

2011–12

Annual Report

Gold Coast Institute of TAFE



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Letter of compliance to the Minister

27 August 2012

The Hon. John-Paul Langbroek, MP
Minister for Education, Training and Employment
PO Box 15033
City East QLD 4002

Dear Minister

I am pleased to present the Annual Report 2011-2012 and financial statements for the Gold Coast Institute of TAFE.
I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be accessed at www.gcit.edu.au.

Yours sincerely



Trina Hockley
Board Chair
Gold Coast Institute of TAFE

Report objectives

As the principal medium through which GCIT communicates its accountability to parliament, government and stakeholders, this Annual Report forms part of the Institute's reporting and communication obligations.

The Annual Report fulfils the reporting requirement to the Minister for Education, Training and Employment and provides a summary of the Institute's operations and achievements during 2011-2012.

This report outlines the Institute's performance against the key objectives as identified in the GCIT Strategic Plan 2011-2014 and the Government's objectives for the community.

For the purposes of defining GCIT as an entity, it is a not-for-profit organisation and its primary function is to provide vocational education and training (VET) services.

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding this annual report, you can contact us on (07) 5581 8847 or executive.GCIT@gcit.edu.au and we will arrange an interpreter to effectively communicate the report to you.

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This report can be viewed and printed on our website at www.gcit.edu.au.

ISSN 1837-2090

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Message from the Board Chair

This has been an interesting and exciting year for Gold Coast Institute of TAFE (GCIT). We welcomed five new members to the Board, who have added new and valued perspectives to the Board's operations.

Machinery of Government changes following the Queensland state election in March 2012 have provided us with a new set of objectives to work towards. This annual report outlines the progress GCIT has already made in addressing the Government's objectives for the community. It also recognises the ongoing work across the Institute throughout the past year.

GCIT has a key role to play in delivering the education and training services needed to realise a number of the new Government's objectives for the community. These include:

- *Reducing Queensland's unemployment to four percent within six years*
- *Delivering 10,000 more apprentices*
- *Delivering better access to emergency and specialist health care for Queensland families*
- *Making Queensland one of the leading states for student literacy and numeracy by 2020*
- *Investing in early childhood education with 600 full time prep teacher aides.*

GCIT is also working towards meeting another of the Government's objectives for the community - *Investing in better infrastructure and use better planning* - with the development of our Infrastructure Strategy.

GCIT is faced with the challenge of ageing and redundant infrastructure located in less than optimal areas. At the same time we have the additional challenge of developing infrastructure and delivering training in new rapidly expanding growth areas of a fast moving city. Our Infrastructure Strategy seeks to address these issues and present a clear path forward.

GCIT continues to progress its role in supporting the Gold Coast's economic and educational aspirations.



Trina Hockley
Board Chair
Gold Coast Institute of TAFE

Message from the Chief Executive Officer

I am pleased to present GCIT's 2011-2012 Annual Report.

In 2011-2012 we welcomed five new members to the GCIT Board and also restructured the executive management level of the organisation. These changes have already brought about positive outcomes and will provide a solid foundation from which the organisation can grow.

In October 2011, we introduced our new logo and brand identity to the Gold Coast community. Our fresh new look has been positively received and is designed to cast the Institute in a new, contemporary light.

GCIT continues to have very strong demand for training from students and industry.

GCIT has had a strong year with rewarding student satisfaction numbers and continuing sound financial performance.

The change of Government after the March 2012 election brought a change of policy focus across the education and training portfolio. A key challenge for GCIT was managing this transition while maintaining high-quality services, and focusing our energy on implementing the Government's objectives for the community. I'm pleased to note that staff enthusiastically engaged with these new tasks.

I would like to take this opportunity to thank all GCIT employees for their hard work and dedication over the previous 12 months. Their efforts have been outstanding and I encourage them to maintain that same level of excellence in the year ahead.

Thank you also to the Board of GCIT and Chair Trina Hockley for their continued support and resilience during a year full of change and new direction.



Aaron Devine
Chief Executive Officer
Gold Coast Institute of TAFE

Agency role and main functions

GCIT was established as a statutory TAFE institute under the *Vocational Education, Training and Employment Act 2000* (VETE Act) on 1 July 2008. GCIT is one of Australia's leading vocational education training facilities and aims to provide innovative vocational education products and courses. In accordance with section 218E of the VETE Act, GCIT has the following functions:

- a) to provide vocational education and training services
- b) to produce and sell vocational education and training products and services and other products and services connected with Statutory TAFE Institutes
- c) to prepare, publish, distribute or license the use of literary or artistic work, audio or audiovisual material or computer software
- d) to exploit commercially
 - i. Statutory TAFE Institute resources, including any study, research or knowledge; or
 - ii. The practical application of any study, research or knowledge
- e) to undertake research and development related to a function of the Statutory TAFE Institute
- f) to provide adult community education or post compulsory general education
- g) to perform other functions given to the Institute under this or another Act

Further subsections 218 (E) and (4) state in performing its functions, the key objectives of the Statutory TAFE Institute are:

- a) to be commercially successful in carrying out its activities
- b) to be efficient and effective in providing vocational education and training services

Operating environment

About Gold Coast Institute of TAFE (GCIT)

GCIT is one of Australia's leading VET facilities and the largest in the Gold Coast region with six campuses and enrolments of 16,000 students annually. GCIT offers a broad range of vocational qualifications from Certificate to Advanced Diplomas, school and university pathways and articulation arrangements. GCIT's training is broken up into five key areas:

- **Children's Services and Education:** including literacy and numeracy programs, English as a second language, childcare and education support
- **Community Services and Health:** including nursing and aged care
- **Creative Industries and Commerce:** including graphic design, screen and media, engineering, construction, information technology, business and justice
- **Services:** including tourism, events, hospitality, cookery and hairdressing
- **Trades:** including automotive, electrical, engineering, plumbing, construction, horticulture and carpentry

GCIT delivers high quality training, equipping graduates with relevant skills and knowledge to enter the workforce or go on to further tertiary study. As a Registered Training Organisation (RTO), GCIT also specialises in apprenticeships and traineeships. These programs have been designed in close consultation with industry.

Other education and training programs provided by GCIT include:

- **Adult Tertiary Preparation (ATP), Literacy and Numeracy:** The courses offered range from year 10 equivalency to programs that allow adults to advance their education
- **Lightbulb short courses:** Lightbulb short courses have been developed for the adult community education market and cover a wide and diverse range of areas. Some courses also cater to the upskilling and professional development market

GCIT is committed to delivering on its promise to be an internationally renowned provider of outstanding vocational services.

Highlights and new initiatives in 2011-2012

- After almost a year in the planning, GCIT launched its new logo and brand in October 2011. The new image is part of GCIT's goal to re-position itself in the community as the leading provider of vocational education and training, and appeal to growing markets
- A new program of specialised short courses was introduced to meet skills' demands in the hospitality industry. Working with Job Services Australia, unemployed job seekers are placed in training programs developed in conjunction with individual business operators. The program has been very successful with 80% of participants securing employment at the completion of their course. A similar version of this short course program has now been rolled out in the community services and health sector with Ramsay Health
- GCIT established a formal Memorandum of Understanding with Education Queensland for the collaborative delivery of professional development pathways for teacher aides across Queensland. GCIT's Certificate III in Education Support and the Diploma of Education Support are now being delivered online to Education Queensland teacher aides and complement the delivery of Education Queensland's Digital Technology Certificate
- During 2011-2012 GCIT entered into formal negotiations with Southern Cross University (SCU) that will see the Institute deliver training to the southern Gold Coast at SCU's new Bilinga campus
- GCIT's student satisfaction survey results for 2011-2012 rose to 92%, which is 8% above the target of 84%. This great result also exceeds the TAFE Queensland satisfaction rate which currently sits at 89%
- Industry satisfaction with GCIT has increased from 84% in June 2011 to 89% in April 2012. In comparison TAFE Queensland Industry Satisfaction has stayed stable at 83% over the same period

Outcomes achieved in 2011-2012:

| Area | Directed by: | | Target | Actual |
|---|---------------------|--|--------------|--------------|
| Customer | | | | |
| | GCIT Board | Number of contracts | 6 | 81 |
| | GCIT Board and DETE | Student satisfaction | 84% | 92% |
| | | Business satisfaction | 85% | 89% |
| | | Number of students enrolled in Certificate III and above | 11,000 | 12,375 |
| | | Number of students awarded Certificate III and above | 4,000 | 5,513 |
| | DETE | Number of indigenous students enrolled in Certificate III and above | 165 | 198 |
| | | Number of indigenous students awarded Certificate III and above | 32 | 83 |
| | | Number of total unique students | 16,000 | 16,041 |
| | | Course enrolment (2011 calendar year) | 7,380 | 7,567 |
| Learning and Growth | | | | |
| | | Staff satisfaction | 65% | 56% |
| | | Percentage of staff with PDPs | 80% | 94% |
| Financial (year to date targets) | | | | |
| | GCIT Board | Contestable revenue | 47% | 45.9% |
| | | Expenditure | \$68,019,100 | \$67,688,514 |
| | | Gross profit rate (excluding administration staff) | 53.6% | 53.7% |
| | | Payroll cost as a percentage of revenue | 74.8% | 73.4% |
| | | Revenue volume growth year on year | 4.3% | 0.8% |
| | | Full time equivalent (FTE) | 608 | 593 |
| | | Earnings before interest and tax (EBIT) | 0.2% | 0.2% |
| | GCIT Board and DETE | VET Revenue General (VRG) | \$26,847,200 | \$28,425,585 |
| | DETE | Average cost per competency | \$602 | \$582 |
| Business processes | | | | |
| | GCIT Board | Flexible delivery | 14% | 26% |
| | | Student satisfaction with complaints process | 84% | 73% |
| | | Student satisfaction with enrolment process | 84% | 88% |
| | | Percentage of Delivery Packages opened by the due date | 100% | 100% |
| | | Compliance with AQTF, CRICOS, AVETMISS and ISO | 100% | 100% |
| | | Delivery team satisfaction with support services | 84% | 80% |
| Educational quality | | | | |
| | GCIT Board | Percentage of staff with Diploma or greater | 78% | 81% |
| | | Percentage of students with job outcomes by the timeframe | 42% | 73% |
| | | Percentage of students who articulate | 42% | 37% |
| | | Percentage of students with job outcomes by the timeframe or who articulate | 84% | 86% |
| | GCIT Board and DETE | Percentage of successful completion as a proportion of all attempted completions | 88% | 88% |

Strategic risks, opportunities and challenges

Environmental factors - local

Gold Coast City has a wide range of socio demographic characteristics associated with high social need, including:

- lower than average incomes
- higher than average unemployment
- higher levels of loosely attached employment including casual and part time employment
- high levels of social security payments
- high levels of both interstate and international migration where recent migrants do not have well-established family and other support networks (including English language education and other services)

The Gold Coast local economy is subject to both cyclic and structural changes, particularly in relation to the tourism industry which is the dominant industry sector in the region. Gold Coast City Council (GCCC) has recognised this weakness and implemented strategies to diversify the economy. These efforts to achieve a more diversified economic base must be underpinned by a higher level of quality training. GCIT is working with GCCC to deliver the training needs of the city as it re-positions itself in the national economy. In this capacity, GCIT is closely involved with Gold Coast City Council Economic Development, Study Gold Coast and TechGC.

The public training sector is increasingly being opened to competition and Gold Coast City has a very large number of private training providers. There are 145 Registered Training Organisations (RTOs) delivering training on the Gold Coast and 33 schools that deliver VET programs. Twelve RTOs have User Choice contracts for the delivery of training to apprentices and trainees.

GCIT has 40% of the training market share on the Gold Coast, highlighting the extent of competition from other training providers and the challenging market conditions for a public provider. However it is important to note that GCIT is a publicly accredited and audited training provider meeting international standards. Equally, as a full service provider, GCIT is better able to support the learning aspirations of those Gold Coast residents with low levels of literacy and higher need for educational support and ancillary services.

GCIT has recently developed an Infrastructure Strategy to address an issue that is fast becoming of critical importance – ageing and poorly located infrastructure. GCIT has identified out-dated infrastructure not suited for modern training methods and no longer aligned with the skills' needs of key industries of the Gold Coast. When originally constructed many of these buildings were located in high growth areas of the city, however over the past 20 years, growth patterns have changed, and GCIT now finds itself without infrastructure or a strong presence in some new, high-density areas.

The Infrastructure Strategy proposes to raise capital for new infrastructure by selling off redundant campus buildings, create cost savings by consolidating some training services into the bigger campuses and partnering with Southern Cross University to provide training at their new campus on the southern end of the Gold Coast.

Environmental factors – state and federal

Recent significant events of note include:

- changes to the federal government's General Skilled Migration Program
- continued strengthening of the Australian dollar
- growing contestability of funding, including changes to the User Choice purchasing policy

GCIT has been working to reduce its reliance on government funding and increase self-funded training delivery. This will allow the Institute to deliver more training to more people without extra burden on Treasury. GCIT has implemented the following initiatives to achieve this:

- A focus on improving the quantum of vocational education and training delivered on behalf of the department and government. This generated a significant over-achievement against contractual obligations particularly in the areas of community services, children's services, electrical and horticulture
- GCIT has won Productivity Places Program (PPP) contracts through industry skills councils to train public sector employees
- Strong demand for the Institute's VET FEE-HELP courses has led to an expansion on that offering in 2011-2012. New VET FEE-HELP courses in information technology, education support, tourism, hospitality and events are now offered

Review of proposed forward operations

In May 2011, the GCIT Board approved the GCIT Strategic Plan 2011–2014. The Strategic Plan outlines GCIT's long term corporate strategy for achieving its vision to be an internationally renowned provider of outstanding vocational education services. Equally as important, the Strategic Plan also contributes to the Government's objectives for the community (see page 14).

The corporate strategies outlined in the Strategic Plan have been developed to:

- improve the quality of teaching and learning outcomes
- meet the high-priority training needs of industry as identified by the state and federal governments
- expand the commercial focus of GCIT

GCIT's strategic goals align with the Operational Plan, however the Institute's plans are reviewed yearly due to the highly turbulent regulatory and policy environment within which GCIT operates.

The Strategic Plan was developed through consultation with key stakeholders including students, staff and other key external stakeholders.

Shaped by the Strategic Plan and associated goals, GCIT develops a series of operational plans for each division of the Institute. These plans are also led by sales plans, marketing plans and overall communication and engagement plans.

A discussion on the likely trends and changes in the operational environment, including significant challenges facing GCIT in the future can be found on page 11.

The objectives identified in the 2011–2014 Strategic Plan are outlined from page 16.

External scrutiny

Apart from the Financial Statement reports, there are no reports from the Auditor-General, Parliamentary Committee, Crime and Misconduct Commission, Queensland Ombudsman or the Coroner in relation to the GCIT.

Machinery of Government

In May 2012 and in light of the state election, the GCIT commenced reporting to its new portfolio, Minister for Education, Training and Employment, the Hon. John-Paul Langbroek (MP). The GCIT continues to meet the objectives and any directives given to it by the Queensland Government.

Government's objectives for the community

■ Grow a four pillar economy

Reduce Queensland's unemployment to four percent within six years

In close consultation with industry, GCIT has introduced specialised industry-based, short courses in hospitality, community services and health that specifically target unemployed job-seekers. These customised courses facilitate the recruitment process by providing enterprises with newly skilled recruits who are trained in a job context. Job Services Australia have actively referred and supported candidates for these programs and worked collaboratively with GCIT and the enterprises to realise an employment outcome of 80%. Many of these students progress onto apprenticeships adding further to their skills and qualifications.

Delivering 10,000 more apprentices

GCIT has invested heavily in developing flexible training options for apprentices and their employees, including online theoretical components, day release, an option to study at short notice, and significant on-site delivery. These initiatives are aimed at making the apprenticeship scheme more attractive to employers.

■ Invest in better infrastructure and use better planning

GCIT has developed an Infrastructure Strategy that addresses the future infrastructure needs of the Institute. The strategy has been developed to create clear planning for the future disposal of ageing and redundant infrastructure and for the building of new infrastructure in high growth areas of the Gold Coast. The Strategy has also been developed to create better efficiencies in operations and reduce expenditure.

■ Revitalise front-line services

Delivering better access to emergency and specialist health care for Queensland families

GCIT is helping to address the national skills shortage in the Australian community services and health sector by delivering a range of online and flexible training options that equip students with the skills and training most in demand by health sector employers.

A portion of the Diploma of Nursing online has been introduced to high schools in rural and remote locations to provide senior school students with the opportunity to undertake portions of this qualification while completing their senior year studies. This program has proven extremely popular and currently has over 35 young people in various rural locations studying in this mode.

The Institute has introduced a range of programs in the community services sector designed to help students gain a broad qualification base that employers are seeking, including programs in mental health, counselling and youth work. The Diploma of Counselling has also been designed to work in tandem with the Diploma of Community Services to enable students to study both qualifications simultaneously and graduate with dual qualifications.

Making Queensland one of the leading states for student literacy and numeracy by 2020

Through the Adult Tertiary Preparation (ATP), Literacy and Numeracy program, GCIT provides 'second chance' education to those who for various reasons, were not successful in, or did not complete years 11 and 12. The one year course provides entry to university or other tertiary institutions and teaches the skills necessary for further study and/or participation in the workforce.

The courses offered under the Literacy and Numeracy banner range from year 10 equivalency for students to providing adults with literacy and numeracy skills in order to further their education. In addition, classes are available for students with varying learning challenges.

GCIT also has a very large and comprehensive English as a second language (ESL) program. GCIT offers commercial, online and English for Specific Purposes classes including academic preparation, business purposes, hospitality, nursing and health. There has been particular success with the offerings of training for the Occupational English Test with a medical focus and English for Health Professionals (online).

Investing in early childhood education with 600 full time prep teacher aides

GCIT has been working collaboratively with Education Queensland to facilitate access to online training for teacher aides across the state who do not hold an entry level qualification. GCIT's Certificate III in Education Support online will facilitate access to Education Queensland's Digital Competency Framework. GCIT is the only TAFE in Queensland to offer the Certificate III and Diploma of Education Support in an online environment.

GCIT also offers online study for the Certificate III in Children's Services for Child Care Centre workers and Home Day Care workers nationally.

GCIT has recently begun delivery of a Certificate III in Children's Services customised for Aboriginal and Torres Strait Islander (ATSI) students. This program has the support of GCIT's Indigenous Community Advisory Board and will focus on employment outcomes for participants.

Agency objectives and performance indicators

■ Strategic Goal 1: Increase training opportunities and contribute to Queensland and Federal Government skills' priorities

Priority 1.1 – Increase training that creates or enhances employment and education pathways for students.

During 2011–2012, the total nominal hours of training provided by GCIT has grown by 6% over that of 2010–2011. During that same time period successful completions have also risen by 5%.

| | Nominal hours of training | | |
|---------------------|---------------------------|-----------|-----------|
| Fund source | 2009/2010 | 2010/2011 | 2011/2012 |
| Fee for Service | 872,859 | 904,493 | 1,030,697 |
| International | 703,743 | 499,982 | 301,194 |
| Other delivery | 140,520 | 243,220 | 444,485 |
| User choice | 627,522 | 555,960 | 451,196 |
| VET FEE Help | | 101,722 | 399,222 |
| VET Revenue General | 2,430,455 | 2,559,739 | 2,538,834 |
| Totals: | 4,775,099 | 4,865,116 | 5,165,628 |

GCIT is currently delivering innovative, industry-based, short courses in hospitality that have been developed and delivered in collaboration with industry and target unemployed job-seekers. These customised courses have been successfully run at several high profile hotels and resorts and are designed to facilitate the recruitment process by providing enterprises with newly skilled recruits who are trained in a job context. Job Services Australia have actively referred and supported candidates for these programs and worked collaboratively with GCIT and the enterprises to realise an employment outcome of 80%. Many of these students progress onto apprenticeships adding further to their skills and qualifications and enabling GCIT to address industry needs.

Focusing on labour market shortages and the employability of students, GCIT has initiated the delivery of 8 units of the Diploma of Nursing online to over 30 senior phase high schools students in rural and remote areas across Queensland. This initiative provides a direct pathway opportunity with credit into the Diploma of Nursing program for young learners. In addition, GCIT has partnered with John Flynn Hospital to offer the same program to 14 local Gold Coast school students. These students will gain exposure to a number of clinical areas under a work experience model at John Flynn Hospital and gain a direct entry pathway into the Diploma of Nursing. The hospital will encourage these students to articulate into the online Diploma of Nursing program and be targeted for a place in the John Flynn Hospital graduate program on completion of their study.

GCIT's Trades division has completed training for over 150 students in the Queensland Government's Resources 101 initiative, a foundation skills program for people interested in entering the mining sector. GCIT has been partnering with industry to provide an authentic on-site experience at an operating quarry providing students with heavy tip truck operator training and employment opportunities.

In 2011, GCIT formalised an MOU with representatives from Education Queensland to facilitate the collaborative delivery of professional development pathways for teacher aides across Queensland. GCIT's Certificate III in Education Support and the Diploma of Education Support are now being delivered online to Education Queensland teacher aides and complement the delivery of Education Queensland's Digital Technology Certificate.

GCIT's General Education division now offers User Choice students two hour sessions on educational pathways, post qualification options, goal setting, resume writing, and employment readiness. In all courses there is a focus on increasing educational or employment pathways for students.

A Certificate III in Children's Services course targeting the local Indigenous community was rolled out in 2012. Successful participants are found employment in child care centres where they continue to receive mentoring.

Priority 1.2 – Increase training for enterprises that builds their profitability and productivity

The business satisfaction survey results were released in December 2011 and satisfaction with GCIT was very high amongst business clients with an overall satisfaction score of 89%, which is 4% above the target of 85%.

GCIT liaises with many business clients to understand and meet their specific training needs. The scope of training delivery ranges from apprenticeships and traineeships for small, medium and large businesses, to tailoring an educational solution to improve business operations and increase return on investment. GCIT's dedicated Domestic Business team works to establish new enterprise partnerships, and build on existing partnerships to increase training programs within these organisations.

GCIT is currently delivering innovative, industry-based, short courses in hospitality that have been developed and delivered in collaboration with industry and target unemployed job-seekers. These customised courses have been successfully run at the Radisson, Holiday Inn, Crowne Plaza, Sofitel and Hyatt and are designed to facilitate the recruitment process by providing enterprises with newly skilled recruits, trained for roles that industry finds hard to fill. To date, 80% of graduating students have gone on to secure employment. A similar program in the health sector also began delivery in 2011-2012, involving employer Ramsay Health.

Successful programs are also running in:

- Trades: competitive manufacturing to support business productivity
- Health and Community Services: The good relationship with Greenslopes Hospital continues and new relationships have been established with QML Pathology and John Flynn Hospital
- General Education: GCIT has established a partnership with Bright Horizons Australia Childcare Centres

Priority 1.3 – Build a competitive advantage within Trades training

To become more competitive in Trades training GCIT has introduced the following measures and initiatives:

- Investing in electrotechnology refurbishment of Trades facilities to keep pace with training demands of the industry
- Developing online content for theoretical components, aimed at reducing the amount of time apprentices need to be on campus. This allows apprentices to spend more time on the job gaining practical experience with their employer
- Offering significant workplace delivery to better meet the practical needs of employers
- Introducing day release allowing employers to send their apprentices to training on short notice should the employers schedule/work flow change or shift suddenly. Feedback from industry on this initiative has been positive

GCIT has worked closely with employers and industry groups to tailor the training options available to each area, ie. more online and workplace assessment has been developed for the carpentry apprentices, however plumbing employers want more face to face training with short notice training options.

GCIT has enhanced the delivery model for carpentry. More traditional instructor-led workshops have proven very popular for short skill set blocks and more frequent progress monitoring and workplace visits are being well received.

Priority 1.4 – Be Queensland’s leading provider of flexible learning

26% of GCIT’s programs are now being delivered flexibly.

GCIT has committed substantial funds and personnel to the establishment of a unit that focuses on the development of online and flexible programs. This unit has facilitated the development of a comprehensive suite of online products and employment based training initiatives.

| Delivery type | Nominal hours of training | | |
|---|---------------------------|-----------|-----------|
| | 2009-2010 | 2010-2011 | 2011-2012 |
| Assessment only | 44,321 | 24,856 | 720 |
| Classroom based - includes classroom delivery | 4,175,461 | 3,960,846 | 3,637,365 |
| Electronic based / online | 160,936 | 321,087 | 648,386 |
| Employment based - (employer) | 16,520 | 80,371 | 169,998 |
| Employment based - (TAFE) | 5,086 | 15,029 | 31,559 |
| RPL / credit transfer | 328,203 | 395,706 | 596,280 |
| Other delivery (eg. correspondence) | 44,572 | 67,221 | 81,320 |
| Totals: | 4,775,099 | 4,865,116 | 5,165,628 |

Priority 1.5 – Establish a new University College in collaboration with Southern Cross University

GCIT is negotiating a formal partnership with Southern Cross University (SCU) and North Coast TAFE NSW in establishing a University College at SCU’s Bilinga site. This new \$30M facility already funded by the Commonwealth Government will offer increased educational programs on the southern Gold Coast.

GCIT is currently working with SCU to establish a Heads of Agreement and finalise curriculum design. GCIT aims to begin operating at SCU’s Bilinga site in 2014.

Priority 1.6 – Increase training opportunities in the short course market

In 2012 GCIT offered new short courses in fashion, fitness, beauty and hairdressing, along with the existing range of products in tourism and hospitality. Within the Trades division new short courses and upskilling courses have been offered in split systems air conditioning, auto mechanics and auto electrical. The Health division has also developed short course upgrades for enrolled nurses to broaden their specialisations. These new short courses have been well received by employers and industry participants.

■ Strategic Goal 2: Be A Recognised And Valued High Quality Training Provider

Priority 2.1 – Uphold the highest levels of quality and deliver a great learning experience

The student satisfaction survey results for 2011-2012 rose to 92%, which is 8% above the target of 84%. This great result also exceeds the TAFE Queensland satisfaction rate which currently sits at 89%.

Industry Satisfaction with GCIT has increased from 84% in June 2011 to 89% in April 2012. In comparison TAFE Queensland Industry Satisfaction has stayed stable at 83% over the same period.

In 2012, GCIT recruited a new disability support officer and indigenous support officer to Student Support. An Academic Committee was also established to focus on quality and greater teacher engagement.

GCIT's Resource Development Unit has continued to work on scheduled online product development in a number of areas. Print resources for use in face to face delivery and online courses continue to be developed.

Library Services continue to focus on enhanced access to and availability of digital resources for students and teachers together with the support for Institute adoption of e-technologies and e-resources including i-pads, laptops, databases, e-books and streamed DVDs.

Priority 2.2 – Implement and launch a new brand

The new GCIT brand was launched to staff at the Whole of Institute Professional Development Day in October 2011.

The new tagline "Skills you need for the life you want" was launched with an advertising and editorial campaign echoing GCIT's brand essence 'changing lives' using growth products within Health and Community Services and Mining. The re-branded website was launched early November 2011 as part of the peak advertising campaign. To minimise costs, the brand is being rolled out gradually with the new brand implemented as new printing and signage needs arise.

■ Strategic Goal 3: Retain, recruit and support a highly engaged workforce

Priority 3.1 – Implement a Teacher Capability Framework and robust return to industry program for teaching staff

The GCIT Teacher Capability Framework is amongst the best in Australia and the leader in Queensland. The Framework was used as a case study in 2011 by the IBSA Sector Advisory Committee for Training and Education and the structure is strongly reflected in the proposed National VET Practitioners Framework.

77% of delivery staff held a Diploma or higher qualification in 2011 in their vocational area. This result exceeds the objective and is a 5% increase on the result achieved in 2009/2010. As of 30 June 2012, 42% of GCIT teachers hold a Diploma of TAA or Higher Education/ AVE/VET qualification (Bachelor, Graduate Certificate, Graduate Diploma, Masters or PhD)

Currently, nine teachers are enrolled in a dual Diploma TAE with the intention of completing by the end of 2012. Another 13 teachers are enrolled on a longer term basis to fit their own personal and professional needs. 30 teachers are currently participating in the Bachelor of Training program.

Priority 3.2 – Provide relevant professional development for our staff and support their engagement

GCIT is committed to exceeding the minimum standards for teacher qualifications and accordingly, 81% of GCIT teachers hold a Diploma or higher qualification. This is 3% above the 78% target. 94% of staff are also involved in professional development programs.

A version of the Teacher Capability Framework tailored specifically to the needs of non-teaching staff was introduced in 2012. Over 100 non-teaching staff have taken up the opportunity and are participating in a range of Diploma and Certificate programs in the areas of business, management, project management and training and assessment.

A comprehensive training calendar has been developed and is accessible to all (teaching and administration staff) via our intranet. An integral part of this calendar is the establishment of four Personal Development (PD) weeks that are run in the first week of each term break. These provide a range of short sessions and longer workshops to suit the needs of individual staff members.

Improvements have been made to the teacher induction program to build teachers' capability in teaching, learning and assessment practices in the VET sector. A flexible form of online induction has been introduced and is achieving great results.

An Academic Committee has also been established to focus on quality and greater teacher engagement.

GCIT continues to support staff through an Active Career Management Program and an in-house Leadership Development Program.

■ Strategic Goal 4: Increase business efficiency and effectiveness and remain financially robust

Priority 4.1 – Reduce dependence on VRG funding and compete effectively in markets

On nominal hours of training, VRG has dropped from 52.6% to 49.1%. VRG represented 41% of revenue in the current year versus 40% in the previous year. VET FEE-HELP has grown by 215% in 2011-2012 representing 7.3% of revenue versus 2.3% of revenue in 2010-2011.

GCIT has introduced VET FEE-HELP in five programs in the Creative Industries and Commerce division and also leveraged programs, where appropriate, to free up VRG funding for use in other delivery markets.

VET FEE-HELP has been introduced in the Diploma of Hospitality, Tourism and Events and additional Fee For Service shortcourses are being run.

The Trades division accessed additional Construction Skills Qld funds to reduce the pressure on an already oversubscribed VRG funding allocation.

In the General Education division, Disability and Indigenous funding has been accessed to enhance the learning experience and provide support for both these groups of students.

Priority 4.2 – Provide a consistent and exceptional customer experience

In July 2011, GCIT engaged PRIME Process Management Group to undertake a business improvement study through the process mapping and analysis of selected business processes. A project plan is being developed to implement a number of recommendations which will ultimately enhance customer experience at GCIT.

The student satisfaction survey results for 2011/2012 rose to 92%, which is 8% above the target of 84%. Business satisfaction also rose 4% from 85% to 89%.

A Feedback Handling Strategy has been determined to manage feedback and monitor contact activity occurring in the Institute. The Customer Service Unit (CSU) will maintain logs on feedback activity.

Priority 4.3 – Manage our costs and improve our business systems

Controls have been introduced to manage the prioritisation of project spends on a whole of GCIT basis, with a project management process initiated along the PRINCE2 methodology.

A Business Intelligence Reporting System has been prototyped to empower users to self-access timely and consistent data from GCIT's various databases. A process review has also been undertaken to map our current student enrolment and scheduling methods. This review is the first step towards major systems change and efficiency improvement to deliver better outcomes.

In late 2011 the GCIT website was re-developed and re-branded. The customer enquiry interface was re-designed to allow online performance tracking. The new site is tracking well against key performance indicators with an 88% increase in website enquiries.

■ Strategic Goal 5: Develop and implement an infrastructure plan that meets customers immediate and future skill needs

Priority 5.1 – Effectively manage the promotion and growth of the new Coomera campus

The Creative Industries and Commerce division has engaged in a range of promotional activities to highlight the new Coomera campus and the capabilities of Coomera staff including:

- Coomera campus featured on Channel 10's *Totally Wild*
- Coomera campus hosted auditions for *Undercover 5*
- Coomera campus hosted local high school *Battle of the Bands* competition
- A Graphic Design Showcase was held highlighting the work of graduating students

Additional courses on offer in 2012 include Music and Business with short course offerings targeting the Performing Arts and Visual Arts.

Priority 5.2 – Investigate options to work collaboratively with Southern Cross University

GCIT continues to work closely with SCU on the University College model outlined in Priority 1.5. GCIT's has been working closely with SCU to formalise the following:

- Proposed schedule of units and articulation pathways
- Process of marketing and promotional information for students of GCIT and SCU

Priority 5.3 - Consolidate Ashmore, Southport and Ridgeway campuses and renew infrastructure

GCIT has developed an Infrastructure Strategy aimed at addressing the infrastructure needs of GCIT now and into the future. This strategy highlights some of GCIT's more pressing issues including:

- Ageing infrastructure in less than optimal locations
- New high-density growth areas of the Gold Coast that are not currently serviced by a GCIT campus
- Out-dated infrastructure that no longer meets the specialised training needs of new and emerging industries

GCIT has commenced consultation with staff, stakeholders, Gold Coast City Council, DETE and university partners.

Agency services and service standards

Performance Statement

| GCIT Service standards | Notes | 2011-2012 Target/estimate | 2011-2012 Actual | 2012-2013 Budget |
|--|-------|------------------------------|---------------------|---------------------|
| Proportion of all attempted competencies successfully completed | | 88% | 88% | 88% |
| Student post training outcome (employed or in further study after training) | 1 | 84% | 86% | 84% |
| Proportion of graduates satisfied with the overall quality of their training | 1 | 84% | 92% | 85% |
| Proportion of employers satisfied with graduates of the Institute | 1 | 85% | 89% | 85% |
| Average cost per competency successfully completed | 2,3 | \$602 | \$581 | \$616 |
| <i>Other measures</i> Number of students completing Certificate III and above | 4 | 4,000 | 5,513 | 4,150 |

Notes:

1. Confidence intervals for satisfaction estimates derived from sample survey responses need to be considered when interpreting relative performance.
2. Students under the Productivity Places Program achieved higher than expected competency results in 2011-12, which lowered the average cost per competency for the financial year. The cost per competency in 2011-12 Estimated Actual calculation does not include non-current asset impairments and devaluations.
3. In 2012-13, the Institute is investing in teacher capability, improved customer service and equipment, and teaching resources for staff and students resulting in a higher operating expense for the financial year.
4. The 2011-12 Estimated Actual result was boosted by the impact of the one-off Productivity Places Program.

Summary of financial performance

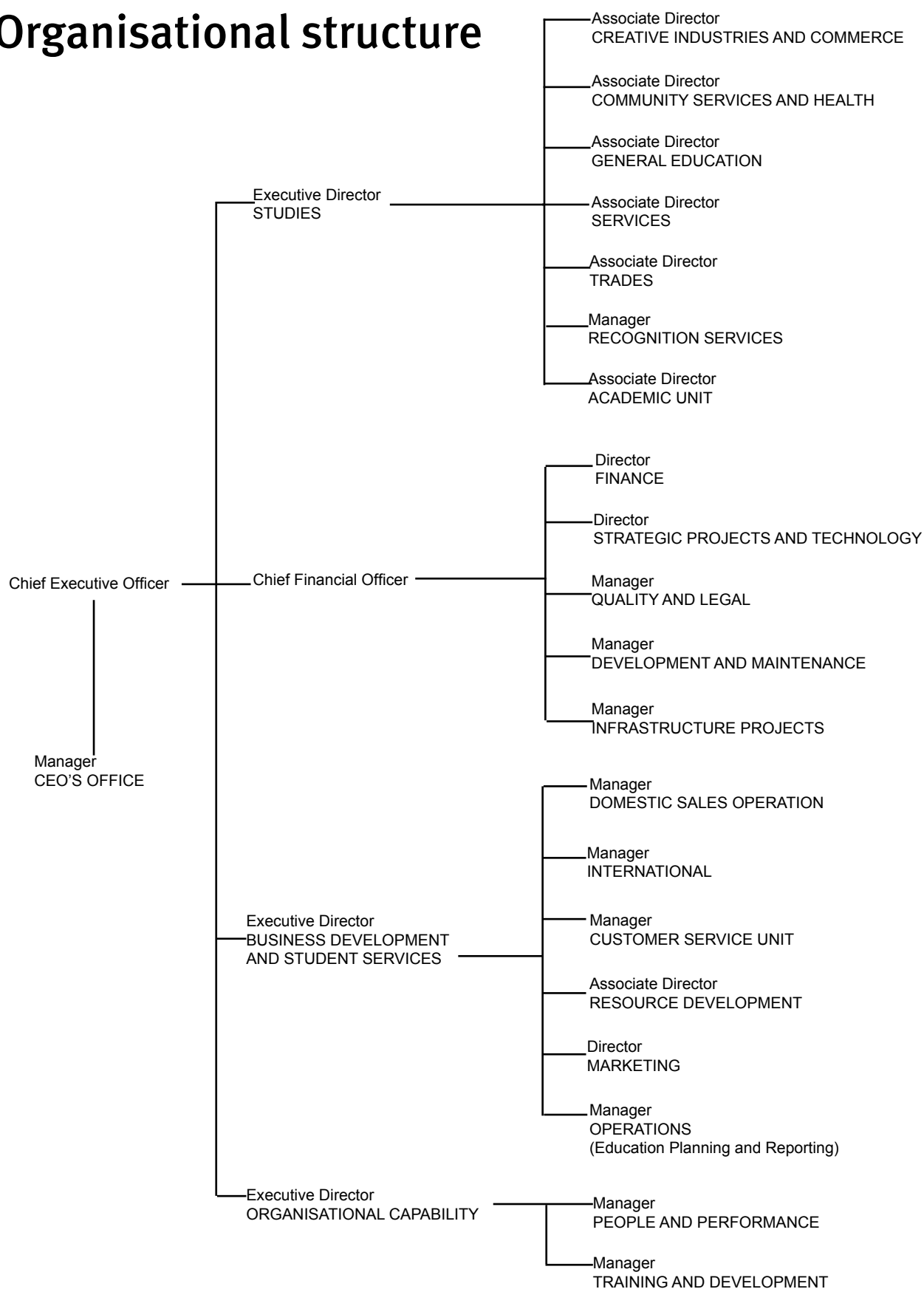
GCIT has reported an operating surplus (including interest income) of \$1.3m for the year compared to a budget of \$1.2m, however the value of GCIT land and buildings has declined in the market over the last twelve months and as a result, GCIT has had to take up a net asset devaluation adjustment of \$6.8m. An impairment write off of \$1.8m was also taken on the building at our Ridgeway campus. This campus has now been closed on the basis that it is surplus to our requirements and is to be offered for development. The net reported loss after allowing for these non cash effecting adjustments is \$7.2m.

GCIT has been subjected to a significant market change that has also affected other Institutes across Australia. The change in Commonwealth immigration laws has significantly impacted the revenue from overseas students and when coupled with the strong Australian dollar, international revenues have dropped by \$3.3m when compared to prior year levels. Local demand for our courses has remained strong and as a result overall revenue of \$69.8m is only down by \$2.4m on the previous year. Also a change in accounting treatment under AASB1004 accounts for part of the revenue drop as \$1.1m of revenue was shifted into the prior year for delivery this year.

Total expenses have been impacted by the asset devaluation and asset impairment write off of \$9.2m. On a comparative basis, year on year total expenses (after allowing for the asset impairment and devaluation) have increased by \$3m, of which mandated EBA award increases for public service employees accounts for \$2.0m.

GCIT has also managed its Balance Sheet and in particular working capital to advantage with a positive \$6.1m cash flow being generated in the year. GCIT is planning to apply its cash reserves to refurbish the Southport campus as part of a Board-approved Strategy for Infrastructure.

Organisational structure



Executive management

Chief Executive Officer

Aaron Devine

Acting CEO 25 January 2010 to 17 May 2011/ CEO 17 May 2011 to present

In his role as Chief Executive Officer (CEO) for GCIT, Aaron Devine provides strategic direction and leadership to the Institute with a view to increasing market share, improving the customer experience and championing GCIT's competitive advantages. Aaron has a wealth of strategic leadership experience in the education sector and has held high level positions including General Manager TAFE Tasmania and more recently, Director VET and Leader Teaching and Learning Quality at Charles Darwin University in the Northern Territory. On three occasions Aaron led Institutes that have been awarded Large Training Provider of the Year. Aaron's leadership in the sector has been recognised with an AUSTAFE national leadership award. Aaron is also a member of the Australian Institute of Company Directors.

Chief Financial Officer

Andrew Stuart-Murray

17 May 2010 to present

In his role as Chief Financial Officer (CFO), Andrew Stuart-Murray provides opportunity for GCIT to move forward in the areas of strategic financial management and analysis as well as ensuring cohesive delivery of effective strategic legal, ICT, built infrastructure and human resources services focused on the efficient delivery of VET. Andrew was formally the CFO at Australian Institute of Management Victoria where he successfully led the growth and commercialisation of training programs. He also has extensive national and international experience as a CFO in large manufacturing companies, particularly with BTR Nylex.

Chief Marketing Officer

Kellie-Ann Williams

9 November 2009 to 17 September 2012

In her role as Chief Marketing Officer for GCIT, Kellie-Ann Williams drives the Institute's growth with market insight, a strong brand, effective relationships and communications, and a focus on building a profitable business. Kellie-Ann is an Associate Fellow and Certified Practising Marketer of the Australian Marketing Institute with a strong track record of achievement in business growth. Kellie-Ann has more than 16 years experience in strategic planning, business/market development and cultivation of brands in both the public and private sectors including with Energex, Austrade, Brisbane River Ferry Service and Yellow Pages Australia.

Executive Director, Business Development and Student Services

Lee Aitken

26 September 2011 to 29 June 2012

Lee Aitken oversees the student recruitment, commercial support and service functions of the Institute, ensuring GCIT remains a profitable business with the provision of high service levels. His portfolio includes customer service (admissions), business development, international, marketing, resource development and educational operations. Lee has a background in corporate and commercial services in hospitality prior to that of the education sector. He was formally the Manager of Reservations and Owner Services at Wyndham Vacation Resorts Asia Pacific where he drove service provision during a considerable growth period for the company.

Executive Director, Studies

Lee Russell

12 September 2011 to present

Lee Russell has been involved in education and vocational education and training in a comprehensive range of settings for over 35 years. Lee has spent the majority of her career working with groups of students with complex needs and leading large and diverse teams. Lee holds a Master of Education with a major in Leadership and a number of post graduate qualifications related to students with specific needs. Lee has significant experience teaching and managing educational programs for students from culturally and linguistically diverse backgrounds, students with literacy and numeracy needs, youth at risk, students with disabilities, students of Aboriginal and Torres Strait Islander descent and students with a range of support needs. Lee has a particular interest in the development of responsive and customised training and education options that maximise access and outcomes and incorporate emerging technologies.

Executive Director, Organisational Capability

Gillian Flori

29 June 2009 to present

In her role as Executive Director, Organisational Capability, Gillian's focus is on attracting, developing and retaining the workforce that will enable the Institute to deliver on current and future strategic priorities. Gillian has more than 20 years experience as a generalist human resource management practitioner with over five years as a member of the GCIT executive team. Working with large organisations, Gillian's experience relates to building organisational capability and leading strategic HR initiatives focussed on workforce planning, employee relations and building staff engagement.

Board and committees

Our Board

The GCIT Board comprises a Chair and ten members, who were appointed by the Governor in Council. The powers of the Board are established under Chapter 6A of the VETE Act. The Institute's strong team of Board members ensures continued growth and success, applying a mix of business acumen and commitment to the Institute's long term vision, mission, values, goals and objectives. Each Board member brings a different set of skills and scope of professional experience to the Board. The Board's role is to:

- set the strategic direction for the Institute
- approve the Institute's strategic and operational plans and budgets
- monitor financial and non-financial performance as set out in the Institute's Operational Plan
- ensure that regulatory and ethical standards are met and compliance and risks are appropriate, mitigated and managed
- appoint the CEO and review performance

The Board reports to the Hon. John-Paul Langbroek MP, Minister for Education, Training and Employment. The statutory functions of the Board are set out in section 219D of the VETE Act, and Chapter 6A outlines the powers of GCIT as a statutory TAFE Institute. The Board's charter specifies the role and responsibilities of the Board in detail. The Institute's corporate governance structure provides sound management and strong ethical standards to ensure that the commitment to fairness, accountability and community benefit is upheld.

Committees

The Board has established four committees that capitalise on the vast skills and experience of individual Board members. The committees assist the Board in meeting its statutory obligations and include three statutory and one other committee:

- Audit, Finance and Risk Management Committee (statutory)
- Governance and Capital Works Committee (non-statutory)
- Staff, Student and Community Voice Committee (statutory)
- Remuneration and Nominations Committee (statutory)

As at 1 June 2012, the Governance and Capital Works Committee split into the following two committees:

- Governance Committee - 16 July 2012
- Capital Works Committee - 23 July 2012

Committee operation and membership

The Board committee structure and membership is subject to annual review. All committees are required to have clear objectives consistent with the Board's corporate governance objectives. The committees are led by Board members with the Chair of each committee being a member of the Board and supported by the CEO or other senior executives of the Institute.

Committee functions

The statutory function of each of the three statutory committees of the Board is outlined in section 219Z of the VETE Act. However, the Board has also identified the role and responsibilities of each of the committees as outlined in the next two pages:

Audit, Finance and Risk Management Committee

- advise and make recommendations to the Board about the management of financial and other operating risks for GCIT
- oversee GCIT's internal control and risk management functions
- ensure that risk management frameworks and policies identify strategic, operational and financial risks
- oversee the internal and external audit functions of the Institute and ensure it is performing in accordance with its charter or service level agreement
- review financial reports and make recommendations to the Board
- oversee the Institute's implementation of compliance with applicable legislation and regulations
- monitor compliance issues which may affect the Institute's reputation including ethical, legislative and regulatory compliance

The Audit, Finance and Risk Management Committee has observed the terms of its charter and has due regard to Queensland Treasury's Audit Committee Guidelines.

Committee members: Janelle Manders – Chair (GCIT Board), Richard Flanagan (GCIT Board), John Howe (GCIT Board), Trina Hockley (GCIT Board).

Governance and Capital Works Committee

- oversee corporate governance arrangements, which are appropriate for, and adapted to, the Board's circumstances
- oversee capital works in their planning and execution
- oversee strategic Information and Communications Technology (ICT) projects
- oversee proper disclosure and reporting on the achievements, performance and operations of the Institute to the shareholding Minister and the public (via the Annual Report)
- oversee strategic capital infrastructure projects
- oversee the Annual Report
- review the External Relations and Communications Policy, Execution of Documents Policy, and Directors and Officers Insurance/s
- advise and make recommendations to the Board in regard to the Strategic Plan, ICT Strategic Plan, Capital Infrastructure Plan, Operational Plan, Operating Agreement, Committee Charter (annual review) and Annual Board review

Committee members: Trina Hockley – Chair (GCIT Board), Roger du Blet (GCIT Board), Kieran Chilcott (GCIT Board – appointed 1 June 2012), Brian Gabriel (GCIT Board), John Howe (GCIT Board – resigned 1 June 2012), Janelle Manders (GCIT Board), Richard Munro (GCIT Board), Kellie Trigger (GCIT Board), Adrienne Ward (GCIT Board).

Staff, Student and Community Voice Committee

- ensure the Institute has appropriate engagement with the community, students and staff, and considers their needs in its strategic direction
- monitor and report to the Board with respect to staff, student and community concerns
- Review the Annual Report, student and business satisfaction surveys and the Strategic Marketing Plan

Committee members: Kellie Trigger – Chair (GCIT Board), Roger du Blet (GCIT Board), Kieran Chilcott (GCIT Board), Brian Gabriel (GCIT Board), Janelle Manders (GCIT Board), Lyn Turner (GCIT Board), Adrienne Ward (GCIT Board)

Remuneration and Nominations Committee

- advise on appointment, retirement and removal of Board members
- appointment, remuneration and annual review of performance for the CEO
- various Institute policies relating to the employment of directly engaged staff of the Institute
- Reimbursable Expenses and Remuneration Fees Policy.

Committee members: Richard Munro –Chair (GCIT Board), Kieran Chilcott (GCIT Board), Trina Hockley (GCIT Board), Kellie Trigger (GCIT Board)

Committee activities:

The Board and its Committees' activities and major achievements in 2011–2012 include the development, monitoring and advising on the:

- 2011–2014 Strategic Plan
- 2011–2012 Operational Plan
- 2011–2012 Operating and Capital Budgets
- Compliance Plan
- Risk Management Plan

The Board also approved the:

- Annual Report
- ICT Strategic Plan
- Operating Agreement between the Chief Executive (Director-General) of the Department of Education and Training and the Institute
- Policy referred by the Institute's Chief Executive Officer (CEO) including but not limited to the Institute's Compliance policy and Risk Management policy
- Treasury 5 year Financial Projections
- Contract Management Plan
- Internal Audit Corporate Plan
- Workforce Management Plan
- Asset Strategic Plan
- Strategic Marketing Plan

The Board also had oversight of GCIT's compliance with the Australian Quality Training Framework and other legislative obligations; staff, business and student satisfaction surveys; financial management framework compliance and internal audit and Board review and professional development.

Related bodies:

GCIT does not have related bodies.

Board members

Mr Roger Du Blet AM

Appointed 17 July 2011 to 16 July 2014

Roger's main vocational experience has been as Managing Director of Reduct Pty Ltd, a company focused on the building and development industry, as an equity participant, a consultant and an adviser. His experience has offered him valuable insight into infrastructure development, its funding and the introduction of public/private infrastructure partnerships in Queensland. Roger has also held significant executive positions and served 11 years as the private sector representative on the South East Queensland Regional Planning Committee. He has also chaired and been a member of a number of Boards of companies and other entities including Chair of the Australian Chamber of Commerce and Industry's Education and Training Committee. He was also National and State President of the HIA and a Member of the Board of the Banking Ombudsman. Roger was awarded the Order of Australia for successfully introducing private provision of public transport infrastructure to Queensland, for services to the Australian Housing Industry and for services to small business development in Australia.

Mr Kieran Chilcott

Appointed 17 July 2011 to 16 July 2014

Kieran is currently the Chief Executive Officer of the Kalwun Health Service – an Aboriginal Community Controlled Health Service. In this role he provides leadership, direction and coordinates the activities of the Kalwun Health Service in accordance with the vision, mission, objectives and policies, ensuring that the highest quality services are delivered.

Prior roles held by Kieran include Senior Manager – Youth and Employment Services, Youth Support Coordinator and an Inclusion Support Facilitator. Kieran also has experience in the education sector as a registered teacher working for Education Queensland. Kieran is an active member of the community and has chaired and been a member of a number of boards and committees. His other board roles include Inaugural Chairperson of the Institute for Urban Indigenous Health Ltd, Non-Executive Director of the Queensland Aboriginal and Islander Health Council, Aboriginal and Torres Strait Islander (ATSI) representative of the Gold Coast Primary Care Partnership Council and Advisory Committee Member for the Benevolent Society Early Years Centre. Kieran is a member of the Australian Institute of Company Directors.

Mr Richard Flanagan

Appointed 17 July 2011 to 16 July 2014

Richard formed the electrical engineering and contracting company Richard Flanagan and Company Pty Ltd of which he was Managing Director in August 1987. Since 2006, Richard has been Managing Director of SEQ Electrical carrying out major projects and specialising in civil infrastructure, correctional centres and Defence infrastructure. Richard is committed to training and currently employs many electrical apprentices. Richard also spent many years teaching electrical contractor training at GCIT.

Mr Brian Gabriel

Appointed 17 July 2011 to 16 July 2014

Brian is currently the Managing Director of a large Gold Coast based construction company, Glenzeil Pty Ltd. His position provides him with direct links to trades, particularly in construction, and links to local industry. His senior position also offers insights into organisational planning and reform and strategic and financial management. Brian has been involved in GCIT via training as an apprentice at GCIT in the late 1970's, through to his participation in an Industry Reference Group in 2008.

Mr Phil Gray

Appointed 17 July 2008 to 16 July 2011

Phil is a former Member of Parliament and has been involved in the education and training sector at senior levels in project management, strategic planning, negotiation, policy development, policy advice and administration. Phil also has experience in the provision of student services, counselling, guidance services and teaching in both primary and secondary schools. Phil is well versed in public sector policy and has also worked in the private sector. He is the author of a number of academic articles and books and in 2003 Phil was awarded a Centenary Medal for his outstanding contribution to the community.

Ms Trina Hockley

Appointed 17 July 2008 and re-appointed 17 July 2011 to 16 July 2015

Trina is the Managing Director of the L&M group of companies. L&M is the premier provider of electrical appliances to the accommodation industry and has a strong commercial, rental and air conditioning operation on the Gold Coast. In 2011, Trina was appointed Chair of ON Q Human Resources, a not-for-profit employment service provider specialising in finding placements for job seekers with disabilities. Trina is a fellow of the Australian Institute of Company Directors (AICD) and is an active Indigenous community volunteer.

Mr John Howe

Appointed 17 July 2011 to 16 July 2014

John has an ongoing commitment to education through his roles as the inaugural and current Honorary Professor of Integrated Engineering at Griffith University and as an Adjunct Professor in the Mirvac School of Sustainable Development at Bond University. John also has over 30 years of business experience in the development and construction industry, during which he founded and developed his company Weathered Howe into a highly successful international consulting group. John is currently Trustee of the Parklands Gold Coast Trust and has held Chair and Board positions with GCCC Growth Management Advisory Board, the Premier of Queensland Export Committee and the Business Gold Coast Advisory Board.

Ms Janelle Manders

Appointed 3 June 2010 and re-appointed 17 July 2011 to 16 July 2014

As Managing Partner of HLB Mann Judd Accountants and Business Advisors, Janelle provides tax and business advice to a variety of Gold Coast businesses. Janelle is involved with a variety of professional and community organisations and her areas of expertise include strategic planning, risk management, taxation, global business, governance, and financial reporting.

Mr Richard Munro

Appointed 17 July 2008 and re-appointed 17 July 2011 to 16 July 2014

Richard has built a successful public accounting practice on the Gold Coast, providing services to a wide selection of clients in taxation, accounting, finance, management and computer systems. Richard has been involved in a variety of professional and community organisations both on the Gold Coast and nationally. Having recently completed his Graduate Diploma in Company Directorship, Richard brings a wide knowledge of business and governance experience to the Board.

Ms Kellie Trigger

Appointed 17 July 2008 and re-appointed 17 July 2011 to 16 July 2014

Kellie has a diverse background with experience in law, politics, social planning and multi agency government projects. Kellie has previously worked as an executive officer with the Department of Communities South East Region, utilising her skills in governance, coordination and issues management across a broad portfolio of human services. Kellie is the Planning Manager for the Gold Coast Medicare Local and also sits on the Board for OnQ Human Resources.

Ms Lynette Turner

Appointed 17 July 2011 to 16 July 2014

Lynette is currently the Director of National Care Solutions, an education, training and management consultancy specialising in aged and community care. Lynette has significant board experience including being Board member of the Community Services and Health Industry, Industry Skills Council and a member of the Aged Care Skills Formation Strategy Industry Reference Group. This Board experience has given her valuable expertise in the VET sector, particularly in building skills links with industry and in improving the skills profile of Queensland.

Ms Adrienne Ward

Appointed 17 July 2008 and re-appointed 17 July 2011 to 16 July 2014

As Government and Business Relations Advisor for Leighton Contractors, Adrienne has a solid background in corporate and government strategy. Adrienne has held significant roles in many large corporations including Accenture, Optus Vision and Westpac Banking Corporation. Among her many achievements, Adrienne was awarded the Centenary Medal in 2003 for distinguished service and achievement in business and commerce and is a former Telstra Business Woman of the Year award winner.

Board activity

Board committee memberships and attendance

| Board member | Type of appointment | Board and committee memberships and meetings attended | | | | |
|------------------|---------------------|---|--|----------------------------------|--|----------------------------------|
| | | Board meetings 6/6 | Audit, Finance and Risk Management 9/9 | Governance and Capital Works 6/6 | Staff, Student and Community Voice 7/7 | Remuneration and Nominations 4/4 |
| Trina Hockley | Ministerial | 6 | 8 | 6 | 1 | 4 |
| Adrienne Ward | Ministerial | 4 | 1 | 5 | 5 | - |
| Kieran Chilcott | Ministerial | 5 | - | - | 4 | 3 |
| Roger du Blet | Ministerial | 6 | - | 3 | 5 | - |
| Richard Flanagan | Ministerial | 5 | 8 | - | - | - |
| Brian Gabriel | Ministerial | 6 | - | 1 | 5 | - |
| Phil Gray | Ministerial | - | - | - | 1 | - |
| John Howe | Ministerial | 4 | 6 | 5 | - | - |
| Janelle Manders | Ministerial | 6 | 9 | 6 | 5 | - |
| Richard Munro | Ministerial | 5 | - | 4 | - | 4 |
| Kellie Trigger | Ministerial | 6 | - | 6 | 7 | 4 |
| Lynette Turner | Ministerial | 5 | - | - | 4 | - |

Note: Governance and Capital Works Committee split on 1 June 2012 with first meetings scheduled to be held in 2012-13:

- Governance Committee – 16 July 2012
- Capital Works Committee – 23 July 2012

1. Four out of session Board meetings were held.
2. One out of session Remuneration and Nomination Committee meeting was held.
3. Trina Hockley attended one Staff, Student and Community Voice Committee meeting but does not sit on the Committee.
4. Adrienne Ward attended one Audit Finance and Risk Management Committee meeting as Acting Board Chair.
5. Brian Gabriel attended one Governance and Capital Works Committee meeting but does not sit on the Committee
6. Phil Gray resigned as Board/Committee member on 16 July 2011.

Board professional development activity

| Board Member | Date | Activity | Approximate cost |
|---|---------------------|--|------------------|
| Trina Hockley | 29 Feb – 1 Mar 2012 | 3rd Annual TAFE Governance and Regulations Forum Melbourne (registration fee) | \$1,974.50 |
| Janelle Manders | 29 Feb – 1 Mar 2012 | 3rd Annual TAFE Governance and Regulations Forum Melbourne (Registration fee) | \$1,974.50 |
| Trina Hockley/Janelle Manders | 29 Feb – 1 Mar 2012 | 3rd Annual TAFE Governance and Regulations Forum Melbourne (airfares, transfers, accommodation, special assignment fees) | \$4,266.00 |
| Lynette Turner | 25 Jan 2012 | AICD membership application | \$690.00 |
| Lynette Turner | 21 Mar 2012 | Company Directors course Gold Coast | \$5,850.00 |
| Adrienne Ward | 27 Jan 2012 | AICD membership renewal | \$470.00 |
| Adrienne Ward | 1 Mar 2012 | Company Directors course update Brisbane (Registration fee) | \$1,630.00 |
| Adrienne Ward | 1 Mar 2012 | Company Directors course update Brisbane (Special assignment fee) | \$453.00 |
| Kieran Chilcott | 25 Jan 2012 | AICD membership application | \$690.00 |
| Kieran Chilcott | 21 Mar 2012 | Company Directors course Gold Coast | \$5,850.00 |
| Richard Munro | 14 Feb 2012 | AICD membership renewal | \$552.50 |
| Kellie Trigger | 14 Feb 2012 | AICD membership application | \$690.00 |
| Kellie Trigger/Richard Munro | 9-12 Mar 2012 | Company Directors Conference Directorship:12 Darwin (registration fees, airfares, airport transfers, accommodation, special assignment fees) | \$13,737.06 |
| Brian Gabriel/Richard Munro/Trina Hockley | 1 May 2012 | The Commonwealth Bank of Australia Not for Profit Conference – Building a Sustainable Future for the Third Sector | \$0.00 |

Public Sector Ethics Act 1994

The DETE Code of Conduct applies to all staff employed by DETE and working at GCIT under a Work Performance Arrangement. The DETE Code of Conduct has been adopted to apply to all staff directly engaged by GCIT. The Code is published on the GCIT intranet and is available for all staff to access. Policies and practices at GCIT are consistent with the *Public Sector Ethics Act 1994* requirements.

Implementation of the Code of Conduct for the Queensland Public Service

GCIT was informed of the new Code of Conduct applicable for public service agencies. DETE's Standard of Practice continues to apply to all DETE staff working at GCIT under a Work Performance Arrangement.

All GCIT staff are given access to training of public sector ethics and GCIT has a dedicated human resources team to provide education and training to all staff. Since January 2011 the (new) Code of Conduct training has been rolled out at individual business divisions/unit team meetings with particular emphasis on examples of breaches of those principles. Again, training is captured at corporate inductions held the last day of each month – again this is a compulsory activity.

At GCIT there is a team of six staff dedicated to training and development / performance management (both reactive and proactive strategies in training).

Risk Management

In accordance with the Institute's requirements outlined in the *Financial Accountability Act 2009* (QLD) and Financial and Performance Management Standard 2009, the Board in conjunction with the CEO and senior management team oversees the risk management framework of the Institute.

The Institute's Risk Management Policy is reviewed and approved by the Board. The Institute aims to drive an enterprise approach to risk management with both a systems and cultural emphasis that meets the principles of AS/NZS 31000:2009 Risk Management – Principles and Guidelines in the development, implementation and management of risks.

The Board has ensured through an integrated approach to risk management that the Institute has the ability to understand and subsequently manage its strategic and operational risks across all levels. Accountable officers conduct risk assessments regularly and report mitigating strategies to the Board. The Board's Audit, Finance and Risk Management Committee is responsible for setting, monitoring and controlling the risk management of the Institute.

The Institute's Compliance Plan sets out the key processes, systems and measures that are applied to ensure regulatory and legislative compliance while incorporating relevant industry best practice standards. The Compliance Framework is consistent with the principles of AS3806-2006 Compliance Programs. The Compliance Plan is reviewed and approved by the Board.

The Institute has an integrated Compliance Framework to manage the controls and processes that impact on its abilities and ensure ongoing compliance. The Compliance Program is designed to prevent, detect and remedy non-compliances and develop opportunities for improvement.

Internal audit

The Board through the Audit, Finance and Risk Management Committee has oversight of the Institute's internal control process.

Various people throughout the Institute are responsible for the internal control process. It is designed to provide assurance that the checks and balances established through the Institute's policies and procedures are operating as expected. The Board approves the scope of the internal review process.

The internal audit functions were administered by CMRU and through the use of the services of the DETE Internal Audit Unit.

Throughout 2011-2012 Quality and Legal performed corporate, educational and AVETMISS audits across the Institute.

In addition, DETE's internal audit unit undertook a range of audits negotiated with the CEO including:

- Internal control system – to assess the quality of the internal controls, test the degree of compliance with controls and evaluate, where necessary, the effect of any non-compliance and the accuracy of information and data derived from the system of controls
- Information technology audit – to assess the quality of the application and use of the operational controls in the context of the systems that are used by both the Institute and the shared service provider, Corporate and Professional Services
- Value for money – to assess and seek potential for improved economy, efficiency or effectiveness in the systems currently in use and those being developed, and in the strategic purchasing function
- Fraud and corruption – to identify the potential for fraud and corruption, which should be investigated and reported as necessary
- Management information – to evaluate the quality and usefulness of management information to ensure it is accurate, reliable and timely
- Compliance with legislation, policy and guidance – to assess the degree of compliance with legislative or regulatory issues affecting the Institute
- Contractual obligations – to assess the extent to which the Institute's interests and intellectual property are protected by legal and other agreements

Workforce planning and attraction

During the financial year 2011-2012, the Institute utilised an average of 593 fulltime equivalent DETE staff and 19 full-time equivalent staff were directly engaged by the Statutory Institute at year end. These roles are diverse and include positions in the following streams: administrative, operational, professional, technical, teaching and tutoring. GCIT has a strong focus on employee engagement and have committed to this through our strategic objective of retaining, recruiting and supporting a highly engaged workforce. In 2011/2012, GCIT had a permanent turnover rate of 5.5%, against a TAFE Queensland average of 14.2%, highlighting our commitment and success to high levels of staff retention.

GCIT is committed to recruiting the best people to meet the ongoing and future needs of our business. We recruit through the use of merit-based selection processes and attract quality applicant pools for our positions. We believe that the selection of the right people is a critical success factor for our business and provide training to our managers and other staff on effective recruitment and selection techniques and tools. We use a variety of selection tools including written application, formal interviews, work tests, skill testing centres, behavioural and management profiling and extensive referee checking. Our managers and processes are supported by a dedicated human resource professional who specialises in co-ordinating and advising on recruitment and selection. In 2011, as part of our response to our employee opinion survey, we commenced a review of recruitment to identify further improvements to ensure that we continue to attract and recruit the best people.

GCIT utilises a formal job evaluation system to assist in the design and classification of roles within the Institute. The job design system focuses on creating roles with clear expectation and responsibilities relating to knowledge and experience, interpersonal skills, judgement, accountability, position impact and independence and influence. This provides a platform for benchmarked salary ranges for roles, mandated formal qualifications where appropriate, and position requirements that enable job rotation through skills matching.

Staff training and development

GCIT has developed a Teacher Capability Framework, aimed at increasing the professional development of staff. The new program offers opportunities for, and has resulted in, a 200% increase in teacher professional development.

This Framework was used as a case study in 2011 by the IBSA Sector Advisory Committee for Training and Education and the structure is strongly reflected in the proposed National VET Practitioners Framework.

The purpose of the Framework is to address the professional development and industry release needs of teachers. The Framework is underpinned by various professional development strategies.

Improvements have been made to the teacher induction program to build teachers' capability in teaching, learning and assessment practices in the VET sector. A flexible form of online induction has been introduced and is achieving great results.

Professional development

Our Teacher Capability Framework also offers opportunities for staff to gain higher skills such as VET tools, eFacilitation, information and computer technology and industry currency.

A comprehensive training calendar has been developed and is accessible to all teaching and administration staff via our intranet. An integral part of this calendar is the establishment of four Personal Development (PD) weeks that are run in the first week of each term break. These provide a range of short sessions and longer workshops to suit the needs of individual staff members. A range of PD programmes for teachers provided by Queensland VET Development Centre is also included in the calendar.

GCIT continues to support staff through an Active Career Management Program and an in-house Leadership Development Program. GCIT is also a front runner in providing a professional development program for executive management levels of the organisation.

Performance management systems

The primary focus of GCIT's Manager, Performance and Capability, is to build performance and capability. The Manager works within a two-tiered framework incorporating both reactive and proactive performance management strategies. This role works closely with managers and directors to identify potential performance issues, training needs, job design issues and health/well-being concerns with individuals and teams. The Manager also case-manages performance issues and staff complaints, working with managers and individuals to bring these to a quick and appropriate resolution.

Professional employee opinion surveys provide GCIT staff with the opportunity to be heard about the issues of most concern. Based on feedback from these surveys, GCIT established an Employee Forum. This Forum comprises a group of staff representatives for across the Institute who meet bi-monthly with the Executive Director, Organisational Capability. This is a two-way communication forum designed to improve our consultation and awareness on key issues affecting staff.

Recognition

GCIT has developed a formal reward and recognition program built on the successes of our established "STARS" program. GCIT annually recognises staff performance through our Business Excellence Awards. The winners are our "STARS" for a year and are recognised through additional development opportunities and external events. In 2011 we extended this to launch our Team Excellence Awards which saw 10 teams (both teaching and corporate) recognised for their excellent performance. Each team received a \$5000 voucher to spend on equipment or professional development relevant to their work or industry area.

Voluntary Separation Program

A Voluntary Separation Program (VSP) was introduced as part of the Mid-Year Fiscal and Economic Review in January 2011. This program was one of a number of measures designed to deliver additional savings and reprioritise spending. The program was targeted primarily at non-frontline areas, as a service reprioritisation strategy to ensure continued growth in frontline areas. Our department sought expressions of interest from all permanent staff across GCIT. Offers were made to eligible employees based on the following criteria:

- Person had responded to the VSP expressions of interest (i.e. they volunteered)
- They met the government criteria for an offer to be made (i.e. they were permanent members of staff who had been employed on a permanent basis prior to 1 January 2010; and had not received a redundancy from the Queensland Government after 1 January 2005; and had not had significant investment in their professional development in the last 3 years)
- Their manager agreed that their position was surplus to requirement (i.e. they would not be replaced and there would be a net saving to the Institute)

In 2011-12, 14 employees accepted offers of Voluntary Separation Packages at \$0.4m net cost to GCIT.

Financial Statements 2011/2012

General Information

These financial statements cover the GCIT.

The financial statements are presented in the Australian currency.

The Gold Coast Institute of TAFE (the Institute) was established on 1 July 2008 as a statutory TAFE institute under the *Vocational Education, Training and Employment and Other Legislation Amendment Regulation* (No.2) 2008.

The Institute is controlled by the State of Queensland which is the ultimate parent.

The Institute is a not-for-profit entity.

The head office and principal place of business of the Institute is:

**Cnr Heeb St & Benowa Rds
Ashmore QLD 4214**

A description of the nature of the Institute's operations and its principal activities is included in the notes to the financial statements.

The financial statements were authorised for issue by the Board Chair, Chief Executive Officer and the Chief Financial Officer at the date of signing the Management Certificate.

For information in relation to the Institute's financial report please visit the Institute's Internet Site www.gcit.edu.au

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Statement of Comprehensive Income

For the year ended 30 June 2012

| | Notes | 2012 \$'000 | 2011 \$'000 |
|--|-------|----------------|----------------|
| Income from Continuing Operations | | | |
| Revenue | | | |
| User Charges | 2 | 30,051 | 30,446 |
| Grants and Other Contributions | 3 | 37,497 | 40,032 |
| Other Revenue | 4 | 1,826 | 1,754 |
| Total Revenue | | 69,374 | 72,232 |
| Gains | 5 | 453 | - |
| Total Income from Continuing Operations | | 69,827 | 72,232 |
| Expenses from Continuing Operations | | | |
| Employee Expenses | 6 | 4,474 | 4,495 |
| Supplies and Services | 8 | 60,038 | 57,001 |
| Depreciation and Amortisation | 9 | 2,981 | 2,881 |
| Impairment Losses | 10 | 1,895 | 233 |
| Revaluation Decrement | 11 | 7,261 | 4,314 |
| Other Expenses | 12 | 426 | 512 |
| Total Expenses from Continuing Operations | | 77,075 | 69,436 |
| Operating Result from Continuing Operations | | (7,248) | 2,796 |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income | | (7,248) | 2,796 |

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2012

| | Notes | 2012 \$'000 | 2011 \$'000 |
|--------------------------------------|-------|----------------|----------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 13 | 31,934 | 25,809 |
| Receivables | 14 | 4,884 | 7,620 |
| Inventories | 15 | 17 | 25 |
| Other Current Assets | 16 | 91 | 54 |
| Total Current Assets | | 36,926 | 33,508 |
| Non-Current Assets | | | |
| Intangible Assets | 17 | 212 | 255 |
| Property, Plant and Equipment | 18 | 86,027 | 96,220 |
| Total Non-Current Assets | | 86,239 | 96,475 |
| Total Assets | | 123,165 | 129,983 |
| Current Liabilities | | | |
| Payables | 19 | 247 | 3,821 |
| Deferred Income | 20 | 5,619 | 5,852 |
| Accruals | 21 | 10,169 | 6,204 |
| Other Current Liabilities | 22 | 967 | 728 |
| Total Current Liabilities | | 17,002 | 16,605 |
| Non-Current Liabilities | | | |
| Provisions | 24 | 276 | 229 |
| Other Non-Current Liabilities | 23 | 5 | 19 |
| Total Non-Current Liabilities | | 281 | 248 |
| Total Liabilities | | 17,283 | 16,853 |
| Net Assets | | 105,882 | 113,130 |
| Equity | | | |
| Accumulated Deficit | | (35,165) | (27,917) |
| Contributed Equity | | 141,047 | 141,047 |
| Total Equity | | 105,882 | 113,130 |

The accompanying notes form part of these statements.

Statement of Changes in Equity for the year ended 30 June 2012

| | Accumulated Deficit 2011 \$'000 | Contributed Equity 2011 \$'000 | Total 2011 \$'000 |
|--|--|---|---------------------------------------|
| Balance at 1 July 2010 | (30,713) | 141,047 | 110,334 |
| Operating Result from Continuing Operations | 2,796 | - | 2,796 |
| <i>Total Other Comprehensive Income</i> | - | - | - |
| <i>Transactions with Owners as Owners:</i> | - | - | - |
| Balance at 30 June 2011 | (27,917) | 141,047 | 113,130 |

| | Accumulated Deficit 2012 \$'000 | Contributed Equity 2012 \$'000 | Total 2012 \$'000 |
|--|--|---|---------------------------------------|
| Balance at 1 July 2011 | (27,917) | 141,047 | 113,130 |
| Operating Result from Continuing Operations | (7,248) | - | (7,248) |
| <i>Total Other Comprehensive Income</i> | - | - | - |
| <i>Transactions with Owners as Owners:</i> | - | - | - |
| Balance at 30 June 2012 | (35,165) | 141,047 | 105,882 |

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2012

| | Notes | 2012 \$'000 | 2011 \$'000 |
|--|-------|----------------|----------------|
| Cash flows from operating activities | | | |
| <i>Inflows:</i> | | | |
| User charges | | 32,258 | 26,540 |
| Grants and other contributions | | 37,497 | 40,628 |
| GST input tax credits from ATO | | 566 | 674 |
| GST collected from customers | | 1,491 | 1,577 |
| Interest receipts | | 1,063 | 951 |
| Other revenue | | 763 | 797 |
| <i>Outflows:</i> | | | |
| Employee expenses | | (4,491) | (4,260) |
| Supplies and services | | (59,797) | (59,263) |
| Grants and subsidies | | (7) | (2) |
| GST paid to suppliers | | (1,367) | (1,530) |
| GST remitted to ATO | | (517) | (789) |
| Net cash provided by operating activities | 25 | 7,459 | 5,323 |
| Cash flows from investing activities | | | |
| <i>Inflows:</i> | | | |
| Sales of property, plant and equipment | | - | - |
| <i>Outflows:</i> | | | |
| Payments for property, plant and equipment | | (1,334) | (2,039) |
| Net cash used in investing activities | | (1,334) | (2,039) |
| Net increase in cash and cash equivalents | | 6,125 | 3,284 |
| Cash and cash equivalents at the beginning of the financial year | | 25,809 | 22,525 |
| Cash and cash equivalents at end of financial year | 13 | 31,934 | 25,809 |

The accompanying notes form part of these statements.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

Objectives and Principal Activities of the Institute

- Note 1: Summary of Significant Accounting policies
- Note 2: User Charges
- Note 3: Grants and Other Contributions
- Note 4: Other Revenue
- Note 5: Gains
- Note 6: Employee Expenses
- Note 7: Key Executive Management Personnel and Remuneration
- Note 8: Supplies and Services
- Note 9: Depreciation and Amortisation
- Note 10: Impairment Losses
- Note 11: Revaluation Decrement
- Note 12: Other Expenses
- Note 13: Cash and Cash Equivalents
- Note 14: Receivables
- Note 15: Inventories
- Note 16: Other Current Assets
- Note 17: Intangible Assets
- Note 18: Property, Plant and Equipment
- Note 19: Payables
- Note 20: Deferred Income
- Note 21: Accruals
- Note 22: Other Current Liabilities
- Note 23: Other Non-Current Liabilities
- Note 24: Provisions
- Note 25: Reconciliation of Operating Result to Net Cash from Operating Activities
- Note 26: Commitments for Expenditure
- Note 27: Contingencies
- Note 28: Non-cash Financing and Investing Activities
- Note 29: Events Occurring After the Balance Sheet Date
- Note 30: Financial Instruments

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

Objectives and Principal Activities of the Institute

The Institute was established as a statutory TAFE institute on 1 July 2008. The Institute's vision is to be an internationally renowned provider of outstanding vocational services. GCIT will achieve this vision by bringing together exceptional people to produce highly sought after graduates.

The Institute has six locations, Coomera, Coomera Marine Precinct, Southport, Ashmore, Ridgeway and Coolangatta.

The Institute offers a range of high-level vocational qualifications, university pathways and articulation arrangements in key industries.

During the financial year 2011–12, the Institute utilised an average of 573 full-time equivalent Department of Education and Training staff and 19 full-time equivalent staff were directly engaged by the Statutory Institute at year end.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Institute has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

The financial statements have been prepared on an accrual basis in accordance with Australian Accounting Standards and interpretations. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2012, and other authoritative pronouncements.

These financial statements are general purpose financial statements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Institute is a not-for-profit entity and has applied those requirements applicable to not-for-profit entities. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Institute.

(c) User Charges

User charges and fees controlled by the Institute are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related good/services and/or the recognition of accrued revenue. User charges and fees are controlled by the Institute where they can be deployed for the achievement of Institute objectives.

(d) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Institute obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(e) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents include all cash and cheques receipted but not banked at 30 June 2012, deposits at call with financial institutions and other short-term deposits maturing within 90 days and are stated at fair value.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(f) Receivables

Trade Debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is generally required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision made for impairment. All known bad debts were written-off as at 30 June 2012. Movements in the provision for impairment are based on loss events as disclosed in Note 30.

(g) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

Net realisable value is determined on the basis of the Institute's normal selling pattern.

Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

(h) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use and to their present position and location. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB116 *Property, Plant and Equipment*.

(i) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

| | |
|---------------------|----------|
| Buildings | \$10,000 |
| Land | \$1 |
| Plant and Equipment | \$5,000 |

Items with a lesser value are expensed in the year of acquisition.

Land improvements undertaken by the Institute are included with buildings.

(j) Revaluations of Non-Current Physical and Intangible Assets

Land and buildings are measured at fair value in accordance with AASB116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*. In respect of these asset classes, the cost of items acquired during the financial year has been judged by management of the Institute to materially represent their fair value at the end of the reporting period.

Where intangible assets have an active market, they are measured at fair value; otherwise they are measured at cost.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(j) Revaluations of Non-Current Physical and Intangible Assets – cont'd

Plant and equipment is measured at cost in accordance with the Treasury's *Non-Current Asset Policies*.

Non-current physical assets measured at fair value are revalued on an annual basis by appraisals undertaken by an independent professional valuer or internal expert, or by the use of appropriate and relevant indices. Revaluations based on independent professional valuer or internal expert appraisals are undertaken at least once every five years. However, if a class of asset experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class of asset may have changed by 20% or more from one reporting period to the next), it is subject to revaluations in the reporting period, where practicable, regardless of the timing of previous such revaluations.

Where indices are used they are supplied by State Valuation Services. State Valuation Services provide assurance of indices robustness, validity and appropriateness to the relevant assets.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation reserve relating to that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts under AASB 1031 are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(k) Intangibles

Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the agency, less any anticipated residual value. The residual value is zero for all the Institute's intangible assets.

It has been determined that there is not an active market for any of the Institute's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and any accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Purchased Software

The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Institute, namely between 2 and 7 years.

Internally Generated Software

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software have been capitalised and amortised on a straight line basis over the period of expected benefit to the Institute, namely 7 years.

(l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

Land is not depreciated as it has an unlimited useful life.

All intangible assets of the Institute have finite useful lives and are amortised on a straight line basis.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment – cont'd

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Institute.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Institute.

Items comprising the Institute's library are expensed on acquisition.

For each class of depreciable asset the following depreciation and amortisation rates are used:

| Class | Rate % |
|-------------------------------|---------------|
| Buildings | 1.25 – 4.00 |
| Plant and Equipment: | |
| Computer Equipment | 20.00 |
| Plant and Machinery | 5.00 – 20.00 |
| Office Equipment | 10.00 – 20.00 |
| Intangible Assets: | |
| Software Purchased | 16.67 – 50.00 |
| Software Internally Generated | 11.10 - 14.30 |

(m) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Institute determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also Note 1(j).

(n) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all the risks and benefits.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(n) Leases – cont'd

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the period in which they are incurred.

(o) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(p) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Institute becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

The Institute does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Institute holds no financial assets classified at fair value through profit or loss.

All disclosures relating to the measurement basis and financial risk management of other financial instruments held by the Institute are included in Note 30.

(q) Employee Benefits

Pursuant to s.218G of the *Vocational Education, Training and Employment Act 2000*, the Institute may enter into, and give effect to, a work performance arrangement with the chief executive of the Department of Education, Training and Employment (DETE).

The Institute and DETE have entered into a work performance arrangement under which employees of DETE will perform work for the Institute to enable the Institute to perform functions and exercise powers and to ensure the delivery of its operational plan.

Under this work performance arrangement:

- DETE will provide DETE employees to perform work for the Institute and DETE acknowledge and accept its obligations as the employer of these DETE employees.
- The Institute will be responsible for the day to day management of these DETE employees.
- The Institute will reimburse DETE for the salaries and on-costs of these DETE employees.

As a result of this arrangement, the Institute has a limited number of employees at the time of these financial statements. The Institute treats the reimbursements to DETE for DETE employees in these financial statements as contractors. These reimbursements are shown under Note 8 – Supplies and Services (consultants and contractors).

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(q) Employee Benefits - cont'd

Wages, Salaries and Recreation Leave

Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Long Service Leave

Liabilities for long service leave expected to be settled within 12 months of the reporting date are recognised as current liabilities. The remaining liabilities are included as non-current liabilities.

The liability for long service leave is measured using the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future non-current payments are discounted using market yields at the reporting date on Commonwealth government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Sick Leave

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Superannuation

Contributions are expensed in the period they are paid or payable. The Institute pays an employer subsidy to the Government Superannuation Office in respect of employees who are contributors to the Public Sector Superannuation (Q-Super) scheme. These contributions are at rates determined by the Treasurer on the advice of the State Actuary. The Institute's obligation is limited to its contribution to Q-Super.

No liability is recognised for accruing superannuation benefits in the Institute's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by the Queensland Treasury. Refer to note 7 for the disclosure on key executive management personnel and remuneration.

(r) Provisions

Provisions are recorded when the Institute has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(s) Insurance

The Institute's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums are being calculated paid on a risk assessment basis. In addition, the Institute pays premiums to WorkCover Queensland in respect of its obligations for employee compensation; the Institute pays premiums to Liberty International Underwriters for additional Directors & Officers insurance.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(t) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

(u) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of Government changes are adjusted to 'Contributed Equity' in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

(v) Taxation

The Institute is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australian Taxation Office are recognised and accrued (refer note 14).

(w) Issuance of Financial Statements

The financial statements are authorised for issue by the Board Chair, Chief Executive Officer and the Chief Financial Officer at the date of signing the Management Certificate.

(x) Accounting Estimates and Judgments

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement note:

Valuation of Property, Plant and Equipment - Note 18

Provisions – Note 24

(y) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(z) New and Revised Accounting Standards

The Institute did not voluntarily change any of its accounting policies during 2011-12. Australian accounting standard changes applicable for the first time in 2011-12 have had minimal impact on the Institutes financial statements, as explained below.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(z) New and Revised Accounting Standards – cont'd

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] became effective from reporting periods beginning on or after 1 January 2011. Given the Institutes existing financial instruments, there was only a minor impact on the Institutes financial instruments note (note 30), in relation to disclosures about credit risk. That note no longer needs to disclose amounts that best represent the maximum exposure to credit risk where the carrying amount of the instruments already reflects this. As this was the case with all the Institutes receivables as at 30 June 2012 (and as at 30 June 2011), receivables are not included in the credit risk disclosure.

As the Institute held no collateral or other credit enhancements in respect of its financial instruments, and did not renegotiate the terms of any financial assets, during the reporting periods presented in these financial statements, there were no other changes required to the Institutes financial instruments note arising from the amendments to AASB 7 *Financial Instruments: Disclosures*.

AASB 1054 *Australian Additional Disclosures* became effective from reporting periods beginning on or after 1 July 2011. Given the Institutes previous disclosure practices, AASB 1054 had minimal impact on the Institute. One of the footnotes to note 12 Other Expenses, regarding audit fees, has been slightly amended to identify the Institute's auditor and clarify the nature of the work performed by the auditor.

AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] also became effective from reporting periods beginning on or after 1 July 2011. The only potential implication for the Institute from this amending standard was the deletion from AASB101 *Presentation of Financial Statements* of the requirement for disclosure of commitments. However, Treasury Department's Financial Reporting Requirements require continuation of commitments disclosures, so this deletion from AASB 101 has no impact on the Institutes commitments note (note 26).

The Institute is not permitted to early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Institute has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Institute will apply these standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the only significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] applies as from reporting periods beginning on or after 1 July 2012. The only impact for the Institute will be that, in the Statement of Comprehensive Income, items within the "Other Comprehensive Income" section will need to be presented indifferent sub-sections, according to whether or not they are subsequently re-classifiable to the operating result. Whether subsequent re-classification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

AASB 13 *Fair Value Measurement* applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Institutes assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of, such assets and liabilities.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(z) New and Revised Accounting Standards – cont'd

The Institute has not commenced reviewing its fair value methodologies for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. No significant changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for the Institutes property, plant and equipment as from 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Institute, the amount of information to be disclosed will be relatively greater.

AASB 9 *Financial Instruments (December 2010)* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the Institute are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Institute has not commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. As the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Institutes conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Institute enters into, it is not expected that any of the Institutes financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Institutes financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in notes 1(p) and 30). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Institutes current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

Changed disclosure requirements will apply once AASB 9 becomes effective. A number of one-off disclosures will be required in the 2013-14 financial statements to explain the impact of adopting AASB 9.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2013 –

- AASB 10 *Consolidated Financial Statements* ;
- AASB 11 *Joint Arrangements* ;
- AASB 12 *Disclosure of Interests in Other Entities* ;
- AASB 127 (revised) *Separate Financial Statements* ;
- AASB 128 (revised) *Investments in Associates and Joint Ventures* ; and
- AASB 2011 -7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17].

These standards cannot be applied by not-for-profit entities prior to their effective date, as the AASB is presently considering modifying them for application by not-for-profit entities in an Australian context. Any such modifications are likely to clarify how the IASB's principles should be applied by not-for-profit entities. Hence, the Institute is not yet in a position to reliably determine the future implications of these new and revised standards for the Institutes financial statements.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(z) New and Revised Accounting Standards – cont'd

AASB 10 redefines and clarifies the concept of control of another entity, which is the basis for determining which entities should be consolidated into an entity's financial statements. Therefore, subject to any not-for-profit modifications yet to be made to AASB 10, the Institute will need to re-assess the nature of its relationships with other entities, including entities that aren't currently consolidated.

AASB 11 deals with the concept of joint control, and sets out new principles for determining the type of joint arrangement that exists – which, in turn, dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit modifications yet to be made to AASB 11, the Institute will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11.

AASB 12 contains a wide range of new disclosure requirements in respect of interests in other entities, whether those entities are controlled entities, associates, joint arrangements, or structured entities that aren't consolidated. The volume and nature of disclosures that the Institute will be required to make as from its 2013-14 financial statements will depend on the Institutes eventual assessment of the implications of the new and revised standards listed above, particularly AASB 10, AASB 11 and AASB 128.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively. The revised standard clarifies the concept of "termination benefits", and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits". Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for "other long-term employee benefits". Under the revised standard, the recognition and measurement of employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as "short-term employee benefits". Under the revised AASB 119, "short-term employee benefits" will only include benefits that are expected to be wholly settled before 12 months after the end of the reporting period in which the employees provide the associated service. If that criterion is not met, such benefits will need to be categorised and accounted for as "other long-term employee benefits" (which may comprise both current and non-current components). The distinction between short-term and other long-term employee benefits should be made on a whole-of class basis i.e. not according to differing circumstances that may apply from employee to employee.

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The Institute only contributes to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the Institute.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

(z) New and Revised Accounting Standards – cont'd

Details of which disclosures in standards and interpretations are not required under tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6 and AASB 2011-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Treasury Department's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

Pursuant to AASB 1053, public sector entities like the Gold Coast Institute of TAFE may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Institute, Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require adoption of tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into the whole-of-Government financial statements. Treasury's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the Institute.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Institute's activities, or have no material impact on the Institute.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| 2. User Charges | | |
| Sale of goods and services | 2,249 | 2,035 |
| Student fees | 26,762 | 27,386 |
| Other | 1,040 | 1,025 |
| Total | 30,051 | 30,446 |
| 3. Grants and Other Contributions | | |
| Government grants | 33,341 | 32,146 |
| Government contributions | 4,123 | 7,810 |
| Industry/Community contributions | 33 | 76 |
| Total | 37,497 | 40,032 |
| 4. Other Revenue | | |
| Interest income | 1,063 | 951 |
| Other | 763 | 803 |
| Total | 1,826 | 1,754 |
| 5. Gains | | |
| Gain on revaluation of buildings | 453 | - |
| Total | 453 | - |
| 6. Employee Expenses | | |
| Employee Related Benefits | | |
| Wages and salaries | 2,574 | 2,687 |
| Employer superannuation contributions* | 294 | 290 |
| Long service leave* | (38) | 47 |
| Annual leave* | 242 | 218 |
| Employee Related Expenses | | |
| Payroll tax** | 138 | 138 |
| Workers compensation** | 449 | 469 |
| Staff Training*** | 556 | 430 |
| Other employee related expenses*** | 259 | 216 |
| Total | 4,474 | 4,495 |

* refer to note 1(q).

** Cost of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses. The Institute is also responsible for the cost of workers compensation for DETE employees who perform work for the Institute under the work performance arrangement. Refer to Note 1(q).

*** Staff training and development costs are for DETE employees contracted to the Institute and directly engaged by the Institute.

**** Other employee related expenses include the costs of fringe benefits tax and recruitment fees for DETE employees contracted to the Institute and directly engaged by the Institute.

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

6. Employee Expenses – cont'd

| | 2012 | 2011 |
|---------------------|------|------|
| Number of employees | 19 | 23 |

7. Key Executive Management Personnel and Remuneration

a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2011-12. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

| Position | Responsibilities | Current Incumbents | |
|---|---|---|--|
| | | Contract Classification/Appointment Authority | Date appointed to position (resigned from position) |
| Chief Executive Officer | The CEO provides strategic direction and leadership to the Institute with a view to increasing domestic and international market share, improving the customer experience and championing our competitive advantages. | Individual Contract | Appointed 25 January 2010 |
| Chief Financial Officer | The CFO provides opportunity for the Institute to move forward in the areas of strategic financial management and analysis as well as ensuring cohesive delivery of effective strategic legal, ICT, built infrastructure and human resources services focused on the efficient delivery of VET. | Individual Contract | Appointed 17 May 2010 Resigned: 16 December 2011 Re-Appointed: 16 January 2012 |
| Chief Marketing Officer | The CMO drives the Institute's growth with market insight, a strong brand, effective relationships and communications, with a focus on building a profitable business. | Individual Contract | Appointed 9 November 2009 |
| Executive Director, Business Development and Student Services | The EDBDSS oversees student recruitment, commercial support and service functions of the Institute. | Individual Contract | Appointed 26 September 2011 Resigned 29 June 2012 |
| Executive Director, Studies | The EDS manages the provision of educational services with a focus on continuous improvement to educational quality. | Individual Contract | Appointed 12 September 2011 |
| Executive Director, Organisational Capability | The EDOC focus in on attracting, developing and retaining the workforce that will enable the Institute to deliver on current and future strategic priorities. | Individual Contract | Appointed 29 June 2009 |
| Richard Flanagan | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed 17 July 2008 Re-appointed: 17 July 2011 |
| Phillip Gray | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed 17 July 2008 Resigned: 16 July 2011 |

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

a) Key Executive Management Personnel – cont'd

| Position | Responsibilities | Current Incumbents | |
|-----------------|------------------|---|--|
| | | Contract Classification/Appointment Authority | Date appointed to position (resigned from position) |
| Richard Munro | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed 17 July 2008 Re-appointed: 17 July 2011 |
| Kellie Trigger | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed 17 July 2008 Re-appointed: 17 July 2011 |
| Kieran Chilcott | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed: 17 July 2011 |
| Roger du Blet | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed: 17 July 2011 |
| John Howe | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed: 17 July 2011 |
| Brian Gabriel | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed: 17 July 2011 |
| Lynette Turner | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed: 17 July 2011 |
| Adrienne Ward | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed 17 July 2008 Re-appointed: 17 July 2011 |
| Trina Hockley | Board Chair | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed 17 July 2008 Re-appointed: 17 July 2011 |
| Karyn Joyner | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed 17 July 2008 (Resigned 19 July 2011) |
| Janelle Manders | Board Director | Vocational Education, Training and Employment Act 2000 Part 4 | Appointed 3 June 2010 Re-appointed: 17 July 2011 |

b) Remuneration

For the 2011-12 year, remuneration of key executive management personnel comprises the following components:-

- Short term employee benefits which include:
 - Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive income
 - Non-monetary benefits – consisting of provision of vehicle together with the fringe benefits tax applicable
- Long term employee benefits include long service leave accrued
- Post-employment benefits include superannuation contributions

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

b) Remuneration – cont'd

- Performance bonuses may be paid or payable annually depending upon satisfaction of key criteria. Performance bonuses of the key executive management are capped at 15% of total fixed remuneration. The amounts payable are tied to the achievement of pre-determined agency and individual performance targets as agreed to by the board
- The Cash performance bonus for the CEO in 11/12 was calculated by reference to KPI's as agreed to by the board. The bonus payable equates to 11.4% as compared to the maximum 15% of total fixed remuneration payable
- The Cash performance bonus for the CFO in 11/12 was calculated by reference to KPI's as agreed to by the board. The bonus payable equates to 10.2% as compared to the maximum 12% of total fixed remuneration payable
- The Cash performance bonus for the EDBDSS in 11/12 was calculated by reference to KPI's as agreed to by the board. The bonus payable equates to 10.3% as compared to the maximum 12% of total fixed remuneration payable
- The Cash performance bonus for the EDS in 11/12 was calculated by reference to KPI's as agreed to by the board. The bonus payable equates to 10% as compared to the maximum 12% of total fixed remuneration payable
- The Cash performance bonus for the EDOC in 11/12 was calculated by reference to KPI's as agreed to by the board. The bonus payable equates to 9.7% as compared to the maximum 11% of total fixed remuneration payable
- The Cash performance bonus for the CMO in 11/12 was calculated by reference to KPI's as agreed to by the board. The bonus payable equates to 9.9% as compared to the maximum 12% of total fixed remuneration payable

1 July 2011 – 30 June 2012

| Position | Short Term Employee Benefits | | Long Term Employee Benefits | Post-Employment Benefits | Termination Benefits | Total Remuneration |
|---------------------------|------------------------------|------------------------------|-----------------------------|--------------------------|----------------------|--------------------|
| | Base \$'000 | Non-Monetary Benefits \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| CEO | 231 | - | 5 | 22 | - | 258 |
| CFO | 188 | - | 4 | 15 | - | 207 |
| CMO | 143 | - | 3 | 16 | - | 162 |
| EDBDSS* | 123 | - | 2 | 14 | - | 139 |
| EDS* | 124 | - | 3 | 12 | - | 139 |
| EDOC* | 159 | - | 3 | 18 | - | 180 |
| Richard Flanagan | 4 | - | 1 | - | - | 5 |
| Phillip Gray | 1 | - | - | - | - | 1 |
| Trina Hockley | 21 | - | - | 5 | - | 26 |
| Janelle Manders | 9 | - | - | - | - | 9 |
| Richard Munro | 7 | - | - | 3 | - | 10 |
| Kellie Trigger | 10 | - | - | 2 | - | 12 |
| Adrienne Ward | 6 | - | - | 2 | - | 8 |
| Kieran Chilcott | 5 | - | - | - | - | 5 |
| Roger du Blet | 4 | - | - | - | - | 4 |
| John Howe | 3 | - | - | - | - | 3 |
| Brian Gabriel | 3 | - | - | - | - | 3 |
| Lynette Turner | 2 | - | - | - | - | 2 |
| Total Remuneration | 1,043 | - | 21 | 109 | - | 1,173 |

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

b) Remuneration – cont'd

1 July 2010 – 30 June 2011

| Position | Short Term Employee Benefits | | Long Term Employee Benefits | Post-Employment Benefits | Termination Benefits | Total Remuneration |
|---------------------------|------------------------------|------------------------------|-----------------------------|--------------------------|----------------------|--------------------|
| | Base \$'000 | Non-Monetary Benefits \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| CEO | 192 | - | 4 | 24 | - | 220 |
| CFO | 165 | - | 3 | 16 | - | 184 |
| CMO | 142 | - | 3 | 18 | - | 163 |
| Richard Flanagan | 2 | - | - | - | - | 2 |
| Phillip Gray | 13 | - | - | - | - | 13 |
| Trina Hockley | 17 | - | - | - | - | 17 |
| Karyn Joyner | - | - | - | - | - | - |
| Garry Luxmore | 1 | - | - | - | - | 1 |
| Janelle Manders | 5 | - | - | - | - | 5 |
| Richard Munro | 6 | - | - | - | - | 6 |
| Kellie Trigger | 6 | - | - | - | - | 6 |
| Adrienne Ward | 6 | - | - | - | - | 6 |
| Total Remuneration | 555 | - | 10 | 58 | - | 623 |

*due to organisational restructure comparative data is not available.

Base remuneration payments in 11/12 for the CEO and CFO include a cash performance bonus. No cash performance bonus payments were made to the current CEO and CFO in 10/11.

The aggregate performance bonuses paid to all key executive management personnel are as follows.

| | 2012 \$'000 | 2011 \$'000 |
|------------------------------------|----------------|----------------|
| Key Executive Management Personnel | 50 | 44 |

DETE provide employees to perform work for the Institute. The Institute treats the reimbursements to DETE for these DETE employees as contractors. These reimbursements are shown under Note 8 – Supplies and Services (consultants and contractors).

Refer to Note 1 (q).

| | 2012 \$'000 | 2011 \$'000 |
|---------------------------------|----------------|----------------|
| 8. Supplies and Services | | |
| Consultants and contractors | 46,629 | 42,810 |
| Supplies and consumables | 7,080 | 7,504 |
| Travel | 397 | 390 |
| Agents' commissions | 557 | 836 |
| Advertising & promotions | 561 | 559 |
| Course supplies | 1,397 | 1,327 |
| Printing & stationery | 1,214 | 1,385 |
| Shared service provider | 1,257 | 720 |
| Minor equipment | 448 | 997 |
| Other | 498 | 473 |
| Total | 60,038 | 57,001 |

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| 9. Depreciation and Amortisation | | |
| Depreciation and amortisation were incurred in respect of: | | |
| Buildings | 2,140 | 2,225 |
| Plant and equipment | 798 | 621 |
| Software purchased | - | 4 |
| Software internally generated | 43 | 31 |
| Total | 2,981 | 2,881 |

10. Impairment Losses

| | | |
|---------------------------------------|--------------|------------|
| Impairment of receivables/(reversals) | 118 | 233 |
| Impairment of buildings | 1,777 | - |
| Total | 1,895 | 233 |

Refer to Notes 14 & 18 for details of the recognised impairment provision.

| | 2012 \$'000 | 2011 \$'000 |
|----------------------------------|----------------|----------------|
| 11. Revaluation Decrement | | |
| Land & buildings | 7,261 | 4,314 |
| Total | 7,261 | 4,314 |

The 2012 decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Statement of Comprehensive Income.

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| 12. Other Expenses | | |
| Insurance premiums – QGIF | 139 | 126 |
| Audit fees | 49 | 79 |
| External audit fees* | 92 | 90 |
| Legal fees | 88 | 125 |
| Losses from disposal of property, plant and equipment | 5 | 38 |
| Bank charges | 53 | 54 |
| Total | 426 | 512 |

*Total audit fees paid to Queensland Audit Office relating to 2011-12 financial statements are estimated to be \$90,350 (2010-11 \$89,700). There are no non-audit services included in this amount.

| | 2012 \$'000 | 2011 \$'000 |
|--------------------------------------|----------------|----------------|
| 13. Cash and Cash Equivalents | | |
| Imprest accounts | 10 | 11 |
| Cash at bank | 31,924 | 25,798 |
| Total | 31,934 | 25,809 |

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

| | 2012 \$'000 | 2011 \$'000 |
|---|---------------------|---------------------|
| 14. Receivables | | |
| Trade debtors | 4,354 | 5,527 |
| Less: Provision for impairment | (564) | (543) |
| | <u>3,790</u> | <u>4,984</u> |
| GST receivable | 172 | 296 |
| GST payable | (82) | (33) |
| | <u>90</u> | <u>263</u> |
| Accrued income | 995 | 2,359 |
| Other receivables | 9 | 14 |
| Total | <u>4,884</u> | <u>7,620</u> |
| Movements in the allowance of provision for impairment | | |
| Balance at beginning of the period | 543 | 490 |
| Amounts written off during the year | (97) | (180) |
| Increase in allowance recognised in profit or loss | 118 | 233 |
| Balance at the end of the year | <u>564</u> | <u>543</u> |
| 15. Inventories | | |
| Supplies and consumables – at cost | 17 | 25 |
| Total | <u>17</u> | <u>25</u> |
| 16. Other Current Assets | | |
| Prepayments | 91 | 54 |
| Total | <u>91</u> | <u>54</u> |
| 17. Intangible Assets | 2012 \$'000 | 2011 \$'000 |
| Software purchased: | | |
| At cost | - | - |
| Less: Accumulated amortisation | - | - |
| Software internally generated: | | |
| At cost | 286 | 286 |
| Less: Accumulated amortisation | (74) | (31) |
| Total | <u>212</u> | <u>255</u> |

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

17. Intangible Assets – cont'd

Intangibles Reconciliation

| | Software Purchased 2012 \$'000 | Software Internally Generated 2012 \$'000 | Total 2012 \$'000 | Software Purchased 2011 \$'000 | Software Internally Generated 2011 \$'000 | Total 2011 \$'000 |
|---|---|---|-------------------------|---|---|-------------------------|
| Carrying amount of assets acquired on 1 July | - | 255 | 255 | 4 | 194 | 198 |
| Acquisitions | - | - | - | - | 92 | 92 |
| Amortisation | - | (43) | (43) | (4) | (31) | (35) |
| Carrying amount at 30 June | - | 212 | 212 | - | 255 | 255 |

Amortisation of intangibles is included in the line item 'Depreciation and Amortisation' in the Statement of Comprehensive Income.

All intangible assets of the Institute have finite useful lives and are amortised on a straight line basis. Refer to Note 1(k).

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| 18. Property, Plant and Equipment | | |
| Land at valuation | 36,216 | 43,477 |
| Buildings: | | |
| At valuation | 103,882 | 102,302 |
| Less: Accumulated depreciation | (57,551) | (53,111) |
| | 46,331 | 49,191 |
| Plant and equipment: | | |
| At cost | 7,124 | 6,920 |
| Less: Accumulated depreciation | (4,080) | (3,652) |
| | 3,044 | 3,268 |
| Work in progress: | | |
| At cost | 436 | 284 |
| Total | 86,027 | 96,220 |

Revaluations

AASB 116 *Property, Plant and Equipment* requires revaluations to be undertaken with sufficient regularity to ensure that the carrying amount of an asset does not differ materially from that which would be determined using fair value at the reporting date.

The Institute performed a comprehensive revaluation of its land and buildings through State Valuation Service in 2009. Such valuations are based on publicly available data on sales of similar land/buildings in nearby localities. In respect of buildings, such valuations are also influenced by details supplied by GCIT in respect of the age internal feature/design and physical condition of each building. The values for these assets have been indexed annually where a material change in value is present to ensure such values materially reflect fair value at each reporting date.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

18. Property, Plant and Equipment – cont'd**Plant and Equipment**

The Institute records all plant and equipment assets (including leasehold improvements) at historical cost in accordance with AASB 116 *Property Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*.

Property, Plant and Equipment Reconciliation

| | Land 2011 \$'000 | Buildings 2011 \$'000 | Plant and Equipment 2011 \$'000 | Work in Progress 2011 \$'000 | Total 2011 \$'000 |
|--|------------------------|-----------------------------|--|---------------------------------------|-------------------------|
| Carrying amount of assets on 1 July 2010 | 47,791 | 51,198 | 2,482 | - | 101,471 |
| Acquisitions | | 218 | 1,445 | 284 | 1,947 |
| Disposals | | - | (38) | - | (38) |
| Revaluation decrement | (4,314) | - | - | - | (4,314) |
| Depreciation / amortisation | | (2,225) | (621) | - | (2,846) |
| Carrying amount at 30 June 2011 | 43,477 | 49,191 | 3,268 | 284 | 96,220 |

Property, Plant and Equipment Reconciliation

| | Land 2012 \$'000 | Buildings 2012 \$'000 | Plant and Equipment 2012 \$'000 | Work in Progress 2012 \$'000 | Total 2012 \$'000 |
|--|------------------------|-----------------------------|--|---------------------------------------|-------------------------|
| Carrying amount of assets on 1 July 2011 | 43,477 | 49,191 | 3,268 | 284 | 96,220 |
| Acquisitions | - | 559 | 589 | 197 | 1,345 |
| Transfers between classes | - | 45 | - | (45) | - |
| Disposals | - | - | (5) | - | (5) |
| Revaluation decrement | (7,261) | 453 | - | - | (6,808) |
| Impairment | - | (1,777) | - | - | (1,777) |
| Depreciation on post capitalised asset | | | (10) | | (10) |
| Depreciation / amortisation | - | (2,140) | (798) | - | (2,938) |
| Carrying amount at 30 June 2012 | 36,216 | 46,331 | 3,044 | 436 | 86,027 |

The Institute has plant and equipment with an original cost of \$1.7m and a written down value of zero still being used in the provision of services. The Institute is currently reviewing these assets with the objective of writing them out of the asset register if they are no longer in use.

19. Payables

Trade creditors
Total

| 2012 \$'000 | 2011 \$'000 |
|----------------|----------------|
| 247 | 3,821 |
| 247 | 3,821 |

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

| | 2012 | 2011 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| 20. Deferred Income | | |
| Unearned revenue | 5,619 | 5,852 |
| Total | 5,619 | 5,852 |
| 21. Accruals | | |
| Departmental labour | 8,040 | 3,712 |
| Accrued employee benefits | 459 | 523 |
| Operational expenditure | 792 | 579 |
| Training related expenses | 485 | 554 |
| Other | 393 | 836 |
| Total | 10,169 | 6,204 |
| 22. Other Current Liabilities | | |
| Security deposits | 484 | 373 |
| Student administration system | 384 | 303 |
| Other | 99 | 52 |
| Total | 967 | 728 |
| 23. Other Non-Current Liabilities | | |
| Refundable bonds | 5 | 19 |
| Total | 5 | 19 |

Non-current liabilities consist of commercial tenancy bonds refundable in more than 1 year.

| | 2012 | 2011 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| 24. Provisions | | |
| Long service leave | 276 | 229 |
| Total | 276 | 229 |
| Long Service Leave | | |
| Balance at beginning of financial year | 229 | 249 |
| Transferred in from department | - | - |
| Long service leave entitlement arising | 63 | 63 |
| Long service leave entitlement extinguished | (16) | (70) |
| Long service leave entitlement paid | - | (13) |
| Balance at end of Financial Year | 276 | 229 |

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| 25. Reconciliation of Operating Result to Net Cash from Operating Activities | | |
| Operating Surplus/(Deficit) | (7,248) | 2,796 |
| Depreciation and amortisation expense | 2,981 | 2,881 |
| Impairment losses | 1,777 | - |
| Loss on sale of property, plant and equipment | 5 | 38 |
| Post capitalised asset | (3) | - |
| Revaluation decrement | 6,808 | 4,314 |
| Change in assets and liabilities: | | |
| (Increase)/Decrease in trade receivables | 2,563 | 86 |
| (Increase)/Decrease in GST input tax credits receivable | 174 | (69) |
| (Increase)/Decrease in inventories | 8 | 27 |
| (Increase)/Decrease in prepayments / other | (37) | 165 |
| Increase/(Decrease) in accounts payable | (3,574) | 1,587 |
| Increase/(Decrease) in accruals and other liabilities | 4,191 | (3,308) |
| Increase/(Decrease) in deferred income | (233) | (3,171) |
| Increase/(Decrease) in provisions | 47 | (23) |
| Net cash from operating activities | 7,459 | 5,323 |

26. Commitments for Expenditure

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| Non-Cancellable Operating Leases | | |
| Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows: | | |
| Not later than one year | 405 | 405 |
| Later than one year and not later than five years | 369 | 336 |
| Later than five years | - | - |
| Total | 774 | 741 |

Operating leases have been entered into as a means of acquiring access to training facilities. Lease payments are generally fixed, but with fixed interest escalation clauses on which contingent rentals are determined.

Renewal options exist for some operating leases, no purchase options exist in relation to operating leases and no operating lease contains restrictions on financing or other leasing activities.

The Institute does not have any financial lease liabilities or capital expenditure commitments at the date of these financial statements.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

27. Contingencies

(a) Guarantees and Undertakings

The following guarantee is not recognised as a liability in the Statement of Financial Position:

A guarantee was provided to XYZ Investments Pty Ltd ('XYZ') on 7 September 2007. XYZ is the owner of a facility in Coomera from which the Institute conduct a range of courses including boat building, marine mechanics and auto electrics. The Institute entered into a lease agreement with XYZ for a period of 5 years commencing 21 November 2007. A bank guarantee of \$27,551 has been provided to XYZ in lieu of 2 months lease payments. The guarantee is provided as an alternative to a refundable bond. The Institute does not expect that the guarantee will be called upon. The guarantee will remain in place until the completion of the lease in 2012. The guarantee is not recognised on the Statement of Financial Position as the probability of default is remote.

(b) Legal Claims

At 30 June 2012:

- One case is filed in the District Court naming the state of Queensland acting through the Department of Education and Training as defendant. This claim is covered by the Departments WorkCover policy and it is expected that the department will on-charge any amount payable to GCIT.
- The Institute has received notification of two claims which have been forwarded to QGIF and are expected to be settled out of court.

At the reporting date it is not possible to make an estimate of any probable outcome of these claims / (potential claims) or their final outcome.

The Gold Coast Institute of TAFE is a member of the Queensland Government Insurance Fund (QGIF). Under the QGIF, the Institute would be able to claim back, less a \$10,000 deductible, the amount paid to successful litigants.

28. Non-cash financing and investing activities

Assets received by the Institute and recognised as revenues and expenses are set out in Note 3.

29. Events Occurring after Balance Date

In accordance with Section 218W(3) of the VETE Act the Board of the Institute will approve their commendation to the Minister for Education and Training that the Institute will not pay a return for the period 1 July 2011 to 30 June 2012.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

30. Financial Instruments

(a) Categorisation of Financial Instruments

The Institute has the following categories of financial assets and financial liabilities:

| Category | Note | 2012 \$'000 | 2011 \$'000 |
|---|------|----------------|----------------|
| Financial Assets | | | |
| Cash and cash equivalents | 13 | 31,934 | 25,809 |
| Receivables | 14 | 4,884 | 7,620 |
| Total | | 36,818 | 33,429 |
| Financial Liabilities | | | |
| Financial liabilities measured at amortised cost: | | | |
| Payables | 19 | 247 | 3,821 |
| Total | | 247 | 3,821 |

(b) Financial Risk Management

The Institute's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and Institute policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Institute.

All financial risk is managed by the Finance Division under policies approved by the Institute. The Institute provides written principles for overall risk management, as well as policies covering specific areas. The Institute measures risk exposure using a variety of methods as follows –

| Risk Exposure | Measurement method |
|----------------|------------------------------------|
| Credit risk | Ageing analysis, earnings at risk |
| Liquidity risk | Sensitivity analysis |
| Market risk | Interest rate sensitivity analysis |

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Institute may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The carrying amount of receivables represents the maximum exposure to credit risk. As such receivables is not included in the disclosure. The Institute does not have any financial instruments whose carrying amount does not best represent the maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the Institute.

The Institute manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Institute invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

30. Financial Instruments – cont'd

The method for calculating any impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

The recognised impairment loss is \$118,200 for the current year. This is a decrease of \$114,265 from 2011.

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

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2012 Financial Assets Past Due But Not Impaired

Contractual Repricing / Maturity Date:

| | Less than 30 Days \$'000 | 30-60 Days \$'000 | Overdue 61-90 Days \$'000 | More than 90 Days \$'000 | Total \$'000 |
|-------------------------|--------------------------------|-------------------------|------------------------------------|--------------------------------|-----------------|
| Financial Assets | | | | | |
| Receivables | 762 | 708 | 680 | 240 | 2,390 |
| Total | 762 | 708 | 680 | 240 | 2,390 |

2012 Individually Impaired Financial Assets

Contractual Repricing / Maturity Date:

| | Less than 30 Days \$'000 | 30-60 Days \$'000 | Overdue 61-90 Days \$'000 | More than 90 Days \$'000 | Total \$'000 |
|--------------------------|--------------------------------|-------------------------|------------------------------------|--------------------------------|-----------------|
| Financial Assets | | | | | |
| Receivables (gross) | - | - | - | 564 | 564 |
| Provision for impairment | - | - | - | (564) | (564) |
| Total | - | - | - | - | - |

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

30. Financial Instruments – cont'd

2011 Financial Assets Past Due But Not Impaired

Contractual Repricing / Maturity Date:

| | Less than 30 Days \$'000 | 30-60 Days \$'000 | Overdue 61-90 Days \$'000 | More than 90 Days \$'000 | Total \$'000 |
|-------------------------|--------------------------------|-------------------------|------------------------------------|--------------------------------|-----------------|
| Financial Assets | | | | | |
| Receivables | 2,487 | 744 | 133 | 183 | 3,547 |
| Total | 2,487 | 744 | 133 | 183 | 3,547 |

2011 Individually Impaired Financial Assets

Contractual Repricing / Maturity Date:

| | Less than 30 Days \$'000 | 30-60 Days \$'000 | Overdue 61-90 Days \$'000 | More than 90 Days \$'000 | Total \$'000 |
|--------------------------|--------------------------------|-------------------------|------------------------------------|--------------------------------|-----------------|
| Financial Assets | | | | | |
| Receivables (gross) | - | - | - | 543 | 543 |
| Provision for impairment | - | - | - | (543) | (543) |
| Total | - | - | - | - | - |

(d) Liquidity Risk

Liquidity risk refers to the situation where the Institute may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Institute is exposed to liquidity risk in respect of its payables.

The Institute manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Institute has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

Due to the short term nature of these payables, the undiscounted cash flows equate to the amounts disclosed in the Statement of Financial Position.

The following table sets out the liquidity risk of financial liabilities held by the Institute. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the amount outstanding at balance date.

Gold Coast Institute of TAFE

Notes To and Forming Part of the Financial Statements 2011–2012

30. Financial Instruments – cont'd

| | Note | 2012 Payable in | | | Total |
|------------------------------|------|-----------------|-----------|----------|------------|
| | | <1 year | 1-5 years | >5 years | |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Liabilities | | | | | |
| Payables | 19 | 247 | - | - | 247 |
| Total | | 247 | - | - | 247 |

| | Note | 2011 Payable in | | | Total |
|------------------------------|------|-----------------|-----------|----------|--------------|
| | | <1 year | 1-5 years | >5 years | |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Liabilities | | | | | |
| Payables | 19 | 3,821 | - | - | 3,821 |
| Total | | 3,821 | - | - | 3,821 |

(e) Market Risk

The Institute does not trade in foreign currency and is not materially exposed to commodity price changes.

Interest Rate Sensitivity Analysis

The Institute does not have any assets or liabilities that are subject to interest rate risk.

(f) Fair Value

The Institute does not recognise any financial assets at fair value.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less provision for impairment.

Certification of the Gold Coast Institute of TAFE

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

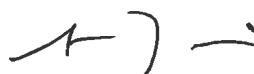
(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Gold Coast Institute of TAFE for the financial year ended 30 June 2012 and of the financial position of the Institute at the end of that year.



Adrienne Ward
Acting Board Chair

Date: 27/8/12.



Aaron Devine
Chief Executive Officer

Date: 27/8/12



Andrew Stuart-Murray
Chief Financial Officer

Date 27/8/12

INDEPENDENT AUDITOR'S REPORT

To the Board of Gold Coast Institute of TAFE

Report on the Financial Report

I have audited the accompanying financial report of Gold Coast Institute of TAFE, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Acting Board Chair, Chief executive Officer and the Chief Financial Officer.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is 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 procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Gold Coast Institute of TAFE for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year; and

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Gold Coast Institute of TAFE for the year ended 30 June 2012. Where the financial report is included on Gold Coast Institute of TAFE's website the Board is responsible for the integrity of Gold Coast Institute of TAFE's website and I have not been engaged to report on the integrity of Gold Coast Institute of TAFE's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.



T A Mahony
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane
27 August 2012

Disclosure of additional information

In compliance with the Annual report guidelines for Queensland Government agencies 2011-2012, GCIT has published additional information online. This additional information includes:

- Information systems and recordkeeping
- Consultancies
- Overseas travel

This additional information can be accessed at www.gcit.edu.au.

Glossary of acronyms

| | |
|----------|--|
| AASB | Australian Accounting Standards Board |
| AEIFRS | Australian Equivalents to International Financial Reporting Standards |
| AICD | Australian Institute of Company Directors |
| APAIE | Asia Pacific Association for International Education |
| AQF | Australian Qualifications Framework |
| AQTF | Australian Quality Training Framework |
| AS/NZ | Australian Standards Australian/New Zealand Standards |
| ATSI | Aboriginal and Torres Strait Islander |
| ATO | Australian Tax Office |
| ATP | Adult Tertiary Preparation |
| AVETMISS | Australian Vocational Education and Training Management Information Statistical Standard |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CRICOS | Commonwealth Register of Institutions and Courses for Overseas Students |
| DETE | Department of Education Training and Employment |
| DP | Delivery Packages |
| EBIT | Earnings Before Interest and Tax |
| ESL | English as a Second Language |
| FTE | Full-time Equivalent |
| GCCC | Gold Coast City Council |
| GCIT | Gold Coast Institute of TAFE |
| GST | Goods and Services Tax |
| ISO | International Organisation for Standardisation |
| ISSN | International Standard Serial Number |
| IT | Information Technology |
| ICT | Information and Communications Technology |
| JETI | Jeollanamdo Educational Training Institute |
| M | \$million |
| MCA | MCA Consulting Pty Ltd |
| MOU | Memorandum of Understanding |
| MP | Member of Parliament |
| NATA | National Association of Testing Authorities |
| NSW | New South Wales |
| PD | Professional Development |
| PDP | Professional Development Program |
| PPP | Productivity Places Program |
| QAO | Queensland Audit Office |
| QGIF | Queensland Government Insurance Fund |
| QLD | Queensland |
| RPL | Recognition of Prior Learning |
| RTO | Registered Training Organisation |
| SCU | Southern Cross University |
| SKM&C | SK Marketing and Company Ltd |
| TAA | Training and Assessment |
| TAFE | Technical and Further Education |
| TNE | Transnational Education |
| VET | Vocational Education and Training |
| VETE | Vocational Education, Training and Employment |
| VRG | VET Revenue General |
| VSP | Voluntary Separation Program |

Glossary of abbreviations

| | |
|-------------------|--|
| Advanced Diploma | A qualification in the vocational education and training and higher education sectors. |
| Apprentice | A person undertaking training under an apprenticeship. |
| Apprenticeship | A system of training regulated by law or custom that combines on-the-job training and work experience while in paid employment with formal off-the-job training. The apprentice enters into a contract of training or training agreement with an employer that imposes mutual obligations on both parties. |
| Articulation | The arrangements that facilitate the movement or progression of students from one course to another, or from one education and training sector to another. See also RPL (Recognition of prior learning). |
| Assessment | The process of gathering and judging evidence in order to decide whether a standard or objective has been achieved. |
| Audit | A systematic, independent, and documented process for obtaining evidence to determine whether the activities and related outcomes of a training organisation comply with the Australian Quality Training Framework Standards for Registered Training Organisations. |
| AQTF | Australian Quality Training Framework - The nationally agreed recognition arrangements for the vocational education and training sector. The AQTF is based on a quality assured approach to the registration of training organisations seeking to deliver training, assess competency outcomes and issue Australian Qualifications Framework qualifications and/or Statements of Attainment, and ensures the recognition of training providers and the Australian Qualifications Framework qualifications and Statements of Attainment they issue, across Australia. |
| AVETMISS | Australian Vocational Education and Training Management Information Statistical Standard - The agreed national data standard for the collection, analysis and reporting of vocational education and training information in Australia . The Standard consists of three parts: the AVETMIS Standard for VET Providers, the AVETMIS Standard for New Apprenticeships, and the AVETMIS Standard for Financial Data. |
| Certificates I-IV | A set of qualifications awarded in the vocational education and training sector and recognised under the Australian Qualifications Framework (AQF). The four levels of certificate recognise increasing levels of skill. |
| Certification | The formal acknowledgement of successful achievement of a defined set of outcomes. |
| Competencies | Term that refers to multiple units of competency. |
| Competency | The ability to perform tasks and duties to the standard expected in employment. |
| Course | A structured and integrated program of education or training, usually consisting of a number of modules (subjects) or shorter programs, and leading to the award of a qualification. |
| Credit | The acknowledgement that a person has satisfied the requirements of a module (subject) or unit of competency, either through previous study (credit transfer) or through work or life experience (recognition of prior learning). The granting of credit exempts the student from that part of the course. (Also called: status or advanced standing) |

| | |
|----------------------|--|
| Credit transfer | The granting of status or credit by an institution or training organisation to students for modules (subjects) or units of competency completed at the same, or through another institution or training organisation. |
| CRICOS | Commonwealth Register of Institutions and Courses for Overseas Students – An online database (http://cricos.deewr.gov.au/) of courses and educational institutions or providers who are registered to offer courses for overseas students in Australia. |
| Curriculum | The specifications for a course or subject (module) that describe all the learning experiences a student undergoes, generally including objectives, content, intended learning outcomes, teaching methodology, recommended or prescribed assessment tasks, assessment exemplars, etc. See also Syllabus. |
| Diploma | A qualification in the vocational education and training and higher education sectors. See also Australian Qualifications Framework. |
| FTE | Full-Time Equivalent – A teaching or study load expressed as a proportion of the normal full-time teaching or study load. |
| Institute of TAFE | A regional grouping of TAFE college campuses with common management and administration and sharing some functions and resources. |
| Pathway | A path or sequence of learning or experience that can be followed to attain competency. |
| Qualification | Certification awarded to a person on successful completion of a course, in recognition of having achieved particular knowledge, skills or competencies. See also Australian Qualifications Framework. |
| RPL | Recognition of prior learning – The acknowledgement of a person's skills and knowledge acquired through previous training, work or life experience that may be used to grant status or credit in a subject or module. |
| RTO | Registered Training Organisation – An organisation registered by a State or Territory recognition authority to deliver training and/or conduct assessments and issue nationally recognised qualifications in accordance with the AQTF. Registered training organisations include TAFE colleges and institutes, adult and community education providers, private providers, community organisations, schools, higher education institutions, commercial and enterprise training providers, industry bodies and other organisations meeting the registration requirements. |
| Traineeship | A system of vocational training, combining off-the-job training at an approved training provider with on-the-job training and practical work experience. Traineeships generally take one to two years and are now a part of the New Apprenticeships system. |
| Unit of competency | A component of a competency standard. A unit of competency is a statement of a key function or role in a particular job or occupation. |
| VET | Vocational Education and Training – Post-compulsory education and training, excluding degree and higher level programs delivered by higher education institutions, that provides people with occupational or work-related knowledge and skills. VET also includes programs that provide the basis for subsequent vocational programs. |
| Workplace assessment | The gathering and judging of evidence during normal work activities in order to determine whether a required standard has been achieved. Workplace assessment usually involves observation of work in progress, checking the product(s) of a work activity, and receiving oral responses to questions posed while work is in progress. |

