



holmesglen

**ANNUAL
REPORT
2021**





2021 ANNUAL REPORT

Index

4	Introduction
5	Our organisation
5	Our board
6	Organisational chart
7	Controlled entities
7	Our strategic intent
7	Our 2030 Vision
8	Year in review
8	Holmesglen Foundation
10	Our workforce in 2021
15	Financial performance
16	Environmental performance
17	Social procurement
18	Asset management maturity
19	International education
19	Major commercial activities
20	Additional compliance statements
20	<i>Freedom of Information Act 1982</i>
20	<i>Building Act 1993</i>
21	<i>Public Interest Disclosures Act 2012</i>
21	<i>Carers Recognition Act 2012</i>
21	<i>Local Jobs First Act 2003</i>
21	National competition policy and competitive neutrality policy Victoria
21	Victorian public service travel policy
21	Statement on compulsory non-academic fees, subscriptions and charges
22	Consultancies
22	Information and Communication Technology expenditure
22	Government advertising expenditure
25	Financial report
26	Independent auditor's report - financial report
28	Declaration by board chair, CE and CFO
31	Comprehensive operating statement
32	Balance Sheet
33	Statement of changes in equity
34	Cash flow statement
35	Notes to financial statements
84	Statement of performance
85	Disclosure index

INTRODUCTION

On behalf of Holmesglen Institute and the Board, we are pleased to present our 2021 Annual Report.

The Institute has prepared this report according to the *Financial Management Act 1994*, Standing Directions, Instructions, Financial Reporting Directions and applicable Australian Accounting Standards. It also follows the TAFE Institute Annual Report Guidelines issued by the Department of Education and Training.

This report presents the required compliance statements, financial report and statement of performance for Holmesglen Institute and its controlled entities. It also outlines our operations and achievements for the year. As COVID-19 continued to disrupt our operations and way of life, we again came together as a community to support our learners, stakeholders and each other.

We are proud of our efforts in 2021, including:

- continuing to support our learners with a range of outreach programs including food deliveries, financial relief and other welfare initiatives
- expanding our Student Voice initiatives and strengthening the role of the Student Council within our governance arrangements
- engaging with our communities in mutual support of those most affected by the continuing pandemic and associated restrictions
- supporting our people to maintain their health and wellbeing while they managed multiple transitions to remote work and learning throughout the year
- continuing to implement strategic initiatives to realise our vision, including expanding the activation of the Victorian Tunnelling Centre and commencing implementation of Creating Value - our new industry engagement strategy
- completing capital works projects funded by the Victorian Government including revitalising our Chadstone campus library and increasing our solar energy capabilities on the Moorabbin and Drummond Street campuses
- receiving the Industry Collaboration Award at the 2021 Victorian Training Awards in recognition of our work with the Cross Yarra Partnership.

Thank you to our directors and staff for their excellent work and commitment throughout 2021.



Peter Lewinsky
Chair
Holmesglen Institute
16 March 2022



Mary Faraone
Chief Executive
Holmesglen Institute
16 March 2022

Our organisation

Holmesglen is established under *the Education and Training Reform Act 2006*. This Act – along with the Institute’s Constitution – defines our functions and duties, including:

- providing vocational education and training and higher education programs to benefit Victorian industry and communities
- undertaking applied research in partnership with learners, industry and communities
- providing facilities and services to support our learners and communities.

In 2021, the Minister for Training and Skills and Minister for Higher Education was the Hon. Gayle Tierney MP.

This year our resilience and adaptability were further tested, as COVID-19 continued to shape our ways of learning and working. However, we continued to deliver on our purpose to:

- provide education and training to ensure our learners are work ready, life ready and world ready
- play an integral role in the community, supporting social inclusion and cohesion
- partner with businesses to develop their workforce for today and the future.

2021 saw over 26,000 learners undertaking our certificates, diplomas, advanced diplomas, bachelor degrees, graduate certificates and master degrees. We also provided several micro-credentials and non-award programs to help learners develop foundational or specific work-related skills. Overall, the number of learners studying at Holmesglen increased by approximately 10 percent compared to the previous year.

During the year we served our local communities across eight sites and remotely, delivering quality applied learning and research and providing exceptional support services including our Skills and Jobs Centre and Skills First Reconnect program funded by the Victorian Government. We also participated in commercial projects and educational partnerships, which consolidated our position in Australia and overseas.

Our Board

Holmesglen’s Board of Directors is responsible to the Victorian Government for the effective oversight and governance of the Institute. The Board advances our objectives and operates in accordance with the economic and social objectives and public sector management policies established by government.

It also assists and informs the Minister for Training and Skills and Minister for Higher Education or the Ministers’ delegates as required.

Directors in 2021 were:

- Peter Lewinsky (Chair)
- Janelle Allison
- Ann Barker
- Kathryn Bellion (from 1 February 2021)
- Karen Corry
- Mary Faraone
- Michael Gorton AM
- Ian Hamm
- Christina (Christy) Karamzalis
- Leonie Morgan AM
- Bruce Porter
- Dominic Thorsen

Four committees support the Board to execute its governance responsibilities.

Asset and Infrastructure Committee

This committee oversees and advises the Board on matters related to strategic asset management, data, systems and technology. It also monitors the progress of major strategic capital works.

Committee members include:

- Karen Corry (Chair)
- Ann Barker
- Mary Faraone
- Ian Hamm
- Christy Karamzalis
- Peter Lewinsky

Audit Committee

This committee independently reviews and assesses the effectiveness of the Institute’s systems and controls for financial management, performance and sustainability, and risk management. The committee also reviews the annual financial statements and makes recommendations to the Board on adopting the statements and authorising their release to parliament. It operates in accordance with the Standing Directions 2018 Under *the Financial Management Act 1994*.

Committee members include:

- Bruce Porter (Chair)
- Karen Corry
- Peter Lewinsky
- Leonie Morgan

People, Culture and Remuneration Committee

This committee oversees all people-related activities and ensures proper governance and capabilities to deliver our strategic objectives.

Committee members include:

- Leonie Morgan (Chair)
- Kathryn Bellion (from 17 February 2021)
- Mary Faraone
- Michael Gorton
- Peter Lewinsky

Quality Committee

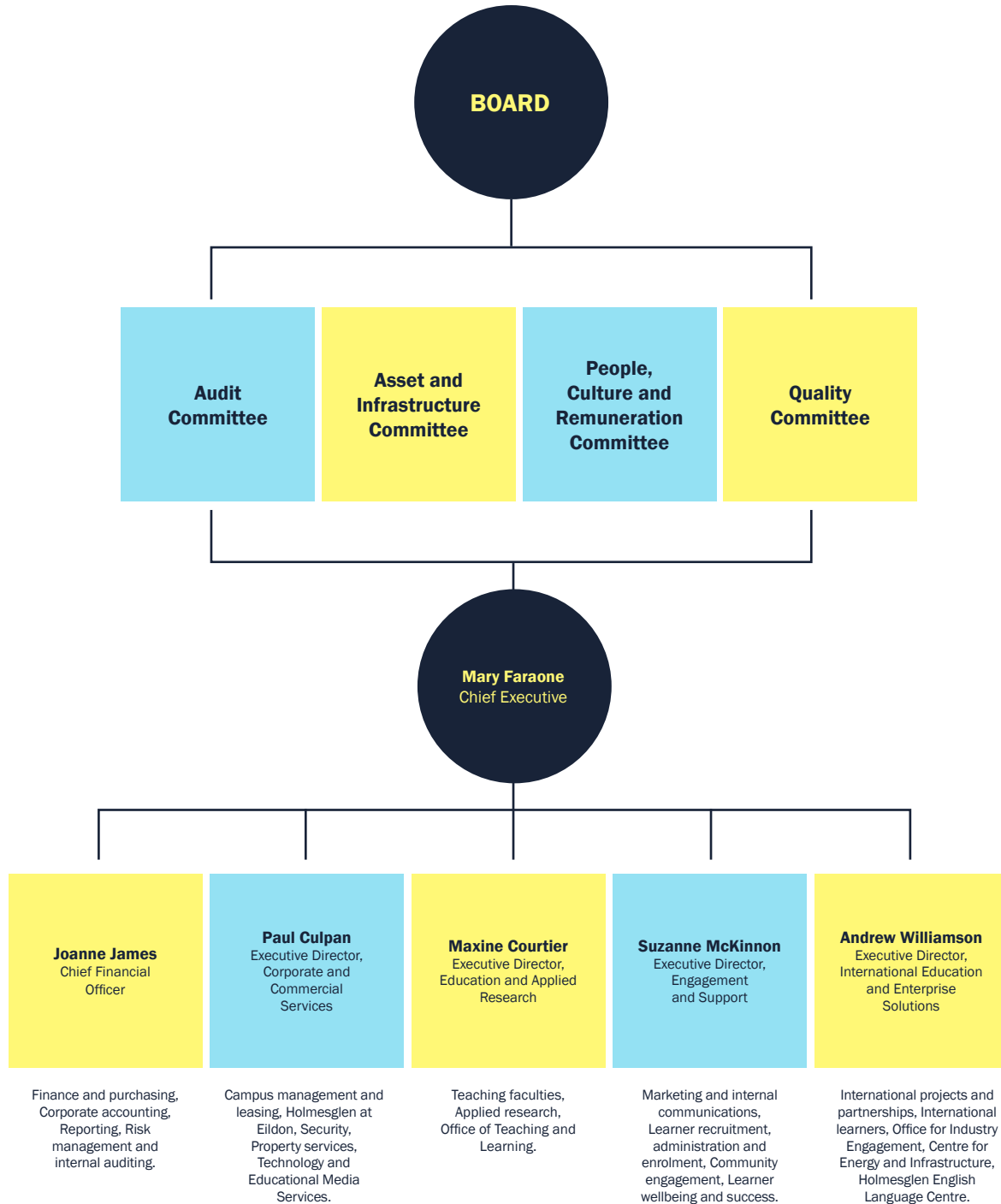
This committee oversees and advises the Board on the quality of our teaching and learning outcomes and operations. It also monitors the adequacy of our educational compliance and quality management practices.

Committee members include:

- Michael Gorton (Chair)
- Janelle Allison
- Mary Faraone
- Peter Lewinsky
- Bruce Porter
- Dominic Thorsen

ORGANISATIONAL CHART

Structure as of 31 December 2021



Controlled entities

Holmesglen Foundation and Glenuc Pty Ltd

The Holmesglen Foundation is a controlled entity of Holmesglen Institute and operates through a trust deed between the Institute and Glenuc Pty Ltd.

Company Directors are responsible for ensuring the Foundation operates according to the trust deed and complies with all governance and regulatory requirements.

The Directors of Glenuc Pty Ltd in 2021 were:

- Peter Lewinsky (Chair)
- Ann Barker
- Andrew Brookes
- Ros Casey
- Wesa Chau
- Mary Faraone
- Hannah Piterman

Holmesglen International Training Services Pty Ltd

Holmesglen International Training Services Pty Ltd is a fully owned subsidiary of Holmesglen Institute. Mary Faraone was the sole Director of Holmesglen International Training Services in 2021.

Our strategic intent

This year we commenced implementation of our 2021 – 2023 Strategic Plan in support of our 2030 Vision. Five transformative initiatives focussed our efforts on:

- our service delivery model
- industry and employer engagement
- excellence in teaching and learning
- distinctiveness in the delivery of our programs
- organisational development
- providing the technology for tomorrow.

Our 2030 Vision

Holmesglen is a leading tertiary provider, valued by local and international learners, the community and industry. We are recognised for innovation in education, training and applied research, creativity and entrepreneurship. We have an open, collaborative and quality-driven culture in which learners and staff excel.

Holmesglen Institute in 2030 is:

- an inspirational and inclusive place of learning
- physical, digital and experiential
- focussed on excellence in performance
- connected to industry and community partners
- differentiated
- globally connected
- resilient, sustainable and adaptive.

OUR ASPIRE VALUES



AMBITION



SCHOLARSHIP



PASSION



INTEGRITY



RESPECT



EXCELLENCE

OUR YEAR IN REVIEW

As the COVID-19 pandemic ended its second year, we continued to be especially proud of the extraordinary efforts of our staff, community partners and supporters to protect the welfare and wellbeing of our learners. We also made sure we took every opportunity to drive the realisation of our vision through our five strategic goals.

Delivering a positive and rewarding learner experience

The Holmesglen Experience is characterised by flexibility, quality, respect, equity and exceptional service delivery.

Award winning Integrated Practical Placement program expands with Active Monash

Our new partnership with Monash City Council and Active Monash gave our next group of integrated practical placement program students a head-start with their careers in the sport and recreation industry. Run together with WISE Employment, our award-winning placement program gives young people living with a learning or intellectual disability the chance to gain employment opportunities while they study. The health stream with the Royal Melbourne Hospital and the Royal Children's Hospital is well established and the new sport and recreation stream at the Monash Aquatic and Recreation Centre now provides students with further career options.

In 2021, we also secured a NDIS grant to mentor two Victorian TAFE institutes to implement the integrated practical placement model. This work will be undertaken in 2022.

Student voice

In March, our Student Success team held an election to form the Student Representative Council for 2021. Twelve learners from across our VET and higher education programs formed our second

student council and embarked on a range of activities to gather and respond to learner feedback and ideas. This year members of the student council joined our educational governance bodies, including the Council of Education and Applied Research, providing direct access to the student voice to enhance decision making. We also supported our learners to contribute to Student Voice Australia through its national symposium and concluded a project to develop a toolkit for embedding student voice and partnership practices in a TAFE environment.

Holmesglen Foundation

The Holmesglen Foundation embodies our commitment to accessible education and skills development, particularly for learners who need financial support to commence or continue in programs at the Institute.

For the year ending 31 December 2021, the Foundation distributed \$970,054 to Holmesglen. This distribution provided for scholarships and grants, as well as a range of learner programs and services. In addition, the Foundation raised \$173,701 in philanthropic and sponsorship contributions from 84 donors and sponsors.

We gratefully acknowledge the support of the Victorian Government's Community

Food Relief Fund, which provided a \$75,000 grant to commission a refrigerated van for Holmesglen's food relief initiatives. The van was delivered in mid-2021 and has since been in regular service delivering food packages to Holmesglen learners and the wider community.

In 2021, the Foundation awarded more than 120 scholarships and COVID-19 hardship grants. We are especially grateful to Allianz Partners and the McNally Family Foundation for again providing major support. We also extend our thanks to the growing list of donors who have established scholarships at Holmesglen. This includes the family of Peter Grundy, whose ongoing support provided 10 international students with financial assistance in 2021.

Holmesglen Director Leonie Morgan AM also continued to assist women gain trade qualifications through the Women in Trades Scholarship. Notable new scholarships in 2021 include the:

- Maple Plan Scholarship for learners with disability
- McNally Family Scholarship for a learner who is an asylum seeker
- Regeneration Tiles Scholarship for women in tiling.

Thank you

The Foundation thanks every donor who has contributed to supporting Holmesglen and our learners.

- Acciona Australia
- Kussay Al-Zubaidi
- Allianz Partners
- Keri Bailey
- Fatima Bana
- Rosemary Barca
- Charlie Barca-James
- Ann Barker
- Andrew Brookes
- Colleen Carters
- Ros Casey
- Wesa Chau
- Ken Cho
- Karen Corry
- Cross Yarra Partnership
- Erina Cunningham
- Paula de Lange
- Anthony Deicmanis
- Department of Families, Fairness and Housing - Community Food Relief Fund
- Veronica Dickson
- Rhonda Edwards
- Danny Ellen
- Ellucian
- Mary Faraone
- Ann Fisher
- Marilou Fisher
- David Fleming
- Hui Gao
- Cedomir Gladovic
- Michael Gorton AM
- Owen Griffith
- Alison Grindrod
- John Grundy
- Ian Hamm
- Lisa Harris
- June Harte
- Paul Hawthorne
- Healthscope
- Belinda Henry
- Therese Hickey
- Anne Kathrin Holden
- Holmesglen at Eildon
- Estelle Irving
- Mark Jordan
- Rebecca Kearney
- Gabrielle Koutoukidis
- David Laskey
- Peter Lewinsky
- Johna Low
- Paul Lyon
- Leah Maine
- Maple Plan
- Suzanne McKinnon
- McNally Family Foundation
- Christopher Meeking
- Margherita Meeking
- Judith Morgan
- Leonie Morgan AM
- Maria Pelosi
- Des Perkins
- Hannah Piterman
- Matthew Poole
- Daniela Porta
- Bruce Porter
- Vincent Ramos
- Regeneration Tiles
- Lesley Robertson
- RSEA Safety
- Kathleen Schumann
- ShineWing Australia
- Paul Smit
- Nerada Stern
- Dona Sullivan
- Natalie Taylor
- Dominic Thorsen
- Joy Vandoske
- Zac Vlahandonis
- Steve Voudouris
- Leanne Wells
- Trudy Wheeler
- Nan Yates
- 3 anonymous donors

Chadstone library transformed

In December 2021, we unveiled our transformed library space on the Chadstone campus. Funded by the Victorian Government, the project has reimagined the library as a socially interconnected space. A technology rich environment, the soaring centre pavilion is surrounded by small group learning pods, content sharing devices, recording rooms and places to relax and connect with peers. We look forward to welcoming our learners into the revamped space in 2022.



Living by our values and valuing our people

The core of our organisation is our people and culture – they drive our ability to deliver on our purpose and vision for the future.

Forums and conferences remain virtual

Our annual ASPIRE Conference ran again as an online event, with 909 staff tuning in to the opening address, keynote speakers and engaging in a series of webinars.

Service recognition

We also continued to acknowledge the contribution of employees to our growth and success by awarding recognition pins to staff who celebrated their 15, 20 and 30-year anniversaries. In 2021, 23 staff were received their pins, including one employee who had provided 30 years of service to Holmesglen.

Gender equality

In 2021, we continued our work to meet our obligations under the Gender Equality Act 2020 (Vic) and submitted our workplace gender audit results to the Gender Equality Commission. To develop our Gender Equality Action Plan, staff from diverse backgrounds participated in a consultation process to identify relevant actions and initiatives. Following feedback from the People Matter survey and gender equality consultation, we held active bystander training, cultural awareness training and additional values and respect sessions. Our Gender Equality Action Plan will be submitted in March 2022.

Employee capability, health, safety and wellbeing

Our professional development program in 2021 continued to support us to work from home and further develop our skills in remote teaching and learning. We also funded 14 teaching staff to undertake the Associate Degree of VET.

Our Community Safety Advisory Committee and Occupational Health and Safety Committee continued to be key forums to ensure our COVID Safe Plan and practices were developed and implemented in consultation with staff and community members.

In 2021, we again successfully delivered an extensive health, safety and wellbeing program, including:

- continuing the Healthy Body and Mind Dashboard and the Holmesglen Health quarterly newsletter
- providing webinar and live sessions to support staff wellbeing and mental health
- offering vicarious trauma training to teaching staff who were working with learners not coping with the many disruptions to their lives caused by COVID-19
- offering annual flu vaccinations
- participating in RUOK? Day and Virgin Pulse Global Challenge, which saw 177 employees walk for the 100 days of the challenge
- providing first aid and mental health first aid training
- maintaining our Employee Assistance Program to provide confidential counselling, wellbeing coaching and other types of support.

The tables below present the performance indicators adopted to monitor occupational health and safety and our performance against these. The increase in claim costs in 2021 compared to 2020 was due to the seriousness of one injury, with a lengthy recovery time.

Table 1: Staff incident statistics (2019-2021)	2019	2020	2021
Staff hazard or injury reports	78	37	25
Staff hazard or incident reports per 100 full-time equivalent staff	6.5	3.6	2.5
Table 2: Lost time incidents (2019-2021)	2019	2020	2021
Number of lost time incidents	4	2	5
Lost time claims (standard) per 100 full-time equivalent staff	0.35	0.19	0.49
Table 3: Claim costs (1 Jan to 30 Jun 2019 -2021), provided by Xchanging Integrated Services	2019	2020	2021
Average estimate	\$119,568	\$70,847	\$95,212
Average paid	\$3,333	\$3,026	\$13,602

Our workforce in 2021

Holmesglen is committed to the principles and practices of equal employment opportunity. We recruit and promote the most qualified, experienced and capable employees through a transparent and merit-based selection process that complies with legislative requirements.

All employees are expected to conduct themselves consistent with the Code of Conduct for Victorian Public Sector Employees, the

Board's Conduct Rule and Holmesglen's Code of Conduct. All employees participate in regular online training through our learning management system to make sure they understand compliance, regulatory and legislative requirements. This training includes modules on occupational health and safety, bullying and harassment, equal employment opportunity, fraud control and information privacy.

The following tables present the required workforce data. They correctly classify employees and meet the reporting requirements and FTE calculation methodology established by the Department of Education and Training.

Table 4: Performance and Accountability Framework FTE table (Years ending 31 December 2020 and 2021)

Year ending 31 December 2020	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	240.0	106.0	60.7	22.8	NA	16.1	445.6
Executive	12.0	-	-	-	NA	-	12.0
Other	2.0	10.0	0.4	0.3	NA	9.5	22.2
Teacher	273.0	62.0	105.4	61.2	85.1*	NA	586.7*
Total	527.0	178.0	166.5	84.3	85.1*	25.6	1,066.5*

Year ending 31 December 2021	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	235.0	97.0	56.2	26.6	NA	5.1	419.9
Executive	11.0	-	-	-	NA	-	11.0
Other	2.0	12.0	1.6	-	NA	8.9	24.6
Teacher	268.0	81.0	91.9	53.8	68.4	NA	563.1
Total	516.0	190.0	149.8	80.4	68.4	14.1	1,018.6

* The 2020 figure reported in the 2020 Annual Report differs due to a reporting error.

Below: Head of Holmesglen's English Language Centre, Adam Kilburn, accepted the national quality award honour on behalf of the English Language Centre.



Table 5: Workforce disclosures (December 2020 and December 2021)

December 2020	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender							
Women Executives	8	8.0	8	-	8.0	-	-
Women (total staff)	767	581.6	275	188	399.3	304	182.3
Men Executives	4	4.0	4	-	4.0	-	-
Men (total staff)	545	430.5	252	69	294.2	224	136.3
Self-described Executives	-	-	-	-	-	-	-
Self-described (total staff)	-	-	-	-	-	-	-
Age							
15 - 24	29	21.6	1	2	2.2	26	19.4
25 - 34	132	102.1	50	16	60.6	66	41.5
35 - 44	254	196.8	104	44	135.0	106	61.8
45 - 54	424	330.3	179	75	226.9	170	103.4
55 - 64	355	287.6	164	81	217.1	110	70.5
Over 64	118	73.7	29	39	51.7	50	22.0
Total employees	1,312	1,012.1	527	257	693.5	528	318.6

December 2021	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender							
Women Executives	6	6.0	6	-	6.0	-	-
Women (total staff)	640	533.7	262	157	365.4	221	168.3
Men Executives	5	5.0	5	-	5.0	-	-
Men (total staff)	453	402.0	234	58	270.7	161	131.3
Self-described Executives	-	-	-	-	-	-	-
Self-described (total staff)	1	0.6	-	-	-	1	0.6
Age							
15 - 24	16	12.3	-	1	0.6	15	11.7
25 - 34	110	97.1	46	11	52.6	53	44.5
35 - 44	202	173.2	92	42	121.1	68	52.1
45 - 54	357	311.3	162	63	203.5	132	107.8
55 - 64	308	269.4	166	64	207.8	78	61.6
Over 64	101	73.0	30	34	50.5	37	22.5
Total employees	1,094	936.3	496	215	636.1	383	300.2

Delivering excellence in performance

The pursuit of quality and excellence underpins everything we do and is embedded in our culture. Our capability to understand our environment and embrace change is vital.

Victorian Training Awards win

This year, our status for excellence in industry collaboration was cemented with an impressive fourth Victorian Training Awards win in five years. Our partnership with CYP Design and Construction (CYP) – a joint venture of John Holland, Lendlease and Bouygues – received the Industry Collaboration Award for our work on the Metro Tunnel Project. Our partnership with CYP has created new training and employment opportunities for thousands of Victorians, while directly supporting Victoria's biggest public transport infrastructure project.

Holmesglen Connect sets customer service benchmark

Holmesglen outperformed 194 other organisations to be named Australia's best overall company for customer experience in the Sense CX Benchmarking Survey. The survey is a quarterly independent study assessing quality in customer experience across Australia. In addition to being named as the best in the education sector, our talented Connect team outperformed some of Australia's best-known corporate brands, achieving an overall quality score of 85.1%.

Holmesglen English Language Centre recognised for quality

Holmesglen's English Language Centre strengthened its impressive industry reputation following a national quality award honour at the 2021 National English Language Teaching Assurance Scheme's Management Conference.



Holmesglen @holmesglen · Oct 16

We're excited to have won the 2021 Industry Collaboration Award with CYP Design and Construction at tonight's Victorian Training Awards.



Learner and alumni awards

The following alumni and learners were honoured with awards in 2021 in recognition of their skills and talents.

- Air Conditioning and Mechanical Contractors' Victorian Excellence Awards Mechanical Plumbing Award – Ryan Bridle
- Australian Glass and Window Association Victoria Commercial Apprentice of the Year – Harrison Meade
- Australian Glass and Window Association Rising Star Award – Ehab Khanyari
- AUSTAFE commercial cookery regional final (Silver) and Victorian TAFE Patisserie Challenge (Gold) - Ashleigh Robinson
- Fringe Festival (Design Fringe) Awards, Best Furniture Award and Australian Wood Review's Maker of the Year Award (Student) – Anthony Yang
- Master Builders Victoria Apprentice of the Year – Bricklaying/Blocklaying – Marc Colarusso
- Master Builders Victoria Apprentice of the Year- Joinery - Alex Anderson
- Master Builders Victoria Apprentice of the Year - Stonemasonry - Damien Legrigore
- Master Builders Victoria Apprentice of the Year - Roof Tiling & Slating - Jack House
- Master Builders Victoria Apprentice of the Year - Wall & Ceiling Lining - Mathew Park
- Master Builders Victoria Building Industry Foundation Award - Sandon Jennings
- Melbourne Fashion Week Student Designer Award, Qin Wang
- STR Student Market Competition for hospitality management students (third place global undergraduate division) – Katherine Austria, Celeste De Freitas, Novera Tjan and Elizabeth Smart
- WorldSkills National Championships (Information Technology) – Fletcher Rippon (Gold), Dylan Imrei (Silver), Gareth Morgan (Silver), Tom Behrendt (Bronze), Thomas Van Breda (Bronze). Fletcher will now compete in the 2022 International WorldSkills competition in Shanghai.



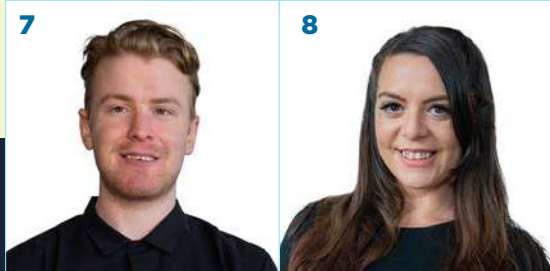
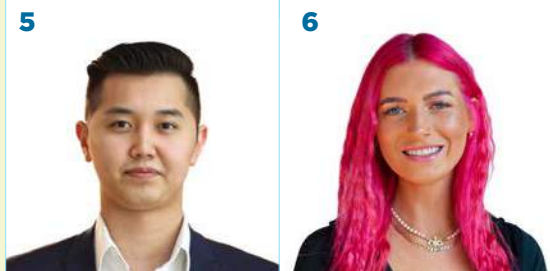
Top left: Ehab Khanyar, top right: Anthony Yang.
Bottom left: Ashleigh Robinson, bottom right: Sandon Jennings.

Holmesglen Awards Festival

Each year, Holmesglen offers prizes and awards to recognise learner and staff achievements. Many of these are made available through the generous support of sponsors and industry partners and we gratefully acknowledge their support. In 2021 we welcomed the opportunity to gather in person and honour our award winners:

1. Shani Downs, VCAL Student of the Year
2. Jessica Hall, Apprentice of the Year
3. Patrick Connell, Vocational Student of the Year - Certificate
4. Joyline Tait, Vocational Student of the Year - Diploma
5. Ider "Eddie" Khoskhuu, International Student of the Year
6. Shannon Kearns, Peter Darvall Higher Education Award
7. Brent Sternberg, Individual Achievement Award
8. Alexis Cato, Indigenous Student of the Year
9. Sam Duncan, Staff ASPIRE Award
10. Chris Racovalis, Teacher/Trainer of the Year
11. Student Wellbeing Welfare and Administrative Officers (Daniel Shaw, Joyce Madill, Thea Lennard, Belinda Smith and Brenda Tate), Staff Service Award
12. Marketing and Communications team (James King, Kane Hunkin, Michelle Willis, Neena Tulaskar, Sachi Jayasinghe and Sophia Sourris), Staff Innovation Award

We also recognised Marriott International for their contribution to vocational and higher education at Holmesglen.



Engaging with industry, the community and our alumni

Holmesglen's place and standing in the community is fundamental to who we are and our ability to partner with industry and community organisations is critical to our relevance and success.



Assembled Threads

Our fashion school commenced a new collaboration with social enterprise Assembled Threads to give culturally and linguistically diverse learners a chance to study and find new employment opportunities. Assembled Threads connects community members with new skills and training opportunities and works with government and industry customers to fulfil their social procurement needs by producing ethically made workwear. Learners undertake an initial two-week skills development program at Holmesglen and then commence a traineeship, learning skills in sewing, garment production, and applying and interpreting patterns.

Since establishing the partnership, Assembled Threads has secured funding from the Department of Families, Fairness and Housing to set up two more manufacturing hubs in high-need metro and regional areas. Holmesglen is now delivering eight weeks of accredited training into these hubs in an Industrial Sewing Skill Set.

Victorian Tunnelling Centre

2021 was a period of activation for the Victorian Tunnelling Centre, with the first graduates completing their qualifications in civil construction. In October, we also received an Australian Government grant from the National Career's Institute to develop interactive career tours, career pathway documentation and a mentoring platform for those interested in the tunnel construction and operation industries.

The Victorian Tunnelling Centre continues to attract the attention of industry. In 2021, we:

- hosted industry association conferences and meetings on site at the centre
- secured a new contract to deliver induction training for the Snowy 2.0 scheme
- expanded the Industry Advisory Group to include new representatives from the utilities and rail infrastructure sectors
- developed and implemented augmented and virtual reality learning resources through Victorian Government Workforce Training and Innovation Fund
- commenced a project with the South Australian Government and Aurecon to train the workforce for Adelaide's North South Corridor project
- leased the rail tunnel to the Cross Yara Partnership to simulate the next stage of the Metro Tunnel fit-out
- continued to work with industry and government to support Victoria's Big Build and deliver a skills legacy.

Victorian Tunnelling Centre, Drummond Street campus

Solar futures

In 2021, we established our partnership with RACV Solar to extend our leadership role in renewable energy training. With Victorian Government funding, our Moorabbin and Drummond Street campuses now house some of Australia's most innovative solar and renewable energy training facilities. This includes solar systems that will generate over 1 million kWh and commercial battery storage. The facilities also provide exceptional learning opportunities in a large-scale commercial renewal installation.

Community engagement

We continued to implement our Community Engagement Strategy 2020 – 2023, with new relationships forged with community organisations. Once again, our community partners came together to support the wellbeing and financial security of our learners throughout the lockdowns of 2021.

Food Hubs were established at our Chadstone, Moorabbin and Glen Waverley campuses and we secured Study Melbourne grants to purchase food supplies from Oz Harvest to stock the hubs. Some of the supplies were used by our hospitality teaching department to cook, package and freeze meals for the hubs. Sixteen learners from our work education and transition education programs also volunteered in the hubs and assisted with set up, delivery and storage of supplies.

Any food that was not needed by our learners was donated to the Sisters of Two Hearts and We Do Because We Can charities to assist other community members in need. We also formed a new relationship with community food agency Food for Life.



Being a sustainable business

We are securing our long-term sustainability by investing in our people and infrastructure and scaling our business and operations into areas of strategic value.

Financial performance

Our financial sustainability strategy supports us to deliver on our strategic plan, meet our financial management obligations, ensure sound financial performance and achieve a stable and sustainable financial position now and into the future.

COVID-19 continued to impact on our financial performance in 2021, with an overall reduction in income from transactions of 9%.

The successful implementation of our financial sustainability strategy enabled us to mitigate the negative impact of this reduction on our net result, with the Institute and its controlled entities achieving a consolidated net result deficit of \$0.272 million.

The following table summarises our financial performance and financial position for 2021 and the previous four years. This information is presented on a consolidated basis and includes our controlled entities.

Material trends in financial performance between 2021 and 2020 include a:

- 9% decrease in government contributions due to a lower level of government business continuity and crisis support funding
- 14% decrease in revenue from fees, charges and sales due to the impact of COVID-19 on learner demand, particularly international learners
- 12% increase in other income due to an increase in investment earnings and rental income as a result of the better than expected economic recovery
- 5% reduction in expenditure due to the deferral of course completions and placements into 2022 and a reduction in the estimated credit losses for outstanding tuition fees.

Despite the impact of COVID-19 on our revenue, our liquidity ratio and net cashflow from operations remain stable and at financially sustainable levels. We have adequate cashflows and reserves to meet our financial obligations as they fall due over the medium to long term.

Our net worth also increased by 6% because of a managerial revaluation of our land and buildings at year end.

Table 6: Five-year financial summary (year ending 31 December)

	2017	2018	2019	2020	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial performance					
Government contributions	\$70,343	\$62,634	\$83,670	\$101,319	\$92,429
Revenue from fees, charges and sales	\$80,309	\$82,839	\$78,610	\$58,656	\$50,717
Other income	\$13,559	\$12,586	\$10,952	\$8,632	\$9,642
Total income from transactions	\$164,211	\$158,059	\$173,232	\$168,607	\$152,788
Expenses from transactions	\$153,161	\$152,650	\$170,096	\$165,848	\$157,893
Net result from transactions	\$11,050	\$5,409	\$3,136	\$2,759	(\$5,105)
Other economic flows included in net result	\$14,033	(\$3,022)	\$7,550	(\$4,097)	\$4,833
Net result	\$25,083	\$2,387	\$10,686	(\$1,338)	(\$272)
Financial position					
Total assets	\$552,638	\$551,969	\$572,715	\$568,372	\$602,494
Total liabilities	\$49,934	\$46,878	\$56,627	\$54,469	\$55,482
Net worth	\$502,704	\$505,091	\$516,088	\$513,903	\$547,012
Liquidity ratio	2.79:1	2.28:1	2.12:1	2.13:1	2.19:1
Net cash flow from operations	\$15,399	\$15,961	\$18,693	\$21,444	\$19,418

Environmental performance

We continue to strive to improve our environmental practices across our operations. During the year, we performed an asset assessment, developed our asset management plan for 2022 to 2026 and commenced developing our carbon neutral strategy. The environmental performance results below reflect the energy, waste, water and fuel usage for all activities across all our metropolitan campuses (ie including teaching, service and office-based environments and activities).

COVID-19 and the subsequent lockdowns continued to impact our energy usage in 2021, compared to 2020. However, the implementation of gas fired co-generation plants at Chadstone campus increased our gas consumption, offset by a decrease in

electricity usage at the campus. Water savings have also been achieved through improved pipe maintenance.

During 2021, we installed:

- LED lighting in Building 6, Chadstone campus and Building 2 and 10, Glen Waverley campus
- solar technologies at Moorabbin and Drummond Street campuses
- a high-efficiency chiller in Building 1, Chadstone campus

More solar installations are planned at Moorabbin campus, which together with other energy saving initiatives, will contribute to further savings in electricity usage in the future.

Table 7: Energy usage (2019 - 2021)

	2019	2020	2021
Total energy usage segmented by primary source			
Electricity (MJ)	42,581,189	32,978,336	32,013,551
Natural gas (MJ)	43,621,999	36,675,990	44,235,693
Total	86,203,188	69,654,326	76,249,244
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (CO₂e)			
Electricity	N/A	N/A	9,166
Natural Gas	N/A	N/A	N/A
Other energy usage metrics			
Percentage of electricity purchased as green power	0%	0%	0%
Units of energy used per full time employee	72,282	63,938	74,857
Units of energy used per unit of building area	446	373	409

Table 8: Waste production (2019 - 2021)

	2019	2020	2021
Total units of Institute waste disposal by destination (kg/year)			
Landfill	1,019,180	595,960	596,580
Recycled	340,140	196,500	206,630
Total	1,359,320	792,460	803,210
Other waste metrics			
Units of waste disposal per full time employee (kg/FTE)	1,140	727	789
Recycling rate (% of total weight)	25.0%	24.8%	25.7%
Greenhouse gas emissions associated with waste disposal (CO ₂ e)	N/A	N/A	N/A

Table 9: Water consumption (2019 - 2021)

	2019	2020	2021
Total units of metered water consumed (kL/year)	73,694	42,435	36,043
Units of metered water consumed per full time employee (kL/FTE)	62	39	35
Units of metered water consumed per unit of building area (kL/m ²)	0.38	0.23	0.19

Table 10: Transportation (2019 - 2021)

	2019		2020		2021	
	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
Vehicle fleet						
Number of vehicles	52	27	52	30	47	31
Fuel usage (L)	87,916	34,065	63,911	25,740	50,284	26,567
Total greenhouse gas emissions from vehicle fleet (CO ₂ e)	215.35	85.16	147.26	67.55	115.86	69.72
Air travel	N/A		0		0	

Table 11: Greenhouse gas emissions (2021)

Total greenhouse gas emissions by source (CO ₂ e)	2021
Energy use	9,166
Vehicle fleet	186
Air travel	0
Waste production	N/A
Offsets purchased	0

Paper usage

In 2021, approximately 7,000 reams of paper were used by our Printroom services and across all office multi-functional devices. Overall paper usage decreased in 2021, which was largely due to the reduced activity across all campuses as a result of COVID-19 lockdowns. Learner usage was particularly affected seeing an average 85-90% reduction across all areas compared to 2020. We continue to use carbon neutral recyclable paper, ensuring our paper is sourced from sustainable plantations using elemental chlorine-free processes. A4 paper accounts for approximately 90% of all our paper usage.

Social procurement

We are committed to the Victorian Government’s Social Procurement Framework and use our purchasing power to generate positive social, economic and environmental outcomes that benefit our communities. These outcomes go beyond the monetary value of the goods, services, assets and construction works we procure.

Our Social Procurement Strategy includes the following social and sustainable procurement objectives.

Procurement objectives	Outcomes sought
Opportunities for Victorian Aboriginal people	Purchasing from Victorian Aboriginal businesses Employment of Victorian Aboriginal people by our suppliers
Opportunities for Victorians with a disability	Purchasing from Victorian social enterprises and Australian Disability Enterprises Employment of Victorians with disability by our suppliers
Women’s equality and safety	Adoption of family violence leave by our suppliers Gender equality within our suppliers
Opportunities for disadvantaged Victorians	Purchasing from Victorian social enterprises Job readiness and employment for: <ul style="list-style-type: none"> • long-term unemployed people • disengaged youth • single parents • migrants and refugees • workers in transition
Supporting safe and fair workplaces	Purchasing from suppliers that comply with industrial relations laws and promote secure employment
Environmentally sustainable business practices	Adoption of sustainable business practices by our suppliers

In 2021, we continued to implement our Social Procurement Strategy. Key activities included:

- undertaking a detailed modern slavery risk assessment in our supply chain to identify areas of risk and further risk mitigation strategies
- acquiring a modern slavery e-learning module for all staff with procurement responsibilities
- developing a procurement strategy that incorporates updated strategies for social procurement and new strategies for supplier relationship management, procurement capability assessment and contract management
- updating our website to include further information on our procurement complaints procedure, social procurement framework, modern slavery policy
- publishing our first Modern Slavery Statement
- continuing to include our social procurement objectives and outcomes in all requests for tender issued during the year.

Our social procurement processes include two approaches:

- direct - where we purchase goods, services or construction from a social benefit supplier who deliver social and sustainable outcomes
- indirect - where we purchase goods, services or construction from a non-social benefit supplier and use invitations to supply and clauses in contracts to deliver social and sustainable outcomes.

The following table summarises key outcomes achieved in 2021 under both approaches, compared to 2020.

Table 12: Social procurement metrics (2020 - 2021)

	2020	2021
Direct approach expenditure (\$'000)	\$541	\$172
Number of direct approach suppliers	10	10
Indirect approach expenditure (\$'000)	\$372	\$15,100
Number of indirect approach suppliers	15	22
Total social procurement expenditure (\$'000)	\$913	\$15,272
Total number of social procurement suppliers	25	32
Percentage of total goods and services expenditure	2%	34%

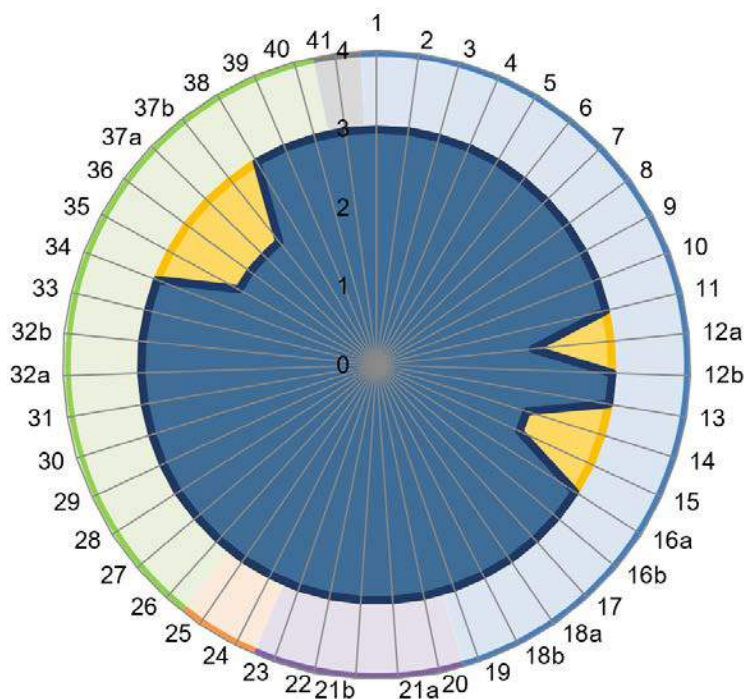
Asset management maturity

Under the Standing Directions 2018 of the Financial Management Act, we are required to comply with the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. We are required to self-assess our maturity against the AMAF at least once every three years.

The following diagram shows the result of this assessment. The 41 mandatory requirements are noted on the outer circle. Our target maturity rating for each requirement is 3 or 'competence', as indicated by the yellow shaded band. This means systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirements. It also includes continuous improvement processes to expand system performance above AMAF minimum requirements. Our overall assessment of each requirement is shown as the dark blue shaded area.

Legend

Rating	Status
0	Innocence
1	Awareness
2	Developing
3	Competence
4	Optimising
	Target maturity
	Overall assessment



The following table outlines the results of the assessment by each category of the AMAF, along with the actions we will take to lift performance to the target level.

Table 13: Summary of AMAF maturity assessment results by requirement category

Requirement	Assessment
Leadership and accountability (requirements 1 to 19)	We met or exceeded our target maturity level under most requirements within this category. We partially complied with the requirements relating to establishing performance standards and targets and incorporating asset performance monitoring into its overall strategic planning framework. Our updated Asset Management Plan for Campus Buildings (2022 – 2026) was approved by the Board in 2021 and will support us to further enhance our performance standards and monitoring.
Planning (requirements 20 to 23)	We met our target maturity level in this category.
Acquisition (requirements 24 and 25)	We met our target maturity level in this category.
Operation (requirements 26 to 40)	We met or exceeded our target maturity level under most requirements within this category. We did not comply with some requirements relating to information management. We are participating in a TAFE network pilot to investigate and further enhance the asset information management capability of our current financial systems.
Disposal (requirement 41)	We met our target maturity level in this category.

International education

Throughout 2021, Australian border restrictions continued to impair our international onshore education operations. We focussed on supporting our existing international student population, attracting new international students already in Australia and maintaining connections with our significant global network of education agents. In preparation for the reopening of borders, we restructured our International Centre and explored new markets. Throughout 2021, we continued to market to prospective students through virtual promotional events.

In collaboration with the Holmesglen Foundation, we continued to provide wellbeing, financial and food relief for our international learners impacted by COVID-19 lockdowns.

Our offshore partnerships and commercial work continued to expand in 2021. We recommitted to several existing relationships and actively explored new markets including:

- renewing our long-term contract to deliver training to the Oyu Tolgoi copper mine in Mongolia
- undertaking a market analysis exercise in Korea, resulting in several new contracts with new partners
- continuing online delivery of our diploma programs in accounting and international business with long-term partners Shandong Institute of Commerce and Technology and Zhejiang Business Technology Institute
- establishing a new partnership in China with Suzhou Vocational University to deliver online English and technical teacher training
- supporting several Indonesian partners to prepare for a skills-based COVID recovery
- continuing to deliver online English training to Japanese partners Kamori Kanko and Kyushu Technical Institute
- establishing new agreements in Chile, Taiwan and across South East Asia.

Holmesglen Foundation and the Community Engagement team have continued to provide students with life changing support in 2021.

Our Risk Management Rule and Enterprise Risk Management Plan outlines strategies for managing all the Institute's operational and strategic risks, including those from our international operations. We evaluate and monitor these risks regularly, and report to the Audit Committee and Board. If further mitigation is required, additional risk treatments are identified and implemented. We reviewed all risk categories and updated management plans, as the year unfolded. The Institute's internal audit strategy includes a regular review of our international operations. Internal audit findings, recommendations and closeout actions are reported to the Board's Audit Committee.

Our performance measures for our overseas operations include international learner enrolments and satisfaction, revenue growth, and the number of offshore projects and alliances. In 2021, our results on these measures reflect the challenge of COVID-19 on Australia's international education sector.

Major commercial activities

In 2021, Holmesglen did not undertake any major commercial activity as defined in the TAFE Institute Commercial Guidelines.



ADDITIONAL COMPLIANCE STATEMENTS

We comply with all relevant legislation and subordinate instruments including, but not limited to, the following:

- *Education and Training Reform Act 2006* (ETRA)
- TAFE Institute Constitution
- Directions of the Minister for Training and Skills (or predecessors)
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- *Public Administration Act 2004*
- *Financial Management Act 1994*
- *Freedom of Information Act 1982*
- *Building Act 1993*
- *Public Interest Disclosures Act 2012*
- *Carers Recognition Act 2012*
- *Local Jobs First Act 2003*

Freedom of Information Act 1982

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Institute.

Requests for access to records should be directed to Dr Patricia Farnes, Freedom of Information Officer. Applicants are required by the Act to request access to documents in writing. Applications to access documents can be made by letter that specifies:

- that the application is a request made under *the Freedom of Information Act 1982* (requests should not form part of a letter on another subject)
- the applicant's name, address and telephone number where the applicant can be contacted during business hours
- the documents(s) requested
- the form of access required, for example copies of documents, inspection of files or other format.

Costs for access to information are charged in accordance with the *Freedom of Information (Access Charges) Regulations 2004*. Holmesglen received three applications for information under *the Freedom of Information Act 1982* during the year ended 31 December 2021.

Building Act 1993

We hold all building related plans and documentation for building extensions and building approvals lodged for new buildings by certified building surveyors.

On completion of construction, we have obtained certificates of occupancy and practical completion certificates from the relevant architects, building surveyors and authorities. All building certificates are kept in a database and all hardcopies are located in a fire rated archive. All building consultants and builders who are engaged by us hold current registration as building practitioners and have current insurance cover.

We consider that all buildings across all campuses currently conform to the building regulations that existed at the time of construction of the respective buildings. The Essential Safety Measures are recorded and reported by the Hendry Group Pty Ltd. We provide a copy of the current Essential Safety Measures for display within all buildings. All new buildings constructed since the promulgation of *the Building Act 1993* (including subsequent amendments) comply with the relevant standards.

We have processes in place to ensure that any alterations or improvements to buildings meet the necessary standards, ensure that they are safe and fit for purpose and comply with the updated disability code. We engage the services of licenced tradespeople such as electricians and plumbers who provide the required certificates of compliance, which are stored in a fire rated archive.

Table 14: *Building Act 1993* compliance (2018 – 2021)

	2018	2019	2020	2021
Building works				
Building works certified for approval	5	2	4	14
Building works in progress subject to mandatory inspections	-	-	-	1
New certificate of occupancy / final inspection issued	5	2	4	14
Essential safety measures				
All buildings on each campus - owned	✓	✓	✓	✓
All buildings on each campus/site - leased	✓	✓	✓	✓
Maintenance				
Combination in-house and external specialist contractors	✓	✓	✓	✓
Lift contract – comprehensive/performance-based	✓	✓	✓	✓
Mechanical services contract – performance-based	✓	✓	✓	✓
Mechanical services/BAS contract – performance-based	✓	✓	✓	✓
Waste services contract – performance-based	✓	✓	✓	✓
Cleaning services contract – performance-based	✓	✓	✓	✓
Other maintenance agreements include those for heating, ventilation, air-conditioning and cooling, catering equipment, hygiene, pest control, industrial cleaning, refrigeration, vehicle fleet maintenance, backflow prevention, trade waste, electrical, plumbing, signage, car parks, and gardening and arboriculture services.	✓	✓	✓	✓

Public Interest Disclosures Act 2012

The *Public Interest Disclosures Act 2012* encourages and assists people to make disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act. It also establishes a system for the matters disclosed to be investigated and rectifying action taken.

We do not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. The Institute has policies and procedures in place that promote and facilitate the disclosure of improper conduct to the Independent Broad-based Anti-Corruption Commission (IBAC). Our Public Interest Disclosures Policy outlines our system for the protection of persons who make a disclosure under the Act from detrimental action by officers, learners, employees and contractors of Holmesglen. In accordance with section 58 (5) of the Act, it also ensures that all other requirements of the Act are met. The policy is made available to all employees on the Policy and Procedure Library.

Officers, learners, employees and contractors of Holmesglen, as well as members of the public, may make a disclosure of improper conduct or detrimental action under the Act to IBAC. IBAC can be contacted at:

**Level 1, North Tower
459 Collins Street
Melbourne, VIC 3000**

Our Public Interest Disclosures Co-ordinator cannot receive disclosures (they must be made directly to IBAC), but is responsible for coordinating responses to the Commission, the Victorian Inspectorate or the Ombudsman. They are also responsible for recording any reported detrimental action against a discloser once notice is received.

The Public Interest Disclosure Co-ordinator has not been advised by IBAC of any protected disclosures during 2021.

Carers Recognition Act 2012

We have reviewed the application and operation of the *Carers Recognition Act 2012* and ensure that we meet the applicable obligations of the Act. Carer recognition principles are included in the relevant policies covering flexible working arrangements, part-time work opportunities and a supportive workplace environment.

Local Jobs First Act 2003

The *Local Jobs First Act 2003* requires departments and public sector bodies to apply the Local Jobs First policy to all projects over:

- \$3 million in metropolitan Melbourne or state-wide
- \$1 million in regional Victoria.

During 2021, we commenced four Local Jobs First – Local Industry Development Plan (LIDP) applicable procurement contracts totalling an estimated \$20,880,000 (excluding GST). The estimated costs over the term of the contracts are:

- cleaning services for four years and 87 days (\$10,200,000)
- security services for three years and 90 days (\$4,932,000)
- electricity supply for three years (\$4,940,000)
- gas supply for two years (\$808,000).

All contracts are metropolitan based and include commitments for standard Victorian created hours and specified local content.

National competition policy and competitive neutrality policy Victoria

We continue to comply to the extent applicable, with the principles of the National Competition Policy (and any subsequent reforms), including compliance with the requirements of the Competitive Neutrality Policy Victoria.

We implemented measures to ensure commercial activities and pricing of competitive tender bids for government-funded education and training complied with the policy. We fulfilled our obligations and met our wider responsibilities to the community by applying competitive neutrality in the public interest.

Victorian public service travel policy

We have policies and procedures in place relating to domestic and international travel to ensure compliance with the Victorian Public Service Travel Policy.

Statement on compulsory non-academic fees, subscriptions and charges (Higher Education)

We charge higher education students a services and amenities fee strictly in accordance with:

- *The Higher Education Support Act 2003* (the Act)
- The Administration Guidelines made under the Act
- Revenue from this fee is spent strictly in accordance with the Act and for the provision of services and amenities as specified in subsection 19-38(4) of the Act.

Table 15: Statement of income and expenditure for higher education student services and amenities (as at 31 Dec 2020 and 31 Dec 2021)

	2020 (\$'000)	2021 (\$'000)
Unspent / (overspent) revenue from previous period	17	5
SA-HELP revenue earned	59	53
Student services fees direct from higher education students	249	248
Total revenue expendable in period	325	306
Student services expenses during period	-320	-294
Unspent / (overspent) student services revenue	5	12

Consultancies

In 2021, five consultancies had total fees payable of \$10,000 or greater. Total expenditure incurred during 2021 in relation to these consultancies was \$631,111.

The following table constitutes compliance with the requirement to make this information publicly available.

Table 16: Details of individual consultancies valued at \$10,000 or greater (2021)

Consultant	Summary of project	Fee (\$)	Future expenditure (\$)
ArcBlue Consulting Trust	Procurement strategy development	55,000	-
FG Advisory	Asset management plan and carbon neutral strategy development	189,740	-
Godfrey and Spowers Architects	Chadstone library	173,332	-
James Millar Architects	Moorabbin and Glen Waverley campus toilet upgrade	60,400	-
James Millar Architects	Fashion school relocation	152,639	31,671
Total		631,111	31,671

Note: Figures reported exclude GST

In 2021, there were no consultancies where the total fees payable to the consultant was less than \$10,000. Therefore, total expenditure incurred during 2021 in relation to these consultancies was \$nil.

Information and Communication Technology expenditure

Total ICT expenditure for the 2021 reporting period was \$13.1 million, with the details shown below.

Table 17: ICT expenditure (2021)

Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure	Operational expenditure	Capital expenditure
\$13.1 million	-	-	-

Note: Total Business as Usual expenditure includes operational expenditure and capital expenditure

Government advertising expenditure

Table 18: Government advertising expenditure for campaigns with a media spend of \$100,000 or greater (2021)

Name of campaign	Summary	Start/end date	Advertising (media) expenditure (\$ ex GST)	Creative and campaign development expenditure	Research and evaluation expenditure (\$ ex GST)	Print and collateral expenditure (\$ ex GST)	Other campaign expenditure (\$ ex GST)
Learn More Do More with Free TAFE campaign	Direct acquisition campaign	1/1/21 - 31/3/21	\$227,332	-	\$12,000	-	-
Open Days campaign	Promotion of annual series of open day events	1/1/21 - 30/11/21	\$128,655	-	\$1,188	-	-

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Consistent with the requirements of the *Financial Management Act 1994*, and subject to the provision of the *Freedom of Information Act 1982*, we have prepared material on the following items. Details are available on request.

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced about the institute and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged.
- Details of any major external reviews.
- Details of major research and development activities undertaken.
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken to develop community awareness.
- Details of assessments and measures undertaken to improve employee occupational health and safety.
- A general statement on industrial relations and details of time lost through industrial accidents and disputes.
- Details of major committees sponsored by the Institute, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including:
 - Consultants/contractors engaged
 - Services provided
 - Expenditure committed for each engagement.

Requests to access this information should be made to:

Joanne James
Chief Financial Officer

Holmesglen Institute Financial Management Compliance Attestation Statement

I, Mary Faraone, on behalf of the Board of Holmesglen Institute, certify that for the period 1 January 2021 to 31 December 2021, Holmesglen Institute has no Material Compliance Deficiency with respect to the applicable Standing Directions made under the *Financial Management Act 1994* and Instructions.



Mary Faraone
Chief Executive and Director
16 March 2022

The Audit Committee has reviewed this attestation and verified the Institute's compliance assessment





FINANCIAL REPORT

**HOLMESGLEN ANNUAL
REPORT 2021**

Independent Auditor's Report

To the Board of Holmesglen Institute

Opinion	<p>I have audited the consolidated financial report of Holmesglen Institute (the institute) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated entity and institute balance sheets as at 31 December 2021 • consolidated entity and institute comprehensive operating statements for the year then ended • consolidated entity and institute statements of changes in equity for the year then ended • consolidated entity and institute cash flow statements for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the board chair, chief executive officer and chief finance and accounting officer. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the institute as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the institute and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 institute and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the institute and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the institute and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the institute and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
20 March 2022



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

HOLMESGLEN INSTITUTE

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2021

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

The attached financial statements for the Holmesglen Institute and the consolidated entity have been prepared in accordance with Standing Direction 5.2 of the Standing Directions under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2021 and financial position of the Institute and the consolidated entity as at 31 December 2021.

At the date of signing this financial report, we are not aware of any circumstances that would render any particulars included in the financial report to be misleading or inaccurate.

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



P. Lewinsky, Board Chair

Date 16th March 2022

Place Chadstone



M. Faraone, Chief Executive

Date 16th March 2022

Place Chadstone



J. James, Chief Finance and Accounting Officer

Date 16th March 2022

Place Chadstone

How this report is structured

Holmesglen Institute has presented its audited general purpose financial statements for the financial year ended 31 December 2021 in the following structure to provide users with the information about the Institute's stewardship of resources entrusted to it.

Financial statements	Comprehensive operating statement Balance sheet Statement of changes in equity Cash flow statement
Notes to the financial statements	<ol style="list-style-type: none">1. About this report<ol style="list-style-type: none">1.1 Basis of preparation1.2 Compliance information1.3 Impact of COVID-192. How we earned our funds<ol style="list-style-type: none">2.1 Revenue from government contributions<ol style="list-style-type: none">2.1.2 Income from government contributions2.2 Revenue from fees, charges and sales2.3 Other income3. How we expended our funds<ol style="list-style-type: none">3.1 Employee benefits3.2 Supplies and services3.3 Other operating expenses3.4 Depreciation and amortisation expense3.5 Interest expense4. The assets we invested in<ol style="list-style-type: none">4.1 Investment properties4.2 Property, plant and equipment4.3 Intangible assets4.4 Investments5. Balances from operations<ol style="list-style-type: none">5.1 Other non-financial assets5.2 Receivables5.3 Payables5.4 Employee benefits provisions6. How we financed our operations<ol style="list-style-type: none">6.1 Cash and deposits<ol style="list-style-type: none">6.1.1 Reconciliation of operating result to net cash flows from operations6.2 Borrowings6.3 Leases7. Managing risks and uncertainties<ol style="list-style-type: none">7.1 Financial instruments7.2 Contingent assets and contingent liabilities7.3 Fair value determination

HOLMESGLEN INSTITUTE

FINANCIAL REPORT 31 December 2021

How this report is structured

Notes to the financial statements	8.	Governance
	8.1	Responsible persons
	8.2	Remuneration of executives
	8.3	Related parties
	8.4	Auditors remuneration
	9.	Other disclosures
	9.1	Other economic flows included in net result
	9.2	Equity reserves
	9.3	Superannuation
	9.4	Commitments
	9.5	Controlled entities
	9.6	Events after reporting date
	9.7	Application of accounting standards issued but not yet effective

HOLMESGLEN INSTITUTE

Comprehensive Operating Statement for the financial year ended 31 December 2021

	Note	Consolidated		Institute	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
CONTINUING OPERATIONS					
Revenue and income from transactions					
Revenue from government contributions	2.1.1	86,540	93,655	86,002	93,197
Income from government contributions	2.1.2	5,889	7,664	5,889	7,664
Revenue from fees, charges and sales	2.2	50,717	58,656	51,698	59,683
Other income	2.3	9,642	8,632	8,530	7,646
Total revenue and income from transactions		152,788	168,607	152,119	168,190
Expenses from transactions					
Employee benefits	3.1	109,160	111,035	108,921	110,799
Depreciation and amortisation	3.4	16,650	16,978	16,648	16,978
Supplies and Services	3.2	26,617	27,294	26,085	26,801
Interest expense	3.5	157	302	157	302
Other operating expenses	3.3	5,309	10,239	5,230	10,128
Total expenses from transactions		157,893	165,848	157,041	165,008
Net result from transactions		(5,105)	2,759	(4,922)	3,182
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	9.1(a)	3,706	(4,025)	5,448	(2,041)
Net gain/(loss) on financial instruments	9.1(b)	1,127	(72)	1,059	(75)
Total other economic flows included in net result		4,833	(4,097)	6,507	(2,116)
Net result from continuing operations		(272)	(1,338)	1,585	1,066
Net result		(272)	(1,338)	1,585	1,066
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in physical asset revaluation surplus	9.2(b)	33,381	(847)	33,381	(847)
Items that may be reclassified subsequently to net result					
Gain/(loss) on revaluation of financial assets	9.2(c)	-	-	-	-
Total other economic flows – Other comprehensive income		33,381	(847)	33,381	(847)
Comprehensive result		33,109	(2,185)	34,966	219

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

HOLMESGLEN INSTITUTE

Balance Sheet as at 31 December 2021

	Note	Consolidated		Institute	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Assets					
Financial assets					
Cash and deposits	6.1	48,624	42,110	47,002	40,273
Contract assets	5.2	14,352	16,772	13,594	16,013
Receivables	5.2	650	1,827	645	1,827
Investments	4.4	34,295	33,062	32,163	30,999
Total financial assets		97,921	93,771	93,404	89,112
Non-financial assets					
Other non-financial assets	5.1	3,377	4,490	3,347	4,458
Property, plant and equipment	4.2	375,891	345,371	375,830	345,371
Right of use assets	6.3	6,039	8,004	6,039	8,004
Intangible assets	4.3	1,990	3,218	1,990	3,218
Investment properties	4.1	117,276	113,518	99,205	93,705
Total non-financial assets		504,573	474,601	486,411	454,756
Total assets		602,494	568,372	579,815	543,868
Liabilities					
Payables	5.3	8,227	10,003	8,159	9,939
Contract liabilities	5.3	16,631	12,983	16,599	12,970
Borrowings	6.2	2,832	2,727	2,832	2,727
Lease liabilities	6.3	5,407	7,636	5,407	7,636
Employee benefits provision	5.4	22,385	21,120	22,345	21,089
Total liabilities		55,482	54,469	55,342	54,361
Net assets		547,012	513,903	524,473	489,507
Equity					
Contributed capital	9.2(a)	122,807	122,807	122,807	122,807
Physical asset revaluation reserve	9.2(b)	248,947	215,566	248,947	215,566
Accumulated surplus/(deficit)	9.2(d)	175,258	175,530	152,719	151,134
Net worth		547,012	513,903	524,473	489,507
Commitments for expenditure	9.4				

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

HOLMESGLEN INSTITUTE

Statement of Changes in Equity for the year ended 31 December 2021

		Physical asset revaluation reserve	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000
Consolidated					
	Note				
At 1 January 2020	9.2	216,413	176,868	122,807	516,088
Net result for the year		-	(1,338)	-	(1,338)
Changes in physical asset revaluation surplus	9.2(b)	(847)	-	-	(847)
Year ended 31 December 2020	9.2	215,566	175,530	122,807	513,903
Changes in physical asset revaluation surplus	9.2(b)	33,381			33,381
Net result for the year		-	(272)	-	(272)
Year ended 31 December 2021	9.2	248,947	175,258	122,807	547,012

		Physical asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000
Institute					
	Note				
At 1 January 2020	9.2	216,413	150,068	122,807	489,288
Net result for the year		-	1,066	-	1,066
Changes in physical asset revaluation surplus	9.2(b)	(847)	-	-	(847)
Year ended 31 December 2020	9.2	215,566	151,134	122,807	489,507
Changes in physical asset revaluation surplus	9.2(b)	33,381	-	-	33,381
Net result for the year		-	1,585	-	1,585
Year ended 31 December 2021	9.2	248,947	152,719	122,807	524,473

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

HOLMESGLEN INSTITUTE

Cash Flow Statement for the year ended 31 December 2021

	Note	Consolidated		Institute	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Government contributions - operating		88,412	90,749	87,874	90,285
Government contributions - capital		5,889	7,664	5,889	7,664
Receipts from fees, charges and sales		68,462	69,612	66,806	67,488
Goods and services tax recoverable		4,514	5,332	4,416	5,244
Interest received		180	216	179	211
Dividends received		1,914	1,723	1,795	1,639
Other receipts		5,167	3,673	6,645	5,929
Total receipts from operating activities		174,538	178,969	173,604	178,460
Payments					
Payments to suppliers and employees		(146,375)	(148,386)	(145,456)	(147,766)
Interest and other finance costs paid		(157)	(302)	(157)	(302)
Goods and services tax paid		(8,588)	(8,837)	(8,422)	(8,665)
Total payments from operating activities		(155,120)	(157,525)	(154,035)	(156,733)
Net cash flows from/(used in) operating activities	6.1.1	19,418	21,444	19,569	21,727
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for investment properties		-	(36)	-	(36)
Payments for property, plant and equipment		(7,869)	(9,968)	(7,805)	(9,968)
Payment for intangible assets		-	(3,180)	-	(3,180)
Proceeds from sale of non-financial assets		158	323	158	323
Net cash provided by/(used in) investing activities		(7,711)	(12,861)	(7,647)	(12,861)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		(5,193)	(5,004)	(5,193)	(5,004)
Net cash provided by/(used) in financing activities		(5,193)	(5,004)	(5,193)	(5,004)
Net increase (decrease) in cash and cash equivalents					
		6,514	3,579	6,729	3,862
Cash and cash equivalents at the beginning of the financial year		42,110	38,531	40,273	36,411
Cash and cash equivalents at the end of the financial year	6.1	48,624	42,110	47,002	40,273

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

HOLMESGLEN INSTITUTE

Notes to the financial statements

1. About this report

Holmesglen Institute is a statutory body corporate, established pursuant to an Act made by the Victorian Government under the *Education and Training Reform Act 2006 Section 3.1.12 4(a)*.

Its registered office and principal address is:

Holmesglen Institute
Cnr Batesford and Warrigal Road
Holmesglen, Victoria, 3148

1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of the Institute and the consolidated entity, and have been prepared in accordance with the historical cost convention unless a different measurement basis is specifically disclosed in notes associated with the item measured on that different basis. Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

Judgements, estimates and assumptions are required to be made about the financial information being presented. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements made by management in the application of Australian Accounting Standards (AAS) that may have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 4.2);
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 5.4).
- determining whether government contributions received should be recognised as revenue under AASB 15 or income under AASB 1058 depending on whether the performance obligations within the contract are assessed as sufficiently specific and measuring the Institute's satisfaction of a performance obligation (refer Note 2.2); and
- AASB16 Leases and the requirement to determine the lease term to the extent that extension options are certain (refer to note 6.3).

These financial statements cover the Institute and its controlled entities as an individual reporting entity and include all the controlled activities of the Institute.

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST.

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

1. About this report

1.1 Basis of preparation (continued)

Basis of consolidation

In accordance with AASB 10 Consolidated Financial Statements, the Institute consolidates its controlled entities on the basis that control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

Funding risk

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

The Institute has substantial economic dependency on Government operating and capital contributions.

The Institute manages funding risk by continuing to diversify and increase income from commercial activities, both domestically and offshore.

Other than the impact of COVID-19 as outlined in note 1.3, there has been no other significant change in the Institute's exposure, or its objectives, policies and processes for managing funding risk or the methods used to measure this risk from the previous reporting period.

1.2 Compliance information

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

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

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

1.3 Impact of COVID-19

The coronavirus (COVID-19), which was declared a global pandemic in March 2020, continued to evolve in 2021.

Various restrictions such as lockdowns and closure of the state's borders continued to be enforced and implemented by the government as required to contain the spread of the virus and to prioritise the health and safety of our communities. These actions have in turn, continued to impact the manner in which businesses operate, including the Institute and controlled entities.

Consistent with the prior year, COVID-19 continued to have a material impact on the operations of the Institute and as a consequence has resulted in a number of material impacts on the performance of the Institute as well as the judgements and estimates used in assessing balances.

The Institute continued to conduct classes through remote learning and hold examinations online where possible, place restrictions on non-essential work and implement work from home arrangements where appropriate.

The key impacts on the appropriateness of the going concern basis of accounting, performance of the business as well as various accounting treatments and estimates are summarised below and disclosed in subsequent notes where relevant and material.

1. About this report

1.3 Impact of COVID-19 (continued)

The key impacts on the Institute's performance are summarised as follows:

Basis of preparation

Holmesglen Institute has a strong financial position, with a consolidated net asset position of \$547.012M (2020: \$513.903M), liquidity ratio of 2.19:1; (2020: 2.13:1); a net result deficit from transactions of (\$272K) (2020: (\$1.338M) and positive operating cash flows of \$19.418M (2020: \$21.444M). Considering the consolidated entity's financial position, together with the impacts of COVID-19 on the Institute's operations as discussed below, the Institute has concluded that it is appropriate to prepare the financial statements on a going concern basis.

Revenue and other income

COVID-19 continues to have a direct impact on the Institute's revenues. Revenues from student fees and charges have been impacted by lower local and international student enrolments as a result of travel restrictions, the reduced ability to undertake some practical components of training delivery, and in some instances, also due to reduced demand.

The Department of Education and Training provided business continuity grants from 1st October 2021 totaling \$1.435M (2020:\$7.830M) to support Skills First funded training delivery to assist the Institute to maintain its Skills First funding to pre-pandemic levels for the relevant comparable period.

As noted above, COVID-19 continued to have a direct impact on how classes have been conducted and, for some courses, the ability for students to undertake practical placements due to placement availability or workplace restrictions. This in turn has extended the period over which some courses will be delivered resulting in revenue impacts for the 2021 year.

Expenses

To mitigate the impact of COVID-19 on the Institute's financial performance, the Institute continues to implement its expenditure mitigation strategies where practicable. This has resulted in a net reduction in total expenditure from transactions of \$7.055 million compared to prior year.

Liquidity risk

The reduction in revenue has impacted on the Institute and consolidated entity's net result. Despite this impact, the Institute has sufficient current assets including cash holdings and investments to meet its financial obligations as they fall due. Further information is provided in Note 7.1.

The key impacts on accounting treatments and estimates are as follows:

Allowance for expected credit losses

Although both local and international students continue to be impacted by the pandemic, the Institute experienced an improvement in the collectability of its receivables during 2021, particularly as restrictions eased and the economy improved during the later part of the year. Where students are experiencing financial difficulty, the Institute allows for either a payment plan or if the financial difficulty is severe, provides additional supports such as financial counselling and food services. The number of students on payment plans remained consistent with prior years. The Institute monitors payments made under the plan and noted that for the majority of students on a plan, payments continue to be made in line with schedule. These factors, including actual payment history has been considered in determining the expected credit loss for the 2021 financial year.

Fair value of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 103I. A full revaluation of education assets normally occurs every five years, with this last occurring for the year ended 31 December 2017. Due to COVID-19, there is an increased element of estimation uncertainty with regard to the fair values of the Institute's non-financial physical assets. Further information is provided in Note 7.3.

The Institute's investment properties are valued in accordance with AASB140 Investment Property, on an annual basis. Due to COVID-19, the fair value of the Institute's investment properties contain significant estimation uncertainty as disclosed by the valuer.

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
2.1 Government contributions				
2.1.1 Revenue from government contributions				
Government contributions - operating				
State government – contestable	60,043	62,792	60,043	62,792
State government – other contributions	22,397	24,833	22,397	24,833
Commonwealth Government contributions	3,461	5,477	3,461	5,477
Other	639	553	101	95
Total government contributions - operating	86,540	93,655	86,002	93,197

Significant judgement is applied to assess if a grant or contract is enforceable and contains sufficiently specific performance obligations.

The Institute's revenue streams are predominately for transactions relating to the delivery of courses to students and education services to clients. In all cases, the total transaction price for these services is allocated amongst the various performance obligations based on the consideration specified in the contract with the customer. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time as the Institute satisfies the performance obligations by transferring the promised goods or services to its customers.

Revenue is measured at the amount of consideration to which the Institute expects to be entitled in exchange for transferring promised goods or services to a customer. Specific revenue recognition criteria are set out below.

Revenue Type	Nature	Performance obligation and timing of recognition
State government – contestable	Refers to Victorian state government funding for which the Institute must compete with other registered training providers. Funding is allocated primarily through a combination of a 'User Choice' system for all providers and a competitive tendering process for private providers.	The funding agreement for these contributions outlines the performance obligations to provide education services to eligible students and relevant terms and conditions. These contributions are recognised as revenue from contracts with customers in line with the requirements of AASB15. Revenue is recognised over time, on the basis of the number of units of training delivered to eligible students over the life of the agreement.
State government – other contributions	Refers to funding such as specific-purpose grants for community service obligations, free TAFE practical placement and student support services and the additional costs of public TAFE provision. For 2021, these contributions include the business continuity and crisis support funding received from the Department of Education and Training.	The funding agreements for these contributions transfer control on execution of the relevant agreement. The Institute recognises income immediately in the comprehensive operating statement when control is achieved over the funds and the contract is not enforceable or the performance obligations are not sufficiently specific. Where performance obligations are sufficiently specific, revenue is recognised in the comprehensive operating statement as the performance obligations are delivered.
Commonwealth government contributions	Refers to funding from the Commonwealth government for commonwealth supported places for eligible higher education programs.	This funding is provided on a per eligible student basis with specific performance obligations tied to delivery of units over the course duration. Revenue is recognised over the period of the agreement as units are delivered in accordance with AASB15.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
2.1.2 Income from government contributions				
State government – capital	5,889	7,664	5,889	7,664
Total government contributions - capital	5,889	7,664	5,889	7,664

Revenue Type	Nature	Timing of recognition
State government – capital	Refers to funding where the Institute receives a financial asset to construct or acquire a non-financial asset which is to be controlled by the Institute.	The obligations under the relevant funding agreements relate to the acquisition or construction of a non-financial asset. For construction projects, revenue is recognised as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project. For the acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Institute in accordance with AASB 1058.

2.2 Revenue from fees, charges and sales

Student fees and charges	7,509	7,636	7,509	7,636
Student fees and charges (Fee Help)	4,934	5,928	4,934	5,928
Fee for service – government	5,801	2,857	5,801	2,857
Fee for service – international operations – onshore	16,311	22,663	16,311	22,663
Fee for service – international operations – offshore	944	1,085	944	1,085
Fee for service – training programs	11,226	15,354	11,226	15,354
Total revenue fees and charges	46,725	55,523	46,725	55,523
Other non-course fees and charges				
Other (car parking fees, management fees etc)	1,700	1,320	2,681	2,347
Sale of goods	2,292	1,813	2,292	1,813
Total non-course fees and charges	3,992	3,133	4,973	4,160
Total revenue from fees, charges and sales	50,717	58,656	51,698	59,683

The following table provides a breakdown of contractual sales with customers based on timing of revenue recognition.

Revenue recognised over time	46,725	55,523	46,725	55,523
Revenue recognised at a point in time	3,992	3,133	4,973	4,160
Total revenue from fees, charges and sales	50,717	58,656	51,698	59,683

The timing of satisfaction of a sufficiently specific performance obligation and the amount of revenue to be allocated to each performance obligation involves significant judgement. The accounting policies below outline the material performance obligations and, how and when these are satisfied.

Revenue for student fees and charges is recognised as the course is delivered to the student and is measured as the amount the Institute expects to be entitled to. Any fee waivers are recognised as a reduction in the amount of revenue recognised. Where revenue has been received for programs or services to be delivered in the following year, these amounts are deferred as a contract liability.

Other non-course fees and charges are recognised as the service is delivered to the student or the public. For example, rent and student accommodation revenue is recognised as the Institute provides the accommodation or use of the space to the student

or the public.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

2.2 Revenue from fees, charges and sales (continued)

The Institute uses actual student contact hours, performance obligations as set out in project plans to recognise revenue over time in line with AASB 15.

Revenue Type	Nature	Performance obligation and timing of recognition
Student fees and charges	The Institute provides educational services to eligible domestic students. Student fees and charges revenue includes student tuition fees and course materials received or to be received from eligible students for the provision of these services.	<p>Student tuition fees are recognised in accordance with the relevant enrolment terms and conditions and over the period that the education and training services are provided.</p> <p>Where student fees and charges revenue has been received in respect of services to be delivered in the following year, any non-refundable portion of the fees is recognised as revenue in the year of receipt and the balance as a contract liability.</p> <p>Student amenity and material fees are recognised at enrolment and are not refundable.</p>
Fee for service – government, international operations and other training programs.	The Institute provides educational services to international students, domestic students who are not eligible for a government funded subsidy, industry and other government bodies.	<p>Fee for service revenue is recognised as the performance obligations are satisfied under the relevant training contract or enrolment terms and conditions.</p> <p>Where fee for service revenue has been received in respect of programs or services to be delivered in the following year, such amounts are recognised as contract liabilities.</p>
Other non course fees and charges	Other non course fees and charges include the provision of catering, restaurant sales, car parking fees and management fees.	Revenue from other non course fees and charges is recognised by the Institute at the time of sale and when the control of goods passes to the customer which is at the time that the goods are physically transferred. Items sold do not have any warranty attached to them.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000

2.2 Revenue from fees, charges and sales (continued)

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

Student fees and charges	4,472	6,395	4,472	6,395
Fee for service	2,482	2,143	2,482	2,143
Other	6,029	3,266	6,016	3,240
	12,983	11,804	12,970	11,778

Transaction price allocated to remaining performance obligations

Revenue is recognised on a quantitative basis using the time bands that are most appropriate for the duration of the remaining performance obligations.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

	2022	2023	2024
	\$'000	\$'000	\$'000
Consolidated			
Revenue expected to be recognised	16,631		
Institute			
Revenue expected to be recognised	16,599		

Note: These are estimates only, based on professional judgement and past experience.

Payment terms

The payment terms for student fees are as follows:

- up-front payment via cash, EFTPOS or credit card prior to course commencement;
- federal government assistance (VET Student Loan); and/or
- invoice to a third party (e.g. a student's employer or workers' compensation provider).

Students are generally entitled to a refund if they withdraw from a course within 28 days of enrolment. Students who withdraw after this time are generally not entitled to a refund.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Dividends/Distributions	1,877	1,404	1,765	1,316
Interest income	116	193	115	188
Rental income - Investment properties	5,743	5,696	4,214	4,171
Rental income - other	1,834	1,259	2,429	1,859
Donations, bequests and contributions	72	80	7	112
Total other income	9,642	8,632	8,530	7,646

2.3 Other income

Other Income Type	Nature	Performance obligation and timing of recognition
Dividends/Distributions	The Institute receives distributions from the Victorian Funds Management Corporation.	Distributions are recognised when the Institute's right to receive payment is established.
Interest	Interest income includes interest received on the Institute's operating bank account and deposits with the central banking system.	Interest income is recognised taking into account the effective interest rates applicable to the financial assets.
Rental income - Investment properties and other	The Institute receives rental income for land and buildings leased out to students and commercial tenants.	The performance obligations are outlined in the relevant rental agreement and include the obligation to provide the land and buildings for the stipulated rental payments over a period of time. Rental income is recognised on a time proportional basis and is brought to account when the Institute's right to receive the rental is established.
Donations, bequests and contributions	From time to time, benefactors may provide donations or gifts to further the objectives of the Institute.	Donations and bequests do not generally contain performance obligations that are sufficiently specific. Donations, bequests and contributions are recognised when received and the amount can be measured reliably.

HOLMESGLEN INSTITUTE

Notes to the financial statements

3. HOW WE EXPENDED OUR FUNDS

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
3.1 Employee benefits				
Salaries, wages, overtime and allowances	91,056	94,730	90,854	94,528
Superannuation	8,489	8,362	8,469	8,344
Payroll tax	4,715	4,886	4,705	4,876
Long service leave	2,967	1,843	2,962	1,839
Termination benefits	899	255	899	255
Other	1,034	959	1,032	957
Total employee benefits	109,160	111,035	108,921	110,799

Employee expenses include all costs related to employment, including wages and salaries, superannuation, payroll tax, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation expenses disclosed above are employer contributions that are paid or payable during the reporting period.

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

3.2 Supplies and services

Purchase of supplies and consumables	3,186	3,668	3,186	3,666
Communication expenses	768	793	768	793
Utilities	2,584	3,394	2,234	3,052
Minor equipment	842	982	842	982
Fees and charges	5,094	3,990	5,028	3,909
Contract and other services	11,347	11,901	11,339	11,875
Building repairs and maintenance	2,667	2,488	2,559	2,446
Cost of goods sold/distributed (ancillary trading)	129	78	129	78
Total supplies and services	26,617	27,294	26,085	26,801

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

3.3 Other operating expenses

Marketing and promotional expenses		1,441	1,655	1,439	1,654
Audit fees and services	8.4	224	428	207	413
Bad and impaired credit losses from transactions		(1,418)	2,535	(1,418)	2,535
Staff development		413	206	413	207
Travel and motor vehicle expenses		130	209	130	209
Hiring costs/lease payments		968	874	968	874
Other expenses		3,551	4,332	3,491	4,236
Total other operating expenses		5,309	10,239	5,230	10,128

Other operating expenses are recognised in the reporting period in which they are incurred.

HOLMESGLEN INSTITUTE

Notes to the financial statements

3. HOW WE EXPENDED OUR FUNDS

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
3.4 Depreciation and amortisation expense				
Buildings	7,008	6,763	7,008	6,763
Leasehold improvement	345	143	345	143
Plant and equipment	853	882	853	882
Cultural assets	-	6	-	6
Motor vehicles	374	454	372	454
Computer equipment	1,913	3,134	1,913	3,134
Right of use assets	3,036	3,110	3,036	3,110
Leased motor vehicles	131	115	131	115
Total depreciation	13,660	14,607	13,658	14,607
Amortisation				
Leased computer equipment	1,762	1,762	1,762	1,762
Software	1,228	609	1,228	609
Total amortisation	2,990	2,371	2,990	2,371
Total depreciation and amortisation	16,650	16,978	16,648	16,978

Depreciation and amortisation is provided on property, plant and equipment, right of use assets, freehold buildings and software.

Depreciation and amortisation are generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

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

Class of assets	Rates 2021	Rates 2020
Buildings	1.79% to 11.11%	1.79% to 11.11%
Leasehold improvement	lease term	lease term
Plant and equipment	6.33% to 50%	6.33% to 50%
Motor Vehicles	20% - 25%	20% - 25%
Computer equipment	14.2% to 50%	14.2% to 50%
Right of use assets	lease term	lease term
Software	20% to 33%	20% to 33%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

3.5 Interest expense

Interest on Lease Liabilities	157	302	157	302
Total interest expenses	157	302	157	302

HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
4.1 Investment properties				
At Fair value				
Opening balance at 1 January	113,518	111,735	93,705	89,938
Transfer - Bulli St, Moorabbin land and buildings	-	5,900	-	5,900
Additions	163	36	163	36
Net gain/ (loss) from fair value adjustments	3,595	(4,153)	5,337	(2,169)
Closing balance at 31 December	117,276	113,518	99,205	93,705

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the Institute.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Institute.

Subsequent to initial recognition at cost, investment properties are re-valued to fair value with changes in the fair value recognised as other economic flows in the comprehensive operating statement in the period in which they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. These properties are neither depreciated nor tested for impairment.

The fair values of the Consolidated entity's investment properties at 31 December 2021 have been arrived at on the basis of an independent valuation carried out by independent valuers. The valuation was determined by reference to market evidence of transaction prices for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar leases and other contracts.

HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

4.2 Property, plant and equipment

Institute	Land \$'000	Buildings \$'000	Leasehold Improvement \$'000	Assets under construction \$'000	Plant & Equipment \$'000	Cultural Assets \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Total \$'000
At 1 January 2020									
- Cost	16,900	8,964	2,463	3,907	3,274	529	2,756	7,838	46,631
- Valuation	116,105	206,129	-	-	3,860	34	-	1,706	327,834
Accumulated depreciation	-	(13,148)	(2,286)	-	(1,459)	(6)	(1,310)	(2,530)	(20,739)
Net book amount	133,005	201,945	177	3,907	5,675	557	1,446	7,014	353,726
Year ended 31 December 2020									
Opening net book amount	133,005	201,945	177	3,907	5,675	558	1,446	7,014	353,727
Additions	-	83	-	7,628	601	-	-	1,655	9,967
Disposals	-	-	-	-	(54)	-	(176)	-	(230)
Transfer to right of use asset - note 6.3	-	-	-	-	-	-	-	-	-
Net revaluation increments/(decrements)	2,362	(3,209)	-	-	-	36	-	-	(811)
Depreciation expense	-	(6,763)	(143)	-	(882)	(6)	(454)	(3,134)	(11,382)
Transfer to Investment Properties	(5,300)	(600)	-	-	(86)	-	86	-	(5,900)
Transfer from assets under construction	-	554	345	(1,043)	110	-	-	34	-
Closing net book amount	130,067	192,010	379	10,492	5,364	588	902	5,569	345,371
At 31 December 2020									
- Cost	16,900	8,963	2,808	10,492	3,985	558	2,210	9,527	55,443
- Valuation	113,167	202,674	-	-	3,780	36	-	1,705	321,362
Accumulated depreciation	-	(19,627)	(2,429)	-	(2,315)	(6)	(1,394)	(5,663)	(31,434)
Net book amount	130,067	192,010	379	10,492	5,450	588	816	5,569	345,371
Year ended 31 December 2021									
Opening net book amount	130,067	192,010	379	10,492	5,450	588	816	5,569	345,371
Additions	-	1,694	-	5,844	158	-	46	63	7,805
Disposals	-	-	-	-	(165)	-	(42)	(3)	(210)
Net revaluation increments/(decrements)	15,870	17,511	-	-	-	-	-	-	33,381
Depreciation expense	-	(7,008)	(345)	-	(853)	-	(372)	(1,913)	(10,491)
Transfer to Investment Properties	-	-	-	-	-	-	-	-	-
Reclassified to expense account	-	-	-	(26)	-	-	-	-	(26)
Transfer from assets under construction	-	9,841	-	(9,884)	36	-	-	7	-
Closing net book amount	145,937	214,048	34	6,426	4,626	588	448	3,723	375,830
At 31 December 2021									
- Cost	-	-	34	6,426	4,179	588	1,967	9,597	22,791
- Valuation	145,937	214,048	-	-	3,471	-	-	1,681	365,137
Accumulated depreciation	-	-	-	-	(3,024)	-	(1,519)	(7,555)	(12,098)
Net book value at the end of the financial year Institute	145,937	214,048	34	6,426	4,626	588	448	3,723	375,830
Consolidated									
Additions	-	-	-	-	-	-	63	-	63
Depreciation expense	-	-	-	-	-	-	(2)	-	(2)
Net book value at the end of the financial year Consolidated	145,937	214,048	34	6,426	4,626	588	509	3,723	375,891

4. THE ASSETS WE INVESTED IN

4.2 Property, plant and equipment (continued)

Initial recognition

Immediately upon acquisition, items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

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

The cost of a leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category.

Non-specialised land, non-specialised buildings and artworks are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

Specialised land and specialised buildings: The market approach is used for specialised land, and this is then adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants.

For the majority of the Institute's specialised buildings, current replacement cost method is used, adjusting for the associated depreciation.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's current replacement cost.

The last formal revaluation of land and building assets (including land improvements) were conducted for the year ended 31 December 2017. For the year ended 31 December 2021, an assessment was conducted using indices provided by the Office of the Victorian Valuer-General. A managerial revaluation was required as a result of this assessment.

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Assistant Treasurer.

Refer to Note 7.3 for additional information on the fair value determination of property, plant and equipment.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount is increased to its recoverable amount. However this reversal can not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
4.3 Intangible assets				
Gross carrying amount				
Opening balance	5,142	1,962	5,142	1,962
Additions	-	3,180	-	3,180
Closing balance	5,142	5,142	5,142	5,142
Accumulated amortisation and impairment				
Opening balance	(1,924)	(1,315)	(1,924)	(1,315)
Amortisation charge	(1,228)	(609)	(1,228)	(609)
Closing balance	(3,152)	(1,924)	(3,152)	(1,924)
Net carrying amount at end of the year	1,990	3,218	1,990	3,218

Initial recognition

Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement

Intangible assets with finite lives are amortised on a straight basis over their useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each annual reporting period.

Impairment

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Comprehensive Operating Statement.

	Note	Consolidated		Institute	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
4.4 Investments					
Current investments					
Financial assets at fair value through profit and loss:					
Victorian Funds Management Corporation - managed investments		34,295	33,062	32,163	30,999
Total current investments		34,295	33,062	32,163	30,999

The Institute's investments with the VFMC are measured at fair value through profit or loss (FVTPL) in accordance with AASB 9 Financial Instruments. The fair value of these investments has been determined on the basis of their market value at 31 December 2021.

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
5.1 Other non-financial assets					
Current					
Inventories - supplies and consumables at cost		60	59	60	59
Prepayments		3,317	4,431	3,287	4,399
Total current other non-financial assets		3,377	4,490	3,347	4,458

Inventories are measured at the lower of cost and net realisable value.

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

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
5.2 Receivables and contract assets					
Contractual - Current					
Contract assets	1.3	16,181	20,183	15,423	19,424
Expected credit losses	1.3	(1,829)	(3,411)	(1,829)	(3,411)
Total contract assets		14,352	16,772	13,594	16,013
Receivables - Current					
Trade receivables		650	1,789	645	1,789
Other receivables		-	38	-	38
Statutory					
GST input tax credit recoverable		-	-	-	-
Total receivables		650	1,827	645	1,827

Receivables consist of:

- contract assets are recognised when the Institute has satisfied a performance obligation which include accrued revenue for performance obligations completed, lease receivables and outstanding tuition fees
- trade receivables, which include debtors in relation to goods and services. Trade receivables represent an unconditional right to receive payment and
- statutory receivables, which predominantly include amounts owing from the Victorian Government and GST input tax credits recoverable.

Receivables are stated inclusive of the amount of GST receivable. Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Institute holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment

The Institute measures loss allowances at an amount equal to life time expected credit losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit-losses. Credit losses are measured as the present value of all cash shortfalls.

COVID-19 has had significant impact on the Institute's learner community, however in 2021 the Institute received better than expected payments from International students for their outstanding fees, plus negotiated payment plans. The allowance for credit losses has decreased as it takes into account the probability of default on these outstanding balances, subject to the eventual economic recovery from COVID-19. Further information is provided at Note 1.3 and Note 7.1.2.

The movement in the allowance for impairment in respect of trade receivables during the year is shown below.

Movement in the allowance for credit losses

Balance at the beginning of the year	3,411	724	3,411	724
Increase /(decrease) in provision recognised in net result	(1,582)	2,687	(1,582)	2,687
Balance at the end of the year	1,829	3,411	1,829	3,411

5. BALANCES FROM OPERATIONS

5.2 Receivables and contract assets (continued)

In respect of trade and other receivables, the Institute is not exposed to any significant credit risk to any single counterpart or any group of counterparties having a similar characteristic. Based on historical and current information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

Ageing analysis of contractual receivables

	Carrying amount \$'000	Not past due and not impaired \$'000	Less than 1 month \$'000	Past due but not impaired		
				1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
Consolidated						
2021						
Trade receivables	650	-	140	488	22	-
Other receivables	-	-	-	-	-	-
Contract assets	14,352	14,352	-	-	-	-
Total	15,002	14,352	140	488	22	-
2020						
Trade receivables	1,789	-	637	1,105	47	-
Other receivables	38	38	-	-	-	-
Contract assets	16,772	16,772	-	-	-	-
Total	18,599	16,810	637	1,105	47	-
Institute						
2021						
Trade receivables	645	-	140	488	17	-
Other receivables	-	-	-	-	-	-
Contract assets	13,594	13,594	-	-	-	-
Total	14,239	13,594	140	488	17	-
2020						
Trade receivables	1,789	-	637	1,105	47	-
Other receivables	38	38	-	-	-	-
Contract assets	16,013	16,013	-	-	-	-
Total	17,840	16,051	637	1,105	47	-

Note: The disclosures above excludes statutory receivables (e.g., amounts owing from Victorian Government and GST taxes payable).

The average credit period on sales of goods is 30 days. No interest is charged on receivables.

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

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
5.3 Payables					
Contractual					
Supplies and services		8,161	9,812	8,106	9,759
Contract liabilities	2.2	16,631	12,983	16,599	12,970
Statutory					
GST payable to the ATO		66	191	53	180
Total current payables		24,858	22,986	24,758	22,909

Payables consist of:

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

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

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity Analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
Consolidated							
2021							
Supplies and services	8,161	8,161	2,008	4,511	1,273	333	36
Contract liabilities	16,631	16,631	-	-	16,631	-	-
Total	24,792	24,792	2,008	4,511	1,273	333	36
2020							
Supplies and services	9,812	9,812	1,254	4,643	3,521	368	26
Contract liabilities	12,983	12,983	-	-	12,983	-	-
Total	22,795	22,795	1,254	4,643	3,521	368	26
Institute							
2021							
Supplies and services	8,106	8,106	2,008	4,511	1,218	333	36
Contract liabilities	16,599	16,599	-	-	16,599	-	-
Total	24,705	24,705	2,008	4,511	1,218	333	36
2020							
Supplies and services	9,759	9,759	1,254	4,643	3,468	368	26
Contract liabilities	12,970	12,970	-	-	12,970	-	-
Total	22,729	22,729	1,254	4,643	3,468	368	26

Note: The disclosures above excludes statutory payables (e.g., amounts owing to the Victorian Government and GST taxes payable).

The average credit period is 30 days. No interest is charged on the other payables. Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
5.4 Employee benefits provision					
Current Provisions					
Employee benefits					
Annual leave					
Unconditional and expected to settle within 12 months	1.3	4,085	4,208	4,069	4,195
Long service leave					
Unconditional and expected to settle within 12 months		712	707	712	707
Unconditional and expected to settle after 12 months		10,707	9,938	10,707	9,938
Sub total		15,504	14,853	15,488	14,840
Provision for on costs					
Annual leave					
Unconditional and expected to settle within 12 months		673	670	670	668
Long service leave					
Unconditional and expected to settle within 12 months		117	112	117	112
Unconditional and expected to settle after 12 months		1,763	1,581	1,763	1,581
Total current provisions		18,057	17,216	18,038	17,201
Non-current Provisions					
Long service leave					
Conditional and expected to settle after 12 months		3,716	3,368	3,698	3,354
Long service leave - on costs					
Conditional and expected to settle after 12 months		612	536	609	534
Total non-current provisions		4,328	3,904	4,307	3,888
Total provisions		22,385	21,120	22,345	21,089

The leave obligations cover the Institute's liabilities for long service leave and annual leave as at 31 December 2021.

Total current provisions

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to prorata payments in certain circumstances. The entire amount of the provision is presented as current, since the Institute does not have an unconditional right to defer settlement for any of these obligations. The Institute expects all employees to take the full amount of accrued leave within the next 12 months

Non-current provisions

The non-current provisions amounts reflect leave that is not expected to be taken or paid within the next 12 months.

5. BALANCES FROM OPERATIONS

5.4 Employee benefits provision (continued)

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

The components of the current LSL liability are measured at:

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

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of is presented as current, since the Institute does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Institute does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

Conditional LSL is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in the bond interest rate for which it is then recognised as an other economic flow. The discount rate applied is as advised by the Department of Treasury and Finance.

6. HOW WE FINANCED OUR OPERATIONS

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
6.1 Cash and deposits				
Cash at bank and on hand	6,857	4,858	5,235	4,621
Deposits at call - Westpac	41,767	35,652	41,767	35,652
Deposits at call - Treasury Corporation of Victoria	-	1,600	-	-
Total cash and deposits	48,624	42,110	47,002	40,273

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call, and term deposits with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Deposits at call with Westpac are held in accordance with the standing direction relating to the Central Banking System requirements.

6.1.1 Reconciliation of operating result to net cash flows from operating activities

Net result for the year	(272)	(1,338)	1,585	1,066
Non cash movements:				
Depreciation and amortisation of non-current assets	16,650	16,978	16,648	16,978
Net (gain) / loss on sale of non-current assets	(111)	(92)	(111)	(92)
Net (gain) / loss on disposal of financial investments	(1,232)	(66)	(1,164)	(63)
Fair value (gain) loss on other non- financial assets	(3,595)	4,117	(5,337)	2,133
Net (gain)/loss on financial liabilities at amortised cost	105	138	105	138
Reclassification from assets under construction to expenses	26	-	26	-
Total non-cash flows in operating result	11,843	21,075	10,167	19,094
Movements in operating assets and liabilities				
Decrease / (increase) in receivables	1,177	1,632	1,182	1,650
Decrease / (increase) in contract assets	2,420	(3,709)	2,419	(3,737)
Decrease / (increase) in inventories	(1)	-	(1)	-
Decrease / (increase) in other assets	1,114	1,330	1,112	1,314
Increase / (decrease) in payables	(1,651)	(1,226)	(1,653)	(1,329)
Increase / (decrease) in contract liabilities	3,523	1,370	3,502	1,372
Increase / (decrease) in employee benefits	1,265	2,310	1,256	2,297
Total movement in operating assets and liabilities	7,847	1,707	7,817	1,567
Net cash flow from/(used in) operating activities	19,418	21,444	19,569	21,727

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

6. HOW WE FINANCED OUR OPERATIONS

	Note	Consolidated		Institute	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
6.2 Borrowings					
Current					
Advances from Government		815	815	815	815
Non-Current					
Advances from Government		2,273	2,273	2,273	2,273
Impact of revaluing at fair value		(256)	(361)	(256)	(361)
Total borrowings		2,832	2,727	2,832	2,727

Advances from Government

Advances from Government are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and their redemption amount is recognised in the Comprehensive Operating Statement over the period of borrowings using the effective interest rate method.

Maturity Analysis of borrowings

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months -1 year \$'000	1-5 years \$'000	+5 years \$'000
Consolidated							
2021							
Advances from Government	2,832	2,832	-	-	1,630	1,202	-
Total	2,832	2,832	-	-	1,630	1,202	-
2020							
Advances from Government	2,727	3,088	-	-	815	2,273	-
Total	2,727	3,088	-	-	815	2,273	-
Institute							
2021							
Advances from Government	2,832	2,832	-	-	1,630	1,202	-
Total	2,832	2,832	-	-	1,630	1,202	-
2020							
Advances from Government	2,727	3,088	-	-	815	2,273	-
Total	2,727	3,088	-	-	815	2,273	-

6. HOW WE FINANCED OUR OPERATIONS

6.3 Leases

Policy

At inception of a contract, the Institute will assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

As a lessee

The Institute recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are based on the term of the lease agreement. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate as provided by Treasury Corporation of Victoria (TCV). Generally, the Institute uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Institute is reasonably certain to exercise, lease payments in an optional renewal period if the Institute is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Institute is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured:

- when there is a change in future lease payments arising from a change in an index or rate;
- if there is a change in the estimate of the amount expected to be payable under a residual value guarantee; or
- if the Institute changes its assessment of whether it will exercise a purchase, extension or termination option.

6. HOW WE FINANCED OUR OPERATIONS

6.3 Leases (continued)

Right of use assets

	Property \$'000	Computer Equipment \$'000	Vehicles \$'000	Other \$'000	Total \$'000
Consolidated					
Balance at 1 January 2021	3,225	3,973	645	161	8,004
Additions	2,754	-	210	-	2,964
Disposals	-	-	-	-	-
Depreciation charge	(3,036)	(1,762)	(131)	-	(4,929)
Balance at 31 December 2021	2,943	2,211	724	161	6,039

Consolidated

Balance at 1 January 2020	6,333	5,735	508	161	12,737
Additions	2	-	252	-	254
Disposals	-	-	-	-	0
Depreciation charge	(3,110)	(1,762)	(115)	-	(4,987)
Balance at 31 December 2020	3,225	3,973	645	161	8,004

Institute

Balance at 1 January 2021	3,225	3,973	645	161	8,004
Additions	2,754	-	210	-	2,964
Disposals	-	-	-	-	-
Depreciation charge	(3,036)	(1,762)	(131)	-	(4,929)
Balance at 31 December 2021	2,943	2,211	724	161	6,039

Institute

Balance at 1 January 2020	6,333	5,735	508	161	12,737
Additions	2	-	252	-	254
Disposals	-	-	-	-	-
Depreciation charge	(3,110)	(1,762)	(115)	-	(4,987)
Balance at 31 December 2020	3,225	3,973	645	161	8,004

Lease liabilities

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Maturity analysis- contractual undiscounted cash flows				
Less than one year	2,704	5,361	2,704	5,361
One to five years	3,024	2,071	3,024	2,071
Total undiscounted lease liabilities as at 31 December	5,728	7,432	5,728	7,432

Lease liabilities included in the Balance Sheet at 31 December :

Current	2,576	5,184	2,576	5,184
Non-current	2,831	2,452	2,831	2,452
Total lease liabilities	5,407	7,636	5,407	7,636

Short-term and low value leases

The Institute has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets (individual assets worth less than \$10,000), including IT equipment. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

7. MANAGING RISKS AND UNCERTAINTIES

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000

7.1 Financial instruments

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

Categories of financial instruments

Contractual financial assets

Financial assets measured at amortised cost

Cash and deposits	48,624	42,110	47,002	40,273
Trade receivables	650	1,827	645	1,827

Financial assets measured at fair value through profit and loss

Managed investments	34,295	33,062	32,163	30,999
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Total contractual financial assets	83,569	76,999	79,810	73,099
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Contractual financial liabilities

Loans and payables

Supplies and services	8,161	9,812	8,106	9,759
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At amortised cost

Borrowings (Advances from Government)	2,832	2,727	2,832	2,727
Lease liabilities	5,407	7,636	5,407	7,636

Total contractual financial liabilities	16,400	20,175	16,345	20,122
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Categories of financial instruments

The Institute classifies its financial assets at amortised costs only if both of the following criteria met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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

The Institute recognises the following financial assets in this category:

- cash and deposits and
- receivables (excluding statutory receivables).

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

- payables (excluding statutory payables);
- borrowings (including lease liabilities); and
- advances from government.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

Derecognition of financial assets

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

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

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

Impairment of financial assets

Under AASB 9, loss allowances are measured on either of the following basis;

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these ECLs that result from all possible default events over the expected life of a financial instrument.

The Institute measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Reclassification of financial instruments: Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through the comprehensive operating statement upon recognition, may be reclassified out of the fair value through the comprehensive operating statement, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through the comprehensive operating statement category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through the comprehensive operating statement. In these cases, the financial instrument assets may be reclassified out of the fair value through the comprehensive operating statement, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.1 Net holding gain/(loss) on financial instrument by category

Net holding gain/(loss) on financial instrument by category	Net holding gain/(loss)		Total interest income/(expense)		Fee income/(expense)		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Consolidated								
Financial assets measured at amortised cost	-	-	116	193	-	-	116	193
Financial assets measured at fair value through profit and loss	1,127	(72)	-	-	1,877	1,404	3,004	1,332
Total financial assets	1,127	(72)	116	193	1,877	1,404	3,120	1,525
Financial liabilities at amortised cost	(105)	(138)	-	-	-	-	(105)	(138)
Total financial liabilities	(105)	(138)	-	-	-	-	(105)	(138)
Institute								
Financial assets measured at amortised cost	-	-	115	188	-	-	115	188
Financial assets measured at fair value through profit and loss	1,059	(75)	-	-	1,765	1,316	2,824	1,241
Total financial assets	1,059	(75)	115	188	1,765	1,316	2,939	1,429
Financial liabilities at amortised cost	(105)	(138)	-	-	-	-	(105)	(138)
Total financial liabilities	(105)	(138)	-	-	-	-	(105)	(138)

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

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies

The Institute is exposed to a variety of financial risks, including credit risk, liquidity risk, foreign currency risk, treasury operations risks, equity price risk, and interest rate risk.

The Institute's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

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

Primary responsibility for the identification and management of financial risks rests with the Audit and Risk Committee of the Institute with oversight by the Board.

Interest rate risk

Interest rate risk is the risk that the investments' value will change due to a material change in the level of interest rates. Interest rate risk is managed by ensuring diversification across investment asset classes, monitoring of market conditions, and investing in a mixture of short and longer term investments.

Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. Liquidity risk is managed through regular monitoring of the Institute's current and projected cash flow requirements and ensuring that funds held for operational liquidity requirements are invested in cash or cash equivalent investments. The Institute's maximum exposure to liquidity risk is the carrying amounts of the liabilities disclosed in the balance sheet.

Equity price risk

Equity price risk is the risk that the investments' value will change due to changes in market prices caused by factors specific to the investment or its issuers, or factors affecting similar investments traded on relevant markets. This risk is managed by the Victorian Funds Management Corporation (VFMC) for funds held on behalf of the Institute and its controlled entities.

Market risk

Market risk is the risk that market rates and prices will impact on the Institute's managed investments with the VFMC and that this will have an adverse effect on the net result or net worth of the Institute and consolidated entity. This risk is managed by the Victorian Funds Management Corporation (VFMC) for funds held on behalf of the Institute and its controlled entities. Whilst COVID-19 has had global and economic impacts affecting market risk, there has been no material revaluation movement on the value of the Institute and consolidated entities investments since the end of the previous year.

Foreign currency risk

Foreign exchange risk is the risk that the Institute's operating result, cash flow or capital are negatively impacted by a change in foreign exchange rates. The Institute has minimal exposure to foreign currency risk.

Treasury operational risk

Treasury operational risk is the risk that the Institute loses funds as a result of a failure in systems, people or procedures. Treasury operational risk includes fraud and theft. The Institute has an extensive internal control framework to minimise treasury operational risk including rules, policies and procedures for governance, risk management, financial management including investment and bank account delegations, and fraud and corruption control.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies (continued)

Credit risk

Credit risk refers to the possibility that a customer will default on its financial obligations as and when they fall due. Credit risk arises from the contractual financial assets of the Institute, which comprise cash and deposits and non-statutory receivables. The Institute's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Institute.

Credit risk is measured at fair value and is monitored on a regular basis to ensure that the Institute is not exposed to significant bad debts or impairment. Credit risk is monitored by actively assessing the liquidity of counterparties.

The Institute does not hold any security on the trade receivables balance. In addition, the Institute does not hold collateral relating to other financial assets.

The carrying amount of contractual financial assets recorded in the financial statements represents the Institute's maximum exposure to credit risk. There are no material financial assets which are individually determined to be impaired.

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

	Financial Institutions (AA- rating) \$'000	Government agencies (AAA rating) \$'000	Other counter-party \$'000	Total \$'000
Consolidated				
2021				
Cash and deposits	6,857	-	-	6,857
Deposits at call - Westpac	41,767	-	-	41,767
Receivables ¹	-	-	650	650
Investments and other financial assets	-	34,295	-	34,295
Total contractual financial assets	48,624	34,295	650	83,569
2020				
Cash and deposits	4,858	1,600	-	6,458
Deposits at call - Westpac	35,652	-	-	35,652
Receivables ¹	-	-	1,827	1,827
Investments and other financial assets	-	33,062	-	33,062
Total contractual financial assets	40,510	34,662	1,827	76,999
Institute				
2021				
Cash and deposits	5,235	-	-	5,235
Deposits at call - Westpac	41,767	-	-	41,767
Receivables ¹	-	-	645	645
Investments and other financial assets	-	32,163	-	32,163
Total contractual financial assets	47,002	32,163	645	79,810
2020				
Cash and deposits	4,621	-	-	4,621
Deposits at call - Westpac	35,652	-	-	35,652
Receivables ¹	-	-	1,827	1,827
Investments and other financial assets	-	30,999	-	30,999
Total contractual financial assets	40,273	30,999	1,827	73,099

Notes:

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

HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies (continued)

Interest rate exposure of financial instruments

Consolidated	Weighted average effective rate		Total carrying amount per balance sheet		Floating interest rate		Fixed interest rate		Non-interest bearing	
	2021 %	2020 %	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial assets										
Cash and deposits			6,857	4,858	-	-	-	-	6,857	4,858
Deposits at call - Westpac	0.25	0.64	41,767	35,652	41,767	35,652	-	-	-	-
Deposits at call (TCV)	0.00	0.29	-	1,600	-	1,600	-	-	-	-
Receivables										
Trade receivables			650	1,827	-	-	-	-	650	1,827
Managed investments			34,295	33,062	-	-	-	-	34,295	33,062
Total financial assets			83,569	76,999	41,767	37,252	-	-	41,802	39,747
Financial liabilities										
Payables			8,161	9,812	-	-	-	-	8,161	9,812
Leases	2.30	2.69	5,407	7,636	-	-	5,407	7,636	-	-
Advances from Government			2,832	2,727	-	-	-	-	2,832	2,727
Total contractual financial liabilities			16,400	20,175	-	-	5,407	7,636	10,993	12,539
Institute										
Financial assets										
Cash and deposits			5,235	4,621	-	-	-	-	5,235	4,621
Deposits at call - Westpac	0.25	0.64	41,767	35,652	41,767	35,652	-	-	-	-
Deposits at call (TCV)	0.00	0.29	-	-	-	-	-	-	-	-
Receivables										
Trade receivables			645	1,827	-	-	-	-	645	1,827
Managed investments			32,163	30,999	-	-	-	-	32,163	30,999
Total financial assets			79,810	73,099	41,767	35,652	-	-	38,043	37,447
Financial liabilities										
Payables			8,106	9,759	-	-	-	-	8,106	9,759
Leases	2.30	2.69	5,407	7,636	-	-	5,407	7,636	-	-
Advances from Government			2,832	2,727	-	-	-	-	2,832	2,727
Total contractual financial liabilities			16,345	20,122	-	-	5,407	7,636	10,938	12,486

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies (continued)

Interest rate risk sensitivity

A possible change of 1% (2019: 1%) in interest rates at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

	Interest rate risk									
	Carrying amount		Result		Equity		Result		Equity	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deposits at call	41,767	37,252	(418)	(373)	(418)	(373)	418	373	418	373
Total impact	41,767	37,252	(418)	(373)	(418)	(373)	418	373	418	373
Institute										
Deposits at call	41,767	35,652	(418)	(357)	(418)	(357)	418	357	418	357
Total impact	41,767	35,652	(418)	(357)	(418)	(357)	418	357	418	357

A possible change of 10% (2019: 10%) in equity price risk at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

	Equity price risk									
	Carrying amount		Result		Equity		Result		Equity	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managed investments	34,295	33,062	(3,430)	(3,306)	(3,430)	(3,306)	3,430	3,306	3,430	3,306
Total impact	34,295	33,062	(3,430)	(3,306)	(3,430)	(3,306)	3,430	3,306	3,430	3,306
Institute										
Managed investments	32,163	30,999	(3,216)	(3,100)	(3,216)	(3,100)	3,216	3,100	3,216	3,100
Total impact	32,163	30,999	(3,216)	(3,100)	(3,216)	(3,100)	3,216	3,100	3,216	3,100

7. MANAGING RISKS AND UNCERTAINTIES

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

The Institute has no contingent assets at 31 December 2021 (2020: Nil).

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

There were contingent liabilities at 31 December 2021 (2020: Nil).

There are a small number of legal matters outstanding at year end arising from the Institute's ordinary course of business, none of which are expected to have a material impact on the Institute. Where the outcome cannot be determined at year end, no amounts have been provided for in the financial statements.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values, changes to assumptions could have a material impact on the results and financial position of the Institute.

This section sets out information on how the Institute determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through profit and loss;
- land, buildings, plant and equipment, vehicles, lease hold improvements; and
- investment properties.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The Institute determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value estimation

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

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

(a) Fair value determination of financial assets and liabilities

The Institute currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2021 reporting period.

These financial instruments include:

Financial assets

Cash and deposits

Receivables:

- Sales of goods and services
- Contract assets

Financial liabilities

Payables

Advance from government

Leases

The fair value of financial instruments is the same as the carrying amount.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Below is the fair value hierarchy information of financial assets measured at fair value.

	Consolidated				Institute			
	Carrying amount at 31 December	Fair value measurement at end of reporting period using:			Carrying amount at 31 December	Fair value measurement at end of reporting period using:		
	\$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	\$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2021								
Financial assets								
Investments and other financial assets								
Managed investments	34,295	34,295	-	-	32,163	32,163	-	-
Total financial assets	34,295	34,295	-	-	32,163	32,163	-	-
2020								
Financial assets								
Investments and other financial assets								
Managed investments	33,062	33,062	-	-	30,999	30,999	-	-
Total financial assets	33,062	33,062	-	-	30,999	30,999	-	-

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

(b) Fair value determination of non-financial assets

The Institute holds property, plant and equipment for which fair values are determined. Below are the relevant fair value information relating to those assets.

Fair value measurement hierarchy of property, plant and equipment

	Consolidated				Institute			
	Carrying amount at 31 December	Level 1	Level 2	Level 3	Carrying amount at 31 December	Level 1	Level 2	Level 3
	\$'000	Quoted prices \$'000	Observable price inputs \$'000	Unobservable inputs \$'000	\$'000	Quoted prices \$'000	Observable price inputs \$'000	Unobservable inputs \$'000
2021								
Specialised land	145,937	-	-	145,937	145,937	-	-	145,937
Total land at fair value	145,937	-	-	145,937	145,937	-	-	145,937
Specialised buildings	214,048	-	-	214,048	214,048	-	-	214,048
Total buildings at fair value	214,048	-	-	214,048	214,048	-	-	214,048
Plant and equipment	4,626	-	-	4,626	4,626	-	-	4,626
Cultural assets	588	-	588	-	588	-	588	-
Vehicles	509	-	-	509	509	-	-	448
Computer equipment	3,723	-	-	3,723	3,723	-	-	3,723
Leasehold improvements	34	-	-	34	34	-	-	34
Right of use assets	6,039	-	-	6,039	6,039	-	-	6,039
Total other assets at fair value	9,480	-	588	14,931	9,480	-	588	8,831
2020								
Specialised land	130,067	-	-	130,067	130,067	-	-	130,067
Total land at fair value	130,067	-	-	130,067	130,067	-	-	130,067
Specialised buildings	192,010	-	-	192,010	192,010	-	-	192,010
Total buildings at fair value	192,010	-	-	192,010	192,010	-	-	192,010
Plant and equipment	5,450	-	-	5,450	5,450	-	-	5,450
Cultural assets	588	-	588	-	588	-	588	-
Vehicles	816	-	-	816	816	-	-	816
Computer equipment	5,569	-	-	5,569	5,569	-	-	5,569
Leasehold improvements	379	-	-	379	379	-	-	379
Right of use assets	8,004	-	-	8,004	8,004	-	-	8,004
Total other assets at fair value	12,802	-	588	20,218	12,802	-	588	20,218

Fair value measurement hierarchy of investment properties

2021								
Investment properties	117,276	-	117,276	-	99,205	-	99,205	-
Total investment properties	117,276	-	117,276	-	99,205	-	99,205	-
2020								
Investment properties	113,518	-	113,518	-	93,705	-	93,705	-
Total investment properties	113,518	-	113,518	-	93,705	-	93,705	-

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2021 for all classes of assets. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. An independent valuation of all land and buildings was performed by the Valuer-General Victoria with an effective date of 31 December 2017. The next scheduled full revaluation for the Institute will be conducted in 2022.

The market that the assets are valued in as at 31 December 2021 is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has created. The valuer has advised that the current market environment, impacted by the coronavirus (COVID-19), creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

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

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

For the Institute's majority of specialised buildings, the current replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

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

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

Leasehold improvements are held at fair value being current replacement cost. As there is no evidence of a reliable market-based fair value (or other relevant fair value indicators) for leasehold improvements, current replacement cost is the fair value for these types of assets. The valuation of leasehold improvements is based on significant unobservable inputs and accordingly is classified as Level 3 assets.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

There were no changes in valuation techniques throughout the period to 31 December 2021.

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

Reconciliation of level 3 fair value movements

	Specialised land		Specialised buildings		Plant and equipment		Motor Vehicles		Computer Equipment		Leasehold improvements	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Consolidated												
Opening balance	130,067	133,005	192,010	201,945	5,450	5,675	816	1,446	5,569	7,014	379	177
Additions	-	-	1,694	83	158	601	109	-	63	1,655	-	-
Transfers in / (out) of Level 3	-	(5,300)	9,841	(46)	(165)	56	(42)	(176)	(3)	34	-	345
Depreciation	-	-	(7,008)	(6,763)	(853)	(882)	(374)	(454)	(1,913)	(3,134)	(345)	(143)
Revaluation	15,870	2,362	17,511	(3,209)	36	-	-	-	7	-	-	-
Closing Balance	145,937	130,067	214,048	192,010	4,626	5,450	509	816	3,723	5,569	34	379
Institute												
Opening balance	130,067	133,005	192,010	201,945	5,450	5,675	816	1,446	5,569	7,014	379	177
Additions	-	-	1,694	83	158	601	46	-	63	1,655	-	-
Transfers in/ (out) of Level 3	-	(5,300)	9,841	(46)	(165)	56	(42)	(176)	(3)	34	-	345
Depreciation	-	-	(7,008)	(6,763)	(853)	(882)	(372)	(454)	(1,913)	(3,134)	(345)	(143)
Revaluation	15,870	2,362	17,511	(3,209)	36	-	-	-	7	-	-	-
Closing Balance	145,937	130,067	214,048	192,010	4,626	5,450	448	816	3,723	5,569	34	379

Description of significant unobservable inputs to Level 3 valuations

2021 and 2020	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Current replacement cost	Useful life of buildings
Plant and equipment	Current replacement cost	Useful life of plant and equipment
Motor Vehicles	Current replacement cost	Useful life of vehicles
Computer equipment	Current replacement cost	Useful life of computer equipment
Leasehold improvements	Current replacement cost	Useful life

8. GOVERNANCE

8.1 Responsible persons

Responsible persons

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

Minister

The relevant Minister for the year was The Hon. Gayle Tierney MP.

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

Accountable Officer

M. Faraone (Chief Executive)

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Institute during the reporting period was in the range: \$390,000 - \$399,999 (\$390,000 - \$399,999 in 2020).

Members of the Board of Holmesglen Institute

P. Lewinsky, Chair	B. Porter
M. Faraone, Chief Executive	C. Karamzalis
A. Barker	M. Gorton AM
K. Corry	I. Hamm
L. Morgan AM	J. Allison
D. Thorsen	K. Bellion (appointed 1/2/21)

Responsible Persons' Remuneration

The number of responsible persons are shown in their income bands:	2021 No	2020 No
Income range		
0 - 9,999	-	-
10,000 - 19,999	-	-
20,000 - 29,999	-	2
30,000 - 39,999	1	3
40,000 - 49,999	9	6
80,000 - 89,999	1	1
380,000 - 389,999	-	-
390,000 - 399,999	1	1
Total number	12	13
	\$'000	\$'000
Total remuneration received or due and receivable by the responsible persons from the reporting entity.	897	883

8. GOVERNANCE

8.2 Remuneration of executives

The number of executive officers, other than the Accountable Officer, and their total remuneration during the reporting period is shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the Institute, or on behalf of the Institute, in exchange for services rendered, and is disclosed in the following categories:

- Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.
- Post-employment benefits include employer superannuation contributions.
- Other long-term benefits include long service leave, other long service benefits or deferred compensation.
- Termination benefits include termination of employment payments, such as severance packages.

	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Remuneration				
Short-term benefits	2,420	2,500	2,420	2,500
Post-employment benefits	229	227	229	227
Other long-term benefits	35	40	35	40
Terminations benefits	-	-	-	-
Total remuneration	2,684	2,767	2,684	2,767
Total number of executive officers	12	14	12	14
Total annualised employee equivalent (AEE)	12	12	12	12

Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

HOLMESGLEN INSTITUTE

Notes to the financial statements

8. GOVERNANCE

8.3 Related parties

Related parties of the Institute and its consolidated group include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all entities that are controlled and consolidated into the Institute's consolidated financial statements; and
- all departments and public sector entities that are controlled and consolidated into the whole of the state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

The following entities have been consolidated into the Institute's financial statements in accordance with AASB 10:

- Holmesglen International Training Services Pty Ltd
- Glenuc Pty Ltd, and
- Holmesglen Foundation.

Significant transactions with government related entities:-

	2021 \$'000	2020 \$'000
The Institute received funding from the Victorian Government as follows:-		
State Government - contestable and fee concessions	60,043	62,792
State Capital	5,889	7,664
State Government - other contributions	22,397	24,833
Total	88,329	95,289

The Institute's borrowings at year end include the balance of the Greener Government Loan received from the state government. Refer note 6.2.

Related party transactions	Transaction values for year ended 31 December		Balances outstanding as at 31 December	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Distribution from the Holmesglen Foundation to the Institute				
Holmesglen Foundation	970	1,065	-	-
Rent paid by Holmesglen Foundation to the Institute	600	600	-	-
Management fee paid by Holmesglen Foundation to the Institute	97	97	-	-
Total	1,667	1,762	-	-

Key management personnel of the Institute includes the Minister of Training and Skills and Minister for Higher Education, the Hon. Gayle Tierney MP and the Members of the Holmesglen Institute Board, the Accountable Officer and the Institute's Senior Executive Team, which includes:-

- J. James, Chief Financial Officer
- S. McKinnon, Executive Director, Engagement and Support
- P. Culpan, Executive Director, Corporate and Commercial Services
- A. Williamson, Executive Director
- M. Courtier, Executive Director, Education and Applied Research

8. GOVERNANCE

8.3 Related parties (continued)

Key management personnel of the entities consolidated into the Institute's financial statements include:

Entity	Key management personnel	Position title
Holmesglen International Training Services Pty Ltd	M. Faraone	Director
Glenuc Pty Ltd	M. Faraone P. Lewinsky W. Chau A. Barker H. Piterman R. Casey A. Brookes	Director Director Director Director Director Director Director

Compensation of Key management personnel

Remuneration	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Short-term employee benefits	2,009	2,038	1,969	2,003
Post-employment benefits	183	175	179	172
Other long-term benefits	32	25	32	25
Termination benefits	-	-	-	-
Total remuneration	2,224	2,238	2,180	2,200

Transactions and balances with key management personnel and other related parties

The Institute has no related party transactions for the period ending 31 December 2021.

8.4 Auditors remuneration

	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Remuneration of Victorian Auditor General's Office for:				
Audit of the financial statements	111	106	111	106
Audit of the financial statements of subsidiaries	21	15	4	-
Total remuneration of Victorian Auditor-General's Office	132	121	115	106
Remuneration of other auditors :				
Internal audit services	92	307	92	307
Total remuneration of other auditors	92	307	92	307
Total Remuneration of Auditors	224	428	207	413

HOLMESGLEN INSTITUTE

Notes to the financial statements

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
9.1 Other economic flows included in net result				
(a) Net gain/(loss) on non-financial assets				
Revaluation of investment properties	3,595	(4,153)	5,337	(2,169)
Revaluation of cultural assets	-	36	-	36
Net gain/(loss) on disposal of leased assets	-	-	-	-
Net gain/(loss) on disposal of physical assets	111	92	111	92
Total net gain/(loss) on non-financial assets and liabilities	3,706	(4,025)	5,448	(2,041)
(b) Net gain/(loss) on financial instruments				
Net gain/(loss) realised on revaluation of financial investments	1,232	66	1,164	63
Net gain/(loss) realised on disposal of financial investments	-	-	-	-
Subtotal net gain/(loss) on financial investments	1,232	66	1,164	63
Net gain/(loss) on financial liabilities at amortised cost	(105)	(138)	(105)	(138)
Total net gain/(loss) on financial instruments	1,127	(72)	1,059	(75)

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from revaluations of investments properties and cultural assets
- gains and losses from disposal of physical assets
- gains and losses from disposal of financial investments; and
- gains and losses on financial liabilities at amortised cost

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
9.2 Equity reserves				
(a) Contributed Capital				
Balance at 1 January	122,807	122,807	122,807	122,807
Capital contributions	-	-	-	-
Balance at 31 December	122,807	122,807	122,807	122,807
(b) Reserves				
Composition of Reserves				
Physical asset revaluation surplus				
Land	136,290	120,420	136,290	120,420
Buildings	110,315	92,804	110,315	92,804
Plant and Equipment	2,342	2,342	2,342	2,342
Balance at 31 December	248,947	215,566	248,947	215,566
Movements in Reserves				
Balance at 1 January	215,566	216,413	216,413	216,413
Revaluation increment/(decrement) on non-current assets	33,381	(847)	33,381	(847)
Balance at 31 December	248,947	215,566	249,794	215,566
The asset revaluation reserve for land and buildings comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31/12/17. For the year ended 31 December 2021, an assessment was conducted using indicies provided by the Office of the Victorian Valuer-General. A managerial revaluation for land and buildings was required as a result of this assessment.				
Land				
Balance at 1 January	120,420	118,058	120,420	118,058
Revaluation increment on non-current assets	15,870	2,362	15,870	2,362
Balance at 31 December	136,290	120,420	136,290	120,420
Buildings				
Balance at 1 January	92,804	96,013	92,804	96,013
Revaluation increment/(decrement) on non-current assets	17,511	(3,209)	17,511	(3,209)
Balance at 31 December	110,315	92,804	110,315	92,804
The asset revaluation reserve for plant and equipment comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31/12/17.				
Plant and Equipment				
Balance at 1 January	2,342	2,342	2,342	2,342
Revaluation increment on non-current assets	-	-	-	-
Balance at 31 December	2,342	2,342	2,342	2,342
(c) Accumulated surplus / (deficit)				
Balance at 1 January	175,530	176,868	151,134	150,068
Net operating result for the year	(272)	(1,338)	1,585	1,066
Balance at 31 December	175,258	175,530	152,719	151,134
Total equity	547,012	513,903	524,473	489,507

9. OTHER DISCLOSURES

Consolidated		Institute	
2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000

9.3 Superannuation

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

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

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Institute.

The name and details of the major employee superannuation funds and contributions made by the Institute are as follows:

Paid Contributions for the Year				
Defined benefit plans:				
State Superannuation Fund – revised and new	162	214	162	214
Total defined benefit plans	162	214	162	214
Defined contribution plans:				
VicSuper	5,463	5,398	5,462	5,397
Other	3,010	2,873	2,992	2,854
Total defined contributions plans	8,473	8,271	8,454	8,251
Total paid contribution for the year	8,635	8,485	8,616	8,465
Contribution Outstanding at Year End				
Various Funds	1,048	993	1,045	990
Total	1,048	993	1,045	990

Defined contribution plans

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

Defined benefit plans

The expenses recognised represents the contributions made by the Institute to the superannuation plan in respect of current services of current Institute staff which are based on the relevant rules of each plan.

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000

9.4 Commitments

9.4.1 Expenditure commitments

(a) Capital expenditure commitments payable

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Property, Plant and Equipment

Payable:

- Within one year	1,061	1,194	1,061	1,194
- Later than one year but not later than five years	-	-	-	-
Total Property, Plant and Equipment	1,061	1,194	1,061	1,194
GST reclaimable on the above	(96)	(109)	(96)	(109)
Net Commitments Property, Plant and Equipment	965	1,085	965	1,085

(b) Non-cancellable lease commitments - short term and low value leases

Commitments for minimum lease commitments for short term and low value leases are payable as follows:-

- Within one year	-	135	-	135
- Later than one year but not later than five years	-	-	-	-
Total short-term and low value lease commitments	-	135	-	135
GST reclaimable on the above	-	(12)	-	(12)
Net short-term and low value lease commitments	-	123	-	123

(c) Other expenditure commitments

Commitments for contracts relating to property service agreements (e.g. cleaning, waste management and security services) and licence agreements in existence at the reporting date but not recognised as liabilities,

Payable:

- Within one year	7,725	7,111	7,725	7,111
- Later than one year but not later than five years	12,364	17,478	12,364	17,478
Total other expenditure commitments	20,089	24,589	20,089	24,589
GST reclaimable on the above	(1,826)	(2,235)	(1,826)	(2,235)
Net commitments other expenditure commitments	18,263	22,354	18,263	22,354

9.4.2 Lease receivable

Operating lease receivables

- Within one year	5,936	5,433	4,882	4,824
- Later than one year but not later than five years	20,643	19,018	18,603	18,734
- Later than five years	56,399	60,482	56,283	60,711
Total lease receivable	82,978	84,933	79,768	84,269
GST payable on the above	8,298	8,493	7,977	8,427
Net operating lease receivable	91,276	93,426	87,745	92,696

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

9. OTHER DISCLOSURES

9.5 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities:

Name of entity	Class of shares	Country of incorporation	Equity holding	Equity holding
			2021	2020
Holmesglen International Training Services Pty Ltd	Ordinary	Australia	100%	100%
Glenuc Pty Ltd	Ordinary	Australia	100%	100%
Holmesglen Foundation	N/A			

9.6 Events after reporting date

The policy in connection with recognising subsequent events is that when events occur between the end of the reporting period and the date when the financial statements are authorised for issue:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions which existed at the reporting date; and/or
- disclosure is made where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

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

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Institute and the Consolidated group, the results of those operations or the state of affairs of the Institute and the Consolidated group in subsequent financial years.

9.7 Application of standards issued but not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 31 December 2021 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Institute of their applicability and early adoption where applicable.

As at 31 December 2021, there were no new accounting standards issued by the AASB, which are applicable for the year ending 31 December 2022 that are expected to impact the Institute.

Independent Auditor's Report

To the Board of Holmesglen Institute

Opinion	<p>I have audited the accompanying statement of performance of Holmesglen Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> statement of performance for the year ended 31 December 2021 declaration by Board chair, Chief Executive Officer and Chief Finance and Accounting Officer. <p>In my opinion, the statement of performance of Holmesglen Institute in respect of the year ended 31 December 2021 presents fairly, in all material respects.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the statement of performance</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the statement of performance in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the statement of performance	<p>The Board is responsible for the preparation and fair presentation of the statement of performance in accordance with the performance reporting requirements and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the statement of performance	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the statement of performance based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the statement of performance as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to</p>

influence the decisions of users taken on the basis of this statement of performance.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 institute's internal control
- evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and whether the statement of performance represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
20 March 2022



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

HOLMESGLEN INSTITUTE

Declaration by Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer

In our opinion, the accompanying Statement of Performance of Holmesglen Institute, in respect of the 2021 financial year, is presented fairly.

The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets where applicable, the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets.

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



Peter Lewinsky
Board Chair

Date 16th March 2022
Place Chadstone



Mary Faraone
Chief Executive

Date 16th March 2022
Place Chadstone



Joanne James
Chief Finance and Accounting Officer

Date 16th March 2022
Place Chadstone

STATEMENT OF PERFORMANCE

FOR YEAR ENDING 31ST DECEMBER 2021

Indicator title	Description and methodology	Measure	2021 Target	2021 Actual	Explanation of variances	Prior year result
Training revenue diversity *	Breakdown of training revenue by: <ul style="list-style-type: none"> • Government Funded (GF) • Fee for Service (FFS) • Student fees and charges 	%	57.0%	57.6%	Government funded training delivery includes the business continuity grant provided to the Institute to assist with its operations during COVID-19. The reduction in student fees and charges as a proportion of training revenue is a result of the impact of COVID-19 on learner demand and completions.	55.1% 33.9% 10.9%
Employment costs as a proportion of training revenue	Employment and third party training delivery costs as a proportion of training revenue <i>(Employment costs – Workforce reduction expenses + 3rd party training delivery costs) / Training revenue</i>	%	<80.0%	98.1%	This target was not achieved due to the reduction in training revenue as a result of the continuing impacts of COVID-19 on learner demand and completions and the requirement to maintain staffing levels where possible.	89.4%
Training revenue per teaching FTE	Training revenue (excl. revenue delivered by third parties) per Teaching FTE <i>Training revenue (excl. revenue delivered by 3rd parties)/Teaching FTEs</i>	\$	>\$195,000	\$195,933	Target achieved.	\$203,225
Operating margin percentage	Operating margin % <i>EBIT (excl. capital contributions)/ Total revenue (excl. capital contributions)</i>	%	>0%	-7.4%	The negative operating margin is as a direct result of the continuing impacts of COVID-19 on the Institute's financial performance during 2021. Details are provided in note 1.3 of the financial statements.	-2.8%

*The 2021 training revenue diversity targets are based on the 2021 budget targets as these are more representative of the impact of COVID-19 on the Institute's operations.

DISCLOSURE INDEX

Item	Source	Summary of reporting requirement	Page Number
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
1.	FRD 22I	Manner of establishment and the relevant Minister	5
2.	FRD 22I	Purpose, functions, powers and duties	5
3.	FRD 22I	Key initiatives and projects	8-19
4.	FRD 22I	Nature and range of services provided	5, 8-19
MANAGEMENT AND STRUCTURE			
5.	FRD 22I	Organisational structure	5-6
FINANCIAL AND OTHER INFORMATION			
6.	FRD 10A	Disclosure Index	85-86
7.	FRD 22I	Employment and conduct principles	10
8.	FRD 22I	Workforce data disclosures	10-11
9.	FRD 22I	Occupational health and safety policy	9
10.	FRD 22I	Summary of the financial results for the year	15
11.	FRD 22I	Significant changes in financial position during the year	15
12.	FRD 22I	Summary of operational and budgetary objectives	7, 15
13.	FRD 22I	Major changes or factors affecting performance	15
14.	FRD 22I	Subsequent events	80
15.	FRD 22I	Application and operation of <i>the Freedom of Information Act 1982</i>	20
16.	FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	20
17.	FRD 22I	Statement on National Competition Policy	21
18.	FRD 22I	Application and operation of <i>the Public Interest Disclosures Act 2012</i>	21
19.	FRD 22I	Application and operation of <i>the Carers Recognition Act 2012 (Carers Act)</i>	21
20.	FRD 22I	Details of consultancies over \$10 000	22
21.	FRD 22I	Details of consultancies under \$10 000	22
22.	FRD 22I	Disclosure of government advertising expenditure	22
23.	FRD 22I	Disclosure of ICT expenditure	22
24.	FRD 22I	Asset Management Accountability Framework (AMAF) maturity assessment	18
25.	FRD 22I	Summary of environmental performance	16-17
26.	FRD 22I	Statement of availability of other information.	23
27.	FRD 25D	Local Jobs First	21
28.	SD 5.2	Specific requirements under Standing Direction 5.2	4, 28, 83
29.	CG 10 Clause 27	Summary of Major Commercial Activities	19
30.	CG 12 Clause 33	TAFE Institute Controlled Entities	7, 35-36, 80
COMPLIANCE ATTESTATION AND DECLARATION			
31.	SD 5.1.4	Financial Management Compliance Attestation Statement	23
32.	SD 5.2.3	Declaration in report of operations	4
FINANCIAL STATEMENTS			
DECLARATION			
33.	SD 5.2.2	Declaration in financial statements	28
OTHER REQUIREMENTS UNDER STANDING DIRECTIONS 5.2			
34.	SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	4, 28, 35-36, 80
35.	SD 5.2.1(a)	Compliance with Standing Directions	4, 28

DISCLOSURE INDEX

Item	Source	Summary of reporting requirement	Page Number
OTHER DISCLOSURES AS REQUIRED BY FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
36.	FRD 11A	Disclosure of ex-gratia expenses	NA
37.	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report	72
38.	FRD 103I	Non-financial physical assets	32, 45-48, 57-58
39.	FRD 110A	Cash flow statements	34
40.	FRD 112D	Defined benefit superannuation obligations	78
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
41.	Legislation	Compliance statement	20
42.	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2021	21
43.	Policy	Statement of compliance with the Victorian Public Service Travel Policy	21
44.	KPIs	Key Performance Indicators: <ul style="list-style-type: none"> • Employment costs as a proportion of training revenue • Training revenue per teaching FTE • Operating margin percentage • Training revenue diversity 	84
45.	PAEC and VAGO (June 2003 Special Review – Recommendation 11)	Overseas operations: <ul style="list-style-type: none"> • Financial and other information on initiatives taken or strategies relating to the institute's overseas operations • Nature of strategic and operational risks for overseas operations • Strategies established to manage such risks of overseas operations • Performance measures and targets formulated for overseas operations • The extent to which expected outcomes for overseas operations have been achieved 	19

Requests for further information under the provisions of the *Freedom of Information Act* should be directed to:

Freedom of Information Officer
Holmesglen
PO Box 42
Holmesglen VIC 3148

Further copies of the annual report and other corporate publications can be obtained from:

Holmesglen
Marketing Department
PO Box 42
Holmesglen VIC 3148

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Level 3, 206 Bourke Street
Melbourne, VIC 3000

Chadstone campus
Corner Batesford and Warrigal Roads,
Chadstone, VIC, 3148

Drummond Street campus
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Chadstone, VIC, 3148

Glen Waverley campus
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