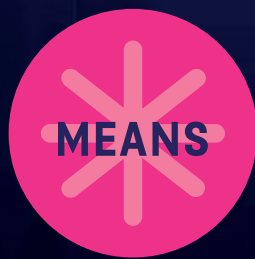




MELBOURNE POLYTECHNIC ANNUAL REPORT 2015



YOUR LEARNING AND CAREER PARTNER

2015 was our first full year of operation under the Melbourne Polytechnic banner. Over the past year we've undergone a great transformation, which was guided by our vision: to be recognised by students and industry as a world-class Polytechnic Institute.

A polytechnic offers the theoretical learning of a university coupled with the hands-on approach of vocational learning. At Melbourne Polytechnic our diverse courses are delivered by teachers with real-world experience and designed specifically to guide students into the careers they want. We aim to become lifelong partners of our students. We help them take the first steps towards their chosen careers and welcome them back to undertake more training as their careers progress.

Our campuses boast some of the best training facilities in Australia. Many of our classrooms and workshops are designed to simulate real workplaces and provide services direct to the public or industry.

While Melbourne Polytechnic is reshaping for the future we continue to carry forward the expertise and reputation for quality that we have developed over one hundred years.

This is reflected in:

OUR MISSION

- ▶ To provide our students with the opportunity to realise their potential through quality vocational education.
- ▶ To contribute to the economic and social success of our stakeholders.

OUR VALUES

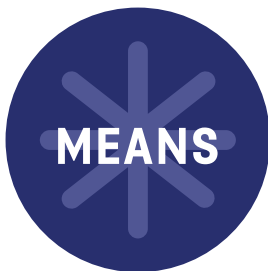
- ▶ quality
- ▶ fairness
- ▶ integrity
- ▶ collaboration
- ▶ respect for the individual
- ▶ respect for the environment
- ▶ creating opportunity through effort
- ▶ personal growth through knowledge

OUR VISION

Melbourne Polytechnic will be recognised by industry and students as a world-class Polytechnic Institute.

ACKNOWLEDGEMENT OF CULTURE

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



ANNUAL REPORT 2015

MELBOURNE POLYTECHNIC

CONTACT US

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CONTENTS

REPORT OF OPERATIONS	4
BOARD CHAIR'S REPORT	4
CHIEF EXECUTIVE OFFICER'S REPORT	5
CHIEF OPERATING OFFICER'S REPORT	6
STUDENT PROFILE - JESSICA ISGRO	7
CORPORATE GOVERNANCE	8
THE BOARD	8
BOARD COMMITTEES	9
MELBOURNE POLYTECHNIC SENIOR MANAGEMENT STRUCTURE AT 31 DECEMBER 2015	10
OVERVIEW OF THE MELBOURNE POLYTECHNIC STRATEGIC PLAN 2016-2018	11
AWARDS	13
STUDENT PROFILE - CHRIS FRENCH	16
2015 HIGHLIGHTS	17
WORKFORCE AND COMPLIANCE INFORMATION	20
ENVIRONMENTAL PERFORMANCE	20
WORKFORCE STAFFING DETAILS AND COMPLIANCE	22
ATTESTATION OF COMPLIANCE WITH THE MANDATORY REQUIREMENTS OF THE VICTORIAN GOVERNMENT RISK MANAGEMENT FRAMEWORK	24
INTERNATIONAL EDUCATION	25
2015 FINANCIAL STATEMENTS	27
AUDIT REPORT ON FINANCIAL STATEMENTS	28
DECLARATION	30
COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015	31
BALANCE SHEET AS AT 31 DECEMBER 2015	32
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015	33
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015	34
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015	35
AUDIT REPORT ON STATEMENT OF PERFORMANCE	70
STATEMENT OF PERFORMANCE MANAGEMENT	71
PERFORMANCE	72
INFORMATION ABOUT MELBOURNE POLYTECHNIC	73
SUMMARY OF FINANCIAL RESULTS	73
SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION	73
EVENTS SUBSEQUENT TO BALANCE DATE	73
CONSULTANCIES	74
ADVERTISING	75
ADDITIONAL INFORMATION	76
REQUESTS FOR ADDITIONAL INFORMATION	76
COMPLIANCE WITH OTHER LEGISLATION AND SUBORDINATE INSTRUMENTS	76
COMPULSORY NON-ACADEMIC FEES AND CHARGES STATEMENT AS AT 31 DECEMBER 2015	77
DISCLOSURE INDEX	79

REPORT OF OPERATIONS

BOARD CHAIR'S REPORT

As the Board Chairman I am pleased to present the 2015 Annual Report, which provides an overview of activities of the Institute, events, financial results and achievements by students and staff.

2015 has been another year of transition and positive transformation for the Institute.

There were several changes to Board membership in 2015. Deputy Chair, Heather Campbell, ended her term on 30 June 2015 and Paul Shannon took up the mantle. I would like to thank Heather for her contribution to the Institute over the past four years. Lakris (David) Makris and Dr Jenny Wajsenberg also ended their terms on 30 June 2015. Their knowledge and support was greatly appreciated.

On behalf of the Board I would like to express my sincere sympathies to the family of Katrina Campion. Katrina was a valued Board member who sadly passed away on 13 October, 2015. Her contributions to Melbourne Polytechnic will forever be appreciated and truly missed.

Alexandra (Sandy) Forbes, William (Bill) Forwood, Fiona McNabb, Jim Pasinis and Arianne Rose joined the Board in 2015. I extend a warm welcome to them all and look forward to working with them throughout the coming year.

The Board would like to acknowledge and thank Frances Coppolillo for her invaluable assistance while acting in the position of CEO.

We were pleased to appoint Melbourne Polytechnic's new CEO in June. Robert Wood has significant executive-level experience leading large complex organisations in both the public and private sectors. Rob is recognised as a strategic leader and a dynamic change agent capable of inspiring and motivating large teams and building collaborative relationships with strategic partners, community and interest groups. He has a substantial track record of developing innovative public policy and strategic plans and transforming them into tangible solutions that deliver performance results for organisations, clients and employees. Rob received Canada's highest award for organisational excellence, a Canada Award of Excellence from the National Quality Institute, as well as British Columbia's Premier's Award for Service Excellence.

Prior to commencing at Melbourne Polytechnic, Rob joined the Victorian Department of Education and Training in August 2014 as the Executive Director, TAFE and Tertiary Education Support and Oversight Division, leading support to and oversight of Victoria's TAFEs and university relationships. Following from this role, Rob was the Acting Deputy Secretary of the Victorian Government's Higher Education and Skills Group. In making this appointment, the Board recognised Rob's deep experience in the field of education broadly and the breadth of his senior leadership experience. Rob was the Acting Deputy Secretary, Higher Education and Skills Group during a critical time of transition to the new Government. He led the Group's rapid response to the Government's ambitious suite of election commitments, including establishment of the TAFE Rescue Fund, Back to Work Fund and the Review of Quality Assurance in Victoria's VET System.

As a Board, we are confident that Rob has the passion, skills and ability to lead Melbourne Polytechnic on to a bigger and brighter future.

There were a number of successes during 2015 that will contribute to reshaping the Institute for the future. Key highlights include:

- ▶ The Board approved the Strategic Plan 2016-2018, which aims to position Melbourne Polytechnic as a leader in education - read more about it on pages 11-12.
- ▶ The opening of Melbourne Polytechnic's first Skills and Job Centres with several more to open in 2016.
- ▶ Read about more of Melbourne Polytechnic's successes and highlights from the Faculties and Departments from page 17.

I would like to thank the Minister for Higher Education and Skills, the Hon. Steve Herbert, and his staff for their support and assistance during an important year for Melbourne Polytechnic.

2015 began with numerous challenges but ended with the promise of a bigger future for the Institute under the new Strategic Plan 2016-2018. With exciting new initiatives and directions we are on our way to become a world class polytechnic.



John Gibbins
Board Chair
Melbourne Polytechnic

Date: 23 March 2016



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



John Gibbins
Board Chair
Melbourne Polytechnic

Date: 23 March 2016

CHIEF EXECUTIVE OFFICER'S REPORT

2015 represented Melbourne Polytechnic's first full year of operation under its new brand. It has been an exciting and challenging year. Melbourne Polytechnic is both a new entity with a new ethos and mandate yet it is also a long-standing organisation with a deep and proud history in Melbourne's north. Much of the work over 2015 was to develop a new Value Proposition and strategic direction for the organisation that reflects its strengths and capabilities while capitalising on the emerging and shifting commercial and policy context of Victoria's tertiary education system.

The Strategic Plan 2016-2018 was adopted and implemented with the aim of positioning Melbourne Polytechnic for growth, improving our ability to respond to the challenges of the competitive marketplace, and securing opportunities. Melbourne Polytechnic is Australia's first real polytechnic, which means that we offer the theoretical learning of a university alongside the hands-on approach of vocational education. We are repositioning the organisation for growth and academic excellence and much of our strategic intent is focused on achieving these important goals.

The Strategic Plan outlines four elements that will set us apart in our industry: student career outcomes; personalised programming; culturally connected; lifelong relationships. You'll find more detail about our Strategic Plan on pages 11-12.

Melbourne Polytechnic's new organisational structure was announced in November 2015 to support the Strategic Plan. The Colleges and Schools are at the centre of what we deliver, with support structures built around the Schools. We recruited several new executives with broad commercial and educational experience to our executive management team in 2015. New executive team members include:

- ▶ Ms Sylvia Hadjiantoniou, Executive Director Transformation, Change and Campus Redevelopment
- ▶ Mr Mark McNamara, Chief Operating Officer and Board Secretary
- ▶ Mr Greg Madigan, Executive Director, Industry and Partnerships (officially commencing 7 March 2016)

Late in 2015 we launched a student acquisition project designed to significantly overhaul our approach to enrolments. Numerous process, systems and people changes have occurred and are still underway. One of the most exciting components of this project was the creation of Melbourne Polytechnic Skills and Job Centres to attract prospective students and provide information about courses and pathways. Our Northland store was officially launched on 11 December and Westfield Plenty Valley launched on 18 December 2015. These shopfronts are a way of reaching out to prospective students in our communities; providing us with an opportunity to truly listen and connect with students, understand their learning and career aspirations and help to develop a program of study that meets their needs and helps them achieve their learning and career goals.

I would like to acknowledge that our re-registration from our Federal regulator was granted for a further seven years from 1 July 2015 – 30 June 2022. Unlike numerous providers in Victoria, our re-registration went very smoothly and is a testament to the quality of educational provision and teaching excellence at our Institute.

I would like to extend my appreciation to our Board, the State Government, staff members and business partners who have provided their endless support this year.

I am excited about what 2016 will bring to life through the evolution of our Institute and positioning Melbourne Polytechnic as the tertiary education provider of choice.



Rob Wood
Chief Executive Officer
Melbourne Polytechnic

Date: 23 March 2016



CHIEF OPERATING OFFICER'S REPORT

The emerging and shifting policy framework, and intense competitive landscape of Victoria's tertiary and education sector has led to Melbourne Polytechnic's need to reset strategic direction. During 2015 extensive work was undertaken to gain approval for a new strategic direction and to identify enabling structures and capabilities, systems and processes to support that.

FINANCIAL PERFORMANCE

Our financial performance improved substantially in 2015.

The Institute made a loss of \$3.5 million, compared with a loss of \$20.5 million in 2014.

Revenue increased to \$139.6 million in 2015, up from \$121.5 million in 2014. This was despite a 13% reduction in enrolments and reflects the additional support from the State Government's TAFE Rescue Fund.

Expenditure increased slightly by 1.6% and reflects continued and increased investment in the Institute's transformation program; an increase in third-party payments to outsourced suppliers; and a decrease in salary costs from the 150 full-time equivalent, largely voluntary, redundancies announced at the end of 2014.

Melbourne Polytechnic's net asset base increased from \$273.0 million at the end of 2014 to \$287.4 million as at 31 December 2015, comprising total assets of \$332.0 million and total liabilities of \$44.6 million.

The value of the Institute's property, plant and equipment increased by \$11.6 million, mainly due to a land revaluation. The Institute's closing cash position at \$25.6 million was substantially higher than at the end of 2014 when cash assets were \$12.3 million.

The Institute's liabilities increased from \$34.3 million to \$44.6 million, primarily due to the drawdown of an additional \$8 million under a loan facility provided by the State Government.

NEW BOARD MEMBERS

We welcomed five new Board members to Melbourne Polytechnic in 2015. Their formal induction program included a group session at the Preston Campus Conference Centre, and campus tours of Preston and Epping. We provided each new member with an induction package, which served as an initial introduction to the Board and an ongoing reference. The package included information about Board roles and responsibilities, governance advice, our constitution, and the structure and history of Melbourne Polytechnic. The new members were also briefed about recent Board discussions and decisions and those that were likely to arise in future.

SENIOR EXECUTIVE APPOINTMENTS

As part of our organisation restructure to support the strategic plan, we broadened our expertise at the Senior Executive level. Along with my own Chief Operating Officer/Board Secretary position, which I assumed in October 2015, we engaged a new Chief Finance Officer and expanded that role to add an increased commercial focus. We have also engaged new executives in the reshaped positions of Director of Corporate Governance and General Counsel, Commercial Manager, and Procurement and Contracts Manager.

We announced, but by year-end had not completely filled, several new leadership roles at College and School level. These roles will be critical in delivering our strategy, particularly around increased autonomy, accountability and teaching excellence. They will also assist us to become more commercially focused and to implement improved systems and processes.

TECHNOLOGY UPGRADE

In 2015 we upgraded our old email service to Office 365 across the entire Institute. The process involved the migration of 1,500 staff mailboxes from 20 different servers to a cloud-based service at Microsoft. This provided vast improvements in accessibility, calendar function, retention and manageability.

Another significant development was the introduction of Markbook software. Teachers now record class attendance directly into Markbook, which means that we receive real-time information about student attendance. As well as reducing the amount of administration by providing a single point for recording the information, it gives us instant access to attendance data for government reporting purposes. We are also able to identify students who may be struggling with their attendance so that we can respond quickly and do all that we can to retain that student.

LOOKING FORWARD

In 2016 we will further enhance our capability, systems and processes to support the approved strategy.


We will be embedding support positions around our school-based structure and improving autonomy and accountability at School level.

With a more effective structure in place, continued improvement in governance, and renewed processes and procedures we look forward to seeing improvements in all aspects of the operation of Melbourne Polytechnic.



Mark McNamara
Chief Operating Officer and Board Secretary
Melbourne Polytechnic

Date: 23 March 2016



STUDENT PROFILE - JESSICA ISGRO

Melbourne Polytechnic means opportunity for Jessica Isgro, a second-time-around student, working hard for her Bachelor of Music – majoring in voice.

Jessica embarked on a music course with Melbourne Polytechnic (then NMIT) through an Advanced Diploma (in Music) in the early 2000s and once achieving it, went on to start the newly introduced Bachelor of Music. At 19, however, she was overwhelmed with work and life, so she left to pursue a career in alternative therapy and massage.

Music has always been Jessica's thing though. "I was mesmerised by rock-clips and music videos and knew from an early age that music and singing were my destiny". Jessica also plays guitar and has written her own music since she was 12.

Ten or so years and vast numbers of massages later, a more mature Jessica decided to pursue her dream of attaining a Bachelor of Music. As with all big decisions, she received lots of well-meaning advice on where to enrol but had always had great faith in Melbourne Polytechnic and its reputation in the music scene. Jessica re-enrolled in the Bachelor of Music and the rest, as they say, is history.

Suffice to say, Jessica has not looked back. She enjoys a 'mish-mash' of soul and lyrical singing, contemporary jazz and a 'healthy dose of blues'. She sings and works with other students around Fitzroy and Northcote. Jessica loves that she can call fellow student friends and say, "Hey, I've got a gig, are you interested?" – and they get to work and study together.

What's next for Jessica?

Her own business! Experimenting in and offering music therapy sessions. Having already enjoyed a professional life helping others to express, unwind and relax, she will continue this incorporating music – using group singing, humming, stretching and chilling to original compositions and specially chosen pieces in a music/yoga setting. She already has a venue lined up – look out for it in Fitzroy!

CORPORATE GOVERNANCE

ESTABLISHMENT

NMIT was established as a body corporate on 1 January 2013 and the Board was established on 15 April 2013, in accordance with section 3.1.11(2) of the *Education and Training Reform Act 2006*, to oversee and govern the Institute.

The Order to change the name from NMIT to Melbourne Polytechnic was gazetted and came into effect on 2 October 2014. As Melbourne Polytechnic is not a new legal entity, its Constitution reflects the amendment to the original Constitution, showing the name change. The date shown of making the Constitution remains as 9 April 2013; the date of coming into effect of the Constitution also remains as 15 April 2013 and the Constitution is still a 2013 Order.

THE BOARD

The Board consists of 10 directors, one of whom is the Chair (appointed by Instrument, by the Governor in Council). Five directors are ministerial nominees and four are Board nominees.

The Board is responsible to the Victorian Government for the overall strategy, governance and performance of Melbourne Polytechnic's functions. The responsible Minister for Training and Skills during 2015 was the Hon. Steve Herbert, MLC.

The Board's powers, duties and functions are outlined in the Melbourne Polytechnic Constitution. The Board's duties are to:

- ▶ Take all reasonable steps for the advancement of the objectives of Melbourne Polytechnic and the Board under the Act and Melbourne Polytechnic's Constitution.
- ▶ Operate in accordance with the economic and social objectives and public sector management policy established from time to time by the Government of Victoria.
- ▶ Meet at intervals prescribed in the Constitution.
- ▶ Provide all assistance and information as the Minister, Secretary of the Department of Education and Training, or the Deputy Secretary Higher Education and Skills Group may reasonably require from the Board.
- ▶ Ensure the safe custody and proper use of the Common Seal of Melbourne Polytechnic.

The Board directors are also subject to the Victorian Public Sector Directors' Code of Conduct, which outlines the following duties:

- ▶ act with honesty and integrity
- ▶ act in good faith in the best interests of the public entity
- ▶ act fairly and impartially
- ▶ demonstrate leadership and stewardship
- ▶ use position appropriately
- ▶ act in a financially responsible manner
- ▶ exercise due care, diligence and skill
- ▶ comply with the establishing legislation
- ▶ use information appropriately.

The Melbourne Polytechnic Board Governance Charter provides decision-making guidance for Board directors. There were 22 Board meetings in 2015.

BOARD MEMBERS (DIRECTORS) IN 2015

John Gibbins (Chair)

Paul Shannon (Deputy Chair from 1 July 2015)

David Bristow

Professor David Finlay

Tony Nippard

Alexandra (Sandy) Forbes (commenced 1 December 2015)

William (Bill) Forwood (commenced 1 December 2015)

Fiona McNabb (commenced 1 December 2015)

Jim Pasinis (commenced 1 December 2015)

Arianne Rose (commenced 1 December 2015)

Heather Campbell (Deputy Chair, ceased 30 June 2015)

Lakris (David) Makris (ceased 30 June 2015)

Dr Jenny Wajsenberg (ceased 30 June 2015)

Katrina Campion (resigned 28 September 2015)

BOARD COMMITTEES

Under Clause 23 of the Melbourne Polytechnic Constitution, the Melbourne Polytechnic Board established a new committee structure that closely aligned its governance structure with the key strategic risks and priorities. At its Annual General Meeting, held on 4 May 2015, the Melbourne Polytechnic Board:

- ▶ Approved to dissolve the following Board committees: Assets and Resources Committee; Education Committee; Board Executive Committee; Finance, Audit and Risk Management Committee; and Business Development Committee.
- ▶ Approved to establish the following Board committees: Academic Committee; Business Review Committee; Audit and Risk Committee; and Nomination and Remuneration Committee.

Committee delegations are outlined in the Instruments of Delegation and in the committee charters. The Chair of each committee reports its activities to the Board at the next meeting, including the exercise of any delegation.

ACADEMIC COMMITTEE

At Melbourne Polytechnic, academic governance is concerned with the integrity of the core education activities of learning, teaching and scholarship and, in particular, the structures, policies and processes that ensure quality outcomes.

The purpose of the Academic Committee is to:

- ▶ Advise the Melbourne Polytechnic Board on the strategic direction and policy for curriculum, teaching and learning across the Institute.
- ▶ Assure the integrity of the strategy and governance arrangements for Melbourne Polytechnic's education and training programs.
- ▶ Assure the primacy of academic quality and integrity and that Melbourne Polytechnic implements and maintains a quality framework.
- ▶ Assure programs are reputable and that Melbourne Polytechnic is accountable for the standards of the education and training programs it offers.
- ▶ Assure that Melbourne Polytechnic defines and meets its responsibilities to students, including the provision of information, support and equitable treatment.

The Board delegated the powers, duties and functions set out in this Charter to the Academic Committee under clause 11(4) of Schedule 2 to the *Education and Training Reform Act 2006*. The Instrument of Delegation was authorised by a resolution of the Board on 4 May 2015.

Minimum of 5 Directors

Membership in 2015

Professor David Finlay (Chair)

Tony Nippard

Lakris (David) Makris (ceased 30 June 2015)

Dr Jenny Wajsenberg (ceased 30 June 2015)

Katrina Champion (resigned 28 September 2015)

AUDIT AND RISK COMMITTEE

The purpose of the Audit and Risk Committee is to oversee and advise the Board on:

- ▶ Accounting policies and financial reporting.
- ▶ Matters relating to Melbourne Polytechnic's internal control framework.

- ▶ External and internal audit performance and processes.
- ▶ Risk management and its implications for all audit activities.
- ▶ The effectiveness of Melbourne Polytechnic's compliance framework.

The Board delegated the powers, duties and functions set out in the Charter to the Audit and Risk Committee under clause 11(4) of Schedule 2 to the *Education and Training Reform Act 2006*. The Instrument of Delegation was authorised by a resolution of the Board on 4 May 2015.

Minimum of 3 Directors

Membership in 2015

Paul Shannon (Chair)

David Bristow

John Gibbins

Heather Campbell (ceased 30 June 2015)

Dr Jenny Wajsenberg (ceased 30 June 2015)

BUSINESS REVIEW COMMITTEE

The purpose of the Business Review Committee is to oversee and monitor key strategies relating to information technology, human resources, and domestic and international business development, including market share and branding. The Business Review Committee also oversees and monitors the key strategic business risks.

The Board delegated the powers, duties and functions set out in the Charter to the Business Review Committee under clause 11(4) of Schedule 2 to the *Education and Training Reform Act 2006*. The Instrument of Delegation was authorised by a resolution of the Board on 4 May 2015.

Minimum of 4 Directors

Membership in 2015

David Bristow (Chair)

Professor David Finlay

John Gibbins

David Makris (ceased 30 June 2015)

Katrina Champion (resigned 28 September 2015)

NOMINATION AND REMUNERATION COMMITTEE

The purpose of the Nomination and Remuneration Committee is to help the Board fulfil its responsibilities relating to the recruitment and selection of Board nominee directors and executive remuneration.

The Board delegated the powers, duties and functions set out in this Charter to the Business Review Committee under clause 11(4) of Schedule 2 to the *Education and Training Reform Act 2006*. The Instrument of Delegation was authorised by a resolution of the Board on 4 May 2015.

Minimum of 4 Directors

Membership in 2015

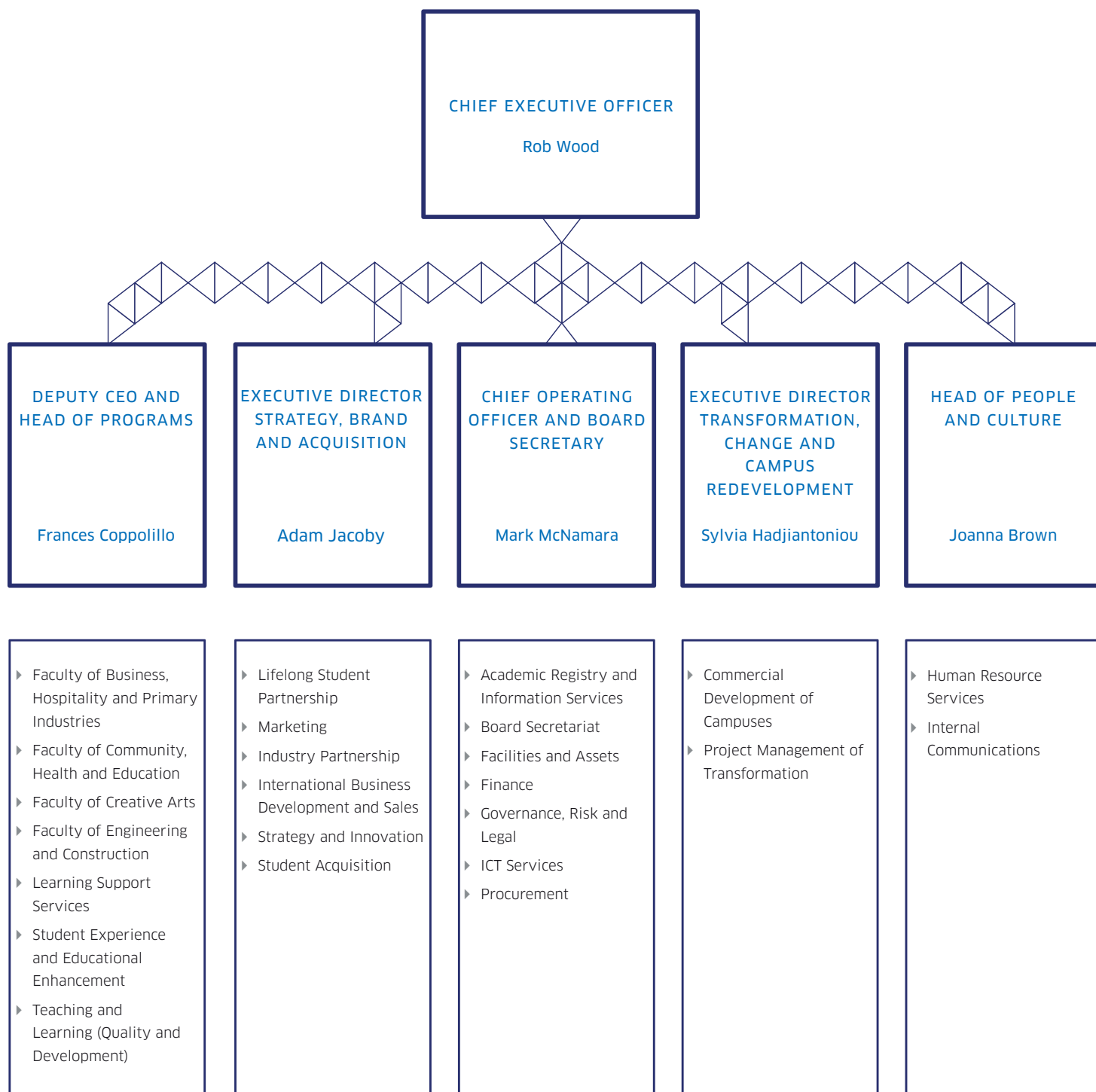
John Gibbins (Chair)

Paul Shannon (Deputy Chair from 1 July 2015)

Tony Nippard

Heather Campbell (Deputy Chair, ceased 30 June 2015)

MELBOURNE POLYTECHNIC SENIOR MANAGEMENT STRUCTURE AT 31 DECEMBER 2015



OVERVIEW OF THE MELBOURNE POLYTECHNIC STRATEGIC PLAN 2016-2018

The Strategic Plan 2016-2018 was approved by the Board towards the end of 2015 and Institute-wide implementation started immediately. The Strategic Plan positions Melbourne Polytechnic for growth, improves our ability to respond to the challenges of a competitive marketplace and secures opportunities for the Institute.

VISION:

Melbourne Polytechnic will be recognised by students and industry as a world-class Polytechnic Institute.



As Australia's first genuine Polytechnic, we will set the national benchmark in customised, culturally connected and outcome-driven tertiary education.

Bridging the parallel responsibilities of public service provision, student-focused outcomes and commercial sustainability, Melbourne Polytechnic sits at the intersection of industry need, teaching excellence and career pathways.

Since May 2015, we have been working towards the crystallisation of the next phase of Melbourne Polytechnic's strategic direction. Throughout the process we have sought feedback from many stakeholder groups, both internal and external, to better understand:

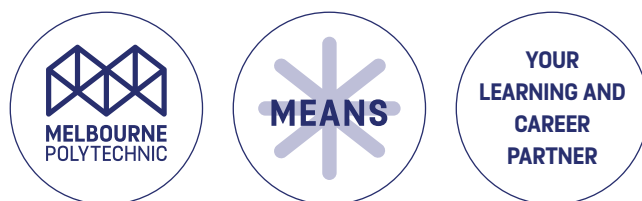
- ▶ Who we are.
- ▶ What is happening in the market.
- ▶ What is happening in our business.
- ▶ What our unique Value Proposition is/needs to be/could be.

The result of this unprecedented engagement work has been clarity of direction, organisational buy-in, a renewed belief in the role Melbourne Polytechnic can play in the tertiary sector and a clear sense of the major projects that must be delivered successfully to meet our strategic goals.

VALUE PROPOSITION:

The Strategic Plan defines our new Value Proposition.

Your Learning and Career Partner is a statement that guides our organisation and is a promise of what we will deliver. It is designed to help set us apart from other training organisations in Victoria and overseas.



To help us communicate our Value Proposition to the community, we opened Melbourne Polytechnic Skills and Job Centres at Northland Shopping Centre and Westfield Plenty Valley. These centres increase our accessibility, reach and relevance to prospective students. It enables us to go to the students rather than waiting for them to come to us.

DIRECTION:

We have identified eight critical elements underpinning Melbourne Polytechnic's unique Value Proposition. See Figure 1.

The four Competitive Differentiators signal Institute activity centres, investment priorities and key performance measurement areas for the next several years.

The four Key Enablers are the foundation from which the differentiators can be leveraged and where the strategy most clearly manifests itself, day-to-day. Each of these highlighted areas will have a dedicated strategy but the potency lies in the relationship between them.

COMPETITIVE DIFFERENTIATORS

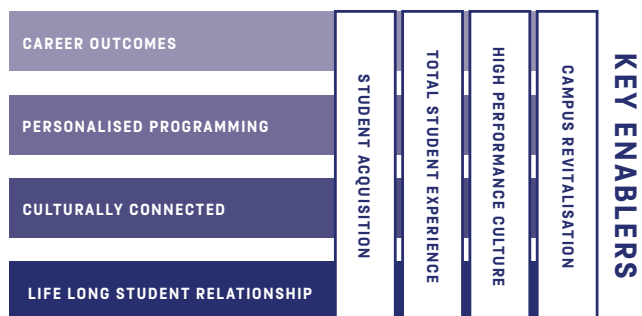


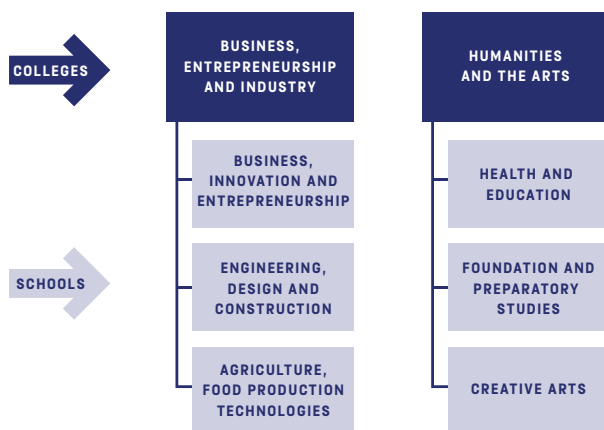
Figure 1. Competitive Differentiators and Key Enablers

ORGANISATIONAL STRUCTURE

Towards the end of 2015, we began a process to restructure the organisation to deliver on our Strategic Plan. You can see the Organisational Chart as at 31 December 2015 on page 10. At its core, the new structure integrates Vocational and Higher Educational programming into industry/sector-based Schools with various support functions organised to support these Schools with functional expertise.

2015 will be remembered as a foundational year in setting a new strategic course for Melbourne Polytechnic. Much work remains but the Institute is actively engaged in implementing its renewed strategic direction.

AT THE CORE



AWARDS

FACULTY OF BUSINESS, HOSPITALITY AND PRIMARY INDUSTRIES

MELBOURNE INTERNATIONAL FLOWER AND GARDEN SHOW

LUCIA LAY	SECOND PLACE - ADVANCED FLORAL DESIGN FOR AN EVENT
ROCHELLE BUX	MERIT AWARD - ADVANCED FLORAL DESIGN FOR AN EVENT
LAURA FOWLER	MERIT AWARD - ADVANCED FLORAL DESIGN FOR AN EVENT
ROSE JENKINS	MERIT AWARD - ADVANCED FLORAL DESIGN FOR AN EVENT
THI TONG	MERIT AWARD - ADVANCED FLORAL DESIGN FOR AN EVENT
SAM BUTTERWORTH	MERIT AWARD - ADVANCED FLORAL DESIGN FOR AN EVENT
VIVIENNE ROCHE	MERIT AWARD - ADVANCED FLORAL DESIGN FOR AN EVENT
YIFAN LIU	THIRD PLACE - INTERMEDIATE - A TABLE SETTING FOR TWO
BEN WHITE	THIRD PLACE - INTERMEDIATE - A TABLE SETTING FOR TWO
ALEX GRANT	MERIT AWARD - INTERMEDIATE - A TABLE SETTING FOR TWO
NICOLA ELSTONE	MERIT AWARD - INTERMEDIATE - A TABLE SETTING FOR TWO
SHARON MCMAHON	FIRST PLACE - BEST HANGING BASKET - TAFE SECTION
MATTHEW STEPHENSON	SECOND PLACE - BEST HANGING BASKET - TAFE SECTION

DURAWARE VIC TAFE COOKERY CHALLENGE 2015

FIONA HEDE	BRONZE AWARD
DANIEL GREENWOOD	BRONZE AWARD
GEORGIA BEBBINGTON	BRONZE AWARD
CAITLIN GOODCHILD	BRONZE AWARD

FACULTY OF CREATIVE ARTS

DESIGN INSTITUTE AUSTRALIA GRADUATE OF THE YEAR AWARDS

ROBYN WILSON	WINNER - GRADUATE OF THE YEAR - JEWELLERY CATEGORY
--------------	--

THE FACT OR FICTION PORTRAIT COMPETITION

PHOENIX ELLIOTT	FIRST PLACE
ISABELLE BURNS	SECOND PLACE; WINNER - PEOPLE'S CHOICE AWARD; AND RUNNER-UP - VISUAL ARTS AWARD
ROSEANNE NETTLETON	THIRD PLACE; AND RUNNER-UP - VISUAL ARTS AWARD
LARA SIM	COMMENDATION AWARD
MELISSA HORSFALL	COMMENDATION AWARD
HELEN JOLLY	WINNER - PHOTOIMAGING AWARD
CARLO OGGIONI	RUNNER-UP - PHOTOIMAGING AWARD
JASON SMITH	RUNNER-UP - PHOTOIMAGING AWARD

43RD WORLDSKILLS COMPETITION (BRAZIL)

JYOTHI FORMAN	WINNER - SILVER MEDAL - JEWELLERY CATEGORY
---------------	--

THE MELBOURNE CUFFLINK EXHIBITION - MELBOURNE SPRING FASHION WEEK

LAUREN TROJKOVIC	AWARDED 'THE MELBOURNE CUFFLINK ACQUISITIVE STUDENT' (\$500 PRIZE)
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MELBOURNE POLYTECHNIC 2015 'ALLURE' HAIR AND BEAUTY STUDENT SHOWCASE (SPONSORED BY EXTERNAL COMPANIES)

AMY WILLS	WINNER - CONTEMPORARY CATWALK MAKE-UP - CERT III BEAUTY SERVICES
ZANNATUL ORIN	RUNNER-UP - CONTEMPORARY CATWALK MAKE-UP - CERT III BEAUTY SERVICES
LISA REYNOLDS	WINNER - CONTEMPORARY CATWALK MAKE-UP - DIPLOMA OF BEAUTY THERAPY
ALEXANDRA IVANOVA	RUNNER-UP - CONTEMPORARY CATWALK MAKE-UP - DIPLOMA OF BEAUTY THERAPY
PARECIA PATTO	WINNER - FANTASY MAKE-UP - CERT II RETAIL MAKE-UP AND SKINCARE
COURTNEY ABELA	RUNNER-UP - FANTASY MAKE-UP - CERT II RETAIL MAKE-UP AND SKINCARE
CATHERINE HARRISON	WINNER - FANTASY MAKE-UP - CERT IV HAIRDRESSING
MARIA SALAFRANCA	RUNNER-UP - FANTASY MAKE-UP - CERT IV HAIRDRESSING
KATE BROWN	WINNER - ADVANCED NAIL ART - CERT II NAIL TECHNOLOGY
TOMOKO CORNALL	RUNNER-UP - ADVANCED NAIL ART - CERT II NAIL TECHNOLOGY
KRISTY KNIGHT	WINNER - NAIL ART - CERT III BEAUTY SERVICES
CHEYSA BRITO ROSAS	RUNNER-UP - NAIL ART - CERT III BEAUTY SERVICES
KATE MCLEOD	WINNER - CLASSIC HAIR STAGE 1 - CERT III HAIRDRESSING
AMBER GHENT	RUNNER-UP - CLASSIC HAIR STAGE 1 - CERT III HAIRDRESSING
MONIQUE ELSHAAR	WINNER - CLASSIC HAIR STAGE 2 - CERT III HAIRDRESSING
KASEY HALDANE	RUNNER-UP - CLASSIC HAIR STAGE 2 - CERT III HAIRDRESSING
SREY GRECH	WINNER - GLAMOUR HAIR STAGE 1 - CERT III HAIRDRESSING
MYRIA KATRANI	RUNNER-UP - GLAMOUR HAIR STAGE 1 - CERT III HAIRDRESSING
ZEHRA KITAPCI	WINNER - GLAMOUR HAIR STAGE 2 - CERT III HAIRDRESSING
ANNARITA FERRIGNO	RUNNER-UP - GLAMOUR HAIR STAGE 2 - CERT III HAIRDRESSING
MARIA SALAFRANCA	WINNER - AVANTE GARDE - CERT IV HAIRDRESSING
ZEINA SAMIA	RUNNER-UP - AVANTE GARDE - CERT IV HAIRDRESSING

NATIONAL CAMPUS ART PRIZE (MELBOURNE POLYTECHNIC)

FRANCK PASQUIER	THIRD PLACE - PHOTOGRAPHY CATEGORY
ROSEANNE NETTLETON	SECOND PLACE - PAINTING CATEGORY
GEN HAGIWARA	SECOND PLACE - SCULPTURE CATEGORY

STAFF AWARDS

THE AIKENHEAD CENTRE FOR MEDICAL DISCOVERY RESEARCH WEEK ART PRIZE 2015

KIRSTEN PERRY	WINNER - AIKENHEAD CENTRE FOR MEDICAL DISCOVERY ACQUISITIVE ART PRIZE
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FRANKSTON ARTS CENTRE ANNUAL OPEN EXHIBITION PRIZE 2015

KIRSTEN PERRY	WINNER - FRANKSTON ARTS CENTRE OPEN PRIZE
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2015 DOUG MORAN NATIONAL PORTRAIT PRIZE

WARREN CROSSETT	WINNER - 2015 DOUG MORAN NATIONAL PORTRAIT PRIZE
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2015 VICTORIAN EPSON PROFESSIONAL PHOTOGRAPHERS AWARDS

STEVEN SCALONE	2015 AIPP EPSON VICTORIAN PROFESSIONAL PHOTOGRAPHER OF THE YEAR
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2015 AUSTRALIAN PROFESSIONAL PHOTOGRAPHER AWARDS

STEVEN SCALONE	2015 AIPP AUSTRALIAN TRAVEL PHOTOGRAPHER OF THE YEAR
KEREN DOBIA	GOLD DISTINCTION AWARD

FACULTY OF ENGINEERING AND CONSTRUCTION

BUILDING DESIGNERS ASSOCIATION OF VICTORIA 2015 AWARDS

ELIZABETH WHEELER	RECIPIENT OF A \$2,000 STUDENT GRANT
MELINDA SANZ	WINNER - DRAFTING EXCELLENCE BY A STUDENT AWARD

CIVIL CONTRACTORS FEDERATION AWARDS FOR EXCELLENCE IN TRAINING

JAMES CARTLEDGE	WINNER - THE MOST OUTSTANDING STUDENT - DIPLOMA OF CIVIL ENGINEERING AWARD
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ABC SCHOLARSHIP

BROOKE ZOCCOLI	WINNER - ABC WOMEN IN BROADCASTING TECHNOLOGY (WIBT) SCHOLARSHIP FOR 2015.
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2015 PLUMBING AND FIRE INDUSTRY AWARDS

RORY HAMBROOK	WINNER - FRANK MASKELL GENERAL PLUMBING AWARD
KIMBERLEY SMYTH	FINALIST - ROSE CURTIS AWARD

WORLDSKILLS STATE REGIONAL COMPETITION

CHRIS FRENCH	STATE REGIONAL WINNER - PAINTING AND DECORATING
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STAFF AWARDS

INTERNATIONAL SPECIALISED SKILLS INSTITUTE 25TH ANNUAL FELLOWSHIP AWARDS CEREMONY

DR ADIL ABBAS	RECIPIENT OF HIGHER EDUCATION AND SKILLS GROUP OVERSEAS FELLOWSHIP
DR MD AFTABUZZAMAN	RECIPIENT OF HIGHER EDUCATION AND SKILLS GROUP OVERSEAS FELLOWSHIP

LEARNING SUPPORT SERVICES (INCLUDING LIBRARY AND STUDENT SERVICES)

2015 VICTORIAN TRAINING AWARDS

JNAALLII PENRITH	WINNER - VICTORIAN KOORIE STUDENT OF THE YEAR
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STAFF AWARD

2015 VICTORIAN TRAINING AWARDS

SHANE LAWTEY	WINNER - VICTORIAN VET CLIENT SERVICES/SUPPORT EXCELLENCE AWARD
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STUDENT PROFILE - CHRIS FRENCH

Chris French, a Melbourne Polytechnic Painting and Decorating student, recently won gold in the WorldSkills Regional Competition.

Chris started his education journey at Melbourne Polytechnic in the 'Ticket To A Trade' program, which gives students the chance to try out a range of building trades before deciding on a career path.

"I left school because I wanted to do something with my hands," says Chris, "and I found the Ticket To A Trade program and thought that would be a good start."

Chris selected painting and decorating as his career of choice and is employed while he completes his apprenticeship and training in the Certificate III in Painting and Decorating.

"I feel comfortable doing this and I enjoy the hands-on skill involved," he said. His experience to date has included working on new houses.

One of the subjects that Chris loved at school was art, and he aims to eventually combine his professional skills with his artistic talent.

"I'd love to do mural work," he says, and judging by the beautiful Japanese-style koi fish he painted as part of his classwork, and his teacher's observation about his high standard of work in the course, he has every chance of succeeding.

Chris will represent the Melbourne region in the Painting and Decorating category at the 2016 WorldSkills Australia National Competition to be held at Melbourne Showgrounds in October.

2015 HIGHLIGHTS

FACULTY OF BUSINESS, HOSPITALITY AND PRIMARY INDUSTRIES

The Faculty of Business, Hospitality and Primary industries specialises in designing and delivering high-quality, innovative programs to local, interstate and international students. Programs include entry-level training, pre-apprenticeship, new apprenticeship and post-apprenticeship through to diploma, advanced diploma and bachelor courses. The Faculty comprises four departments: Vocational Education – Business and Hospitality (including Work Education); Higher Education – Business; Vocational Education – Primary Industries; and Higher Education – Primary Industries.

HIGHLIGHTS

- ▶ Sent six students to Hangzhou and Shanghai, China for cultural exchange and language studies.
- ▶ Hosted two Hospitality Management exchange students from the Haaga-Helia University in Finland and one from Breda University in Holland.
- ▶ Prepared people with intellectual disabilities and other complex needs to become independent, develop confidence and obtain employment in various industries.
- ▶ Provided internships to over 10 students via relationships with Performance Education, FISPP and Unity Health.
- ▶ Created a brochure 'The right worker for you' to educate industry/ community on the benefits of hiring a person with a disability.
- ▶ Launched a DVD in partnership with Westside Circus explaining the benefits of hiring people with disabilities in the Arts Industry.

FACULTY OF COMMUNITY, HEALTH AND EDUCATION

The Faculty of Community, Health and Education delivers high-quality programs focused on: supporting people to further their skills and understanding of English; social services, health and wellbeing, and education; and students seeking bridging support into other fields of career or study.

The Faculty consists of four Departments: Health, Community and Wellbeing; Foundation Studies; Vocational Pathways; and Higher Education.

HIGHLIGHTS

- ▶ Continued growth in the Adult Migrant Education Program (AMEP) with delivery across four campuses and at four off-site locations, which increases access options, particularly for women.
- ▶ Substantial growth in the Auslan programs, which ensures we are delivering well against our government contract requirements. This included graduating our first Diploma of Auslan cohort.
- ▶ Growth of Youth Unit programs, especially in the Youth Migrant programs.
- ▶ Growth in the Community, Health and Wellbeing suite of programs as a result of funding from the State Government's 'Back To Work' funding.
- ▶ Improved overall student satisfaction across the suite of programs.
- ▶ Continued positive study and employment outcomes for disengaged local and refugee youth through the Youth Unit.

FACULTY OF CREATIVE ARTS

The Faculty of Creative Arts comprises the departments of Performing Arts, Visual Arts, and Creative Arts – Higher Education. The Faculty delivers a range of courses, production partnerships and collaborative projects for the creative industries.

HIGHLIGHTS

- ▶ 'Botanica 2015' was an exhibition of selected works on paper by Melbourne Polytechnic Visual Arts students responding to the theme of the natural world. The exhibition provided an exciting opportunity for students to exhibit their work within the local community.
- ▶ Placement of students into the Melbourne Comedy and Fringe festivals.
- ▶ Students and staff of the Diploma of Live Production, Diploma of Screen and Media, and Certificate IV in Sound Production made the eighth annual Melbourne Polytechnic Songwriting competition look and sound professional, immersive and seamless.
- ▶ Students from HE and VET programs performed in the Stonnington Jazz Festival foyer theatre. In addition, performers from Music and Sound Production were employed by Stonnington as part of their Glow festival.
- ▶ Music Business students helped organise a range of events including the National Campus Bands competition (with Student Life and Media).

FACULTY OF ENGINEERING AND CONSTRUCTION

The Faculty of Engineering and Construction specialises in the design and delivery of programs for the Engineering, Design and Building Construction industry sectors. Programs are undertaken by local, interstate and international clients and include entry-level training, new apprenticeship, post-apprenticeship, diploma, advanced diploma and bachelor courses.

HIGHLIGHTS

- ▶ Commenced the Bachelor of Built Environment with a mid-year intake of 12 graduates from the Advanced Diploma of Building Design (Architecture) program.
- ▶ Higher Education staff members Dr Adil Abbas and Dr Md Aftabuzzaman received International Fellowship Awards, which will see them travel to the USA, South Korea and Japan in early 2016.
- ▶ Supported a number of community events and projects including building and commissioning the Mt Evelyn Football Netball change rooms under a government-funded initiative.
- ▶ Established a Memorandum of Understanding with VIA University College Horsens Copenhagen, Denmark, which enables students from both VIA and Melbourne Polytechnic to participate in a six-month student exchange program.
- ▶ Three study tours to Mongolia and China (Sichuan, Hubei) were conducted for VET and Higher Education students as part of the Asia Bound Grant Series.
- ▶ Successfully tendered for delivery of the TVET project (Mechanical Engineering and Construction) in South Mongolia (Dalanzadgad).

ACADEMIC REGISTRY AND INFORMATION SERVICES

Academic Registry and Information Services is responsible for the effective management and operation of the systems and reporting requirements relating to VET and Higher Education student administration. This includes the provision of advice to Melbourne Polytechnic on Victorian and Australian Government legislation and regulations, and the development and implementation of student enrolment policies and procedures to ensure appropriate governance within the parameters of the student administration role.

HIGHLIGHTS

- ▶ Supported the introduction of an electronic attendance register called Markbook, which allows teachers to record attendance and assessment results and communicate effectively with students.
- ▶ Provided training and support to new staff within the Acquisition team as Melbourne Polytechnic established Skills and Job Centres.
- ▶ Redesigned enrolment documentation to streamline the enrolment process.
- ▶ Implemented the integration of the Training.gov government website to interface with the student management system for automatic download of the Melbourne Polytechnic scope of registration.
- ▶ Established the framework within the student management system for electronic Student Training Plans.

FACILITIES AND ASSETS

The Facilities and Assets Department is responsible for all of Melbourne Polytechnic's assets and related services (excluding ICT/multimedia/telecommunication resources) including buildings, grounds, infrastructure and the management of security, cleaning and sustainability.

HIGHLIGHTS

- ▶ Relocated the Auslan, ELICOS and International Offices from Collingwood.
- ▶ Worked with the teaching telecommunication companies to relocate the microwave tower at Greensborough.
- ▶ Leased excess space at Collingwood, Greensborough and Preston campuses.
- ▶ Commenced installation of LED lighting as part of the Greener Government Buildings Program and completed the Public Space Recycling Program.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT Services is responsible for the management and set-up of hardware and the provision of Information Technology services for the Melbourne Polytechnic community. In 2015, ICT services responded to 6,038 break fix requests and 4,352 user requests for things such as provision of hardware, accounts and general queries.

HIGHLIGHTS

- ▶ Office 365 for email replacement across the Institute.
- ▶ Upgraded 102 computer laboratories with the latest teaching software.
- ▶ Implemented Solarwinds, an electronic monitoring system, to improve availability for the Melbourne Polytechnic Network.
- ▶ Installed the Fuji Xerox Printer Fleet across the Institute.
- ▶ Implemented Markbook for electronic roll taking.
- ▶ Provided IT services for the Skills and Job Centres at Northland Shopping Centre and Westfield Plenty Valley.

LEARNING SUPPORT SERVICES (INCLUDING LIBRARY AND STUDENT SERVICES)

Learning Support Services delivers a range of services to support the Institute's capacity to recruit, engage, transition and retain students. Learning Support Services comprises Student Counselling and Disability Support, Student Life and Media (SLAM), the Koorie Services Centre, the Fitness Centre, Student Communications, Library Services and an administrative team.

HIGHLIGHTS

- ▶ The library created an innovative online tool, ERNI, to assist students in a flexible and interactive way with their complex Harvard and APA referencing requirements.
- ▶ A series of pedagogically based pop-up libraries ran in student spaces at three campuses to promote the products and services available.
- ▶ The library ranked in the top 25% of all Australian University (and some TAFE) libraries for overall satisfaction in the Client Satisfaction survey, InSync. The highest performing category was Library staff, which scored a significant increase of 2% since the 2013 survey.
- ▶ The Library's eBook collection experienced a 26% increase in use in 2015, which reflects student and staff expectations for 24/7 access to resources for learning and teaching.
- ▶ An Academic Integrity Moodle module was created by library staff to offer Higher Education students self-paced learning.
- ▶ The Disability Support Service was funded by the VET Development Centre to develop a training resource to enhance the capacity of teaching staff to work with students with disabilities.

MARKETING

In 2015 the Melbourne Polytechnic Marketing and Communications Department continued to service a wide range of stakeholders within and external to the Institute, from staff, industry bodies and employers to secondary school careers practitioners, the Melbourne Polytechnic Board and the Victorian Government.

Marketing operations spanned the full range of internal and external communications including online assets, digital marketing and analytics, social media, media relations, publications and marketing collateral, advertising and design. The department also managed student recruitment and internal and external events, and managed the Institute's brand and visual identity.

HIGHLIGHTS

- ▶ Continued to build the fledgling Melbourne Polytechnic brand. A new brand platform, 'Melbourne Polytechnic means...' and a related visual identity (both developed in-house) were introduced to enable the Institute to consistently communicate its Value Proposition and bring meaning to the new brand. Given the noisy and competitive marketplace, this clarity and consistency of message is paramount.
- ▶ Supported the implementation of the Skills and Job Centres at Northland Shopping Centre and Westfield Plenty Valley with visual merchandising, merchandise, uniforms, media relationship management and launch event management. We used in situ tactical advertising to increase awareness in the local area and drive foot traffic.

PEOPLE AND CULTURE

People and Culture provides all faculties, departments and staff at Melbourne Polytechnic with human resource services and advice encompassing anti-discrimination, recruitment, induction, leave, industrial relations, employee welfare, occupational health and safety including the provision of warden training, first aid training and the provision of first aid supplies.

HIGHLIGHTS

- ▶ Implemented employee self-service, which provides automated employee processes for leave, payment summaries, payslips and updating data. This allowed for the removal of laborious employee-related paper-based processes.
- ▶ Recruitment, selection and induction of staff who were engaged to provide high-level customer service and support of enrolment in Melbourne Polytechnic Skills and Job Centres.
- ▶ Facilitated the multi-enterprise agreement implementation and operation.
- ▶ Managed the voluntary redundancy program process including the provision of career transition services for staff taking redundancy packages.
- ▶ Implemented and recruited talent in areas such as strategy and analytics.
- ▶ Implemented a series of seminars where staff could obtain free advice regarding a range of employment and post-employment matters including preparing for retirement, superannuation, salary sacrifice, and health cover benefits.

TEACHING AND LEARNING (QUALITY AND DEVELOPMENT)

The Teaching and Learning team contributes to the growth of knowledge and skill sets of Melbourne Polytechnic employees through the implementation of professional development strategies and activities and the facilitation of training opportunities that support the improvement of outcomes for students.

HIGHLIGHTS

- ▶ Management and communication skills workshops delivered to over 50 staff across all faculties.
- ▶ Nine training sessions held covering First Aid and Fire Warden Compliance for over 150 staff.
- ▶ Developed a group assessment centre and orientation for new staff.
- ▶ Almost 1,000 Professional Development Applications were processed.
- ▶ Initial development of online induction for new staff.

WORKFORCE AND COMPLIANCE INFORMATION

ENVIRONMENTAL PERFORMANCE

In 2015 Melbourne Polytechnic:

- ▶ signed an Energy Performance contract to upgrade lighting and mechanical services as part of the Greener Government Buildings program.
- ▶ installed a communal bin system across campuses, which increased our recycling rates and reduced the amount of waste that went to landfill.
- ▶ hosted Enviroweek to promote positive environmental behaviour across campuses.
- ▶ staff and students completed a travel survey to enable further understanding of travel behaviour.
- ▶ was nominated for the Australasian Campuses Towards Sustainability Green Gown Awards in the Best Newcomer category.

ENERGY USE

	2015	2014	2013
Total energy usage segmented by primary source (megajoules)	77,143,000	72,100,000	71,773,000
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tonnes CO ₂ -e)	17,051	15,712	14,405
Percentage of electricity purchased as greenpower	0%	0%	0%
Units of energy used per FTE (megajoules)	102,268	73,377	64,427
Units of energy used per unit of office area (megajoules per m ²)	396	387	376

FTE: full-time equivalent

Our energy use increased noticeably in 2015 because our Prahran campus became fully operational, which resulted in an increase in gas consumption from 3,500,847MJ (2014) to 6,345,870MJ (2015).

In 2015 Victoria experienced the coldest winter since 1989, which increased our heating requirements (mainly gas use across campuses with increased consumption at Prahran, Collingwood, and Fairfield).

WASTE PRODUCTION

	2015			2014		
	Organic*	Recycle	Waste	Organic*	Recycle	Waste
Total units of office waste disposed of by destination (kg per year)	N/A	96,200	392,080	N/A	54,720	876,000
Units of office waste disposed of per FTE by destination (kg per FTE)	N/A	128	520	N/A	59	939
Recycling rate (% of total waste by weight)	17%			6%		
Greenhouse gas emissions associated with waste disposal (tonnes CO ₂ -e)	470			1,051		

Waste and recycling data is based on a waste audit conducted in 2014 and 2015.

*Organic data is not available

FTE: full-time equivalent

In 2015 Melbourne Polytechnic introduced a communal bins system for waste and recycling, partly funded by the Australian Packaging Covenant. This involved removing bins from general classrooms and office areas. The communal bins system resulted in a significant decrease in waste and an increase in recycling across the four main campuses. The system will be implemented at all campuses in 2016.

PAPER USE

	2015		
Total units of A4 equivalent copy paper (reams)	9,253		
A4 equivalent copy paper used per FTE (reams per FTE)	12		
Percentage of recycled content copy paper purchased (%)	0-49%	50-75%	76-100%
(reams)	8,923	245	85

FTE: full-time equivalent

WATER CONSUMPTION

	2015	2014	2013
Total potable water consumption (kilolitres)	68,938	73,009	86,993
Total potable water consumption per FTE (kilolitres)	91	78	87
Units of metered water consumed in office per unit of office area (kilolitres per m ²)	0.35KL/m ²	0.41KL/m ²	0.50KL/m ²

FTE: full-time equivalent

TRANSPORTATION

	2015			2014			2013		
	Petrol	Diesel	LPG	Petrol	Diesel	LPG	Petrol	Diesel	LPG
Total energy consumption fleet vehicle (gigajoules)	1,310	1,153	109	1,378	324	75	1,560	427	0
Total vehicle travelled (km)	512,548	288,004	30,033	491,152	121,380	19,580	360,372	127,745	0
Greenhouse gas emissions (tonnes CO ₂ -e)	117	120	7	109	23	4	116	29	0
Total distance travelled by air (km)	N/A			N/A			N/A		
Percentage of employees using alternative forms of transport	22%			N/A			N/A		

GREENHOUSE GAS EMISSIONS

	2015	2014	2013
Total greenhouse gas emissions associated with energy use (tonnes CO ₂ -e)	17,051	15,712	14,405
Total greenhouse gas emissions associated with fleet vehicle (tonnes CO ₂ -e)	244	137	145
Total greenhouse gas emissions associated with air travel (tonnes CO ₂ -e)	N/A	N/A	N/A
Total greenhouse gas emissions associated with waste production (tonnes CO ₂ -e)	470	1,051	1,000
Greenhouse gas emissions offsets purchased (tonnes CO ₂ -e)	0	0	0

LOOKING AHEAD

In late 2015 Melbourne Polytechnic embarked on a \$1.9 million energy reduction project thanks to funding received from the Victorian Department of Treasury Greener Government Buildings Program. Throughout 2016 Melbourne Polytechnic will use the government funding to implement cost-effective, energy-efficient solutions at the Epping, Preston, Heidelberg, Fairfield and Collingwood campuses. The project will reduce greenhouse gas emissions across the organisation by approximately 1,438 tonnes per annum.

WORKFORCE STAFFING DETAILS AND COMPLIANCE

	Ongoing Employees				Fixed Term and Casual
	Number (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	FTE
December 2015	660	523	137	613	141
December 2014	714	561	153	663	121

Note: Active staff in last pay period December 2015

FTE: full-time equivalent

Figures have been rounded

	December 2015			December 2014		
	Ongoing		Fixed-term and Casual	Ongoing		Fixed-term and Casual
	Number (headcount)	FTE	FTE	Number (headcount)	FTE	FTE
GENDER						
Male	308	297	51	336	323	44
Female	352	316	90	378	340	77
AGE						
Under 25	4	4	2	6	6	1
25-34	52	49	20	67	65	18
35-44	136	123	28	143	130	22
45-54	232	215	49	239	220	38
55-64	207	195	33	233	220	33
Over 64	29	26	10	26	22	9
CLASSIFICATION						
Executives	22	22	0	22	22	0
Teaching	311	286	97	345	317	80
Non-teaching	243	226	33	252	234	32
Higher Ed teaching	52	48	4	53	50	3
Higher Ed non-teaching	10	10	0	16	15	0
Other	22	20	7	26	25	6

Note: Active staff in last pay period December 2015

FTE: full-time equivalent

Employees have been correctly classified

Figures have been rounded

EMPLOYMENT AND CONDUCT PRINCIPLES

Melbourne Polytechnic's People and Culture policies and practices are underpinned by the public sector employment principles set out in Section 8 of the *Public Administration Act 2004*. Selection decisions are based on key selection criteria in position descriptions available to all applicants. Melbourne Polytechnic has a range of policies that promote fairness and equity in the workplace and are designed to discourage discrimination and harassment against staff, students and visitors.

These policies include but are not limited to:

- ▶ Institute Code of Practice
- ▶ Anti-discrimination Policy
- ▶ Employment Procedures
- ▶ Prevention of Workplace Bullying Policy and Procedures
- ▶ Sexual Harassment Policy and Procedures
- ▶ Policy and Procedures for Employee Grievances
- ▶ Selection Policy.

GENERAL STATEMENT ON INDUSTRIAL RELATIONS

Excellent relationships were maintained with all unions with coverage at Melbourne Polytechnic. The Institute has regular consultative arrangements in place with the unions to ensure issues arising are dealt with appropriately. There were no days lost to industrial action taken in 2015.

OCCUPATIONAL HEALTH AND SAFETY

Melbourne Polytechnic is committed, so far as is practicable, to providing and maintaining a working environment that is safe and without risks to health. This commitment is based on the belief that all occupational injuries/illnesses can and must be prevented.

The Occupational Health and Safety Committee met three times during the year. The Committee considered staff and student incident reports at each meeting.

During 2015 Occupational Health and Safety Training was provided as follows:

Staff	Training
1	Occupational Health and Safety Representative Refresher Course
99	First Aid
28	Cardiopulmonary Resuscitation
31	Warden Training

Respiratory testing was provided to 19 staff and 95 staff undertook audiometric testing.

Statistics for reported hazards and incidents are below.

	2015	2014*	2013*
Total number employed as at the last pay in December	1,429	1,494	1,704
Total full-time equivalent as at the last pay in December	754	831	990
Number of hazards/incidents reported	47	45	53
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	0.2	0.2	0.2
Time lost (hours)	3,334	1,776	2,375
Number of claims	12	8	6
Number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	0.6	1.2	1.8

* Figures provided for 2013 and 2014 are as at the last pay in November.

Claims	2015	2014	2013
Average cost per claim for the year	\$52,648	\$31,457	\$25,501
Payments to date	\$85,577	\$104,488	\$160,452
Estimate of outstanding claim costs	\$417,082	\$178,630	\$145,559

The average cost results for 2014 and 2015 are significantly different due to one claim with a current cost of \$367,000, which represented 67% of the total costs for 2015. The average excluding that claim was approximately \$21,000, which aligns more closely to previous years.

The Institute's WorkCover premium for 2015/2016 was \$518,891.44 inclusive of GST. Melbourne Polytechnic's rating was 32.62% better than the industry average.

Students	2015	2014	2013
Total number of enrolments at December	36,171	43,919	56,163
Number of incidents reported	118	98	99

APPLICATION OF THE FREEDOM OF INFORMATION (FOI) ACT 1982

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

During 2015, the Head of Shared Services and the Head of Corporate Governance were responsible for the administration of the Freedom of Information, Information Privacy and Protected Disclosure Acts.

FOI ACCESS ARRANGEMENTS

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

Freedom of Information Officer
Governance Department
Melbourne Polytechnic
77 St Georges Road
PRESTON VIC 3072

FOI ACCESS CHARGES

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

The application fee for FOI requests was \$26.50 until 30 June 2015 and \$27.20 from 1 July 2015.

FOI ACCESS CLAIMS 2015

There was one request for access to records pursuant to the FOI Act during 2015.

COMPLIANCE WITH VICTORIAN PUBLIC SECTOR TRAVEL PRINCIPLES

Melbourne Polytechnic complies with the Victorian Public Sector Travel Principles.

COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012

Melbourne Polytechnic supports individuals who make a protected disclosure under the *Protected Disclosure Act 2012* including the protection of persons from any detrimental action by officers, employees, contractors or the Institute itself.

Melbourne Polytechnic has not been advised by the Independent Broad-based Anti-corruption Commission (IBAC) that there were any disclosures made against Melbourne Polytechnic or any of its staff in 2015.

COMPLIANCE WITH THE CARERS RECOGNITION ACT 2012

The *Carers Recognition Act 2012* formally acknowledges the significant contribution that carers make to the Australian community. Melbourne Polytechnic considers the carers recognition principles as set out in the Act when developing relevant staff and student policies, procedures and provision of services. These include:

- ▶ flexible working arrangements
- ▶ part-time work opportunities
- ▶ opportunities to purchase leave
- ▶ an Employee Assistance Program.

Students with carer responsibilities or those with a disability are also supported at Melbourne Polytechnic through:

- ▶ application of special consideration arrangements
- ▶ provision of reasonable accommodation to enable participation
- ▶ provision of additional supports such as access to counselling and disability support services.

ATTESTATION OF COMPLIANCE WITH THE MANDATORY REQUIREMENTS OF THE VICTORIAN GOVERNMENT RISK MANAGEMENT FRAMEWORK

I, John Gibbins, Board Chair, certify that Melbourne Polytechnic has complied with the mandatory requirements of the Victorian Government Risk Management Framework.



John Gibbins
Board Chair
Melbourne Polytechnic

Date: 23 February 2016

COMPLIANCE WITH THE BUILDING ACT 1993

Melbourne Polytechnic ensured that all works requiring building approval had plans certified. Works in progress were inspected and occupancy permits issued by independent building surveyors engaged on a job-by-job basis. All works were overseen by a registered building practitioner.

A register of building surveyors and the jobs they certified was maintained. Melbourne Polytechnic required all building practitioners engaged on its works to show evidence of current registration upon their engagement.

A condition of contracts between Melbourne Polytechnic and building contractors requires the maintenance of registration for the duration of the contract. All practitioners engaged by Melbourne Polytechnic maintained their registered status throughout the year.

During 2015 the following works and maintenance were undertaken to ensure conformity with the relevant standards.

Building works	Number
Work under construction and the subject of mandatory inspections	0
Certificate of final inspection/occupancy issued	2

COMPLIANCE WITH THE VICTORIAN INDUSTRY PARTICIPATION POLICY ACT 2003

Melbourne Polytechnic did not have any contracts to which VIPP applied.

COMPLIANCE WITH NATIONAL COMPETITION POLICY

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

INTERNATIONAL EDUCATION

REPUTATION

Melbourne Polytechnic has an established reputation and is a highly regarded Institute that operates ethically and responsibly in the international education environment. Through our continued high-level involvement in professional activity in the field and the regular stream of international institutions actively seeking partnerships with Melbourne Polytechnic we enhance our reputation and contribute to the wider Australian education sector. Melbourne Polytechnic continues to actively engage with Victorian TAFE International as the lead professional development body in the field.

GROWTH AND ACHIEVEMENTS

International student enrolment numbers were lower for both inbound students and those enrolled in our offshore partner programs but exchange rate changes and a higher proportion of Higher Education students onshore enabled us to grow revenue.

We were again recognised for our high level of support for International students and programs and Melbourne Polytechnic was named a finalist in the Victorian Government Award for Excellence in International Education – TAFE for 2015.

Melbourne Polytechnic successfully tendered for an aid project in Mongolia, which involves the provision of high-level advice to the Ministry of Labour and the delivery of a pilot twinning project in welding and construction in the South Gobi Desert region. In September 2015 a Melbourne Polytechnic study tour visited the partner college in Dalanzadgad for the opening ceremony of the twinning program.

Offshore enrolment numbers declined in 2015 but remain strong with over 5,000 students studying across 23 partner institutions. Changes to Chinese government policy aimed at limiting the number of approved joint programs continue to impact Melbourne Polytechnic's ability to develop new cooperative programs in that country.

The inbound market was stable with 367 equivalent full-time study load (EFTSL) international student enrolments in Higher Education programs in 2015, similar to 2014. VET enrolments declined with an average of 344 international student full-time enrolments in 2015.

INTERNATIONAL STUDENTS STUDYING IN AUSTRALIA

During 2015, Melbourne Polytechnic successfully recruited international students from 69 countries. Significant numbers of inbound students came from Pakistan, India, Vietnam, Colombia, the United Kingdom and Sri Lanka.

The spread of countries where students are successfully recruited helps mitigate the risk associated with over-reliance on a small number of countries from which to source international students.

INTERNATIONAL STUDENTS STUDYING OUTSIDE AUSTRALIA

Melbourne Polytechnic delivered programs outside Australia with 23 partner institutions. The majority of these students were studying through partner institutions in China and preceded their main study with English language training provided through Melbourne Polytechnic or other approved providers.

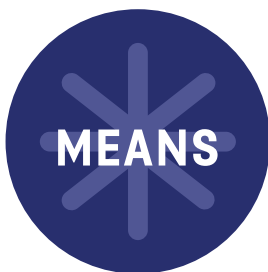
Programs in Korea and Hong Kong serve several hundred students and new programs are in the final stages of development in Malaysia.

There are two main areas of growth in China. One is cooperation with vocational high schools for the delivery of certificate courses and the other is specialist building and construction programs at diploma level.

The International Office has maintained and logged all agreements with foreign institutions to ensure that all ASQA VET Quality Framework requirements have been covered.

Melbourne Polytechnic continues to deliver staff development programs including training selected academic staff at partner institutions to enhance our capacity and ensure compliance.

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2015 FINANCIAL STATEMENTS

**MELBOURNE POLYTECHNIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board members, Melbourne Polytechnic

The Financial Report

I have audited the accompanying financial report for the year ended 31 December 2015 of the Melbourne Polytechnic which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Declaration by the Board Chair, Chief Executive Officer, and Chief Finance Officers.

The Board members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making 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.

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, I and my 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 Melbourne Polytechnic as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
23 March 2016



for Dr Peter Frost
Acting Auditor-General

DECLARATION

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER, 2015

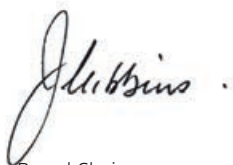
DECLARATION BY THE BOARD CHAIR CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2015 and financial position of the Institute as at 31 December 2015.

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

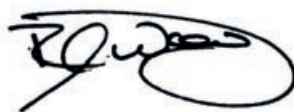
The Board Chair, Chief Executive Officer and Chief Finance Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Melbourne Polytechnic.



Board Chair
John Gibbins

Date: 23 February 2016

Place: Preston, Victoria



Chief Executive Officer
Robert Wood

Date: 23 February 2016

Place: Preston, Victoria



Chief Finance Officer
Claire Britchford

Date: 23 February 2016

Place: Preston, Victoria

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Continuing operations			
Income from transactions			
Government contributions - operating	2(a)(i)	59,033	48,008
Sale of goods and services	2(b)	76,218	70,067
Interest	2(c)	165	174
Other income	2(d)	4,172	3,264
Total income from transactions		139,588	121,513
Expenses from transactions			
Employee expenses	3(a)	82,372	93,227
Depreciation and amortisation	3(b)	6,016	6,481
Grants and other transfers	3(c)	-	5
Supplies and services	3(d)	23,128	18,895
Other operating expenses	3(e)	31,464	22,101
Total expenses from transactions		142,980	140,709
Net result from transactions (net operating balance)		(3,392)	(19,196)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	69	(1,097)
Other gains/(losses) from other economic flows	4(b)	(170)	(247)
Total other economic flows included in net result		(101)	(1,344)
Net result from continuing operations		(3,493)	(20,540)
Net result		(3,493)	(20,540)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	14(a)	17,926	15,689
Total other economic flows - other comprehensive income		17,926	15,689
Comprehensive result		14,433	(4,851)

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

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Assets			
Financial assets			
Cash and deposits	15(a)	25,599	12,256
Receivables	5	6,883	4,862
Total financial assets		32,482	17,118
Non-financial assets			
Inventories	6	137	183
Non-financial assets classified as held-for-sale including disposal group assets	7(a)	1,075	1,075
Property, plant and equipment	8	296,924	285,366
Biological assets	9	283	2,153
Other non-financial assets	10	1,130	1,397
Total non-financial assets		299,549	290,174
Total assets		332,031	307,292
Liabilities			
Payables	11	18,058	15,901
Provisions	12	15,544	15,395
Borrowings	13	11,000	3,000
Total liabilities		44,602	34,296
Net assets		287,429	272,996
Equity			
Accumulated surplus/(deficit)		42,908	46,401
Physical asset revaluation surplus	14(a)	212,840	194,914
Contributed capital		31,681	31,681
Net worth		287,429	272,996
Commitments for expenditure	16		
Contingent assets and contingent liabilities	17		

The balance sheet should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Physical asset revaluation surplus \$'000	Accumulated surplus \$'000	Contributions by owner \$'000	Total \$'000
At 1 January 2014		179,225	66,941	31,681	277,847
Net result for the year		-	(20,540)	-	(20,540)
Other comprehensive income for the year		15,689	-	-	15,689
Year ended 31 December 2014		194,914	46,401	31,681	272,996
Net result for the year		-	(3,493)	-	(3,493)
Other comprehensive income for the year		17,926	-	-	17,926
Year ended 31 December 2015		212,840	42,908	31,681	287,429

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts			
Government contributions - operating	2(a)(i)	59,033	70,854
User fees and charges received		83,512	57,694
Interest received		164	165
Other receipts		369	48
Total receipts		143,078	128,761
Payments			
Payments to suppliers and employees		(136,068)	(132,694)
Goods and services tax paid to the ATO		(1,357)	(2,702)
Other payments		(292)	(299)
Total payments		(137,717)	(135,695)
Net cash flows from/(used in) operating activities	15(c)	5,361	(6,934)
Cash flows from investing activities			
Purchases of non-financial assets		(220)	(1,520)
Proceeds from sales of non-financial assets		202	160
Payments for biological assets		-	(10)
Net cash provided by/(used in) investing activities		(18)	(1,370)
Cash flows from financing activities			
Proceeds from borrowings		8,000	3,000
Net cash flows from/(used in) financing activities		8,000	3,000
Net increase/(decrease) in cash and cash equivalents		13,343	(5,304)
Cash and cash equivalents at the beginning of the financial year		12,256	17,560
Cash and cash equivalents at the end of the financial year	15(a)	25,599	12,256

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

TABLE OF CONTENTS

NOTE	ACCOMPANYING NOTE
1	Statement of significant accounting policies
2	Income from transactions
3	Expenses from transactions
4	Other economic flows included in net result
5	Receivables
6	Inventories
7	Non-financial physical assets classified as held-for-sale
8	Property, plant and equipment
9	Biological assets
10	Other non-financial assets
11	Payables
12	Provisions
13	Borrowings
14	Reserves
15	Cash flow information
16	Commitments for expenditure
17	Contingent assets and contingent liabilities
18	Leases
19	Superannuation
20	Financial instruments
21	Responsible persons and executive officers
22	Related Parties
23	Ex-gratia expenses
24	Remuneration of auditors
25	Subsequent events
26	Economic dependency
27	Institute details

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Melbourne Polytechnic for the year ended 31 December 2015.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented for the year ended 31 December 2014.

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

1.01 STATEMENT OF COMPLIANCE

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

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

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

1.02 BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

Going Concern

The financial report of Melbourne Polytechnic has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Other Matters

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

These financial statements are presented in Australian dollars, the functional and presentation currency of Melbourne Polytechnic, and have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

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

- ▶ Available-for-sale investments which are measured at fair value with movements reflected in 'other economic flows - other comprehensive income'.

The financial statements were authorised for issue by the Board of Directors on 23 February 2016.

Critical accounting judgement and key sources of estimation uncertainty

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

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- ▶ the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1.13);
- ▶ superannuation expense (refer to Note 1.08); and
- ▶ actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1.14).

Fair value measurement

Consistent with AASB 13 Fair Value Measurement, Melbourne Polytechnic determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, biological assets and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held-for-sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For the purpose of fair value disclosures, Melbourne Polytechnic has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Melbourne Polytechnic determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria (VGV) is Melbourne Polytechnic's independent valuation agency.

Melbourne Polytechnic, in conjunction with VGV monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Fair value assessments have been performed at 31 December 2015 for Melbourne Polytechnic's land and buildings by applying the Valuer General cumulative land and building indexation factors for the calendar years 1 January 2013 to 31 December 2015. The assessment demonstrated that the fair value of the buildings was materially similar to the carrying value of the buildings, and therefore a full revaluation was not required for Melbourne Polytechnic's buildings. The assessment demonstrated that the fair value of land had increased by more than 10% but less than 40%. Under Financial Reporting Direction (FRD) 103F Non-Financial Physical Assets (June 2015) such a movement requires a managerial revaluation which resulted in an increase for land of \$17.9 million. The next formal valuation of land and buildings will be required in 2017.

1.03 REPORTING ENTITY

The financial statements cover Melbourne Polytechnic as an individual reporting entity. The Institute is a statutory body corporate, established pursuant to an act made by the Victorian Government under the *Education and Training Reform Act 2006*.

Its principal address is:
77 St Georges Road
Preston VIC 3072

The financial statements include all the controlled activities of the entity.

1.04 BASIS OF CONSOLIDATION

In accordance with AASB 10 Consolidated Financial Statements the consolidated financial statements of Melbourne Polytechnic incorporates assets and liabilities of all reporting entities that it controlled as at 31 December 2015, and their income and expenses for that part of the reporting period in which control existed.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements for the Department, all material transactions and balances between consolidated entities are eliminated.

Melbourne Polytechnic had no controlled entities as at 31 December 2015.

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Melbourne Polytechnic.

1.05 EVENTS AFTER REPORTING DATE

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Melbourne Polytechnic and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and are considered to be of material interest.

1.06 GOODS AND SERVICES TAX (GST)

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

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

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

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

1.07 INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the Institute's major activities as follows:

Government contributions

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

Sale of goods and services

(i) Student fees and charges

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

(ii) Fee for service

Fee for service revenue is recognised by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal

nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as Revenue in Advance.

(iii) Revenue from sale of goods

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

- (a) the significant risks and rewards of ownership of the goods have transferred to the buyer;
- (b) the Institute 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 Melbourne Polytechnic; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

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

Other income

Rental income

Rental income is recognised on a time proportional basis and is brought to account when the Institute'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 received as a donation.

1.08 EXPENSES FROM TRANSACTIONS

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

Employee benefits

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

Retirement benefit obligations

(i) Defined contribution plan

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

(ii) Defined benefit plans

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

Melbourne Polytechnic does not recognise any deferred liability in respect of the plan(s) because the Institute 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 (DTF) recognises and discloses on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans.

Depreciation and amortisation

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

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

Class of asset	Method	Rate(s)
Buildings	Straight Line	2% to 4%
Plant & equipment	Straight Line	5% to 20%
Motor vehicles	Straight Line	8% to 25%
Library collections	Straight Line	20%
Major components - buildings	Straight Line	5% to 10%

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

Land, earthworks, land under declared roads, and core cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Interest Expense

Interest expense is recognised in the period in which it is incurred.

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

Grants and other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such

as: grants, subsidies, personal benefit payments made in cash to individuals; other transfer payments made to State-owned agencies, local government, non-government schools, and community groups.

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

Resources provided free of charge or for nominal consideration are recognised at their fair value when Melbourne Polytechnic obtains control over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. 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 received as a donation.

1.09 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

Net gain/(loss) on non-financial assets

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

Disposal of non-financial assets

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

Gain/(loss) arising from fair value changes of biological assets

Biological assets are measured at fair value, and the resultant gain/(loss) is reported as an other economic flow.

Impairment of non-financial assets

Assets are assessed annually for indications of impairment (i.e. as to whether their carrying value exceeds their recoverable amount and so require write downs), except for:

- ▶ inventories (refer to Note 1.13);
- ▶ financial assets (refer to Note 1.11);
- ▶ certain biological assets related to agricultural activity (refer to Note 1.13); and
- ▶ non-current assets held-for-sale (refer to Note 1.13).

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

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

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

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

Net gain/(loss) on financial instruments

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

Revaluations of financial instruments at fair value

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

Impairment of financial assets

Financial assets have been assessed for impairment in accordance with Australian Accounting 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 INSTRUMENTS

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

Categories of non-derivative financial instruments

Loans and receivables

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

Loans and receivables category includes cash and deposits (refer to Note 1.11), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of Melbourne Polytechnic's contractual payables and advances received other than those designated at fair value through profit or loss.

1.11 FINANCIAL ASSETS

Cash and deposits

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

Receivables

Receivables consist of:

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

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

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

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

Investments and other financial assets

Investments are classified in the following categories:

- ▶ financial assets at fair value through profit or loss;
- ▶ loans and receivables;
- ▶ held to maturity investments; and
- ▶ available-for-sale financial assets.

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

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

Derecognition of financial assets

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

- ▶ the rights to receive cash flows from the asset have expired; or
- ▶ Melbourne Polytechnic retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- ▶ Melbourne Polytechnic has transferred its rights to receive cash flows from the asset and either:
 - ▶ (a) has transferred substantially all the risks and rewards of the asset, or
 - ▶ (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

At the end of each reporting period, Melbourne Polytechnic assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

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

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

1.12 LEASES

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

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

Operating leases

Melbourne Polytechnic as lessor

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

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

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

Melbourne Polytechnic as lessee

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

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

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

1.13 NON-FINANCIAL ASSETS

Inventories

Inventories include goods and other property held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations. It includes land held-for-sale and excludes depreciable assets.

Inventories held-for-distribution are measured at cost and adjusted for any loss of service potential. All other inventories, including land held-for-sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to a land held-for-sale (undeveloped, under development, developed) and to other high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

The basis used in assessing loss of service potential for inventories held-for-distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Non-financial physical assets classified as held-for-sale, including disposal group assets

Non-financial physical assets (including disposal group assets) are treated as current and classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- ▶ the asset is available for immediate use in the current condition; and
- ▶ the sale is highly probable and the asset's sale is expected to be completed within twelve months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell and are not subject to depreciation or amortisation.

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

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

Non-financial physical assets such as national parks, other Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

The fair value of cultural assets and collections, heritage assets and other non-financial physical assets that the State intends to preserve because of their unique historical, cultural or environmental attributes, is measured at the replacement cost of the asset less, where applicable, accumulated depreciation (calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset) and any accumulated impairment. These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

The fair value of infrastructure systems and plant, equipment and vehicles is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for-profit entity, the fair value may be derived from estimates of the present value of future cash flows. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

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

For the accounting policy on impairment of non-financial physical assets, refer to Note 1.09 on Impairment of non-financial assets.

Library collections

Library collections are measured at cost less accumulated depreciation.

Leasehold improvements

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

Restrictive nature of cultural and heritage assets, Crown land and infrastructure

During the reporting period, the Institute holds cultural assets, heritage assets, and other non-financial physical assets (including Crown land and infrastructure assets) that the Institute intends to preserve because of their unique historical, cultural or environmental attributes.

In general, the fair value of those assets is measured at the depreciated replacement cost. However, the cost of some heritage and iconic assets may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials. In addition, as there are limitations and restrictions imposed on those assets' use and/or disposal, they may impact the fair value of those assets, and should be taken into account when the fair value is determined.

Revaluations of non-financial physical assets

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation 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. Independent valuers are generally used to conduct these scheduled revaluations. 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.

Biological Assets

Bloodstock horses

Bloodstock horses used for breeding purposes are measured at fair value based on an independent valuation undertaken as at 31 December 2014.

Vineyard

Land under vine is measured at fair value and stated at valuations conducted at 31 December 2012 by the Valuer General Victoria and assessed against indexation movements for subsequent years.

Vines are measured at fair value.

An increase or decrease in the fair value of these biological assets is recognised in the consolidated comprehensive operating statement as other economic flow.

Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

1.14 LIABILITIES

Payables consist of:

- ▶ contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to Melbourne Polytechnic prior to the end of the financial year that are unpaid, and arise when Melbourne Polytechnic becomes obliged to make future payments in respect of the purchase of those goods and services; and
- ▶ statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Provisions

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

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

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are all recognised in the provision for employee benefits as 'current liabilities' because the Institute does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- ▶ undiscounted value - if the Institute expects to wholly settle within 12 months; or
- ▶ present value - if the Institute does not expect to wholly settle within 12 months.

(ii) Long service leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where Melbourne Polytechnic does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

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

Discount and wage inflation rates advised by the Minister of Finance (Department of Treasury) have been applied in the calculation of LSL provisions.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow.

(iii) Termination benefits

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

Employee benefits on-costs

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

Performance Payments

Performance payments for Melbourne Polytechnic's Executive Officers are based on a percentage of the annual salary package provided under the contract of employment. Generally, a liability is provided for under the term of the contracts at reporting date and paid out in the next financial year. There are no performance payments provided for in these financials for the period ending 31 December 2015 (2014 - nil).

Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition is at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the borrowing. Melbourne Polytechnic determines the classification of its borrowing at initial recognition.

Derecognition of financial liabilities

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

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

1.15 COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

1.16 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

1.17 EQUITY

Contributed capital

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

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distribution to owners.

1.18 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. Melbourne Polytechnic's financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

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

transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign currency translation differences are recognised in other economic flows and accumulated in a separate component of equity, in the period in which they arise.

1.19 MATERIALITY

In accordance with Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Error, when an Australian Accounting Standard specifically applies to a transaction, other event or condition, the accounting policies applied to that item shall be determined by applying the Standard, unless the effect of applying them is immaterial.

Accounting policies will be considered material if their omission or misstatement could, either individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

1.20 ROUNDING OF AMOUNTS

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

1.21 COMPARATIVE INFORMATION

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

1.22 CHANGE IN ACCOUNTING POLICY

Subsequent to the 2014 reporting period, there has been no change in accounting policy for the financial year ended 31 December 2015.

1.23 NEW AND REVISED AASBs IN ISSUE BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period.

As at 31 December 2015 the following standards and interpretations had been issued but were not mandatory for the financial year ending 31 December 2015. Melbourne Polytechnic has not, and does not intend to, adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 14 Regulatory Deferral Accounts [#]	AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP.	1-Jan-16	The assessment has indicated that there is no expected impact, as those that conduct rate-regulated activities have already adopted Australian Accounting Standards.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-17 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licences that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 1056 Superannuation Entities [#]	AASB 1056 replaces AAS 25 Financial Reporting by Superannuation Plans. The standard was developed in light of changes in recent years, developments in the superannuation industry and Australia's adoption of IFRS. Some of the key changes in AASB 1056 are: <ul style="list-style-type: none"> ▶ the level of integration between AASB 1056 and other AASB standards ▶ a revised definition of a superannuation entity ▶ revised and consistent content for the financial statements ▶ use of fair value rather than net market value for measuring assets and liabilities ▶ revised member liability recognition and measurement requirements ▶ revised disclosure principles. 	1-Jul-16	The assessment has indicated that there will be no impact on the entity, as the Accounting Standard only affects superannuation entities' own reporting.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
<p>AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]</p>	<p>Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to:</p> <ul style="list-style-type: none"> ▶ establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; ▶ prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1-Jan-16	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
<p>AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</p>	<p>Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p>	1-Jan-16	The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
<p>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]</p>	<p>AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The amendments require that:</p> <ul style="list-style-type: none"> ▶ a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and ▶ a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. 	1-Jan-16	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are provided for guidance only.
<p>AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]</p>	<p>The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.</p>	1-Jan-16	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2015 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2015 reporting period and is considered to have insignificant impacts on public sector reporting.

- ▶ AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- ▶ AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.
- ▶ AASB 2014-1 Amendments to Australian Accounting Standards [PART D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts only].#
- ▶ AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11].
- ▶ AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.
- ▶ AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 and AASB 141].
- ▶ AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).
- ▶ AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 and 2010)].
- ▶ AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 and AASB 1049].
- ▶ AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.
- ▶ AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent [AASB 127, AASB 128].#
- ▶ AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12, AASB 128].#

Note: # This Standard or Amendment may not be relevant to Victorian not-for-profit entities when operative.

NOTE 2 INCOME FROM TRANSACTIONS

	2015	2014
2 Income from transactions	\$'000	\$'000
(a) Grants and other transfers (other than contributions by owners)		
(i) Government contributions - operating		
State Government - contestable	29,220	34,354
Other contributions by State Government	29,813	13,654
Total government contributions - operating	59,033	48,008
Total government contributions	59,033	48,008
(b) Sales of goods and services		
Student fees and charges	17,843	16,505
Rendering of services		
Fee for service - Government	19,100	21,085
Fee for service - International operations - onshore	9,713	5,335
Fee for service - International operations - offshore	5,124	4,870
Fee for service - other	22,362	19,917
Total rendering of services	56,299	51,207
Other non-course fees and charges		
Sale of goods	2,076	2,355
Total other fees and charges	2,076	2,355
Total revenue from sale of goods and services	76,218	70,067
(c) Interest		
Interest from financial assets not at fair value through P/L:		
Interest on bank deposits	165	174
Total interest from financial assets not at fair value through P/L	165	174
Net interest income	165	174
(d) Other income		
Rental income:		
Rent	1,201	760
Total rental income	1,201	760
Accommodation income	1,538	1,452
Donations, bequests and contributions	89	118
Childcare income	76	68
Other revenue	1,268	866
Total other income	4,172	3,264

NOTE 3 EXPENSES FROM TRANSACTIONS

	2015	2014
3 Expenses from transactions	\$'000	\$'000
(a) Employee expenses		
Salaries, wages, overtime and allowances	68,946	78,886
Superannuation	6,248	6,894
Payroll tax	3,608	4,061
Long service leave	683	(1,399)
Annual leave	(659)	(394)
Termination benefits	2,812	4,422
Other	734	757
Total employee expenses	82,372	93,227
(b) Depreciation and amortisation		
Depreciation of non-current assets		
Buildings	4,070	3,769
Plant and equipment	1,552	2,006
Motor vehicles	209	303
Library collections	185	163
Total depreciation	6,016	6,241
Amortisation of non-current physical and intangible assets		
Leasehold improvements	-	240
Total amortisation	-	240
Total depreciation and amortisation	6,016	6,481
(c) Grants and other transfers (other than contributions by owners)		
Grants and subsidies apprentices and trainees	-	5
Total grants and other transfers	-	5
(d) Supplies and services		
Purchase of supplies and consumables	3,439	4,048
Communication expenses	692	768
Contract and other services	4,992	4,571
Cost of goods sold/distributed (ancillary trading)	3,433	3,354
Building repairs and maintenance	3,817	2,433
Fees and charges	6,755	3,778
Total supplies and services	23,128	18,952
(e) Other operating expenses		
General expenses		
Marketing and promotional expenses	2,140	2,424
Audit fees and services	44	43
Staff development	248	164
Travel and motor vehicle expenses	1,162	1,225
Consortium disbursements	6,060	7,321
Utilities	2,548	2,340
Third party payments	6,315	-
Foreign currency translation losses	14	40
Computer software and hardware expenses	4,776	237
Insurance expenses	484	16
Livestock expenses	893	515
Other expenses	3,051	4,554
Total other expenses	27,735	18,879
Operating lease rental expenses		
Lease payments	2,442	2,084
Total operating lease rental expenses	2,442	2,084
Subtotal	30,177	20,963
Equipment below capitalisation threshold	1,287	1,081
Total other operating expenses	31,464	22,044

NOTE 4 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2015	2014
	\$'000	\$'000
4 Other economic flows included in net result		
(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)		
Impairment of biological assets	-	(1,155)
Net gain/(loss) on disposal of property plant and equipment	69	58
Total net gain/(loss) on non-financial assets	69	(1,097)
(b) Other gains/(losses) from other economic flows		
Bad debts	(314)	(247)
Net gain/(loss) arising from revaluation of long service leave liability ¹	144	-
Total other gains/(losses) from other economic flows	(170)	(247)

¹ Revaluation gain/(loss) due to changes in bond rates.

NOTE 5 RECEIVABLES

	2015	2014
	\$'000	\$'000
5 Receivables		
Current receivables		
Contractual		
Sale of goods and services ¹	2,422	2,065
Provision for doubtful contractual receivables (See also Note 5(a) below)	(501)	(273)
Revenue receivable	4,790	3,021
Total contractual	6,711	4,813
Statutory		
Amounts owing from Victorian Government	-	49
GST receivable	172	-
Total statutory	172	49
Total current receivables	6,883	4,862
Total receivables	6,883	4,862

¹ The average credit period on sales of goods is 30 days. No interest is charged on overdue accounts. A provision has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. The \$501,635 reduction was recognised in the operating result for the current financial year.

	2015	2014
	\$'000	\$'000
(a) Movement in the provision for doubtful contractual receivables		
Balance at beginning of the year	273	54
Reversal of unused provision recognised in the net result	(216)	(54)
Increase in provision recognised in the net result	501	285
Reversal of provision of receivables written off during the year as uncollectable	(57)	(12)
Balance at end of the year	501	273

(b) Ageing analysis of contractual receivables

Please refer to Note 20(ii) for the ageing analysis of contractual receivables.

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

Please refer to Note 20(ii) for the nature and extent of credit risk arising from contractual receivables.

NOTE 6 INVENTORIES

	2015	2014
	\$'000	\$'000
6 Inventories		
Current		
List type of inventories held		
Printroom supplies	11	13
Hairdressing and beauty products	27	37
Hospitality supplies	47	36
Inventories held-for-sale:		
Nursery	28	32
Bookshop	24	65
Total current inventories	137	183

NOTE 7 NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD-FOR-SALE INCLUDING DISPOSAL GROUP AND DIRECTLY ASSOCIATED LIABILITIES

	2015	2014
	\$'000	\$'000
7 Non-financial physical assets including disposal group assets classified as held-for-sale¹		
(a) Non-current assets:		
Freehold land held-for-sale	945	945
Buildings	130	130
Total non-financial physical assets classified as held-for-sale	1,075	1,075

(b) Fair value measurement of non-financial physical assets held-for-sale

The following table provides the fair value measurement hierarchy of the Institute's non-financial physical assets held for sale.

	Carrying amount as at 31 Dec 2015	Fair value hierarchy Level 3 Unobservable Inputs
	\$'000	\$'000
Freehold land held for sale	945	945
Buildings	130	130
Total	1,075	1,075

¹ Melbourne Polytechnic deemed two properties for sale as at 31 December 2015.

91 St Georges Road is currently leased as residential property, awaiting re-zoning and will be put to public auction upon finalisation of re-zoning. Therefore, no buyer exists. Disposal is expected to take place in 2016.

Bedford Street is currently vacant. Disposal is expected to take place in early 2016.

Freehold land held for sale is reported at the lower of carrying amount or fair value less costs to sell. Refer to Note 8 (Property, plant and equipment) for the valuation technique applied to non-specialised land.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

	Land at fair value ¹	Buildings ¹	Assets under construction	Plant and equipment	Motor vehicles	Leasehold improvements	Library collections	Total
(a) Property, plant and equipment	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2014								
Cost	-	21,728	558	-	-	-	-	22,286
Valuation	81,229	157,981	-	22,847	2,790	479	4,744	270,070
Accumulated depreciation	-	(4,693)	-	(16,104)	(1,784)	(239)	(4,311)	(27,131)
Net book amount	81,229	175,016	558	6,743	1,006	240	433	265,225
Year ended 31 December 2014								
Opening net book amount	81,229	175,016	558	6,743	1,006	240	433	265,225
Additions	-	566	-	751	159	-	75	1,551
Disposals/write-offs	-	-	-	(2)	(141)	-	-	(143)
Net revaluation increments/decrements	1,272	14,602	-	-	-	-	-	15,874
Transfer from/(to) assets classified as held-for-sale	8,044	1,296	-	-	-	-	-	9,340
Depreciation ²	-	(3,769)	-	(2,006)	(303)	(240)	(163)	(6,481)
Transfer into/(out of) assets under construction	-	558	(558)	-	-	-	-	-
Closing net book amount	90,545	188,269	-	5,486	721	-	345	285,366
At 31 December 2014								
Cost	-	-	-	23,464	2,539	479	4,819	31,301
Valuation	90,545	196,725	-	-	-	-	-	287,270
Accumulated depreciation	-	(8,456)	-	(17,978)	(1,818)	(479)	(4,474)	(33,205)
Net book amount	90,545	188,269	-	5,486	721	-	345	285,366
Year ended 31 December 2015								
Opening net book amount	90,545	188,269	-	5,486	721	-	345	285,366
Additions	-	-	-	86	98	-	33	217
Disposals/write-offs	-	(119)	-	(316)	(134)	-	-	(569)
Net revaluation increments/decrements	17,926	-	-	-	-	-	-	17,926
Depreciation ²	-	(4,070)	-	(1,552)	(209)	-	(185)	(6,016)
Closing net book amount	108,471	184,080	-	3,704	476	-	193	296,924
At 31 December 2015								
Cost	-	2,026	-	22,802	2,274	-	4,852	31,954
Valuation	108,471	194,580	-	-	-	-	-	303,051
Accumulated depreciation	-	(12,526)	-	(19,098)	(1,798)	-	(4,659)	(38,081)
Net book value at the end of the financial year	108,471	184,080	-	3,704	476	-	193	296,924

Notes

¹ Fair value assessments have been performed at 31 December 2015 for Melbourne Polytechnic's land and buildings by applying the Valuer General land and building cumulative indexation factors for the calendar years 1 January 2013 to 31 December 2015. The assessment demonstrated that fair value for buildings was materially similar to carrying value and had increased by 4.38% (\$8,522,843) from 31 December 2012. Therefore a full revaluation of all campus buildings was not required. The fair value of Melbourne Polytechnic's land increased by 19.59% (\$17,926,416) from 31 December 2012. Therefore management revalued land to its fair value using the Valuer General's cumulative land indexation factors for the calendar years 1 January 2013 to 31 December 2015. The next formal valuation of land and buildings will be required in 2017.

² The useful lives of assets as stated in Note 1 are used in the calculation of depreciation as shown in Note 3(b).

Restricted assets

The Institute holds \$37,290,000 worth of properties listed as heritage assets. These heritage assets cannot be modified or disposed of without Ministerial approval.

(b) Fair value measurement hierarchy for assets as at 31 December 2015	Carrying amount as at 31 Dec 2015 \$'000	Fair value hierarchy		
		Level 1 Quoted prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000
Land at fair value:				
Specialised land	108,471	-	-	108,471
Total of land at fair value	108,471	-	-	108,471
Buildings at fair value:				
Specialised buildings	146,790	-	-	146,790
Heritage assets	37,290	-	-	37,290
Total of buildings at fair value	184,080	-	-	184,080
Plant, equipment and vehicles at fair value:				
Vehicles	476	-	-	476
Plant and equipment	3,704	-	-	3,704
Total of plant, equipment and vehicles at fair value	4,180	-	-	4,180
Cultural assets at fair value:	193	-	-	193
Library collections				
Total of Cultural assets at fair value	193	-	-	193
Total assets at fair value	296,924			296,924

Classified in accordance with the fair value hierarchy, see Note 1.

There were no transfers between Levels during the year.

Specialised land and specialised buildings

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that it is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For Melbourne Polytechnic's majority of specialised buildings, the depreciated replacement cost method is used. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the Institute's specialised land and specialised buildings was performed by the Valuer General Victoria.

The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 31 December 2012.

Heritage assets

Heritage assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/ component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes also factors in any heritage classifications as applicable.

An independent valuation of Melbourne Polytechnic's heritage assets was performed by the Valuer General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 31 December 2012.

Vehicles

Vehicles are valued using the depreciated replacement cost method. The Institute acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by Melbourne Polytechnic who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 31 December 2015.

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

(c) Reconciliation of Level 3 fair value as at 31 December 2015	Specialised land \$'000	Specialised buildings \$'000	Heritage assets \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Library collections \$'000
Opening balance	90,545	150,979	37,290	5,486	721	345
Purchases (sales)	-	-	-	86	98	33
Gains or losses recognised in net result	-	-	-	(152)	(134)	-
Depreciations	-	(4,070)	-	(1,552)	(209)	(185)
Impairment loss	-	(119)	-	(164)	-	-
Subtotal	90,545	146,790	37,290	3,704	476	193
Revaluation	17,926	-	-	-	-	-
Closing balance	108,471	146,790	37,290	3,704	476	193

(d) Description of significant unobservable inputs to Level 3 valuations	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
Specialised buildings	Depreciated replacement cost	Useful life of specialised buildings	20-100 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Heritage assets	Depreciated replacement cost	Useful life of heritage buildings	40-100 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Useful life plant and equipment	5-10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Motor vehicles	Depreciated replacement cost	Useful life of vehicles	4-12.5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Library collections	Depreciated replacement cost	Useful life of library books	5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

NOTE 9 BIOLOGICAL ASSETS

	2015	2014
(a) Plants and animals	Qty	Qty
Vineyard production (tonnes harvested)	23	34
Horses (by headcount)	21	65
Bulls (by headcount)	4	6
Cattle (by headcount)	229	357
Sheep (by headcount)	120	122

	2015	2014
(b) Reconciliation of carrying amount	\$'000	\$'000
Movement in carrying amounts of aged vines:		
Carrying amount at beginning of period	227	227
Carrying amount at end of period	227	227
Movement in carrying amounts of animals:		
Carrying amount at beginning of period	1,926	2,760
Increases due to births	5	9
Increases due to donations	-	1
Increases due to purchases	-	10
Decreases attributable to deaths	(5)	(6)
Decreases due to sales	(1,865)	(535)
Other	(5)	(313)
Carrying amount at end of period	56	1,926
Total biological assets	283	2,153

(c) Nature of activities

Melbourne Polytechnic is involved in grape production and management of vineyards for educational purposes. The institute also maintains various categories of animals (livestock and bloodstock) for educational purposes.

Melbourne Polytechnic utilises the above facilities and resources in order to deliver educational programs related to equine, aquaculture and agriculture.

(d) Financial risk management strategies

Melbourne Polytechnic is exposed to financial risks in respect of its biological activities, in particular, grape production and bloodstock horses. The primary financial risk in relation to grape production occurs due to the volatile climatic conditions that can affect production levels from year to year. Exposure to financial risk also emerges due to weak wine turnover throughout the year. In terms of bloodstock horses, diminishing market value due to ageing stock poses a financial risk for the Institute. Melbourne Polytechnic manages these risks by actively reviewing and managing the working capital requirements of these activities.

	Level 3 Unobservable inputs \$'000
(e) Fair value measurement hierarchy for assets as at 31 December 2015	
Land under vine	227
Animals	56

There were no transfers between Levels during the year.

There were no changes in valuation techniques throughout the period to 31 December 2015.

Land under vine

Land under vine is measured at fair value and stated at valuations conducted at 31 December 2012 by the Valuer General Victoria and assessed against indexation annually based on Valuer General indexation movements for subsequent years.

Animals

The bloodstock assets are measured at fair value less costs to sell, with any changes recognised in the comprehensive operating statement - other economic flows. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs. Melbourne Polytechnic's horses have been independently valued by Woodside Park Stud as at 31 December 2014.

The fair value of a biological asset is based on its present location and condition. If an active market exists for a biological asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where access exists to different markets then the most relevant market is referenced.

To ascertain the 'fair market value' of each individual animal, the following criteria/aspects are utilised:

- ▶ initial purchase price
- ▶ age of each animal
- ▶ pedigree
- ▶ production history
- ▶ market value trends
- ▶ current confirmation of the animal and physical type
- ▶ progeny sales and demand.

NOTE 10 OTHER NON-FINANCIAL ASSETS

	2015	2014
	\$'000	\$'000
10 Current other non-financial assets		
Prepayments	1,130	1,397
Total other non-financial assets	1,130	1,397

NOTE 11 PAYABLES

	2015	2014
	\$'000	\$'000
11 Payables		
Current		
Contractual		
Supplies and services	12,581	10,198
Revenue in Advance	5,402	5,601
	17,983	15,799
Statutory		
GST payable	-	26
FBT payable	75	76
Total current payables	18,058	15,901
Total payables	18,058	15,901

The average credit period is 30 days. No interest is charged on payables.

(a) Maturity analysis of contractual payables

Please refer to Note 20(iii) for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 20(iii) for the nature and extent of risks arising from contractual payables.

NOTE 12 PROVISIONS

	2015	2014
	\$'000	\$'000
12 Provisions		
Current provisions¹		
Employee benefits (Note 12(a))		
Annual leave (Note 12(a)):		
Unconditional and expected to wholly settle within 12 months	2,211	2,748
Unconditional and expected to wholly settle after 12 months	1,131	1,356
Long service leave (Note 12(a)):		
Unconditional and expected to wholly settle within 12 months	1,635	369
Unconditional and expected to wholly settle after 12 months	6,821	7,750
	11,798	12,223
Provisions for on-costs (Note 12(a) and Note 12(b)):		
Unconditional and expected to wholly settle within 12 months	806	470
Unconditional and expected to wholly settle after 12 months	1,232	1,370
	2,038	1,840
Onerous lease contracts (Note 12(b)) ²	268	-
Total current provisions	14,104	14,063
Non-current³		
Employee benefits (Note 12(a))	1,245	1,158
On-costs (Note 12(a) and Note 12(b))	195	174
Total non-current provisions	1,440	1,332
Total provisions	15,544	15,395

	2015	2014
	\$'000	\$'000
(a) Employee benefits and on-costs		
Current employee benefits		
Annual leave	3,342	4,104
Long service leave	8,456	8,119
	11,798	12,223
Non-current employee benefits		
Long service leave	1,245	1,158
Total employee benefits	13,043	13,381
Current on-costs	2,038	1,840
Non-current on-costs	195	174
Total on-costs	2,233	2,014
Total employee benefits and on-costs	15,276	15,395

	On-costs	Onerous lease contracts	Total
	2015	2015	2015
(b) Movement in provisions			
Opening balance	2,014	-	2,014
Additional provisions recognised	219	268	487
Amounts used	-	-	-
Closing balance	2,233	268	2,501

¹ Employee benefit provisions are reported as current liabilities where Melbourne Polytechnic does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision includes both short-term benefits that are measured at nominal values and long-term benefits that are measured at present values.

² The provision for onerous lease contracts is in relation to a rental agreement for equipment that is no longer being used by Melbourne Polytechnic. The provision represents the estimated 'buy-out' costs associated with the non-cancellable rental agreement. The 'buy-out' would enable Melbourne Polytechnic to purchase the equipment and sell it to a third party. Therefore, the provision takes into consideration the estimated sale proceeds that would be obtained.

³ Employee benefit provisions that are reported as non-current liabilities also include long-term benefits that do not qualify for recognition as a current liability, and are measured at present values.

NOTE 13 BORROWINGS

	2015	2014
13 Borrowings	\$'000	\$'000
Non-current		
Advances from government ¹	11,000	3,000
Total non-current borrowings	11,000	3,000
Total borrowings	11,000	3,000

¹ At the commencement of 2014, the Department of Education and Training (previously the Department of Education and Early Childhood Development) provided a \$16 million interest-free unsecured loan facility to support Melbourne Polytechnic's short-term solvency. The loan is repayable by January 2018.

(a) Maturity analysis of borrowings

Refer to Note 20(iii) for the maturity analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Refer to Note 20(iii) for the nature and extent of risks arising from borrowings.(c) Default and breaches

(c) Default and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

NOTE 14 RESERVES

	2015	2014
14 Reserves	\$'000	\$'000
(a) Physical asset revaluation surplus:¹		
Balance at 1 January	194,914	179,225
Revaluation increments/(decrements)	17,926	15,689
Balance at 31 December	212,840	194,914
Net changes in reserves	212,840	194,914

¹ The physical assets revaluation surplus arises on the revaluation of land and buildings. As at 31 December 2014 land and buildings for Melbourne Polytechnic's Greensborough campus and specific held for sale assets were revalued by the Valuer General Victoria. Refer to Notes 7 and 8.

NOTE 15 CASH FLOW INFORMATION

	2015	2014
15 Cash flow information	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Total cash and deposits disclosed in the balance sheet	25,599	12,256
Balance as per cash flow statement	25,599	12,256

(b) Financing facilities

In 2014 Melbourne Polytechnic arranged an interest-free finance facility with the Department of Education and Training for \$16 million. An undrawn balance of \$5 million remains as a line of credit. Refer to Note 13.

	2015	2014
(c) Reconciliation of net result for the period	\$'000	\$'000
Net result for the year	(3,493)	(20,540)
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	(69)	(58)
Depreciation and amortisation of non-current assets	6,016	6,481
Impairment of non-current assets	-	1,155
Movements in assets and liabilities		
Decrease/(increase) in trade receivables	(1,582)	1,112
Decrease/(increase) in inventories	46	6
Decrease/(increase) in biological assets	1,870	816
Decrease/(increase) in other assets	267	(286)
Increase/(decrease) in payables	2,157	6,173
Increase/(decrease) in provisions	149	(1,793)
Net cash flows from/(used in) operating activities	5,361	(6,934)

NOTE 16 COMMITMENTS FOR EXPENDITURE

	2015	2014
16 Commitments for expenditure	\$'000	\$'000
(a) Capital expenditure commitments payable		
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Property, Plant and Equipment		
Payable:		
Within one year	-	398
Later than one year but not later than five years	-	-
Later than five years	-	-
Total Property, Plant and Equipment	-	398
Total Commitments Property, Plant and Equipment	-	398
Total capital expenditure commitments	-	398
(b) Non-cancellable operating lease commitments payable¹		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	2,547	1,868
Later than one year but not later than five years	2,025	1,926
Later than five years	-	-
Total minimum lease payments in relation to non-cancellable operating leases	4,572	3,794
Total Commitments Non-cancellable Operating Leases	4,572	3,794
(c) Other expenditure commitments		
Commitments for Contract Cleaning in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	-	645
Later than one year but not later than five years	-	-
Later than five years	-	-
Total other expenditure commitments	-	645
GST reclaimable on the above	-	(65)
Net commitments other expenditure commitments	-	581
Total Institute's share of jointly controlled entities' commitments	4,572	4,773

¹ Melbourne Polytechnic leases certain land, buildings and equipment to meet current teaching requirements, at current market rates.

NOTE 17 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Management is not aware of any contingent assets or liabilities at 31 December 2015 (31 December 2014: nil).

NOTE 18 LEASES

(i) Operating leases - Melbourne Polytechnic as lessee

Refer to Note 16 (Commitments for expenditure).

(ii) Operating leases - Melbourne Polytechnic as lessor

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

Leasing arrangements

As at the reporting date Melbourne Polytechnic leased out various educational facilities.

	2015	2014
	\$'000	\$'000
Non-cancellable operating lease receivables		
Payments due		
Within one year	521	382
Later than one year but not later than five years	1,347	991
Later than five years	544	695
Total non-cancellable operating lease receivables	2,412	2,068
Net operating leases receivables	2,412	2,068

NOTE 19 SUPERANNUATION

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

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

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

The names and details of the major employee superannuation funds and contributions made by Melbourne Polytechnic are as follows:

	2015	2014
19 Superannuation	\$'000	\$'000
Paid contribution for the year		
Defined benefit plans:		
State Superannuation Fund – revised and new	519	745
Other	10	13
Total defined benefit plans	529	758
Defined contribution plans:		
VicSuper	3,481	4,050
Other	2,126	2,173
Total defined contribution plans	5,607	6,223
Total paid contribution for the year	6,136	6,981
Contribution outstanding at year-end		
Defined benefit plans:		
State Superannuation Fund – revised and new	-	-
Other	-	-
Total defined benefit plans	-	-
Defined contribution plans:		
VicSuper	-	72
Other	-	-
Total defined contribution plans	-	72
Total contribution outstanding at year-end	-	72

Melbourne Polytechnic does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The basis for contributions is determined by the various schemes.

The above amounts were measured as at 31 December of each year, or in the case of employer contributions they relate to the years ended 31 December.

NOTE 20 FINANCIAL INSTRUMENTS

(I) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Melbourne Polytechnic's principal financial instruments comprise of cash assets, receivables (excluding statutory receivables), payables (excluding statutory payables) and borrowings.

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 to the financial statements.

Melbourne Polytechnic's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Melbourne Polytechnic's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute. The Institute uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

Primary responsibility for the identification and management of financial risks rests with the Audit and Risk Committee of Melbourne Polytechnic. The Board provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The carrying amounts of contractual financial assets and financial liabilities by category are disclosed below:

Carrying amount of financial instruments by category ¹	Note	2015 \$'000	2014 \$'000
(a) Financial Assets			
Loans and Receivables			
Cash and deposits	15(a)	25,599	12,256
Receivables	5	6,711	4,813
Total financial assets		32,310	17,069
(b) Financial liabilities			
Payables			
Borrowings	13	11,000	3,000
Total financial liabilities		23,581	13,198

¹ Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

(II) CREDIT RISK

Credit risk arises from the contractual financial assets of Melbourne Polytechnic, which comprise cash, deposits and non-statutory receivables. Melbourne Polytechnic's exposure to credit risk arises from the potential default of a counterparty on their contractual obligations resulting in financial loss to Melbourne Polytechnic. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Melbourne Polytechnic's trade receivables is managed in the following ways:

- ▶ payment terms are 30 days from date of invoice;
- ▶ debtors with accounts in excess of 60 days are sent a statement of account, including terms of payment;
- ▶ debtors with arrears are sent a reminder notice indicating a further seven days to make payment; and
- ▶ debtors which represent government departments or agencies are managed by Melbourne Polytechnic directly with government or agency contacts.

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

The trade receivables balances at 31 December 2015 and 31 December 2014 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Melbourne Polytechnic minimises credit risk in relation to student loans receivable in the following ways:

- ▶ specific loan conditions have been established, which are applicable to all loans;
- ▶ all loan monies are related to the cost of student tuition and amenities fees;
- ▶ a schedule of repayment is agreed with the student at the time of application; and
- ▶ where a student falls behind in repayments, a process is implemented which includes reminder letters, individual interview, repayment rescheduling and if necessary, contacting guarantors.

In addition, Melbourne Polytechnic did not engage in hedging for its contractual financial assets in 2015.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Melbourne Polytechnic will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Melbourne Polytechnic's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There are no material financial assets which are individually determined to be impaired. Currently Melbourne Polytechnic does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

Credit quality of contractual financial assets that are neither past due nor impaired¹

	Financial institutions (AAA rating) \$'000	Government agencies (AAA rating) \$'000	Other counter-party \$'000	Total \$'000
2015				
Cash and deposits ²	-	-	25,599	25,599
Receivables	-	-	6,711	6,711
Total contractual financial assets 2015	-	-	32,310	32,310
2014				
Cash and deposits	-	-	12,256	12,256
Receivables	-	-	4,813	4,813
Total contractual financial assets 2014	-	-	17,069	17,069

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

² Subsequent to 31 December 2015, Melbourne Polytechnic invested \$12 million with a Government agency.

Ageing analysis of financial assets

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

The following table discloses the ageing analysis for Melbourne Polytechnic's financial assets.

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired				Impaired financial assets \$'000
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	
2015 Financial assets							
Receivables:¹							
Trade receivables	1,921	1,998	150	127	147	-	(501)
Total 2015 financial assets	1,921	1,998	150	127	147	-	(501)
2014 Financial assets							
Receivables:¹							
Trade receivables	1,792	652	-	664	749	-	(273)
Total 2014 financial assets	1,792	652	-	664	749	-	(273)

¹ Receivables disclosed here exclude statutory receivables (e.g. amounts owing from Victorian Government).

(III) LIQUIDITY RISK

Liquidity risk is the risk that Melbourne Polytechnic would be unable to meet its financial obligations as and when they fall due. Melbourne Polytechnic operates under a payments policy of settling financial obligations 30 days from the date of the invoice.

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

The responsibility for liquidity risk management rests with Melbourne Polytechnic's Board, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. Melbourne Polytechnic manages liquidity risk by continuously monitoring forecast and actual cash flows.

Melbourne Polytechnic has not established a standby facility to provide short-term cash, however it meets regularly with the Department of Education and Training to monitor cash flow. In 2014 the Department of Education and Training (previously, the Department of Education and Early Childhood Development) provided a \$16 million loan facility to support Melbourne Polytechnic's short-term solvency. Melbourne Polytechnic had drawn down \$11 million at 31 December 2015. Refer to Note 13.

Maturity analysis of financial liabilities

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements represents Melbourne Polytechnic's maximum exposure to liquidity risk.

The following table discloses the contractual maturity analysis for Melbourne Polytechnic's financial liabilities.

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
2015 Financial liabilities							
Payables:¹							
Supplies and services	12,581	12,581	11,446	1,135	-	-	-
Borrowings							
Advances from government	11,000	11,000	-	-	-	11,000	-
Total 2015 financial liabilities	23,581	23,581	11,446	1,135	-	11,000	-
2014 Financial liabilities							
Payables:¹							
Supplies and services	10,198	10,198	7,017	3,131	50	-	-
Borrowings							
Advances from government	3,000	3,000	-	-	-	3,000	-
Total 2014 financial liabilities	13,198	13,198	7,017	3,131	50	3,000	-

¹ Payables disclosed here exclude statutory payables (E.g. amounts owing to Victorian Government, GST input tax credit recoverable and taxes payable).

(IV) MARKET RISK

Melbourne Polytechnic 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 effect on the operating result and/or net worth of Melbourne Polytechnic. e.g. an adverse movement in interest rates or foreign currency exchange rates.

Melbourne Polytechnic exposures to market risk are primarily through foreign currency risk and interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

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

Whilst there has been a targeted review of Melbourne Polytechnic's exposure, its objectives, policies and processes for managing foreign exchange risk from the previous reporting period, during 2015 there was no significant change in the policies and processes for managing market risk.

Foreign currency risk

The Institute is exposed to foreign currency risk mainly through the delivery of services in currencies other than the Australian Dollar.

The Institute's exposures are mainly against the Chinese Yuan Renminbi (RMB) and are managed through continuous monitoring of movements in exchange rates against the AUD, and by ensuring availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessments of economic outlook, in 2015 it was deemed unnecessary for Melbourne Polytechnic to enter into any hedging arrangements to manage foreign currency risk.

There has been no significant change in the Institute'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.

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, or cause a fluctuation in the fair value of the financial instruments.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Melbourne Polytechnic does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Melbourne Polytechnic has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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

Interest rate movements have not been sufficiently significant during the year to have an impact on Melbourne Polytechnic's year-end result.

Melbourne Polytechnic's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are set out in the financial instrument composition and maturity analysis table below.

Financial instrument composition and interest rate exposure

	Weighted average effective rate	Total carrying amount per Balance Sheet	Interest rate exposure		
			Floating interest rate	Fixed interest rate	Non-interest Bearing
	%	\$'000	\$'000	\$'000	\$'000
2015					
Financial assets					
Cash and deposits					
Cash at bank and on hand	0.1	1,099	989	-	110
Deposits at call	0.8	24,500	24,500	-	-
Receivables:¹					
Trade receivables	-	1,921	-	-	1,921
Revenue receivables	-	4,790	-	-	4,790
Total financial assets	1	32,310	25,489	-	6,821
Financial liabilities					
Payables:¹					
Trade and Other	-	12,581	-	-	12,581
Borrowings					
Advances from government	-	11,000	-	-	11,000
Total financial liabilities	-	23,581	-	-	23,581
2014					
Financial assets					
Cash and deposits					
Cash at bank and on hand	1.8	1,156	1,149	-	7
Deposits at call	1.8	11,100	11,100	-	-
Receivables:¹					
Trade receivables	-	1,792	-	-	1,792
Revenue receivables	-	837	-	-	837
Total financial assets	-	14,885	12,249	-	2,636
Financial liabilities					
Payables:¹					
Trade and Other	-	10,198	-	-	10,198
Borrowings					
Advances from government	-	3,000	-	-	3,000
Total financial liabilities	-	13,198	-	-	13,198

¹ Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

(V) SENSITIVITY ANALYSIS AND ASSUMPTIONS

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Melbourne Polytechnic believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).

- ▶ a parallel shift of +0.5% and -0.5% in market interest rates [AUD] from year-end rates of 2.5% (2014: 0.5% up and down).

The following tables disclose the impact on net result and equity for each category of financial instrument held by Melbourne Polytechnic at the end of the reporting period as presented to key management personnel, if the above movements were to occur.

	Carrying amount \$'000	Interest rate risk			
		- 50 basis points		+ 50 basis points	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2015					
Contractual financial assets					
Cash Management account	1,099	(5)	(5)	5	5
Bank deposits at call	24,500	(123)	(123)	123	123
Total increase/(decrease) in financial assets		(128)	(128)	128	128
Total increase/(decrease)		(128)	(128)	128	128
Consolidated					
31 December 2014					
Contractual financial assets					
Cash Management account	1,156	(6)	(6)	6	6
Bank deposits at call	11,100	(56)	(56)	56	56
Total increase/(decrease) in financial assets		(62)	(62)	62	62
Total increase/(decrease)		(62)	(62)	62	62

(VI) FAIR VALUE ESTIMATION

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

Fair values of financial instrument assets and liabilities are determined using the fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels based on the degree to which the fair value is observable.

- ▶ Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Institute can access at the measurement date.
- ▶ Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ▶ Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Melbourne Polytechnic considers that the carrying amount of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables.

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 the Institute intends to hold these assets to maturity.

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

	2015		2014	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and deposits	25,599	25,599	12,256	12,256
Receivables: ¹				
Trade receivables	1,921	1,921	1,792	1,792
Revenue receivables	4,790	4,790	3,070	3,070
Total financial assets	32,310	32,310	17,118	17,118
Financial liabilities				
Payables: ¹				
Supplies and services	12,581	12,581	10,198	10,198
Borrowings				
Advances from government	11,000	11,000	3,000	3,000
Total financial liabilities	23,581	23,581	13,198	13,198

¹ Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

Melbourne Polytechnic did not have any financial instruments that were measured subsequent to initial recognition at fair value as at 31 December 2015.

NOTE 21 RESPONSIBLE PERSONS AND EXECUTIVE OFFICERS

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

(I) MINISTER

The relevant Minister is The Hon. Steve Herbert, MP, Minister for Training and Skills.

Remuneration of the Minister for Higher Education and Skills is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members' Interests which is completed by each member of the Parliament.

(II) CHIEF EXECUTIVE OFFICER (ACCOUNTABLE OFFICER)

Mr Ron Gauci - (Chief Executive Officer) Interim CEO until 1 April 2015.

Mr Robert Wood - (Chief Executive Officer) appointed as CEO 20 May 2015.

(III) MEMBERS OF THE BOARD

Mr J Gibbins (Board Chair)	Fiona McNabb (Board Director from 1 December 2015)
Paul Shannon (Board Director)	Jim Pasinis (Board Director from 1 December 2015)
David Bristow (Board Director)	Arianne Rose (Board Director from 1 December 2015)
Professor David Finlay (Board Director)	Heather Campbell (Board Director to 30 June 2015)
Tony Nippard (Board Director)	Lakris 'David' Makris (Board Director to 30 June 2015)
Alexandra 'Sandy' Forbes (Board Director from 1 December 2015)	Dr Jenny Wajsenberg (Board Director to 30 June 2015)
William Forwood (Board Director from 1 December 2015)	Katrina Campion (Board Director to 28 September 2015)

Remuneration of the board members in connection with the management of the Institute is disclosed below.

	2015	2014
	No.	No.
Income range		
The number of board members whose total remuneration from the Institute was within the specified income bands are as follows:		
\$0 - \$9,999	-	1
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	7	5
\$30,000 - \$39,999	6	2
\$60,000 - \$69,999	1	1
Total number of board members	14	11
Total remuneration of board members (\$'000)	460	301

(IV) Executive officers

Remuneration of executive officers

The number of executive officers, including the Chief Executive Officer, and their total remuneration during the reporting period is shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

	Total Remuneration		Base Remuneration	
	2015 No.	2014 No.	2015 No.	2014 No.
Income range				
The number of executive officers whose total remuneration from the Institute exceeded \$100,000, separately identifying base remuneration and total remuneration, disclosed within the income band of \$10,000 in a table format:				
\$100,000 - \$109,999	-	-	-	1
\$120,000 - \$129,999	-	2	3	1
\$130,000 - \$139,999	-	-	1	1
\$140,000 - \$149,999	-	1	1	1
\$150,000 - \$159,999	1	2	7	2
\$160,000 - \$169,999	2	6	2	6
\$170,000 - \$179,999	10	8	2	8
\$180,000 - \$189,999	2	2	-	1
\$200,000 - \$209,999	-	1	-	1
\$210,000 - \$219,999	-	-	1	-
\$220,000 - \$229,999	-	1	2	1
\$230,000 - \$239,999	-	1	-	1
\$240,000 - \$249,999	2	-	-	-
\$250,000 - \$259,999	2	-	-	-
\$290,000 - \$299,999	-	-	1	-
\$320,000 - \$329,999	1	-	-	-
Total number of executive officers	20	24	20	24
Total annualised employee equivalent (AEE)	12.7	22.7	12.7	22.7
Total amount of remuneration (\$'000)	\$3,880	\$4,134	\$3,381	\$4,073

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Payments to other personnel (i.e. contractors with significant management responsibilities)

Payments have been made to other personnel, that is, contractors with significant management responsibilities. The contractors are responsible for planning, directing or controlling, directly or indirectly, the Institute's activities.

	2015 No.	2014 No.
Payment range		
The number of other personnel to whom total expenses for the reporting period exceed \$100,000 (exclusive of GST) is shown in the table below in the relevant expense band:		
\$120,000 - \$129,999	1	-
\$440,000 - \$449,999	-	1
Total number of other personnel	1	1
Total expenses of other personnel (exclusive of GST) \$'000	123	449

NOTE 22 RELATED PARTIES

There were no related party transactions made during 2015 (2014: Nil).

NOTE 23 EX-GRATIA EXPENSES

There were no ex-gratia payments made during 2015 (2014: nil).

NOTE 24 REMUNERATION OF AUDITORS

	2015 \$'000	2014 \$'000
24 Remuneration of auditors		
Remuneration of Victorian Auditor General's Office for:		
Audit of the financial statements	44	43
Total remuneration of auditors	44	43

NOTE 25 SUBSEQUENT EVENTS

The Institute has no material or significant events occurring after the reporting date to the date of these financial statements that would affect significantly the figures included in them.

NOTE 26 ECONOMIC DEPENDENCY

	2015 \$'000	2014 \$'000
26 Economic dependency		
Government contributions - operating	59,033	48,008
Total economic dependency	59,033	48,008

Government contributions - operating

In 2015, 42% of income was generated from government contributions - operating, compared to 39% in 2014.

NOTE 27 INSTITUTE DETAILS

The registered office and principal place of business of Melbourne Polytechnic is:

77 St Georges Road
Preston VIC 3072

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board members, Melbourne Polytechnic

The Statement of Performance Management

The accompanying statement of performance management for the year ended 31 December 2015 of Melbourne Polytechnic comprises the statement, the related notes and the Board President, Chief Executive Officer and Chief Finance Officers' declaration has been audited.

The Board members' Responsibility for the Statement of Performance Management

The Board members of Melbourne Polytechnic are responsible for the preparation and fair presentation of the statement of performance management and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of the statement of performance management that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the statement of performance management 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 management is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of performance management. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the statement of performance management, 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 management 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 management.

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

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, I and my staff and delegates have complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the statement of performance management of Melbourne Polytechnic in respect of the 31 December 2015 financial year presents fairly, in all material respects.

MELBOURNE
23 March 2016



for Dr Peter Frost
Acting Auditor-General

STATEMENT OF PERFORMANCE MANAGEMENT

MELBOURNE POLYTECHNIC PERFORMANCE STATEMENT FOR 2015

In our opinion, the performance of Melbourne Polytechnic in respect of the 2015 financial year is presented fairly in accordance with the key performance measures developed in the annual statement of corporate intent.

The performance indicators are determined by the Board in its strategic plan identifying pre-determined targets and the actual results for the year against these indicators and an explanation of any significant variance between the actual results and performance targets. As at the date of signing, we are not aware of any circumstance that would render any particulars in the statement to be misleading or inaccurate.



Board Chair
John Gibbins

Date: 23 February 2016

Place: Preston, Victoria



Chief Executive Officer
Robert Wood

Date: 23 February 2016

Place: Preston, Victoria



Chief Finance Officer
Claire Britchford

Date: 23 February 2016

Place: Preston, Victoria

PERFORMANCE

Indicator	Description and Methodology	2015		Explanation of variances	2014
		Target	Actual		Result
Government subsidy as a % of total revenue	Total government contributions (operating), excluding TAFE structural adjustment funds and TAFE rescue funds.	30.0%	25.9%	Government subsidy as a % of total revenue is lower than expected because of unachieved target enrolments in 2015.	32.3%
Utilisation of non-current assets	The proportion of teaching spaces that are used for educational delivery.	N/A	22.8%	No specific target was set for 2015, however the long-term goal is 55%.	25.0%
Revenue	Total operating revenues excluding capital contributions and TAFE structural adjustment funds and TAFE rescue funds.	\$121.3m	\$116.7m	Overall, operational revenues moved favourably compared to 2014, however the enrolments were lower than the target enrolments.	\$112.7m
Return on investment	Operating result excluding capital contributions/total non-current assets.	(3.8)%	(1.2)%	Return on investment exceeded target due to the higher than anticipated TAFE rescue funds of \$19.3m. This was partly offset by unachieved target enrolments.	(7.2)%
Working capital ratio	Current Assets/Current Liabilities (adjusted for long-term current long service leave).	1.00	1.47	The working capital ratio exceeded the 2015 target due to the high cash and cash equivalents balance at 31 December 2015. The high cash balance was a result of TAFE rescue funds received and a drawdown of \$8m on the loan facility.	0.99
Revenue per EFT staff	Total revenue (excluding capital and TAFE structural adjustment funds and TAFE rescue funds)/ Average EFT staff.	\$126,000	\$165,348	Revenue per EFT Staff exceeded the 2015 target due to the significant decrease in head count as a result of redundancies from 2014 to 2015.	\$107,520
Training revenue diversity	Breakdown of training revenue split by government-funded and fee for service. Training revenue split by: ▶ Victorian Training Guarantee (VTG). ▶ Fee for service (FFS).	VTG - 32.4% FFS - 67.6%	VTG - 28.3% FFS - 71.7%	The VTG revenue was lower than anticipated and decreased from 2014. FFS revenue was consistent with the target and increased from 2014.	VTG - 33.7% FFS - 66.3%
Employment cost as a proportion of training revenue	Employment and third-party training delivery cost as a proportion of training revenue (VTG and FFS). Employment cost plus third-party training delivery cost/ training revenue.	75.4%	85.8%	Employment and training delivery costs as a portion of training revenue was higher than anticipated due to training delivery costs of third-party providers being higher than expected. Training revenue was also less than anticipated because of a decrease in enrolments.	91.3%
Training revenue per teaching FTE	Training revenue (excluding revenue delivered by third parties) per teaching FTE. Training revenue/teaching FTE.	\$213,795	\$246,429	Training revenue per teaching FTE exceeded the 2015 target due to the significant decrease in head count due to redundancies from 2014 to 2015.	\$197,802
Operating margin percentage	Operating margin %. EBIT excluding capital contributions/total revenue (excluding capital contributions).	(8.1)%	(2.5)%	Operating margin percentage exceeded target due to the higher than anticipated TAFE rescue funds, which were partly offset by a decrease in enrolments.	(16.9)%
EBITDA	Earning Before Interests, Tax, Depreciation and Amortisation (excluding capital contributions).	(\$4.7)m	\$2.5m	EBITDA exceeded target due to the higher than anticipated TAFE rescue funds, which were partly offset by a decrease in enrolments.	(\$14.1)m
EBIT	Earning Before Interest and Tax.	(\$10.6)m	(\$3.5)m	EBIT exceeded target due to the higher than anticipated TAFE rescue funds, which were partly offset by a decrease in enrolments.	(\$20.5)m

INFORMATION ABOUT MELBOURNE POLYTECHNIC

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

SUMMARY OF FINANCIAL RESULTS

Year	Operating Surplus (Deficit) \$'000	Accumulated Surplus (Deficit) \$'000
2015	(3,493)	42,908
2014	(20,540)	46,401
2013	(31,690)	66,941
2012	5,107	98,631
2011	13,540	93,524
2010	14,397	79,984

SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION

There were significant changes in the financial position for the year ended 31 December 2015. While Melbourne Polytechnic reported a loss for 2015, it was a substantially favourable position to the previous year (2014). In 2015 the Strategic Plan of the organisation was reviewed and realigned towards positive growth. Melbourne Polytechnic's transformational journey continues towards financial sustainability, which has been outlined in Note 1.02 of the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

Events subsequent to balance date that will have a significant effect on the operations of Melbourne Polytechnic in future years have been outlined in Note 25 of the financial statements.

CONSULTANCIES

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excl. GST) \$	Actual 2015 Expenditure (excl. GST) \$	Future Expenditure (excl. GST) \$
A. G. Coombs	Consultancy re Energy Performance Contract Project	Apr 2015	Apr 2015	43,935	43,935	
Altis Consulting P/L	Implement course costing tool	Jun 2015	Jul 2015	43,500	43,500	
Avaxa P/L	Information technology consultancy - TSAF projects	Mar 2015	Nov 2015	107,794	107,794	19,800
Beverley Adams	Melbourne Polytechnic re-accreditation	Mar 2015	Oct 2015	15,250	15,250	
Campus Living Villages P/L	Management of student accommodation facilities	Jan 2015	May 2015	31,379	31,379	
CIO Advisory P/L	Interim Chief Information Officer	Feb 2015	Mar 2015	38,182	38,182	
Compass Environmental P/L	Asset management/environmental consultancy - Preston and Greensborough	Jan 2015	Nov 2015	164,379	164,379	10,450
Dawson McDonald Consulting	Research and reporting regarding best practice for QA/Compliance/Risk	Jan 2015	Mar 2015	12,960	12,960	
Dimension Data Australia P/L	Information technology consultancy - TSAF projects	Mar 2015	May 2015	13,151	13,151	
Enterprise Knowledge P/L	Implement Content Management System	Feb 2015	Jul 2015	28,425	28,425	41,775
Executive Interim Management P/L	Interim Chief Executive Officer	Jan 2015	Mar 2015	112,078	112,078	
Frontier Software P/L	Melbourne Polytechnic organisation redesign and assistance with financial year-end	Jan 2015	Oct 2015	92,167	92,167	2,392
GHD P/L	Environmental audits - Preston and Greensborough	Nov 2014	Dec 2015	53,779	53,779	
Generation-E	Information technology support and training - Transition of email system	Feb 2015	May 2015	82,092	82,092	
Hedge Suman	Bloodstock appraisal of all stock	Jan 2015	Jan 2015	12,000	12,000	
Lee Hecht Harrison	Career transition program for leaving staff	Jul 2015	Nov 2015	11,000	11,000	
Lort Smith Animal Hospital	Clinical placement program	Oct 2015	Oct 2015	37,545	37,545	
Maddocks Lawyers	Development of legal agreement templates and review of procurement policy and procedures	Jan 2015	Sep 2015	35,126	35,126	
Mahler and Associates	Consultancy for customer acquisition project	Sep 2015	Nov 2015	72,240	72,240	
McMahon Consultancy Services (Vic) P/L	Workplace investigations	Feb 2015	Dec 2015	15,857	15,857	
Nicole Amsing Consulting P/L	Back-to-work project	Oct 2015	Dec 2015	48,350	48,350	
Nous Group P/L	Confidential	Dec 2015	Dec 2015	29,538	29,538	
Pavan Consultants P/L	Management of EPA environmental audits	Feb 2015	Dec 2015	39,712	39,712	
PPB Advisory	Review of contracts	Jun 2015	Dec 2015	136,583	136,583	
Probiz Services	Review of electricity accounts and office supplies expenditure	Jan 2015	Dec 2015	32,950	32,950	16,600
Rebus Press	Assistance with the ASQA re-registration project and writing/editing other educational materials/documents	Jan 2015	Nov 2015	26,842	26,842	

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excl. GST) \$	Actual 2015 Expenditure (excl. GST) \$	Future Expenditure (excl. GST) \$
Red Design Group	Customer acquisition project - design of retail stores	Oct 2015	Dec 2015	74,900	74,900	3,900
Sagacity Consulting Group P/L	Customer acquisition project	Jan 2015	Dec 2015	822,818	822,818	73,182
Shave Human Resources	Melbourne Polytechnic organisational redesign and implementation of contract management system	Jan 2015	Oct 2015	111,609	111,609	
Stayville Pty Ltd	Consultancy for Mongolian project	Apr 2015	Jul 2016	81,818	81,818	
Southern Cross Computer Systems	Review of server infrastructure	Sep 2015	Sep 2015	34,480	34,480	
Sustainable Resource Use P/L	Waste and litter audit	Dec 2014	Jun 2015	12,460	12,460	
Synergy Asia Pacific P/L	Educational online tool consultancy	Feb 2015	May 2015	44,000	44,000	
Technology One Ltd	Implementation of new modules on finance system	Feb 2015	Aug 2015	86,969	86,969	98,576
The Lonsdale Group (Deloitte Touche Tohmatsu)	IBM Emptoris Contracts implementation	Mar 2015	Jul 2015	130,533	130,533	
Tutoring Australasia Pty Ltd	Your Tutor Program	Feb 2015	Jan 2016	45,581	45,581	

Details regarding consultancies over \$10,000 are made publicly available through the publication of this Annual Report on the Melbourne Polytechnic website www.melbournepolytechnic.edu.au/annualreports

* Notes: Melbourne Polytechnic engaged 34 consultants, each costing less than \$10,000, for a total cost of \$120,784 during 2015.

ADVERTISING

Company	Details of Advertising	Start Date	End Date	Total Approved Project Fee (excl. GST) \$	Actual 2015 Expenditure (excl. GST) \$	Future Expenditure (excl. GST) \$
Zenithoptimedia Aust P/L	Enrolment and brand campaigns and recruitment advertising	Aug 2014	Dec 2015	577,573	577,573	308,577
Publicis Mojo P/L	Development of promotional artwork, press advertising, radio advertising, promotional photography, promotional video, promotional merchandise for brand campaign	Dec 2014	Mar 2015	268,729	268,729	
Hobsons Australia P/L	Advertising in the Good Universities Guide and on the Hobsons Course Finder promotional page	Jan 2015	Dec 2015	161,600	161,600	
Cordiner King & Co P/L	Recruitment of executives	Feb 2015	Dec 2015	141,094	141,094	

ADDITIONAL INFORMATION

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

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

REQUESTS FOR ADDITIONAL INFORMATION

Requests should be made to:

The Chief Operating Officer
Melbourne Polytechnic
77 St Georges Road
Preston VIC 3072

03 9269 1200

info@melbournepolytechnic.edu.au

COMPLIANCE WITH OTHER LEGISLATION AND SUBORDINATE INSTRUMENTS

Melbourne Polytechnic complies with all relevant legislation and subordinate instruments including, but not limited to, the following:

- ▶ *Education and Training Reform Act 2006* (ETRA)
- ▶ Melbourne Polytechnic Constitution
- ▶ Directions of the Minister for Training and Skills (or predecessors)
- ▶ Melbourne Polytechnic Commercial Guidelines
- ▶ Melbourne Polytechnic Strategic Planning Guidelines
- ▶ *Public Administration Act 2004*
- ▶ *Financial Management Act 1994*
- ▶ *Freedom of Information Act 1982*
- ▶ *Building Act 1993*
- ▶ *Protected Disclosure Act 2012*
- ▶ *Victorian Industry Participation Policy Act 2003*.

COMPULSORY NON-ACADEMIC FEES AND CHARGES STATEMENT AS AT 31 DECEMBER 2015

	2015	2014
	\$	\$
Income		
Compulsory Non-Academic Fees	1,357,531	1,646,825
Total Income	<u>1,357,531</u>	<u>1,646,825</u>
Expenditure		
Salaries		
Salaries	856,559	1,472,751
Salary Oncosts	121,429	135,323
Total Salary Expenditure	<u>977,988</u>	<u>1,608,074</u>
Non-Salaries		
Consumables	7,988	15,940
Subscriptions	500	1,777
Telephone	2,335	2,486
Equipment Purchases	8,664	14,396
Internet Fees	101,185	0
Fees and Charges	216	0
Furniture and Fittings	2,998	1,500
Equipment Lease	3,509	402
Fitness Centre	100,000	0
Travel	2,331	4,623
Citylink Payments	43	35
Staff Development	9	2,441
Signage	2,910	1,890
Advertising - Recruitment	0	315
Advertising - Courses and Other	6,461	15,685
Orientation/Recreational Activities	68,768	66,570
Building Repairs and Maintenance	1,780	0
Minor Works	509	0
Uniforms	83	0
Hospitality	0	0
Security Services	0	82
Professional Fees	70,335	577
Sponsorships	0	1,413
Total Non-Salary Expenditure	<u>380,625</u>	<u>130,132</u>
Total Expenditure	<u>1,358,612</u>	<u>1,738,206</u>
Operating Result for the year	(1,081)	(91,381)

COMPULSORY NON-ACADEMIC FEES AND CHARGES STATEMENT AS AT 31 DECEMBER 2015 (continued)

Melbourne Polytechnic imposes a compulsory non-academic fee known as the Student Services and Amenities Fee for the purposes of providing a range of free support services to students; on campus recreational activities through the Student Life and Media (SLAM) unit; and the maintenance of campus facilities for direct student use.

The 2015 Student Services and Amenities Fee was calculated on the basis of 40 cents per enrolled student contact hour in government-funded accredited courses, with a maximum fee of \$250 and a minimum fee of \$50. Certain concessions and exemptions applied. For 2015, the concession fee was calculated at 40 cents per enrolled student contact hour, with a maximum fee of \$175 and a minimum fee of \$50. Courses delivered in the workplace or at community locations were charged a flat fee of \$50 per enrolment. The collection and expenditure of the amenities fee is subject to the provisions of the *Education and Training Reform Act 2006*.

The total income from compulsory non-academic fees collected by the Institute in 2015 was \$1,357,531.

The Institute used the income generated from the compulsory non-academic fee for salary and non-salary expenditures including, but not limited to: campus betterment activities, counselling and disability support services, on-campus student events conducted by SLAM, orientation and induction activities, the provision of fitness centres on campus, and access to online information and student communications including accommodation listings, a student jobs board, student magazine and maintenance of the student portal.

The total expenditure in 2015 was \$1,358,612. A complete list of expenditure can be found in the table on page 78.

No fees, subscriptions and charges were made directly available to student organisations in 2015. However SLAM staff, which included a Student Engagement officer, SLAM team leader and a Student Communications Coordinator were employed by the Institute.

SLAM staff facilitated more than 200 events for over 20,000 Melbourne Polytechnic students in 2015. SLAM also facilitated student-initiated activity on campus by supporting student groups with a range of activities including barbecues, fundraisers and cultural events.

DISCLOSURE INDEX

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

The financial report was authorised by the Board members on 23 February 2016.

Item	Source	SUMMARY OF REPORTING REQUIREMENT	Page
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
1	FRD 22G	Manner of establishment and the relevant Minister.	8
2	FRD 22G	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements.	i, 4-16
3	FRD 22G	Nature and range of services provided including communities served.	i, 17-19, 25
MANAGEMENT AND STRUCTURE			
4	FRD 22G	Organisational structure and chart, including responsibilities.	10
5	FRD 22G	Names of Board members.	8
FINANCIAL AND OTHER INFORMATION			
6	FRD 03A	Accounting for Dividends.	N/A
7	FRD 07A	Early adoption of authoritative accounting pronouncements.	45
8	FRD 10	Disclosure Index.	80-82
9	FRD 17B	Long service leave and annual leave for employees.	42-43
10	FRD 20A	Accounting for state motor vehicle lease arrangements prior to 1 Feb 2004.	N/A
11	FRD 22G	Operational and budgetary objectives, performance against objectives and achievements.	4-6, 73
12	FRD 22G	Occupational health and safety statement including performance indicators, performance against those indicators.	23
13	FRD 22G	Workforce data for current and previous reporting period, including a statement on employment and conduct principles and that employees have been correctly classified in the workforce data collections.	22
14	FRD 22G	Summary of the financial results for the year including previous four year comparisons.	74
15	FRD 22G	Significant changes in financial position.	74
16	FRD 22G	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future.	4-6, 11-12
17	FRD 22G	Post-balance sheet date events likely to significantly affect subsequent reporting periods.	69, 74
18	FRD 22G	Summary of application and operation of the <i>Freedom of Information Act 1982</i> .	23
19	FRD 22G	Discussion and analysis of operating results and financial results.	6
20	FRD 22G	Significant factors affecting performance.	6, 73
21	FRD 22G	Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included.	N/A
22	FRD 22G	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from (a) - (d) in the FRD.	76
23	FRD 22G	Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i> .	24
24	FRD 22G	Statement, where applicable, on the implementation and compliance with the National Competition Policy.	24
25	FRD 22G	Summary of application and operation of the <i>Protected Disclosure Act 2012</i> .	24
26	FRD 22G and FRD 24C	Summary of Environmental Performance including a report on office-based environmental impacts.	20-21

Item	Source	SUMMARY OF REPORTING REQUIREMENT	Page
FINANCIAL AND OTHER INFORMATION CONT.			
27	FRD 22G	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following:</p> <ol style="list-style-type: none"> 1. Total number of consultancies of \$10,000 or more (excluding GST). 2. Location (e.g. website) of where details of these consultancies over \$10,000 have been made publicly available. 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period. <p>AND for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing:</p> <ul style="list-style-type: none"> ▶ Consultant engaged. ▶ Brief summary of project. ▶ Total project fees approved (excluding GST). ▶ Expenditure for reporting period (excluding GST). ▶ Any future expenditure committed to the consultant for the project. 	75-76
28	FRD 22G	Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012</i> . (Carers Act), and the actions that were taken during the year to comply with the Carers Act.	24
29	FRD 22G	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at (a) - (l) in the FRD).	77
30	FRD 25B	Victorian Industry Participation Policy Disclosures.	24
31	FRD 26A	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004.	N/A
32	FRD 29A	Workforce Data Disclosures on the public service employee workforce.	22-23
33	SD 4.5.5(a)	Provide an attestation that risk identification and management is consistent with AS/NZS ISO31000:2009 or equivalent.	24
34	SD 4.2(g)	Qualitative and Quantitative information to be included in Report of Operations, and provide general information about the entity and its activities, together with highlights and future initiatives.	4-25
35	SD 4.2(h)	The Report of Operations must be prepared in accordance with requirements of the relevant Financial Reporting Directions.	4
36	SD 4.2(j)	The Report of Operations must be signed and dated by a member of the Responsible Body.	4
37	CG 10 (clause 27)	Major Commercial Activities.	11-12
38	CG 12 (clause 33)	Controlled Entities.	37
FINANCIAL REPORT			
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1994			
39	SD 4.2(a)	<p>The financial statements must be prepared in accordance with:</p> <ul style="list-style-type: none"> ▶ Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views); ▶ Financial Reporting Directions; and ▶ business rules. 	30
40	SD 4.2(b)	<p>The financial statements are to comprise the following:</p> <ul style="list-style-type: none"> ▶ income statement; ▶ balance sheet; ▶ statement of recognised income and expense; ▶ cash flows statement; and ▶ notes to the financial statements. 	27-69
OTHER REQUIREMENTS UNDER STANDING DIRECTION 4.2/FINANCIAL MANAGEMENT ACT 1994 (FMA)			
41	SD 4.2(c) and	<p>The financial statements must contain such information as required by the Minister and be prepared in a manner and form approved by the Minister. They must be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body, in a manner approved by the Minister, stating whether, in their opinion:</p> <ul style="list-style-type: none"> ▶ the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of the period; ▶ the financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions; and ▶ the financial statements comply with applicable Australian Accounting Standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views). 	30

Item	Source	SUMMARY OF REPORTING REQUIREMENT	Page
OTHER REQUIREMENTS UNDER STANDING DIRECTION 4.2/FINANCIAL MANAGEMENT ACT 1994 (FMA) CONT.			
42	SD 4.2(d)	Rounding of amounts.	44
43	SD 4.2(e)	Review and recommendation by Audit Committee or responsible body prior to finalisation and submission.	30
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
44	FRD 11A	Disclosure of ex-gratia payments.	69
45	FRD 21B	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report.	67-69
46	FRD 102	Inventories.	41, 51
47	FRD 103F	Non-financial physical assets.	39, 41-42
48	FRD 104	Foreign currency.	43-44, 64
49	FRD 105A	Borrowing costs.	43, 58
50	FRD 106	Impairment of assets.	39-40
51	FRD 107A	Investment properties.	N/A
52	FRD 109	Intangible assets.	N/A
53	FRD 110	Cash flow statements.	34, 58-59
54	FRD 112D	Defined benefit superannuation obligations.	61
55	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates.	N/A
56	FRD 114A	Financial instruments - general government entities and public non-financial corporations.	62-67
57	FRD 119A	Transfers through contributed capital.	43
58	FRD 120I	Accounting and reporting pronouncements applicable to the reporting period.	30, 36-47
59	Legislation	The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, (and which should be listed in the Report) including, but not limited to, the following: <ul style="list-style-type: none"> ▶ <i>Education and Training Reform Act 2006</i> (ETRA) ▶ TAFE institute constitution ▶ Directions of the Minister for Training and Skills (or predecessors) ▶ TAFE institute Commercial Guidelines ▶ TAFE institute Strategic Planning Guidelines ▶ <i>Public Administration Act 2004</i> ▶ <i>Financial Management Act 1994</i> ▶ <i>Freedom of Information Act 1982</i> ▶ <i>Building Act 1993</i> ▶ <i>Protected Disclosure Act 2012</i> ▶ <i>Victorian Industry Participation Policy Act 2003</i>. 	77
60	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2015.	78-79
61	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles.	24
62	Key Performance Indicators	Institutes to report against: <ul style="list-style-type: none"> ▶ KPIs set out in the annual Statement of Corporate Intent; and ▶ Employment costs as a proportion of training revenue; ▶ Training revenue per teaching FTE; ▶ Operating margin percentage; ▶ Training Revenue diversity. 	72-73
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
63	PAEC and VAGO	<ul style="list-style-type: none"> ▶ Financial and other information on initiatives taken or strategies relating to the institute's overseas operations. ▶ Nature of strategic and operational risks for overseas operations. ▶ Strategies established to manage such risks of overseas operations. ▶ Performance measures and targets formulated for overseas operations. ▶ The extent to which expected outcomes for overseas operations have been achieved. 	25

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ABOUT THIS REPORT

The Melbourne Polytechnic Annual Report 2015 is a report to the Parliament of Victoria required under Section 45 of the Financial Management Act 1994. The Annual Report contains information about the operations of Melbourne Polytechnic during 2015, audited standard Financial and Performance Statements and other information required under Standing Directions of the Minister for Finance under the Act (Section 4 Financial Management Reporting) and the Financial Reporting Directions given under the Act.

In preparing this report, Melbourne Polytechnic has followed the reporting guidelines issued by the Higher Education and Skills Group, Department of Education and Training. This report is based on the model Annual Report issued with these guidelines, in accordance with the Financial Management Act 1994, Australian Accounting Standards, Statement of Accounting concepts, authoritative pronouncements of the Australian Accounting Standards Board and other legislative requirements.

To view our Annual Reports online go to www.melbournepolytechnic.edu.au/annualreports

Information correct at March 2016 © MELBOURNE POLYTECHNIC

 MELBOURNE POLYTECHNIC	 VICTORIA State Government	 NATIONALLY RECOGNISED TRAINING	 Certified System Quality ISO 9001 SAI GLOBAL
National Provider No. 3075 CRICOS Provider 00724G 3174 M 230316			



MELBOURNE POLYTECHNIC CAMPUSES, TRAINING CENTRES SKILLS AND JOB CENTRES

CAMPUSES

Collingwood
20 Otter Street
Collingwood VIC 3066

Epping
Corner Cooper Street and Dalton Road
Epping VIC 3076

Fairfield
Yarra Bend Road
Fairfield VIC 3078

Heidelberg
Corner Waterdale Road and Bell Street
Heidelberg West VIC 3081

Prahran
144 High Street
Prahran VIC 3181

Preston
77 St Georges Road
Preston VIC 3072

TRAINING CENTRES

Ararat
Grano Street
Ararat VIC 3377

Growling Frog Vineyard
1910 Donnybrook Road
Yan Yean VIC 3755

Northern AMEP Centre
Corner Belfast and Blair Street
Broadmeadows VIC 3047

Northern Lodge, Eden Park
Glen Robin Court
Eden Park VIC 3757

Northern Lodge, Yan Yean
2005 Plenty Road
Yan Yean VIC 3755

SKILLS AND JOB CENTRES

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

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

www.melbournepolytechnic.edu.au