life, 'Tween' engages in an emotional conversation about love and seduction, but also the changing loving relation between persons within a family. The warm copper materials, changing colour over time and light conditions aim at enhancing this expression of change, discovery, excitement and pleasure.



Summer Read

CAE Book Groups continued its support of the State Library of Victoria's Summer Read program by promoting the Summer Read to book group members across Victoria, provided specially commissioned discussion notes for select Summer Read titles and ran a Summer Read Book Club at the City Library.

ACCESS EDUCATION & TRAINING

The Access Education and Training Centre (AET) is made up of the Literacy and Numeracy and English as a Second Language Programs. The AET Centre runs mainly accredited courses but also offers fee for service short courses, industry programs and Workplace English Language and Literacy (WELL) programs.

During 2008, the AET Centre held a number of professional development workshops for staff including:

- Teacher voice care.
- Resources for teaching about government.
- Information on the International English Language Testing System (IELTS).
- Job applications and interview skills for teachers.

Staff were given information about the recently released results of the International Adult Literacy and Life skills survey (ALLS) that took place across Australia between July 2006 and January 2007. The results showed that many adults in Australia have poor literacy and numeracy skills and that Victorian results were lower than most other states.

Many of the staff also upgraded their qualifications during the year and obtained the Certificate IV in Training and Assessment and units from the Advanced Diploma of Language, Literacy and Numeracy Practice in VET.

LITERACY & NUMERACY

The new Certificates in General Education (CGEA) were consolidated in 2008. The curriculum offers literacy and numeracy units and a wide range of electives in science, art, and computing. Digital storytelling was introduced in 2008 and proved very popular with learners. Many learners who undertake these programs have significant physical, psychiatric and learning disadvantages.

Two staff members from the Literacy department participated in the *Adult Literacy and Numeracy in ACE Capability Building* project funded by ACFE. The project involves participants in a community of practice which is designed to build the capability of practitioners in ACE adult literacy and numeracy programs; to build knowledge about curriculum and current research and to produce a range of practical tools, curriculum resources, assessment tools and learning materials. This project will continue into 2009.

ENGLISH AS A SECOND LANGUAGE

The English as a Second Language (ESL) program delivers a range of certificates, from initial English language learning to professional and academic training. Many of the courses focus on developing the language skills required for employment in Australia. Another important aspect of accredited ESL provision is the full time course - Preparation for the OET for overseas trained medical professionals.

In 2008 a triple certificate in Certificate III/IV in ESL for Employment, Certificate III in Aged Care Work and Certificate III in Home and Community Care was introduced. Learners undertaking dual and triple certificates with ESL and Community Services readily found work at the completion of their studies.

Staff from the ESL department participated in the development of the new ESL framework curriculum. Staff and learners participated in feedback sessions on the existing curriculum, and staff were involved with the ESL Curriculum Advisory Group. The new ESL curriculum will be introduced in July 2009.

ESL SHORT COURSES

An expanded range of fee for service short courses for ESL learners were introduced in 2008 – particularly for professionals working in English language environments. The most popular courses included Business English – Writing for Work and Business English – Speaking for Professionals.

Short course provision also included part time preparation for the OET and IELTS.

INDUSTRY PROGRAMS

The Industry Program provided workplace training to ESL background employees from organisations as diverse as engineering, economics and legal firms, to a large bus company. This training ranged from one-to-one tuition to ongoing, customised training for groups from floor staff to supervisors.

In November work began on a WELL project with Maribyrnong Council workers. This project is funded by Department of Education, Employment and Workplace Relations (DEEWR).

ARTS

CAE Arts provides creative and innovative approaches to learning, allowing learners to freely express, challenge and reinvent. CAE's Arts offers fee for service courses in visual arts, performing arts, fashion, textiles, writing and film, and accredited programs in visual arts and professional writing and editing.

CERTIFICATE I IN VISUAL ART AND CONTEMPORARY CRAFT AND DIPLOMA OF ART – VISUAL ARTS

In 2008 CAE delivered two intakes of Certificate I in Visual Art and Contemporary Craft. A number of graduates from this program have successfully applied to continue their study in the Diploma of Visual Arts at CAE. This foundation level program enables participants to develop basic skills and ideas within visual arts and has acted as a successful transition stage between short courses and diploma studies at CAE.

The Diploma of Visual Arts (DVA) is a two year nationally accredited program that is offered both full time and part time. Its 2008 graduates continue to be successful in gaining entry to university art schools, both at first year and postgraduate levels. The majority enter the arts industry directly, setting up their own businesses as artists, and exhibiting regularly.

Highlights

Staff continued to exhibit widely in Victoria and interstate. Many visual arts learners participated in group showings and exhibitions in 2008 including:

- Former DVA student Patrick Delbosc was included in the Montalto Sculpture Prize, Montalto Vineyard, Shoreham, February-April and won the CAE Ola Cohn Sculpture prize.
- Access Graduate Exhibition, Pigment Gallery, November.
- 2nd Year DVA sculpture exhibition "Groundswell", Dantes Gallery, Fitzroy.
- 1st year DVA exhibition, Pigment Gallery, November.
- New Studio work '08, a survey exhibition of major and minor DVA learners' work, Eckersleys Open Space Gallery, December.

DIPLOMA OF ARTS – PROFESSIONAL WRITING & EDITING

Diploma of Arts – Professional Writing and Editing (PWE) is a vocationally oriented course aimed to prepare learners for employment in the writing and publishing industries. CAE is considered by the professional writing community to be one of the leaders in training and delivery of professional writing and editing courses. In building on this reputation and to capture a diverse market, in 2008 CAE concentrated on subjects with a greater potential vocational outcome, increased online options and successfully trialled Editing I as a fee for service program. Courses are taught by practising writers who are also experienced teachers and covers writing across a range of subjects. In 2008 PWE enjoyed another successful year, exceeding its enrolment quotas, with staff and learners successfully being published.

Highlights

Many learners have obtained positions in writing, publishing and editing as a result of the Practical Placement subject which is for 81 hours. Learners often make contacts which result in jobs at the end of the Diploma.

The number of learners doing subjects which have greater employability skills has increased over the last five years. For instance non-fiction enrolments have increased from 14 in 2002 to 43 in 2008.

A high number of learners in Non Fiction achieve publication which augurs well for their employability. In 2006, 19 out of 25 Non Fiction 1 learners had a publication outcome. Since completing Non Fiction 2 in 2005, two learners already have signed book contracts.

Numerous past and present learners now work in publishing, editing, non-fiction writing, corporate writing or have their own business.

SHORT COURSES – VISUAL ARTS, FASHION & TEXTILES, WRITING, ACTING & FILM

Short course programs in visual arts, fashion, textiles, writing, acting and film remained highly popular with learners seeking basic or beginner level courses, as well as with those wanting to build on their skills. All three programs delivered a significant increase in courses offered and participation. The most popular courses were acting, drawing, painting, photography and sewing. Redeveloped drawing, design and sewing rooms expanded capacity and continued to improve learner experiences.

Highlights

Two popular courses from the spring Visual Arts program were selected as a basis for inspiring CAE @ City Library talks. Fine Art Auctioneer and Valuer Tim Abdallah shared his advice on “Buying Art for Investment” and Robin Grow, President Art Deco Australia spoke about the “Great Art Deco of Melbourne”.

The summer series in fashion and jewellery design was a popular format and there were capacity enrolments in many of its courses over this period.

In September and October CAE conducted a four week Screen Printing workshop with vendors and participants from the Big Issue art group. The workshop was funded by a grant from the City of Melbourne and was conducted by Paula McLoughlin at the Ola Cohn Centre. Participants learned the basics of screen printing including design, colour and placement. They created prints using cut stencils and photographic techniques and printed onto bags, tea towels and t-shirts. In December the Big Issue held an evening of readings, spoken word, song and film called *Homeless Not Artless* at ACMI, during the Homeless World Cup. Images of the Screen Printing workshop and artworks were displayed.

CAE continued its partnership with the Melbourne International Animation Festival. CAE film, animation and visual arts learners and staff were invited to attend the opening night event, among 300 other events and screenings held during the festival.

Writing, Acting and Film program coordinator, Fiona Tuomy received post-production funding from *Screen Australia* as writer/director/producer for her short film *Five New Things*.

BUSINESS & IT TRAINING

The Business and IT Training department offers a range of nationally accredited and fee for service programs to individuals and small-to-medium enterprises. In 2008, CAE delivered 443 Business & IT short course programs to 3,900 learners and over 350 VET units were offered to 3,500 participants. Business and IT Training also conducted nationally accredited Workplace Training and Assessment, Information Technology and Business programs.

Highlights

The Business and IT Training department established a relationship with the Inner Melbourne VET Cluster (IMVC) to deliver Certificate II in Business and Certificate II in IT programs to over 50 learners from local private and public schools as part of a VET VCE program.

The ReTale program was developed with industry partners Victoria Police, ANZ trustees, Salvation Army, Capital City Local Learning and Employment Network, Melbourne City Mission and others. This program is designed for at risk youth who have experienced a range of learning barriers within traditional programs. In 2008 two cohorts participated. The ReTale program had a successful completion rate with over 80% of learners completing Certificate II in Retail. The course format includes support provided by learners studying Youth programs from Victoria University as well as a weekly program with a group of mentors from Victoria Police. Many of the learners have gained ongoing employment and one learner was awarded an Educational scholarship from the Dame Merlyn Myer Foundation. Another learner won a scholarship to undertake VCE.

The Business and IT Training department continued to work with industry clients to deliver both accredited and short course programs. Clients included Northern Support Services, Victoria Police, Electrical Trades Union, University of Melbourne, Deakin University, Department of Human Services, National Gallery of Victoria, Peter MacCallum, Australian Red Cross, Department of Innovation, Industry & Regional Development, Department of Parliamentary Services, Australian Super Pty Ltd, Women's Health Victoria, Powercor Australia Ltd, Quicken Australia, and National Institute of Accountants.

COMMUNITY & LIFESTYLES

CAE Community and Lifestyles Centre offers a range of fee for service courses, including food, philosophy, history, singing, dance, fitness and natural therapies, a national book groups program and nationally recognised training in community services, fitness training and yoga teaching and therapy.

BOOK GROUPS

CAE Book Groups had 1009 book groups and 10,845 members across Australia in 2008, with 761 book groups in urban and rural Victoria and 248 interstate book groups. In 2008, 14 book groups had been operating for over 50 years, while more than 240 groups have been operating for less than five years.

CAE Book Groups continues to innovate and be relevant to the Melbourne and wider Victorian communities by providing a café book club program in the CBD, producing six electronic newsletters each year, maintaining an up-to-date web presence, including an online version of Book Groups catalogue and by building partnerships with Melbourne Library Service, City of Melbourne, the State Library of Victoria and MS Readathon.

Highlights

CAE Book Groups continued its support of the State Library of Victoria's Summer Read program by promoting the Summer Read to book group members across Victoria, providing specially commissioned discussion notes for select Summer Read titles and running a Summer Read Book Club at the City Library.

Through its partnership with Melbourne Library Service CAE Book Groups offered subsidised CAE Book Groups at four locations: East Melbourne, North Melbourne and City Libraries and Docklands Hub. In this model, CAE provides the resources and Melbourne Library Service provides the venues. This partnership was launched in 2007 to respond to enquiries from inner city readers looking to join book clubs in their local area.

Seven facilitated Café Book Clubs were held at Journal Canteen in 2008. The Café Book Club program was introduced in 2007 to meet the needs of readers seeking to join a book group in the inner city and has proved particularly popular with CBD workers.

CAE Book Groups submitted program information that contributed to Melbourne's successful UNESCO City of Literature Bid and met with delegates, including librarians from Scotland and Northern England, from the Edinburgh City of Literature Trust at the State Library of Victoria in November.

Staff from CAE Book Groups regularly reviewed books for Melbourne's largest independent bookseller, Readings. These reviews have been featured in print and online in Readings Monthly Newsletter throughout 2008.

CAE Book Groups hosted a work experience student from Melbourne Girls Grammar School in October and a Churchill Fellowship recipient from the New Zealand Book Discussion Program in November 2008.

COMMUNITY SERVICES EDUCATION

The Community Services Education department offers a range of vocational courses in residential and community based aged care, disability work and community services work. CAE teachers regularly liaise with employers in the community services field to ensure courses meet the requirements of the industry. CAE learners also participate in practical training and supervised work placements to ensure they are job ready.

Highlights

CAE was the proud recipient of one of the inaugural Pathways 'Excellence in Transition' Awards. Pathways is a biannual national conference that has established a reputation as the premier national forum for the sharing of ideas surrounding disability and post compulsory education since it was first held in 1991. CAE was recognised as an "exceptional nomination" and awarded "Highly Commended" in the VET Category. Community Services teaching staff and the CAE Equity and Access Coordinator supported a learner with dual sensory impairment to complete the Certificate III in Community Services over the last two years.

The joint initiative between CAE and MECWA, one of the leading providers of Aged Care in Victoria, continued in 2008 with CAE provision to employees of MECWA of the dual qualification – Certificate III in Aged Care Work and the Certificate III in Home and Community Care.

A Community Services staff member was invited to participate in a reference group convened by the Department of Human Services. The reference group provided industry expertise and knowledge on issues regarding training and pathways for Certificate III workers in Aged Care. A research tool was developed to gain stakeholders' feedback and to ensure funding could be directed to the appropriate areas.

Professional development, as a component of study towards a Masters of Education (Research) undertaken by a teaching member of staff of Community Services, provided her with the opportunity to participate in two workshops in 2008 as part of an international and global study program, CROSSLIFE (Cross-cultural Collaboration in Lifelong Learning and Work). This was a study program involving (two) workshops in Finland and Malta that offered opportunities to learn about transformations in lifelong learning and work around the world by participating in cross-national workshops that brought together small groups of professionals and researchers working in adult and vocational education in different countries. Researchers and teachers from six universities in Finland, London, Malta, Zürich, Copenhagen and Monash University designed the workshops as part of a collaborative European Union-supported project. CAE provided the teaching member with two weeks' study leave for each international workshop.

The study tour also provided the opportunity to visit the Faculty of Policy and Society, Department of Lifelong Learning and Comparative Education, Institute of Education, London University, Uxbridge College in London, which is the largest Further Education College in London with approximately 10,000 learners and about 250 different courses and two universities in Edinburgh – the University of Edinburgh and the Queen Margaret University.



CAE conducts Screen Printing workshop with vendors and participants from the Big Issue

In September and October CAE conducted a four week Screen Printing workshop with vendors and participants from the Big Issue art group. The workshop was funded by a grant from the City of Melbourne and was conducted by Paula McLoughlin at the Ola Cohn Centre. Participants learned the basics of screen printing including design, colour and placement. They created prints using cut stencils and photographic techniques and printed onto bags, tea towels and t-shirts. In December the Big Issue held an evening of readings, spoken word, song and film called *Homeless Not Artless* at ACMI, during the Homeless World Cup. Images of the Screen Printing workshop and artworks were displayed.



Going Green

The green committee's activities in 2008 include a staff screening of *An Inconvenient Truth*, Tree Planting Day, Ride to Work Day and Earth Hour. In addition recycling bins were implemented in the 253 Flinders Lane and 21 Degrafs Street campuses. Also, CAE's new *Strategic Framework 2009-2013* outlines a commitment to Sustainable Practice, beginning in 2009.

CAE continued its ongoing partnership with the Australian Government.

CAE designed and delivered private tuition in a range of languages with the production of eight DVDs for government officers in a number of Australian cities. These DVDs were scripted to provide basic language skills and appropriate cultural briefings for officers deployed internationally. The DVDs were Bahasa Indonesian, Pashto and Dari Afghani, Sudanese Arabic, Tonga, Tetun and the Solomons, Vanuatan and Papuan pijins. Production involved nineteen translators/actors and was filmed in gardens, parks and restaurants around Melbourne.



Community Services teaching staff collaborated with a number of agencies including Frontyard Youth Services, Sacred Heart Mission, Doutta Galla Health and Hanover Welfare Services in the exchange of knowledge and teaching and learning practices in the Community Welfare sector.

CAE and Disability Employment Action Centre (DEAC), who provide employment, education and training services for people with a disability, partnered to provide four learners from DEAC with disabilities the opportunity to complete their work experience assessment in the Community Services Education office.

A large cohort of graduates of Community Services courses have gained employment in the sector, particularly within the organisations where they had undertaken industry placement during their course. Alternatively these graduates have continued their learning journey in higher education.

LIFESTYLES

The lifestyles program offers short courses linked to trends in popular culture, including music, dance, food, walking tours, history, travel, personal improvement and philosophy.

Highlights

The on-site demonstration cooking program in the Journal Canteen continued to showcase leading chefs and foodie experts of Melbourne with the Cupcakes Galore phenomenon proving to be very popular. Many successful partnerships continued throughout 2008 which saw lifestyles courses delivered at or in conjunction with leading Melbourne organisations including Alfred Brash Soundhouse, Belgian Beer Café, Bluestone, Stella Maris Seafarers Club, PBS FM, Lavazza Coffee, Victorian College of the Arts, The Dance Academy, Royal Park Golf Course, Armadale Cellars and Melbourne Food Tours.

WELLBEING

The wellbeing program offers a variety of short courses in fitness, Pilates, yoga, tai chi, massage, meditation and natural medicine. Fee for service accredited courses cater for those preparing for employment in the fitness industry as fitness instructors and personal trainers. In addition the program offers the Advanced Diploma of Yoga Teaching and the Graduate Certificate in Yoga Therapy.

Highlights

The partnership between CAE and the Australian Institute of Yoga Therapy to deliver Australia's only nationally recognised and state accredited courses in yoga teaching and therapies has proven to be successful and in December a graduation ceremony was held celebrating the achievements of 29 students of the Advanced Diploma of Yoga Teaching and the Graduate Certificate in Yoga Therapy. CAE and the Australian Institute of Yoga also participated in the inaugural Yoga Expo in Melbourne to promote these courses.

EDUCATIONAL QUALITY & COMPLIANCE UNIT

The Educational Quality and Compliance unit (EQAC) has completed its second year of operation. EQAC supports quality provision and ensures that CAE meets its obligations under the Australian Quality Training Framework (AQTF). EQAC provides guidance for accredited and short course program staff for the continuous improvement of the quality of teaching and learning programs at CAE. EQAC also undertakes adult education projects, specialising in adult language, literacy and numeracy (LLN) and provides leadership in pre-accredited teaching and learning.

Highlights

AQTF Quality

- 100% compliance result in the Invalid Enrolment audit.
- Internal professional development sessions for all staff:
 - Supervision Policy and Skills Recognition
 - Student Feedback Process and Student Record Keeping
 - Unpacking Training Packages
 - Assessment and Validation Processes and Procedures Session 1
 - Assessment and Validation Processes and Procedures Session 2
 - Re-registration checklist – AQTF 2007
 - Audit Feedback Report, and
 - Learning and Assessment Strategy Outline (LASO) Preparation.
- Significant improvement in the focus of staff on developing a cohesive and informed approach to the delivery and assessment of courses.
- Support for staff upgrade to the Certificate IV Training and Assessment.
- Large increase in the number of RPL assessments at CAE in 2008. This is a government priority area.

Projects

Pre-accredited programs play a vital role in providing access and pathways for learners to community involvement, accredited vocational education and training, higher education and employment. These programs provide a stepping stone for those who find entry into the training system challenging because they don't know where to start or what is available and lack the confidence and skills to navigate the system. In an environment where it is increasingly important for pre-accredited delivery to be quality-assured, the A-Frame provides a key tool for planning high quality pre-accredited delivery in ACE. Government and industry are becoming more aware of the role pre-accredited teaching and learning plays in the delivery of VET and in engaging the most disengaged and disadvantaged learners. CAE continued its role to provide strategic leadership, oversight and management of the A-Frame and to promote its use in 2008.

One of the key projects for 2008 was revising the A-Frame to integrate employability skills. In 2008 CAE undertook a review of the A-Frame tools and resources and formed a Community of Practice to review, trial, and inform the revised A-Frame in order to incorporate employability skills. When this revised resource is finalised it will be made available to ACE providers and published online. Papers regarding the revised A-Frame will be submitted for review and publication in industry journals.

Another key project was the completion of Australian Core Skills Framework (ACSF), in partnership with LWA and Associates and Kulu Management. The ACSF is a tool which describes and measures English language, literacy and numeracy (LLN) skills wherever individuals work, learn and communicate. It underpins the quality management of the Australian government LLN programs and is a key component of the infrastructure which exists to support and improve Australian adults' LLN skills.

EQAC staff presented a number of workshops at the Australian Council of Adult Literacy national conference and the Victorian Adult Literacy and Basic Education statewide conference.

Philippa McLean presented professional development workshops for Charles Darwin University, Chisholm TAFE, TAFE NSW and VISTA.

In partnership with Kangan Batman, EQAC completed a language literacy and numeracy assessment toolkit for Corrections Victoria.

Another key project was the management of a state wide Community of Practice project entitled *Adult Literacy and Numeracy in ACE Capability Building* on behalf of ACFE. This project's focus is developing the delivery and assessment skills of literacy and numeracy teachers in ACE. Outcomes of this two year project will include a website linked to the ACFE website and a number of delivery resources for use by literacy and numeracy practitioners.

EQAC also developed a set of national resources for the delivery and assessment of the CGEA. This project was funded by DEEWR and designed for use in their LLN program.

LANGUAGES

In 2008 CAE offered courses in over 20 languages. CAE offers courses from beginner to advanced levels, both short courses and accredited courses. The most popular languages are French, Spanish, Italian, Japanese and Mandarin, with an increasing number of learners studying Hindi, Dutch, and Latin.

A range of options was offered to learners from beginners courses in either essential travel phrases or fundamentals preparatory to higher-level study, as well as advanced conversation classes where learners are able to practise high-level skills in verbal discussion.

Highlights

CAE Languages new restaurant course program continued to grow in 2008 as a popular way for learners to enjoy beginners and continuing conversation classes. The program expanded its partnership with nine inner-city restaurant venues and to new languages including Arabic and Mandarin.

Taster courses continued to attract large numbers. CAE Languages repeated 2007's successful Sampler program on 29 to 31 January and again on 10 July with the aim of converting potential learners into beginner language classes. Over 400 learners participated in the one hour tasters with a high proportion immediately enrolling in a follow-on class.

CAE also delivered customised language and cross-cultural communication skills training to corporate clients including Yamaha, Victorian Government and Anca Motion. Training was delivered to individuals and to small groups, focusing on business language and business etiquette.

CAE continued its ongoing partnership with the Australian Government. CAE designed and delivered private tuition in a range of languages to Government officers in a number of Australian cities.

Additionally, CAE Languages produced eight DVDs. These DVDs were scripted to provide basic language skills and appropriate cultural briefings for officers deployed internationally. The DVDs were produced in Bahasa Indonesian, Pashto and Dari Afghani, Sudanese Arabic, Tonga, Tetun and the Solomons, Vanuatu and Papuan pijins. Production involved nineteen translators/actors and was filmed in gardens, parks and restaurants around Melbourne's inner city.

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 and health professionals in one country and wish to gain provisional registration to practise their profession in an English-speaking context. The OET is administered by the OET Centre.

Candidates for the OET are from twelve health and allied health professions: dentistry, dietetics, medicine, nursing, occupational therapy, optometry, pharmacy, physiotherapy, podiatry, radiography, speech pathology, and veterinary science. Medicine, dentistry and nursing currently provide the largest numbers of candidates. All four language skills are tested – listening, speaking, reading and writing – with an emphasis on contextualised communication for professional purposes. The Speaking and Writing sub-tests are specific to each profession, while the Listening and Reading sub-tests are common to all candidates.

The test is currently used by governing bodies of health professions at state and national level in Australia, New Zealand and Singapore. Each Board or Council 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 and technical support.

2008 Performance Results

In 2008 the OET Centre administered the Test globally six times. For the first time marginally more candidates sat in Australia than internationally, largely due to 60% of nursing candidates taking the test in Australia. Nursing provided the largest professional group sitting the OET (49% of the total candidature for 2008), followed by dentistry, medicine and pharmacy.

Global test registrations for 2008 were up 45% compared with 2007, with a 40% increase in candidates sitting in Australia and a 49% increase in those sitting in other countries. New editions of profession specific practice materials were published for the five major professions this year. Revenue from publication sales in 2008 exceeded budget by over 50%.

OET REVIEW

Website

Further development by Pitcher Partners of the OET Centre website for Candidate Application and Reporting System (CARS) has continued to increase administrative efficiency. All candidates apply online and over 80% also pay online. On average over 250 online enquiries per week are lodged and are answered within twenty-four hours.

Conferences and Presentations

OET Management staff presented to a range of Regulatory Authorities and Government departments, attended an interdisciplinary symposium on Communication in Health Professional Education at the University of Melbourne and hosted a delegation from the Chinese National Medical Examination Centre and government officials from provincial health departments. John Pill attended the ILTA Language Testing and Research Colloquium in Hangzhou, China, where a paper he co-authored with University of Melbourne staff and other papers on the OET were presented.

Over 70 stakeholders attended the OET Forum in May, which focused on the OET candidate. The Forum was opened by Ms Beverly Honig, a member of the Board of CAE. Ms Ileana Guizzo of the Australian Dental Council then spoke about how the Council uses the OET in its registration process. The keynote speaker, Professor Tim McNamara of the School of Languages and Linguistics, University of Melbourne, addressed the topic The Social Dimensions of Assessment. Fel Bisiani, Manager of the OET Centre then interviewed two international medical graduates [IMGs], one successfully established in his career here, the other a recent successful OET candidate seeking employment.

Dr Eleanor Flynn of the Medical Education Unit, University of Melbourne then gave her perspective on the current situation for IMGs. Ms Elizabeth Carter, Senior Legal Officer of the Skilled Migration National Office of the Department of Immigration and Citizenship gave an update on General Skilled Migration (GSM) targets and changes, addressed onshore and offshore visa requirements, English language requirements and affirmed that the OET is viewed by DIAC as evidence of eligibility for GSM applications. Ms Margaret Proctor, Director of the Professional and International Recognition Unit, Department of Education, Employment and Workplace Relations spoke about conditions governing eligibility for financial support for overseas trained health professionals.

The OET Assessment Manager, John Pill discussed the overlaps between language, professional and communication skills and encouraged participants to consider what a language proficiency test should focus on. Karen Cook, CEO of the Australian Nursing and Midwifery Council addressed the balancing act faced in the competing issues of Australia's need for competent health professionals, the health workforce requirements of other countries and the rights of Australian consumers. The final session provided the opportunity to discuss nominated key issues raised by speakers during the day before giving small group feedback.

Relationships with Stakeholders

The OET Stakeholder Group, which has members from Federal Government departments, professional bodies and the University of Melbourne, met twice in 2008. OET procedures, the CARS program, research and planned developments within the professions were discussed with attending stakeholders.

The OET Development Committee, comprising the CEO of CAE, a CAE Board member and OET Centre management staff, met three times to discuss strategic planning, policies, procedures and research.

The OET Centre held regular meetings with representatives of the Boards and Councils that govern the health professions at state and national level and with staff of the Language Testing Research Centre of the University of Melbourne.

Research

Luke Harding and Kerry Ryan, University of Melbourne, and John Pill, The OET Centre, "Decision making in marking open-ended listening test items: The story of a marking guide, from designers to users". The two researchers were awarded 2008 Spaan Fellowships for this study.

Professor Lesley-Anne Hawthorne, Faculty International Unit, Faculty of Medicine, Dentistry and Health Sciences & Associate Professor Graeme Hawthorne, Dept. of Psychiatry: analysis of OET data 1991-2005 (results due February 2009).

Natalia Guerreiro, Applied Linguistics student, University of Melbourne, and Dr Ute Knoch, Language Testing Research Centre, looked at possible factors affecting writing task difficulty using Nursing materials and suggested some revisions to the writers' guidelines, which should provide useful information for the further development of the OET test bank.

Dr Knoch also carried out research over several test administrations on how more detailed feedback to assessors on their performance might help them modify that performance.

Highlights

- Approval of OET Centre candidate ID checks procedures by the Integrity Branch, Department of Immigration & Citizenship.
- Two additional global test administrations delivered.
- All targets exceeded.
- Test assessment period reduced.

VCE, VCAL & LIBERAL ARTS

VICTORIAN CERTIFICATE OF EDUCATION

In 2008, 815 learners enrolled in the Victorian Certificate of Education (VCE) program at CAE. Included in this number were 146 cross-campus, school aged students who undertook a specific subject enrolment at CAE. The VCE program at CAE offers fifty subjects, through 71 classes across years 11 and 12. The program includes such specialist subjects as Classical Societies and Cultures, History: Renaissance Italy, and English Language, as well as the major subjects in Sciences, Mathematics, Humanities, Commerce, the Arts, and Chinese.

The majority of VCE learners were enrolled in one or two subjects only, reflecting the appeal of part-time study at CAE.

Highlights

One learner from Year 12 VCE Drama was selected to audition to join a small number of the best learners in the state to showcase her skills at a presentation in 2009.

Year 12 results were strong, with seven CAE learners gaining an ENTER score in excess of 95. The majority of learners (61%) received their first or second tertiary preferences. Offers included entry to Law, Medicine, Optometry, Software Engineering and Paramedicine, as well as Arts and a range of humanities disciplines. One mature-age learner, Joshua Anderson, credits both the excellence of teaching at CAE and the advice and assistance of the CAE Counsellor in achieving his lifetime goal of entry into Pharmacy at Monash University.

VICTORIAN CERTIFICATE OF APPLIED LEARNING

The Victorian Certificate of Applied Learning (VCAL) is a practical alternative to VCE and is an accredited secondary certificate. VCAL provides learners with work related experience, literacy and numeracy skills, as well as the opportunity to build on people skills that are important for both life and work.

Highlights

- VCAL became part of the Tertiary Pathways Centre.
- VCAL increased its enrolments in 2008.
- For the first time VCAL learners complete and are awarded VCAL Certificates – 10 in total.
- VCAL expanded its e-learning capacity by delivering a digital storytelling and blog creation project.

DIPLOMA OF LIBERAL ARTS

The Diploma of Liberal Arts (DLA) is a humanities based course which is now a widely accepted pathway into Arts and Social Science degrees at all Victorian universities. In 2008, the DLA continued to develop at CAE with 102 learners enrolled. Eleven DLA learners graduated with the full Diploma in 2008 and an additional ten learners successfully completed the Certificate IV in Liberal Arts. CAE Diploma graduates obtained entry into arts and social science courses at Deakin University, Swinburne University, Victoria University, La Trobe University, Monash University and the Australian Catholic University.

Highlights

CAE hosted a Statewide Professional Development day on 12 December 2008 for all DLA providers. Thirty-five staff from both metropolitan and rural areas attended the day, which consisted of two presentations – one by Karen Charman, Victoria University, on learning and teaching in public spaces, and another by Linnet Hunter, Victoria University, from the Teacher and Learning Support Unit on viewing and voicing. Time was also allocated for subject group discussions by the participants.

Compulsory Non-Academic Fees & Charges

CAE complies with the Ministerial Directions about Fees and Charges which sets out the framework for charging student services and amenities fees. In 2008 CAE established a Student Services and Amenities fee rate per student contact hour of 45 cents, with a maximum charge of \$150 and a minimum of \$48. These funds have contributed to meeting the cost of the continued provision of student counselling and other services such as student cards, a student diary and first aid facilities. The major learner service supported through compulsory non-academic fees was that of learning support to learners with particular needs.

Access and Equity

Equal opportunity principles continued to inform policy development, planning and program delivery at CAE throughout 2008. CAE acknowledges its responsibility to ensure that processes are established which apply the Victorian Public Sector Employment Principles and which all CAE staff apply the Code of Conduct Principles. CAE provides biannual workforce reports to the Public Sector Standards Commissioner.

► CORPORATE SERVICES

MARKETING & COMMUNICATIONS

CAE's Marketing Department is responsible for all marketing, communications, and public relations activity and 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 January, April, June and September to promote CAE courses and events. They were distributed through the metropolitan run of the Saturday Age, CAE's student and business databases, City Library and CAE's CBD campuses. These course guides were supported with e-broadcasts sent out via CAE's electronic database.

In addition, an Urban Summer program was released in November to promote summer programming at CAE.

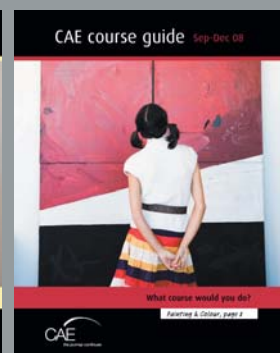
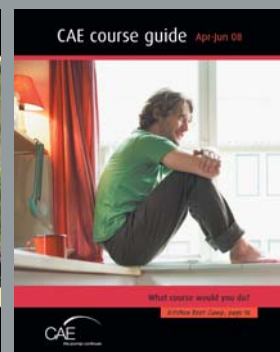
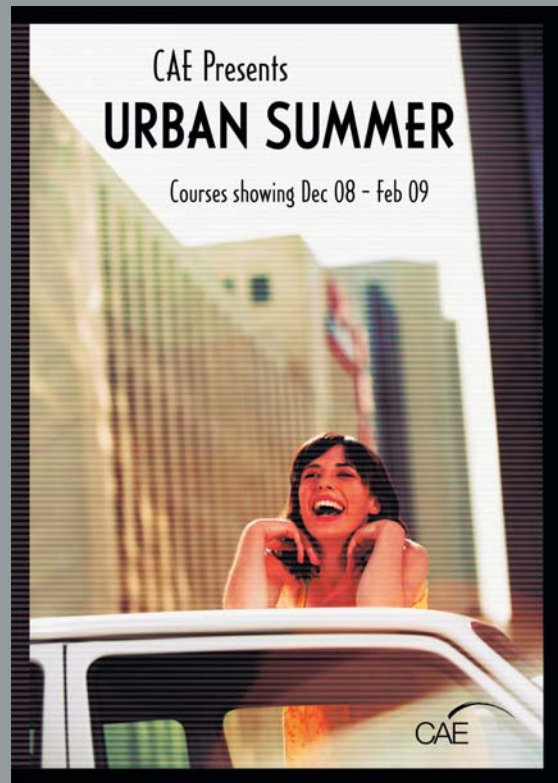
CAE partnered with Melbourne festivals to develop and support mutually beneficial events for stakeholders as well as increase awareness of CAE in the Melbourne community.

Sponsorships

- Melbourne International Animation Festival
- Melbourne International Arts Festival
- Melbourne International Film Festival

Partnerships

- Melbourne Food & Wine Festival
- Melbourne Library Service
- Melbourne Spring Fashion Week
- NGV, Craft Victoria, Ian Potter Museum of Art
- Palace Films, Italian Film Festival, Spanish Film Festival, Chinese Film Festival, Melbourne Latin American Film Festival, Hopscotch Films, Icon Films
- Melbourne Writers' Festival
- State Library of Victoria Summer Read
- Energise Enterprise



HUMAN RESOURCES

CAE's Human Resources department provides a range of operational and advisory services which enable CAE to attract, retain and develop outstanding staff who are committed to the achievement of excellence and the values of CAE.

In 2008 CAE Human Resources introduced a health and wellbeing program for staff, a new data management system, and a new format for position descriptions that includes new competencies.

In 2008 HR introduced or updated the following policies:

- Position classification.
- Staff induction.
- Working with Children Checks.
- Transfer & Secondment.
- Employment of family members.
- Parental leave.
- End of year close down.
- Changes to time fraction.
- Overtime.
- Hours of work.
- Occupational Health & Safety.
- Performance Development & Review.
- Abandonment of Employment.
- Cessation of Employment.
- Discipline.
- Exit interviews.
- Recruitment & Selection.
- Higher duties.

Occupational Health and Safety

Occupational Health and Safety continues to be a key focus for CAE with a new OHS policy introduced in 2008. CAE engages all staff to contribute to a healthy and safe working environment and provides programs to ensure that the human and financial costs of occupational injury and illness to its staff members are reduced.

The OHS Committee met ten times during 2008.

Achievement of actions outlined in the OHS action plan:

- Streamlining of reporting procedures.
- Training of staff and managers.
- Resolution of outstanding safety issues
- Introduction of a dedicated OHS newsletter.
- Introduction of a workplace health & wellbeing program.

In 2008 CAE continued its commitment to the Contact Officers role which involves training staff to provide advice and support to their colleagues in regards to OHS issues, including harassment, discrimination and bullying in the workplace. Training was also provided to fire wardens, the chief fire warden and line managers.

There were no significant incidents recorded in 2008.

Industrial Relations

During 2008 there were no lost days due to industrial relations disputation. Regular consultative committee meetings took place to address workplace issues, improve communication and maintain good working relationships with all unions with coverage at CAE.

Workforce Data

The workforce data table shows the equivalent full time (EFT) staff numbers for 2007 and 2008.

Workforce Data 2008		
Teaching Staff	EFT 08	Head Count 08
Teaching Ongoing	35.70	54
Fixed Term	8.55	10
Sessional	172.6	523
Teaching Sub-total	216.85	587
Executive Officers	2.2	5
Admin Ongoing	83.50	92
Admin Fixed Term	16.00	20
Casual	3.95	22
Non-Teaching Sub-total	105.65	144
FTE Total for CAE	322.5	731

Workforce Data 2007				
	Full time Staff	Part time Staff	Total Staff	Equivalent Full Time (EFT)
General Staff	81	69	150	120
Teachers	3	61	64	40
Sessional teachers	0	351	351	144*
All staff total	84	481	565	304*

Staff Learning and Development

CAE believes in transforming lives through the power of learning and supports that view by offering a range of programs to assist staff to develop and enhance their skills and knowledge. Funds were allocated to support staff undertaking accredited study. In 2008 CAE supported all staff who wished to take or upgrade to Certificate IV in Training and Assessment.

Staff participated in a wide range of learning and development activities such as MYOB, Microsoft Word, MS Excel, Running Meetings, Pitman 2000 Shorthand, Graphic Design, Work & Time Management, Diplomacy & Influence, Claims Management, Adobe Indesign, Dream Weaver, Drawing School, MS Project, Proofreading for Business, Learn to Quicktype, Effective Front Desk Reception, Business English – Writing for Work, Work Effectively in Vocational Education, Presentation Skills, Developing a Microsoft ASP.NET Web applications using Visual Studio.NET, Grammar, Frontline Management, Access Introduction, Senior First Aid, Management, Basic OHS Training and Bullying & Harassment in the workplace.

► ADDITIONAL INFORMATION

FREEDOM OF INFORMATION ACT

CAE complies with government regulations about freedom of information, as outlined under the Freedom of Information Act 1982 including 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 2008 there was one request made for documents under the Freedom of Information Act 1982. Documents were provided consistent with the legislation.

WHISTLEBLOWERS PROTECTION ACT 2001

CAE endeavours to comply with the provisions in the Whistleblowers Protection Act 2001 incorporating amendments of 1 July 2007 and to ensure 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 staff can make disclosures without fear of retribution. For the year ended 31 December 2008 there was one instance raised with CAE in regards to the Whistleblowers Protection Act 2001.

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 also conform to building regulations.

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.

CAE has a clearly established policy on Competitive Neutrality that helps to ensure compliance with the National Competition Policy and the Victorian Government's competitive neutrality principles. CAE has implemented measures to ensure that the policy is applicable to commercial activity and to the pricing of bids for government funded education and training that is advertised by competitive tender.

PERFORMANCE AGREEMENT TARGETS

In 2008 CAE met its contracted training delivery requirements with the state government or ACFE Board. The Target set for 2008 was the delivery of 773,077 student contact hours including MIPPS, with CAE successfully delivering 789,373 including MIPPS government funded contact hours. The Working Capital ratio was 1.94 at 31 December 2008 (2.26 when adjusted for non-current long service leave).

ENVIRONMENTAL PERFORMANCE

In 2008 CAE's Green Committee organised *An Inconvenient Truth* screening for CAE staff in conjunction with Melbourne Library Service. The green committee also organised staff participation in Tree Planting Day, Ride to Work Day, and Earth Hour. In addition recycling bins were implemented in the 253 Flinders Lane and 21 Degrafs Street campuses. CAE's new *Strategic Framework 2009-2013* outlines a commitment to Sustainable Practice, beginning January 2009.

ADDITIONAL MATERIAL

Consistent with the requirements of the Financial Management Act 1994, CAE has prepared material for the following items, details of which are available on request:

- 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 the information should be directed to:

Executive Assistant (Board & Committees)
Centre for Adult Education
253 Flinders Lane
Melbourne VIC 3000
Tel: (03) 9652 0611
Fax: (03) 9652 0744
Email: deniset@cae.edu.au



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

CENTRE FOR ADULT EDUCATION ATTESTATION ON COMPLIANCE FOR 2008

I, Frank King, certify that CAE has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard 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 black ink, reading 'Frank King', is positioned above a solid horizontal line.

FRANK KING

CAE Chairperson



ANNUAL DECLARATION BY THE CHIEF FINANCIAL OFFICER AND GENERAL MANAGER CORPORATE SERVICES FOR THE YEAR ENDED 31 DECEMBER 2008

This is to formally state that the CAE 2008 financial reports present fairly in all material respects, of the financial condition and operational results in accordance with the requirements of Financial Management Act 1994 including the Directions:

- The financial report is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by CAE; and
- CAE risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

A handwritten signature in dark ink, reading 'Denise O'Brien', written over a horizontal line.

DENISE O'BRIEN

Chief Executive Officer

A handwritten signature in dark ink, reading 'Gulay Cuvegen', written over a horizontal line.

GULAY CUVEGEN

Chief Finance Officer
General Manager Corporate Services

SUMMARY OF FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER WITH PREVIOUS FOUR-YEAR COMPARATIVES

	<i>2008 \$000</i>	<i>2007 \$000</i>	<i>2006 \$000</i>	<i>2005 \$000</i>	<i>2004 \$000</i>
Revenue	24,175	22,664	21,519	21,918	20,203
Expenses	22,690	21,598	21,036	21,238	25,619
Net Result	1,485	1,066	483	680	(5,416)
Total assets	16,725	15,766	12,896	12,020	11,657
Total liabilities	7,488	8,014	7,391	6,998	7,315
Net Assets	9,237	7,752	5,505	5,022	4,342
Net increase / (decrease) in cash and cash equivalents	1,820	2,423	2,335	1,229	(18)

SUMMARY OF SIGNIFICANT CHANGES

There have been no significant changes in CAE as at 31 December 2008.

SUBSEQUENT EVENTS

There were no events subsequent to balance date which may have a significant effect on the operations of the CAE in future years.

CONSULTANCIES

During the year ended 31 December 2008, CAE did not engage any individual consultants with fees in excess of \$100,000 (exclude GST).

However CAE did engaged 5 consultants each costing less than \$100,000

ACTIVITY TABLE

OPERATING STATEMENT - OPERATING EXPENSES

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Delivery and Support Activity	A2	12,410	11,582
Admin and General Service	A3	4,766	4,541
Property, Plant and Equipment Services	A4	4,451	4,323
Student and Other Services	A5	1,063	1,152
Total Operating Expenses		22,690	21,598

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
NOTE A2 - OPERATING STATEMENT			
DELIVERY PROVISION AND SUPPORT ACTIVITY			
Salary, wages, overtime & allowance		8,820	8,536
Superannuation		674	650
Payroll tax		426	423
Other salary related costs		67	65
Consumables		807	751
Communication Expenses		283	251
Contract & other services		273	204
Other direct delivery expenses		1,060	702
		<u>12,410</u>	<u>11,582</u>
NOTE A3 - OPERATING STATEMENT			
ADMINISTRATION AND GENERAL SERVICES ACTIVITY			
Salary, wages, overtime & allowance		2,353	2,068
Superannuation		186	167
Payroll tax		117	80
Other salary related costs		31	14
Consumables		96	96
Communication Expenses		47	35
Contract & other services		202	358
Fees		389	437
Other expenses		1,345	1,286
		<u>4,766</u>	<u>4,541</u>
NOTE A4 - OPERATING STATEMENT			
PROPERTY, PLANT AND EQUIPMENT SERVICES ACTIVITY			
Salary, wages, overtime & allowance		247	243
Superannuation		19	19
Payroll tax		13	13
Other salary related costs		3	2
Consumables		37	73
Communication Expenses		77	65
Contract & other services		712	759
Depreciation		503	513
Utilities		156	189
Rent/Leasing charges		2,177	2,043
Repairs and maintenance		252	184
Written down value		75	57
Other expenses		180	163
		<u>4,451</u>	<u>4,323</u>
NOTE A5 - OPERATING STATEMENT			
STUDENT AND OTHER SERVICES ACTIVITY			
Salary, wages, overtime & allowance		325	298
Superannuation		27	26
Payroll tax		19	16
Other salary related costs		3	3
Consumables		12	28
Other direct delivery expenses		677	781
		<u>1,063</u>	<u>1,152</u>



► FINANCIAL STATEMENTS & NOTES

ACRONYMS

ACE	Adult Community Education
ACFE	Adult Community and Further Education
ACSF	Australian Core Skills Framework
AET	Access Education and Training
AFP	Australian Federal Police
AQTF	Australian Quality Training Framework
ANMC	Australian Nursing and Midwifery Council
CAE	Centre for Adult Education
CALD	Culturally and Linguistically Diverse
CARS	Candidate Application and Reporting System
CGEA	Certificates in General Education for Adults
DVA	Diploma of Visual Arts
DEEWR	Department of Education, Employment and Workplace Relations
DHS	Department of Human Services
DIAC	Department of Immigration and Citizenship
DIIRD	Department of Innovation, Industry and Regional Development
DISTSS	Disability In-Service Training Support Service
DLA	Diploma of Liberal Arts
EAP	Employee Assistance Program
EFT	Equivalent Full Time
EQAC	Educational Quality and Compliance Unit
ESL	English as a Second Language
FFS	Fee for Service
GSM	General Skilled Migration
GST	Goods and Services Tax
HR	Human Resources
IMG	International Medical Graduate
LAPS	Language and Professional Support
LASO	Learning and Assessment Strategy Outline
LLN	Language, Literacy and Numeracy for Industry
LOTE	Language Other Than English
MECWA	Mecca Community Care
MOU	Memorandum of Understanding
OET	Occupational English Test
OHS	Occupational Health and Safety
PWE	Professional Writing and Editing
SCH	Student Contact Hours
VCE	Victorian Certificate of Education
VCAL	Victorian Certificate of Applied Learning
VET	Vocational Education and Training

- AUDITOR GENERAL'S REPORT
- DECLARATION BY CHAIRPERSON, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER - GENERAL MANAGER CORPORATE SERVICES
- OPERATING STATEMENT
- BALANCE SHEET
- STATEMENT OF CHANGES IN EQUITY
- CASH FLOW STATEMENT
- NOTES TO THE ACCOUNTS :-

Note Contents of the notes to the financial statements

1	Statement of significant accounting policies
2	Government financial assistance
3	Fee for service
4	Investment revenue and income
5	Other income
6	Employee related expenses
7	Repairs and maintenance
8	Finance costs
9	Impairment of assets
10	Other expenses
11	Depreciation and amortisation
12	Gain/(loss) on disposal of non current assets
13	Government contributions expenditure
14	Cash and cash equivalents
15	Receivables
16	Non-current asset classified as held for sale
17	Other non financial assets
18	Property, plant and equipment
19	Trade and other payables
20	Provisions
21	Other liabilities
22	Equity
23	Cash flow information
24	Commitments
25	Leased assets
26	Contingencies
27	Economic dependency
28	Events occurring after the balance sheet date
29	Remuneration of auditors
30	Superannuation
31	Key management personnel disclosures
32	Related Parties
33	CAE details
34	Financial instruments



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Centre for Adult Education

The Financial Report

The accompanying financial report for the year ended 31 December 2008 of Centre for Adult Education which comprises the operating statement, balance sheet, statement of changes in equity, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the declaration by Chairperson of the Board, Chief Executive Officer and Chief Finance Officer – General Manager Corporate Services 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 fair 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*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

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. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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



Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements published in both the annual report and on the website of the Centre for Adult Education for the year ended 31 December 2008. The Board Members of the Centre for Adult Education are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Centre for Adult Education web site.

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.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Centre for Adult Education as at 31 December 2008 and its financial performance and 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 1984*.

MELBOURNE
20 March 2009


D D R Pearson
Auditor-General



**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

**DECLARATION BY CHAIRPERSON OF THE BOARD,
CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCE OFFICER - GENERAL MANAGER CORPORATE SERVICES**

We certify that the attached financial report for the Centre for Adult Education (CAE) 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 operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2008 and financial position of CAE as at 31 December 2008.

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 CAE will be able to pay its debts as and when they became due and payable.

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

A handwritten signature in black ink, appearing to read 'Frank King', written over a horizontal line.

FRANK KING

Chairperson

DATE: 19 / 03 / 09

A handwritten signature in black ink, appearing to read 'Denise O'Brien', written over a horizontal line.

DENISE O'BRIEN

Chief Executive Officer

DATE: 19 / 03 / 09

A handwritten signature in black ink, appearing to read 'Gulay Cuvegen', written over a horizontal line.

GULAY CUVEGEN

Chief Finance Officer
General Manager Corporate Services

DATE: 19 / 03 / 09

OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Income			
Revenue from continuing operations			
<i>Operating activities</i>			
Government contributions - operating	2(a)	9,204	9,307
Student fees and charges		783	716
Fee for service	3	12,438	10,887
Investment income	4	620	404
Other income	5	1,050	1,280
Total revenue from continuing operations		24,095	22,594
Expenses from continuing operations			
Employee benefits	6	13,330	12,623
Repairs and maintenance	7	258	187
Finance costs	8	221	248
Impairment of asset	9	75	92
Other expenses	10	8,272	7,928
Total expenses from continuing operations		22,156	21,078
Net result from continuing operations before capital and specific items		1,939	1,516
Government contributions - capital	2(b)	80	70
Gains/(Losses) on disposal of assets	12	-	(7)
Depreciation and amortisation	11	(503)	(513)
Expenditure using Government contributions - capital	13	(31)	-
Net result from continuing operations		1,485	1,066
Net result for the period		1,485	1,066

The above operating statement should be read in conjunction with the accompanying notes

BALANCE SHEET AS AT 31 DECEMBER 2008

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Current Assets			
Cash and cash equivalents	14, 34	8,655	6,835
Receivables	15, 34	855	1,123
Other non financial assets	17	260	203
Total Current Assets		9,770	8,161
Non-Current Assets			
Receivables	15	-	570
Property, plant and equipment	18	6,955	7,035
Total Non-Current Assets		6,955	7,605
TOTAL ASSETS		16,725	15,766
Current Liabilities			
Trade and other payables	19, 34	3,756	3,951
Provisions	20	1,198	1,277
Other liabilities	21, 34	94	96
Total Current Liabilities		5,048	5,324
Non-Current Liabilities			
Provisions	20	183	282
Other liabilities	21, 34	2,257	2,408
Total Non-Current Liabilities		2,440	2,690
TOTAL LIABILITIES		7,488	8,014
NET ASSETS		9,237	7,752
EQUITY			
Contributed capital	22	7,618	7,618
Reserves	22	3,195	3,195
Accumulated surplus / (deficit)	22	(1,576)	(3,061)
TOTAL EQUITY		9,237	7,752

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Total equity at the beginning of the year	22	<u>7,752</u>	<u>5,505</u>
Net gain on revaluation of land, building and works of arts		<u>-</u>	<u>1,181</u>
Net income recognised directly in equity		<u>-</u>	<u>1,181</u>
Net operating result for the year		1,485	1,066
Total recognised income and expense for the year		<u>1,485</u>	<u>1,066</u>
Total equity at the end of the year	22	<u><u>9,237</u></u>	<u><u>7,752</u></u>

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 2008

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
Cash Flows from Operating Activities			
Receipts			
User fees and charges		12,356	10,719
Interest received		625	407
Goods and Services Tax recovered from ATO		965	803
Other receipts		1,655	1,286
		<u>15,601</u>	<u>13,215</u>
Payments			
Payments to employees		(13,719)	(12,405)
Payments to suppliers		(6,604)	(5,708)
Finance costs		(223)	(248)
Goods and Services Tax paid to ATO		(2,000)	(1,867)
		<u>(22,546)</u>	<u>(20,228)</u>
Cash Flows from government			
Government contributions - operating		9,336	9,117
Government contributions - capital	2(b)	80	70
		<u>9,416</u>	<u>9,187</u>
Net cash provided by operating activities	23	<u>2,471</u>	<u>2,174</u>
Cash Flows from Investing Activities			
Payment for property, plant & equipment	18	(500)	(188)
Proceeds from sale of non current assets	12, 16	2	571
Payment for investments		-	(47)
Net cash used in investing activities		<u>(498)</u>	<u>336</u>
Cash Flows from Financing Activities			
Repayment of lease liability		(153)	(87)
Net cash used in financing activities		<u>(153)</u>	<u>(87)</u>
Net increase in cash and cash equivalents		1,820	2,423
Cash & cash equivalents at the beginning of the financial year		6,835	4,412
Cash & cash equivalents at the end of the financial year	14	<u>8,655</u>	<u>6,835</u>

The above cash flow 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 2008

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of CAE.

Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), in accordance with the *Financial Management Act 1994* and relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

1.01 BASIS OF PREPARATION

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Compliance with IFRSs

The financial statements and notes of CAE comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

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.

1.02 PRINCIPAL OF CONSOLIDATION

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

1.03 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

CAE evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within CAE.

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

Judgments made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

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.

1.04 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

As at the 31 December 2008, CAE did not have any bank overdraft.

1.05 RECEIVABLES

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax recoverable. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest method, less any accumulated impairment. A provision for doubtful debts is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

1.06 FINANCIAL INSTRUMENTS

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting (the date on which CAE commits to purchase or sell the asset) is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through income statement when they are held for trading purposes, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, CAE assesses whether there is objective evidence that a financial instrument or group of financial instruments has been impaired. Impairment losses are recognised in the income statement.

1.07 PROPERTY, PLANT & EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

1.07.01 Plant and equipment

Plant and equipment are measured at cost basis less accumulated depreciation and impairment.

The carrying amount of plant and equipment is reviewed annually by CAE to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

1.07.02 Restrictive nature of cultural and heritage assets

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

1.07.03 Leasehold improvements

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to CAE and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

1.07.04 Works of Arts

CAE's works of arts are measured at cost.

1.08 REVALUATIONS OF NON-CURRENT PHYSICAL ASSET

Non-current physical assets measured at fair value are revalued in accordance with FRD 103C. This revaluation process normally occurs every five years based on the assets Government Purpose Classification. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to equity in the revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, 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. When revalued assets are sold, it is CAE policy to transfer the amounts included in other reserves in respect of these assets to retained earnings.

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.

1.09 IMPAIRMENT OF ASSETS

Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested annually for impairment (ie 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
- 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 recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the operating statement, except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

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.

1.10 PAYABLES

Payables consist predominantly of creditors and other sundry liabilities.

Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to 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 these goods and services.

1.11 FINANCE COSTS

Finance costs are recognised as expenses in the period in which they are incurred. CAE's finance cost refers to interest charges in connection with building owner's contribution (lease incentive).

1.12 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.

1.12.1 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 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.

1.12.2 Long Service Leave

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

Current Liability - unconditional LSL representing 10 years is disclosed as a current liability even when 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 10 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.

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

1.12.3 Employee benefits expense

Employee benefits expense includes all costs related to employment, including wages and salaries, leave entitlements, redundancy payments and superannuation contributions. These are recognised when incurred, except for contributions in respect of defined benefits plans.

1.12.4 Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised and included with LSL employee benefits.

1.12.5 Termination benefit

Termination benefit and all related costs are recognised when incurred.

1.12.6 Performance payments

Performance payments are recognised when incurred.

1.12.7 Superannuation

Defined contribution plan

Contributions to defined contribution plans are expensed when incurred.

Defined benefit plans

The amount charged to the operating statement 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 plans 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.

1.13 LEASED ASSETS

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

CAE did not enter into a finance lease at reporting date.

1.13.1 CAE as lessor

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

1.13.2 CAE as lessee

Operating lease payments including any contingent rentals are recognised as an expense in the 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.

1.13.3 Lease Incentives

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

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

The lessee shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the lease asset.

Costs incurred by the lessee, including costs in connection with a pre-existing lease (for example costs for termination, relocation or leasehold improvements), shall be accounted for by the lessee in accordance with Australian Accounting Standards applicable to those costs, including costs which are effectively reimbursed through an incentive arrangement.

In December 2002, CAE entered into an agreement with the building owner of 253 Flinders Lane whereby the building owner undertook to fund significant capital improvements to the property including the installation of an additional lift in return for an increased rental payment over the remaining period of the lease. The lease incentive is repayable over the term of the building lease (20 years).

1.14 DEPRECIATION AND AMORTISATION

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land and works of arts. Depreciation is 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 :

	Method	Rate/Rates
Building	straight line	2.5%
Leasehold improvement	straight line	4% - 20%
Plant & equipment	straight line	10% - 30%

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 2008.

1.15 GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable from the taxation authority, in which case it is recognised as part of the cost of acquisition of an asset or part of an item of expense.

Receivables and payables (debtors and creditors) 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.

1.16 REVENUE RECOGNITION

1.16.1 Government contributions

Government contributions are recognised as revenue in the period when 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.

1.16.2 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.

1.16.3 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.

1.16.4 Investment Income

Investment income 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.

1.16.5 Gain/loss on disposal of property, plant and equipment

Any gain or loss on disposal 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.

1.16.6 Rental income

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

1.17 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.

1.18 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

All amounts shown in the Financial Report have been rounded to the nearest thousand dollars.

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 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.

1.22 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed by way of a note (Note 26) and, if quantifiable, are measured at nominal value.

1.23 CHANGE IN ACCOUNTING POLICY

There has been no change in the accounting policy during the year ended 31 December 2008.

1.24 AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following Australian Accounting Standards issued or amended which are applicable to CAE and/or are not yet effective have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected		Outline of Amendment	Application date of standard	Impact on financial statements
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report, as CAE does not fall within the scope of AASB 8.	1 Jan 2009	Impact expected to be insignificant
	AASB 6	Exploration for and Evaluation of Mineral Resources			
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above.	1 Jan 2009	Not applicable
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007, has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1 Jan 2009	Impact expected to be insignificant
	AASB 101	Presentation of Financial Statements			
	AASB 107	Cash Flow Statements			
	AASB 111	Construction Contracts			
	AASB 116	Property, Plant and Equipment			
	AASB 138	Intangible Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above.	1 Jan 2009	As above
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity.	1 Jan 2009	As above
AASB 101	AASB 101	Presentation of Financial Statements	As above.	1 Jan 2009	As above

NOTE 2 – GOVERNMENT FINANCIAL ASSISTANCE

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
(a) Government contributions - operating			
State recurrent specific funded programs		9,204	9,307
		<u>9,204</u>	<u>9,307</u>
(b) Government contributions - capital			
State capital		80	70
		<u>80</u>	<u>70</u>
Total government financial assistance		<u>9,284</u>	<u>9,377</u>

NOTE 3 – FEE FOR SERVICE

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
Fee for service - government		188	181
Fee for service - international operations		-	26
Fee for service - course fees		7,781	7,658
Fee for service - test application		4,092	2,726
Fee for service - other		377	296
Total fee for service		<u>12,438</u>	<u>10,887</u>

NOTE 4 – INVESTMENT REVENUE AND INCOME

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
Interest received		620	404
Total investment revenue		<u>620</u>	<u>404</u>

NOTE 5 – OTHER INCOME

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
Rent		728	706
Other revenue		322	574
Total other income		<u>1,050</u>	<u>1,280</u>

NOTE 6 – EMPLOYEE RELATED EXPENSES

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Salaries, wages, overtime and allowances		11,534	10,995
Superannuation	30	906	862
Payroll tax		575	532
Long service leave		94	118
Annual leave		117	32
Other salary related costs		104	84
Total employee related expenses		13,330	12,623

NOTE 7 – REPAIRS AND MAINTENANCE

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Building repairs and maintenance		258	187
Total repairs and maintenance		258	187

NOTE 8 – FINANCE COSTS

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Finance cost		221	248
Total finance cost expensed		221	248

NOTE 9 – IMPAIRMENT OF ASSETS

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Leasehold improvement		75	-
Non-current asset held for sale		-	92
Total impairment of assets		75	92

NOTE 10 – OTHER EXPENSES

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Auditors' remuneration	29	124	134
Prior year adjustment to audit fee		30	-
Bad and doubtful debts		1	4
Communication expenses		409	353
Consumables		941	943
Contract and other services		1,197	1,321
Non capitalised furniture & equipment		248	146
Fees & charges		986	1,165
Promotional expenses		717	641
Rent/leasing charges		2,955	2,448
Staff development		201	101
Travel and motor vehicle expenses		41	78
Utilities		156	188
Adjustment for change in accounting estimate		-	50
Other expenses		266	356
Total other expenses		8,272	7,928

NOTE 11 – DEPRECIATION AND AMORTISATION

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Depreciation			
Building		4	7
Plant & equipment		192	168
		<u>196</u>	<u>175</u>
Amortisation			
Leasehold improvements		307	338
		<u>307</u>	<u>338</u>
Total depreciation and amortisation	18	<u><u>503</u></u>	<u><u>513</u></u>

NOTE 12 – GAINS AND (LOSS) ON DISPOSAL OF NON CURRENT ASSETS

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Proceeds on sale of plant & equipment		2	1
Less written down value	18	(2)	(8)
Loss on disposal of non current assets		<u><u>-</u></u>	<u><u>(7)</u></u>

NOTE 13 – GOVERNMENT CONTRIBUTIONS EXPENDITURE

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Non capitalised furniture & equipment		31	-
Total government contributions expenditure		<u>31</u>	<u>-</u>

NOTE 14 – CASH AND CASH EQUIVALENTS

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Current	34		
Cash at bank and on hand		233	289
Deposits at call		8,422	6,546
Total cash and cash equivalent assets		<u>8,655</u>	<u>6,835</u>

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

Balances as above	8,655	6,835
Balance as per cash flow statement	<u>8,655</u>	<u>6,835</u>

(b) Cash at the bank - These are interest bearing

Cash on hand - These are non interest bearing

(c) The effective interest rate on short term deposits at call was 4.15% to 7.95%.

(2007 - 6.65% to 7.2%). These deposits have an average maturity of 30 to 120 days.

NOTE 15 – RECEIVABLES

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Current	34		
Trade receivables		143	243
Allowance for doubtful debts		(1)	(5)
Revenue receivable		695	817
GST receivable		18	68
		<u>855</u>	<u>1,123</u>
Non-Current			
Revenue receivable		-	570
		<u>-</u>	<u>570</u>
		-	
Total receivables		<u><u>855</u></u>	<u><u>1,693</u></u>

NOTE 16 – NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Carrying value at start of year			1,756
Additional investment during the year			47
Impairment of non current asset held for sale			(92)
Proceeds from sale (1st instalment)			(570)
Transfer to receivables			(1,141)
Carrying value at end of year		<u><u>-</u></u>	<u><u>-</u></u>

NOTE 17 – OTHER NON-FINANCIAL ASSETS

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Current			
Prepayment		260	203
Total other assets		<u><u>260</u></u>	<u><u>203</u></u>

NOTE 18 – PROPERTY, PLANT AND EQUIPMENT

	<i>Land</i>	<i>Building</i>	<i>Leasehold</i>	<i>WIP</i>	<i>Plant & Equipment</i>	<i>Books</i>	<i>Works of Art</i>	<i>Total</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
At 1 January 2007								
- Cost	750	300	6,114		1,365	915	211	9,655
Accumulated depreciation		(23)	(1,541)		(990)	(865)		(3,419)
Net book amount	<u>750</u>	<u>277</u>	<u>4,573</u>	<u>-</u>	<u>375</u>	<u>50</u>	<u>211</u>	<u>6,236</u>
Year ended 31 December 2007								
Opening net book amount	750	277	4,573		375	50	211	6,236
Revaluation increment / (decrement)	1,150	(110)					141	1,181
Additions					188			188
Disposals					(8)			(8)
Depreciation /amortisation		(7)	(338)		(168)			(513)
Adjustment for change in accounting estimate						(50)		(50)
Closing net book amount	<u>1,900</u>	<u>160</u>	<u>4,236</u>	<u>-</u>	<u>387</u>	<u>0</u>	<u>352</u>	<u>7,035</u>
At 31 December 2007								
- Cost			6,114		1,484			7,598
- Valuation	1,900	160			-		352	2,412
Accumulated depreciation			(1,878)		(1,097)			(2,975)
Net book amount	<u>1,900</u>	<u>160</u>	<u>4,236</u>	<u>-</u>	<u>387</u>	<u>-</u>	<u>352</u>	<u>7,035</u>
Year ended 31 December 2008								
Opening net book amount	1,900	160	4,236		387		352	7,035
Additions			366	66	68			500
Disposals					(2)			(2)
Impairment			(75)					(75)
Depreciation /amortisation		(4)	(307)		(192)			(503)
Closing net book amount	<u>1,900</u>	<u>156</u>	<u>4,220</u>	<u>66</u>	<u>261</u>	<u>-</u>	<u>352</u>	<u>6,955</u>
At 31 December 2008								
- Cost			6,365	66	1,053			7,484
- Valuation	1,900	160					352	2,412
Accumulated depreciation		(4)	(2,145)		(792)			(2,941)
Net book amount	<u>1,900</u>	<u>156</u>	<u>4,220</u>	<u>66</u>	<u>261</u>	<u>-</u>	<u>352</u>	<u>6,955</u>

NOTE 19 – TRADE AND OTHER PAYABLES

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Current			
Creditors and accruals	34	1,041	1,342
Revenue in advance		2,715	2,609
Total trade and other payables		<u>3,756</u>	<u>3,951</u>

NOTE 20 – PROVISIONS

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Current provisions expected to be settled within 12 months			
Employee benefits			
Long service leave		58	25
Annual leave		83	117
		<u>141</u>	<u>142</u>
Current provisions expected to be settled after 12 months			
Employee benefits			
Long service leave		729	767
Annual leave		328	368
		<u>1,057</u>	<u>1,135</u>
Total current provisions		<u>1,198</u>	<u>1,277</u>
Non-Current			
Employee benefits			
Long service leave		183	282
Total Non-Current provisions		<u>183</u>	<u>282</u>
Total provisions		<u>1,381</u>	<u>1,559</u>

NOTE 21 – OTHER LIABILITIES

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Current			
Lease incentive	34	94	96
		<u>94</u>	<u>96</u>
Non-Current			
Lease incentive		2,257	2,408
		<u>2,257</u>	<u>2,408</u>
Total other liabilities		<u>2,351</u>	<u>2,504</u>

NOTE 22 – EQUITY

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</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) Reserves			
Composition of Reserves			
Asset revaluation reserves:			
Land		3,040	3,040
Buildings		14	14
Works of Art		141	141
		<u>3,195</u>	<u>3,195</u>
Movements in Provisions			
Asset Revaluation Reserve			
<i>Land</i>			
Balance at 1 January		3,040	1,890
Revaluation increment on non-current assets		-	1,150
Balance at 31 December		<u>3,040</u>	<u>3,040</u>
<i>Buildings</i>			
Balance at 1 January		14	124
Revaluation decrement on non-current assets		-	(110)
Balance at 31 December		<u>14</u>	<u>14</u>
<i>Works of Art</i>			
Balance at 1 January		141	-
Revaluation increment on non-current assets		-	141
Balance at 31 December		<u>141</u>	<u>141</u>
(c) Accumulated Surplus / (Deficit)			
Balance at 1 January		(3,061)	(4,127)
Net operating result for the year		1,485	1,066
Balance at 31 December		<u>(1,576)</u>	<u>(3,061)</u>
Total Equity		<u>9,237</u>	<u>7,752</u>

NOTE 23 – CASH FLOW INFORMATION

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
(a) Reconciliation of operating result to net cash flows from operating activities			
Net operating result for the year		1,485	1,066
Net cash flows in operating result			
Depreciation & amortisation	11	503	513
Allowance for doubtful debts		(4)	2
Impairment of non current asset	9	75	92
Net loss on disposal of non current assets	12	-	7
Adjustment for change in accounting estimate		-	50
Change in operating assets and liabilities			
Decrease (increase) in trade receivables		842	(262)
Decrease (increase) in other assets		(57)	(4)
Increase (decrease) in payables		(195)	560
Increase (decrease) in employee benefits		(178)	150
Net cash flows provided from operating activities		<u>2,471</u>	<u>2,174</u>

NOTE 24 – COMMITMENTS

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
(a) Capital commitments			
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:			
Leasehold Improvements			
Payable:			
Within one year		69	426
		<u>69</u>	<u>426</u>

The above commitment of \$69,000 (2007: \$426,000) relates to refurbishment work.

(b) Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	2,557	2,522
Later than one year and not later than five years	13,049	12,534
Later than five years	15,969	18,642
	<u>31,575</u>	<u>33,698</u>
Representing:		
Tenancy lease:		
- 253 Flinders Lane, Melbourne	29,343	31,365
- 3/267 Collins Street, Melbourne	-	59
- 3/303 Collins Street, Melbourne	1,618	1,812
- 3/7 Bowen Crescent, Melbourne	226	355
Office equipment lease:		
- Photocopier	388	107
	<u>31,575</u>	<u>33,698</u>

NOTE 25 – LEASED ASSETS

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
As at the reporting date CAE leased out the following assets:			
253 Flinders Lane - Ground & Level 1 (City Library)		7,729	8,278
253 Flinders Lane - Shop front (Café)		48	56
253 Flinders Lane - Mezzanine (Restaurant)		501	495
Gross amount of leased assets		<u>8,278</u>	<u>8,829</u>
These operating leases are in existence at reporting date but not recognised as receivables			
Receipts due			
Not later than one year		616	597
Later than one year and not later than five years		3,303	3,212
Later than five years		4,359	5,020
		<u>8,278</u>	<u>8,829</u>

NOTE 26 – CONTINGENCIES

	<i>Note</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
Details and estimates of maximum amounts of 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:			
In respect of Bank Guarantees on leased properties			
- Impressive Enterprises		57	57
- Trust Co Ltd Macquarie Direct Property		193	193
Total estimated contingent liabilities		<u>250</u>	<u>250</u>

Contingent Assets

There were no contingent assets at reporting date

NOTE 27 – ECONOMIC DEPENDENCIES

As an adult education institution, CAE provides training on behalf of the Adult, Community and Further Education (ACFE) Board. CAE is dependent on the ACFE Board for a significant volume of revenue and financial support. The contribution (Note 2) from ACFE Board represents 38.4% (2007 – 41.4%) of CAE's total revenue.

NOTE 28 – EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

NOTE 29 – REMUNERATION OF AUDITORS

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
Remuneration of Victorian Auditor-General's Office for:			
Auditing the financial report		32	29
Remuneration for internal audit (Protiviti) for:			
Compliance and review audit		92	105
	10	<u>124</u>	<u>134</u>

NOTE 30 – SUPERANNUATION

CAE contributes to both defined benefit and defined contribution plans. Contributions are included as part of employee benefits in the Operating Statement. The name and details of the major superannuation funds and contributions made by CAE are as follows:

	<i>Note</i>	<i>2008 \$000</i>	<i>2007 \$000</i>
State Superannuation Fund of Victoria			
Revised Scheme (15.5%)		40	41
New Scheme (9% to 10%)		101	93
Victorian Superannuation Fund			
VicSuper Scheme (9%)		553	531
Other Superannuation Schemes			
Other (9%)		212	197
Total Contribution to all Funds	6	<u>906</u>	<u>862</u>

As at the reporting date, outstanding contributions relating to the month of December 2008 were payable to the above funds.

As at the reporting date there were no loans to CAE from any fund.

NOTE 31 – KEY MANAGEMENT PERSONNEL 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 Ms Jacinta Allan, Minister for Skills and Workforce Participation. 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) Names of responsible persons and executive officers

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

• Mr Frank King	– Chairperson of the board	(from 21 Feb 2006) *
• Mr John Wills	– CEO	(to 9 May 2008)
• Ms Moira Schulz	– Acting CEO	(15 May – 28 Jul 2008)
• Ms Denise O'Brien	– CEO	(from 4 Aug 2008) *
• Ms Beverley Honig	– ministerial appointee board member	(from 21 Jun 2004)
• Mr Graeme Cocks	– ministerial appointee board member	(from 21 Jun 2004)
• Ms Helen Ormond	– ministerial appointee board member	(from 22 Jan 2007) *
• Ms Fran Thorn	– ministerial appointee board member	(from 31 Jan 2005)
• Mr Mark Brogan	– ministerial appointee board member	(from 3 Sep 2008) *
• Mr Shaun Coffey	– student appointee board member	(from 30 Jul 2008)
• Ms Michelle McCann	– staff appointee board member	(from 14 Nov 2008)
• Mr Tony Martin	– ministerial appointee board member	(to 16 Aug 2008)
• Ms Ylva Carosone	– student appointee board member	(to 29 May 2008)
• Mr Dave Tout	– staff appointee board member	(to 29 Aug 2008)
• Ms Sue Seawright	– executive officer	(from 27 Oct 2008)
• Ms Jan Golden	– executive officer	(from 5 Nov 2008)
• Ms Gulay Cuvegen	– executive officer	(from 24 Nov 2008)

At reporting date, these members (*) are also members of the Audit and Risk Management Committee (ARMC). Mark Brogan is the ARMC chair.

(iii) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of CAE during the financial year:

- Ms Fel Bisiani
- Ms Rebekah Lee
- Ms Kim Manchanda
- Mr Edmund Lu (to Oct 2008)
- Ms Judith McGannon (to Oct 2008)

All of the above persons were also key management persons during the year ended 31 December 2008.

Remuneration of responsible persons

Remuneration received, or due and receivable from CAE in connection with the management of the CAE. Includes termination payments and bonuses paid at end of contracts.

2008	2007
\$000	\$000
276	175

Income range

The number of responsible persons whose remuneration from CAE was within the specified bands are as follows:

	<i>2008</i> <i>No</i>	<i>2007</i> <i>No</i>
Income range		
\$0 – \$10,000	9	9
\$40,001 – \$50,000	3	-
\$60,001 – \$70,000	1	-
\$70,001 – \$80,000	1	-
\$170,001 – \$180,000	-	1

Retirement benefits of responsible persons

There were no retirement benefits paid by CAE in connection with the retirement of Responsible Persons of CAE during the financial year.

Executive officers' remuneration

There were no executive officers, other than responsible persons, included under "remuneration of responsible persons" above whose total remuneration exceeded \$100,000 during the financial year.

Income range

The number of executive officers whose remuneration from CAE was within the specified bands are as follows:

	<i>2008</i> <i>No</i>	<i>2007</i> <i>No</i>
Income range		
\$10,001 – \$20,000	1	-
\$20,001 – \$30,000	2	-

The new executive officers' roles were created partly through the year in October 2008.

Loans to key management personnel

There were no loans in existence at reporting date that have been made, guaranteed or secured by CAE or any related party to responsible persons of CAE or responsible persons or related party of those responsible persons.

Other transactions with key management personnel

There were no other transactions between CAE and responsible persons and their related parties during the financial year.

NOTE 32 – RELATED PARTIES

At reporting date there were no related parties transactions between CAE and Responsible Persons or key management personnel.

NOTE 33 – CAE DETAILS

The registered office and principal place of business for CAE is 253 Flinders Lane, Melbourne 3000. CAE Australian Business Number (ABN) is 84434201642.

NOTE 34 – FINANCIAL INSTRUMENTS

Terms, Conditions and Accounting Policies

CAE accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date, are as follows:

<i>Recognised Financial Instruments</i>	<i>Notes</i>	<i>Accounting Policies</i>	<i>Terms and Conditions</i>
Financial assets			
Cash and cash equivalents - cash at bank and on hand	14	Cash at bank is carried at the nominal amount.	Cash is invested as funds permit at varying interest rates.
Cash and cash equivalents- deposits at call	14	Deposits at call are carried at their nominal amounts. Interest revenue is recognised in the operating statement when it is earned.	Deposits at call have an average maturity of 30 to 120 days and effective interest rates of 4.15% to 7.95% (2007 – 6.65% to 7.2%)
Receivables - debtors	15	Trade debtors are carried at amortised cost less any allowance for doubtful debts. An allowance for doubtful debts is maintained to recognise that collection of the full nominal amount is no longer probable.	Credit sales are on 30 day terms.
Receivables - other debtors	15	Other debtors are carried at amortised cost less any allowance for doubtful debts. An allowance for doubtful debts is maintained to recognise that collection of the full nominal amount is no longer probable.	Credit is allowed for a 30 day term except for when there is an agreement to have the debt paid by instalments.
Financial liabilities			
Payables - creditors and accruals	19	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to CAE.	Trade liabilities are settled as required.
Other Liabilities - lease liabilities	21	Lease liabilities are carried at their principal amounts.	Lease liability is repayable over a 20 year term. The applicable rate of interest is 11.99% for the second five years. This rate is reassessed every five years.

Financial instrument composition and maturity analysis

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.

FINANCIAL INSTRUMENTS 2008	Weighted Average effective rate	Floating Interest rate	FIXED INTEREST MATURING IN:				Total Carrying Amount per Balance Sheet
			Within 1yr	1-5 yrs	More than 5 yrs	Non Interest Bearing	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets							
Cash and cash equivalents							
- Cash at bank		233					233
- Deposits at call		8,422					8,422
Receivables							
- debtors						142	142
- other debtors						695	695
Total Financial Assets	-	8,655	-	-	-	837	9,492
Financial Liabilities							
Trade and other payables						1,041	1,041
Lease liability			94	513	1,744		2,351
Total Financial Liabilities	-	-	94	513	1,744	1,041	3,392

FINANCIAL INSTRUMENTS 2007	Weighted Average effective rate	Floating Interest rate	FIXED INTEREST MATURING IN:				Total Carrying Amount per Balance Sheet
			Within 1yr	1-5 yrs	More than 5 yrs	Non Interest Bearing	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets							
Cash and cash equivalents							
- Cash at bank		289					289
- Deposits at call		6,546					6,546
Receivables							
- debtors						238	238
- other debtors						1,387	1,387
Total Financial Assets	-	6,835	-	-	-	1,625	8,460
Financial Liabilities							
Trade and other payables						1,342	1,342
Lease liability			96	494	1,914		2,504
Total Financial Liabilities	-	-	96	494	1,914	1,342	3,846

Summarised sensitivity analysis

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

31 December 2008	Carrying amount	Interest rate risk				Other price risk			
		-1%		+1%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets									
Cash and cash equivalents	8,655	(86)	(86)	86	86				
Receivables	837								
Financial liabilities									
Payables	1,041								
Lease liability	2,351								
Total increase/ (decrease)	6,100	(86)	(86)	86	86	-	-	-	-

31 December 2007	Carrying amount	Interest rate risk				Other price risk			
		-1%		+1%		-1%		+1%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets									
Cash and cash equivalents	6,835	(68)	(68)	68	68				
Receivables	1,625								
Financial liabilities									
Payables	1,342								
Lease liability	2,504								
Total increase/ (decrease)	4,614	(68)	(68)	68	68	-	-	-	-

34.3 NET FAIR VALUES

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. CAE uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

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 the group 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:

	Total Carrying amount as per the Balance Sheet		Aggregate net fair value	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Financial Assets				
Cash and cash equivalents				
- cash at bank	233	289	233	289
- deposits at call	8,422	6,546	8,422	6,546
Receivables				
- debtors	142	238	142	238
- other debtors	695	1,387	695	1,387
Total Financial Assets	9,510	8,528	9,510	8,528
Financial Liabilities				
Payables - creditors & accruals	1,041	1,342	1,041	1,342
Other liabilities - lease liability	2,351	2,504	2,351	2,504
Total Financial Liabilities	3,392	3,846	3,392	3,846

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised Financial Instruments	
Cash at bank, deposits at call, receivables, non current asset classified as held for sale, creditors & accruals and other liabilities.	These financial instruments have a short term to maturity. Accordingly, it is considered that their carrying amounts reflect fair values.

34.4 FINANCIAL RISK MANAGEMENT

(i) Financial risk management objectives

CAE activities are exposed to a variety of financial risks: market risk (including fair value interest risk, cash flow interest risk and price risk), credit risk and liquidity risk. CAE's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of CAE by adhering to principles on interest rate risk, credit risk, the use of financial derivatives and non-derivatives instruments, and the investments of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis.

CAE does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

CAE 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 data analysis in respect of investment portfolios to determine market risk.

CAE's treasury function provides services to its business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market (including currency risk and fair value interest rate risk), credit risk and liquidity risk.

(ii) Financial risk exposures and management

CAE'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 CAE is exposed to through its financial instruments are currency risk, price risk, Interest rate risk, credit risk and liquidity risk.

34.4.1 Market Risk

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 CAE eg an adverse movement in interest rates.

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

34.4.2 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.

Interest rate movements have been sufficiently significant during the year to have an impact on CAE's year end result.

CAE exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are set out in the financial instrument composition and maturity analysis table

34.4.3 Price Risk

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.

34.4.4 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.

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.

34.4.5 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.

2008	No later than 1 month	> 1 to 3 months	> 3 to 6 months	> 6 months to 1 year	> 1 to 5 years
	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and cash equivalents					
- Cash at bank	233				
- Deposits at call	2,933	4,988			501
Receivable					
- debtors	115	18	9	-	-
- other debtors	-	67	58	570	-
Total Financial Assets	3,281	5,073	67	570	501

2007	No later than 1 month	> 1 to 3 months	> 3 to 6 months	> 6 months to 1 year	> 1 to 5 years
	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and cash equivalents					
- Cash at bank	289				
- Deposits at call		877	5,669		
Receivable					
- debtors	177	44	17	-	-
- other debtors	212	23	11	571	570
Total Financial Assets	678	944	5,697	571	570

There are no material amounts of collateral held as security at 31 December 2008.

There are no financial assets that are neither past due nor impaired. CAE provides for trade debtors allowance for doubtful debt.

Credit risk is reviewed regularly by the ARMC. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The ARMC 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;
- 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 strict credit policies may only purchase in cash or using recognised credit cards.

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

The trade receivables balance at 31 December 2008 and 31 December 2007 do not include any counter parties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

CAE minimises credit risk in relation to student loans receivable in using the credited detailed above.

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.

CAE invested all its funds with a major Australian Bank and does not believe that it is unduly exposed to any financial or credit risks. CAE manages its risks by continually reviewing the investments on a regular basis.

34.5 LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with CAE'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. CAE 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 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.

Contractual Maturity Analysis 2008	No later than 1 month	> 1 to 3 months	> 3 to 6 months	> 6 months to 1 year	> 1 to 5 years
	\$000	\$000	\$000	\$000	\$000
Financial Liabilities					
Payables- creditors & accruals	1,041	-	-	-	-
Other liabilities- lease liability	7	23	23	41	2,257
Total Financial Liabilities	1,048	23	23	41	2,257

Contractual Maturity Analysis 2007	No later than 1 month	> 1 to 3 months	> 3 to 6 months	> 6 months to 1 year	> 1 to 5 years
	\$000	\$000	\$000	\$000	\$000
Financial Liabilities					
Payables- creditors & accruals	1,342	-	-	-	-
Other liabilities- lease liability	8	23	24	41	2,408
Total Financial Liabilities	1,350	23	24	41	2,408

NOTE 35 – EX - GRATIA PAYMENT

CAE made one ex-gratia payment in 2008. The amount paid is \$7,100 (2007 = \$45,000).



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 2008 of the Centre for Adult Education comprises the statement, the related notes and the management certificate signed by the Chief Executive Officer and Chief Finance Officer – General Manager Corporate Services.

The Board Members Responsibility for the Statement of Performance

The Board Members of the Centre for Adult Education are responsible for the preparation and the fair presentation of the statement of performance in accordance with the *Financial Management Act 1994*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the statement of performance that is free of 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 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 judgment, 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 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 obtained is sufficient and appropriate to provide a basis for my audit opinion.

Matters Relating to the Electronic Presentation of the Audited Statement of Performance

This auditor's report relates to the statement of performance published in both the annual report and on the website of the Centre for Adult Education for the year ended 31 December 2008. The Board Members are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statement named above. An opinion is not provided on any other information which may have been hyperlinked to or from this statement. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited statement of performance to confirm the information included in the audited statement of performance presented on the Centre for Adult Education web site.

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence

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

Auditor's Opinion

In my opinion, the statement of performance of the Centre for Adult Education in respect of the 31 December 2008 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE
26 March 2009


D D R Pearson
Auditor-General



STATEMENT OF PERFORMANCE MANAGEMENT CERTIFICATE

CENTRE FOR ADULT EDUCATION PERFORMANCE STATEMENT FOR 2008

In our opinion, the accompanying Statement of Performance of CAE in respect of the 2008 financial year is presented fairly in accordance with the Financial Management Act 1994.

The Statement outlines the performance indicators for the year as determined by the responsible Minister.

As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.

A handwritten signature in dark ink, reading 'Denise O'Brien', written over a horizontal line.

DENISE O'BRIEN

Chief Executive Officer

A handwritten signature in dark ink, reading 'Gulay Cuvegen', written over a horizontal line.

GULAY CUVEGEN

Chief Finance Officer
General Manager Corporate Services

KPI	Definition	Result	Target
Module Load Completion Rate	Scheduled hours assessed and passed including recognition or prior learning (RPL) or satisfactory completed / total scheduled hours reported less recorded with credit transfer and continuing studies outcome.	63%	60%
Participation of 15-24 year olds	Number of students within the age group	3,469	3,400
Participation of 25-64 year olds	Number of students within the age group	25,691	25,000
Total cost per student contact hour (SCH)	Total funded expenditure (excluding depreciation) / total SCH	\$14.79	\$14.90
Working capital ratio (adjusted)	Current assets / current liabilities (adjusted for non current long service leave)	2.26	1.97
Net operating margin	Funded operating surplus / total revenue (including capital)	6.16%	5.00%
Revenue per EFT staff	Total revenue (excluding capital) / average EFT staff	\$74,713	\$74,000
Energy consumption	Percentage reduction in energy consumption for electricity, gas, fuel and heating oil using 2007 as the base year	1%	-
Student contact hours (SCH)	Total SCH reported (includes training activity from all funding sources and fee for service full fee paying students)	1,500,463	1,500,000

DISCLOSURE INDEX

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

CLAUSE	REPORTING REQUIREMENT	PAGE
(a) REPORT OF OPERATIONS		
1.	SD 4.2(g) 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 Financial Management Act 1994. This report is to provide users with information about * The Institute and its activities * Operational highlights for the reporting period * Future initiatives, and * Other relevant information not included in the financial statements.	3-35
2.	SD 4.2(h) The Report of Operations must be prepared in accordance with the requirements of the Financial Reporting Directions.	3-35
3.	SD 4.5.5 Signature of Responsible person – Attestation on compliance with the Australian/New Zealand Risk Management Standard.	30
4.	SD 4.2(j) 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.	7
GENERAL INFORMATION		
5.	FRD 22 Manner of Establishment, including the relevant Minister.	3
6.	FRD 22 The objectives, functions, powers and duties, linked to a summary of its activities, programs and achievements for the reporting period.	3
7.	FRD 22 Nature and range of service provision, including the communities served.	18-26
8.	FRD 22 Organisational chart detailing members of the governing Board and the CEO, and organisational chart detailing occupants of senior offices and their responsibilities.	8, 13
GOVERNANCE		
9.	TAFE Gov. Review Outline of the structure of Board including: * Committees of Board; * Description of their functions; and * Occupants of each committee.	8-12
10.	TAFE Gov. Review Outline of the structure of Board including: * Names and qualifications of members of Board including knowledge, experience and skills. * Summary of number of meetings attended by each Board member.	8-12
11.	TAFE Gov. Review Summary of training undertaken by Board members throughout the year, including number and type of programs.	8
12.	TAFE Gov. Review Brief description of values of the Board and whether there is a Code of Conduct used to guide decisions of the Board, including a summary of performance and activities of the Board.	8
13.	FRD 22 Statement on workforce data for the current and previous reporting period.	28

14.	FRD 22	Statement on the application of employment and conduct principles.	26
15.	FRD 22	Statement on occupational health and safety including appropriate performance indicators, outlining the Institute's performance against such indicators and details of assessments and measures take to improve the occupational health and safety of employees.	28
16.	FRD 22	A general statement on industrial relations within the Institute and details of time lost through industrial accidents and disputes.	28
FRD 10 DISCLOSURE INDEX			
17.	FRD 10	The disclosure index is to contain a list identifying the relevant clauses of Victorian legislation with statutory disclosure requirements.	75-78
18.	FRD 10	A short description of the relevant requirement.	75-78
19.	FRD 10	The page in the annual report where the disclosure in satisfaction of the relevant requirement is made.	75-78
DISCLOSURES			
Disclosure of ex gratia payments			
20.	FRD 10	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.	70
Disclosures of responsible persons			
21.	FRD 21 (1a)	The name of each person holding a position of that meets the definition of responsible person of the reporting entity, at any time during the reporting period.	62-63
Disclosures of remuneration of executive officers			
22.	FRD 21 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.	62-63
23.	FRD 21 (1c)	An analysis of remuneration of responsible persons in bands of \$10, 000, listing the number of responsible persons whose actual remuneration for the period falls within each band.	62-63
24.	FRD 21 (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.	62-63
25.	FRD 21(2) (a)	Total remuneration of all executive officers received or receivable in connection to their employment. Including the remuneration of executive officers acting in the position of an accountable officer at any time during the reporting period. To ensure disclosures are meaningful, additional information may need to be disclosed about the nature of such remuneration.	62-63
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.	N/A
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.	62-63
FINANCIAL INFORMATION			
28.	FRD 22	Summary of financial results with comparative information for preceding four years.	32-33
29.	FRD 22	Summary of financial results with comparative information for preceding four years.	32-33
30.	FRD 22	Summary of operational and budgetary objectives, including performance against the objectives and significant achievements.	3
31.	FRD 22	Events subsequent to balance date which may have a significant affect on operations in subsequent years, including a summary of major changes affecting the achievement of operational objectives.	32-33
32.	FRD 22	For each consultancy valued in excess of \$100, 000, set out: * Schedule listing the consultants engaged; * Summary of project involved; * Total project fees approved (excluding GST); * Expenditure for the reporting period (excluding GST); and * Future commitments relating to consultant.	32

33.	FRD 22	Total number of consultancies individually valued at less than \$100, 000 (exclusive of GST).	32
34.	FRD 22	Total expenditure (exclusive of GST) of these consultancy engagements.	32
35.	FRD 22	Financial information must be consistent with that included in the financial statements.	32-33
36.	FRD 22	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. The Report of Operations should be presented in a format that complements the financial report as a whole. The Report of Operations should contain any additional information the Accountable officer or the Governing Board considers appropriate, or any information which has been mandated by other authoritative pronouncements.	3-33
37.	FRD 27	The Report of Operations must include 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; • An explanation of any significant variance between the actual results and performance targets and indicators; and • The Statement of Performance Management Certificate. 	29, 71-72
OTHER RELEVANT INFORMATION			
38.	FRD 22	Summary of Application of Freedom of Information Act (1982) (Including amendments of 3 August 2007).	29
39.	FRD 22	Statement on compliance with building and maintenance provisions of the Building Act (1993) (Including amendments of 1 July 2007).	29
40.	FRD 22	Summary of the application and operation of the Whistleblowers Protection Act 2001, including disclosures required by the Act. (Incorporating amendments of 1 July 2007).	29
41.	FRD 22	Statement on implementation and compliance with National Competition Policy, including statement on compliance with policy statements – <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. 	29
42.	FRD 22	Summary of environmental performance.	29
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 FOI Act.	29
44.	FRD 22	Statement that declarations of pecuniary interests have been duly completed by all relevant officers.	29
45.	FRD 22	Details of shares held by senior officers (as nominees or held beneficially in a statutory authority or subsidiary).	29
46.	FRD 22	Details of publications produced by the entity about itself and how they can be obtained)	29
47.	FRD 22	Details of major promotional, public relations and marketing activities undertaken to develop community awareness of the Institute and its services.	27
48.	FRD 22	Details of changes in prices, fees, charges, rates and levies charged by the Institution.	26
49.	TEA 1993 s. 121	Details of any major external reviews carried out on the Institute.	29
50.	FRD 22	Details of major research and development activities undertaken by the Institute.	29
51.	FRD 22	Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.	29
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.	29

OVERSEAS OPERATIONS OF INSTITUTIONS			
53.	PAEC	Financial and other information on initiatives taken or strategies relating to the Institution's international operations. AUDITOR GENERAL Recommendation in relation to overseas operations of Victorian TAFE institute – 3.110 Auditor General, Special Reviews, 30 June 2002	N/A
54.		Information in annual reports 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 • Extent to which expected outcomes have been achieved. 	29
FINANCIAL REPORTING DIRECTION 27 – PRESENTATION OF REPORTING AND PERFORMANCE INFORMATION			
55.	FRD 27A	Reporting and Performance Information Reporting and Performance Information should be presented using Key Performance Indicators (KPIs): There are eleven required KPIs: <ul style="list-style-type: none"> • Participation of 15-24 year olds • Participation of 25-64 year olds • Module Load Completion Rate • Student Satisfaction • Total Cost per Student Contact Hour (SCH) • Working Capital Ratio • Net Operating Margin • Fee for Service Revenue • Revenue per EFT Staff • Student Contact Hours (SCH) • Energy Consumption. A Statement of Performance Management Certificate should also be completed.	74
(b) FINANCIAL STATEMENTS PART 7 OF THE FINANCIAL MANAGEMENT ACT			
56.	FMA 1994 49(a)	Must contain such information as required by the Minister.	35-74
57.	FMA 1994 49(b)	Must be prepared in a manner and form approved by the Minister.	35-74
58.	FMA 1994 49(c)	Must present fairly the financial transactions of the department or public body during the financial year to which they relate.	35-74
59.	FMA 1994 49(d)	Must present fairly the financial position of the department or public body as at the end of that year.	35-74
60.	FMA 1994 49(e)	Must be certified by the Accountable officer for the department or public body in the manner approved by the Minister	35-74
THE FINANCIAL STATEMENTS MUST BE PREPARED IN ACCORDANCE WITH:			
61.	SD 4.2(a)	Australian Accounting Standards (AAS and AASB standards) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).	43
62.	SD 4.2(a)	Financial reporting directions.	43-50
63.	SD 4.2(a)	Business rules.	43-50

THE FINANCIAL STATEMENTS ARE TO COMPRISE THE FOLLOWING:

64.	SD 4.2(b)	Operating Statement.	39
65.	SD 4.2(b)	Balance Sheet.	40
66.	SD 4.2(b)	Statement of recognised income and expenses.	41
67.	SD 4.2(b)	Cash flow statement.	42
68.	SD 4.2(b)	Notes to the financial statements.	43-70

THE FINANCIAL STATEMENTS ARE TO COMPRISE THE FOLLOWING:

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.	38
70.	SD 4.2(c)	The financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions.	38
71.	SD 4.2(c)	The financial statements comply with applicable Australian account standards (AAS and AASB standards) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).	38

