

CENTRE FOR ADULT EDUCATION  
ANNUAL REPORT 2010







# CENTRE FOR ADULT EDUCATION

“The teachers at CAE are very personable and dedicated to quality learning experiences. I feel better prepared for university because of CAE’s supportive learning environment and individual learning plan. CAE has given me a real thirst for learning!”

**Jacob, former CAE VCE student**

# CONTENTS

TABLE OF CONTENTS	3	NATIONAL COMPETITION POLICY	22
ABOUT CAE	4	CAE SUBJECT ENROLMENTS AND STUDENT CONTACT HOURS	22
CHAIRPERSON'S REPORT	6	SCOPE OF ACTIVITY	22
CEO'S REPORT	7	MODULE LOAD COMPLETION RATE	22
CAE BOARD STRUCTURE 2010	8	NUMBER OF PROGRAMS	22
CAE BOARD ACCOUNTABILITIES & COMMITTEES	8	CAE LEARNER PROFILE	22-24
CAE BOARD PROFILES	10	COMPLIANCE WITH GOVERNMENT GUIDELINES	24
CAE ORGANISATION CHART	12	ENVIRONMENTAL PERFORMANCE	24
PROGRAM REPORTS & HIGHLIGHTS	13	FURTHER INFORMATION	24
– VIBRANT NEIGHBOURHOOD	13	ATTESTATION OF COMPLIANCE WITH THE AUSTRALIAN / NEW ZEALAND RISK MANAGEMENT STANDARD	26
– LEARNER SERVICES	14	ANNUAL DECLARATION BY THE CEO AND CFO	27
– ENGAGING ENVIRONMENTS	14	SUMMARY OF 2010 FINANCIAL RESULTS	28
– LEADING PRACTICE	14	CONSULTANCIES	28
– ARTS & CULTURE	16	SUBSEQUENT EVENTS	28
– CAE COLLEGE	16	SUMMARY OF SIGNIFICANT CHANGES	28
– EMPLOYMENT SKILLS	18	ACTIVITY TABLE	29
– OCCUPATIONAL ENGLISH TEST	18	FINANCIAL STATEMENTS AND ACCOMPANYING NOTES	31
– LANGUAGES OTHER THAN ENGLISH	19	THE AUDITOR-GENERAL'S REPORT	32
MARKETING & COMMUNICATIONS	20	DECLARATION BY THE CAE BOARD CHAIR, CEO AND CFO	33
PEOPLE & CULTURE	20	STATEMENT OF COMPREHENSIVE INCOME	34
CAE ORGANISATIONAL BEHAVIOURS	20	BALANCE SHEET	35
WORKFORCE DATA 2010	20	STATEMENT OF CHANGES IN EQUITY	36
BUILDING SERVICES	20	STATEMENT OF CASH FLOWS	37
OCCUPATIONAL HEALTH AND SAFETY	20	NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	38
WORKPLACE RELATIONS	20	KEY PERFORMANCE INDICATORS 2010	71
FREEDOM OF INFORMATION ACT	22	DISCLOSURE INDEX	72
WHISTLEBLOWERS PROTECTION ACT 2001	22		

# ABOUT CAE

## OUR MISSION

Transforming lives through the power of learning.

## OUR ESTABLISHMENT

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

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

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

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

## OUR LOCATION

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

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

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

## OUR STRATEGIC DIRECTION

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

The framework outlines four key areas of learning:

Learning for Learning – Supporting people to successfully engage in learning;

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

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

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

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

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

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

## OUR PROGRAMS & SERVICES

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

CAE receives Victorian Government funding to deliver nationally recognised and accredited courses designed to help young and older adults complete their secondary education and begin or change their career direction.

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

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

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

### Arts & Culture

- Creative Arts, Visual Art, Living & Lifestyles and CAE Book Groups CAE College
- Victorian Certificate of Education (VCE), Liberal Arts, Victorian Certificate of Applied Learning (VCAL) and General Education.

### Employment Skills

- Community Services, Business, IT and TAA, Writing & Editing and Health & Wellbeing.

### Languages

- Beginner to Advanced levels, Conversation classes and Language for Travellers in over 20 languages.

## OUR VALUES

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

- Learning
- Inclusion
- Integrity
- Innovation
- Commitment



About CAE



## OUR CAPABILITY

CAE builds its capability through investment in:

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

## OUR DELIVERY

In 2010 CAE delivered:

- Operating revenue of \$24,656,000.
- 30,251 learners in over 55,051 subject enrolments.
- 1,418,408 Student Contact Hours (SCH).
- Equivalent full-time staffing average of 159.3.
- Working capital ratio at 31 December 2010 of 1.13.

“I can hardly believe how many hurdles I have overcome and how much closer I am to realising my dreams...I owe much of my success to CAE.”

**Sophie Kessler, former CAE VCE student,  
now studying Law at Monash University**

# MESSAGES FROM THE CHAIRPERSON & CEO

## CHAIRPERSON'S REPORT

I am pleased to present CAE's 2010 Annual Report. The past twelve months has been a time in which CAE has experienced many successes within a financially challenging year. While we approached the year with cautious optimism, a number of contributing factors, including changes in the economy and government funding arrangements, have inhibited the growth we would have liked and for which we planned.

For 2010 CAE had a revenue decline of 13% against budget, and 11.5% against revenue for 2009. A significant factor in the decline in revenue has been reduced consumer confidence and discretionary spending as a result of continued economic uncertainty. These factors influenced CAE short course participation throughout the year. Increased competition, fluctuating demand for the Occupational English Test (OET) and the impact of changes to eligibility for government funded places have all impacted CAE's short term profit generation. Government sources contributed 39% to the total revenue, with the remainder from fee-for-service and other sources. Our working capital was 1.13 at 31 December 2010 compared with 2.04 in 2009. The finances of CAE will need to be carefully managed in 2011.

Despite the disappointing financial result we continue to have great confidence in the work of CAE. In 2010 CAE made considerable investment from its own resources in infrastructure, people and systems. These include the refurbishment of Level 2, 253 Flinders Lane, to create the Service Hub, a fully operational customised service area for our new and existing learners and clients. A new Student Management System, which has greatly improved the enrolment process and learner records management, was developed and successfully implemented.

CAE continues to be Victoria's largest adult and community education provider. In addition to offering numerous lifestyle and leisure-based short courses, CAE also provides vital skills development to adult learners; improving literacy and numeracy, increasing secondary school completion rates and growing entry-level vocational and employability skills.

CAE's contribution to the economic and social wellbeing of the community of Melbourne is illustrated in the delivery in 2010 of 1,418,408 student contact hours to 30,251 learners in 55,051 subject enrolments.

CAE continued to administer the OET, through the OET Centre. This test assesses the English language proficiency of people who have trained as medical and health professionals in one country and wish to practice their profession in another English-speaking country. In 2010 the OET Centre administered the test globally ten times. Almost two thirds of candidates sat the OET in Australia. Global test applications for 2010 decreased by 19.54% compared with 2009 partly due to the slowdown in skilled migration, as we understand it, as a result of the global financial crisis, and also some adverse press reports of local student issues which played out in the international media, particularly in India. Going into 2011 strong demand for the OET continues in all Australian cities, New Zealand, the Middle East and India. The largest professional group sitting the OET was nursing (41.25% of the total candidature for 2010), followed by dentistry, medicine and pharmacy.

The Board provided CAE with the governance to meet strategic goals in 2010. I acknowledge the commitment of all CAE Board Members to the organisation. I would particularly like to extend my thanks to the outgoing Board Members Sean Hughes, Jane Garrett, Shaun Coffey and Michelle McCann who finished their terms during 2010 and also to the



other ongoing Board Members, Fran Thorn, Mark Brogan, Adrian Smith, Alison Terry and Denise O'Brien. I welcome our incoming Board Member Susie Bate. All Board Members have been generous in giving their time and expertise to the Board and its committees. Our committees are: Finance and Resources; Audit and Risk Management; and Governance and Remuneration.

In 2010 the responsible Minister was the Hon. Jacinta Allan MP, Minister for Skills and Workforce Participation from 1 January to 19 January 2010. From 20 January 2010 to 1 December 2010 the relevant Minister was the Hon. Bronwyn Pike MP, Minister for Skills and Workforce Participation. Following the Victorian state election in November 2010 the Hon. Peter Hall MLC was sworn in as Minister for Higher Education and Skills taking effect from 2 December 2010. We look forward to working with Minister Hall and his office in the coming year.

We also acknowledge Ms Rowena Allen, Chairperson of the ACFE Board for her ongoing commitment to the Adult Community Education sector.

On behalf of the CAE Board I extend our gratitude to CEO, Denise O'Brien for her dedication and leadership in providing a learning environment which engages, inspires, and supports its people. I also thank the Executive Team and all CAE staff for their ongoing commitment and contribution to CAE.

**Frank King**

Chair, CAE Board



## CEO'S REPORT

At CAE we understand the value of learning and the vital role we play in the Melbourne community, enabling adults of all ages to continue to learn, to enhance their life or to develop skills for employment or further study. Along with the hundreds of short course options available to our learners, CAE provides government supported programs that lead to a range of nationally accredited qualifications, from Foundation level through to Diploma level.

As Chief Executive Officer I am proud to report on these activities and achievements of the CAE community in 2010:

- CAE officially launched a Learner Support Fund in early 2010. In appreciation for great work that adult education organisations perform, the late Olive Ewald made a bequest to CAE from her estate. Using the interest from this generous gesture as a base, the Learner Support Fund is supplemented through a range of ongoing contributions from a CAE staff giving program, public donations and fundraising activities. The purpose of the fund is to assist learners who are experiencing financial hardship with the costs associated with their learning at CAE.
- CAE was delighted to be selected as a 2010 Melbourne Awards finalist for 'Contribution to Community' in the Corporate Division. The Awards recognise individuals and organisations that have made a significant contribution to Melbourne's economic prosperity, social and environmental sustainability, and reputation as a welcome and caring society.
- The refurbished facilities at 278 Flinders Lane, Melbourne, including an independent learning centre, computer labs and classrooms, has consolidated CAE's operations in the Flinders Lane and Degraeves Street area of the CBD and effectively created a 'CAE Precinct'. After almost a full year of operation, these facilities were officially opened on Monday 13 September 2010 by CAE Board Chair, Frank King. A contemporary Service Hub was added to the suite of state-of-the-art facilities to support our learners and staff.
- 2010 was a year of audits, compliance and re-registration. We can report that we have successfully secured the re-registration of CAE as a provider of:
  - Nationally Recognised Training for a further five years;
  - Non-school Senior Secondary Education for five years; and
  - Education to Overseas Students for a further period.
- CAE managed key ACFE projects for the ACE sector:
  - Victorian Government e-Learning Program 2010;
  - Quality Pre-accredited Delivery Networks (Round 2);
  - Quality Pre-accredited Project 2010 (Phase 2); and
  - TAA Professional Development and Mentoring for ACE Practitioners.
- CAE's VCE Year 12 results in 2010 were outstanding, with 11.89% of CAE learners gaining an ENTER score in excess of 90 and 14.56% of our learners achieving an 'A' or above. Perfect scores of 50 were achieved in Biology, Chemistry, LOTE: Japanese, and Psychology. These high achievers should not overshadow the exceptional efforts by all our VCE learners who strived to do their best and often against the odds.



There are many more highlights from 2010 and I encourage you to read about these further in the Report of Operations.

I am grateful for the ongoing assistance received from Sian Lewis, General Manager, ACFE and her team. I am also thankful for the CAE Board Chair, Frank King, and all the CAE Board Members for their dedication to the provision of good governance.

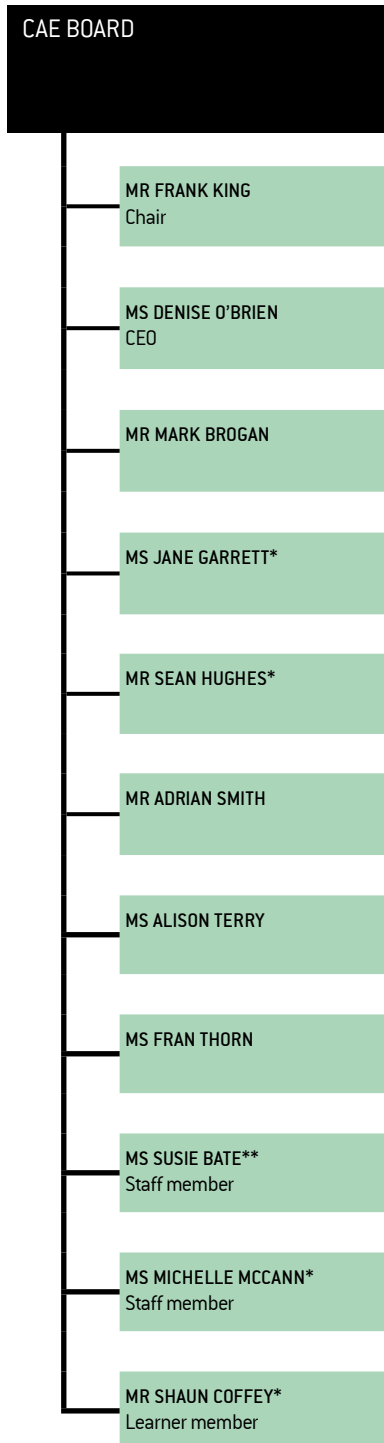
I acknowledge 2010 has been a challenging year for CAE. I would like to acknowledge the significant contribution of the Executive Team of CAE: Gulay Cuvegen, Chief Financial Officer, General Manager Corporate Services; Jude Hollings, General Manager, Organisation & People Development; Jan Golden, General Manager, Learning & Innovation; and Fel Bisiani, Executive Manager, OET & Educational Research. I particularly thank the Management Team and the teaching and administrative staff who have demonstrated their ongoing commitment, enthusiasm and professionalism on a daily basis to the learners, employers and community they serve.

We look towards 2011 with positivity and confidence in our ability to provide a unique opportunity for learners to transform their lives through learning.

**Denise O'Brien**

Chief Executive Officer

# CAE BOARD STRUCTURE 2010



\* Term expired during 2010

\*\*Term commenced during 2010

## CAE BOARD ACCOUNTABILITIES & COMMITTEES

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

The CAE Board is accountable for the provision of sound governance. As a Victorian public entity the activity of the CAE Board is under constant scrutiny by government and community. The CAE Board is committed to transparent and ethical practice. The CAE Board conducted a self assessment in September 2010 and revised the *CAE Powers and Delegations Register* including the terms of reference of the Board Committees as part of its commitment to continuous improvement and good governance.

The Board Committees and their members during 2010 were:

- Finance and Resources:  
Alison Terry (Chair), Frank King, Adrian Smith and Jane Garrett
- Audit and Risk Management:  
Mark Brogan (Chair), Frank King and Sean Hughes
- Governance and Remuneration:  
Fran Thorn (Chair), Frank King and Alison Terry

The CAE Board held the following meetings in 2010:

- CAE Board: seven meetings (including the Board Planning Day)
- Finance and Resources Committee: nine meetings
- Audit and Risk Management Committee: five meetings
- Governance and Remuneration Committee: four meetings





"I'm now studying my senior year [in VCAL]...and looking forward to being able to work in marketing. If there is one thing I have learnt...it's that education is important in my life and I need it to be successful and, most importantly, to be happy with who I am."

Amanda Perry, CAE VCAL student

# CAE BOARD PROFILES

FOR MEMBERS AT 31 DECEMBER 2010



## FRANK KING (CHAIR)

Co-opted appointment

February 2006 – August 2009

Ministerial appointment

Term commenced 7 Sep 2009

Term expires 31 Dec 2011

Board attendance: 6/6

Qualifications

- Bachelor of Commerce

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



## DENISE O'BRIEN (CEO)

Appointed 4 Aug 2008

Board attendance: 6/6

Qualifications

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

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



## MARK BROGAN (DIRECTOR)

Ministerial appointment

Term commenced 3 Sep 2008

Term expires 15 Mar 2011

Board attendance: 6/6

Qualifications

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

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



## ADRIAN SMITH (DIRECTOR)

Co-opted appointment

Term commenced 7 Dec 2009

Term expires 6 Dec 2012

Board attendance: 6/6

Qualifications

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

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



CAE Board Profiles



**ALISON TERRY  
(DIRECTOR)**

Ministerial appointment

Term commenced 1 May 2009

Term expires 31 Dec 2011

Board attendance: 5/6

Qualifications

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

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



**FRAN THORN  
(DIRECTOR)**

Ministerial appointment

Term commenced 31 Jan 2005

Term expired 31 Jan 2008

Re-appointed 22 April 2008

Term expires 15 Mar 2011

Board attendance: 4/6

Qualifications

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

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



**SUSIE BATE  
(STAFF MEMBER)**

Staff elected

Term commenced 16 Dec 2010

Board attendance: 1/1

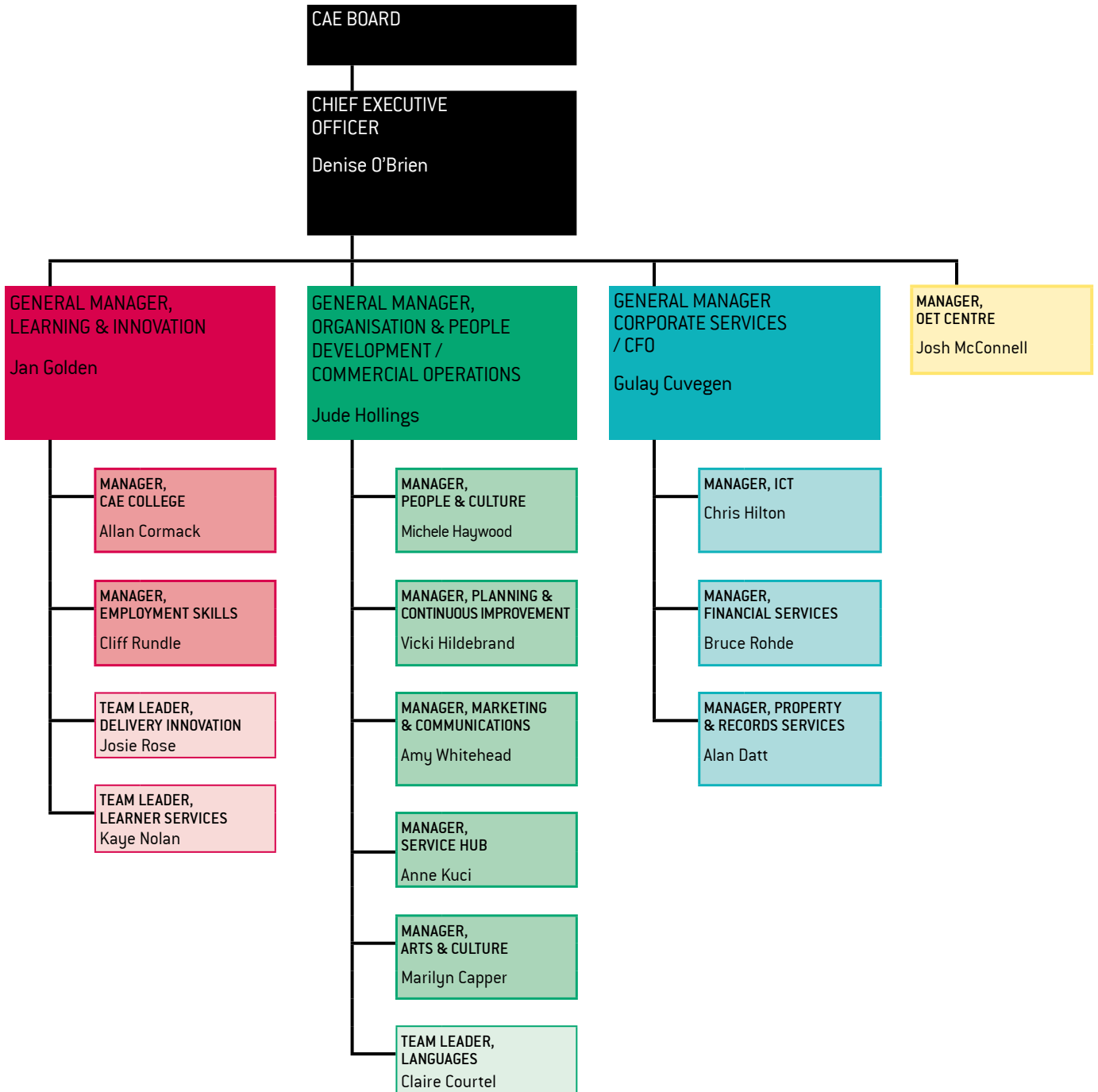
Qualifications

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

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



# CAE ORGANISATION CHART





## PROGRAM REPORTS & HIGHLIGHTS

### VIBRANT NEIGHBOURHOOD

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

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

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

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

# PROGRAM REPORTS & HIGHLIGHTS

## LEARNER SERVICES

Learning is enabled through the provision of services that fulfil learner aspirations and maximise outcomes.

2010 was a year of significant change for Learner Services at CAE in terms of location, staff and new services. Some of the highlights and achievements include:

- From July, Learner Services was centrally located next to the Hub with the three counselling staff and a Disability Officer being co-located on Level 2/253 Flinders Lane. This has meant that learners have a central contact point for special assistance. The two Youth Pathways Officers remained in the Degraeves Street building to ensure close contact with younger learners in CAE College.
- Two new roles were also added to the team: a vocational psychologist was appointed as a dedicated careers counsellor while also offering a new fee-for-service careers counselling service and a compliance officer was appointed to monitor attendance and reporting for younger learners.
- Counselling staff worked with learners from the Grey Matters and Common Ground programs to assist them in career path planning and course choice.
- All Learner Services staff were involved in enrolments days, orientations, and in-class presentations on such topics as managing exam nerves and study skills.
- Continued support was provided to students with disability included assistive hardware and software such as JAWS, Zoom text, Penfriend XP and Dragon Naturally Speaking and other study aids such as height adjustable chairs and angled writing boards. Learning support workers were provided to those students who required assistance with reading, notetaking, communication and participation.

## LEADING PRACTICE

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

2010 was a year of audits, compliance and re-registration.

CAE successfully secured the re-registration as a provider of:

- Nationally Recognised Training for a further five years. This audit involved Centre Managers and teaching staff from the four different areas. The auditors noted several areas for improvement, most of which are already in place and working well, with the remaining issues improvements due to be implemented in early 2011.
- Non-school senior secondary education for five years. This was also a very significant audit involving VCE and VCAL staff extensively. It resulted in a number of very useful new processes and documentation to help ensure ongoing quality of delivery and compliance with the relevant standards.
- Education to overseas students for a further period. This audit occurred in late-2010, however there was sufficient evidence of compliant systems and processes that VRQA granted provisional re-registration pending the finalisation of a couple of minor matters early in 2011. CAE is now well placed to provide a high quality educational experience for overseas students.

In addition, CAE has implemented a *Continuous Improvement Framework* to ensure the rigorous and systematic review of our own teaching and learning programs. The framework has many components, but two particularly noteworthy are:

- The introduction of electronic feedback registers, enabling us to keep track of the positive feedback and complaints / suggestions for improvement given by our learners and ensuring any issues are settled in a timely way; and
- Formalised course evaluation systems for short courses, VCE/VCAL and nationally recognised training.

## ENGAGING ENVIRONMENTS

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

CAE's independent learning centre, Learn@CAE, was established in late 2009 with the aim to support learners with a place for quiet study and prepare homework. 2010 was its first full year of operation, and Delivery Innovation staff have worked with learners and teachers to support the steady flow of learners and teachers that access the facility during the day, in the evening and on Saturdays.

Continued liaison with ICT services has resulted in improved login procedures, access to software, internet sites wireless internet access, and streamlined services. Learner inductions ensure that all learners are aware of the facility and are encouraged to utilise Learn@CAE for small group work and individual study.

CAE continues to manage a range of externally funded projects resulting in professional development opportunities for our staff to participate in e-learning workshops and to work on e-learning projects.

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

- ConVerge10 – the leading Victorian e-learning conference;
- The national e-portfolio reference group; and
- Adult Learning Australian (ALA) and Australian Council for Adult Literacy (ACAL) conferences.

In 2010 Delivery Innovation staff at CAE managed the following key projects:

- Support for Quality Pre-Accredited Teaching and Learning in ACE: A-frame resource development and research;
- Co-ordinating the activities of the ACFE e-learning grant;
- Managing the Delivery of the TAA/TAE to 70 ACE tutors across Victoria;
- Developing e-learning content for two units of the Community Services training package – funded by the Australian Flexible Learning Framework;
- Developing online wikispaces for ESL teachers and students – also funded by the Australian Flexible Learning Framework; and
- Successfully conducting a national e-portfolio trial with young people for VCAL and VCE.



Learner Services  
Leading Practice  
Engaging Environments



“The PWE course at CAE has a very good reputation and a good success rate for gaining employment once you have completed the course.”

**Bianca, CAE Certificate IV in Professional Writing and Editing student**

# PROGRAM REPORTS & HIGHLIGHTS

## ARTS & CULTURE

Learners can develop specific skills through our short courses and can also map out a learning pathway to further accreditation should they wish to develop creativity and technical skills for a vocational outcome.

Arts & Culture offers courses aimed at enhancing all learners' capacity for creative expression and vibrant engagement with the arts. The cultural sector offers a myriad of employment opportunities in the arts, entertainment, craft, design, hospitality, media and communications industries — as well as providing a source of enjoyment and community engagement for participants and audiences alike. All our courses are delivered by industry practitioners with a wealth of experience and expertise, providing practical training with a creative focus.

In 2010 Arts & Culture offered short course programs across the following areas:

- Visual Arts & Craft
- Fashion & Design
- Performing Arts
- Digital Media
- Food
- Book Groups

Additionally we delivered Diploma and Certificate level Visual Art training to over 200 learners.

### Highlights for Arts & Culture in 2010

- Arts & Culture works with major partners to provide a vibrant and dynamic program that embraces festivals, exhibitions and events across Melbourne's cultural landscape. Creative Arts offered specific craft and fashion courses programmed around the Craft Cubed and Melbourne Fashion Festival events.
- Arts & Culture delivered a discrete program of cultural talks and classes with RACV for their club members. The program received enthusiastic feedback and support.
- Increasing popularity of our daytime courses throughout 2010 has prompted an expansion of our lectures and cultural tours program for 2011.
- A short course review process was commenced to standardise and 'register' all CAE short courses to a quality framework.
- The Living & Lifestyles food program increased by 25% in 2010. We significantly enhanced our hands-on cooking course options and expanded the 'culture and cuisine' demonstration courses, including courses delivered in Italian and French language.
- Book Groups launched their Book Blog ([www.caebookgroups.blogspot.com](http://www.caebookgroups.blogspot.com)) as a new online home for all current and prospective Book Group members.
- In partnership with the Melbourne Writers Festival, Book Groups hosted a sold-out literary dinner with Barry Dickins at Journal Canteen.

## CAE COLLEGE

Learners come from all parts of Melbourne and range in age from 16 years old through to mature age. CAE College develops independent learning skills through the provision of a range of flexible, adaptive and e-learning alternatives.

CAE College provides a comprehensive and supportive adult learning environment for individuals to achieve their vocational, personal and further study goals. Flexible learning options range from foundation skills to tertiary pathways in a dynamic learning precinct.

The programs delivered in this area in 2010 include:

- Victorian Certificate of Education (VCE)
- Victorian Certificate of Applied Learning (VCAL)
- Liberal Arts
- General Education

CAE College successfully delivered a wide range of learner-centred programs and had a number of significant achievements in 2010. These include the increasing numbers in VCAL and the ReTale program, the diversity of VCE subjects on offer at CAE for both young and mature-age learners, the tertiary pathways program, Liberal Arts, and the many different learning options provided to our learners in ESL and adult literacy.

### Highlights for CAE College in 2010

- The development of a personalised learning model for CAE learners commenced with a series of workshops at the beginning of 2010 and culminated in a staff personal development day in November. The workshops were aimed at developing a College-wide framework for a personalised learning approach that ensured consistency across the college.
- VCE Year 12 results in 2010 were outstanding, with 11.89% of CAE learners gaining an ATAR score in excess of 90. Perfect scores of 50 were achieved in Biology, Chemistry, LOTE: Japanese, and Psychology. 14.56% of learners achieved A or above. VTAC first round offers by institution include Australian Catholic University, Deakin University, FCC, Holmesglen, Kangan, La Trobe, MIBT, Monash, NMIT, PIC, RMIT, SAE, Swinburne, University of Ballarat, University of Melbourne and Victoria University.
- VCAL learners participated in the Mahara e-portfolio program. Learners became familiar with this 'academic Facebook' and as a result received a grant that has contributed to purchasing digital resources for the VCAL program.
- The Common Ground program for formerly homeless people was successfully started in November 2010.
- A suite of computer courses was delivered in 2010 for the University of the Third Age (U3A) over 55s members.
- CAE continued to deliver the ReTale program for a third consecutive year with industry partners Victoria Police and City Local Learning and Employment Network. This program is designed for at-risk youth who have experienced a disruption to learning. The ReTale program format includes the full Certificate II in Retail, support from CAE's Youth Pathways Officers and a weekly program with mentors from Victoria Police.





“It’s quite different returning to study as an adult – not knowing how to behave and not wanting to seem like I’m trying too hard. But at CAE there is a great richness to having a variety of people and different age groups learning together. CAE has given me a passion to learn – I’m finally getting the chance to think and understand in my own way.”

**Joanne, former CAE College student**



# PROGRAM REPORTS & HIGHLIGHTS

## EMPLOYMENT SKILLS

We provide nationally recognised training and short courses aimed at supporting learners to develop, upgrade and enhance skills for employment, recreational, leisure and self development interests.

Employment Skills offers short courses that focus on developing skills in specific, targeted areas, as identified by the individual learner. Our nationally recognised training programs have flexible delivery (with full-time or part-time options) and have been developed in conjunction with industry partners to ensure employer needs and capacity requirements are met. Our trainers are experts in the area of adult learning – covering everything from Microsoft Word to reading and writing and higher level management skills.

In 2010 the nationally recognised qualifications responded to needs in the following areas:

- Writing & Editing
- Community Services
- Business, IT & Retail
- Health & Wellbeing
- Workplace LLN
- Training & Assessment

### Highlights for Employment Skills in 2010

- Writing & Editing developed a range of new writing short courses for social media; overhauled the Diploma of Professional Writing and Editing delivery model to better compete in the contestable training market and provided a significant RPL program for current and new learners.
- Many Community Services graduates gained employment in the sector, particularly within the organisations in which they undertook industry placement during their course. Some graduates have continued their learning journey in higher education.
- Community Services won two AFLN grants. The first was to create online learning resources for three units common to most Community Services qualifications. The second was to assist building the workforce development strategy with Interact, a community based organisation providing services to people with disabilities.
- In August 2010 CAE once again partnered with Small Business Victoria as a host organisation in the annual Small Business festival, Energise Enterprise.
- Business, IT & Retail delivered training for organisations such as Australian Universities Quality Agency (AUQA) Melbourne; VETIS through Inner Melbourne VET Cluster; Mater Christi College (Belgrave).
- Health & Wellbeing offered short course programs in the areas of fitness, movement and natural therapies. These included courses in yoga, tai chi, massage, meditation and a successful fitness program for the 50+ age group.
- VECCI subcontracted CAE to deliver training to people over 45 years looking for employment or a change of career in either the Business or Community Services field as part of the government funded Grey Matters project.

## OCCUPATIONAL ENGLISH TEST

The purpose of the Occupational English Test (OET) is to evaluate the English language competence of people who have trained as medical practitioners outside Australia and wish to gain provisional registration to practise their profession in an English-speaking country. The OET is administered by the OET Centre. Candidates for the OET are from 12 medical and allied health professions: dentistry, dietetics, medicine, nursing, occupational therapy, optometry, pharmacy, physiotherapy, podiatry, radiography, speech pathology and veterinary science. Nursing, dentistry and medicine currently provide the largest numbers of candidates. All four language skills are tested – listening, speaking, reading and writing – with an emphasis on contextualised communication for professional purposes.

The test is currently used by governing bodies of health professions at state and national level in Australia, New Zealand and Singapore. The Regulatory Authority governing each profession determines both the result required from candidates to meet the standard that will allow them to communicate effectively in the workplace and the period of validity of results. The OET Centre has a Memorandum of Understanding (MOU) with the University of Melbourne for OET research, test materials supply, assessment analysis and technical support.

### Highlights for the OET in 2010:

- The OET Centre administered the test globally ten times. 65.82% of candidates sat the OET in Australia. The largest professional group sitting the OET was nursing (41.25% of the total candidature), followed by dentistry, medicine and pharmacy.
- Global test applications for 2010 decreased by 19.54% compared with 2009 due to the slowdown in skilled migration as a result of the global financial crisis. Demand for the OET continues to be strong in all Australian cities, New Zealand, the Middle East and India.
- In March 2010, the OET Centre administered the new Reading sub-test which now incorporates the specific reading skill of skimming and scanning a text. These changes enhance the quality of the test through a more accurate reflection of real-world reading tasks and the desire to further increase the reliability of test scores. Currently both qualitative and quantitative studies into the impact of the new test are being undertaken via the Language Testing Research Centre (LTRC) and through candidate surveys, pre and post-test.
- Sales of practice materials via the OET online bookshop increased by 15.40% in 2010. The OET Centre also released a number of new Listening, Reading and Writing practice books this year, all available for purchase via the OET Centre's online bookshop. New editions of Writing and Speaking Sub-test practice materials have been developed and are scheduled to be sold via the OET website throughout 2011.
- The OET Centre was an event sponsor for the 20th Anniversary of the University of Melbourne LTRC. Held in July, the program included half-day workshops on aspects of language testing research and development, papers and presentations.
- The OET Centre completed all 2010 year-to-date assessments within 10 days. By consolidating the primary assessment timeframe and streamlining operational processes, candidates were able to receive their results within 15 business days of taking the test.

Employment Skills  
Occupational English Test  
Languages Other Than English



## LANGUAGES OTHER THAN ENGLISH

In 2010 CAE offered courses in over 20 languages. CAE offers courses from beginner to advanced levels, both short courses and accredited courses. The most popular languages are French, Spanish, Italian, Japanese and Mandarin, with an increasing number of learners studying Hindi, Dutch, and Latin.

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

### Highlights for Languages in 2010:

- CAE continued its ongoing partnership with the Australian Federal Police and the Defence Force School of Languages (DFSL).
- CAE designed and delivered private tuition in a range of languages to Government officers in a number of Australian cities.
- CAE also provided extra services to the DFSL, delivering intensive courses in a range of languages such as Tetum, Si Pijin and Farsi.

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

**Yassin Firea, CAE Community Services student**

## MARKETING & COMMUNICATIONS

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

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

CAE also trialled a smaller 'pocket guide' which highlighted specialised and new season courses as well as a dedicated CAE Book Groups postcard promotion. These productions were distributed through slightly different channels – metropolitan cafés and foyer spaces of like-organisations and inner-Melbourne letterbox drops.

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

Sponsorships: Melbourne International Comedy Festival, Melbourne International Arts Festival and the Melbourne Writers' Festival.

Partnerships: Melbourne Food & Wine Festival, Melbourne Library Service, Melbourne Spring Fashion Week, NGV, Craft Victoria, Federation Square, La Mirada Film Festival, Hopscotch Films, Icon Films and Energise Enterprise.

Expos: Keen to once again showcase the breadth of CAE's offerings to a wide range of potential learners, CAE participated in the *Herald Sun Careers Expo* from Friday 31 July until Sunday 2 August at the Melbourne Convention and Exhibition Centre. Staff from all program delivery areas assisted with the 'tell and sell' of our range of nationally recognised training and short course programs.

## PEOPLE & CULTURE

CAE's People & Culture Unit underwent significant change in 2010. The unit transitioned to a Business Partner model to better support CAE operational units by providing advice and support to managers and staff based on the CAE strategic direction and operational requirements.

Three new roles were created: two People and Culture Business Partners who are each responsible for providing service to two organisational centres and taking responsibility for a functional HR area with one partner responsible for Occupational Health and Safety / Workcover and Recruitment and the other for Employee Relations / Industrial Relations. A third position concentrates on Organisational Development and Change Management which includes the *Learning and Development Strategy* for CAE.

## CAE ORGANISATIONAL BEHAVIOURS

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

## WORKFORCE DATA

The workforce data table shows the equivalent full-time (EFT) staff numbers for 2009 and 2010.

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

	EFT 2009	Head Count 2009
Teaching staff – ongoing	27.76	48
Teaching staff – fixed term	6.05	9
Teaching staff – sessional	112.69	713
<b>Teaching staff sub-total</b>	<b>146.50</b>	<b>770</b>
Executive officers	4.00	4
Administrative staff – ongoing	81.00	88
Administrative staff – fixed term	14.90	16
Casual	11.65	27
<b>Non-teaching sub-total</b>	<b>111.55</b>	<b>135</b>
<b>EFT total for CAE</b>	<b>258.05</b>	<b>905</b>

## 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 Occupational Health and Safety standards. All CAE building works conform to building regulations.

## OCCUPATIONAL HEALTH AND SAFETY

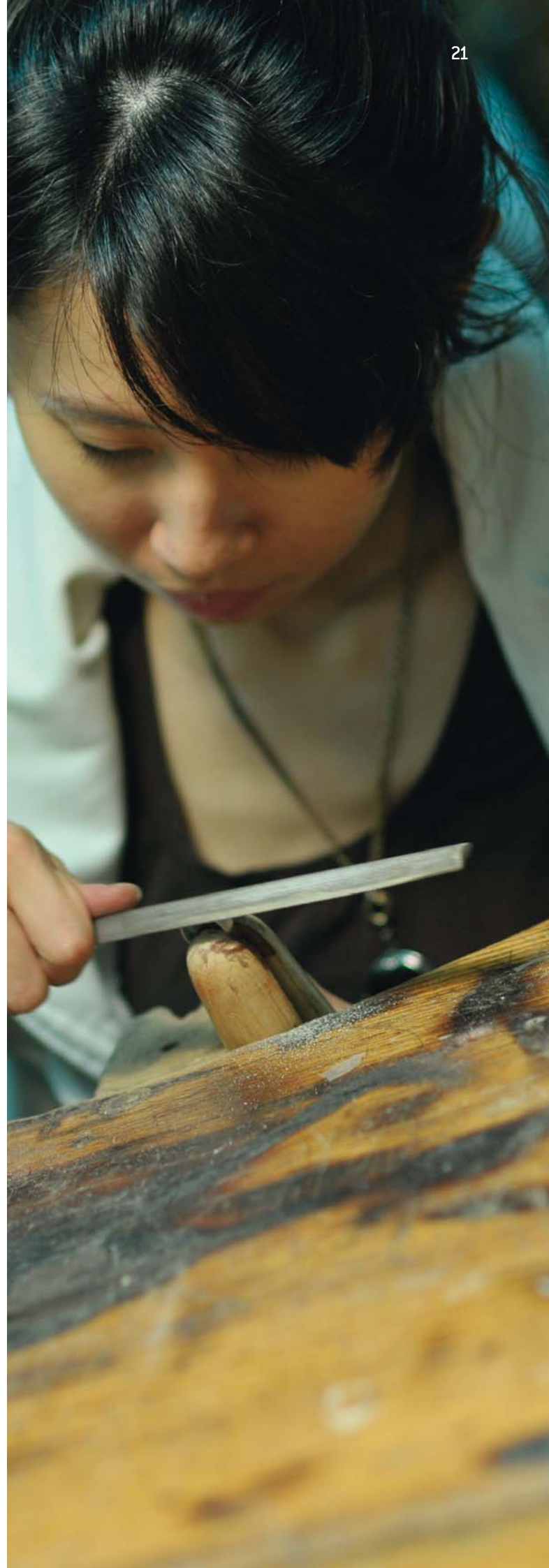
CAE continues to be committed to ensuring a safe and healthy workplace for our staff and our learners. In 2010 CAE reviewed and revised our Occupational Health and Safety (OHS) systems and processes to enhance our capacity to respond effectively to OHS issues. As part of our commitment to the ongoing health and welfare, CAE in conjunction with Worksafe, again offered free health checks to its employees, and free flu vaccinations.

## WORKPLACE RELATIONS

2010 was a year of consolidation and continued review of policies and procedures and included the implementation of a new *People Policy* and ongoing revision of procedures in line with the new policy.



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



## FREEDOM OF INFORMATION ACT

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

For the period 1 January to 31 December 2010, there were no requests made for documents under the *Freedom of Information Act 1982*.

## WHISTLEBLOWERS PROTECTION ACT

CAE complies with the provisions in the Whistleblowers Protection Act 2001 incorporating amendments of 1 July 2007 that its processes are transparent with appropriate accountabilities. CAE supports the making of disclosures that reveal corrupt conduct, mismanagement of public resources or risk to public health, safety or the environment. CAE has established a policy for reporting disclosures of improper conduct or detrimental action, which ensures staff can make disclosures without fear of retribution. For the year ended 31 December 2010 there were no instances raised with CAE in regards to the *Whistleblowers Protection Act 2001*.

## NATIONAL COMPETITION POLICY

CAE's costing models comply with National Competitive Neutrality Principles.

## CAE SUBJECT ENROLMENTS AND STUDENT CONTACT HOURS (SCH)

Reported by Skills Category and Funding Code for the year ended 31 December 2010

Levels		Students*	Enrolments	SCH
Foundation	Fee-for-service	26	177	12,249
	Government Contract	655	4,860	207,256
Creation	Fee-for-service	594	702	23,406
	Government Contract	1,083	4,033	261,359
Building	Fee-for-service	268	4,186	63,209
	Government Contract	921	7,044	225,496
Deepening	Fee-for-service	96	858	40,615
	Government Contract	192	1,340	67,364
Short Course	Fee-for-service	17,648	22,097	248,183
Book Groups	Fee-for-service	9,641	9,689	276,780
Other	ACE Delivery	31	65	2,490
<b>TOTAL</b>		<b>30,251</b>	<b>55,051</b>	<b>1,418,408</b>

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

## SCOPE OF ACTIVITY

In 2010 CAE was registered with the Victorian Registration and Qualifications Authority to deliver 70 courses. This includes 40 training package qualifications and 30 nationally recognised courses.

## MODULE LOAD COMPLETION RATE

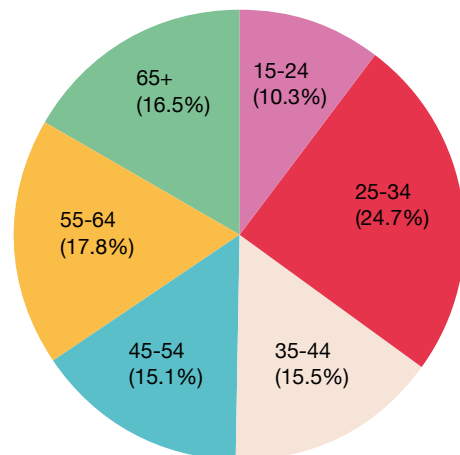
The module load completion rate for student contact hours delivered with outcomes is 64%.

## NUMBER OF PROGRAMS

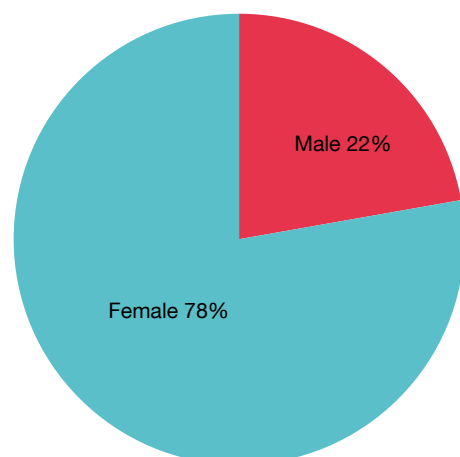
	Government funded	Fee-for-service	ACE	Total
2010 Programs	45	1,663	8	1,696

## CAE LEARNER PROFILE

### AGE ANALYSIS

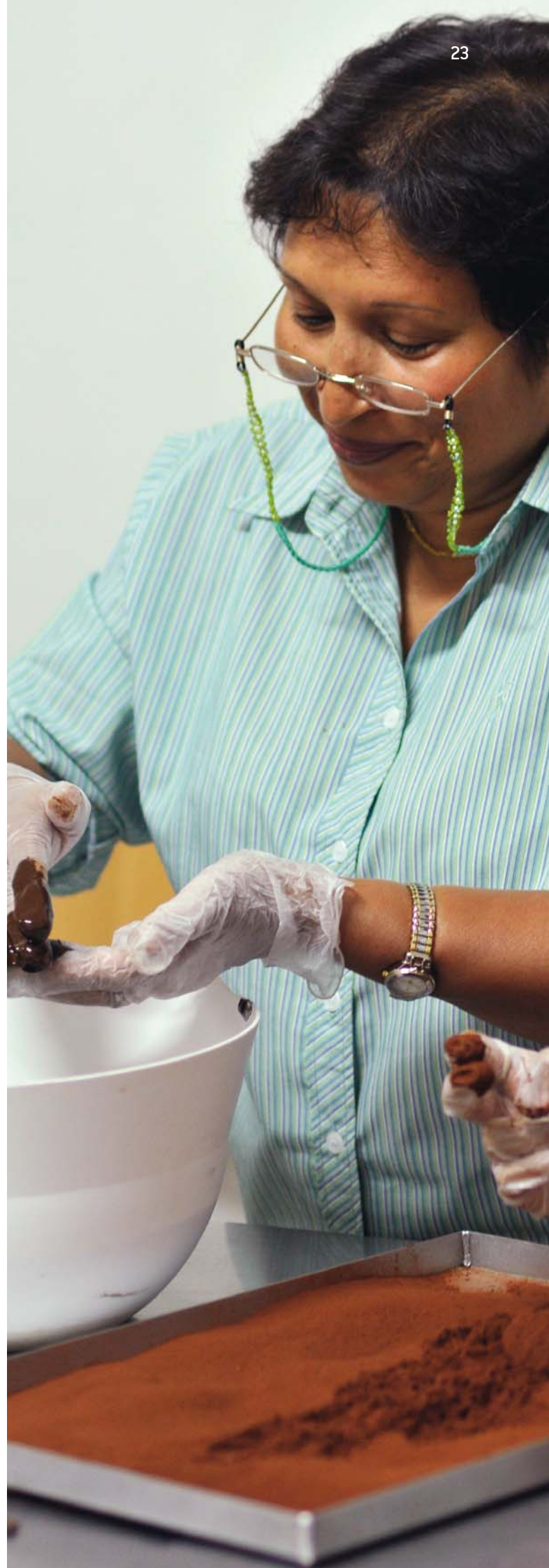


### GENDER BREAKDOWN





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





## CAE LEARNER PROFILE

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

Age	Female	Male	Total
<15	8	3	11
15–24	2,053	1,060	3,113
25–64	17,064	5,070	22,139
65+	4,393	595	4,988
<b>TOTAL</b>	<b>23,518</b>	<b>6,728</b>	<b>30,251</b>

### LEARNERS BY AGE GROUP (AGE TAKEN AT 30 JUNE 2010)

Age	Total no. students	%
<15	11	0
15–24	3,113	10
25–34	7,472	24
35–44	4,691	15
45–54	4,577	15
55–64	5,399	17
65+	4,988	16
<b>TOTAL</b>	<b>30,251</b>	<b>100</b>

### LEARNERS BY AGE GROUP BY FUNDING TYPE (AGE TAKEN AT 30 JUNE 2010)

Age	Government	Fee-for-service	Book Groups	Total
<15	0	10	1	11
15–24	235	2,878	35	3,113
25–34	527	6,153	866	7,472
35–44	484	3,612	669	4,691
45–54	428	2,729	1,523	4,577
55–64	316	2,419	2,761	5,399
65+	191	1,088	3,786	4,988
<b>TOTAL</b>	<b>2,181</b>	<b>21,151</b>	<b>10,558</b>	<b>33,746</b>

## COMPLIANCE WITH GOVERNMENT GUIDELINES

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

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

## ENVIRONMENTAL PERFORMANCE

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

The primary objectives of the committee are to:

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

CAE is proudly a 'car less' organisation and in 2010 continued to support the 'Commuter Club' for staff, using the yearly Metcard / Myki or V/Line ticket. By participating in the scheme, CAE staff can obtain these tickets at a discounted price and have payment deducted fortnightly through payroll.

As a further sustainable incentive for staff, CAE's Green Committee endorsed the 'get caught green handed' scheme encouraging staff to 'dob-in' other staff members and learners who exhibit sustainable behaviour in their daily activity both at work and at home.

## FURTHER INFORMATION

- Statements regarding declarations of pecuniary interest by relevant officers;
- Shares held beneficially by senior officers as nominees of a statutory authority or subsidiary;
- Publications produced and where the publications can be obtained;
- Changes in prices, fees, charges, rates and levies charged;
- Major external reviews carried out;
- Research and development activities undertaken;
- Overseas visits undertaken;
- Assessments and measures undertaken to improve the occupational health and safety of employees;
- Industrial relations issues; and/or
- Major committees sponsored by CAE.

Enquiries regarding this information should be directed to:

Board Secretary  
Centre for Adult Education  
253 Flinders Lane Melbourne VIC 3000  
P: +613 9652 0611  
F: +613 9652 0744  
E: [enquiries@cae.edu.au](mailto:enquiries@cae.edu.au)

CAE Learner Profile  
Compliance with Government Guidelines  
Environmental Performance  
Further Information



"I had a fantastic experience, I was very lucky to learn from the top in the industry. I really felt like going out into the fitness industry that I had the best start I possibly could."

Katrina McEwan, CAE Fitness graduate, started her own business six months after completing her study at CAE.

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



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

**CENTRE FOR ADULT EDUCATION  
ATTESTATION OF COMPLIANCE FOR 2010**

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

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

**FRANK KING**

Board Chairperson

DATE: 17/ 3/ 2011



## ANNUAL DECLARATION BY THE CEO AND CFO



### ANNUAL DECLARATION BY THE CHIEF FINANCIAL OFFICER AND GENERAL MANAGER CORPORATE SERVICES FOR THE YEAR ENDED 31 DECEMBER 2010

This is to formally state that the CAE 2010 financial reports present fairly in all material respects, of the financial condition and operational results in accordance with the requirements of the Financial Management Act 1994, including the Directions:

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

**DENISE O'BRIEN**

Chief Executive Officer

DATE: 17/3/2011

**GULAY CUVEGEN**

Chief Finance Officer, General Manager Corporate Services

DATE: 17/3/2011

## SUMMARY OF 2010 FINANCIAL RESULTS

The CAE 2010 budget was based on achieving growth from 2009 for all revenue streams with significant re-investment from CAE reserves in systems, facilities and branding and promotion. CAE believed that without growth, repositioning for the impact of changes in Victorian Government funding under *Securing Jobs for Your Future: Skills for Victoria* and meeting increasing costs could not be achieved. This growth was not realised.

CAE had a revenue budget target of \$27,852,000 and achieved \$24,656,000 inclusive of capital of \$13,000. The major contributor to this reduced income level was \$2,534,000 in short course revenue. The impact of the global financial crisis on consumer discretionary spending was a significant factor in this decline. Further to this was a serious downturn in the OET income of \$2,098,000. The damaging publicity generated in India as a result of the international student crisis in Melbourne negatively influenced applications for the test from health professionals in this country.

CAE expended \$28,183,000 against a budgeted expenditure of \$29,032,000. CAE re-invested over \$2,513,000 in ensuring facilities and systems were brought up to standard and reduced risk of systems failure. This investment included a major refurbishment of Level 2, 253 Flinders Lane to create a Service Hub for learner and staff accommodation as well as significant investment in the Student Management System and technology systems upgrades. Savings of \$849,000 against budget still resulted in a deficit of \$3,527,000 against a budgeted deficit of \$1,180,000. Salary expenditure was not able to be reduced in-line with reduced income. Cash reserves have reduced from \$5,875,000 at 31 December 2009 to \$2,307,000 at 31 December 2010.

The 2011 budget presents challenges similar to 2010 with the full implementation of *Securing Jobs for Your Future: Skills for Victoria*. The 2011 budget plan takes into account higher facility lease costs and higher depreciation costs due to upgrading building and technology stocks and the need to ensure expenditure is more closely and quickly linked to the revenue achieved.

## SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2010 WITH PREVIOUS FOUR YEAR COMPARATIVES

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Revenue	24,656	27,871	24,175	22,664	21,519
Expenses	28,813	25,560	22,690	21,598	21,036
Net Result	<u>(3,527)</u>	<u>2,311</u>	<u>1,485</u>	<u>1,066</u>	<u>483</u>
Total assets	15,281	17,879	16,725	15,766	12,896
Total liabilities	7,261	6,331	7,488	8,014	7,391
Net Assets	<u>8,020</u>	<u>11,548</u>	<u>9,237</u>	<u>7,752</u>	<u>5,505</u>
Net increase / (decrease) in cash and cash equivalents	<u>(3,568)</u>	<u>(2,280)</u>	<u>1,320</u>	<u>2,423</u>	<u>2,335</u>

## CONSULTANCIES

During the year ended 31 December 2010, CAE did not engage any individual consultants with fees in excess of \$100,000 (excluding GST). However, CAE did engage eight consultants each costing less than \$100,000 at a total expenditure of \$141,335 (excluding GST).

## SUBSEQUENT EVENTS

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

## SUMMARY OF SIGNIFICANT CHANGES

There have been no significant changes in CAE as at 31 December 2010.

## ACTIVITY TABLE OPERATING STATEMENT – OPERATING EXPENSES

	<i>Note</i>	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Delivery and support activity	A2	15,090	14,786
Admin and general service	A3	5,585	4,866
Property, plant and equipment services	A4	6,393	4,987
Student and other services	A5	1,115	1,191
<b>Total Operating Expenses</b>		<b><u>28,183</u></b>	<b><u>25,829</u></b>

### Note A2 – OPERATING STATEMENT

#### Delivery Provision and Support Activity

Salary, wages, overtime & allowance	9,650	9,629
Superannuation	742	742
Payroll tax	461	464
Other salary related costs	83	71
Consumables	1,025	1,008
Communication expenses	290	274
Contract and other services	2,358	820
Other direct delivery expenses	480	1,778
	<b><u>15,090</u></b>	<b><u>14,786</u></b>

### Note A3 – OPERATING STATEMENT

#### Administration and General Services Activity

Salary, wages, overtime and allowance	3,108	2,349
Superannuation	274	226
Payroll tax	129	110
Other salary related costs	211	47
Consumables	124	67
Communication expenses	56	31
Contract and other services	332	277
Fees	284	375
Other Expenses	1,067	1,385
	<b><u>5,585</u></b>	<b><u>4,866</u></b>

### Note A4 – OPERATING STATEMENT

#### Property, Plant and Equipment Services Activity

Salary, wages, overtime and allowance	475	341
Superannuation	36	25
Payroll tax	24	12
Other salary related costs	04	04
Consumables	149	38
Communication expenses	26	34
Contract and other services	938	860
Depreciation	1,546	599
Utilities	156	152
Rent/leasing charges	2,260	2,117
Repairs and maintenance	186	112
Written down value	0	186
Other expenses	594	506
	<b><u>6,393</u></b>	<b><u>4,987</u></b>

### Note A5 – OPERATING STATEMENT

#### Student and Other Services Activity

Salary, wages, overtime and allowance	460	395
Superannuation	39	36
Payroll tax	23	21
Other salary related costs	05	04
Consumables	39	21
Other direct delivery expenses	549	714
	<b><u>1,115</u></b>	<b><u>1,191</u></b>





## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES FOR THE YEAR ENDED 31 DECEMBER 2010

- VICTORIAN AUDITOR GENERAL'S REPORT
- DECLARATION BY CHAIRMAN, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER
- STATEMENT OF COMPREHENSIVE INCOME
- BALANCE SHEET
- STATEMENT OF CHANGES IN EQUITY
- STATEMENT OF CASH FLOWS
- NOTES TO THE ACCOUNTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

- 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
- 2 INCOME FROM TRANSACTIONS
- 3 EXPENSES FROM TRANSACTIONS
- 4 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT
- 5 CASH AND CASH EQUIVALENTS
- 6 RECEIVABLES
- 7 OTHER NON-FINANCIAL ASSETS
- 8 PROPERTY, PLANT AND EQUIPMENT
- 8a INTANGIBLE ASSETS
- 9 PAYABLES
- 10 PROVISIONS
- 11 OTHER LIABILITIES
- 12 EQUITY
- 13 CASH FLOW INFORMATION
- 14 COMMITMENTS
- 15 LEASED ASSETS
- 16 CONTINGENCIES
- 17 ECONOMIC DEPENDENCY
- 18 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE
- 19 REMUNERATION OF AUDITORS
- 20 SUPERANNUATION
- 21 KEY MANAGEMENT PERSONNEL DISCLOSURES
- 22 RELATED PARTIES
- 23 CAE ENTITY DETAILS
- 24 FINANCIAL INSTRUMENTS

# THE AUDITOR-GENERAL'S REPORT

**VAGO**

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Centre for Adult Education

#### The Financial Report

The accompanying financial report for the year ended 31 December 2010 of the Centre for Adult Education which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by chairman of the board, chief executive officer and chief finance officer has been audited.

#### The Board Members' Responsibility for the Financial Report

The Board Members of the Centre for Adult Education are responsible for the preparation and 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* and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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

#### Electronic Publication of the Audited Financial Report

It is our understanding that the Centre intends to electronically present the audited financial report and auditor's report on its internet website. Responsibility for the electronic presentation of the financial report on the Centre's website is that of the Board Members of the Centre. The security and controls over information on the website should be addressed by the Board Members to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the audited financial report on the Centre's website is beyond the scope of the audit of the financial report.

Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

Auditing in the Public Interest

**VAGO**

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

#### Independence

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

#### Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Centre for Adult Education as at 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
17 March 2011

  
D D R Pearson  
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

Auditing in the Public Interest



## ANNUAL DECLARATION BY THE CHIEF FINANCIAL OFFICER AND GENERAL MANAGER CORPORATE SERVICES FOR THE YEAR ENDED 31 DECEMBER 2010



### ANNUAL DECLARATION BY THE CHIEF FINANCIAL OFFICER AND GENERAL MANAGER CORPORATE SERVICES FOR THE YEAR ENDED 31 DECEMBER 2010

This is to formally state that the CAE 2010 financial reports present fairly in all material respects, of the financial condition and operational results in accordance with the requirements of the Financial Management Act 1994, including the Directions:

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

DENISE O'BRIEN

Chief Executive Officer

DATE: 17/3/2011

GULAY CUVEGEN

Chief Finance Officer, General Manager Corporate Services

DATE: 17/3/2011

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>Note</i>	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Continuing operations			
Income from transactions			
Government contributions – operating	2(a)(i)	9,712	9,226
Government contributions – capital	2(a)(ii)	13	1,507
Student fees and charges	2(b)	1,028	781
Fee for service	2(b)	11,962	13,501
Interest	2(c)	336	440
Other income	2(d)	1,605	2,415
<b>Total income from transactions</b>		<u>24,656</u>	<u>27,871</u>
Expenses from transactions			
Employee benefits	3(a)	15,724	14,476
Depreciation and amortisation	3(b)	1,546	599
Interest expense	3(c)	266	278
Supplies and services	3(d)	6,611	5,243
Other operating expenses	3(e)	4,036	5,048
<b>Total expenses from transactions</b>		<u>28,183</u>	<u>25,643</u>
<b>Net result from transactions (net operating balance)</b>		<u>(3,527)</u>	<u>2,227</u>
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	-	83
<b>Total other economic flows included in net result</b>		-	<u>83</u>
<b>Net result from continuing operations</b>		<u>(3,527)</u>	<u>2,311</u>

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

## BALANCE SHEET AS AT 31 DECEMBER 2010

	<i>Note</i>	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	5a	2,307	5,875
Other current financial assets	5b	1,500	1,500
Receivables	6	386	563
<b>Total financial assets</b>		<u>4,193</u>	<u>7,938</u>
<b>Non-financial assets</b>			
Property, plant and equipment	8	10,061	9,322
Intangible assets	8a	636	405
Other non-financial assets	7	392	214
<b>Total non-financial assets</b>		<u>11,088</u>	<u>9,941</u>
<b>Total assets</b>		<u>15,281</u>	<u>17,879</u>
<b>Liabilities</b>			
Payables	9	2,694	2,709
Provisions	10	1,470	1,370
Other liabilities	11	3,097	2,253
<b>Total liabilities</b>		<u>7,261</u>	<u>6,332</u>
<b>Net assets</b>		<u>8,020</u>	<u>11,546</u>
<b>Equity</b>			
Accumulated surplus/(deficit)	12(c)	(1,653)	1,875
Reserves	12(b)	2,055	2,055
Contributed capital	12(a)	7,618	7,618
<b>Total equity</b>		<u>8,020</u>	<u>11,547</u>
Commitments	14	69,539	38,440
Contingencies	16	395	1,128

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



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>Note</i>	<i>Equity at 1 Jan 2010</i>	<i>Total Comprehensive result</i>	<i>Equity at 31 Dec 2010</i>
		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Accumulated surplus/(deficit)	12(c)	1,875	(3,527)	(1,653)
Contributions by owners	12(a)	7,618	-	7,618
Physical assets revaluation reserve	12(b)	2,055	-	2,055
<b>Total equity at the end of the year</b>		<u><u>11,547</u></u>	<u><u>(3,527)</u></u>	<u><u>8,020</u></u>

	<i>Note</i>	<i>Equity at 1 Jan 2009</i>	<i>Total Comprehensive result</i>	<i>Equity at 31 Dec 2009</i>
		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Accumulated surplus/(deficit)	12(c)	(436)	2,311	1,875
Contributions by owners	12(a)	7,618	-	7,618
Physical assets revaluation reserve	12(b)	2,055	-	2,055
<b>Total equity at the end of the year</b>		<u><u>9,236</u></u>	<u><u>2,311</u></u>	<u><u>11,547</u></u>

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>Note</i>	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government contributions - operating		10,033	9,284
Government contributions - capital		13	1,507
User fees and charges received		12,972	13,486
Goods and services tax recovered from the ATO		1,513	1,260
Interest received		353	468
Other receipts		1,560	1,856
<b>Total receipts</b>		<u>26,444</u>	<u>27,861</u>
<b>Payments</b>			
Payments to suppliers and employees		(25,928)	(23,120)
Goods and services tax paid to the ATO		(2,189)	(2,357)
Interest and other costs of finance paid		(273)	(278)
<b>Total payments</b>		<u>(28,390)</u>	<u>(25,755)</u>
<b>Net cash provided by/(used in) operating activities</b>	13(a)	<u>(1,946)</u>	<u>2,106</u>
<b>Cash flows from investing activities</b>			
Payments for investment		-	(1,000)
Payments for non-financial assets	8, 8a	(2,515)	(3,557)
Proceeds from sale of non-financial assets		-	269
<b>Net cash provided by/(used in) investing activities</b>		<u>(2,515)</u>	<u>(4,288)</u>
<b>Cash flows from financing activities</b>			
Repayment of operating leases		(106)	(98)
Proceeds from interest bearing liabilities		1,000	-
<b>Net cash provided by/(used) in financing activities</b>		<u>894</u>	<u>(98)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		(3,568)	(2,280)
Cash and cash equivalents at the beginning of the financial year		5,875	8,155
<b>Cash and cash equivalents at the end of the financial year</b>	5	<u><u>2,307</u></u>	<u><u>5,875</u></u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of the Centre for Adult Education (CAE).

#### Statement of compliance

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 and applicable Australian Accounting Standards and Interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

In complying with AASs, the entity has, where relevant, applied those paragraphs applicable to not-for-profit entities.

#### 1.1 BASIS OF PREPARATION

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

##### Critical accounting estimates and judgments

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

##### Estimates

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

##### Judgements

In the application of AASs, 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.

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 2010 and the comparative information presented for the year ended 31 December 2009.

##### Compliance with IFRSs

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

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



## 1.2 SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

In keeping with AASB 101 (September 2007) this complete set of financial statements includes the following changes:

(a) the notion of:

- 'a complete set of financial statements' rather than using 'financial report';
- 'changes in equity' rather than 'movements in equity'; and
- 'transactions with owners in their capacity as owners' rather than 'transactions with owners as owners'.

(b) references to equity holders as owner.

### Statement of comprehensive income

The statement of comprehensive income includes items previously included in the statement of changes in equity.

Income and expenses in the comprehensive income statement are separated into either 'transactions' or 'other economic flows'.

### Balance sheet

Items of assets and liabilities in the balance sheet are:

- ranked in liquidity order;
- aggregated into financial and non-financial assets;
- classified according to GFS terminology, but retain measurement and disclosure rules under existing accounting standards applicable to the department; and
- current versus non-current assets and liabilities are disclosed in the notes where relevant.

### Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the year to the closing balance at the end of the year, showing separately movements due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions with owners in their capacity as owners.

### Cash flow statement

The cash flow statement classifies flows by operating, investing and financing activities in accordance with AASB 107 Cash Flow Statements.

## 1.3 REPORTING ENTITY

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

Its principal address is:

Centre for Adult Education  
253 Flinders Lane  
Melbourne VIC 3000

## 1.4 BASIS OF CONSOLIDATION

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

## 1.5 EVENTS AFTER REPORTING DATE

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between CAE and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to condition which arose after the reporting date and which may have a material impact on the results of subsequent years. Refer to note 18.

## 1.6 GOODS AND SERVICES TAX (GST)

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

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

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

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

## 1.7 INCOME FROM TRANSACTIONS

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

### Government contributions

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

### Sale of goods and services

#### (i) Student fees and charges

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

#### (ii) Fee-for-Service

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

#### (iii) Revenue from sale of goods

Revenue from sale of goods is recognised by CAE when:

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

### Interest

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

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

### Other income

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

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

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

## 1.8 EXPENSES FROM TRANSACTIONS

### Employee benefits

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

### Depreciation and amortisation

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

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

<i>Class of asset</i>	<i>Method</i>	<i>Rate/Rates</i>
Buildings	Straight	2.5%
Plant and equipment	Straight	10% - 30%
Leasehold improvements	Straight	4% - 55%

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

### Finance costs

Finance costs are recognised as expenses in the period in which they are incurred.

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

### Grants and other transfers

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

### Other operating expenses

#### Supplies and services

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

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

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

## 1.9 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

### Net gain/(loss) on non-financial assets

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

### Disposal of non-financial assets

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

### Impairment of assets

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

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

- Inventories;
- Financial assets;
- Investment property that is measured at fair value;
- Certain biological assets related to agricultural activity; or
- Non-current assets held-for-sale.



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

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

### **Net gain/(loss) on financial instruments**

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

### **Revaluations of financial instruments at fair value**

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

### **Impairment of financial assets**

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

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

### **Other gains/(losses) from other economic flows**

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

## **1.10 FINANCIAL ASSETS**

### **Cash and deposits**

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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

### **Receivables**

Receivables consist predominately of debtors in relation to goods and services, accrued demand funding, accrued investment income and GST input tax recoverable. 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.

### **Investments, loans and other financial assets**

#### **Recognition and initial measurement**

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

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

#### **De-recognition**

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

**Financial instruments are classified and measured as set out below.**

#### **Classification and subsequent measurement**

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

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

Fair value is determined in the manner described in Note 24.

##### **(ii) Loans and receivables**

CAE has no financial instruments under this category.

##### **(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the CAE's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method less impairment losses.

##### **(iv) Available-for-sale financial assets**

The institution has no financial instruments under this category.

## **1.11 LEASES**

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.

#### **Centre for Adult Education as lessor**

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

#### **Centre for Adult Education as lessee**

Finance leases are recognised as assets and liabilities at amounts equal to the fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are allocated between the principal component of the lease liability and the interest expense calculated using the interest rate implicit in the lease, and charged directly to the statement of comprehensive income. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

#### **Lease incentives**

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.

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.

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.

## **1.12 NON-FINANCIAL ASSETS**

#### **Property, plant and equipment**

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

#### **Property**

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

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

### **Plant and equipment**

Plant and equipment are measured at fair value less depreciation and impairment losses.

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

The cost of fixed assets constructed within CAE includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

### **Work In Progress**

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

### **Works of Arts**

The CAE's works of art are measured at valuation.

### **Revaluations of non-current physical assets**

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

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

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

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

When revalued assets are sold, it is CAE policy to transfer the amounts included in other reserves in respect of these assets to accumulated funds. Revaluation reserves are not normally transferred to accumulated funds on de-recognition of the relevant asset.

### **Non-current physical assets constructed by CAE.**

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

## **1.13 LIABILITIES**

### **Payables**

Payables consist predominantly of creditors and other sundry liabilities.

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

CAE payments are based on suppliers trading terms.

### **Interest bearing liabilities**

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

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

### **Financial liabilities**

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



### Financial guarantees

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

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

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

### Provisions

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

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

### Employee benefits

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

#### (i) Wages and salaries and annual leave

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

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

#### (ii) Long service leave

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

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

The components of this current liability are measured at :

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

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

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

#### (iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits and all related expenses when incurred.

### Performance Payments

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

### Retirement benefit obligations

#### (i) Defined contribution plan

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

#### (ii) Defined benefit plans

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

CAE does not recognise any deferred liability in respect of the plan(s) because the 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.

## 1.14 COMMITMENTS

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

## 1.15 CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer note 16) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

## 1.16 EQUITY

### Contributed capital

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

## 1.17 FOREIGN CURRENCY TRANSLATIONS

### Functional and presentation currency

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

## 1.18 MATERIALITY

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

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

## 1.19 ROUNDING OF AMOUNTS

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

## 1.20 COMPARATIVE INFORMATION

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

## 1.21 CHANGE IN ACCOUNTING POLICY

There has been no change in accounting policy during the financial year ending 31 December 2010.

## 1.22 OTHER ECONOMIC FLOWS

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

## 1.23 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2010 reporting period.

As at 31 December 2010 the following standards and interpretations (applicable to CAE) had been issued but were not mandatory for financial year ending 31 December 2010. CAE has not, and does not intend to, adopt these standards early.

<i>Standards Affected</i>	<i>Outline of Amendment</i>	<i>Application date of standard</i>	<i>Impact on financial statements</i>
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 Financial Instruments: recognition and measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 Related party disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests that impact is insignificant. However, the entity is still assessing the detailed impact.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of Prepayments of a minimum funding requirement	Beginning 1 Jan 2011	Expected to have no significant impact
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2010-1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]	This amendment provides limited exemptions from the requirements of adhering to AASB 1 and AASB 7 that arise from AASB 2009-2.	Beginning 1 July 2010	These exemptions are unlikely to have an impact because it is not a first time adoption.
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	Guidance to assist entity in accounting for transactions that involves extinguishing a liability fully or partially by issuing equity instruments to the creditor.	Beginning 1 July 2010	The impact of this interpretation only affects entities that issue equity instruments.
AASB 1053 Application of Different Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The impact of this Standard may affect disclosures in the financial reports of certain types of entities [public sector entities (except whole of government and general government sector)] where reduced disclosure requirements may apply. The Standard does not affect the operating result or financial position.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.



## NOTE 2: INCOME FROM TRANSACTIONS

	2010 \$000	2009 \$000
<b>(a) Grants and other transfers (other than contributions by owners)</b>		
Government financial assistance		
(i) Government contributions – operating		
Recurrent	9,712	9,226
<b>Total government contributions – operating</b>	<u>9,712</u>	<u>9,226</u>
(ii) Government contributions – capital		
Commonwealth capital	-	1,500
State capital	13	7
<b>Total government contributions – capital</b>	<u>13</u>	<u>1,507</u>
<b>Total government financial assistance</b>	<u><u>9,726</u></u>	<u><u>10,733</u></u>
<b>(b) Sales of goods and services</b>		
Student fees and charges	1,028	781
<b>Fee-for-service</b>		
Fee-for-service – government	1,873	781
Fee-for-service – course fees	6,410	7,485
Fee-for-service – international operations	3,462	4,973
Fee-for-service – other	217	263
<b>Total rendering of services</b>	<u>11,962</u>	<u>13,501</u>
<b>Total revenue from sale of goods and services</b>	<u><u>12,990</u></u>	<u><u>14,282</u></u>
<b>(c) Interest</b>		
Interest from financial assets not at fair value through P/L:		
Interest on bank deposits	336	440
<b>Net interest income</b>	<u>336</u>	<u>440</u>
<b>(d) Other income</b>		
Rental revenue:		
Rent / venue hire	1,043	1,031
<b>Total rental revenue</b>	<u>1,043</u>	<u>1,031</u>
Donations, bequests and contributions	25	153
Other revenue	537	1,232
<b>Total other income</b>	<u><u>1,605</u></u>	<u><u>2,415</u></u>

**NOTE 3: EXPENSES FROM TRANSACTIONS**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
<b>(a) Employee benefits</b>		
Salaries, wages, overtime and allowances	13,544	12,181
Superannuation	1,091	1,028
Payroll tax	637	607
Worker's compensation	122	90
Termination benefits	149	533
Other	181	37
<b>Total employee benefits</b>	<u>15,724</u>	<u>14,476</u>
<b>(b) Depreciation and amortisation</b>		
Depreciation of non-current assets		
Buildings	4	4
Leasehold improvement	1,007	378
Software	250	32
Plant and equipment	284	185
<b>Total depreciation</b>	<u>1,546</u>	<u>599</u>
<b>Total depreciation and amortisation</b>	<u>1,546</u>	<u>599</u>
<b>(c) Interest expense</b>		
Operating lease costs	266	278
<b>Total interest expense</b>	<u>266</u>	<u>278</u>
<b>(d) Supplies and Services</b>		
Purchase of supplies and consumables	1,229	1,003
Communication expenses	374	342
Contract and other services	3,644	1,982
Building repairs and maintenance	187	115
Fees and charges	1,177	1,801
<b>Total supplies and services</b>	<u>6,611</u>	<u>5,243</u>
<b>(e) Other operating expenses</b>		
General expenses		
Marketing and promotional expenses	691	777
Occupancy expenses	2,621	3,227
Audit fees and services	125	120
Staff development	289	272
Travel and motor vehicle expenses	86	69
Other expenses	158	361
<b>Subtotal</b>	<u>3,970</u>	<u>4,827</u>
Equipment below capitalisation threshold	66	221
<b>Total other operating expenses</b>	<u>4,036</u>	<u>5,048</u>

**NOTE 4: OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)		
Net gain/(loss) on disposal of physical assets	-	83
Total net gain/(loss) on non-financial assets and liabilities	<u>-</u>	<u>83</u>

**NOTE 5: CASH AND CASH EQUIVALENTS**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
5a Cash and cash equivalents		
Cash at bank and on hand	448	514
Deposits at call	1,859	5,361
Total cash and cash equivalents	<u>2,307</u>	<u>5,875</u>

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

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
(a) Reconciliation to cash at the end of the year		
Balances as above	2,307	5,875
Balance as per cashflow statement	<u>2,307</u>	<u>5,875</u>

**(b) Cash at bank and on hand**

Cash at bank represents interest bearing deposits and cash on hand represents non-interest bearing deposits.

**(c) Deposits at call**

The deposits are bearing floating interest rates between 3.94% and 4.81% (2009 - 2.90% and 5.00%).

These deposits have an average maturity of 30 to 120 days.

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
5b Other current financial assets		
Term deposits	1,500	1,500
Total other current financial assets	<u>1,500</u>	<u>1,500</u>

**NOTE 6: RECEIVABLES**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
<b>Current receivables</b>		
<b>Contractual</b>		
Trade receivables <sup>1</sup>	233	347
Provision for doubtful contractual receivables(a) (See also Note 6(a) below)	(16)	(3)
Revenue receivable	6	23
<b>Total contractual</b>	<u>223</u>	<u>367</u>
<b>Statutory</b>		
Amounts owing from Victorian Government	118	-
GST receivable from ATO	44	196
<b>Total statutory</b>	<u>163</u>	<u>196</u>
<b>Total current receivables</b>	<u>386</u>	<u>563</u>
<b>Total receivables</b>	<u>386</u>	<u>563</u>

<sup>1</sup> – The average credit period on sales of goods is 30 days. A provision has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. The \$13,000 reduction was recognised in the operating result for the current financial year.

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
<b>(a) Movement in the provision for doubtful contractual receivables</b>		
Balance at the beginning of the year	3	1
Reversal of unused provision recognised in the net result	-	-
Increase in provision recognised in the net result	13	2
Reversal of provision for receivables written off during the year as uncollectible	-	-
<b>Balance at the end of the year</b>	<u>16</u>	<u>3</u>

**(b) Ageing analysis of contractual receivables**

Please refer to Note 24(iv) for the ageing analysis of contractual receivables.

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

Please refer to Note 24 for the nature and extent of credit risk arising from contractual receivables.

**NOTE 7 – OTHER NON-FINANCIAL ASSETS**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
<b>Current other non-financial assets</b>		
Prepayments	392	214
<b>Total current other non-financial assets</b>	<u>392</u>	<u>214</u>
<b>Total current other non-financial assets</b>	<u>392</u>	<u>214</u>



## NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	<i>Land \$000</i>	<i>Buildings \$000</i>	<i>Construction in progress \$000</i>	<i>Plant &amp; Equipment \$000</i>	<i>Leasehold Improvements \$000</i>	<i>Cultural assets \$000</i>	<i>Total \$000</i>
Centre for Adult Education							
At 1 January 2009							
Cost	-	-	66	1,030	6,323	-	7,419
Valuation	1,900	160	-	-	-	352	2,412
Accumulated depreciation / amortisation	-	(4)	-	(769)	(2,103)	-	(2,876)
<b>Net book amount</b>	<b>1,900</b>	<b>156</b>	<b>66</b>	<b>261</b>	<b>4,220</b>	<b>352</b>	<b>6,955</b>
Year ended 31 December 2009							
Opening net book amount	-	-	-	-	-	-	-
Additions	-	-	202	543	2,375	-	3,120
Disposals	-	-	-	(11)	(175)	-	(186)
Transfer to assets classified as held-for-sale	-	-	(66)	-	66	-	-
Depreciation / amortisation expense	-	(4)	-	(185)	(378)	-	(567)
<b>Closing net book amount</b>	<b>1,900</b>	<b>152</b>	<b>202</b>	<b>608</b>	<b>6,108</b>	<b>352</b>	<b>9,322</b>
At 31 December 2009							
Cost	-	-	202	1,561	8,589	-	10,352
Valuation	1,900	160	-	-	-	352	2,412
Accumulated depreciation / amortisation	-	(8)	-	(954)	(2,481)	-	(3,443)
<b>Net book amount</b>	<b>1,900</b>	<b>152</b>	<b>202</b>	<b>607</b>	<b>6,108</b>	<b>352</b>	<b>9,322</b>
Year ended 31 December 2010							
Opening net book amount	1,900	152	202	607	6,108	352	9,322
Additions	-	-	-	345	1,781	2	2,128
Transfer to assets	-	-	(202)	51	57	-	(94)
Depreciation expense	-	(4)	-	(284)	(1,007)	-	(1,296)
<b>Closing net book amount</b>	<b>1,900</b>	<b>148</b>	<b>-</b>	<b>719</b>	<b>6,939</b>	<b>354</b>	<b>10,061</b>
At 31 December 2010							
Cost	-	-	-	1,925	10,429	354	12,708
Valuation	1,900	160	-	-	-	-	2,060
Accumulated depreciation / amortisation	-	(12)	-	(1,206)	(3,490)	-	(4,708)
<b>Net book amount</b>	<b>1,900</b>	<b>148</b>	<b>-</b>	<b>719</b>	<b>6,939</b>	<b>354</b>	<b>10,061</b>

## (a) Valuations of land and buildings

CAE performed a management review of land and building values as at 31 December 2010 using Valuer General Victoria indices. The movement in land and building values since the last independent revaluation undertaken by DTZ Australia (Victoria) Pty. Ltd. (as at 31 December 2007) was immaterial; subsequently land and buildings were not revalued as at 31 December 2010.

**NOTE 8A: INTANGIBLE ASSETS**

Centre for Adult Education	<i>Software \$000</i>	<i>Total \$000</i>
<b>At 1 January 2009</b>		
Cost	208	208
Accumulated amortisation and impairment	<u>(208)</u>	<u>(208)</u>
<b>Net book amount</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Year ended 31 December 2009</b>		
Opening net book amount	-	-
Additions	437	437
Additions from internal developments	-	-
Amortisation charge	<u>(32)</u>	<u>(32)</u>
<b>Closing net book amount</b>	<u><u>405</u></u>	<u><u>405</u></u>
<b>At 31 December 2009</b>		
Cost	645	645
Accumulated amortisation and impairment	<u>(240)</u>	<u>(240)</u>
<b>Net book amount</b>	<u><u>405</u></u>	<u><u>405</u></u>
<b>Year ended 31 December 2010</b>		
Opening net book amount	405	405
Additions	387	387
Additions from internal developments	94	94
Amortisation charge	<u>(250)</u>	<u>(250)</u>
<b>Closing net book amount</b>	<u><u>636</u></u>	<u><u>636</u></u>
<b>At 31 December 2010</b>		
Cost	1,156	1,156
Accumulated amortisation and impairment	<u>(520)</u>	<u>(520)</u>
<b>Net book value at the end of the financial year</b>	<u><u>636</u></u>	<u><u>636</u></u>

**NOTE 9: PAYABLES**

	<i>2010 \$000</i>	<i>2009 \$000</i>
<b>Current</b>		
Creditors and accruals	1,115	1,159
Other	<u>1,580</u>	<u>1,550</u>
<b>Total current payables</b>	<u><u>2,694</u></u>	<u><u>2,709</u></u>

**NOTE 10: PROVISIONS**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Current provisions expected to be settled within 12 months		
Employee benefits		
Annual leave	262	179
Long service leave	102	57
Total current provisions expected to be settled within 12 months	<u>364</u>	<u>236</u>
Current provisions expected to be settled after 12 months		
Employee benefits		
Annual leave	295	201
Long service leave	550	752
Total current provisions expected to be settled within 12 months	<u>845</u>	<u>954</u>
Total current provisions	<u><u>1,209</u></u>	<u><u>1,190</u></u>
Non-current		
Employee benefits		
Long service leave	262	180
Total non-current provisions	<u>262</u>	<u>180</u>
Total provisions	<u><u>1,470</u></u>	<u><u>1,370</u></u>

**NOTE 11: OTHER LIABILITIES**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Current		
Lease incentive	170	106
Total current other liabilities	<u>170</u>	<u>106</u>
Non-current		
Lease incentive	2,927	2,147
Total non-current other liabilities	<u>2,927</u>	<u>2,147</u>
Total other liabilities	<u><u>3,097</u></u>	<u><u>2,253</u></u>

## NOTE 12: EQUITY

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
(a) Contributed capital		
Balance at 1 January	7,618	7,618
Balance at 31 December	<u>7,618</u>	<u>7,618</u>
(b) Reserves		
Composition of reserves		
Asset revaluation reserve		
Land	1,900	1,900
Buildings	14	14
Works of art	141	141
Balance at 31 December	<u>2,055</u>	<u>2,055</u>
(c) Accumulated surplus / (deficit)		
Balance at 1 January	1,875	(436)
Net operating result for the year	(3,527)	2,311
Balance at 31 December	<u>(1,653)</u>	<u>1,875</u>
Total equity	<u><u>8,020</u></u>	<u><u>11,547</u></u>
	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Movements in reserves		
Asset revaluation reserve – Land		
Balance at 1 January	1,900	1,900
Balance at 31 December	<u><u>1,900</u></u>	<u><u>1,900</u></u>
Asset revaluation reserve – Buildings		
Balance at 1 January	14	14
Balance at 31 December	<u><u>14</u></u>	<u><u>14</u></u>
Asset revaluation reserve – Works of art		
Balance at 1 January	141	141
Balance at 31 December	<u><u>141</u></u>	<u><u>141</u></u>



**NOTE 13: CASH FLOW INFORMATION**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
(a) Reconciliation of operating result after income tax to net cash flows from operating activities		
Net operating result for the year	(3,527)	2,311
<b>Non-cash flows in operating result</b>		
Depreciation and amortisation of non-current assets	1,546	599
Amortisation of Lease Incentive	(50)	-
Net (gain) / loss on sale of non-current assets	-	(83)
<b>Total non-cash flows in operating result</b>	<u>1,496</u>	<u>516</u>
<b>Change in operating assets and liabilities</b>		
Decrease / (increase) in trade receivables	165	290
Decrease / (increase) in other assets	(177)	46
Increase / (decrease) in payables	(15)	(1,047)
Increase / (decrease) in employee benefits	100	(12)
Increase / (decrease) in provisions	13	2
<b>Total change in operating assets and liabilities</b>	<u>86</u>	<u>(721)</u>
<b>Net cash flows provided by / (used in) operating activities</b>	<u>(1,946)</u>	<u>2,106</u>

**NOTE 14: COMMITMENTS**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
(a) Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Property, Plant and Equipment		
Payable:		
Within one year	-	75
<b>Total Property, Plant and Equipment</b>	<u>-</u>	<u>75</u>
GST claimable on the above	-	(7)
<b>Net Commitments Property, Plant and Equipment</b>	<u>-</u>	<u>68</u>

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Commitments		
<b>(b) Lease commitments</b>		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	3,464	3,312
Later than one year but not later than five years	14,371	14,033
Later than five years	58,657	24,939
<b>Total lease commitments</b>	<u>76,492</u>	<u>42,284</u>
GST reclaimable on the above	(6,954)	(3,844)
<b>Net commitments Operating leases</b>	<u><u>69,539</u></u>	<u><u>38,440</u></u>
<b>Representing:</b>		
Cancellable operating leases	44	-
Non-cancellable operating leases	69,495	38,440
<b>Total lease commitments</b>	<u><u>69,539</u></u>	<u><u>38,440</u></u>
<b>(i) Operating leases</b>		
Operating leases payable relating to tenancies at:		
253 Flinders Lane, Melbourne	64,835	30,004
278 Flinders Lane, Melbourne	11,425	11,971
Port Phillip Arcade, Melbourne	44	-
Operating leases payable for photo-copier	189	309
<b>Total lease commitments</b>	<u><u>76,492</u></u>	<u><u>42,284</u></u>

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

Lease for Port Phillip Arcade was cancelled on 13 January 2011, giving four months notice with a monthly rental of \$10K plus GST.

## NOTE 15: LEASED ASSETS

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
As at the reporting date the CAE leased out the following assets:		
253 Flinders Lane – City Library	7,251	7,884
253 Flinders Lane – Shop front (Café)	1,178	1,273
278 Flinders Lane – KBT TAFE	2,236	2,402
<b>Gross amount of leased assets</b>	<u><u>10,665</u></u>	<u><u>11,559</u></u>
<b>Operating Lease Receivables</b>		
Non-cancellable operating lease receivables		
Payments due		
Within one year	919	894
Later than one year but not later than five years	3,954	3,840
Later than five years	5,792	6,825
<b>Total operating lease receivables</b>	<u>10,665</u>	<u>11,559</u>
GST reclaimable on the above	(970)	(1,051)
<b>Net commitments operating leases assets</b>	<u><u>9,695</u></u>	<u><u>10,508</u></u>

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

## NOTE 16 – CONTINGENCIES

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Details of contingencies with the entity from whom the asset or liability could arise:		
<b>Contingent Assets</b>		
Bank guarantee held at reporting date:		
253 Flinders Lane	27	-
278 Flinders Lane	-	59
<b>Total Contingent Assets</b>	<u>27</u>	<u>59</u>
<b>Contingent Liabilities</b>		
Bank guarantee issued at reporting date:		
Impressive Enterprises Pty. Ltd.	-	57
271 Collins Street Pty. Ltd.	229	937
Trust Co Ltd	193	193
<b>Total Contingent Liabilities</b>	<u>422</u>	<u>1,187</u>
<b>Net Estimated Contingent Liabilities</b>	<u>395</u>	<u>1,128</u>

## NOTE 17: ECONOMIC DEPENDENCY

As an adult education institution, CAE provides training on behalf of the Adults, Community and Further Education (ACFE) Board and Skills Victoria. The CAE is dependant on the ACFE Board and Skills Victoria for a significant volume of revenue and financial support. The contribution from ACFE Board and Skills Victoria represents 39% (2009: 33%) of the CAE's total revenue.

## NOTE 18: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

## NOTE 19: REMUNERATION OF AUDITORS

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Remuneration of Victorian Auditor General's Office for:		
Audit of the financial report	37	36
Audit of the financial report – 2009 additional fee in 2010	10	-
<b>Total remuneration of Victoria Auditor General's Office</b>	<u>47</u>	<u>36</u>
Remuneration of other auditors		
Internal Audit	78	75
<b>Total remuneration of other auditors</b>	<u>78</u>	<u>75</u>
<b>Total Remuneration of auditors</b>	<u>125</u>	<u>111</u>

**NOTE 20: SUPERANNUATION**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Emergency Services & State Superannuation		
Revised Scheme (15.5%)	38	25
New Scheme (9% to 10%)	79	91
Accumulation (9%)	2	-
Other Superannuation Schemes		
VicSuper (9%)	668	635
Other (9%)	304	277
Total paid contribution for the year	<u>1,091</u>	<u>1,028</u>

**NOTE 21: KEY MANAGEMENT PERSONNEL DISCLOSURES****Responsible persons related disclosures**

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

**(i) Minister**

The responsible Minister was Hon. Jacinta Allan MP, Minister for Skills and Workforce Participation from 1 January to 19 January 2010. From 20 January 2010 to 1 December 2010 the relevant Minister was the Hon. Bronwyn Pike MP, Minister for the Skills and Workforce Participation. Following the State election in November 2010 the Hon. Peter Hall, MLC was sworn in as Minister for Higher Education and Skills, taking effect from 2 December 2010.

**(ii) Names of responsible persons and executive officers**

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

<b>Ministerial Appointments</b>	<b>Period of Tenure</b>
Mr Frank King – Chair	07/09/2009 - 31/12/2011
Mr Mark Brogan	03/09/2008 - 15/03/2011
Ms Jane Garrett (resigned)	01/05/2009 - 31/12/2010
Ms Alison Terry	01/05/2009 - 31/12/2011
Mr Sean Hughes (resigned)	01/05/2009 - 31/12/2010
Mr Fran Thorn	22/04/2008 - 15/03/2011
Mr Adrian Smith	07/12/2009 - 06/12/2012

**Accountable Officer**

Ms Denise O'Brien – Chief Executive Officer

<b>Staff elected board member</b>	<b>Period of Tenure</b>
Ms Michelle McCann (retired)	15/11/2008 - 15/11/2010
Ms Susie Bate	15/11/2010 - 14/11/2013

<b>Student elected board member</b>	<b>Period of Tenure</b>
Mr Shaun Coffey (retired)	30/07/2008 - 06/08/2010



**(iii) Other key management personnel****Executive Officers**

Ms Gulay Cuvegen

Ms Jan Golden

Ms Jude Hollings

Ms Fel Bisiani (resigned)

All of the above persons were also key management persons during the year ended 31 December 2010

**Responsible Persons**

	<i>2010</i>	<i>2009</i>
	<i>\$000</i>	<i>\$000</i>
Key management personnel disclosures		
<b>Remuneration of responsible persons</b>		
Remuneration received, or due and receivable from CAE in connection with the management of CAE. Includes termination payments and bonuses paid at end of contracts.	277	262
<b>Income range</b>	<b>No.</b>	<b>No.</b>
The number of responsible persons whose remuneration from CAE was within the specified bands are as follows:		
\$0 - \$10,000	8	12
\$10,001 - \$20,000	1	-
\$50,001 - \$60,000	1	-
\$60,001 - \$70,000	-	1
\$170,001 - \$180,000	-	1
\$200,001 - \$210,000	1	-
<b>Total number of Responsible Persons</b>	<b>11</b>	<b>14</b>

**Executive Officers**

	<i>2010</i>	<i>2009</i>
	<i>\$000</i>	<i>\$000</i>
Key management personnel disclosures		
<b>Executive Officers' Remuneration</b>		
Base remuneration of executive officers	446	424
Total remuneration of executive officers	645	501
<b>Income range</b>	<b>No.</b>	<b>No.</b>
\$110,001 - \$120,000	-	1
\$120,001 - \$130,000	1	2
\$130,001 - \$140,000	-	1
\$140,001 - \$150,000	2	-
\$230,001 - \$240,000	1	-
<b>Total executive officers</b>	<b>4</b>	<b>4</b>

**Key management personnel**

	<i>2010</i> <i>\$000</i>	<i>2009</i> <i>\$000</i>
Key management personnel compensation		
Short-term employee benefits	13	2
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	113	70
Share-based payments	-	-
<b>Total key management personnel compensation</b>	<b><u>126</u></b>	<b><u>72</u></b>

**NOTE 22: RELATED PARTIES**

Except, that a member of Board is the president of the Emergency Services and State Superannuation Scheme. CAE makes regular statutory superannuation contributions to this organisation; at reporting date there were no other related party transactions between the CAE and responsible persons or key management personnel.

**NOTE 23: CAE ENTITY DETAILS**

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

**NOTE 24: FINANCIAL INSTRUMENTS****Financial risk management****(i) Financial risk management objectives**

CAE's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. CAE's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of CAE. CAE uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

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

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

**(ii) Financial risk exposures and management**

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

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

**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 or foreign currency exchange 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.

### Foreign currency risk

CAE is exposed to fluctuations in foreign currencies arising from the delivery of services in currencies other than AUD\$.

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

### Price risk

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

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

### Interest rate risk

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

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

### Funding risk

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

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

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

### Concentrations of credit risk

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

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

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

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

The trade receivables balance at 31 December 2010 and 31 December 2009 do not include any counter parties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

There has been no significant change in 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.

### Liquidity risk

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

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

**(ii) Summarised sensitivity analysis**

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

	<i>Carrying amount \$000</i>	<b>Interest rate risk</b>			
		<b>-1%</b>		<b>2%</b>	
		<i>Result \$000</i>	<i>Equity \$000</i>	<i>Result \$000</i>	<i>Equity \$000</i>
<b>31 December 2010</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,307	(23)	(23)	46	46
Receivables	329	-	-	-	-
Other financial assets	1,500	(15)	(15)	30	30
<b>Total increase / (decrease) in financial assets</b>	<b>4,136</b>	<b>(38)</b>	<b>(38)</b>	<b>76</b>	<b>76</b>
<b>Financial liabilities</b>					
Payables	1,146	-	-	-	-
Other financial liabilities	3,097	-	-	-	-
<b>Total increase / (decrease) in financial liabilities</b>	<b>4,243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase / (decrease)</b>	<b>(107)</b>	<b>(38)</b>	<b>(38)</b>	<b>76</b>	<b>76</b>

	<i>Carrying amount \$000</i>	<b>Interest rate risk</b>			
		<b>-1%</b>		<b>2%</b>	
		<i>Result \$000</i>	<i>Equity \$000</i>	<i>Result \$000</i>	<i>Equity \$000</i>
<b>31 December 2009</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5,875	(59)	(59)	118	118
Receivables	367	-	-	-	-
Other financial assets	1,500	(15)	(15)	30	30
<b>Total increase / (decrease) in financial assets</b>	<b>7,742</b>	<b>(74)</b>	<b>(74)</b>	<b>148</b>	<b>148</b>
<b>Financial liabilities</b>					
Payables	1,159	-	-	-	-
Other financial liabilities	2,253	-	-	-	-
<b>Total increase / (decrease) in financial liabilities</b>	<b>3,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase / (decrease)</b>	<b>4,330</b>	<b>(74)</b>	<b>(74)</b>	<b>148</b>	<b>148</b>

**(iii) Financial instrument composition and maturity analysis**

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

Centre for Adult Education 2010	<i>Weighted average effective rate</i>	<i>Floating interest rate</i>	<i>Within 1 year</i>	<i>1-5 years</i>	<i>More than 5 years</i>	<i>Non- Interest Bearing</i>	<i>Total Carrying Amount per Balance Sheet</i>
	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>							
<b>Cash and cash equivalents</b>							
Cash at bank and on hand	3.50%	448	-	-	-	-	448
Deposits at call	4.40%	1,859	-	-	-	-	1,859
<b>Contractual receivables</b>							
Trade receivables	-	-	-	-	-	217	217
Revenue receivables	-	-	-	-	-	6	6
<b>Statutory receivables</b>							
Amounts owing from government	-	-	-	-	-	118	118
<b>Investment, loans and other financial assets</b>							
Fixed interest bearing bills, bonds/term deposits	4.48%	-	1,500	-	-	-	1,500
<b>Total financial assets</b>		<u>2,307</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>341</u>	<u>4,149</u>
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	-	1,146	1,146
<b>Borrowings</b>							
Other liabilities – lease liability	-	-	170	852	2,075	-	3,097
<b>Total financial liabilities</b>		<u>-</u>	<u>170</u>	<u>852</u>	<u>2,075</u>	<u>1,146</u>	<u>4,243</u>
<hr/>							
Consolidated 2009	<i>Weighted average effective rate</i>	<i>Floating interest rate</i>	<i>Within 1 year</i>	<i>1-5 years</i>	<i>More than 5 years</i>	<i>Non- Interest Bearing</i>	<i>Total Carrying Amount per Balance Sheet</i>
	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>							
<b>Cash and cash equivalents</b>							
Cash at bank and on hand	3.25%	514	-	-	-	-	514
Deposits at call	4.07%	5,361	-	-	-	-	5,361
<b>Contractual receivables</b>							
Trade receivables	-	-	-	-	-	344	344
Revenue receivables	-	-	-	-	-	23	23
<b>Statutory receivables</b>							
<b>Investment, loans and other financial assets</b>							
Fixed interest bearing bills, bonds/term deposits	4.43%	-	1,500	-	-	-	1,500
<b>Total financial assets</b>		<u>5,875</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>367</u>	<u>7,742</u>
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	-	1,159	1,159
<b>Borrowings</b>							
Other liabilities – lease liability	-	-	106	579	1,568	-	2,253
<b>Total financial liabilities</b>		<u>-</u>	<u>106</u>	<u>579</u>	<u>1,568</u>	<u>1,159</u>	<u>3,412</u>



**(iv) Aging analysis of financial assets**

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the aging only of financial assets that are past due but not impaired:

	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months-1 year	1-5 years	
<b>2010 Receivables</b>							
<b>Contractual receivables</b>							
Trade receivables	233	115	-	87	30	-	-
Revenue receivables	6	6	-	-	-	-	-
<b>Statutory receivables</b>							
Amounts owing from government	118	118	-	-	-	-	-
<b>Total 2010 receivables</b>	<b>357</b>	<b>240</b>	<b>-</b>	<b>87</b>	<b>30</b>	<b>-</b>	<b>-</b>
<b>2009 Receivables</b>							
<b>Contractual receivables</b>							
Trade receivables	347	95	-	190	62	-	-
Revenue receivables	23	23	-	-	-	-	-
<b>Statutory receivables</b>							
Total investments, loans & other	370	118	-	190	62	-	-

### Fair value estimation

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

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

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

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

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

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

	2010		2009	
	<i>Carrying Amount \$000</i>	<i>Net Fair Value \$000</i>	<i>Carrying Amount \$000</i>	<i>Net Fair Value \$000</i>
<b>Financial assets</b>				
<b>Cash and cash equivalents</b>				
Cash at bank and on hand	448	448	514	514
Deposits at call	1,859	1,859	5,361	5,361
<b>Contractual receivables</b>				
Revenue receivables	217	217	344	344
Receivables from other parties	6	6	23	23
<b>Statutory receivables</b>				
Amounts owing from government	118	118	-	-
<b>Investment, loans and other financial assets</b>				
Fixed interest bearing bills, bonds/term deposits	1,500	1,500	1,500	1,500
<b>Total financial assets</b>	<b>4,149</b>	<b>4,148</b>	<b>7,742</b>	<b>7,742</b>
<b>Financial liabilities</b>				
Payables	1,146	1,146	1,159	1,159
Lease liabilities	3,097	3,097	2,253	2,253
<b>Total financial liabilities</b>	<b>4,243</b>	<b>4,243</b>	<b>3,412</b>	<b>3,412</b>

	<i>Level 1</i>	
	<i>2010</i>	<i>Quoted prices</i>
	<i>\$000</i>	<i>\$000</i>
<b>Financial assets</b>		
<b>Cash and cash equivalents</b>		
Cash at bank	448	448
Deposits at call	1,859	1,859
Other current financial assets	1,500	1,500
<b>Receivables</b>		
Debtors	336	336
Other debtors	6	6
<b>Total financial assets</b>	<u><u>4,149</u></u>	<u><u>4,149</u></u>
<b>Financial liabilities</b>		
Payables	1,146	1,146
Other liabilities – lease liability	3,097	3,097
<b>Total financial liabilities</b>	<u><u>4,243</u></u>	<u><u>4,243</u></u>

	<i>Level 1</i>	
	<i>2009</i>	<i>Quoted prices</i>
	<i>\$000</i>	<i>\$000</i>
<b>Financial assets</b>		
<b>Cash and cash equivalents</b>		
Cash at bank and on hand	514	514
Deposits at call	5,361	5,361
Other current financial assets	1,500	1,500
<b>Receivables</b>		
Debtors	344	344
Other debtors	23	23
<b>Total financial assets</b>	<u><u>7,742</u></u>	<u><u>7,742</u></u>
<b>Financial liabilities</b>		
Payables	1,159	1,159
Other liabilities – lease liability	2,253	2,253
<b>Total financial liabilities</b>	<u><u>3,412</u></u>	<u><u>3,412</u></u>

### Terms, conditions and accounting policies

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

<i>Recognised financial instruments</i>	<i>Note</i>	<i>Accounting policies</i>	<i>Terms and conditions</i>
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents – cash at bank and on hand	5	Cash at bank is carried at the nominal amount.	Cash is invested as funds permit at an interest rate between 3.25% and 3.75%
Cash and cash equivalents – deposits at call	5	Deposits at call are carried at their nominal amounts. Interest revenue is recognised in the statement of comprehensive income when it is earned.	Deposits at call have a maturity of 30 - 120 days at an interest rate of 3.65% - 4.81 %
Receivables – debtors	6	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	6	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 sales are on 30 day terms
Other financial assets: held-to-maturity	7	Any investments CAE holds to maturity are stated at amortised cost using the effective interest rate method.	Other financial assets held to maturity at an interest rate of 6.73% - 7.13%.
<b>FINANCIAL LIABILITIES</b>			
Payables creditors and accruals	16	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.

## AUDITOR GENERAL STATEMENT OF PERFORMANCE

VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

To the Board Members, Centre for Adult Education

*The Statement of Performance*

The accompanying statement of performance for the year ended 31 December 2010 of the Centre for Adult Education comprises the statement, the related notes and the statement of performance management certificate.

*The Board Member's Responsibility for the Statement of Performance*

The Board Members of the Centre for Adult Education are responsible for the preparation and the fair presentation of the statement of performance in accordance with the *Financial Management Act 1994* and for such internal control as the Board Members determine is necessary to enable the preparation 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. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the statement of performance is free from material misstatement.

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

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

*Electronic Publication of the Audited Statement of Performance*

It is our understanding that the Centre intends to electronically present the audited statement of performance and auditor's report on its internet website. Responsibility for the electronic presentation of the statement of performance on the Centre's website is that of the Board Members of the Centre. The security and controls over information on the website should be addressed by the Centre to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the audited statement of performance on the Centre's website is beyond the scope of the audit of the statement of performance.

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

Auditing in the Public Interest

1

VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

*Independence*

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

*Opinion*

In my opinion, the statement of performance of the Centre for Adult Education in respect of the 31 December 2010 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE  
17 March 2011
  
D D R Pearson  
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

Auditing in the Public Interest

2

## STATEMENT OF PERFORMANCE

**CENTRE FOR ADULT EDUCATION  
PERFORMANCE STATEMENT FOR 2010**

In our opinion, the accompanying Statement of Performance of CAE in respect of the 2010 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 circumstances which would render any particulars in the statement to be misleading or inaccurate.

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

**DENISE O'BRIEN**

Chief Executive Officer

DATE: 17/3/2011

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

**GULAY CUVEGEN**

Chief Finance Officer, General Manager Corporate Services

DATE: 17/3/2011



## 2010 KEY PERFORMANCE INDICATORS

<i>KPI</i>	<i>Definition</i>	<i>Result</i>	<i>Target</i>
Participation of 15-24 year olds.	Number of students within the age group.	3,113	3,300
Participation of 25-64 year olds.	Number of students within the age group.	22,139	23,500
Module Load Completion Rate.	Scheduled hours assessed and passed including recognition or prior learning (RPL) or satisfactory completion / total scheduled hours reported less recorded with credit transfer and continuing studies outcome.	64%	60%
Student Satisfaction.	As per survey.	86%	80%
Total Cost per Student Contact Hour (SCH).	Total funded expenditure (excluding depreciation) / total SCH.	\$18.78	\$18.00
Working Capital Ratio (adjusted).	Current assets/ current liabilities (adjusted for non current long service leave).	1.13	1.14
Net Operating Margin.	Funded operating surplus / total revenue (excluding capital).	-8.04%	-1.18%
Fee for Service Revenue.	Revenue received from fee for service customers.	\$11,962,000	\$15,937,000
Revenue per EFT Staff.	Total revenue (excluding capital) / average EFT staff.	\$100,477	\$105,000
Student Contact Hours (SCH).	Total SCH reported (including training activity from all funding sources and fee for service full fee paying students).	1,418,408	1,500,000
Energy Consumption.	Percentage change in energy consumption for electricity, gas, fuel and heating oil using 2007 as a base year. The target and actual increase relates to new administration and classrooms occupied from February 2010.	1.3%+	2.0%+

## DISCLOSURE INDEX

Source reference	REPORTING REQUIREMENT	Identify relevant page(s)	
<b>(A) REPORT OF OPERATIONS</b>			
[1]	SD 4.2(g) FRD 22	The Report of Operations is to include qualitative and quantitative information on operations and be prepared on a basis consistent with the financial statements prepared pursuant to the Financial Management Act 1994. This report is to provide users with information about: <ul style="list-style-type: none"> <li>• an institute and its activities;</li> <li>• operational highlights for the reporting period;</li> <li>• future initiatives; and</li> <li>• other relevant information not included in the financial statements.</li> </ul>	4-30
[2]	SD 4.2(h) FRD 22	The Report of Operations must be prepared in accordance with the requirements of the financial reporting directions.	4-30
[3]	SD 4.2(i)	Signature of responsible person – Attestation of compliance with the Australian/New Zealand Risk Management Standard.	26
[4]	SD 4.2(j) FRD 22	Signature of responsible person – The Report of Operations must be signed and dated by the Accountable Officer in the case of a Government Department, or in the case of any other Public Sector Body, a member of the responsible Body.	27
<b>STANDARD DISCLOSURES IN THE REPORT OF OPERATIONS</b>			
<b>General Information</b>			
[5]	FRD 22	Manner of Establishment, including the relevant Minister.	4-5
[6]	FRD 22	The objectives, functions, powers and duties, linked to a summary of its activities, programs and achievements for the reporting period.	4-5
[7]	FRD 22	Nature and range of service provision, including the communities served.	13-19
[8]	FRD 22	Organisational chart(s) detailing members of the governing board and the CEO, and organisational chart(s) detailing occupants of senior officers and their responsibilities.	8, 12
<b>GOVERNANCE</b>			
<b>Recommendations of the TAFE Governance Review, May 2003</b>			
[9]	TAFE Gov. Review	Outline of the structure of the board including: <ul style="list-style-type: none"> <li>• committees of the board;</li> <li>• descriptions of their functions; and</li> <li>• the names of the members of each committee.</li> </ul>	8-11
[10]	TAFE Gov. Review	Outline of the structure of an institute board, including: <ul style="list-style-type: none"> <li>• names and qualifications of members of the board, including knowledge, experience and skills; and</li> <li>• a summary of the number of meetings attended by each board member.</li> </ul>	8-11
[11]	TAFE Gov. Review	Summary of training undertaken by board members throughout the year, including the number and type of programs.	8-11
[12]	TAFE Gov. Review	A summary of performance and activities of a board including a brief description of a values of a board and whether there is a code of conduct used to guide board decisions.	8-11
[13]	FRD 22B	Statement on an AEI's workforce data for the current and previous reporting period.	20

[14]	FRD 22B	Statement on the application of employment and conduct principles.	20
[15]	FRD 22B	Statement on occupational health and safety including appropriate performance indicators outlining an AEI's performance against such indicators and details of assessments and measures taken to improve the occupational health and safety of employees.	20
[16]	FRD 22B	A general statement on industrial relations within an institute and details of time lost through industrial accidents and disputes.	20
<b>DISCLOSURE INDEX</b>			
[17]	FRD 10	The Disclosure Index is to contain a list identifying the relevant clauses of Victorian legislation with statutory disclosure requirements.	72-76
[18]	FRD 10	A short description of the relevant requirement.	72-76
[19]	FRD 10	The page in an annual report where the disclosure in satisfaction of the relevant requirement is made.	72-76
<b>DISCLOSURES</b>			
<b>Disclosure of ex-gratia payments</b>			
[20]	FRD 11	Disclosure in aggregate of the nature and amount of any ex gratia payments incurred and written off during the reporting period. This is to be included in the notes to the financial statement.	NA
<b>Disclosures of responsible persons</b>			
[21]	FRD 21A (1) (a)	The name of each person holding a position that meets the definition of responsible person of the reporting entity at any time during the reporting period.	59
<b>Disclosures of remuneration of executive officers</b>			
[22]	FRD 21A (1) (b)	Where there is more than one responsible person during any reporting period, the total remuneration of all responsible persons received or receivable in connection to their employment.	60
[23]	FRD 21A (1) (c)	An analysis of remuneration of responsible persons: <ul style="list-style-type: none"> <li>• in bands of \$10,000; and</li> <li>• listing the number of responsible persons whose actual remuneration for the period falls within each band.</li> </ul>	60
[24]	FRD 21A (1) (d)	A table disclosing the aggregate amount of related party transactions at the reporting date, including but not limited to the aggregate amount of repayments, shares and share options and other sources of remuneration that do not come under the definition of any of the above mentioned categories received by the responsible person in addition to base remuneration.	60
[25]	FRD 21(2) (a)	Total remuneration of all executive officers received or receivable in connection to their employment: <ul style="list-style-type: none"> <li>• including the remuneration of executive officers acting in the position of an accountable officer at any time during the reporting period; and</li> <li>• to ensure disclosures are meaningful, additional information may need to be disclosed about the nature of such remuneration.</li> </ul>	60
[26]	FRD 21 (2) (b)	Base remuneration disclosed separately from actual remuneration. Significant variations between total and base remuneration should be supported by explanatory commentary.	60
[27]	FRD 21 (2) (c)	Accrual principles that apply in determining remuneration levels. All amounts received or receivable by the individual are to be disclosed.	60
<b>FINANCIAL INFORMATION</b>			
[28]	FRD 22	Summary of financial results with comparative information for preceding four years.	28
[29]	FRD 22	Summary of significant changes in financial position.	28
[30]	FRD 22	Summary of operational and budgetary objectives, including performance against objectives and significant achievements.	29

[31]	FRD 22	Events subsequent to balance date which may have a significant effect on operations in subsequent years, including a summary of major changes affecting the achievement of operational objectives.	28-29
[32]	FRD 22	For each consultancy valued in excess of \$100,000, set out: <ul style="list-style-type: none"> <li>• a schedule listing the consultants engaged;</li> <li>• a summary of project involved;</li> <li>• total project fees approved (excluding GST);</li> <li>• expenditure for the reporting period (excluding GST); and future commitments relating to consultant.</li> </ul>	28
[33]	FRD 22	Total number of consultancies individually valued at less than \$100,000 (excl. of GST).	28
[34]	FRD 22	Total expenditure (exclusive of GST) of these consultancy engagements.	28
[35]	FRD 22	Financial information must be consistent with that included in the financial statements.	28-29
[36]	FRD 22	The Report of Operations should be presented in a format that complements the financial report as a whole: <ul style="list-style-type: none"> <li>• containing any additional information the accountable officer or the governing board considers appropriate; or</li> <li>• any information which has been mandated by other authoritative pronouncements.</li> </ul> The Report of Operations must contain general and financial information, including other relevant financial information, outlining and explaining an entity's operations and activities for the reporting period.	4-30
[37]	FRD 27	The Report of Operations must include in its report of operations an audited statement of performance including: <ul style="list-style-type: none"> <li>• the relevant performance targets and indicators as determined by the responsible Minister;</li> <li>• the actual results achieved for that financial year against pre-determined performance targets and indicators; and</li> <li>• an explanation of any significant variance between the actual results and performance targets indicators.</li> </ul>	4-30
<b>OTHER RELEVANT INFORMATION</b>			
[38]	FRD 22	Summary of Application of the Freedom of Information Act 1982 (including amendments of 3 August 2007).	22
[39]	FRD 22	Statement on compliance with building and maintenance provisions of the Building Act 1993 (including amendments of 1 July 2007).	20
[40]	FRD 22	Summary of the application and operation of the Whistleblowers Protection Act 2001 (including amendments of 1 July 2007) and disclosures required by this Act.	22
[41]	FRD 22	Statement on implementation and compliance with National Competition Policy, including statement on compliance with policy statements, especially: <ul style="list-style-type: none"> <li>• "Competitive Neutrality: A Statement of Victorian Government Policy";</li> <li>• "Victorian Government Timetable for the Review of Legislative Restrictions on Competition"; and</li> <li>• any subsequent reforms.</li> </ul>	22
[42]	FRD 22	Summary of environmental performance.	24
[43]	FRD 22	Statement (to the extent applicable that the information listed in Appendix 1) is available on request to the relevant Minister, members of Parliament or the public. This includes additional information available on request subject to provision of the Freedom of Information Act 1982 (including amendments of 3 August 2007).	24
[44]	FRD 22	Statement that declarations of pecuniary interests have been duly completed by all relevant officers.	24
[45]	FRD 22	Details of shares held by senior officers (as nominees or held beneficially in a statutory authority or subsidiary).	24
[46]	FRD 22	Details of publications produced by the entity about itself and how they can be obtained).	20, 24
[47]	FRD 22	Details of major promotional, public relations and marketing activities undertaken to develop community awareness of the institute and its services.	20, 24

[48]	FRD 22	Details of changes in prices, fees, charges, rates and levies charged by the institute.	24
[49]	FRD 22	Details of any major external reviews carried out on the institute.	24
[50]	FRD 22	Details of major research and development activities undertaken by the institute.	24
[51]	FRD 22	Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.	24
[52]	FRD 22	List of major committees sponsored by the institute, the purposes of each committee and the extent to which the purposes have been achieved.	24
<b>OVERSEAS OPERATIONS OF VICTORIAN AEIS</b>			
[53]	PAEC	Financial and other information on initiatives taken or strategies relating to the AEI's international operations.	NA
<b>AUDITOR GENERAL</b> <b>Recommendation in relation to Overseas Operations of AEIs – 3.110</b> <b>Auditor General, Special Reviews, 30 June 2002.</b>			
[54]	3.110	Information in annual reports of an AEI should include: <ul style="list-style-type: none"> <li>• nature of strategic and operational risks;</li> <li>• strategies established to manage such risks;</li> <li>• performance measures and targets formulated for off shore operations; and</li> <li>• the extent to which expected outcomes have been achieved.</li> </ul>	NA
<b>FINANCIAL REPORTING DIRECTION 27 – PRESENTATION OF REPORTING AND PERFORMANCE INFORMATION</b> <b>Audited Statements of Key Performance Measures (KPIs) must include an audited statement of performance for certain KPIs.</b>			
[55]	FRD 27A	Reporting and performance should be presented using KPIs and a signed Performance Management Certificate should also be completed.  (The following 11 are the mandatory KPIs) <ol style="list-style-type: none"> <li>1. Participation of 15-24 year olds.</li> <li>2. Participation of 25-64 year olds.</li> <li>3. Module Load Completion Rate.</li> <li>4. Student satisfaction.</li> <li>5. Total Cost per Student Contact Hour (SCH).</li> <li>6. Working Capital Ratio.</li> <li>7. Net Operating Margin.</li> <li>8. Fee for Service Revenue.</li> <li>9. Revenue per EFT Staff.</li> <li>10. Student Contact Hours (SCH).</li> <li>11. Energy Consumption.</li> </ol>	71
<b>(B) FINANCIAL STATEMENTS</b> <b>Part 7 of the Financial Management Act 1994 (FMA)</b>			
[56]	FMA 49 (a)	Must contain such information as required by the Minister.	31-71
[57]	FMA 49 (b)	Must be prepared in a manner and form approved by the Minister.	31-71
[58]	FMA 49 (c)	Must present fairly the financial transactions of an institute during the financial year to which they relate.	31-71
[59]	FMA 49 (d)	Must present fairly the financial position of an institute as at the end of the year.	31-71
[60]	FMA 49 (e)	Must be certified by the Accountable Officer for an institute in the manner approved by the Minister.	31-71

		The Financial Statements must be prepared in accordance with:	
[61]	SD 4.2 (a)	Australian Accounting Standards (AAS and AASB) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).	39
[62]	SD 4.2 (a)	Financial Report Directions.	38-47
[63]	SDA 4.2 (a)	Business rules.	38-47
<b>The Financial Statements are to comprise the following:</b>			
[64]	SD 4.2 (b)	An operating statement.	36
[65]	SD 4.2 (b)	A balance sheet.	35
[66]	SD 4.2 (b)	A statement of recognised income and expenses.	34
[67]	SD 4.2 (b)	A cash flow statement.	37
[68]	SD 4.2 (b)	Notes to the financial statements.	38-71
<b>The Financial Statements must, where applicable, be signed and dated by the Accountable Officer, CFO and a member of the Responsible Body stating whether, in their opinion:</b>			
[69]	SD 4.2 (c)	The Financial Statements present fairly the financial transactions during the reporting period and the financial position at the end of the period.	33
[70]	SD 4.2 (c)	The Financial Statements are prepared in accordance with this direction and applicable Financial Reporting Directions.	33
[71]	SD 4.2 (c)	The Financial Statements comply with applicable Australian Accounting Standards (AAS and AAB) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).	33





“The course at CAE is designed as preparation for overseas trained health practitioners who want to practice in Australia. Even if someone is very good at speaking and understanding English, they still need to be able to understand the attitudes of Australian patients. Compared to other OET preparation courses in Melbourne, the CAE course is adapted for the strengths and weaknesses of the students and taught accordingly.”

Dr Golum Fazlul Haque, CAE OET Preparation student



