



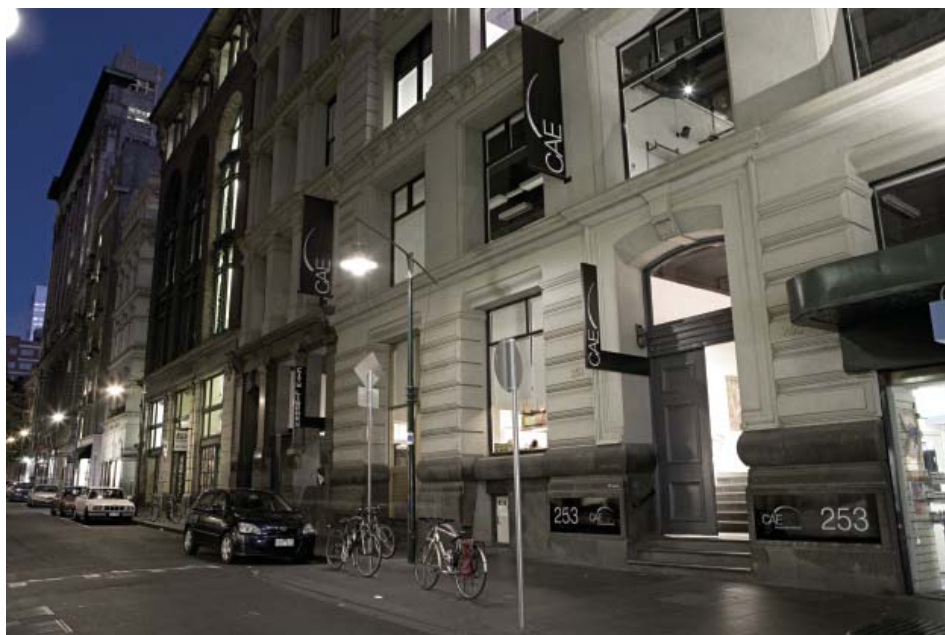
CAE ANNUAL REPORT 07

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- In 2007 The Centre for Adult Education (CAE) celebrated 60 years of delivering adult education to people in Melbourne's CBD.
- Over 36,000 students attended CAE in 2007 with over 64,000 subject enrolments.
- CAE Book Groups had 999 book groups and 10,888 members across Australia in 2007, with 804 book groups in urban and rural Victoria and 195 interstate book groups.
- While the number of languages taught in Australia in the post-compulsory sector has halved in the last decade, CAE continued to run courses in languages such as Turkish, Thai, Danish, Swedish and Portuguese, for which there are few alternative providers.
- The Occupational English Test (OET) achieved recognition as a measure of "Proficient English" for migration purposes by the Department of Immigration and Citizenship. This is only the second English language test to be accepted.
- CAE has developed a broader range of offerings for young people with not only an extensive Victorian Certificate of Education (VCE) program but also an expanded Victorian Certificate of Applied Learning (VCAL) program.
- The flexible timetable at CAE enabled former VCE student Ross White to participate in extra-curricular activities, such as volunteering while completing his VCE. This earned him the 2007 Young Citizen of the Year award for the Shire of Yarra Ranges. We extend our congratulations to Ross.
- CAE gets active in the Melbourne community by supporting and participating in festivals and events including the Melbourne International Comedy Festival, the Melbourne International Arts Festival, the Melbourne International Film Festival, Motorola Melbourne Spring Fashion Week and the Immigration Museum's Nyonya Exhibition.
- Talented artist and professional sculptor Ola Cohn (1892-1964) was inducted on to the Department for Victorian Communities' Honour Roll of Women, on 8 March 2007. Ola Cohn bequeathed her home in East Melbourne to CAE, to carry out her wish that the property continued to be used for the encouragement of artists and sculptors.
- 2007 saw the first group of students complete a dual qualification in English as a Second Language (ESL) and Community Services Work.
- Four CAE staff are undertaking research degrees at Monash University based on their work at CAE: Catherine Jenkins, Claire Courtel, Margaret Thorne and Meredith Churchyard.
- CAE continued to support and document the implementation of the A-Frame (a framework to assist Adult Council of Education (ACE) teachers and course managers design, document and quality assure pre-accredited delivery) across the state.



In 2007 CAE's contribution to adult education, and provision of lifelong opportunities for Melburnians, was marked by the milestone of sixty years of operation. I am pleased to present the 2007 annual report.

CAE continued to deliver vital skills to adult learners; improving literacy and numeracy skills, increasing secondary school completion rates and growing entry-level vocational and employability skills.

CAE delivered strong results across all key performance indicators. Subject enrolments increased by 4% on 2006. End of year results show an operating surplus of \$1.066m and an improved working capital ratio of 1.53 in 2007 compared to 1.42 in 2006.

The commitment to provision of high quality adult education programs was strengthened by the formation of the Educational Quality and Compliance (EQAC) Unit in March 2007. This unit has added to CAE's capacity to provide consistency in the quality of delivery, comply with required standards, and meet training contract obligations.

The CAE Board are delighted by the performance of The OET Centre in 2007. The OET assesses 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. A review of business processes resulted in the implementation of a new online Candidate Application and Reporting System in July. This supported the 43% growth in registrations on 2006.

CAE and the City of Melbourne ended the Joint Venture partnership for the City Library in March and then went on to establish a separate and new funding and service agreement. We look forward to future endeavours with the City of Melbourne and working closely with the City Library.

The Board completed a self assessment in 2007, building on previous work in this area. I would like to welcome Helen Ormond and staff representative Dave Tout to the Board and congratulate Beverly Honig and student member Ylva Carosone on their re-appointment. Our thanks to Barbara Boxhall for her three year contribution as the outgoing Staff representative.

The Board establishes and determines the function of Board Committees to ensure that best practice is being achieved and corporate governance requirements are met. The establishment of the People Committee in 2007 is an important step to ensure strategic Human Resource Management issues are given appropriate attention by the Board. The membership of this committee comprises Board members Helen Ormond, Fran Thorn and John Wills.

The Audit and Risk Management Committee (ARMC) actively assesses operational and strategic risk factors. In 2007 Beverly Honig left the ARMC to concentrate on the OET Committee and was replaced by Helen Ormond. A new risk based internal audit plan was agreed and the Committee met regularly to monitor progress.

The appointment of Edmund Lu as Chief Operating Officer (COO) in October has been a welcome addition to the Senior Leadership Team and to the ARMC. Thank you to my fellow committee members Tony Martin, Helen Ormond, Kim Manchanda, and John Wills for their active participation throughout the year.

The Remuneration Committee reviews key performance indicators and the annual performance of the Director. Thank you to Graeme Cocks for his support.

In 2007 the Education Committee reviewed its charter and membership. The committee is now focused on quality assurance and education initiatives. Thanks to Graeme Cocks, Ylva Carosone, Dave Tout, Judy McGannon and to the outgoing members for their involvement.

On behalf of the Board, I extend my thanks to John Wills and the dedicated CAE staff who continue to deliver on our objective to maintain a city-based, student-centred learning environment that stimulates and supports the diverse modes of lifelong learning.

A handwritten signature in black ink, reading "Frank King". The signature is written in a cursive style with a long, sweeping underline.

Frank King

Chairperson



CAE is committed to the continual pursuit of knowledge, learning and self improvement and with a strong sense of determination, achieved another excellent result in 2007.

CAE makes a significant contribution to the Melbourne community with over 36,600 students enrolling in 64,000 subjects in 2007. Delivering an operating surplus of \$1.066m and increasing our working capital ratio to 1.53 is a sign of sound business practice, strengthening CAE's position as a vital player in lifelong education. Strong financial management allows us to upgrade facilities, improve technology and invest in our future. I commend all staff for increasing operating margin while managing costs to deliver this result.

Considerable progress was made towards our long-term goals to be a leader in lifelong learning, deliver high staff satisfaction and to be financially sustainable. I encourage you to read our 2007 annual report and the highlights from our education centres. Our reputation offering innovative education programs supported by dedicated staff and conducted by industry professionals makes us enormously proud.

Adding a new dimension to learning at CAE was the launch of Journal Canteen - a restaurant by day and a cooking school in the evening. Our thanks to Con Christopoulos, John Vakalis and the team at Journal Canteen for adding great food and vitality to our working and learning environment.

CAE entered into a funding and service agreement with the City of Melbourne, thus ending the Joint Venture Partnership that created the City Library. To see the library flourish and become a valued service in the heart of the city is rewarding for all involved. I am grateful to the City of Melbourne for joining us in this project. A unique vision realised and a legacy for all to enjoy.

Quality & Compliance

CAE's EQAC Unit was established in 2007 with the major responsibility for managing the Australian Quality Training Framework (AQTF) requirements, processes and Performance Agreement obligations. It encourages continuous improvement in teaching and learning programs and demonstrates CAE's commitment to be a leader in adult education.

The consultancy and training arm of EQAC delivers professional development and services for teachers from schools, TAFE's and ACE providers with a focus on adult and applied learning.

The OET is a language test for overseas qualified health professionals. The test assesses English language proficiency as it is used in medical and health professions. In 2007 the test was administered four times, both in Australia and internationally with numbers increasing by 43% to over 5500 candidates. I would like to thank the small team at The OET Centre for their dedication and hard work and also our thanks to CAE Board member and Chair of the OET Strategy Group, Ms Beverley Honig.

The need to align resources, technology and systems was identified to achieve our plans of being a leader in Adult Education. A review of key operational functions established an internal IT Department to support our strategic initiatives. Positioning us for a positive start to 2008, Edmund Lu was appointed as COO in October with Finance & Facilities, IT and Information & Analysis reporting in to this function.

Staff participated in a Human Resources (HR) audit, identifying business needs that resulted in a restructured HR department designed to support staff, recruitment, professional development, and Occupational Health and Safety (OHS). A sub committee of the Board was also formed out of the need for greater attention to be given to HR strategy which was highlighted within an Audit and Review Report, and also evident in cultural diagnostic analysis completed in 2007.

Acknowledgements

Thank you to the Hon Jacinta Allan MP, Minister for Skills and Workforce Participation for her support of CAE and our programs. Thank you to Sandy Forbes, the Division General Manager of ACFE and Lynne Wannan, the Chairperson of ACFE for their ongoing advocacy towards CAE.

I extend my personal thanks to Frank King and the CAE Board. Your contribution is greatly valued.

The achievements of CAE have only been possible because of the dedication, enthusiasm and commitment of its entire staff.

John Wills

CEO



Manner of Establishment

CAE was established in 1947 (as the Council for Adult Education) under Victorian Government legislation, with the broad charter to provide adult education to the Melbourne community. CAE initially offered programs in travelling theatre, drama, dance, music, art exhibitions and book groups.

CAE was established by way of an amendment to the Act in 2001, with reporting responsibility to the ACFE Board and the Victorian Parliament. CAE now offers a wide range of short and nationally accredited courses in visual and performing arts, writing, wellbeing, fitness, lifestyles, languages, business, computers, community services, adult VCE, tertiary pathways, English as a Second Language, literacy and numeracy. CAE also offers Australia's largest Books Group program and the OET.

CAE is governed by a body corporate known as the Board of the Centre for Adult Education. In 2007, 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 Hon. Jacinta Allan MP, Minister for Skills, Education Services and Employment.

Objectives & Functions

Objectives

The year 2007 was significant for CAE, with continued activity focused on the delivery of CAE's five year Strategic Plan 2006-2011.

The main objectives of the Strategic Plan are as follows:

- **Leader in adult education:** To offer innovative programs, high quality teaching and tertiary pathways for adult learners.
- **High staff satisfaction:** To offer staff reward and recognition, and implement performance development planning.
- **Financial stability:** To achieve organisational and centre budgets, and develop a stable funding mix.

Functions

The functions of CAE during 2007 were as follows:

- To provide an adult learning environment and contribute to the life-long learning of individuals and the community.
- To implement government funded programs that focused on further education, vocational education and training to adults.
- To ensure that fee-for-service activities operate on a commercial basis.
- To undertake contracted services in the fields of professional development and training for the state and federal government.
- To prepare strategic and management plans that complement the requirements of the Governing Board's Performance Agreement with the ACFE Board.

Summary of Achievements

In 2007, CAE performed well in the following areas:

- Operating revenue in excess of \$22,664,000.
- Equivalent full time staffing average of 304.
- 36,679 students with over 64,676 subject enrolments.
- Delivery of 1,526,658 student contact hours (SCH).
- Working capital ratio as at 31 Dec 2007 of 1.53.

CAE Board

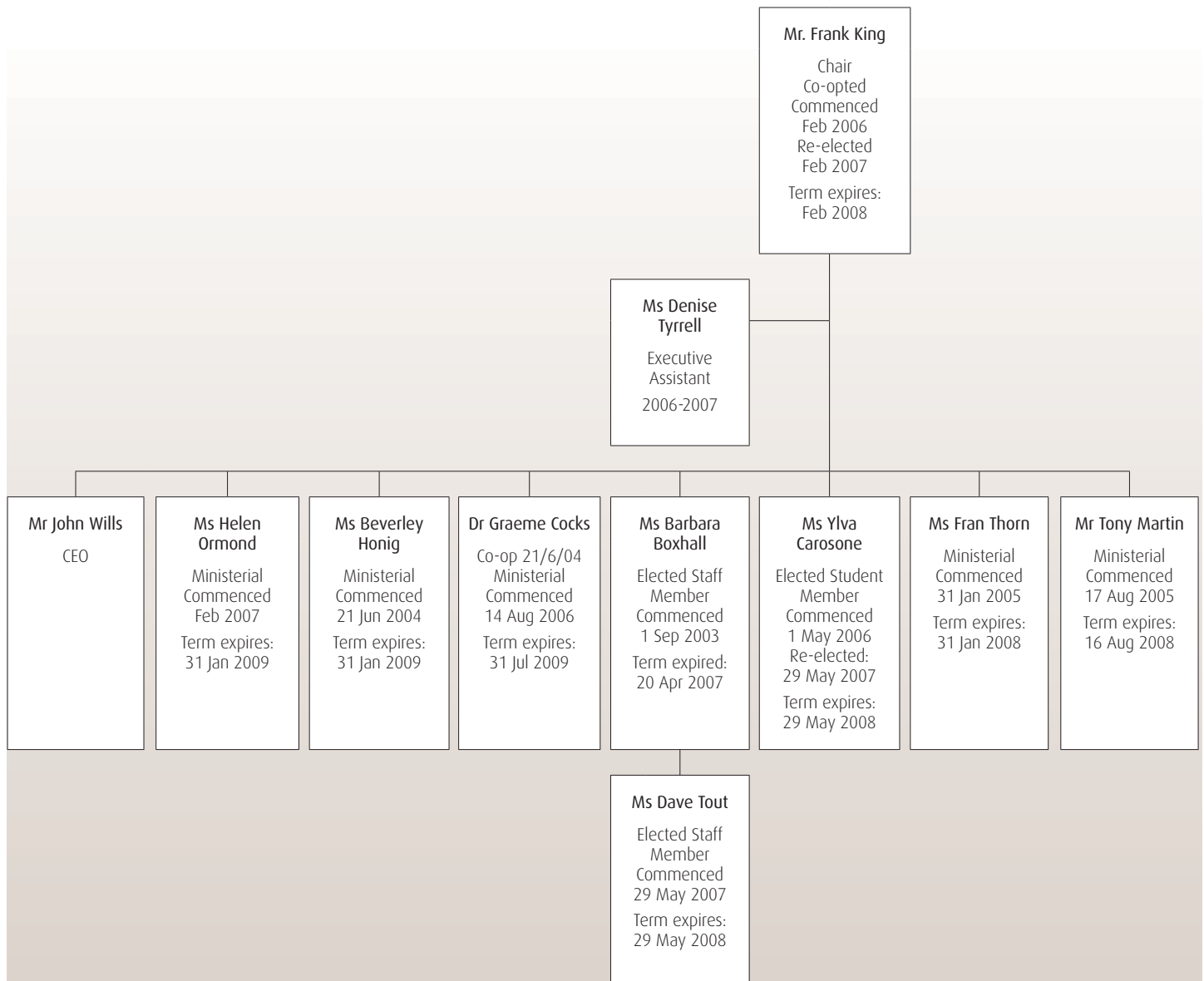
Role of Board

During 2007, the role of CAE's Board was to:

- Review and approve CAE's strategic plan, business plans and budgets.
- Monitor management performance in the implementation of business plans.
- Through the ARMC, ensure that regulatory standards are met and that risks are adequately managed.
- Through the Education Committee focus on quality assurance and education initiatives.
- Review CAE's mission, vision and values.

Board Organisational Chart

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Board Members

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Name	Appointment	Qualifications	Key Areas of Knowledge / Skills / Experience	Board Attendance	Year of Appointment
Frank King	Co-opted appointment Chairperson of the Board	BComm Member of the Australian Institute of Company Directors	Finance, Risk Management, Accounting	7/7	2006
John Wills	CAE Director & Chief Executive Officer	Grad Dip Ed (Psych) Grad Dip Org Behaviour MBA MCouns MEd (Policy & Change)	Management / Leadership, Change Management, Organisational Culture, Research and Development.	7/7	2000
Fran Thorn	Ministerial appointment (Term expires Jan 2008)	BA (Hons) MA MBA Grad Dip Librarianship	Leadership, Management	5/7	2005
Beverley Honig	Ministerial appointment	Internationally Qualified Lawyer (Israel, UK) BA LLB MBA	Law	6/7	2004
Graeme Cocks	Co-opted appointment	BSc MSc PhD (Science)	Management	6/7	2004
Tony Martin	Ministerial appointment	BBus (Accounting) BA Associate of the Institute of Chartered Accountants in Australia	Accounting Systems, Financial Planning, Risk Management	5/7	2005
Helen Ormond	Ministerial appointment (from Feb 2007)	BA Dip Ed BLitt (Hons) MA Fellow of the Australian Institute of Company Directors Fellow of the Australian Institute of Management	Organisational Change	6/7	2007
Barbara Boxhall	Elected Staff Member (until April 2007)	BA (Hons) Dip Ed Dip Literacy Ed	Education Staff perspective	2/2	2003
Dave Tout	Elected Staff Member (from May 2007)	BSc Dip Ed BEEd	Education Staff perspective	5/5	2007
Ylva Carosone	Elected Student Member	BSc (Hons) BA	Student perspective	7/7	2006





Board Committees

CAE's Board had four active committees: an Audit and Risk Management Committee, an Education Committee, a People Committee and a Remuneration Committee.

Audit & Risk Management Committee (ARMC)

Committee Members: Tony Martin (Chair), Frank King, Helen Ormond, John Wills (CEO) and Kim Manchanda (General Manager Finance and Facilities).

ARMC actively assesses operational and strategic risk factors. The Committee monitors the following:

- Financial performance and the financial reporting process (including the annual financial statements).
- The scope of work, independence and performance of internal audit and the external auditor.
- The operation and implementation of the risk management framework.
- Matters of accountability and internal control affecting the operations of CAE.

- The effectiveness of management information systems and other systems of internal control.
- The acceptability, correct accounting treatment and disclosure of significant transactions which are not part of CAE's normal course of business.
- The 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.
- A new risk based internal audit plan was agreed and the Committee met regularly to monitor progress.

Education Committee

Committee Members: Graeme Cocks (Chair), Judy McGannon (Director Education Programs), Ylva Carosone (Student representative) and Dave Tout (Staff representative).

In 2007 the Education Committee reviewed its charter and membership. The committee is now focused on quality assurance and education initiatives.

Key issues for the Committee included:

- Ensure that educational delivery meets required standards for the AQTF and Performance Agreement with the ACFE Board.
- New initiatives developed ensuring CAE is a leader in life long learning and remains integral to the community.

People Committee

Committee Members: Helen Ormond (Chair), Fran Thorn and John Wills (Director).

The establishment of the People Committee in 2007 is an important step to ensure strategic Human Resource Management (HRM) issues are given appropriate attention by the Board. This committee was formed to give greater attention to HR strategy within the organisation as a result of the HR Audit and Review Report and through cultural diagnostic work completed in 2007.

The People Committee provides direction and oversight of strategic HRM matters to ensure that such matters are being addressed effectively. Key issues for the Committee included the following:

- Health checks for the organisation.
- Engagement and communication.
- Reporting to the Board on status and diagnostic surveys and tools.
- Development of Performance Management Strategy.

Remuneration Committee

Committee members: Frank King (Chair) and Graeme Cocks.

In 2007 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.

Board Meetings

The number of meetings held in 2007 were as follows:

- CAE Board: seven meetings.
- Audit and Risk Management Committee: 10 meetings.
- Education Committee: five meetings.
- People Committee: two meetings.
- Remuneration Committee: three meetings.

Board Training

CAE Board members were involved in Risk Management training during 2007.

Board Performance

The values of CAE's Board reflect those of CAE: commitment, honesty, accessibility, and high standards. In line with these values, CAE's Code of Conduct guides the actions and decisions of the Board. The Board Committees were bound by the terms and conditions that related to compliance and accreditation guidelines, imposed by government and external agencies.

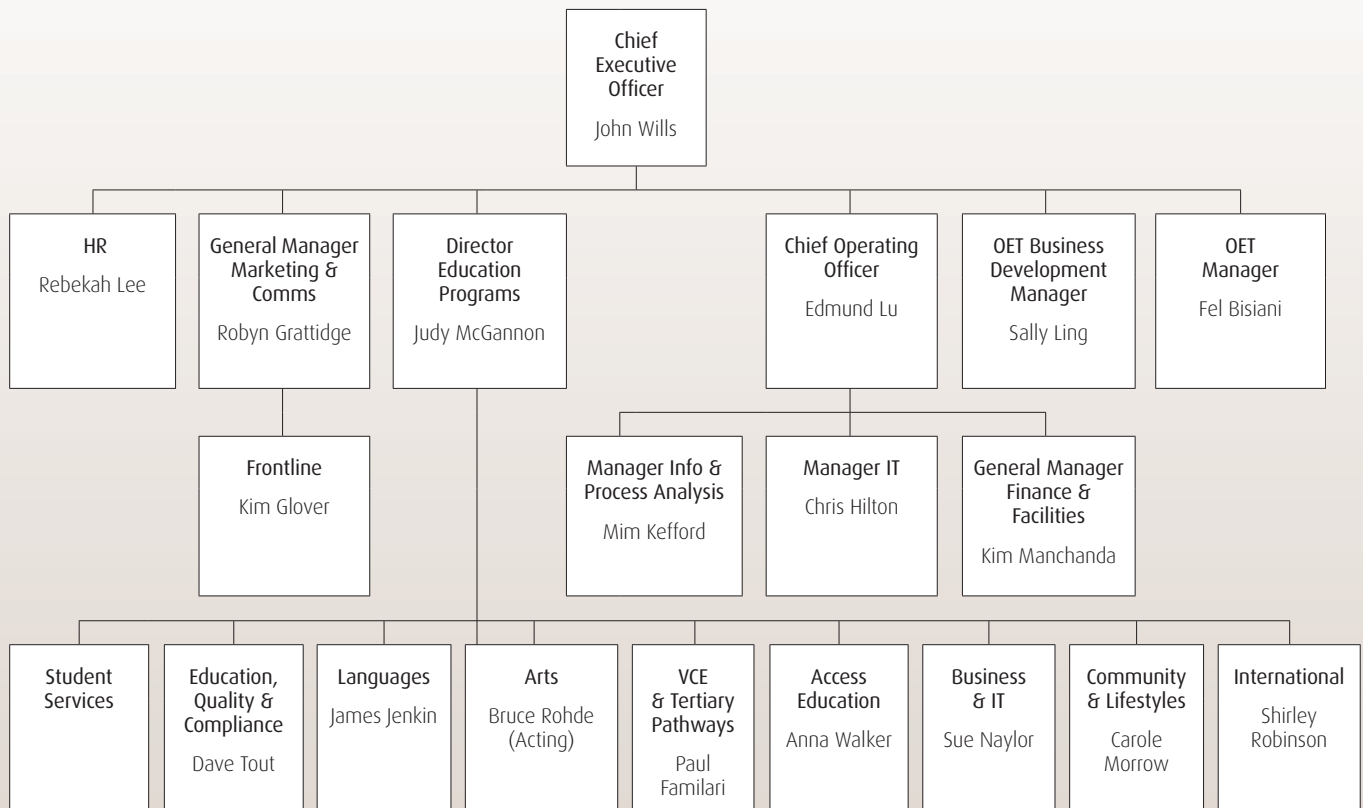
The Board was the governing body of CAE, and responsible for overseeing the management and strategic development of the organisation. The operational management of CAE was delegated to the CEO and Senior Management group, who operated under the general accountability of the Board.

The Board's major achievements in 2007 included:

- Approval and monitoring of the Strategic Plan 2006-2011.
- Implementation of ACFE Performance Agreement 2006-2009
- A new risk based internal audit plan approved and monitored by the Audit and Risk Management Committee.
- New charter developed for the Education Committee and members appointed.
- Board Self Assessment Process completed.

Organisational Structure

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CEO

John Wills was responsible for the strategic direction of CAE, as delegated by CAE's Board.

COO

Edmund Lu was responsible for the operations and strategic initiatives in the areas of financial management and process re-engineering.

General Manager Finance & Facilities

Kim Manchanda was responsible for the financial operations of CAE. Ms Manchanda managed the strategic and operational requirements of CAE's finance, facilities and building projects.

General Manager Marketing & Communications

Robyn Grattidge was responsible for the strategic direction of the Marketing and Frontline customer service departments. This included CAE's marketing, branding, public relations, marketing research and customer service enrolments.

Manager Information and Process Analysis

Mim Kefford was responsible for database management, information coordination and marketing analysis.

Manager Information Technology

Ken McDonald was responsible for the strategic direction and operations of the Information Technology (IT) Department, until November 2007. Chris Hilton was responsible for the operations of the IT Department from November 2007.

Manager Human Resources

Rebekah Lee was appointed in June to be responsible for the strategic direction of the Human Resource Department. The HR Department provides a range of operational and advisory services, enabling CAE to attract, retain and develop outstanding staff.

Manager The OET Centre

Fel Bisiani was responsible for the strategic direction of The OET Centre.

Business Development Manager The OET Centre

Sally Ling was responsible for the business development of The OET Centre.

Director Education Programs

Judy McGannon was responsible for the strategic direction of accredited and short course delivery, EQAC and Student Services.

Manager Access Education & Training

Anna Walker managed adult language, literacy and numeracy programs and the Victorian Certificate of Applied Learning (VCAL).

Manager Arts

Dr. Jennifer Jones-O'Neill managed the visual arts, writing and publishing, film and acting and accredited arts programs until June 2007. Bruce Rohde was responsible for Centre operations from September 2007.

Manager Business & IT Training

Susan Naylor was responsible for short courses in business and IT training; customised industry training; accredited business, IT and workplace training and assessment programs.

Manager Educational Quality & Compliance

Dave Tout was responsible for the EQAC unit which was formed in March 2007.

Manager International

Shirley Robinson was responsible for the International Centre until April 2007. Following a review, CAE decided there were sufficient providers of international programs to adequately meet the needs of students in the CBD.

Manager Languages

James Jenkin was responsible for the delivery of short courses and accredited languages training in more than 20 languages.

Manager Community & Lifestyles

Carole Morrow was responsible for the direction of the Community & Lifestyles which included fee for service courses, Australia's largest Book Groups program and nationally recognised training in Community Services, Fitness and Yoga.

Manager VCE & Tertiary Pathways

Paul Familiar was responsible for delivery of the VCE program and the Diploma of Liberal Arts and the Diploma of Further Education.



CAE Profile

CAE is the largest provider of adult and community education in Victoria, with over one thousand nationally accredited and fee for service courses on offer. CAE also specialises in workplace learning, corporate lifestyle packages and professional development activities for adult education practitioners.

CAE delivers the majority of courses from four central campuses in Melbourne's CBD.

CAE aims to achieve the objectives of the ACFE Board, whilst balancing the needs of individuals, the community and recognising industry trends.

Scope of Activity

CAE is registered by the Office of Training and Tertiary Education (OTTE) to deliver 50 courses. This included 22 training package qualifications and 28 nationally recognised courses. In addition, CAE has 18 units of competency available from a range of training packages.



Total CAE Subject Enrolments & Student Contact Hours (SCH)

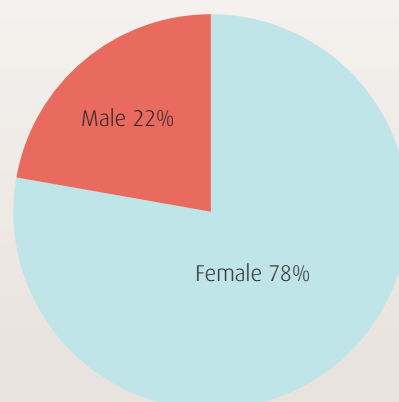
ACE Program Category	Subject Enrolments	SCH
Adult Literacy and Numeracy		
State Government contract	5,337	266,757
Federal Contracts	10	300
Fee For Service	264	14,075
VCE and VCAL		
State Government contract	2,868	210,477
Federal Contracts	8	576
Fee For Service	75	5,400
Employment Skills		
State Government contract	1,272	37,143
Federal Contracts	20	550
Fee For Service	857	7,285
Vocational		
Government contract	6,942	275,592
Apprenticeships/Traineeships	34	2,890
Fees	9,064	126,727
Book Groups		
Fees	10,900	309,653
Enrichment		
Fees	27,025	267,219
TOTAL	64,676	1,526,634

Students by Age Group

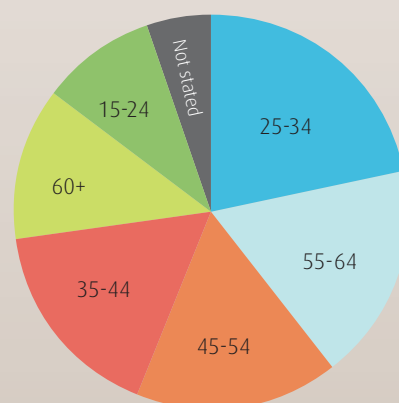
(Age taken from 30/06/2007)

Age Group	Total No. of students	Total % of Students
< 15	14	0%
15 - 24	3,617	9%
25 - 34	7,782	21%
35 - 44	6,037	16%
45 - 54	6,228	16%
55 - 64	6,376	17%
60 +	4,585	12%
Not Stated	2,040	5%
TOTAL	36,679	100%

Gender Breakdown



Age Analysis



Students by Age Group by Funding Type

(Age taken from 30/06/2007)

Age Group	Govt.	FFS	Book Groups	Total
< 15	1	13	0	14
15 - 24	743	2,921	32	3,617
25 - 34	700	6,948	307	7,782
35 - 44	575	4,558	1,041	6,037
45 - 54	485	3,752	2,154	6,228
55 - 64	409	2,867	3,277	6,376
60 +	208	1,100	3,354	4,585
Not Stated	0	1,370	672	2,040
TOTAL	3,121	23,529	10,837	36,679

Access Education & Training

The Access Education & Training Centre (AET) was comprised of three programs: Literacy and Numeracy, VCAL and ESL.

At the beginning of 2007, the AET Centre held Preparation and Professional Development workshops over two weeks for teaching staff. Workshops included:

- Rethinking Assessment workshop aimed at ESL and Literacy teachers,
- Using technology in the classroom, and
- How to cater for vision impaired students in the classroom.

Literacy & Numeracy

2007 marked the commencement of the newly accredited Certificates in General Education (CGEA). CAE was one of the first adopters of this new curriculum. The flexible curriculum offers literacy and numeracy units, and a wide range of electives in science, art, and IT. Many students who undertake these programs have significant physical, psychiatric and learning disadvantages.

In partnership with St Mary's House of Welcome Fitzroy, CAE through Arts and Access Education Centres worked on a website project called PsycheTube with funding by VicHealth. The participants undertook an accredited unit as part of the Access Education program. PsycheTube provided an opportunity for the nine participants to learn creative writing, computer basics, digital photography and digital storytelling. At the end of the program three students were able to attend classes independently and in one student's words studying had now "drawn me out of the psycho-social rehabilitation realm and given me mainstream validity".

Victorian Certificate of Applied Learning (VCAL)

VCAL is a hands-on alternative to VCE and is an accredited secondary certificate. VCAL provides students with practical work-related experience and literacy and numeracy skills and the opportunity to build on personal skills that are important for life and work.

A graduate of the 2007 VCAL program, Mary Latuhoi, proceeded to further work at CAE as Reception/Administrator in the Business & IT Department.

English as a Second Language (ESL)

The ESL program delivers a range of Certificates, from initial English language learning to professional and academic training. It focuses on developing the language skills required for employment in Australia.

In 2007 CAE combined the expertise from Community Services and ESL departments to form a dual qualification offering the Certificate III in ESL for Employment and Certificate III in Community Services Work. The program is for bilingual students to become community workers and, in most cases, within their own community. This meets the growing need for more community sector workers with second language skills. The course was supported with a grant from the Victorian Office of Multicultural Affairs (VOMA).

ESL Short Courses

In 2007 the fee for service component of ESL short courses was expanded from eight to 16 course offerings in areas ranging from English grammar, business English and preparation for OET tests.



Arts

The Arts Centre offered fee for service courses in visual and performing arts, fashion, textiles, writing, film as well as nationally accredited, recurrently funded programs in visual arts and professional writing and editing.

In early 2007, CAE launched a series of new digital media and design courses in the Apple iMac Lab. With 15 of the latest model 24-inch iMacs, the lab was an innovative addition to our short course and accredited programs covering design, visual arts, photography, film, digital media and publishing.

Access Arts & Diploma of Arts - Visual Arts (DVA)

The Access Arts Program (Certificate I in Visual Art and Contemporary Craft) encourages students to expand on their skills, ideas and knowledge of the visual arts, providing a pathway from short courses through to more extensive and rigorous studies in the visual arts. Many Access Arts students took advantage of the learning pathways offered at CAE, and were successful in gaining entry into the DVA.

The DVA offers students a variety of specialist practical workshops to extend and enhance their practical and conceptual skills. Second year students have access to a permanent studio space in our city centre.



Accredited Arts highlights:

Graduates from the January 2007 intake of Certificate I in Access Art celebrated the conclusion of the course with an exhibition of their works at 96 Flinders St. The works included painting, sculpture, printmaking, glass and drawing. The Certificate course is an intense 16 weeks of study, two days a week, and is an introduction to the Visual Arts Industry.

Many Access Arts and DVA students participated in group shows including:

- Second year DVA sculpture students exhibited their work at Journal Café.
- First semester Access Arts students exhibited their prints in No. 5 Café, Centreway.

DETAIL, an exhibition of printmaking from DVA students and CAE staff, Tim Jones, Greg Harrison, Elizabeth Hickey, John Domjan, Rosemary Cato and Michael Ewing was featured in City Library's exhibition space in November 2007.

Diploma of Arts - Professional Writing & Editing (PWE)

PWE is a vocationally oriented course aimed to prepare students for employment in the writing and publishing industries. The program is taught by practising writers who are also experienced teachers, and covers writing across a range of subjects. In 2007, PWE enjoyed another successful year, with almost all subjects running at full capacity and many students successful in getting their writing published.

The annual Cut Short 2007 Short Story Competition received over 200 entries. Judged by Melbourne writer and editor, Anthony Lynch, the first prize was awarded to Peta Murray for her story, "The Volunteer".

Accredited Writing highlights:

- Many students in the Professional Writing and Editing program had articles, stories and poems published in publications such as *Culture Magazine*, *Positive Words*, Melbourne Writers' Festival handbook *Suburban*, *Victorian Writer*, *Writing Right Anthology*, *Australian Sports Diver*, *Overland*, *The Age*, *Melbourne's Child*, *Epoch Times*, *Bicycle Victoria's Ride On*.

PWE student Margaret Kelly had two profile articles published on Vision Australia's website and a feature article accepted for publication in *Fine Print* (a publication of the Victorian Adult Literacy and Basic Education Council).

Amra Pajalic was short-listed for the 2007 Victorian Premier's Award for an unpublished manuscript.

Short Courses – Visual Arts, Fashion & Textiles, Writing, Acting & Film

The 2007 fee for service Arts programs in visual arts, fashion, textiles, writing, acting and film proved popular with students seeking basic or beginner level courses as well as those wanting to build on their skills. Drawing on the proficiency of Melbourne's expert Arts tutors, many students tapped into their own creativity, especially within the newly developed digital media and design areas.

Visual Arts highlights:

Two popular courses from the spring 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".

Fashion & Textiles highlights:

The Summer series in fashion and jewellery design was a popular format and there were capacity enrollments in almost all courses on offer over this period.

As part of the 2007 Melbourne Scarf Festival, CAE offered three knitting classes to capitalise on the trend. Knitting, Knit in a Day and Cobweb Scarves were all part of the CAE Winter Program.

The continued partnership with the Immigration Museum saw the creation of two specialised courses to run in conjunction with the Nyonya Kebaya exhibition. Both courses included a practical component – where students could create their own Nyonya Kebaya designs following a tour of the exhibition.

An exhibition of student artwork created in the Expressionista short course with tutor Melwitz Folino was displayed in the City Library niche cabinet. The course explores fashion from the historical to the present day and combines expressionistic approaches to drawing a variety of clothing and accessories in mixed media and collage.

Writing, Acting & Film highlights:

For the third consecutive year, CAE continued its partnership with Melbourne International Comedy Festival 2007 and hosted two events in the program: the Comedy Appreciation course, "Dissecting The Frog", and the sponsored event "Jeez Louise", a funny women's forum. Both courses were held at CAE.

CAE was a proud supporter of the inaugural Melbourne International Animation Festival, 19-24 June. CAE film, animation and visual arts students and staff were invited to attend the opening night event, among 300 other events and screenings held during the festival.



Ola Cohn Centre

Talented artist and professional sculptor Ola Cohn (1892-1964) was inducted on to the Department for Victorian Communities' Honour Roll of Women. Ola bequeathed her East Melbourne property, a collection of her works and other artefacts to CAE for the advancement of female artists and sculptors. Today her home is known as the Ola Cohn Centre. Her remarkable gift to Melbourne, The Fairies Tree continues to enchant visitors to the Fitzroy Gardens. Both sites featured in the "Walk into the World of Ola Cohn" walking tour by Ola's niece and biographer, Helen Bruiner, in April 2007.

The facilities at the Ola Cohn Centre continued to be utilised by CAE students, community groups and practising artists for specialised screenprinting, writing and arts courses during 2007.

The Melbourne Society of Women Painters and Sculptors (MSWPS) also ran their weekly activities program and special events from the Ola Cohn Centre.

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 2007, 558 business and computer training short courses were delivered, comprising both public programs and customised workplace training delivered in-house. The department also conducted nationally accredited Workplace Training and Assessment, Information Technology and Business.

Business Training

CAE offered 178 business training courses for small business operators and individuals seeking a career change or retraining, and small to medium public and private sector enterprises. The wide range of courses includes communication skills, finance, management, sales and marketing.

Business highlights:

In 2007 CAE continued its partnership with the Department of Innovation, Industry and Regional Development (DIIRD) in providing a suite of courses "Under New Management".

A new partnership arrangement with the National Institute of Accountants was developed, resulting in joint marketing of relevant programs. Courses such as Run Your Own Bookkeeping Practice, in conjunction with the Association



of Accounting Technicians (AAT) demonstrated the growing need for bookkeepers within the Australian market place.

2007 saw the expansion of business training courses on offer to include new courses for managers such as Human Resources for Non Human Resources Managers and Finance for Non Finance Managers.

The ongoing delivery of business programs attracted a high level of interest and exposed CAE to a variety of clients such as Department of Parliamentary Services, Moore Stephens (Melbourne), the University of Melbourne, City of Maribyrnong, McMillan Shakespeare and Victoria Police.

IT Training

CAE provided a 269 short courses in fast skill acquisition for individuals seeking to enhance their IT skills, small business operators and employers requiring customised IT training in a wide range of areas: essential computer skills, computerised accounting, database management, desktop publishing, internet and multimedia, Microsoft Office applications and web design and management.

IT highlights:

CAE provided customised training to a number of organisations including Australian Superannuation Association, Deakin University, Melbourne University The Agenda Group, Plan Connect and Victorian Womens Health.

There was increased demand for the delivery of new multimedia courses to assist with the usage of digital items such as Blackberries and iPods.

Accredited Training

Fee for service courses were offered in a flexible format to meet the needs of part time students and respond to employer preferences. Highlights for 2007 included the launch of a Diploma in Project Management.

Accredited training for industry was conducted for companies such as Powercorp.

Government funded places were offered in the Certificate II in Business and Certificates I and II in Information Technology. These courses developed employability skills and opened pathways into employment and further education for learners.



Community & Lifestyles

CAE Community & Lifestyles offers a range of fee for service courses, including food, philosophy, history, singing, dance, fitness and natural therapies, Australia's largest Book Groups program and nationally recognised training in community services, fitness and yoga.

Book Groups

CAE Book Groups had 999 book groups and 10,888 members across Australia in 2007, with 804 book groups in urban and rural Victoria and 195 interstate book groups.

In 2007, 333 book groups had been with CAE Book Groups for over 20 years. They included 82 groups that celebrated 40 years or more. CAE Book Groups is continuing to innovate and be relevant to the Melbourne community with the launch of an electronic newsletter, an up-to-date web presence, partnership with Melbourne Library Service, and a new café book club program.

Book Groups highlights:

2007 saw the continued relationship with the Melbourne Writers' Festival.

In June CAE Book Groups launched a Cafe Book Group program to capitalise on enquiries from readers seeking to join a book group in the inner city. As part of the program, Cafe Book Groups met with bestselling Swedish author John Ajvide Lindqvist to discuss his novel *Let the Right One In*. The author visit was arranged as part of an ongoing relationship between CAE Book Groups and Text Publishing.

In September, CAE Book Groups launched the first Melbourne Library Service subsidised book group hosted at the East Melbourne Library. In this model, CAE Book Groups provides the resources and Melbourne Library Service provides the venue. This partnership was launched to capitalise on enquiries from inner city readers looking to join book clubs in their local area.

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 students also participate in practical training and supervised work placements to ensure they are job ready.

Community Services Education highlights:

Two Community Services Education students were finalists in the 2007 Victorian Community Services and Health Industry Training Awards. Glen Speer was a finalist in the Life Long Learner category and Anneke De Wilt was a finalist in the Vocational Student category.

In June, Community Services Education held a graduation ceremony for 16 Aged Care Work students who had undertaken a one year traineeship program and completed the dual qualification - Certificate III in Aged Care Work and Certificate III in Home and Community Care. This joint initiative between CAE and MECWA, one of the leading providers of Aged Care support in Victoria, celebrated the achievements of the students and also recognised a partnership that has provided great outcomes for both organisations over the past six years.

ACFE funded training delivery to people aged 40 to 64 years who were seeking pathways to employment in the Community Services field. Twenty-seven students participated in five Community Services courses. The success of the promotional campaign, selection procedures, and delivery and assessment model resulted in a one hundred per cent completion rate. Destination surveys showed that in December 2007, 41% per cent of participants had already gained employment in the Community Services industry and that attitudes to work and further study were very positive.

The Community Services Education Department successfully delivered a DEST Reframing the Future Program. The project used an action learning approach to develop recognition of prior learning processes (RPL) for the Community Services field. The outcomes of the project were:

- New RPL processes, policies and tools that are accessible and appropriate for the target group of mature aged workers, including people from a culturally and linguistically diverse background.
- Improved knowledge management practices about RPL at CAE in order to meet the needs of assessors and AQTF requirements.



Lifestyles

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

Lifestyles highlights:

With the opening of Journal Canteen in the 253 Flinders Lane building, CAE launched a new restaurant learning concept with an onsite demonstration cooking program in early 2007. The cooking courses draw on the expertise of many leading local foodies from restaurants, food providores and cellars around Melbourne. One of the most popular classes in the program was Cupcakes Galore.

CAE was proud to host the sold out course Celebrating Central Victoria with award-winning chef Annie Smithers as a Melbourne Food and Wine Festival event on 20 March as part of CAE's newly formed partnership with the Melbourne Food and Wine Festival.

CAE's partnership with City Library continued with hosting Monday evening CAE @ City Library sessions. Two of the best attended talks were those presented by Heart of Philosophy, entitled "Philosophy: Where To Now" by Professor Graham Priest (from Melbourne University) and "The Similarities and Differences between Erotic Love and Friendship" by Dr Jeanette Kennett (from Australian National University).



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 an Advanced Diploma in Yoga Teacher training and a Graduate Certificate in Yoga Therapy.

Wellbeing highlights:

CAE in conjunction with the Australian Institute of Yoga Therapy launched Australia's only nationally recognised and state accredited graduate course in Yoga Therapy in February. The Graduate Certificate in Yoga Therapy draws from the extensive, authentic traditions of Yoga, along with the recognised protocols and practices for contemporary complementary and alternative medicine practitioners. It has been developed to meet the needs of Yoga teachers wishing to extend their scope of practice to become Yoga Therapists and be able to provide professional, well qualified Yoga Therapy treatment and advice to the public.

Languages

CAE Languages commenced 2007 with a marketing campaign entitled "Talk to me" with fresh new images and a brightly coloured postcard distributed throughout metropolitan Melbourne. The campaign also included e-cards aimed at people wanting to share the language learning experience with friends.

The fee for service program delivered courses to 4,523 learners in over 20 Asian, European and Classical languages, offering a wide variety of options, from beginner courses equipping students with basic survival language skills, to literature courses for advanced level learners.

In 2007, CAE Languages continued to offer learners nationally accredited course sequences in 12 languages, leading to the Certificates II, III and IV in Applied Language. Government funding supported 1000 learners enrolled in accredited courses and VCE language study.



Languages Highlights:

The most successful courses continued to be French, Spanish, Italian and Mandarin, although there was particularly strong and growing interest in Arabic.

While the number of languages taught in Australia in the post-compulsory sector has halved in the last decade, CAE continued to run courses in languages such as Turkish, Thai, Danish, Swedish and Portuguese, for which there are few alternative providers

Delivery of offsite customised courses in business language, business etiquette and cross-cultural communication continued, with clients including Yamaha, AXA-Tech, and Channel 7, Victorian Government, Amlaki Australia and Security.

Offsite customised language training also included intensive delivery of 12 languages including Arabic, Cantonese and Khmer in five Australian cities to members of the Australian Federal Police, prior to their deployment to other countries. Training is delivered one-on-one and in small groups, focussing on language AFP officers will need to work and live in the host communities.

The free Languages Sampler Program ran from 9-14 July with the aim of converting unsure students into beginner language classes. Over 500 students participated in the one hour tasters with 9% immediately enrolling in a follow-on class.

As part of spring celebrations, the Languages Centre organised a Poetry Competition and Exhibition. Over 80 students wrote poems in a wide range of languages including French, Arabic, Latin, Mandarin, Japanese and Italian, with the winners receiving CAE vouchers as prizes. All poems were exhibited throughout Level 3 of the 253 Flinders Lane building throughout September.

Educational Quality and Compliance Unit (EQAC)

EQAC Unit was formed in March 2007 to assist in meeting Australian Quality Training Framework (AQTF) standards and training delivery requirements for the Performance Agreement. It provides guidance for accredited and short course program staff for the continuous improvement of the quality of the teaching and learning programs at CAE.

EQAC also undertakes adult education projects (specialising in adult literacy, language, numeracy and applied learning).

New developments for EQAC in 2007 included:

- Reviewing and upgrading CAE Education Policies and Procedures to meet new AQTF Standards.
- Developing a consistent and efficient approach to the RPL processes at CAE.
- Planning a quality assurance framework for CAE's short courses.
- Implementation of a youth strategy for CAE.

EQAC 2007 highlights

Management of projects for ACFE and DEST including non-accredited learning for ACE providers, the development of a facilitators manual for the Advanced Diploma in Language Literacy and Numeracy in VET, the development of an assessment tool for Corrections Victoria, and two DEST Reframing the Future projects for Victorian ACE Coalition (VACEC) – a consortium of key ACE providers from across Victoria.

The EQAC unit ran two Youth

Forums in 2007. The first forum in March attracted over 60 people from VCE and VCAL students and teachers through to the Police, Youth workers, the Salvation Army, disability organisation representatives, Local Learning and Employment Networks (LLEN), ACFE and Victorian Curriculum and Assessment Authority (VCAA) personnel. The second was a Youth Careers/Pathway Forum that attracted more than 85 young people. Designed to ensure a clear understanding of the many different pathways and opportunities for alternative education programs and employment.

EQAC presented a staff forum where four CAE staff spoke about their research degrees at Monash University based on their work at CAE. Catherine Jenkins, Claire Courtel, Margaret Thorne and Meredith Churchyard talked and shared their experiences and how it impacts or might impact on CAE's delivery of courses.

In July, CAE attracted over 70 teachers from across Victoria to a one day Victorian Certificate of Applied Learning (VCAL) Professional Development program. The EQAC Unit delivers a range of professional development activities for teachers from schools, TAFEs and ACE providers.

Participation in non or pre-accredited courses has been recognised by ACFE and the State Government as an important contributor to community wellbeing and as a potential pathway into employment or further education and training. This has been supported by the A-Frame project led by CAE to recognise pre-accredited teaching and learning and the benefits provided to social capital and strong communities. During 2007 the EQAC Unit continued to support and document the implementation of the A-Frame across the state.

Dave Tout, Manager of EQAC, was invited to participate in the national COAG review into numeracy teaching and learning.



Occupational English Test (OET)

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, Level 3, 7 Bowen Crescent, Melbourne 3004.

Candidates for the OET are from 12 health and allied health professions: dentistry, dietetics, medicine, nursing, occupational therapy, optometry, pharmacy, physiotherapy, podiatry, radiography, speech pathology, and veterinary medicine. All four language skills are tested – listening, speaking, reading and writing – with an emphasis on contextualised communication for professional purposes.

The test is currently used by governing bodies of the professions at state and national level in Australia, New Zealand and Singapore. Each board or council determines the result required from candidates to meet the language competency standard that allows them to function in their profession.

The OET Centre has an Memorandum of Understanding (MOU) with the University of Melbourne for OET research, test materials supply and technical support.

In 2007 the Test was administered by The OET Centre four times, both in Australia and internationally.

Candidate Registrations

Location	2007	2006	Increase
Australia	2874	2435	18%
International	2659	1435	85%
Total	5533	3870	43%

- Revenue from publication sales in 2007 was up almost 70% over budget

OET Review

In 2006 Pitcher Partners was engaged to analyse the OET Centre's business processes and give recommendations for better efficiency. This resulted in a new website, known as Candidate Application and Reporting System (CARS). CARS went live in mid-July and requires candidates to apply online. Most candidates choose to pay online, greatly reducing The amount of data entry required of The OET Centre's administration staff. Phase two of the website development is scheduled to commence in January 2008.

Conferences and Presentations

In March John Pill presented at the International Association of Teachers of English as a Foreign Language (IATEFL) conference in Aberdeen UK. The conference is attended by 1,500 professionals annually. John's presentation was The Occupational English Test: Assessing English Skills of Medical Professionals. Recent research on the test was presented and general issues relating to assessment for specific purposes considered.

In April the OET Forum was held in Melbourne. The Forum was opened by Ms Beverly Honig, a member of the CAE Board and Chair of the OET strategy group. Over 60 attendees listened to six presentations on the aspects of the OET. Contributors included Professor Lesleyanne Hawthorne, the Associate Dean (International) and Director of the Faculty International Unit of the University of Melbourne, Margaret Proctor, Director of the Professional and International Recognition Unit, Department of Education, Science and Training, and Dr Carsten Roeber, Acting Director of the Language Testing Research Centre (LTRC).

John Pill along with Dr Carsten Roeber of the University of Melbourne were invited to present at the Assessing Authorities' Conference in Melbourne, October 2007.

Relationships with Stakeholders

The OET Strategy Group met four times in 2007. OET Policies, the CARS program, research and future developments were discussed with attending stakeholders. The Strategy Group has members from five regulatory authorities, two federal government departments and a member of the CAE Board.

The OET Centre held regular meetings with representatives of the Australian Dental Council, Australian Institute of Radiography, Australian Physiotherapy Council and the Language Testing Research Centre of the University of Melbourne.

In New Zealand, meetings were held with representatives of the Physiotherapy Board, the Dental Council, the Nursing Council, the Medical Council and the Pharmacy Council.

Meetings were also held with:

- Australian Medical Council and the Australian Medical Association
- Pharmacy Council
- Western Australia Nurses Board
- Royal Australian College of General Practitioners

OET 2007 Achievements:

- The Australian Dental Council signed a MOU in March to accept the OET exclusively and is a very important stakeholder.
- In September the OET was re-instated as an accepted test by the Western Australia Nurses Board
- After extensive discussion with the Department of Immigration and Citizenship, the OET achieved recognition as a measure of "Proficient English" for migration purposes. This is only the second English language test to be accepted.

VCE & Tertiary Pathways

The VCE and Tertiary Pathways Centre conduct a large accredited program consisting of the adult VCE, the Diploma of Liberal Arts (DLA) and the Diploma of Further Education (DFE).

VCE

In 2007, 823 students enrolled in the VCE program at CAE. Included in this number were 137 cross-campus, school aged VCE students who undertook a specific subject enrolments at CAE in addition to their home school. 144 VCE students were enrolled in VCE Units 1 to 4 languages through the Languages Centre, and 15 students were enrolled in VCE ESL classes through Access Education and Training Centre.

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

In 2007, the VCE program offered 35 subjects at the Units 1 to 4 levels, conducted in 82 classes each week. The program offered subjects in the Humanities, Sciences, Commerce, the Arts, Languages and Mathematics.

VCE highlights:

Three CAE students gained ENTER scores in excess of 99, and received offers from Physiotherapy at La Trobe, Medicine at Monash and Science at Melbourne Universities. A number of Arts students were shortlisted for TopArts with one student selected for TopArts (Drama) to showcase her skills at a presentation in 2008. Three equity and access scholarships for academic excellence were awarded to CAE VCE students.

The flexible timetable at CAE enabled former VCE student Ross White to participate in extra-curricular activities, such as volunteering while completing his VCE. This earned him the 2007 Young Citizen of the Year award for the Shire of Yarra Ranges. We extend our congratulations to Ross.

Diploma of Liberal Arts (DLA)

The DLA is a humanities based course and accepted pathway into Arts and Social Science degrees at all Victorian universities. In 2007, the DLA continued to develop at CAE with 98 students enrolled. 15 DLA students graduated with the full Diploma in 2007 and an additional 10 students successfully completed the Certificate IV in Liberal Arts. CAE Diploma graduates obtained entry into arts and social science courses at Swinburne University, Victoria University, La Trobe University, the Australian Catholic University and Griffith University.

DLA highlights

CAE hosted a Statewide Professional Development day in November for all DLA providers. Forty staff from both metropolitan and rural areas attended the day.

Diploma of Further Education (Adults Preparing for Tertiary Study)

This is an 18 week program designed to help adult students successfully prepare for study at University or TAFE. Students develop their confidence as they acquire study skills, undertake research and receive career and course counselling throughout the duration of the course. This program commenced in early 2007 with 11 students, who completed modules accredited for the Diploma of Further Education.

International

The International Office provided programs for students in VCE, English as a Second Language and Community Services. Following a review, CAE decided there were sufficient providers of International programs to adequately meet the needs of students in the CBD and enrolment of new students ceased in April 2007.



Compulsory Non-Academic Fees & Charges

CAE complies with the Ministerial Directions on Fees and Charges which sets out the framework for charging student services and amenities fees. In 2007, CAE established a Student Services and Amenities fee rate per student contact hour of 40 cents, with a maximum of \$140 and a minimum of \$45. 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 student service supported through compulsory non-academic fees, was that of learning support to students with particular needs.

Student Access & Equity

Equal opportunity principles continued to inform policy development, planning and program delivery at CAE throughout 2007. CAE acknowledges its responsibility to ensure that processes are established which apply the Victorian Public Sector Employment Principles and that all CAE staff apply the Code of Conduct Principles. CAE provides biannual workforce reports to the Public Sector Standards Commissioner.

Disability Action Plan

CAE implemented the Disability Action Plan to meet the education standards under the Disability Discrimination Act for students with a disability.

- Two students received learning support services, generating 5,435 supported student contact hours.
- Successful part time participation of a deaf blind student in the Certificate III in Community Services course – the first deaf blind student to study at CAE.
- Substantial upgrade of adaptive hardware and software resources greatly increased capacity to deliver customised support solutions to individual students.
- Project to upgrade accessible toilet facilities realised through ACFE funding.
- CAE's Equity and Access Unit received a "Making a Difference" Award from Vision Australia – one of a number of awards given to individuals and organisations across Victoria.

Other notable performance targets achieved included:

- Provision of the Youth Pathways Programs (YPP) which included the Managed Individual Pathway Support (MIPS), to assist disengaged youth return to learning.
- Additional VCE/VCAL related programs for 15-19 year olds.

Learner Satisfaction Survey

The 2007 Learner Satisfaction Survey was conducted by ACFE as part of a wider survey involving eligible community based adult education organisations across Victoria. There were almost 3,000 students enrolled in 2007 in CAE courses funded under the Performance Agreement. The survey was sent by mail or electronically to approximately 2,000 students. A sample of 65% of each department's student cohort was selected randomly. The response rate for both electronic and mailed survey was 32%. Students were asked to rate their level of agreement on a range of course issues. Results of the survey included:

Students expressed a high level of satisfaction (88%) with the overall quality of the course they undertook. Teachers were commended for working hard to make their subjects interesting (88%), motivating students to do their best (88%) and giving helpful feedback (84%).

81% of students said the learning resources provided were appropriate for their needs, and 80% responded strongly agree and agree that study materials were clear and concise as well as relevant and up to date.

There was general agreement that learning support was readily accessible (71%). Relevant learning and IT resources were available when needed (64% and 54% respectively). 68% of students felt the course helped them achieve their main reason for studying.

The satisfaction rating is overall slightly higher than the previous year which highlights CAE's commitment to continuously improve its services and dedication to the community.

Feedback obtained through this annual Learner Satisfaction Survey and a wide variety of other means continues to provide CAE with valuable information and impetus for continuous improvement.

Marketing Activity

CAE's Marketing Department is responsible for all communications, marketing and PR activity and supports CAE's strategic objectives as follows:

- To be an innovator in the concept of informal learning.
- Establish significant partnerships centred on life long learning and community engagement.

Four Course Guides were produced in January, March, June and September to promote the range of programs and events scheduled for CAE. They were distributed through *The Age*, CAE's database, City Library and CAE's CBD campuses.

In addition, a Sundays Program was released during August to promote weekend activities and a Summer Program featuring popular short, taster courses was released in November.

CAE continued its involvement with Melbourne festivals with the objective to develop mutually beneficial events for stakeholders and increase awareness of CAE in the Melbourne community.

Sponsorships

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

Partnerships

- Melbourne Food & Wine Festival
- City Library
- Immigration Museum
- Melbourne Spring Fashion Week
- NGV, Craft Victoria, Ian Potter Museum of Art
- Palace Films, Italian Film Festival, Spanish Film Festival
- Heart of Philosophy
- Melbourne University Press
- Text Publishing
- Melbourne Writers Festival
- Intrepid Travel

Human Resources

CAE's HR 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.

Following an external review into the operation and performance of the HR function, the appointment of specialised staff has seen the HR function transformed from a purely administrative function into one which provides strategic input into people management issues and organisational development.

Key achievements in 2007 have included the development of an occupational health and safety management plan, a comprehensive review of the CAE policy framework, an organisational cultural analysis and the streamlining of the HR and payroll processes. Also in 2007, CAE continued with its Employee Assistance Program (EAP) first introduced in 2005. The aim of the program is to provide staff at CAE with access to early assessment and assistance with personal or work related problems through access to an external counselling service.

In direct consultation with employees and the National Tertiary Education Union (as required by the CAE Certified Agreement), HR policies and procedures continued to be revised and developed throughout 2007. This approach ensured that existing policies are relevant for CAE today, and new policies and procedures are implemented as required.

In accordance with section 7 of the Public Sector Management and Employment Act, CAE confirms the application of the principles of public sector employment. In accordance with section 8 of the Public Sector Management and Employment Act, CAE confirms observance of public sector conduct principles.



Occupational Health & Safety

CAE provides programs to ensure that the human and financial costs of occupational injury and illness to its staff members is reduced. Training for staff was provided in the following areas:

- Introduction to Hazard Management.
- Incident Reporting and Investigation.
- OHS training for Safety Representatives.
- Equal Opportunity Contact Officer training.

In 2007 CAE continued its commitment to the Contact Officers role which involves staff who are trained to provide other CAE staff with information and support to resolve issues that relate to harassment, discrimination or bullying in the workplace.

There were no significant incidents recorded in 2007.

Industrial Relations

During 2007 there were no lost days due to industrial relations disputation. Regular consultative committee meetings took place to address workplace issues, to improve communication and maintain good working relationships with all unions with coverage at CAE.

The CAE Certified Agreement Number 1 2006 remains in place and staff received the second 3% salary adjustment on 22 February 2007.

Staff Learning & Development

During 2007 CAE offered a range of programs to assist staff to develop and enhance their skills and knowledge. Funds were also allocated to support staff undertaking accredited study.

CAE promoted the personal and professional development of staff in order to achieve ongoing improvements in service delivery and create satisfying career paths for staff members.

Workforce Data

The workforce data table shows the equivalent full time (EFT) staff numbers for 2006 and 2007.

31/12/2007	Full time	Part time	Total	(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*

31/12/2006	Full time	Part time	Total	(EFT)
General Staff	71	53	124	103.04
Teachers	3	55	58	35.33
Sessional teachers	0	226	226	59.45*
All staff total	74	334	408	197.82*

* In 2007, a new methodology was applied to more accurately calculate the EFT of sessional staff.

As such the 2006 sessional EFT figure has been adjusted to give a true comparative figure to 2007.

Freedom of Information Act

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 2007, there were two requests made for documents under the Freedom of Information Act 1982. Documents were provided consistent with the legislation.

Whistleblowers Protection Act 2001

CAE endeavours to ensure that it complies with the provisions in the Whistleblowers Protection Act 2001 and 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. A public interest disclosure was made to the Ombudsman during 2007.

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 compiled 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 2007, CAE met its contracted training delivery requirements with the state government or ACFE Board. The target set for 2007 was the delivery of 787,878 student contact hours, with CAE successfully delivering 789,969 government funded student contact hours, and a further 736,665 fee for service student contact hours to the community. The Working Capital Ratio target of 1.53 was met.

Environmental Performance

In 2007, CAE through the Human Resources function created a role to oversee Safety, Health, Environment and Wellbeing.

CAE adopted the Environmental Health & Safety Business Principles derived from the International Chamber of Commerce Business Charter for Sustainable Development. CAE is establishing targets to reduce usage of electricity, water, gas and paper and will be monitoring progress each month in 2008.

As part of CAE's commitment to Safety, Health, Environment and Wellbeing a monthly internal newsletter was launched in December to provide relevant information and staff engagement.

Summary of Financial Results

Summary of Financial Results for the Year Ended 31 December with previous four year comparatives

	2007 \$000	2006 \$000	2005 \$000	2004 \$000	2003 \$000
Revenue	22,664	21,519	21,918	20,203	18,467
Expenses	21,598	21,036	21,238	25,619	18,798
Net Result	1,066	483	680	(5,416)	(331)
Total assets	15,766	12,896	12,020	11,657	16,914
Total liabilities	8,014	7,391	6,998	7,315	7,156
Net Assets	7,752	5,505	5,022	4,342	9,758
Net increase / (decrease) in cash and cash equivalents	2,423	2,335	1,229	(18)	(2,036)

Summary of Significant Changes

The significant changes in CAE for the year ended 31 December 2007 were additional income received from the fee for service operations and investment income.

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 2007, CAE did not engage any consultants with fees in excess of \$100,000.

Activity Table

	Note	2007 \$000	2006 \$000
NOTE A1 - OPERATING STATEMENT			
Total Operating Expenses			
Delivery and Support Activity	A2	11,582	11,164
Admin and General Service	A3	4,541	3,552
Property, Plant and Equipment Services	A4	4,323	4,110
Student and Other Services	A5	1,152	2,210
Total Operating Expenses		21,598	21,036
NOTE A2 - OPERATING STATEMENT			
Delivery Provision and Support Activity			
Salary, wages, overtime & allowance		8,536	7,799
Superannuation		650	624
Payroll tax		423	394
Other salary related costs		65	61
Consumables		751	812
Communication Expenses		251	225
Contract & other services		204	255
Other direct delivery expenses		702	993
		11,582	11,164
NOTE A3 - OPERATING STATEMENT			
Administration and General Services Activity			
Salary, wages, overtime & allowance		2,068	1,593
Superannuation		167	125
Payroll tax		80	79
Other salary related costs		14	2
Consumables		96	40
Communication Expenses		35	38
Contract & other services		358	387
Fees		437	225
Other expenses		1,286	1,063
		4,541	3,552
NOTE A4 - OPERATING STATEMENT			
Property, Plant and Equipment Services Activity			
Salary, wages, overtime & allowance		244	190
Superannuation		19	16
Payroll tax		13	10
Other salary related costs		2	2
Consumables		73	91
Communication Expenses		65	69
Contract & other services		759	643
Depreciation		513	554
Utilities		189	156
Rent/Leasing charges		2,043	1,912
Repairs and maintenance		184	226
Written down value		57	23
Other expenses		161	218
		4,323	4,110
NOTE A5 - OPERATING STATEMENT			
Student and Other Services Activity			
Salary, wages, overtime & allowance		298	325
Superannuation		26	28
Payroll tax		16	17
Other salary related costs		3	3
Consumables		28	10
Other direct delivery expenses		781	1,826
		1,152	2,210



Additional Information

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



Acronyms

ACE	Adult Council of Education
ACFE	Adult Community and Further Education
AET	Access Education and Training Centre
AQTF	Australian Quality Training Framework
ARMC	Adult and Risk Management Committee
CEO	Chief Executive Officer
COO	Chief Operating Officer
DVA	Diploma of Visual Arts
DEET	Department of Employment, Education and Training
DEST	Department of Education, Science and Training
DFE	Diploma of Further Education
DHS	Department of Human Services
DIIRD	Department of Innovation, Industry and Regional Development
DISTSS	Disability In-Service Training Support Service
DLA	Diploma of Liberal Arts
DVA	Diploma of Arts (Visual Arts)
EAP	Employee Assistance Program
EFT	Equivalent Full Time
EQAC	Education Quality and Compliance
ESL	English as a Second Language
FFS	Fee for Service
GST	Goods and Services Tax
HR	Human Resources
LAPS	Language and Professional Support
LLN	Language & Literacy for Industry
LOTE	Language Other Than English
MECWA	Mecca Community Care
MSWPS	Melbourne Society of Women Painters and Sculptors
OET	Occupational English Test
OHS	Occupational Health and Safety
OTTE	Office of Training and Tertiary Education
PWE	Diploma of Professional Writing and Editing
RPL	Recognition of Prior Learning
SCH	Student Contact Hours
VCE	Victorian Certificate of Education
VCAL	Victorian Certificate of Applied Learning
VET	Vocational Education and Training



Financial Statements & Accompanying Notes for the Year Ended 31 December 2007

- AUDITOR GENERAL'S REPORT
- DECLARATION BY CHAIRPERSON, CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER FINANCE & FACILITIES
- OPERATING STATEMENT
- BALANCE SHEET
- STATEMENT OF CHANGES IN EQUITY
- CASH FLOW STATEMENT
- NOTES TO THE ACCOUNTS :
 - NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
 - NOTE 2 REVENUE FROM CONTINUING OPERATIONS
 - NOTE 3 EXPENSES FROM CONTINUING OPERATIONS
 - NOTE 4 CASH AND CASH EQUIVALENTS
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 - NOTE 8 OTHER ASSETS - PREPAYMENTS
 - NOTE 9 PROPERTY, PLANT AND EQUIPMENT
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 - NOTE 17 AUDITORS' REMUNERATION
 - NOTE 18 CONTINGENT LIABILITIES AND ASSETS
 - NOTE 19 SUPERANNUATION
 - NOTE 20 RESPONSIBLE PERSONS RELATED DISCLOSURES
 - NOTE 21 FINANCIAL INSTRUMENTS
 - NOTE 22 SUBSEQUENT EVENTS
 - NOTE 23 ECONOMIC DEPENDENCY
 - NOTE 24 EX-GRATIA PAYMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of the Centre for Adult Education

The Financial Report

The accompanying financial report for the year ended 31 December 2007 of Centre for Adult Education which comprises the operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the declaration by Chairperson, Chief Executive Officer and General Manager Finance and Facilities has been audited.

The Board's Responsibility for the Financial Report

The Board of the Centre for Adult Education is 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, 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.

Independent Audit 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 2007. The Board of the Centre for Adult Education is 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.

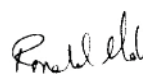
Independence

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 2007 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 1994*.

MELBOURNE
20 March 2008


D.D.R. Pearson
Auditor-General

Financial Report For The Year Ended 31 December 2007

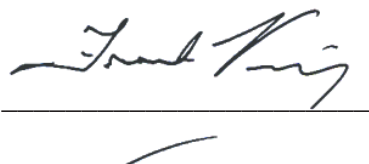
DECLARATION BY CHAIRPERSON OF THE BOARD, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE & ACCOUNTING OFFICER

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 2007 and financial position of CAE as at 31 December 2007.

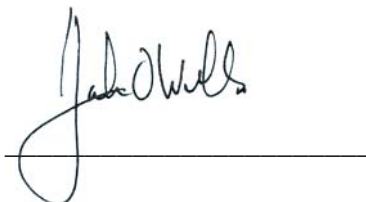
At the date of signing this financial report, we are not aware of any circumstance that would render any particulars included in the financial report to be misleading or inaccurate. There are reasonable grounds to believe that CAE will be able to pay its debts as and when they became due and payable.

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



FRANK KING

Chairperson



JOHN WILLS

Chief Executive Officer

DATE: 19 / 03 / 08

DATE: 19 / 03 / 08



KIM MANCHANDA

General Finance & Facilities Officer

DATE: 19 / 03 / 08

Operating Statement

For The Year Ended 31 December 2007

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Income			
Revenue from continuing operations			
<i>Operating activities</i>			
Government contributions - operating	2.1	9,307	9,267
Fee for service	2.3	10,887	10,182
Student fees and charges		716	698
<i>Non operating activities</i>			
Share of net profit / (loss) of joint venture	7	-	(176)
Other income	2.4	1,684	1,478
		<u>22,594</u>	<u>21,449</u>
Expenses from continuing operations			
Employee benefits	3.1	12,623	11,268
Finance costs		248	256
Impairment of non current asset	6, 7	92	800
Other expenses	3.2	8,122	8,158
		<u>21,085</u>	<u>20,482</u>
Net result from continuing operations before capital and specific items		<u>1,509</u>	<u>967</u>
Government contributions - capital	2.2	70	70
Depreciation and amortisation	9	513	554
Net result from continuing operations		<u>1,066</u>	<u>483</u>
Net result for the period		<u><u>1,066</u></u>	<u><u>483</u></u>

The above Operating Statement should be read in conjunction with the accompanying notes

Balance Sheet

as at 31 December 2007

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Current Assets			
Cash and cash equivalents	4, 21	6,835	4,412
Receivables	5, 21	1,123	293
Other assets - prepayment	8	203	199
Non current asset classified as held for sale	6, 21	-	1,756
Total Current Assets		8,161	6,660
Non Current Assets			
Receivables	5, 21	570	-
Property, plant and equipment	9	7,035	6,236
Total Non Current Assets		7,605	6,236
TOTAL ASSETS		15,766	12,896
Current Liabilities			
Payables	10, 21	3,951	3,391
Employee benefits	11	1,277	1,219
Other liabilities - lease liabilities	12, 21	96	87
Total Current Liabilities		5,324	4,697
Non Current Liabilities			
Employee benefits	11	282	190
Other liabilities - lease liabilities	12, 21	2,408	2,504
Total Non Current Liabilities		2,690	2,694
TOTAL LIABILITIES		8,014	7,391
NET ASSETS		7,752	5,505
Equity			
Contributed capital	13	7,618	7,618
Reserves	13	3,195	2,014
Accumulated surplus / (deficit)	13	(3,061)	(4,127)
TOTAL EQUITY		7,752	5,505

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement Of Changes In Equity

For The Year Ended 31 December 2007

	<i>Note</i>	<i>2007</i> <i>\$000</i>	<i>2006</i> <i>\$000</i>
Total equity at the beginning of the year	13	<u>5,505</u>	<u>5,022</u>
Net gain on revaluation of land, building and works of arts		<u>1,181</u>	<u>-</u>
Net income recognised directly in equity		<u>1,181</u>	<u>-</u>
Net operating result for the year		1,066	483
Total recognised income and expense for the year		<u>1,066</u>	<u>483</u>
Total equity at the end of the year	13	<u><u>7,752</u></u>	<u><u>5,505</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 2007

	Note	2007 \$000	2006 \$000
Cash Flows from Operating Activities			
Receipts			
User fees and charges		10,719	10,450
Interest received		407	225
Goods and Services Tax recovered from ATO		803	725
Other receipts		1,286	1,019
		<u>13,215</u>	<u>12,419</u>
Payments			
Employee benefits		(12,405)	(11,363)
Suppliers		(5,708)	(5,624)
Finance costs		(248)	(246)
Goods and Services Tax paid to ATO		(1,867)	(1,765)
		<u>(20,228)</u>	<u>(18,998)</u>
Cash Flows from government			
Government contributions - operating		9,117	9,267
Government contributions - capital	2.2	70	70
		<u>9,187</u>	<u>9,337</u>
Net Cash provided by operating activities	14	<u>2,174</u>	<u>2,758</u>
Cash Flows from Investing Activities			
Payment for property, plant & equipment	9	(188)	(159)
Proceeds from sale of non current assets	6, 9	571	-
Payment for investments	6	(47)	-
Payment for investments to joint venture	7	-	(184)
Net cash used in investing activities		<u>336</u>	<u>(343)</u>
Cash Flows from Financing Activities			
Repayment of lease liability		(87)	(80)
Net Cash used in financing activities		<u>(87)</u>	<u>(80)</u>
Net increase in cash and cash equivalents		2,423	2,335
Cash and cash equivalents at the beginning of the financial year		4,412	2,077
Cash and cash equivalents at the end of the financial year	4	<u>6,835</u>	<u>4,412</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 2007

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the Financial Management Act 1994, applicable Australian Accounting Standards and Interpretations and other mandatory professional requirements. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

The financial statements were authorised for issue by John Wills (CAE Chief Executive Officer) on 12 March 2008.

1.1 BASIS OF PREPARATION

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.

Reporting basis and conventions

The financial report has been prepared on an historical cost basis, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates and judgements

In the application of A-IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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 in the application of A-IFRS 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.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2007 and the comparative information presented for the year ended 31 December 2006.

1.2 REPORTING ENTITY AND PRINCIPLES OF CONSOLIDATION

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

1.3 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, net of bank overdrafts.

Bank overdrafts are included in interest bearing liabilities in current liabilities in the balance sheet. As at the 31 December 2007, CAE did not have any bank overdraft.

1.4 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.

1.5 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and is expected to be completed within one year from the date of classification and the asset is available for immediate sale in its present condition.

Calculation of the joint venture interest for sale value was finalised after the completion of the City Library joint venture financials as at 31 March 2007. It was established that further impairment was necessary (Note 1.9 and 6). The first instalment was due and received in 2007. The remaining balance of \$1.14 million was transferred to receivables as at 31 December 2007 (Note 5 and 6).

1.6 INVESTMENT IN JOINT VENTURE

In 2006, CAE sold its share of the joint venture interest to Melbourne City Council (MCC). CAE transferred and recognised the estimated recoverable value of the asset as 'non current asset classified as held for sale' as at 31 December 2006 (Notes 7).

1.7 PROPERTY, PLANT & EQUIPMENT

1.7.1 *Plant and equipment*

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

1.7.2 *Restrictive nature of cultural and heritage assets*

CAE inherited a property at East Melbourne from the late Ola Cohn, a local artist. Both the 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.

1.7.3 *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.

1.7.4 *Works of Arts*

CAE's works of arts was initially measured at cost but at reporting date, the asset was valued at fair value. The outcome of the valuation resulted in a revaluation increment which was credited to equity in the revaluation reserve (Note 13).

This asset was valued by an independent fine art valuer contracted through the Valuer General Victoria, Department of Sustainability & Environment for reporting date 31 December 2007.

1.7.5 *Book collections*

Effective from 1 January 2007, CAE ceased capitalising its book collection as its useful life is considered to be less than one year. All book purchases are expensed when incurred. This change in accounting estimate has resulted in additional expenditure in 2007 of \$102,000 (2007 purchases plus \$50,000 written down value as at 31 December 2006).

1.8 REVALUATIONS OF PROPERTY, PLANT & EQUIPMENT

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

Revaluation increments are credited directly to equity in the revaluation reserve. Where 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. Revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

1.9 IMPAIRMENT OF ASSETS

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

- Financial assets
- 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.

Upon finalisation of the City Library Joint Venture audited accounts as at 31 March 2007, it was established that the estimated carrying value of the non current asset classified as held for sale exceeded its recoverable amount. The variance is written off as impairment of asset at reporting date (Note 6).

1.10 PAYABLES

Payables consist predominantly of creditors and other sundry liabilities.

Payables are carried at amortised cost and represent liabilities for goods and services provided to the CAE prior to the end of the financial year that are unpaid, and arise when CAE becomes obliged to make future payments in respect of the purchase of these goods and services.

1.11 EMPLOYEE BENEFITS

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

1.11.1 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.

1.11.2 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.

1.11.3 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.

1.11.4 Employee benefits on-costs

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

1.11.5 Termination benefit

Termination benefit and all related costs are recognised when incurred.

1.11.6 Performance payments

Performance payments to CAE Chief Executive Officer are recognised when incurred.

1.11.7 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.

1.12 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.

1.12.1 CAE as lessor

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

1.12.2 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.

1.12.3 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, Mutual Consolidated Investments 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). The total value of the works funded is \$2.87m. As at 31 December 2007, the balance of the lease incentive is \$2.5 million (Note 12).

1.13 DEPRECIATION AND AMORTISATION

Depreciation & 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. The depreciation rate for book collections was adjusted in 2007 (Note 1.7.5).

1.14 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.

1.15 REVENUE RECOGNITION

1.15.1 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.

1.15.2 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.

1.15.3 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.

1.15.4 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.

1.15.5 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.

1.15.6 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.

1.16 CONTRIBUTED CAPITAL

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

1.17 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.

1.18 ROUNDING OF AMOUNTS

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

1.19 COMPARATIVE INFORMATION

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

1.20 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.

1.21 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 18) and, if quantifiable, are measured at nominal value.

1.22 AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Where new or revised accounting standards and interpretations have been issued that are not mandatory for the current reporting period the CAE has assessed the impact of these standards and interpretations and has not, and does not intend to, adopt these standards early. The table below sets out the details and expected impacts on future financial reports.

Standard / Interpretation	Summary of Changes	Operative Date	Impact on CAE's Financial Report
AASB 107 - Cash Flow Statements	Inserting the option to use the indirect method for presenting cash flow statements	Year commencing 1 July 2007	No impact expected, only gives the option for the presentation of cash flow statement using the indirect method
AASB 116 - Property, Plant & Equipment (PPE)	Minor editorial amendments. AASB 120 allows an item of PPE to be reduced by government grants	Year commencing 1 July 2007	No impact as AASB 120 only applies to for profit entities
AASB 117 - Leases	Removal of term "UIG"	Year commencing 1 July 2007	Disclosures only
AASB 118 - Revenue	Removal of term "UIG"	Year commencing 1 July 2007	Disclosures only
AASB 119 - Employee Benefits	Term "Business segment" has been changed to "Operating segment"	Year commencing 1 July 2007	Disclosures only
AASB 121 - Effects of Changes in Foreign Exchange Rates	Removal of term "UIG"	Year commencing 1 July 2007	Disclosures only
AASB 127 - Consolidated and Separate Financial Statements	Various editorial amendments. Requirement to prepare separate financial statements for investments in subsidiaries, joint ventures and jointly controlled entities	Year commencing 1 July 2007	Disclosures only
AASB 131 - Interests in Joint Ventures	Removal of term "UIG"	Year commencing 1 July 2007	Disclosures only
AASB 132 - Financial Instruments Presentation	Various editorial amendments	Year commencing 1 July 2007	Disclosures only
AASB 136 - Impairment of Assets	"AASB114 Segment Reporting" amended to "AASB8 Operating Segments"	Year commencing 1 July 2007	Disclosures only

NOTE 2 - REVENUE FROM CONTINUING OPERATIONS

	<i>Note</i>	<i>2007</i> <i>\$000</i>	<i>2006</i> <i>\$000</i>
NOTE 2.1 - GOVERNMENT CONTRIBUTIONS - OPERATING			
State current specific funded programs		9,307	9,267
		<u>9,307</u>	<u>9,267</u>
NOTE 2.2 - GOVERNMENT CONTRIBUTIONS - CAPITAL			
State capital		70	70
		<u>70</u>	<u>70</u>
NOTE 2.3 - FEE FOR SERVICE			
Fee for service - Government		181	1,021
Fee for service - International operations		26	626
Fee for service - Other		10,680	8,535
		<u>10,887</u>	<u>10,182</u>
NOTE 2.4 - OTHER INCOME			
Investment income		404	278
Rent		706	655
Other revenue		574	545
		<u>1,684</u>	<u>1,478</u>

NOTE 3 - EXPENSES FROM CONTINUING OPERATIONS

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
NOTE 3.1 - EMPLOYEE BENEFITS			
Salaries, wages, overtime and allowances		10,995	9,922
Superannuation	19	862	793
Payroll tax		532	500
Movement in provision for long service leave		118	11
Movement in provision for annual leave		32	(26)
Other salary related costs		84	68
Total employee benefits		12,623	11,268
NOTE 3.2 - OTHER EXPENSES			
Auditors' remuneration	17	134	40
Bad and doubtful debts		4	(2)
Communication expenses		353	333
Consumables		943	969
Contract and other services		1,321	1,286
Minor furniture & equipment		146	140
Fees & charges		1,165	838
Promotional expenses		641	612
Rent/leasing charges		2,448	2,154
Building repairs and maintenance		187	227
Staff development		101	116
Travel and motor vehicle expenses		78	47
Utilities		188	156
Loss on disposal of non current assets	9	7	23
Adjustment for change in accounting estimate	1.7.5	50	-
Contribution to joint venture operations		-	982
Other expenses		356	237
Total other expenses		8,122	8,158

NOTE 4 - CASH AND CASH EQUIVALENTS

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Current	21		
Cash at bank and on hand		289	71
Deposits at call		6,546	4,341
Total cash and cash equivalent assets		6,835	4,412
(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		6,835	4,412
Balance as per cash flow statement		6,835	4,412

(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 6.65% to 7.2% (2006 - 5.40% to 6.27%). These deposits have an average maturity of 30 to 120 days.

NOTE 5 - RECEIVABLES

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Current	21		
Trade receivables		243	221
Allowance for doubtful debts		(5)	(3)
Revenue receivable*		817	75
GST receivable		68	-
		<u>1,123</u>	<u>293</u>
Non Current			
Revenue receivable*		570	-
		<u>570</u>	<u>-</u>

*Amounts totalling \$1.141m relates to the sale of joint venture interest transferred from Note 6. The proceeds are due in 2008 (current = \$571,000) and 2009 (non-current = \$570,000).

NOTE 6 – NON CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Current	21		
Interest in joint venture held for sale		-	1,756
		<u>-</u>	<u>1,756</u>
Carrying value at start of year		1,756	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	5	(1,141)	-
Carrying value at end of year		<u>-</u>	<u>1,756</u>

NOTE 7 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Non Current	21		
Interest in joint venture		-	-
Total Investment accounted for using the equity method		<u>-</u>	<u>-</u>
Movement in investment accounted for using the equity method			
Carrying value of investment to joint venture at start of year		-	2,548
Additional investment during the year		-	184
Share of net / profit (loss) for the year		-	(176)
Impairment of non current asset		-	(800)
Transfer to non current asset classified as held for sale	6	-	(1,756)
Carrying value of investment at end of year		<u>-</u>	<u>-</u>

NOTE 8 - OTHER ASSETS

	<i>Note</i>	<i>2007</i> <i>\$000</i>	<i>2006</i> <i>\$000</i>
Current			
Prepayment		203	199
		<u>203</u>	<u>199</u>

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

	<i>Note</i>	<i>2007</i> <i>\$000</i>	<i>2006</i> <i>\$000</i>
Land			
At fair value (independant valuation 2003)		-	750
At fair value (independant valuation 2007)		1,900	-
		<u>1,900</u>	<u>750</u>
Building			
At fair value (independant valuation 2003)		-	300
At fair value (independant valuation 2007)		160	-
Accumulated depreciation		-	(23)
		<u>160</u>	<u>277</u>
Leasehold Improvements			
At cost		6,114	6,114
Accumulated depreciation		(1,878)	(1,541)
		<u>4,236</u>	<u>4,573</u>
Plant and Equipment			
At cost		1,484	1,365
Accumulated depreciation		(1,097)	(990)
		<u>387</u>	<u>375</u>
Book Collections			
At cost		-	915
Accumulated depreciation		-	(865)
		<u>-</u>	<u>50</u>
Work of Art			
At cost		-	211
At fair value (independent valuation 2007)		352	-
		<u>352</u>	<u>211</u>
Total Property, Plant and Equipment		<u>7,035</u>	<u>6,236</u>

MOVEMENTS IN CARRYING AMOUNTS

Reconciliations of the carrying amounts of each class of land, buildings, leasehold improvements, plant & equipment, book collections and works of art at the beginning and end of the current year are set out below.

2007	Land \$000	Building \$000	Leasehold \$000	WIP \$000	Plant & equipt \$000	Books \$000	Works of Art \$000	Total 2007 \$000
Carrying amount at 1 January	750	277	4,573	-	375	50	211	6,236
Additions	-	-	-	-	188	-	-	188
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(8)	-	-	(8)
Revaluation increment / (decrement)	1,150	(110)	-	-	-	-	141	1,181
Depreciation /amortisation expense	-	(7)	(338)	-	(168)	-	-	(513)
Adjustment for change in accounting estimate	-	-	-	-	-	(50)	-	(50)
Carrying amount at 31 December	1,900	160	4,236	-	387	0	352	7,035

At 1 January 2007

Cost or fair value	750	300	6,114	-	1,365	915	211	9,655
Accumulated depreciation & impairment	-	(23)	(1,541)	-	(990)	(865)	-	(3,419)
Net carrying amount	750	277	4,573	-	375	50	211	6,236

At 31 December 2007

Cost or fair value	1,900	160	6,114	-	1,484	-	352	10,010
Accumulated depreciation & impairment	-	-	(1,878)	-	(1,097)	-	-	(2,975)
Net carrying amount	1,900	160	4,236	-	387	-	352	7,035

2006	Land \$000	Building \$000	Leasehold \$000	WIP \$000	Plant & equipt \$000	Books \$000	Works of Art \$000	Total 2007 \$000
Carrying amount at 1 January	750	285	4,911	272	146	59	231	6,654
Additions	-	-	-	-	105	54	-	159
Transfers	-	-	-	(272)	272	-	-	0
Disposals	-	-	-	-	(3)	-	(20)	(23)
Depreciation /amortisation expense	-	(8)	(338)	-	(145)	(63)	-	(554)
Carrying amount at 31 December	750	277	4,573	0	375	50	211	6,236

At 1 January 2006

Cost or fair value	750	300	6,114	272	1,158	861	231	9,686
Accumulated depreciation & impairment	-	(15)	(1,203)	-	(1,012)	(802)	-	(3,032)
Net carrying amount	750	285	4,911	272	146	59	231	6,654

At 31 December 2006

Cost or fair value	750	300	6,114	-	1,365	915	211	9,655
Accumulated depreciation & impairment	-	(23)	(1,541)	-	(990)	(865)	-	(3,419)
Net carrying amount	750	277	4,573	-	375	50	211	6,236

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT (CONT.)

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Depreciation and Amortisation			
Depreciation			
Building		7	8
Plant and equipment		168	145
Book collections		-	63
		<u>175</u>	<u>216</u>
Amortisation			
Leasehold improvements		338	338
		<u>338</u>	<u>338</u>
Total depreciation and amortisation		<u><u>513</u></u>	<u><u>554</u></u>
Loss on Sale of Non Current Assets			
Proceeds on sale of property, plant and equipment		1	-
Less written down value		(8)	(23)
Loss on Disposals	3.2	<u><u>(7)</u></u>	<u><u>(23)</u></u>

NOTE 10 - PAYABLES

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Current			
Creditors and accruals	21	1,342	1,284
Revenue in advance		2,609	2,093
GST payable		-	14
		<u><u>3,951</u></u>	<u><u>3,391</u></u>

NOTE 11 - EMPLOYEE BENEFITS

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Current			
Employee benefits			
Long service leave		792	766
Annual leave		485	453
		<u>1,277</u>	<u>1,219</u>
Non Current			
Employee benefits			
Long service leave		282	190
		<u>282</u>	<u>190</u>
Total employee benefits		<u>1,559</u>	<u>1,409</u>
Balance at 1 January		1,409	1,424
Additional provisions raised during the year		674	202
Amounts used		(524)	(217)
Balance at 31 December		<u>1,559</u>	<u>1,409</u>
Classification of employee benefits as current or non-current			
Current			
All annual leave and long service leave entitlements, representing 10 years continuous service:			
- Short term employee benefits that fall due within 12 months after the end of the period, measured at nominal value		394	423
- Other long term employee benefits that do not fall due within 12 months after the end of the period, measured at present value		883	796
		<u>1,277</u>	<u>1,219</u>
Non Current			
Long service leave representing less than 10 years of continuous service measured at present value		<u>282</u>	<u>190</u>

NOTE 12 - OTHER LIABILITIES

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Current	21		
Lease liability		96	87
		<u>96</u>	<u>87</u>
Non Current			
Lease liability		2,408	2,504
		<u>2,408</u>	<u>2,504</u>

NOTE 13 - EQUITY AND MOVEMENTS IN EQUITY

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
13.1 Reserves			
Composition of Reserves			
Asset revaluation reserve:			
Land		3,040	1,890
Buildings		14	124
Works of Arts		141	-
		<u>3,195</u>	<u>2,014</u>
Asset Revaluation Reserve			
<i>Land</i>			
Balance 1 January		1,890	1,890
Revaluation increment on non-current assets		1,150	-
Balance 31 December		<u>3,040</u>	<u>1,890</u>
<i>Buildings</i>			
Balance 1 January		124	124
Revaluation decrement on non-current assets		(110)	-
Balance 31 December		<u>14</u>	<u>124</u>
<i>Works of Arts</i>			
Balance 1 January		-	-
Revaluation increment on non-current assets		141	-
Balance 31 December		<u>141</u>	<u>-</u>
13.2 Contributed Capital			
Balance 1 January		7,618	7,618
Balance 31 December		<u>7,618</u>	<u>7,618</u>
13.3 Accumulated Surplus / (Deficit)			
Balance 1 January		(4,127)	(4,610)
Net operating result for the year		1,066	483
Balance 31 December		<u>(3,061)</u>	<u>(4,127)</u>
Total Equity		<u>7,752</u>	<u>5,505</u>

NOTE 14 - CASH FLOW INFORMATION

Reconciliation of operating result to net cash flows provided by /(used in) operating activities.

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Net operating result for the year		1,066	483
Depreciation and amortisation	9	513	554
Allowance for doubtful debts		2	(5)
Share of joint venture net loss result	7	-	176
Impairment of non current asset	6	92	800
Net loss on disposal of non current assets	9	7	23
Adjustment for change in accounting estimate		50	-
Change in operating assets and liabilities			
Decrease (increase) in trade receivables		(262)	243
Decrease (increase) in other assets		(4)	6
Increase (decrease) in payables		560	493
Increase (decrease) in employee benefits		150	(15)
Net cash flows provided by operating activities		<u>2,174</u>	<u>2,758</u>

NOTE 15 - LEASES

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
LEASE COMMITMENTS			
Operating Lease Commitment			
Non cancellable operating leases			
Payments due			
- no later than 1 year		2,522	2,401
- later than 1 year but no later than 5 years		12,534	11,132
- later than 5 years		18,642	20,703
		<u>33,698</u>	<u>34,236</u>
Operating Lease Receivables			
Non cancellable operating lease receivables			
Receipts due			
- no later than 1 year		597	583
- later than 1 year but no later than 5 years		3,212	3,133
- later than 5 years		5,020	5,758
		<u>8,829</u>	<u>9,474</u>
As at reporting date CAE leased out the following space:			
253 Flinders Lane - Ground & Level 1 (City Library)		8,278	8,881
253 Flinders Lane - shop front (Cafe)		56	62
253 Flinders Lane - Mezzanine (Restaurant)		495	531
		<u>8,829</u>	<u>9,474</u>

NOTE 16 - COMMITMENTS FOR EXPENDITURE

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Capital Commitments			
As at reporting date the CAE had the following outstanding capital commitments:			
Fitout & building refurbishment works at 303 Collins Street		426	-
		<u>426</u>	<u>-</u>
Outstanding capital commitments are payable as follows:			
Payments due - within one year		426	-
		<u>426</u>	<u>-</u>
Operating Commitments			
There are no operating commitments at reporting date			

NOTE 17 - AUDITORS' REMUNERATION

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Victorian Auditor-General's Office:			
Auditing the financial report		29	28
Protiviti:			
Compliance and review audit		105	-
WHK Day Nielson:			
Compliance and review audit		-	12
		<u>134</u>	<u>40</u>

NOTE 18 - CONTINGENT LIABILITIES AND ASSETS

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
Contingent Liabilities			
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	-
Total Estimated Contingent Liabilities		<u>250</u>	<u>57</u>

Contingent Assets

There were no contingent assets at reporting date

NOTE 19 - SUPERANNUATION

CAE makes contributions for employees who contribute to the funds as follows:

	<i>Note</i>	<i>2007 \$000</i>	<i>2006 \$000</i>
State Superannuation Fund of Victoria			
Revised Scheme (15.5%)		41	39
New Scheme (9% to 10%)		93	108
Victorian Superannuation Fund			
VicSuper Scheme (9%)		531	493
Other Superannuation Schemes			
Other (9%)		197	153
Total Contribution to all Funds	3.1	<u>862</u>	<u>793</u>

In accordance with the accounting policy (Note 1.11.7) CAE does not recognise any defined benefits liabilities.

As at the reporting date, outstanding contributions relating to the month of December 2007 were payable to the above funds.

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

NOTE 20 - RESPONSIBLE PERSONS RELATED DISCLOSURES

The names of persons, who were Responsible Persons at anytime during the financial year, were:

- The Hon Jacinta Allen - Minister for Skills and Workforce Participation
- Mr Frank King - Chairperson (from Feb 2006)
- Mr John Wills - Chief Executive Officer
- Ms Beverley Honig (from Jun 2004)
- Mr Graeme Cocks (from Jun 2004)
- Ms Fran Thorn (from Jan 2005)
- Mr Tony Martin (from Aug 2005)
- Ms Ylva Carosone (re-elected from May 2007)
- Ms Helen Ormond (from Feb 2007)
- Mr Dave Tout (from May 2007)
- Ms Barbara Boxhall (until Apr 2007)

Remuneration of Responsible Persons

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet (DPC).

Other relevant interests are declared in the Register of Members' Interests which each member of the Parliament completes.

Remuneration received, or due and receivable from CAE in connection with the management of CAE including termination payments and bonuses paid at the end of contracts were as follows:

	2007	2006
	\$000	\$000
	<u>175</u>	<u>**204</u>

**The 2006 amount included annual leave payments.

There was no remuneration received or due and receivable from CAE in connection with the management of any related party entity.

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

Income range	2007	2006
	No	No
0 - 9,999	9	7
170,000 - 179,999	1	-
200,000 - 209,999	-	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.

Superannuation

There were no amounts paid to a superannuation plan by CAE in connection with the retirement of Responsible Persons during the financial year.

Loans

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.

Shares

At reporting date there were no interests in the shares of related entities held by Responsible Persons of CAE.

Other Transactions

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

NOTE 21 - FINANCIAL INSTRUMENTS

21.1 Terms, Conditions and Accounting Policies

The 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	4	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	4	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 6.65% to 7.2% (2006 - 5.4% to 6.27%).
Receivables - debtors	5	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	5	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 & accruals	10	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	12	Lease incentives are carried at their principal amounts.	Lease liability is repayable over a 20 year term. The applicable rate of interest is 9.72% for the first five years. This rate will be reassessed every 5 years.

21.2 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 not been sufficiently significant during the year to have an impact on CAE's year end result.

CAE's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

FINANCIAL INSTRUMENTS 2007	FLOATING INTEREST RATE	FIXED INTEREST MATURING IN:						Non-Interest Bearing	Total Carrying Amount per Balance Sheet
		Less than 1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5+ yrs		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

FINANCIAL ASSETS

Cash and cash equivalents- cash at bank	289								289
Cash and cash equivalents- deposits at call	6,546								6,546
Receivables - debtors								306	306
Receivables - other debtors								1,387	1,387
Total Financial Assets	6,835							1,693	8,528

FINANCIAL LIABILITIES

Payables - creditors & accruals								1,342	1,342
Other liabilities - lease liability		96	106	117	129	142	1,914		2,504
Total Financial Liabilities		96	106	117	129	142	1,914	1,342	3,846

FINANCIAL INSTRUMENTS 2006	FLOATING INTEREST RATE	FIXED INTEREST MATURING IN:						Non-Interest Bearing	Total Carrying Amount per Balance Sheet
		Less than 1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5+ yrs		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

FINANCIAL ASSETS

Cash and cash equivalents- cash at bank	71								71
Cash and cash equivalents- deposits at call	4,341								4,341
Receivables - debtors								218	218
Receivables - other debtors								75	75
Non current asset classified as held for sale								1,756	1,756
Total Financial Assets	4,412							2,049	6,461

FINANCIAL LIABILITIES

Payables - creditors & accruals								1,298	1,298
Other liabilities - lease liability		87	96	106	117	129	2,056		2,591
Total Financial Liabilities		87	96	106	117	129	2,056	1,298	3,889

21.2.1 Interest Rate Risk

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk as this represents management's assessment of the possible change in interest rates:

	Carrying amount \$000	Result	Equity	Result	Equity
		+1%		-1%	
2007 FINANCIAL ASSETS					
Cash and cash equivalents - cash at bank	289	3	3	(3)	(3)
Cash and cash equivalents - deposits at call	6,546	65	65	(65)	(65)
Receivables - debtors	306	-	-	-	-
Receivables - other debtors	1,387	-	-	-	-
Total Financial Assets	8,528	68	68	(68)	(68)

FINANCIAL LIABILITIES					
Payables - creditors & accruals	1,342	-	-	-	-
Other liabilities - lease liability	2,504	-	-	-	-
Total Financial Liabilities	3,846	-	-	-	-

	Carrying amount \$000	Result	Equity	Result	Equity
		+1%		-1%	
2006 FINANCIAL ASSETS					
Cash and cash equivalents - cash at bank	71	1	1	(1)	(1)
Cash and cash equivalents - deposits at call	4,341	43	43	(43)	(43)
Receivables - debtors	218	-	-	-	-
Receivables - other debtors	75	-	-	-	-
Non current assets classified as held for sale	1,756	-	-	-	-
Total Financial Assets	6,461	44	44	(44)	(44)

FINANCIAL LIABILITIES					
Payables - creditors & accruals	1,298	-	-	-	-
Other liabilities - lease liability	2,591	-	-	-	-
Total Financial Liabilities	3,889	-	-	-	-

21.3 Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows:

Total Carrying amount as per the Balance Sheet			Aggregate net fair value	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
FINANCIAL ASSETS				
Cash and cash equivalents - cash at bank	289	71	289	71
Cash and cash equivalents - deposits at call	6,546	4,341	6,546	4,341
Receivables - debtors	306	218	306	218
Receivables - other debtors	1,387	75	1,387	75
Non current asset classified as held for sale	-	1,756	-	1,756
Total Financial Assets	8,528	6,461	8,528	6,461
FINANCIAL LIABILITIES				
Payables - creditors & accruals	1,342	1,298	1,342	1,298
Other liabilities - lease liability	2,504	2,591	2,504	2,591
Total Financial Liabilities	3,846	3,889	3,846	3,889

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.

21.3.1 Fair Value Disclosures

The carrying amount of short term trade receivables and payables is a reasonable approximation of fair value therefore fair value is not required to be disclosed.

21.4 Financial Risk Management

CAE's financial instruments consist mainly of deposits with banks, short term investments, non current asset classified as held for sale, account receivables and payables and leases.

The main risks CAE is exposed to through its financial instruments are market risk, interest rate risk, price risk, funding risk and concentrations of credit risk.

Additional disclosures are shown separately for: interest rate risk (Note 21.2), credit risk (Note 21.5) and liquidity risk (Note 21.6).

21.4.1 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.

21.4.2 Interest Rate Risk

Interest rate risk is managed predominately through a mixture of short term and longer term investments. For further details on interest rate risk, refer to Note 21.2.

21.4.3 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.

21.4.4 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.

21.4.5 Concentrations of Credit Risk

CAE minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers. The majority of customers are concentrated in Australia. The major customers relate to the provision of education and training services to industry and the community. CAE continues to provide ongoing training, consultancy and other services for these customers who adhere to industry trade terms.

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.

21.5 Credit Risk

CAE's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

	No later than 1 month \$000	> 1-3 months \$000	> 3-6 months \$000	> 6 months -1 year \$000	> 1-5 years \$000
2007 FINANCIAL INSTRUMENTS					
Cash and cash equivalents - cash at bank	289	-	-	-	-
Cash and cash equivalents - deposits at call	-	877	5,669	-	-
Receivables - debtors	245	44	17	-	-
Receivables - other debtors	212	23	11	571	570
Total Financial Assets	746	944	5,697	571	570
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

	No later than 1 month \$000	> 1-3 months \$000	> 3-6 months \$000	> 6 months -1 year \$000	> 1-5 years \$000
2006 FINANCIAL INSTRUMENTS					
Cash and cash equivalents - cash at bank	71	-	-	-	-
Cash and cash equivalents - deposits at call	-	341	4,000	-	-
Receivables - debtors	152	32	34	-	-
Receivables - other debtors	75	-	-	-	-
Non current assets classified as held for sale	-	-	-	585	1,171
Total Financial Assets	298	373	4,034	585	1,171
FINANCIAL LIABILITIES					
Payables - creditors & accruals	1,298	-	-	-	-
Other liabilities - lease liability	7	21	22	37	2,504
Total Financial Liabilities	1,305	21	22	37	2,504

21.6 *Liquidity Risk*

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. CAE manages liquidity risk by monitoring cash flows and ensuring that maximum funds are available for investment and payment of financial 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.

NOTE 22 – SUBSEQUENT EVENTS

There are no events occurring after the reporting date that would significantly affect the results for the year ended 31 December 2007 (2006 = \$115,000).

NOTE 23 – ECONOMIC DEPENDENCY

An economic dependency exists with the Adult Community and Further Education (ACFE) Board. As an adult education institution, CAE provides training on behalf of the ACFE Board. The reliance on the ACFE Board is 41.4% in 2007 (43.4% in 2006) of the total revenue of CAE.

NOTE 24 – EX-GRATIA PAYMENTS

CAE made a total of \$45,000 ex-gratia payments in 2007 (\$6,420 in 2006).

INDEPENDENT AUDITOR'S REPORT**To the Members of the Board of Centre for Adult Education***The Statement of Performance*

The accompanying statement of performance for the year ended 31 December 2007 of the Centre for Adult Education comprises the statement, the related notes and the certification by Chairperson, Chief Executive Officer and General Manager Finance and Facilities officer.

The Members of the Board's Responsibility for the Statement of Performance

The Members of the Board 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 judgement, including the assessment of the risks of material misstatement of the statement of performance, whether due to fraud or error. In making those risk assessments, consideration is given to 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.


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 2007 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE
7 April 2008


f D.D.R. Pearson
Auditor-General

Statement of Certification



Statement of Performance Management Certificate

Centre for Adult Education Performance Statement for 2007

In our opinion, the accompanying Statement of Performance of Centre for Adult Education in respect of the 2007 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.



John Wills
Chief Executive Officer

Date: 4/04/08



Kim Manchanda
General Manager Finance & Facilities

Date: 4/04/08

Key Performance Indicators

Strategic Alignment	
Participation Rate of 15 – 24 years old	3,617
Participation Rate of 25 – 64 years old	26,423

Training Outcomes	
Module Load Completion Rate	69%
Student Satisfaction	88%

Financial Management	
Total Cost (excl. Depreciation) per SCH	\$13.81
Working Capital Ratio	1.53*
Net Operating Margin (excl. Capital)	4.7%
Fee for Service Revenue	48%

Organisational Management	
Revenue (excl. Capital) per EFT staff	\$74,322
Student Contact Hours	1.527 million

*The Working Capital Ratio target of 1.53 was met.

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 <i>Financial Management Act 1994</i> . This report is to provide users with information about: <ul style="list-style-type: none"> • The Institute and its activities, • Operational highlights for the reporting period, • Future initiatives, and • Other relevant information not included in the financial statements. 	3-26
2	SD 4.2(h)	The Report of Operations must be prepared in accordance with the requirements of the Financial Reporting Directions.	3-26
3	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.	5
STANDARD DISCLOSURES IN THE REPORT OF OPERATIONS			
4	FRD 22	Manner of Establishment, including the relevant Minister.	6
5	FRD 22	The objectives, functions, powers and duties, linked to a summary of its activities, programmes and achievements for the reporting period.	6
6	FRD 22	Nature and range of service provision, including the communities served	14-21
7	FRD 22	Organisational chart/s, detailing members of the governing Board and the CEO, and organisational chart/s detailing occupants of senior offices and their responsibilities	7, 10
GOVERNANCE - RECOMMENDATION OF TAFE GOVERNANCE REVIEW MAY 2003			
8	TAFE Gov. Review	Outline of the structure of Board including <ul style="list-style-type: none"> • Committees of Board • Description of their functions • Occupants of each committee 	9
9	TAFE Gov. Review	Outline of the structure of Board including <ul style="list-style-type: none"> • Names and qualifications of members of Board including knowledge, experience and skills. • Summary of number of meetings attended by each Board member 	8
10	TAFE Gov. Review	Summary of training undertaken by Board members throughout the year, including number and type of programs	9
11	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.	6-9
12	FRD 22	Statement on Workforce Data for the current and previous reporting period	23
13	FRD 22	Statement on the application of employment and conduct principles	21
14	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.	23
15	FRD 22	A general statement on industrial relations within the Institute and details of time lost through industrial accidents and disputes.	23
DISCLOSURE INDEX			
16	FRD 10	The disclosure index is to contain a list identifying the relevant clauses of Victorian legislation with statutory disclosure requirements.	61-64
17	FRD 10	A short description of the relevant requirement.	61-64
18	FRD 10	The page in the Annual Report where the disclosure in satisfaction of the relevant requirement is made.	61-64

DISCLOSURE OF EX GRATIA PAYMENTS			
19	FRD 11	Disclosure in aggregate of the nature and amount of any ex gratia payments incurred and written off during the reporting period. This is to be included in the notes to the financial statement.	57
DISCLOSURES OF RESPONSIBLE PERSONS			
20	FRD 21 1(a)	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.	50
DISCLOSURES OF REMUNERATION OF EXECUTIVE OFFICERS			
21	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.	51
22	FRD 21 1(c)	An analysis of remuneration of Responsible Persons: <ul style="list-style-type: none"> • In bands of \$10,000, and • listing the number of Responsible Persons whose actual remuneration for the period falls within each band. 	51
23	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.	51
24	FRD 21(2)(a)	Total remuneration of all Executive Officers received or receivable in connection to their employment <ul style="list-style-type: none"> • Including the remuneration of Executive Officers acting in the position of an accountable officer at any time during the reporting period, and • To ensure disclosures are meaningful, additional information may need to be disclosed about the nature of such remuneration. 	51
25	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
26	FRD 21(2) (c)	Accrual principles that apply in determining remuneration levels. All amounts received or receivable by the individual are to be disclosed.	51
FINANCIAL INFORMATION			
27	FRD 22	Summary of financial results with comparative information for preceding four years	24
28	FRD 22	Summary of significant changes in financial position	24
29	FRD 22	Summary of operational and budgetary objectives, including performance against the objectives and significant achievements	6
30	FRD 22	Events subsequent to Balance date which may have a significant effect on operations in subsequent years, including a summary of major changes affecting the achievement of operational objectives.	24
31	FRD 22	For each consultancy valued in excess of \$100,000, set out: <ul style="list-style-type: none"> • 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. 	24
32	FRD 22	Total number of consultancies individually valued at less than \$100,000 (exclusive of GST)	24
33	FRD 22	Total expenditure (exclusive of GST) of these consultancy engagements.	N/A
34	FRD 22	Financial information must be consistent with that included in the financial statements	25
35	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.	3-25
36	FRD 27	The Report of Operations must include in its report of operations an audited statement of performance including <ul style="list-style-type: none"> • The relevant performance targets and indicators as determined by the responsible Minister. • The actual results achieved for that financial year against pre-determined performance targets and indicators. • An explanation of any significant variance between the actual results and performance targets as indicators, and • TAFE Statement of Performance Management Certificate. 	24, 58-60

OTHER RELEVANT INFORMATION			
37	FRD 22	Summary of Application of <i>Freedom of Information Act (1982)</i> (Including amendments of 3 August 2007)	24
38	FRD 22	Statement on compliance with building and maintenance provisions of the <i>Building Act 1993</i> (Including amendments of 1 July 2007)	24
39	FRD 22	Summary of the application and operation of the <i>Whistleblowers Protection Act 2001</i> , including disclosures required by the Act. (Incorporating amendments of 1 July 2007)	24
40	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. 	24
41	FRD 22	Summary of environmental performance	24
42	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.	26
43	FRD 22	Statement that declarations of pecuniary interests have been duly completed by all relevant officers	26
44	FRD 22	Details of shares held by senior officers (as nominees or held beneficially in a statutory authority or subsidiary)	26
45	FRD 22	Details of publications produced by the entity about itself and how they can be obtained)	26
46	FRD 22	Details of major promotional, public relations and marketing activities undertaken to develop community awareness of the Institute and its services.	22
47	FRD 22	Details of changes in prices, fees, charges, rates and levies charged by the Institute	21
48	TEA 1993 s. 121	Details of any major external reviews carried out on the Institute	26
49	FRD 22	Details of major research and development activities undertaken by the Institute	26
50	FRD 22	Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit	26
51	FRD 22	List of major committees sponsored by the Institute, the purposes of each committee and the extent to which the purposes have been achieved.	26
OVERSEAS OPERATIONS OF INSTITUTIONS			
52	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 Institutes. 3110 Auditor General, Special Reviews, 30 June 2002.	N/A
53		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. 	
FINANCIAL REPORTING DIRECTION 27 – PRESENTATION OF REPORTING AND PERFORMANCE INFORMATION			
54	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.	60

B. FINANCIAL STATEMENTS			
55	FMA 1994 49(a)	Must contain such information as required by the Minister.	27-60
56	FMA 1994 49(b)	Must be prepared in a manner and form approved by the Minister.	27-60
57	FMA 1994 49(c)	Must present fairly the financial transactions of the department or public body during the financial year to which they relate.	27-60
58	FMA 1994 49(d)	Must present fairly the financial position of the department or public body as at the end of that year.	27-60
59	FMA 1994 49(e)	Must be certified by the accountable officer for the Department or public body in the manner approved by the Minister.	28-29
THE FINANCIAL STATEMENTS MUST BE PREPARED IN ACCORDANCE WITH:			
60	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).	40
61	SD 4.2(a)	Financial Reporting Directions.	35-40
62	SD 4.2(a)	Business rules.	35-40
THE FINANCIAL STATEMENTS ARE TO COMPRISE THE FOLLOWING:			
63.	SD 4.2(b)	Operating Statement.	31
64.	SD 4.2(b)	Balance Sheet.	32
65.	SD 4.2(b)	Statement of recognised income and expenses.	33
66.	SD 4.2(b)	Cash Flow State.	34
67.	SD 4.2(b)	Notes to the financial statements.	35-57
THE FINANCIAL STATEMENTS ARE TO COMPRISE THE FOLLOWING:			
68.	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.	30
69.	SD 4.2(c)	The financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions.	30
70.	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).	30

