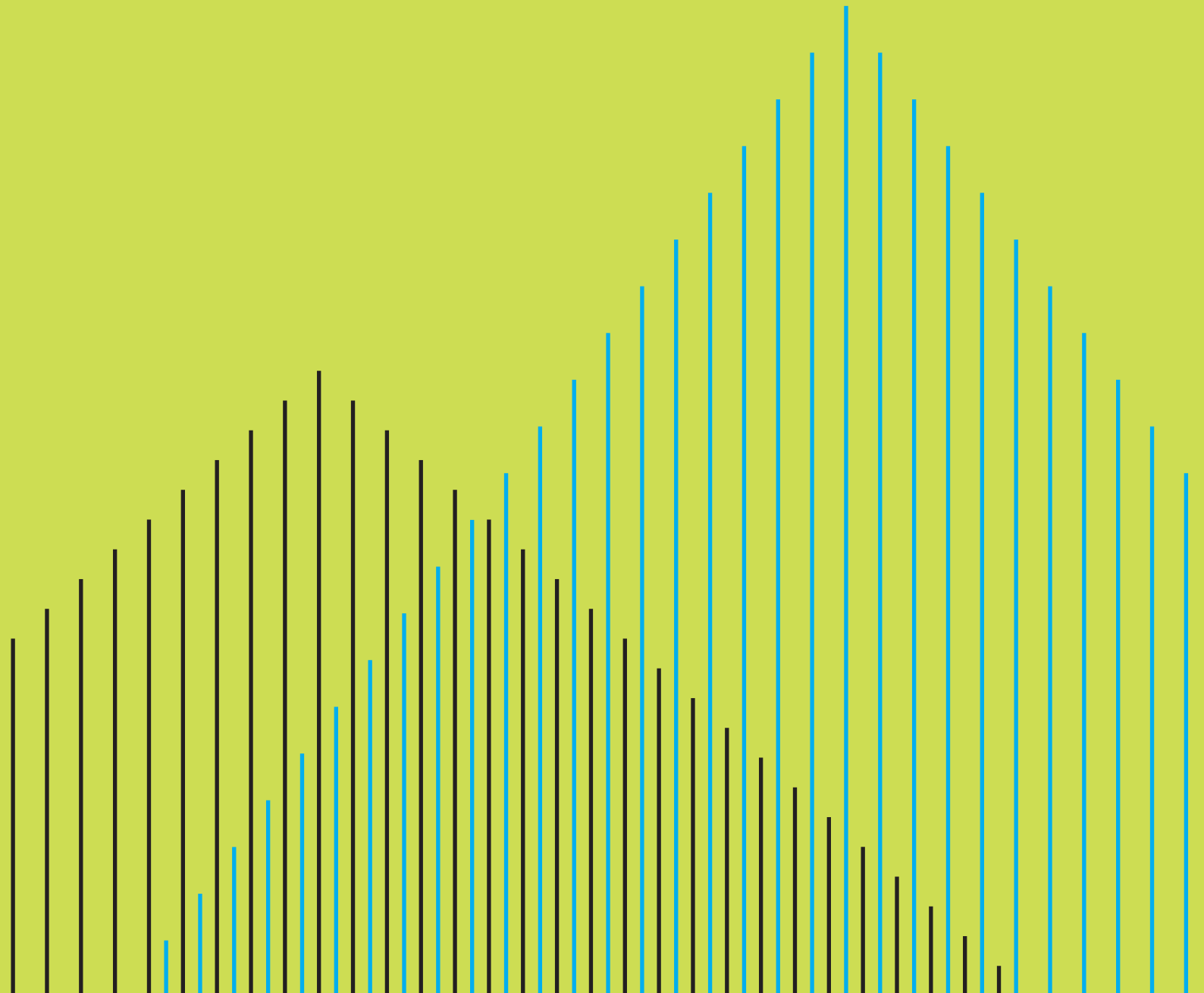




holmesglen

2023 Annual Report





2023 Annual Report

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Introduction

On behalf of Holmesglen Institute and the Board, we are pleased to present our 2023 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 Office of TAFE Coordination and Delivery.

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 we turn the page on 2023, we're filled with a deep sense of pride and gratitude for the extraordinary achievements that marked our journey during the year. Highlights include:

Unleashing the power of industry partnerships

We deepened our engagement with key sectors, from healthcare and cyber security to renewable energy and civil infrastructure. For the fifth time we were awarded the industry collaboration award at the Victorian Training Awards for the Women in Apprenticeships Victoria Electrical (WAVE) project with our partners the Victorian Electrical Trades Union, Victorian Trades Hall Council, Australian Women In Solar Energy and the Victorian Department of Education and Training. We then went on to win the gold medal in this category at the national level, making Holmesglen one of Australia's most celebrated TAFEs for industry collaboration in recent years.

Being socially impactful and environmentally sustainable

We developed and released our Environmental, Social and Governance Statement to communicate our values, commitment and strategies to create a positive impact on society and deliver on our responsibilities to the public. Our environmental sustainability strategies received renewed focus and we formalised mechanisms for staff to lead and provide input into reducing our environmental impact. We also deepened our social impact through the work of the Foundation, our community engagement activities and our procurement practices.

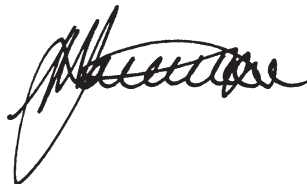
Improving performance across various measures

It was pleasing to see improvement in learner, employer and employee performance measures in 2023, as a result of several new strategies and initiatives aimed to lift engagement.

The essence of Holmesglen goes beyond statistics and milestones. It is the stories of countless individuals who transform their lives in testament to the power of education and training. They fuel our passion for what we do, and we thank Holmesglen's directors and staff for their excellent work and commitment throughout 2023.



Michael Gorton AM
Chair
Holmesglen Institute
20 March 2024



Mary Faraone
Chief Executive
Holmesglen Institute
20 March 2024

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 to provide:

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

In 2023, the Minister for Skills and TAFE was the Hon. Gayle Tierney MP. This year marked the culmination of our current strategic plan and we remained focussed on our transformative initiatives that 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.

This year, we enrolled over 17,500 learners in our senior secondary certificates, vocational courses and higher education degrees. We also enrolled over 10,000 learners in our microcredentials, including skill sets, short courses and other non-award programs. Overall, the number of learners enrolled at Holmesglen increased by six percent compared to the previous year. This was due to growth in our business-to-business non-award programs, such as project inductions for our partners in the infrastructure sector.

During the year we served our local communities across eight sites and remotely, delivering quality applied learning and research and providing exceptional support services. This includes our Victorian Government funded Skills First and Free TAFE programs, Skills and Jobs Centre services and Reconnect program. We also participated in commercial projects and educational partnerships 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 Skills and TAFE or the Ministers’ delegates as required.

Directors in 2023 were:

- Peter Lewinsky AM (Chair to 28 February 2023)
- Janelle Allison
- Ann Barker
- Kathryn Bellion
- Maruym Chaudhry
- Anita Chow (from 1 October 2023)
- Karen Corry
- Gordon D’Rosario
- Mary Faraone
- Michael Gorton AM (Chair from 1 March 2023)
- Ian Hamm
- David Imber
- Christina (Christy) Karamzalis

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:

- Ian Hamm (Chair)
- Karen Corry
- Ann Barker
- Mary Faraone
- Michael Gorton AM (from 1 March 2023)
- Christy Karamzalis
- Peter Lewinsky AM (to 28 February 2023)

Finance, Audit and Risk Management 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:

- Karen Corry (Chair)
- Janelle Allison
- Anita Chow (from 15 November 2023)
- Michael Gorton AM (from 1 March 2023)
- David Imber
- Peter Lewinsky AM (to 28 February 2023)

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:

- Kathryn Bellion (Chair)
- Maryum Chaudhry
- Mary Faraone
- Michael Gorton AM
- Peter Lewinsky AM (to 28 February 2023)

Quality Committee

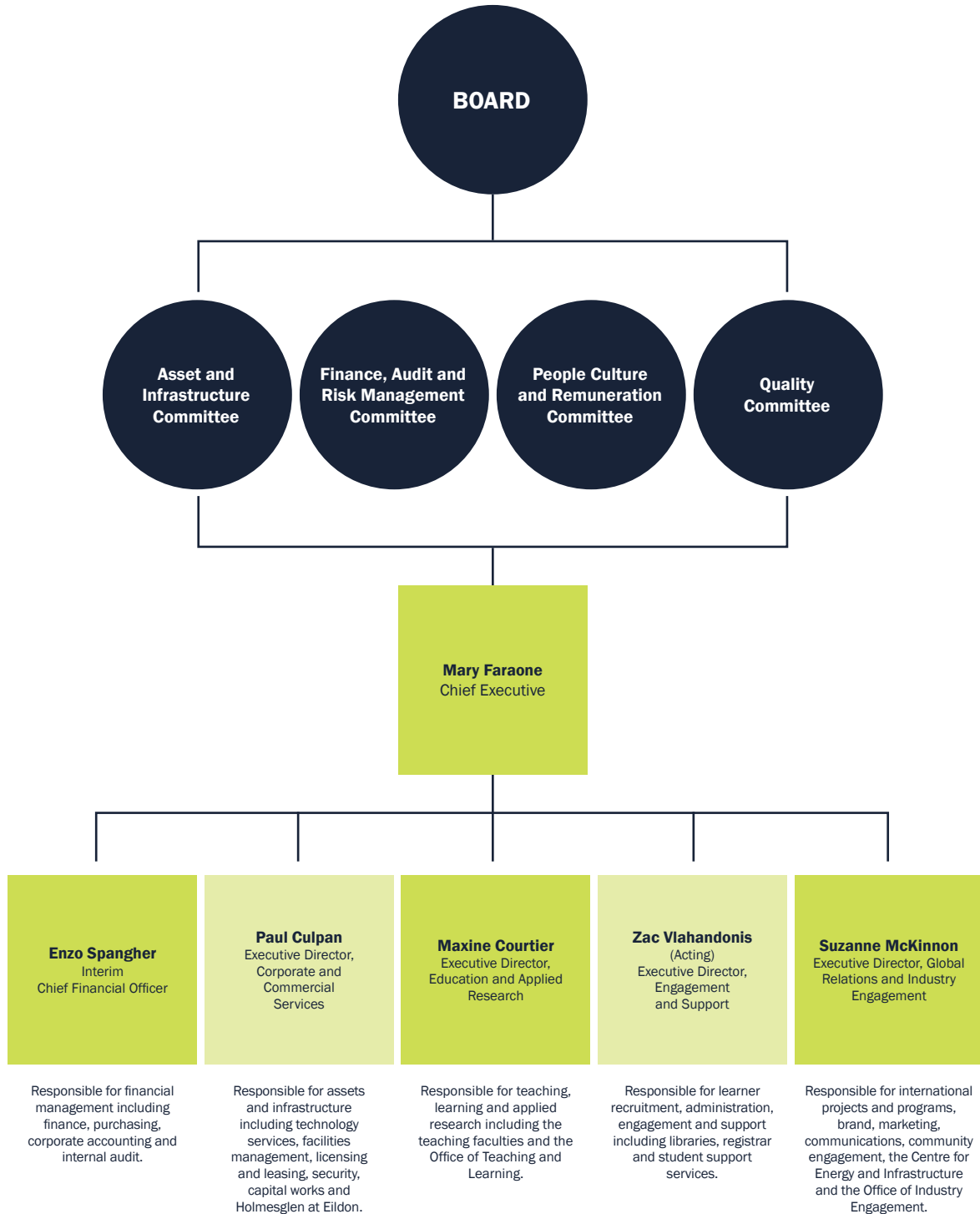
This committee oversees and advises the Board on the quality of our teaching and learning outcomes and operations. It also monitors the adequacy of our educational compliance and quality management practices.

Committee members include:

- Janelle Allison (Chair from 15 March 2023)
- Michael Gorton AM (Chair to 14 March 2023)
- Gordon D’Rosario
- Mary Faraone
- Peter Lewinsky AM (to 28 February 2023)

Organisational Chart

Structure as of 31 December 2023



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 2023 were:

- Peter Lewinsky AM (Chair)
- Ann Barker
- Andrew Brookes
- Ros Casey
- 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 2023.

Our strategic intent

2023 represented the final year in implementing our current three-year Strategic Plan. Six transformative initiatives continued to focus 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.

Planning for the next period

In 2023, we comprehensively reviewed our strategic context and the outcomes of our 2021 to 2023 strategic plan to develop our plan for the 2024 to 2026 period. In November, the Board endorsed **Strategy 2026: Looking Out, Looking Up**.

Creating **Strategy 2026** was a collective effort that incorporated ideas and insights from our people, learners and other stakeholders. We took stock of the current external context and the internal factors shaping our environment and our desired future state. We then:

- reviewed and revised our purpose and 2030 vision statements to make sure they remain relevant and aspirational
- confirmed that our ASPIRE values remain true to how we work, teach and research
- identified the key differentiators that will continue to set us apart strategically from our competitors
- pinpointed what we intend to achieve between 2024 and 2026, as we work to realise our Vision 2030.

Strategy 2026 will be launched early in 2024.

Our financial performance

Our financial sustainability strategy supports us to:

- deliver on our strategic plan
- meet our financial management obligations
- ensure sound financial performance
- achieve a stable and sustainable financial position now and into the future.

In 2023, COVID-19 ceased to significantly impact the Institute's operations and our revenue improved by 11% compared to the previous year. The increase in revenue was partially offset by an increase in overall expenditure and we recorded a net result surplus on a consolidated basis.

	2019	2020	2021	2022	2023
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial performance					
Revenue from government contributions	80,224	93,655	86,540	87,019	99,135
Income from government contributions	3,446	7,664	5,889	1,742	-
Revenue from fees, charges and sales	78,610	58,656	50,717	51,050	56,990
Other income	10,952	8,632	9,642	10,545	11,267
Total income from transactions	173,232	168,607	152,788	150,356	167,392
Employee benefits	113,137	111,035	109,160	108,135	117,053
Depreciation and amortisation	14,732	16,978	16,650	13,721	11,944
Supplies, services and other operating expenses	42,227	37,835	32,083	38,930	47,873
Expenses from transactions	170,096	165,848	157,893	160,786	176,870
Net result from transactions	3,136	2,759	(5,105)	(10,430)	(9,478)
Other economic flows included in net result	7,550	(4,097)	4,833	10,480	11,544
Net result	10,686	(1,338)	(272)	50	2,066

Financial position					
Total assets	572,715	568,372	602,494	654,523	659,462
Total liabilities	56,627	54,469	55,482	55,000	57,873
Net worth	516,088	513,903	547,012	599,523	601,589

Other financial indicators					
Operating surplus before depreciation and capital grants	14,832	12,375	5,813	1,621	2,628
Liquidity ratio	2.12:1	2.13:1	2.19:1	2.22:1	2.08:1
Net cash flow from operations	18,693	21,444	19,418	6,167	2,840

Material movements in our financial performance and financial position between 2022 and 2023 include:

- 11% increase in income due to increased revenue from government contributions and fees and charges
- 13% reduction in depreciation and amortisation due to the conclusion of right to use asset leases in 2023
- 23% increase in supplies, services and other operating expenditure due to:
 - general increase in the cost of all consumables
 - focus on building repairs and maintenance projects throughout 2023
 - increased practical work placements that were deferred as a result of COVID-19.

Operational liquidity as measured by our liquidity ratio and net cashflow from operations remain stable, positive 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. The preparation of our financial statements on the basis of our going concern assessment continues to be appropriate.

Our ESG commitments

In 2023, we released our first Environmental, Social and Governance (ESG) Statement to communicate our values, commitment and strategies to create a positive impact on society and deliver on our responsibilities to the public.

Environmental

We have a unique responsibility to be environmental stewards. The environmental element of our ESG Statement articulates how we will minimise our environmental footprint, promote sustainability and foster environmental awareness across the Holmesglen community.

In 2023, we continued to improve our environmental practices across our operations and manage our energy usage, water usage, waste production and CO₂ emissions.

Key achievements

Solar energy

- We continued to achieve savings from the installation of solar panels at the Moorabbin and Drummond Street campuses. The panels also enable us to reduce our reliance on purchased electricity and gas.
- In 2023, solar energy generated increased by 18% and electricity consumption purchased from the grid reduced by 3%.
- Future initiatives will see the Institute install solar panels at Glen Waverley and Chadstone campuses and further reduce our reliance on traditional energy sources.

Electric/hybrid vehicles

- A further two electric/hybrid vehicles were added to our fleet and the existing electric vehicle (EV) charging stations at Moorabbin campuses continued to support EV use by staff, learners and campus visitors.
- Alongside the further rollout of solar panels, we will also install electric vehicle charging stations at Glen Waverley and Chadstone campuses and continue to transition our fleet to hybrid and electric vehicles. The charging stations will include solar batteries to ensure electric vehicles can be charged at any time and make sustainable transportation more accessible and convenient.

Re-cycling percentage of total waste increased to 34.2% in 2023.



Waste

- Numerous campus-based activities were implemented to improve recycling of training related materials to reduce landfill. This includes priority projects to improve recycling of food waste, paper, timber, tiles, plaster and health related materials.
- We also introduced a new initiative at the Moorabbin campus to re-use medical items for training purposes. This includes washing, drying and repackaging items to replicate single-use sterile contents, such as IV lines and bags, medication vials, dressings, tubing, dressing tray contents and isolation gowns. The initiative also extended to teaching consumables, which saw the recycling and donation of used goods.
- Re-cycling percentage of total waste increased to 34.2% in 2023.

In 2023, we also:

- upgraded to LED lighting
- established an Environmental Working Group for staff to increase their role in our environmental initiatives
- enhanced our environmental performance reporting.

Future initiatives

A key future focus will be to transform the Glen Waverley campus into our flagship sustainable campus. In addition to installation of solar panels and electric vehicle charging stations, we will focus on recycling, lighting control upgrades and food waste composting. We will also look to create more sustainable gardens on campus.

We will also:

- incorporate environmental building standards into future building works
- convert gas fired boilers to hybrid/electric options
- continue to introduce campus-based initiatives for re-cycling, waste management and energy management
- develop an Environmental Sustainability Action Plan.

Environmental performance

Reporting boundary

The environmental performance results below reflect the energy, waste, water and fuel usage for all activities in 2023. This includes teaching, service and office-based environments and activities across all our owned campuses (Chadstone, Moorabbin, Glen Waverley, Drummond Street and Eildon) and leased premises.

All figures have been based on the most up to date information available at time of preparation. Where data was not available in prior years but has since become available, the prior year figures have been adjusted so that the data is presented on a consistent basis.

The Institute has used workforce FTE for its normalisation indicator in the following disclosures.

Table 2: Electricity production and consumption (2021 - 2023)	2021	2022	2023
EL1 Total electricity consumption segmented by source (MWh)			
Purchased directly through an electricity retailer	7,385	7,185	6,991
Not directly purchased, but from outside the organisation	151	194	228
Self-generated	-	215	254
Total electricity consumption	7,536	7,594	7,473
EL2 On-site electricity generated (MWh)			
Solar PV	-	215	254
Total on-site electricity generated	-	215	254
EL3 On-site installed capacity (MW)			
Solar PV	-	0.82	0.82
Total on-site installed capacity	-	0.82	0.82
EL4 Total electricity offsets (MWh)			
LGCs voluntarily retired	-	-	-
GreenPower	-	-	-
Total electricity offsets	-	-	-
<ul style="list-style-type: none"> Electricity consumption includes electricity at all Institute owned campuses. Data is collected through billing information provided by electricity suppliers. Electricity consumed on leased premises is based on billing information provided by the landlords. Electricity used by our sub-tenants for their activities is not included. The increase in solar generated electricity reflects the full year of solar usage for 2023. (2022 6-8 months). The Institute has continued to implement energy saving measures during the year. Overall consumption has decreased, despite increased on campus activity as COVID restrictions lifted. 			

Table 3: Stationary energy use (2021 - 2023)	2021	2022	2023
F1 Total fuel used in buildings and machinery separated by fuel type (MJ)			
Buildings (natural gas)	43,500,166	44,306,601	44,861,610
F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type (Tonnes CO₂-e)			
Natural gas	2,241	2,283	2,312
<ul style="list-style-type: none"> Stationary fuel includes natural gas, which is used in Institute owned buildings for heating and cooling, and co-generation plant, which is primarily at the Chadstone, Glen Waverley and Moorabbin campuses. Usage data is collected through billing information from fuel suppliers. Data of stationary fuel used by machinery is currently being captured and reporting will commence in 2024. 			

Table 4: Transportation energy (2021 - 2023)	2021	2022	2023
T1 Total energy used in transportation (MJ)			
Road vehicles			
- Petrol	1,719,713	1,957,711	2,029,428
- Diesel	1,028,486	1,070,764	1,186,024
- Plug In Hybrid Electric Vehicles	-	Not collected	105,199
Total energy used in transportation	2,748,199	3,028,475	3,320,651
T2 Number and proportion of vehicles-			
Road vehicles			
- Petrol	47	37	32
- Diesel	31	28	34
- Plug In Hybrid Electric Vehicles	-	8	10
Total vehicles	78	73	76
T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type (Tonnes CO₂-e)			
Road vehicles			
- Petrol	115.9	132.4	137.2
- Diesel	69.7	75.4	83.5
- Plug In Hybrid Electric Vehicles	-	Not collected	7.7
Total greenhouse gas emissions from transportation	185.6	207.8	228.4
T4 Air travel			
Total distance travelled by air (km)	-	197,133	564,164
Total greenhouse gas emissions from air travel (CO₂-e)	-	52	136
<ul style="list-style-type: none"> Commercial air travel has increased in 2023 as COVID travel restrictions lifted, however it has not returned to the pre-COVID levels. 			

Table 5: Waste and recycling (2021 - 2023)	2021	2022	2023
WR1 Total units of waste disposal by method (kg)			
Landfill	601,740	390,530	421,760
Recycled	191,170	197,350	219,620
Total units of waste disposal	792,910	587,880	641,380
WR3 Units of waste disposal per FTE employee (kg/FTE)	778	586	642
WR4 Recycling rate (% of total weight)	24.1%	33.6%	34.2%
WR5 Greenhouse gas emissions associated with waste disposal (Tonnes CO₂-e)	783	508	548
<ul style="list-style-type: none"> Contracted waste collection services are carried out at the Chadstone, Moorabbin, Glen Waverley and Drummond Street campuses. Organic waste is managed through re-cycling practices. Waste and re-cycling disposal figures are based on information provided by our waste contractor 			

Table 6: Water consumption (2021 - 2023)	2021	2022	2023
W1 Total units of metered water consumed (kL)	33,210	33,948	35,263
W2 Units of metered water consumed by FTE (kL/FTE)	33	34	35
<ul style="list-style-type: none"> Metered water includes all water supplied to Institute owned metropolitan campuses at Chadstone, Moorabbin, Glen Waverley and Drummond Street. Water consumption is based on billing information provided by the water authorities. Estimates have been used where up to date information was not available. 100% of the water used at our Eildon campus comes from rainwater and pump water sourced via pumping rights. 			

Table 7: Greenhouse gas emissions (2021 - 2023)	2021	2022	2023
G1 Total scope one (direct) greenhouse gas emissions (Tonnes CO₂-e)	2,427	2,491	2,511
G2 Total scope two (indirect electricity) greenhouse gas emissions (Tonnes CO₂-e)	5,855	5,734	5,608
G3 Total scope three (other indirect greenhouse gas emissions from commercial air travel and waste disposal (Tonnes CO₂-e)	783	560	684

Table 8: Sustainable buildings and infrastructure (2023)	
B1 Discuss how environmentally sustainable design (ESD) is incorporated into newly completed entity-owned buildings	There were no entity owned newly completed buildings or infrastructure projects during the year.
B2 Discuss how new entity leases meet the requirement to preference higher-rated office buildings and those with a Green Lease schedule.	No new entity leases were entered into during the year.
B3 NABERS (National Australian Built Environment Rating System) Energy ratings of newly completed/occupied entity owned office buildings and substantial tenancy fit outs	There were no entity owned newly completed office buildings and substantial tenancy fit outs completed/occupied during the year.
B4 Environmental performance ratings achieved for newly completed for entity owned non-office buildings or infrastructure projects or upgrades with a value of over \$1 million	There were no entity owned newly completed non-office buildings or infrastructure projects or upgrades with a value of over \$1 million during the year.



Laminating services ceased due to environmental impact

Paper usage

Paper usage continues to decline, with 5,000 reams used in 2023 compared to 7,000 reams in 2022. We continued to use carbon neutral recyclable paper, ensuring our paper is sourced from sustainable plantations using elemental chlorine-free processes. A4 paper accounted for approximately 90% of all our paper usage.

We also ceased laminating services due to its environmental impact.

Sustainable procurement

Sustainable procurement is considered through the implementation of the Victorian Government's Social Procurement Framework, which establishes requirements that apply to departments and agencies when they procure goods, services and construction.

Details of our implementation of the Social Procurement Framework are contained in the following section of the Annual Report.

Social

Our purpose and vision reflect our role in promoting social inclusion and cohesion and the social element of our ESG Statement shapes our efforts in going beyond the walls of our work and learning environments to deliver social benefit. It encompasses our commitment to diversity, inclusivity, and equity, ensuring equal access to quality education for all. This includes scholarships and support programs, promoting a welcoming and safe environment for everyone, and actively engaging with the community through outreach initiatives.

It emphasises not only equipping graduates with skills, but also fostering responsible citizens who contribute positively to the social fabric and ensuring our business operations deliver positive benefits to the community.

Holmesglen Foundation

The Holmesglen Foundation embodies our commitment to accessible education and skills development, particularly for learners who need financial support to study at the Institute. In 2023, the Foundation and its Board developed a better understanding of the drivers of support across the Institute, including the role of:

- intergenerational donors
- cause-related support
- empathetic relationships.

We also continued to cultivate positive connections with donors and supporters to assist with delivering transformational impact to Holmesglen learners. Highlights include the following.

- Over \$840,000 was distributed by the Foundation to Institute programs and learners to ensure access and equity to our programs.
- 160 scholarships ranging from \$500 to \$5,000 were given to learners, which was critical to their continued success in a challenging time.
- \$180,000 in philanthropic revenue was raised from donors, foundations and grants.

Through the generous support of donors and foundations, the Holmesglen Foundation was able to deliver a range of scholarships aligned with our values. These included:

Excellence – Scholarship – Ambition

- George Kline Memorial Scholarships
- HESTA Superannuation Scholarships
- Peter Grundy Scholarships
- Building and Construction Foundation Scholarships
- Holmesglen Foundation Scholarships
- Anthony Dalleore Educational Scholarships

Passion – Respect – Integrity

- Ellucian Foundation Grants
- McNally Family Foundation Scholarships
- Wilfred & CH Brookes Charitable Foundation

Scholarships

- Winter Wishes Campaign
- Women in Trades Scholarships



2023 George Kline Memorial Scholarship recipients

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	<ul style="list-style-type: none"> • Purchasing from Victorian Aboriginal businesses • Employment of Victorian Aboriginal people by our suppliers
Opportunities for Victorians with a disability	<ul style="list-style-type: none"> • Purchasing from Victorian social enterprises and Australian Disability Enterprises • Employment of Victorians with disability by our suppliers
Women's equality and safety	<ul style="list-style-type: none"> • Adoption of family violence leave by our suppliers • Gender equality within our suppliers
Opportunities for disadvantaged Victorians	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Purchasing from suppliers that comply with industrial relations laws and promote secure employment
Environmentally sustainable business practices	<ul style="list-style-type: none"> • Adoption of sustainable business practices by our suppliers

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.

In 2023, we doubled the number of direct social procurement suppliers and continued to partner with Supply Nation and Social Traders to enhance delivery of our social benefit commitments.

The following table summarises key outcomes achieved over the 2021 to 2023 period.

Table 9: Social procurement metrics (2021 - 2023)	2021	2022	2023
Direct approach expenditure (\$'000)	\$172	\$175	\$201
Number of direct approach suppliers	10	10	20
Indirect approach expenditure (\$'000)	\$15,100	\$11,948	\$9,168
Number of indirect approach suppliers	22	21	16
Total social procurement expenditure (\$'000)	\$15,272	\$12,124	\$9,369
Total number of social procurement suppliers	32	31	36
Percentage of total goods and services expenditure	34%	29%	15%

Community engagement

Our community engagement program expanded its reach in 2023 to deliver support for learners and our community partners. A Student Community Market was held, supporting over 700 learners in need with access to fresh produce and grocery items. Together with Foodbank Victoria, our Student Wellbeing and Community Engagement teams hosted the pop-up markets at our Chadstone and Moorabbin campuses.

Nine students and two teachers from our Switch Program then returned the support and volunteered at Yarraville Foodbank. Switch is our re-engagement program for 15- to 16-year-old students looking to thrive in a different learning environment to that of traditional schooling. Together, the students and teachers generated nearly 5,000 meals in just half a day.



Holmesglen and Foodbank staff collaborate to bring Student Community Markets to campus providing learners access to fresh produce and grocery items

Governance

The governance element of our **ESG Statement** details how we ensure transparency, accountability, and ethical leadership. Our Annual Report contributes to this through clear disclosure of our financial performance and the outcomes of our stakeholder engagement activities and ethical procurement practices. The remaining sections of this report also demonstrate how we have responsibly managed our resources and operated with integrity and in compliance with our obligations as a Victorian public sector agency.



Switch students volunteer at Foodbank packing food boxes

Our Year in Review

Strategic highlights

Supporting Victoria's Big Build

Activity at the Victorian Tunnelling Centre at our Drummond Street campus continued to expand alongside the major infrastructure projects it is built to serve. We are contracted by the SPARK consortium, who are engaged to deliver stage one of the North-East Link Project, and to date we have trained over 6,000 project workers. We also delivered civil construction and work health and safety qualifications to workers on the West Gate Tunnel project.

In preparing to commence training delivery for the Suburban Rail Loop project, we hosted several professional development days for all 150 Suburban Rail Loop Authority staff. The authority's December board meeting was also hosted at the tunnelling centre.

Holmesglen is an active member of a National Transport Commission project to harmonise rail training across the country. In 2023, we installed a false floor in the Victorian Tunnelling Centre's rail tunnel ahead of laying track and creating a rail corridor training environment. Plans for an outdoor rail corridor are underway. Electricians from Metro Trains also used the rail tunnel to learn how to install the overhead electrification system for the Metro Tunnel project.



A delegation of Latin America ambassadors and Australia-Latin American Business Council board members tour the Victorian Tunnelling Centre

Bridging the skills gap in Mongolia

After 10 years of training the workforce and trainers at the Oyu Tolgoi copper and gold mine in Mongolia, we handed over all materials of the project to our local partners.

When we began the project in 2012, the mine was run by an entirely expatriate workforce. Over the life of the project, we trained more than 1,200 young Mongolians and reskilled hundreds of existing workers in electrical and electrotechnology skills, light mechanical engineering and fabrication and heavy engineering. While skilling the local workforce, we identified people with an aptitude for training and began preparing them for teaching roles. We prepared the lessons and resources, translating all materials into Mongolian and planned training delivery with the new trainers. From the pool of newly minted Mongolian trainers, education managers were selected and inducted into our quality assurance systems to gradually take over the delivery, assessment and assurance of the program.

As the only Australian provider of tertiary education in Mongolia, our trade training programs in country continued. In 2023, we trained over 200 people in pre-apprenticeship programs in electrotechnology, and engineering and fabrication in two towns close to the Oyu Tolgoi mine.



Trainees graduate at Oyu Tolgoi mine

Partnering for mutual benefit

Our partnership with Chadstone Shopping Centre- The Fashion Capital grew deeper and broader in 2023. In September, the Holmesglen Employment Centre ran a highly successful careers expo for Vicinity Group, who manage the centre. Over 450 people attended, mostly from external engagements, and over 25 major retailers from the centre participated. The partnership now includes touchpoints across Holmesglen, including: interior design, furniture making, building and construction, floristry, work health and safety, and fashion. More projects will come on stream in 2024, including Reconciliation Action Plan collaboration, work education student placement program and interior design internships.



Job seekers and Chadstone Shopping Centre retailers come together at the Careers Expo run by the Holmesglen Employment Centre

Leading education and training solutions for the care sector

Our work on the Care Economy Skills Lab in collaboration with the Victorian Skills Commission advanced significantly in 2023. The lab is exploring changes to the Diploma of Nursing to better prepare graduates to be agile, appropriately skilled and future focused. A key part of the lab is to redesign teaching, learning and assessment practices to provide a more engaging experience for students, resulting in improved learning and ensuring that graduates have the skills that meet the contemporary needs of employers.

As part of the Skills Lab, we partnered with Isonomic and began re-imagining learning experiences with the launch of the FutureReady Program. FutureReady has seen the re-design of the medication safety unit, where our nursing diploma learners will have access to interactive rooms and engage with simulated characters in a virtual hospital. The project team worked with stakeholders across the customer range – from direct end users (learners) to indirect end users (teachers and employers). Over 80 stakeholders were directly engaged and over 100 briefed on the program. We also embedded applied research into the program to measure the impact of these technologies and approach to learning on skill acquisition.

The lab will conclude in early 2024, but initial findings are being shared with the Victorian TAFE network, registration bodies and key stakeholders.



At the launch of FutureReady

Celebrating 75 years of AMEP

This year, we were delighted to commemorate the Adult Migrant English Program's (AMEP) 75 years of service to migrants and refugees. Led by Melbourne Polytechnic, we are a member of the Melbourne AMEP, which forms part of the broader national AMEP network. This vital program assists individuals from migrant and refugee backgrounds in learning English and integrating into Australian life and is funded by the Australian Government's Department of Home Affairs. Our on-campus celebrations to mark the milestone included current AMEP learners and graduates, who shared their inspiring stories and the profound impact of the program on their lives.



Celebrating 75 years of AMEP

Finding solutions to real world problems

In 2023, we accelerated the impact of our applied research activities and expanded our contribution to developing and sharing new knowledge in collaboration with government, community, educational and industry partners. Highlights included:

- hosting OctoberVET for TAFE-based researchers across the network to explore new directions in applied research and showcase projects being conducted by Holmesglen researchers
- presenting at two roundtables as part of the Building 4.0 CRC annual conference
- furthering our contribution to the Building 4.0 CRC research program. Holmesglen researchers continued to contribute to or lead research in six projects with the Building 4.0 CRC. Topics include:
 - evaluation of the effectiveness of roofing work inspection using remotely piloted aircraft systems
 - scoping study for building the future-circular economy-shared interest project
 - implications of industry 4.0 technologies on work practices
 - Cruxes project
 - mixed reality carpentry demonstration (lighthouse project)
 - We also assisted three PhD students undertake their research within the CRC.
- evaluating the design thinking process for curriculum renewal, curriculum co-design outputs and the teaching and learning activities of a newly designed unit on medication safety in the Diploma of Nursing as part of the Care Economy Skills Lab funded by the Victorian Skills Authority
- supporting two staff who were awarded ISSI fellowships
- academic teaching staff contributing to over 15 scholarly publications, 28 conference presentations, keynotes, workshops and plenary sessions, and six externally funded research projects within their fields of expertise
- participating in the Challenger Project and contributing our journey in developing applied research organisational capability as a case study of international best practice. As one of five international cases, we documented how applied research has been used to promote innovation and learning at Holmesglen. The findings from the five cases aim to serve as inspiration for the development of a new framework for integrating applied research into vocational education and training as the next phase of the Challenger Project

In recognition of the developing strength and impact of our applied research program within the health sector, we were awarded the gold medal in the Applied Research and Innovation category at the 2023 World Federation of Colleges and Polytechnics Awards of Excellence.

Educating globally

2023 saw the continued return of onshore international learners, as the market continued to recover following COVID restrictions. We achieved our modest enrolment targets and further signs of recovery emerged in increased applications for future study. However, market conditions remained challenging as competition spiked and student visa policies continued to evolve. During the year, we commenced work to completely reset our international education strategy, reviewing our products and markets considering the new landscape.

We were delighted to host several inbound study tours from Indonesia, Basque Country, Singapore, Mongolia, Japan and Korea. In 2023, we also established a new partnership with University of Nevada, Las Vegas for a study abroad opportunity for third-year learners in the Bachelor of Sports Media. Our two students will head off to the US in 2024 as the inaugural participants in the program.

Over recent years we have revised our offshore project strategy to focus on more activity and opportunity with fewer partners. This strategy is proving successful and very promising. For example, we:

- entered a contract with Indonesian infrastructure giant PT ODG to establish an electrical training school near Jakarta. This is the first VET project to be funded under the Indonesia-Australia Comprehensive Economic Partnership Agreement Economic Cooperation Program
- delivered a proposal to establish and deliver a technical and safety training program to the Cobre First Quantum copper mine in Panama
- signed memorandums of understanding with the Peruvian government to explore establishing a mining safety school in Lima and the Mongolian Minister of Education to build TVET capability
- joined an Austrade trade mission to India to explore the feasibility of partnering with an in-country provider to deliver Australian linesworker training offshore.

Holmesglen's Risk Management Rule and Enterprise Risk Management Plan outline 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 Finance, Audit and Risk Management Committee and Board. If further mitigation is required, additional risk treatments are identified and implemented. Risk categories are reviewed annually and management plans updated. 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 the Finance, Audit and Risk Management Committee.

Performance measures for Holmesglen's international education operations include international learner enrolments and satisfaction, revenue growth, and the number of offshore projects and alliances. While our offshore projects and partnerships showed renewed strength, our onshore revenue and learner enrolment numbers remain depressed reflecting the market conditions experienced in 2023.

Achievements

Success at the Victorian and Australian Training Awards

The Women in Apprenticeships Victoria Electrical (WAVE) program takes a targeted, holistic approach from engagement to placement, supported by strategies to attract, recruit, train, support and retain women into electrical apprenticeships. It is delivered by Centre for U in collaboration with Holmesglen, the Victorian Electrical Trades Union, Trades Hall Council, Australian Women in Solar Energy, and the Victorian Department of Education. In 2023, the WAVE project won the industry collaboration award at the Victorian Training Awards. This is the fifth time we have won this award in the last seven years. We went on to secure our fourth gold medal at the Australian Training Awards in the same category, making Holmesglen one of Australia's most celebrated TAFEs for industry collaboration in recent years.



Holmesglen staff and Board Chair celebrate the industry collaboration award win at the Victorian Training Awards

Representing Holmesglen at the World Congress Youth Camp

Final year Bachelor of Sports Media learner, Mikayla Royal, attended the World Congress Youth Camp as part of the World Federation of Colleges and Polytechnics Congress held in Montreal, Canada in April 2023. Mikayla, a member of Holmesglen's Student Representative Council, joined 21 other student leaders from across the globe to learn about sustainable practices at Dawson College.

Staff, learner and alumni awards

The following staff, learners and alumni were honoured with awards in 2023 in recognition of their skills, commitment and talents.

- Tyler Abbott and Sebastian Blacket, gold medallists, 2023 WorldSkills Australia National Championships
- Alex Natoli, Eli Porter, Henry McArthur and Boyd Marshall, silver medallists, 2023 WorldSkills Australia National Championships
- Declan Selby, Ruby Bennett, Josh Wright and Luis Koleski, bronze medallists, 2023 WorldSkills Australia National Championships
- Bachelor of Hospitality Management staff, gold medal, Tourism Education and Training, 2023 Victorian Tourism Awards
- Kyle Svikulis, Apprentice of the Year, Air Conditioning and Mechanical Contractors' Association
- Paul Plunkett, Apprentice of the Year, Flexo Packaging and Label Manufacturing Association Awards
- Lachlan Lemons, Victoria Apprentice of the Year, Australian Glass and Window Association Awards
- Michael Suthland, Rising Star, Australian Glass and Window Association Awards
- Ehab Khanyari, Residential Apprentice Award, Australian Glass and Window Association Awards
- Xanda Brown and Thai Quyen, gold medallists, AUSTAFE Culinary Competition
- Chloe Macphail, Alexander Ballard, Christopher Labour and Puneet Pathipati, silver medallists, AUSTAFE Culinary Competition
- Decal Goding, Fitri Virdian, Alan Andrews and Brane Warren, bronze medallists, AUSTAFE Culinary Competition
- Anita Jackson, Victorian State Winner, Wildflowers Australia National Student Floristry Competition
- Fiona Perry, Purely Australian Prize, Wildflowers Australia National Student Floristry Competition
- Annabel Jane Johnston, silver medallist, Achievable Gardens, Melbourne International Flower and Garden Show
- Laura van Wensveen, bronze medallist, Achievable Gardens, Melbourne International Flower and Garden Show
- Imogen Redgrove, first place, Advanced Student Floral Competition, Melbourne International Flower and Garden Show
- Casey Escott-Singe and Yi Qin, third place, Advanced Student Floral Competition, Melbourne International Flower and Garden Show
- Henriette Vis, third place, Intermediate Student Floral Competition, Melbourne International Flower and Garden Show
- Liz Dziedzic and Crystal Ashdown (staff), Silver Floral Design, Melbourne International Flower and Garden Show.

Holmesglen Awards Festival

Each year, Holmesglen offers prizes and awards to recognise our exemplary learners and staff at our Awards Gala. In 2023, we honoured the following award winners.

1. **Ben Winzer, First Nations Award**
2. **Azam Khan, Individual Achievement Award**
3. **Aimee Venier, Vocational Student of the Year – VCAL**
4. **Kurin Lelan, Vocational Student of the Year – Certificate**
5. **Pauline van Den Brule, Vocational Student of the Year – Diploma**
6. **Harrison Booth, George Kline Apprentice of the Year**
7. **Erika Honey, Peter Darvall Higher Education Award**
8. **Rimpal Kaur, International Student of the Year**
9. **Sabrina Hinton, Staff Service Award**
10. **Alyssa Forbes-Nicholson, Staff Leadership Award**
11. **Joey Chung, ASPIRE Award**
12. **Janet Connor, Staff Innovation Award**
13. **Deborah Balen and Lisa Nichols, Teacher/Trainer of the Year.**

We also recognised Reece Plumbing for their contribution to plumbing trades education at Holmesglen and two staff, Jeffery Theodore and Lan Podesser, for their outstanding 30 years of service at the Institute.

Sponsors of this year's awards included Apprenticeship Employment Network, Shinewing Australia and Healthscope and we thank them for their support.



Our people

Our People Strategy

We continued to demonstrate that we are a workforce that is purpose driven and values led. Our connections with colleagues and learners are our strongest engagement factors and the centre of all our decisions. In 2023, our highest scoring People Matter Survey results were about making a difference and having a job that is purposeful. Feeling culturally safe was also in our top 10 highest scoring results, further illustrating the strong bonds and diverse and inclusive culture we enjoy across Holmesglen.

In 2023, we launched our new People Strategy and employee experience framework – Our Holmesglen Journey. Our People Strategy supports and enables our strategic goals by providing a targeted and positive employee experience at each stage of the Holmesglen journey from attraction through to staying connected. More than 90 employees contributed ideas, feedback and input to the People Strategy.

During the year, a range of exciting people initiatives were launched, expanded or commenced within **Our Holmesglen Journey**.

Our Holmesglen Journey

ATTRACTION

- Launched a new Careers Page - What will your Holmesglen story be - on our website.
- Instigated a new Holmesglen LinkedIn Life page.

CONTRIBUTE

- Commenced the design of our Employee Giving program, as a partnership between Community Engagement, the Holmesglen Foundation and Employee Experience. The program aims to provide meaningful opportunities for our people to contribute to the welfare and wellbeing of our learners through volunteering with our charity partners and contributing to our philanthropic efforts.

LIVE WELL

- Launched new EAP services for all our employees, which includes provision of eight streams of counselling.
- Continued to deliver wellbeing resources through Holmesglen Health e-news and the online Health, Body and Mind Dashboard.
- Commenced delivery of new leadership mental health and wellbeing workshops - Leading from the InsideOut.

ACKNOWLEDGE AND CELEBRATE

- Awarded 76 ASPIRE hero pins and 193 peer-to-peer certificates to our people in recognition of their living our values.
- Awarded 40 service pins to staff in recognition for 15 and 20 years of service. Two service pins were awarded in recognition for 30 years of service.
- Our Eildon campus and Zest and Cilantro restaurants regularly hosted events, lunches and dinners for teams across the Institute to reflect upon and celebrate their achievements.

BELONGING

- Launched the Holmesglen Pride Network with four guiding principles to be visible, create connection and belonging, raise awareness, and celebrate. The new network recruited a visible Holmesglen learner and employee cohort for the upcoming 2024 Midsumma Pride March and expanded LGBTQIA+ training modules for all employees.
- Commenced development of our first Reconciliation Action Plan and formed a working group to inform its development comprising a cross-section of our workforce, led by our Indigenous employees.
- Continued to progress our Gender Equity Action Plan through the efforts of our Diversity and Inclusion Working Group.

DEVELOP

- Held our first face-to-face all-staff professional development event since 2018. The 2023 ASPIRE Conference was attended by 863 employees who engaged in a series of keynotes, interactive workshops, poster exhibits and social activities around the theme Share – Learn – Celebrate.
- Delivered the ASPIRE Leadership Program to over 80 Holmesglen leaders and launched the ASPIRE Leadership Pod Coaching network for program graduates to continue learning and collaborating.
- Completed the initial design for our new Holmesglen capability framework to support and enable Strategy 2026. The framework will drive all professional and career development programs commencing in 2024.
- 21 teams from across Holmesglen participated in 42 professional development, strategic planning and team development activities at our Eildon learning centre.



Our annual all-staff ASPIRE Conference returned to a face-to-face format in 2023

Our workforce in 2023

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, best practice recruitment, fraud control, information security, privacy, contract management, financial management and budgeting, procurement, risk management, LGBTIQ+ awareness and modern slavery. In 2023, we also implemented a cybersecurity awareness training program to help staff identify and respond to cyber threats and risks in their daily work.

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 Jobs, Skills, Industry and Regions.

Year ending 31 December 2022	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	255.0	49.0	69.0	18.0	NA	8.0	399.1
Executive	11.0	-	-	-	NA	-	11.0
Other	6.0	10.0	1.2	0.7	NA	6.1	23.9
Teacher	304.0	34.0	109.6	42.1	63.0	N/A	552.7
Total	576.0	93.0	179.8	60.8	63.0	14.1	986.7

Year ending 31 December 2023	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	285.0	30.0	77.2	6.8	N/A	15.4	414.4
Executive	12.0	-	-	-	N/A	-	12.0
Other	5.0	6.0	1.2	1.3	N/A	8.0	21.5
Teacher	320.0	10.0	126.9	17.2	76.6	N/A	550.7
Total	622.0	46.0	205.3	25.3	76.6	23.4	998.6

December 2022	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender							
Women Executives	7	7.0	7	-	7.0	-	-
Women (total staff)	655	517.0	287	198	418.4	170	98.6
Men Executives	4	4.0	4	-	4.0	-	-
Men (total staff)	461	384.5	278	66	319.5	117	65.1
Self-described Executives	-	-	-	-	-	-	-
Self-described (total staff)	1	0.6	-	-	-	1	0.6
Age							
15-24	21	15.8	4	4	6.4	13	9.4
25-34	110	89.3	48	21	62.0	41	27.3
35-44	230	185.8	121	45	151.8	64	34.0
45-54	326	275.3	182	73	231.8	71	43.4
55-64	316	256.5	167	81	219.6	68	36.9
Over 64	114	79.4	43	40	66.3	31	13.1
Total employees	1,117	902.1	565	264	737.8	288	164.3

Table 11: Workforce disclosures (December 2022 and December 2023) continued							
December 2023	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender							
Women Executives	7	7.0	7	-	7.0	-	-
Women (total staff)	660	538.0	321	235	473.6	104	64.4
Men Executives	4	4.0	4	-	4.0	-	-
Men (total staff)	435	385.0	308	71	352.5	56	32.5
Self-described Executives	-	-	-	-	-	-	-
Self-described (total staff)	1	1.0	1	-	1.0	-	-
Age							
15-24	22	18.7	6	4	8.6	12	10.1
25-34	98	86.6	51	20	65.8	27	20.8
35-44	226	191.9	129	59	167.4	38	24.5
45-54	321	278.4	206	81	260.8	34	17.6
55-64	318	266.9	192	93	251.3	33	15.6
Over 64	111	81.5	46	49	73.2	16	8.3
Total employees	1,096	924.0	630	306	827.1	160	96.9

Health, safety and wellbeing

Our Community Safety Advisory Committee and Occupational Health and Safety Committee continued to be key forums to ensure our safety programs and practices were developed and implemented in consultation with staff and community members. The Board's accountabilities to ensure a safe workplace are overseen by its People, Culture and Remuneration Committee.

In 2023, we again successfully delivered an extensive health, safety and wellbeing program, including:

- professional development on mental health for people leaders
- annual flu vaccination program
- monthly online Health, Body and Mind Dashboard covering mental financial and personal health topics
- quarterly Holmesglen Health e-news
- sessions on superannuation, transition into retirement and mindfulness

- first aid, CPR, mental health first aid, fire/emergency warden, and health and safety representative training
- RUOK day activities
- Virgin Pulse GO - a walking and activity challenge.

The following tables present the performance indicators adopted to monitor our performance in occupational health and safety.

The increase in hazard and injury reports can be partly attributed to increased reports of slips/trips and falls as either a near miss or an injury. Several actions were taken to eliminate the associated hazards. Lost time incidents remained stable compared to the previous year, with claim costs increasing due to accepted psychological claims and a physical injury requiring surgery and recovery time.

Table 12: Staff incident statistics (1 Jan to 31 Dec 2021-2023)			
	2021	2022	2023
Staff hazard or injury reports	25	44	61
Staff hazard or incident reports per 100 full-time equivalent staff	2.5	4.46	6.1

Table 13: Lost time incidents (1 Jan to 31 Dec 2021-2023)			
	2021	2022	2023
Number of lost time incidents	5	6	6
Lost time standard claims per 100 full-time equivalent staff	0.49	0.60	0.60

Table 14: Claim costs (1 Jan to 30 Jun 2021-2023), provided by Xchanging Integrated Services			
	2021	2022	2023
Average estimate	\$50,996*	\$17,458*	\$144,496
Average paid	\$13,602	\$14,186	\$21,727

* Average claim estimates for 2021 and 2022 revised due to administrative error in reporting.

Major commercial activities

In 2023, 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)
- Constitution of Holmesglen Institute Order 2016
- Directions of the Minister for Skills and TAFE (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*
- *Gender Equality Act 2020*
- *Disability Act 2006*
- *Infringements Act 2006*
- *Public Records Act 1973*

Freedom of Information Act 1982

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Institute. Holmesglen's Freedom of Information Policy is available on our website.

Holmesglen encourages applicants to use the FOI request template available from the Office of the Victorian Information Commission website. Applications to access documents can be emailed to fo@holmesglen.edu.au or sent to Freedom of Information Officer, PO Box 42, Holmesglen VIC 3148. Fees to access information are charged in accordance with the *Freedom of Information (Access Charges) Regulations 2004*.

In 2023, Holmesglen received 10 valid applications for information under the *Freedom of Information Act 1982*. Documents related to six applications were released informally outside of the Act and four decisions were made under the Act. All FOI decisions were made within the statutory time period and documents were

released either in full or in part. The most common reason for seeking to partially exempt documents was the protection of personal privacy in information about persons other than the applicant.

Most requests were received by current or past learners, or from legal representatives of past learners.

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 15: Building Act 1993 compliance (2020 – 2023)	2020	2021	2022	2023
Building works				
Building works certified for approval	4	14	9	1
Building works in progress subject to mandatory inspections	-	1	2	1
New certificate of occupancy / final inspection issued	4	14	9	1
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 how we will protect a person who makes a disclosure under the Act from detrimental action by officers, learners, employees and contractors of Holmesglen
- 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. They are responsible for:

- coordinating responses to the Commission, the Victorian Inspectorate or the Ombudsman
- recording any reported detrimental action against a discloser once a notice is received.

The Public Interest Disclosure Co-ordinator has not been advised by IBAC of any protected disclosures during 2023.

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 2023, we continued implementation of three Local Jobs First – Local Industry Development Plan (LIDP) applicable procurement contracts totalling an estimated \$19,700,000 (excluding GST) over the life of the contracts.

All contracts are metropolitan based and include commitments for standard Victorian created hours and specified local content. Data from completed projects will be included in the relevant future annual report.

Projects commenced

No new LIDP projects commenced during the year.

Projects completed

We completed one LIDP applicable contract on 31 December 2023. The final report is pending from the supplier.

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

We charge higher education students a services and amenities fee strictly in accordance with the *Higher Education Support Act 2003* (the Act) and 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.

	2022 (\$'000)	2023 (\$'000)
Unspent / (overspent) revenue from previous period	12	0
SA-HELP revenue earned	56	56
Student services fees direct from higher education students	224	201
Total revenue expendable in period	292	257
Student services expenses during period	-292	-257
Unspent / (overspent) student services revenue	0	0
We do not charge students non-academic fees in vocational education and training, senior-secondary or non-award programs.		

Consultancies

In 2023:

- eleven consultancies had total fees payable of \$10,000 or greater. Total expenditure incurred during 2023 in relation to these consultancies was \$465,578 (excluding GST). Details of these consultancies is published on Holmesglen's website (<https://www.holmesglen.edu.au/about-us/our-institute/publications-and-reports>)
- one consultancy had total fees payable of less than \$10,000. Total expenditure incurred during 2023 in relation to these consultancies was \$4,000.

Information and Communication Technology expenditure

Total ICT expenditure for the 2023 reporting period was \$14.6 million, with the details shown below:

Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure	Operational expenditure	Capital expenditure
\$14.6 million	-	-	-
Note: Total Business as Usual expenditure includes operational expenditure and capital expenditure			

Government advertising expenditure

Name of campaign	Summary	Start/end date	Advertising (media) expenditure (\$ ex GST)	Creative and campaign development expenditure (\$ ex GST)	Research and evaluation expenditure (\$ ex GST)	Print and collateral expenditure (\$ ex GST)	Other campaign expenditure (\$ ex GST)
Learn More, Do More	Integrated multi-channel brand building campaign	12/01/2023 to 31/12/2023	\$819,003	\$97,245	\$30,000	\$34,625	0
Open Days	To encourage participation at regular Open Days	1/01/2023 to 23/11/2023	\$280,406	\$7,720	0	0	\$22,327

Disclosure of emergency procurement

There was no emergency procurement of goods and services during the year.

Disability Act 2006

The Disability Act 2006 reaffirms and strengthens the rights of people with disability and recognises that this requires support across the government sector and within the community. We have a disability support team that provides direct educational services to support our students with disability. Support includes refining technologies for specific needs, providing direct contact support through our Disability Liaison Officers and providing professional development for our teaching faculties on deaf awareness, Microsoft accessibility tools and general disability awareness.

Additional information available on request

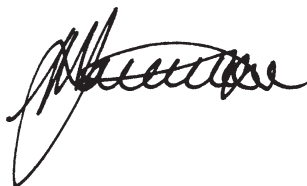
In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- 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 of the Institute and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A general statement on industrial relations and details of time lost through industrial accidents and disputes.
- A list 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 the Freedom of Information Officer at foi@holmesglen.edu.au.

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 2023 to 31 December 2023, Holmesglen Institute has no Material Compliance Deficiency with respect to the applicable Standing Directions made under the *Financial Management Act 1994* and Instructions.

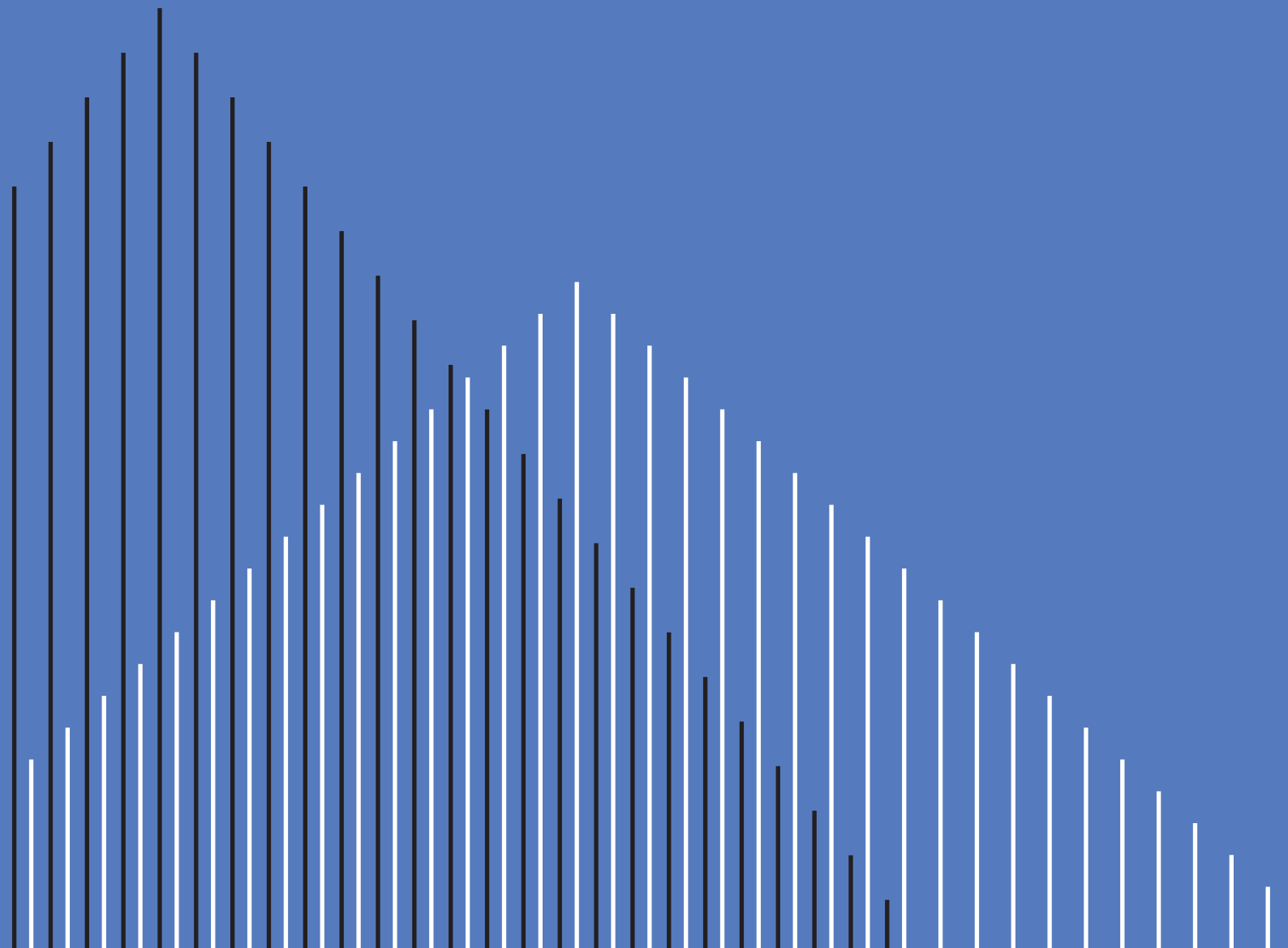


20 March 2024

The Finance, Audit and Risk Management Committee has reviewed this attestation and verified the Institute's compliance assessment.

Financial Report

Holmesglen Annual Report 2023



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 sheet as at 31 December 2023 consolidated entity and institute comprehensive operating statement for the year then ended consolidated entity and institute statement of changes in equity for the year then ended consolidated entity and institute cash flow statement for the year then ended notes to the financial statements, including significant accounting policies declaration by the Board Chair, Chief Executive 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 2023 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>
Other information	<p>The Board is responsible for the other information, which comprises the information in the annual report for the year ended 31 December 2023, but it does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion on the other information. However, in connection with my audit of the financial report, my responsibility is to read the other information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the other information, I am required to report that fact. I have nothing to report in this regard.</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
19 April 2024



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

HOLMESGLEN INSTITUTE

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2023

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

The attached financial statements for Holmesglen Institute and the consolidated entity have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer 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 2023 and financial position of the Institute and the consolidated entity as at 31 December 2023.

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.



M. Gorton, Board Chair

Date 20 March 2024

Place Chadstone



M. Faraone, Chief Executive

Date 20 March 2024

Place Chadstone



E. Spangher, Acting Chief Finance and Accounting Officer

Date 20 March 2024

Place Chadstone

How this report is structured

Holmesglen Institute has presented its audited general purpose financial statements for the financial year ended 31 December 2023 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 preparation 1.2 Compliance information 1.3 Impact of COVID-19 2. How we earned our funds <ol style="list-style-type: none"> 2.1.1 Revenue from government contributions 2.1.2 Income from government contributions 2.2 Revenue from fees, charges and sales 2.3 Other income 3. How we expended our funds <ol style="list-style-type: none"> 3.1 Employee benefits 3.2 Supplies and services 3.3 Other operating expenses 3.4 Depreciation and amortisation expense 3.5 Interest expense 4. The assets we invested in <ol style="list-style-type: none"> 4.1 Investment properties 4.2 Property, plant and equipment 4.3 Intangible assets 4.4 Investments 5. Balances from operations <ol style="list-style-type: none"> 5.1 Other non-financial assets 5.2 Receivables and contract assets 5.3 Payables and contract liabilities 5.4 Employee benefits provision 6. 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 operating activities 6.2 Borrowings 6.3 Leases 7. Managing risks and uncertainties <ol style="list-style-type: none"> 7.1 Financial instruments 7.2 Contingent assets and contingent liabilities 7.3 Fair value determination 8. Governance <ol style="list-style-type: none"> 8.1 Responsible persons 8.2 Remuneration of executives 8.3 Related parties 8.4 Auditors remuneration 9. Other disclosures <ol style="list-style-type: none"> 9.1 Other economic flows included in net result 9.2 Equity reserves 9.3 Superannuation 9.4 Commitments 9.5 Non-financial physical assets classified as held for sale 9.6 Controlled entities 9.7 Events after reporting date 9.8 Application of accounting standards issued but not yet effective 9.9 New or amended Accounting standards and Interpretations adopted

HOLMESGLEN INSTITUTE

Comprehensive Operating Statement for the financial year ended 31 December 2023

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
CONTINUING OPERATIONS					
Revenue and income from transactions					
Revenue from government contributions	2.1.1	99,135	87,019	99,092	86,625
Income from government contributions	2.1.2	-	1,742	-	1,742
Revenue from fees, charges and sales	2.2	56,990	51,050	57,875	51,958
Other income	2.3	11,267	10,545	10,179	9,314
Total revenue and income from transactions		167,392	150,356	167,146	149,639
Expenses from transactions					
Employee benefits	3.1	117,053	108,135	116,775	107,992
Depreciation and amortisation	3.4	11,944	13,721	11,939	13,715
Supplies and services	3.2	35,624	29,434	35,100	28,959
Interest expense	3.5	162	72	162	72
Other operating expenses	3.3	12,087	9,424	11,887	9,327
Total expenses from transactions		176,870	160,786	175,863	160,065
Net result from transactions		(9,478)	(10,430)	(8,717)	(10,426)
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	9.1(a)	10,095	11,629	9,919	12,773
Net gain/(loss) on financial instruments	9.1(b)	2,272	(4,028)	2,134	(3,791)
Other gains/(losses) from other economic flows	9.1(c)	(823)	2,879	(823)	2,879
Total other economic flows included in net result		11,544	10,480	11,230	11,861
Net result from continuing operations		2,066	50	2,513	1,435
Net result		2,066	50	2,513	1,435
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in physical asset revaluation surplus	9.2(b)	-	52,461	-	52,461
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		-	52,461	-	52,461
Comprehensive result		2,066	52,511	2,513	53,896

The accompanying notes form part of these financial statements.

HOLMESGLEN INSTITUTE

Balance Sheet

as at 31 December 2023

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Assets					
Financial assets					
Cash and deposits	6.1	50,439	50,659	49,340	49,150
Contract assets	5.2	12,681	13,466	12,179	12,665
Receivables	5.2	3,644	941	3,641	934
Investments	4.4	33,521	30,444	31,431	28,543
Total financial assets		100,285	95,510	96,591	91,292
Non-financial assets					
Other non-financial assets	5.1	5,916	4,094	5,888	4,063
Non-financial physical assets classified as held for sale	9.5	-	3,546	-	3,546
Property, plant and equipment	4.2	411,211	417,066	411,160	417,010
Right of use assets	6.3	3,240	4,628	3,240	4,628
Intangible assets	4.3	-	767	-	767
Investment properties	4.1	138,810	128,912	121,706	111,985
Total non-financial assets		559,177	559,013	541,994	541,999
Total assets		659,462	654,523	638,585	633,291
Liabilities					
Payables	5.3	8,573	8,020	8,445	7,967
Contract liabilities	5.3	21,723	20,654	21,698	20,629
Borrowings	6.2	2,058	2,901	2,058	2,901
Lease liabilities	6.3	3,913	5,031	3,913	5,031
Employee benefits provision	5.4	21,606	18,394	21,589	18,394
Total liabilities		57,873	55,000	57,703	54,922
Net assets		601,589	599,523	580,882	578,369
Equity					
Contributed capital	9.2(a)	122,807	122,807	122,807	122,807
Physical asset revaluation reserve	9.2(b)	301,408	301,408	301,408	301,408
Accumulated surplus/(deficit)	9.2(c)	177,374	175,308	156,667	154,154
Net worth		601,589	599,523	580,882	578,369
Commitments for expenditure	9.4				

The accompanying notes form part of these financial statements.

HOLMESGLEN INSTITUTE

Statement of Changes in Equity for the year ended 31 December 2023

		Physical asset revaluation reserve	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000
Consolidated					
	Note				
At 1 January 2022	9.2	248,947	175,258	122,807	547,012
Net result for the year		-	50	-	50
Changes in physical asset revaluation surplus	9.2(b)	52,461	-	-	52,461
Year ended 31 December 2022	9.2	301,408	175,308	122,807	599,523
Changes in physical asset revaluation surplus	9.2(b)	-	-	-	-
Net result for the year		-	2,066	-	2,066
Year ended 31 December 2023	9.2	301,408	177,374	122,807	601,589

		Physical asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
		\$'000	\$'000	\$'000	\$'000
Institute					
	Note				
At 1 January 2022	9.2	248,947	152,719	122,807	524,473
Net result for the year		-	1,435	-	1,435
Changes in physical asset revaluation surplus	9.2(b)	52,461	-	-	52,461
Year ended 31 December 2022	9.2	301,408	154,154	122,807	578,369
Changes in physical asset revaluation surplus	9.2(b)	-	-	-	-
Net result for the year		-	2,513	-	2,513
Year ended 31 December 2023	9.2	301,408	156,667	122,807	580,882

The accompanying notes form part of these financial statements.

HOLMESGLEN INSTITUTE

Cash Flow Statement for the year ended 31 December 2023

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Government contributions - operating		99,488	87,603	99,164	87,181
Government contributions - capital		-	1,742	-	1,742
Receipts from fees, charges and sales		66,356	67,072	64,730	65,360
Goods and services tax recoverable		4,831	4,312	4,739	4,227
Interest received		2,299	762	2,270	758
Dividends received		846	1,873	780	1,768
Other receipts		5,911	5,412	7,263	6,805
Total receipts from operating activities		179,731	168,776	178,946	167,841
Payments					
Payments to suppliers and employees		(168,708)	(154,081)	(167,694)	(153,218)
Interest and other finance costs paid		(145)	(72)	(162)	(72)
Goods and services tax paid		(8,038)	(8,456)	(7,892)	(8,278)
Total payments from operating activities		(176,891)	(162,609)	(175,748)	(161,568)
Net cash flows from/(used in) operating activities	6.1.1	2,840	6,167	3,198	6,273
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(3,848)	(4,492)	(3,796)	(4,485)
Proceeds from sale of non-financial assets		3,099	2,473	3,099	2,473
Net cash provided by/(used in) investing activities		(749)	(2,019)	(697)	(2,012)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		(1,497)	(2,113)	(1,497)	(2,113)
Repayment of government loan		(814)	-	(814)	-
Net cash provided by/(used) in financing activities		(2,311)	(2,113)	(2,311)	(2,113)
Net increase (decrease) in cash and cash equivalents		(220)	2,035	190	2,148
Cash and cash equivalents at the beginning of the financial year		50,659	48,624	49,150	47,002
Cash and cash equivalents at the end of the financial year	6.1	50,439	50,659	49,340	49,150

The accompanying notes form part of these 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)*. Holmesglen Institute is a Technical and Future Education (TAFE) provider, based predominantly in Chadstone Victoria.

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 Holmesglen Institute (the Institute) and the consolidated entities (refer to Note 9.6). These financial statements 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.

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:

- 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
- AASB 16 Leases and the requirement to determine the lease term to the extent that extension options are certain (refer to note 6.3).

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 4.2);
- the loss rate used in calculating the allowance for expected credit losses (refer to note 5.2); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 5.4).

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.

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.

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

In 2023, the impacts of the COVID-19 pandemic, including movement and density restrictions, were no longer significant to the Institute's operations.

Between 2020 and 2022, various restrictions such as self-isolation and border entry rules were enforced and implemented by the government in order to contain the spread of the virus and prioritise the health and safety of our communities. The Institute conducted classes through remote learning where possible, held examinations online, placed restrictions on non-essential work, performed COVID-19 testing and implemented work from home arrangements where possible. The Department of Jobs, Skills, Industry and Regions (formerly the Department of Education) also provided grants to assist the Institute with response to the pandemic in order to retain staff, assist with the transition to online and remote learning and maintain government funding at pre-pandemic levels.

Following the easing of restrictions in 2022, learning returned to campus and no further funding was provided by the Department in relation to the pandemic.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
2.1 Government contributions				
2.1.1 Revenue from government contributions				
Government contributions - operating				
State government – contestable - DE/DJSIR	60,195	56,153	60,195	56,153
State government – other contributions - DE/DJSIR	32,572	26,022	32,572	26,022
Commonwealth Government contributions	4,835	4,307	4,835	4,307
Other	1,533	537	1,490	143
Total government contributions - operating	99,135	87,019	99,092	86,625

Revenue and income from government grants

The Institute is first required to determine whether the government grants received should be accounted for as Revenue per AASB 15 or Income per AASB 1058.

Revenue from government grants

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. Where government grants have been received for services to be delivered in the following year, these amounts are deferred as a contract liability (Note 5.3).

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.

Income from government grants

Income from government grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Institute has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Institute recognises any related grants by owners, increases in liabilities and decreases in assets ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004
- a lease liability in accordance with AASB 16
- a financial instrument, in accordance with AASB 9
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Specific criteria in relation to determining whether government grants are accounted for as revenue per AASB 15 or income per AASB 1058 are set out below.

2. HOW WE EARNED OUR FUNDS

2.1.1 Revenue from government contributions (continued)

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.	<p>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 AASB 15.</p> <p>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.</p>
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.	<p>In general, funding agreements for these grants do not contain sufficiently specific performance obligations and are therefore recognised as income under AASB 1058. The Institute recognises income immediately in the comprehensive operating statement when control is achieved over the funds which occurs on execution of the relevant contract. Where performance obligations are sufficiently specific in accordance with AASB 15.</p> <p>Revenue is recognised over time in the comprehensive operating statement as the performance obligations are delivered.</p>
Commonwealth government contributions	Refers to funding from the Commonwealth government for commonwealth supported places for eligible higher education programs.	<p>This funding is provided on a per eligible student basis with specific performance obligations tied to delivery of units over the course duration.</p> <p>Revenue is recognised over the period of the agreement as units are delivered in accordance with AASB 15.</p>

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
2.1.2 Income from government contributions				
State government – capital	-	1,742	-	1,742
Total government contributions - capital	-	1,742	-	1,742

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	10,715	8,629	10,715	8,629
Student fees and charges (Fee Help)	4,150	4,023	4,150	4,023
Fee for service – government	6,844	5,373	6,844	5,373
Fee for service – international operations – onshore	13,816	14,818	13,816	14,818
Fee for service – international operations – offshore	919	981	919	981
Fee for service – training programs	15,691	12,699	15,691	12,699
Total revenue fees and charges	52,135	46,523	52,135	46,523
Other non-course fees and charges				
Other (car parking fees, management fees etc)	2,141	2,209	3,026	3,117
Sale of goods	2,714	2,318	2,714	2,318
Total non-course fees and charges	4,855	4,527	5,740	5,435
Total revenue from fees, charges and sales	56,990	51,050	57,875	51,958

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

Revenue recognised over time	52,135	46,523	52,135	46,523
Revenue recognised at a point in time	4,855	4,527	5,740	5,435
Total revenue from fees, charges and sales	56,990	51,050	57,875	51,958

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>Any fee waivers are recognised as a reduction in the amount of revenue recognised.</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	The Institute provides educational services to domestic students who are not eligible for a government funded subsidy or other funding.	Fee for service revenue is recognised as the performance obligations are satisfied under the relevant training contract or enrolment terms and conditions. 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.
Fee for service – international onshore and offshore programs	The Institute provides educational services to international students who are not eligible for a government funded subsidy or other funding.	Fee for service revenue is recognised as the performance obligations are satisfied under the relevant training contract or enrolment terms and conditions. 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.
Fee for service – other training programs	The Institute provides educational services to domestic students who are not eligible for a government funded subsidy and other private organisation funding.	Fee for service revenue is recognised as the performance obligations are satisfied under the relevant training contract or enrolment terms and conditions. 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.
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	
	2023	2022	2023	2022
	\$'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	3,102	3,225	3,102	3,225
Fee for service	7,092	4,905	7,092	4,905
Other	10,461	8,501	10,435	8,469
	20,655	16,631	20,629	16,599

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:

	2024	2025	2026
	\$'000	\$'000	\$'000
Consolidated			
Revenue expected to be recognised	21,723	-	-
Institute			
Revenue expected to be recognised	21,698	-	-

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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
2.3 Other income				
Dividends/Distributions	943	1,972	885	1,854
Interest income	2,333	759	2,303	753
Rental income - Investment properties	6,307	6,270	4,816	4,656
Rental income - other	1,536	1,427	2,136	2,049
Donations, bequests and contributions	148	117	39	2
Total other income	11,267	10,545	10,179	9,314

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	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
3.1 Employee benefits					
Salaries, wages, overtime and allowances		96,999	91,730	96,767	91,612
Superannuation		10,117	9,029	10,093	9,014
Payroll tax		5,853	5,319	5,838	5,310
Long service leave		3,484	958	3,479	958
Termination benefits		-	458	-	458
Other		600	641	598	640
Total employee benefits		117,053	108,135	116,775	107,992

The present value of employee benefit obligations including annual leave, long service leave and on-costs are determined using various assumptions that may differ from actual developments in the future. These include future salary growth rates, future discount rates, tenure of existing staff, and patterns of leave claims.

All assumptions are reviewed at each reporting date.

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		4,680	4,079	4,680	4,079
Communication expenses		716	661	716	661
Utilities		2,645	2,543	2,272	2,181
Minor equipment		2,168	1,272	2,168	1,272
Fees and charges		7,229	5,570	7,203	5,546
Contract and other services		12,756	11,938	12,746	11,927
Building repairs and maintenance		5,201	3,190	5,087	3,112
Cost of goods sold/distributed (ancillary trading)		229	181	228	181
Total supplies and services		35,624	29,434	35,100	28,959

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		2,499	2,247	2,499	2,221
Audit fees and services	8.4	250	217	227	195
Bad and impaired credit losses from transactions		585	415	585	415
Staff development		890	627	890	627
Travel and motor vehicle expenses		548	286	548	286
Hiring costs/lease payments		579	408	579	408
Work placements		3,673	2,808	3,673	2,808
Other expenses		3,063	2,416	2,886	2,367
Total other operating expenses		12,087	9,424	11,887	9,327

Other operating expenses generally represent day-to-day running costs incurred in normal operations and are reported in the financial year to which they relate.

Audit fees and services relate to costs associated with internal audit services, as well as remuneration to the Victorian Auditor-General's Office for the audit of the financial statements, refer to Note 8.4.

HOLMESGLEN INSTITUTE

Notes to the financial statements

3. HOW WE EXPENDED OUR FUNDS

Note	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
3.4 Depreciation and amortisation expense				
Buildings	6,525	6,593	6,525	6,593
Leasehold improvement	11	23	11	23
Plant and equipment	1,082	865	1,082	865
Cultural assets		-	-	-
Motor vehicles	90	265	85	259
Computer equipment	1,702	1,603	1,702	1,603
Right of use assets	1,107	1,206	1,107	1,206
Leased motor vehicles	212	181	212	181
Total depreciation	10,729	10,736	10,724	10,730
Amortisation				
Leased computer equipment	448	1,762	448	1,762
Software	767	1,223	767	1,223
Total amortisation	1,215	2,985	1,215	2,985
Total depreciation and amortisation	11,944	13,721	11,939	13,715

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 2023	Rates 2022	Method
Buildings	1.79% to 11.11%	1.79% to 11.11%	Straight line
Leasehold improvement	Lease term	Lease term	Straight line
Plant and equipment	6.33% to 50%	6.33% to 50%	Straight line
Motor vehicles	20% to 25%	20% to 25%	Straight line
Computer equipment	14.2% to 50%	14.2% to 50%	Straight line
Right of use assets	Lease term	Lease term	Straight line
Software	20% to 33%	20% to 33%	Straight line

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	162	72	162	72
Total interest expenses	162	72	162	72

HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
4.1 Investment properties					
At Fair value					
Opening balance at 1 January		128,912	117,276	111,985	99,205
Additions		-	294	-	294
Net gain/ (loss) from fair value adjustments		9,898	11,342	9,721	12,486
Closing balance at 31 December		138,810	128,912	121,706	111,985

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 2023 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 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 2022									
- 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 amount	145,937	214,048	34	6,426	4,626	588	448	3,723	375,830
Year ended 31 December 2022									
Opening net book amount	145,937	214,048	34	6,426	4,626	588	448	3,723	375,830
Additions	-	187	-	3,094	1,056	-	-	148	4,485
Disposals	(2,354)	(125)	-	-	(41)	-	(44)	(11)	(2,575)
Net revaluation increments/(decrements)	33,394	18,539	-	-	(599)	(9)	-	1,128	52,453
Depreciation expense	-	(6,593)	(23)	-	(865)	-	(260)	(1,603)	(9,344)
Transfer to held for sale	(3,367)	(178)	-	-	-	-	-	-	(3,545)
Reclassified to expense account	-	-	-	(294)	-	-	-	-	(294)
Transfer from assets under construction	-	5,380	-	(5,380)	-	-	-	-	-
Closing net book amount	173,610	231,258	11	3,846	4,177	579	144	3,385	417,010
At 31 December 2022									
- Cost	-	-	91	3,846	940	-	1,625	79	6,581
- Valuation	173,610	231,258	-	-	3,267	579	-	3,308	412,022
Accumulated depreciation	-	-	(80)	-	(30)	-	(1,481)	(2)	(1,593)
Net book amount	173,610	231,258	11	3,846	4,177	579	144	3,385	417,010
Consolidated at 31 December 2022									
Opening net book amount	-	-	-	-	-	-	63	-	63
Depreciation expense	-	-	-	-	-	-	(7)	-	(7)
Net book value at the end of the financial year Consolidated	173,610	231,258	11	3,846	4,177	579	200	3,385	417,066
Year ended 31 December 2023									
Opening net book amount	173,610	231,258	11	3,846	4,177	579	144	3,385	417,010
Additions	-	3	-	2,878	547	-	-	368	3,796
Disposals	-	-	-	-	(16)	-	(18)	(103)	(137)
Depreciation expense	-	(6,525)	(11)	-	(1,082)	-	(86)	(1,702)	(9,406)
Transfer from assets under construction	-	2,369	-	(2,588)	116	-	-	-	(103)
Closing net book amount	173,610	227,105	-	4,136	3,742	579	40	1,948	411,160
At 31 December 2023									
- Cost	-	168	91	4,136	1,604	-	1,163	334	7,496
- Valuation	173,610	233,462	-	-	3,245	579	-	3,232	414,128
Accumulated depreciation	-	(6,525)	(91)	-	(1,107)	-	(1,123)	(1,618)	(10,464)
Net book value at the end of the financial year Institute	173,610	227,105	-	4,136	3,742	579	40	1,948	411,160
Consolidated at 31 December 2023									
Opening net book amount	-	-	-	-	-	-	56	-	56
Depreciation expense	-	-	-	-	-	-	(5)	-	(5)
Net book value at the end of the financial year Consolidated	173,610	227,105	-	4,136	3,742	579	91	1,948	411,211

A number of properties were transferred to Assets Held for Sale during 2022. Refer to Note 9.5 for further details.

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.

For specialised land the market approach is used 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.

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

A formal revaluation of land and building assets (including land improvements) was conducted for the year ended 31 December 2022 by the Valuer-General Victoria.

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	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
4.3 Intangible assets					
Gross carrying amount					
Opening balance *		4,115	4,115	4,115	4,115
Disposals		(3,851)	-	(3,851)	-
Closing balance		264	4,115	264	4,115
Accumulated amortisation and impairment					
Opening balance *		(3,348)	(2,125)	(3,348)	(2,125)
Disposals		3,851	-	3,851	-
Amortisation charge		(767)	(1,223)	(767)	(1,223)
Closing balance		(264)	(3,348)	(264)	(3,348)
Net carrying amount at end of the year		-	767	-	767

* The 2022 opening balances were amended to reduce both the gross carrying opening balance and opening accumulated amortisation. There was no effect on the net carrying amount or the financial position of the Institute in 2022.

Initial recognition

Purchased intangible assets are initially recognised at cost and mainly relates to the networking and student management system software licenses. 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.

HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
4.4 Investments					
Current investments					
Financial assets at fair value through profit and loss:					
Victorian Funds Management Corporation (VFMC) managed investments					
Opening balance at 1 January		30,444	34,295	28,543	32,163
Additions		832	108	781	102
Gain/(loss) on revaluation of financial assets		2,245	(3,959)	2,107	(3,722)
Total current investments		33,521	30,444	31,431	28,543

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 2023.

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
5.1 Other non-financial assets					
Current					
Inventories - supplies and consumables at cost		58	58	58	58
Prepayments		5,858	4,036	5,830	4,005
Total current other non-financial assets		5,916	4,094	5,888	4,063

Inventories include goods and other items held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations.

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.

HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
5.2 Receivables and contract assets					
5.2.1 Receivables					
Receivables - Current					
Trade receivables		3,644	803	3,641	803
Statutory					
GST input tax credit recoverable		-	138	-	131
Total receivables		3,644	941	3,641	934

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.

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.

HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

5.2 Receivables and contract assets (continued)

Ageing analysis of contractual receivables

Consolidated	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
2023						
Trade receivables	3,644	2,448	810	203	183	-
Total	3,644	2,448	810	203	183	-
2022						
Trade receivables	803	319	358	28	9	89
Total	803	319	358	28	9	89
Institute						
2023						
Trade receivables	3,641	2,448	810	203	180	-
Total	3,641	2,448	810	203	180	-
2022						
Trade receivables	803	319	358	28	9	89
Total	803	319	358	28	9	89

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

The average credit period on receivables is 30 days.

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.

Note	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
5.2.2 Contract assets				
Contractual - Current				
Contract assets	1.3	13,109	14,216	13,415
Expected credit losses	1.3	(428)	(428)	(750)
Total contract assets		12,681	13,466	12,665

Contract assets are recognised when the Institute has transferred goods or services to the customer but where the Institute is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

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.

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	750	1,829	750	1,829
Increase /(decrease) in provision recognised in net result	(322)	(1,079)	(322)	(1,079)
Balance at the end of the year	428	750	428	750

HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
5.3 Payables and contract liabilities					
5.3.1 Payables					
Contractual					
Supplies and services		8,397	8,020	8,280	7,967
Statutory					
GST payable to the ATO		176	-	165	-
Total current payables		8,573	8,020	8,445	7,967

Payables consist of:

- contractual payables, such as accounts payable, and contract liabilities. 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							
2023							
Supplies and services	8,397	8,397	7,748	347	302	-	-
Total	8,397	8,397	7,748	347	302	-	-
2022							
Supplies and services	8,020	8,020	7,665	82	273	-	-
Total	8,020	8,020	7,665	82	273	-	-
Institute							
2023							
Supplies and services	8,280	8,280	7,637	342	302	-	-
Total	8,280	8,280	7,637	342	302	-	-
2022							
Supplies and services	7,967	7,967	7,619	78	270	-	-
Total	7,967	7,967	7,619	78	270	-	-

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.

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
5.3.2 Contract liabilities					
Student fees		4,855	5,314	4,855	5,314
Other		16,868	15,340	16,843	15,315
Total current contract liabilities	2.2	21,723	20,654	21,698	20,629

Contract liabilities

Any fees received by the Institute during the current financial year in respect of performance obligations that have not been satisfied are classified as a liability and recognised as a contract liability.

HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
5.4 Employee benefits provision					
Current Provisions					
Employee benefits					
Annual leave					
Unconditional and expected to settle within 12 months	1.3	4,570	3,939	4,560	3,939
Long service leave					
Unconditional and expected to settle within 12 months		784	646	784	646
Unconditional and expected to settle after 12 months		9,993	8,546	9,993	8,546
Sub total		15,347	13,131	15,337	13,131
Provision for on costs					
Annual leave					
Unconditional and expected to settle within 12 months		823	637	821	637
Long service leave					
Unconditional and expected to settle within 12 months		141	104	141	104
Unconditional and expected to settle after 12 months		1,800	1,381	1,800	1,381
Total current provisions		18,111	15,253	18,099	15,253
Non-current Provisions					
Long service leave					
Conditional and expected to settle after 12 months		2,961	2,704	2,957	2,704
Long service leave - on costs					
Conditional and expected to settle after 12 months		534	437	533	437
Total non-current provisions		3,495	3,141	3,490	3,141
Total provisions		21,606	18,394	21,589	18,394

The leave obligations cover the Institute's liabilities for long service leave and annual leave as at 31 December 2023.

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 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.

HOLMESGLEN INSTITUTE

Notes to the financial statements

6. HOW WE FINANCED OUR OPERATIONS

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
6.1 Cash and deposits					
Cash at bank and on hand		12,533	6,263	11,434	4,754
Deposits at call		37,906	44,396	37,906	44,396
Total cash and deposits		50,439	50,659	49,340	49,150

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank and deposits at call 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.

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

Net result for the year	2,066	50	2,513	1,435
Non cash movements:				
Depreciation and amortisation of non-current assets	11,944	13,721	11,939	13,715
Net (gain) / loss on sale of non-current assets	(242)	(356)	(242)	(356)
Net (gain) / loss on disposal of financial investments	(2,245)	3,959	(2,107)	3,722
Fair value (gain) loss on other non- financial assets	(9,853)	(11,273)	(9,677)	(12,417)
Net (gain)/loss on financial liabilities at amortised cost	(27)	69	(27)	69
Reclassification from assets under construction to expenses	103	294	103	294
Total non-cash flows in operating result	(320)	6,414	(11)	5,027
Movements in operating assets and liabilities				
Decrease / (increase) in receivables	(2,703)	(291)	(2,707)	(289)
Decrease / (increase) in contract assets	785	886	486	929
Decrease / (increase) in inventories	-	2	-	2
Decrease / (increase) in other assets	(1,822)	(719)	(1,825)	(718)
Increase / (decrease) in payables	377	(141)	313	(139)
Increase / (decrease) in contract liabilities	1,245	3,957	1,234	3,977
Increase / (decrease) in employee benefits	3,212	(3,991)	3,195	(3,951)
Total movement in operating assets and liabilities	1,094	(297)	696	(189)
Net cash flow from/(used in) operating activities	2,840	6,167	3,198	6,273

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.

HOLMESGLEN INSTITUTE

Notes to the financial statements

6. HOW WE FINANCED OUR OPERATIONS

	Note	Consolidated		Institute	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
6.2 Borrowings					
Current					
Advances from Government		815	815	815	815
Non-Current					
Advances from Government		1,458	2,273	1,458	2,273
Impact of revaluing at fair value		(215)	(187)	(215)	(187)
Total borrowings		2,058	2,901	2,058	2,901

Advances from Government are initially measured at fair value, being the cost of the interest bearing liabilities, and where applicable, adjusted for transaction costs unless the Institute designated a financial liability at fair value through profit or loss.

The measurement basis subsequent to initial recognition depends on whether the Institute has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost.

For advances at amortised cost, any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

For advances at fair value through profit or loss, any changes in its fair value and if applicable, any interest related charges are reported in profit or loss.

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							
2023							
Advances from Government	2,058	2,058	815	-	815	428	-
Total	2,058	2,058	815	-	815	428	-
2022							
Advances from Government	2,901	2,901	-	1,630	815	456	-
Total	2,901	2,901	-	1,630	815	456	-
Institute							
2023							
Advances from Government	2,058	2,058	815	-	815	428	-
Total	2,058	2,058	815	-	815	428	-
2022							
Advances from Government	2,901	2,901	-	1,630	815	456	-
Total	2,901	2,901	-	1,630	815	456	-

The fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 7.3) due to the use of unobservable inputs, including own credit risk.

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	Computer	Vehicles	Total	
	\$'000	Equipment \$'000	\$'000	\$'000	
Consolidated					
Balance at 1 January 2023	3,237	449	942	4,628	
Additions	-	-	424	424	
Disposals	-	-	(45)	(45)	
Depreciation charge	(1,107)	(449)	(211)	(1,767)	
Balance at 31 December 2023	2,130	-	1,110	3,240	
Consolidated					
Balance at 1 January 2022	3,104	2,211	724	6,039	
Additions	1,338	-	459	1,797	
Disposals	-	-	(60)	(60)	
Depreciation charge	(1,205)	(1,762)	(181)	(3,148)	
Balance at 31 December 2022	3,237	449	942	4,628	
Institute					
Balance at 1 January 2023	3,237	449	942	4,628	
Additions	-	-	424	424	
Disposals	-	-	(45)	(45)	
Depreciation charge	(1,107)	(449)	(211)	(1,767)	
Balance at 31 December 2023	2,130	-	1,110	3,240	
Institute					
Balance at 1 January 2022	3,104	2,211	724	6,039	
Additions	1,338	-	459	1,797	
Disposals	-	-	(60)	(60)	
Depreciation charge	(1,205)	(1,762)	(181)	(3,148)	
Balance at 31 December 2022	3,237	449	942	4,628	
Lease liabilities					
		Consolidated		Institute	
	Note	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Maturity analysis- contractual undiscounted cash flows					
Less than one year		1,955	1,815	1,955	1,815
One to five years		2,101	3,436	2,101	3,436
Total undiscounted lease liabilities as at 31 December		4,056	5,251	4,056	5,251
Lease liabilities included in the Balance Sheet at 31 December :					
Current		1,874	1,758	1,874	1,758
Non-current		2,039	3,273	2,039	3,273
Total lease liabilities		3,913	5,031	3,913	5,031

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.

HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

Note	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'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	50,439	50,659	49,340	49,150
Trade receivables	3,644	803	3,641	803
Financial assets measured at fair value through profit and loss				
Managed investments	33,521	30,444	31,431	28,543
Total contractual financial assets	87,604	81,906	84,412	78,496
Contractual financial liabilities				
Loans and payables				
Supplies and services	8,397	8,020	8,280	7,967
At amortised cost				
Borrowings (Advances from Government)	2,058	2,901	2,058	2,901
Lease liabilities				
Lease liabilities	3,913	5,031	3,913	5,031
Total contractual financial liabilities	14,368	15,952	14,251	15,899

Note: The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

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.

HOLMESGLEN INSTITUTE

Notes to the financial statements

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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Consolidated								
Financial assets measured at amortised cost	-	-	2,333	759	-	-	2,333	759
Financial assets measured at fair value through profit and loss	2,272	(4,028)	-	-	943	1,972	3,215	(2,056)
Total financial assets	2,272	(4,028)	2,333	759	943	1,972	5,548	(1,297)
Financial liabilities at amortised cost	27	(69)	-	-	-	-	27	(69)
Total financial liabilities	27	(69)	-	-	-	-	27	(69)
Institute								
Financial assets measured at amortised cost	-	-	2,303	753	-	-	2,303	753
Financial assets measured at fair value through profit and loss	2,134	(3,791)	-	-	885	1,854	3,019	(1,937)
Total financial assets	2,134	(3,791)	2,303	753	885	1,854	5,322	(1,184)
Financial liabilities at amortised cost	27	(69)	-	-	-	-	27	(69)
Total financial liabilities	27	(69)	-	-	-	-	27	(69)

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)

7.1.1 Financial risk management objectives and policies

The Institute is exposed to a variety of financial risks, which includes market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity 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 Committee of the Institute with oversight by the Board.

Interest rate risk

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

The objective is to manage the interest rate risk to achieve stable and sustainable net interest earnings in the long term. This is managed predominantly through a mixture of short term and longer term investments. Management monitors movement in interest rates on a monthly basis.

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

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.

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)

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 trade receivables balances at 31 December 2023 and 31 December 2022 largely relate to debtors who engage the Institute to provide training services or short courses. These balances do not include any counterparties with external credit ratings.

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.

In addition, the Institute does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. The Institute's policy is to only deal with banks with high credit ratings.

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 (AA rating) \$'000	Other counter-party \$'000	Total \$'000
Consolidated				
2023				
Cash and deposits	12,533	-	-	12,533
Deposits at call	37,906	-	-	37,906
Receivables ¹	-	-	3,644	3,644
Investments and other financial assets	-	33,521	-	33,521
Total contractual financial assets	50,439	33,521	3,644	87,604
2022				
Cash and deposits	6,263	-	-	6,263
Deposits at call	44,396	-	-	44,396
Receivables ¹	-	-	803	803
Investments and other financial assets	-	30,444	-	30,444
Total contractual financial assets	50,659	30,444	803	81,906
Institute				
2023				
Cash and deposits	11,434	-	-	11,434
Deposits at call	37,906	-	-	37,906
Receivables ¹	-	-	3,641	3,641
Investments and other financial assets	-	31,431	-	31,431
Total contractual financial assets	49,340	31,431	3,641	84,412
2022				
Cash and deposits	4,754	-	-	4,754
Deposits at call	44,396	-	-	44,396
Receivables ¹	-	-	803	803
Investments and other financial assets	-	28,543	-	28,543
Total contractual financial assets	49,150	28,543	803	78,496

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)

AASB 9 uses an 'expected credit loss' (ECL) model. Under this model, loss allowances are measured on either of the following bases:

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

In measuring expected credit losses, trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. The expected loss rates are based on the payment profile for sales over the past 60 months before 31 December 2023 and the past 48 months before 31 December 2022, as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Institute has identified the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Loss rates are based on actual credit loss experience. These rates are multiplied by scale factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Institute's view of economic conditions over the expected lives of the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Institute, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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	
	2023 %	2022 %	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets										
Cash and deposits	4.49	1.51	12,533	6,263	12,533	6,263	-	-	-	-
Deposits at call	3.94	1.51	37,906	44,396	37,906	44,396	-	-	-	-
Receivables										
Trade receivables			3,644	803	-	-	-	-	3,644	803
Managed investments			33,521	30,444	-	-	-	-	33,521	30,444
Total financial assets			87,604	81,906	50,439	50,659	-	-	37,165	31,247
Financial liabilities										
Payables			8,397	8,020	-	-	-	-	8,397	8,020
Leases	2.34	2.44	3,913	5,031	-	-	3,913	5,031	-	-
Advances from Government			2,058	2,901	-	-	-	-	2,058	2,901
Total contractual financial liabilities			14,368	15,952	-	-	3,913	5,031	10,455	10,921

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 (continued)

Institute	Weighted average effective rate		Total carrying amount per balance sheet		Floating interest rate		Fixed interest rate		Non-interest bearing	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets										
Cash and deposits	4.49	1.51	11,434	4,754	11,434	4,754	-	-	-	-
Deposits at call	3.94	1.51	37,906	44,396	37,906	44,396	-	-	-	-
Receivables										
Trade receivables			3,641	803	-	-	-	-	3,641	803
Managed investments			31,431	28,543	-	-	-	-	31,431	28,543
Total financial assets			84,412	78,496	49,340	49,150	-	-	35,072	29,346
Financial liabilities										
Payables			8,280	7,967	-	-	-	-	8,280	7,967
Leases	2.34	2.44	3,913	5,031	-	-	3,913	5,031	-	-
Advances from Government			2,058	2,901	-	-	-	-	2,058	2,901
Total contractual financial liabilities			14,251	15,899	-	-	3,913	5,031	10,338	10,868

Interest rate risk sensitivity

A possible change of 1% (2022: 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deposits at call	37,906	44,396	(379)	(444)	(379)	(444)	379	444	379	444
Total impact	37,906	44,396	(379)	(444)	(379)	(444)	379	444	379	444
Institute										
Deposits at call	37,906	44,396	(379)	(444)	(379)	(444)	379	444	379	444
Total impact	37,906	44,396	(379)	(444)	(379)	(444)	379	444	379	444

A possible change of 10% (2022: 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managed investments	33,521	30,444	(3,352)	(3,044)	(3,352)	(3,044)	3,352	3,044	3,352	3,044
Total impact	33,521	30,444	(3,352)	(3,044)	(3,352)	(3,044)	3,352	3,044	3,352	3,044
Institute										
Managed investments	31,431	28,543	(3,143)	(2,854)	(3,143)	(2,854)	3,143	2,854	3,143	2,854
Total impact	31,431	28,543	(3,143)	(2,854)	(3,143)	(2,854)	3,143	2,854	3,143	2,854

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 2023 (2022: 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 2023 (2022: 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. There is a lack of certainty around the likely timing and value of cash outflow, as a result 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 2023 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:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2023								
Financial assets								
Investments and other financial assets								
Managed investments	33,521	33,521	-	-	31,431	31,431	-	-
Total financial assets	33,521	33,521	-	-	31,431	31,431	-	-
2022								
Financial assets								
Investments and other financial assets								
Managed investments	30,444	30,444	-	-	28,543	28,543	-	-
Total financial assets	30,444	30,444	-	-	28,543	28,543	-	-

HOLMESGLEN INSTITUTE

Notes to the financial statements

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				Carrying amount at 31 December	Institute		
	Level 1	Level 2	Level 3	Level 1		Level 2	Level 3	
	Quoted prices	Observable price inputs	Unobservable inputs		Quoted prices	Observable price inputs	Unobservable inputs	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2023								
Specialised land	127,200	-	-	127,200	127,200	-	-	127,200
Non-specialised land	46,410	-	46,410	-	46,410	-	46,410	-
Total land at fair value	173,610	-	46,410	127,200	173,610	-	46,410	127,200
Specialised buildings	224,524	-	-	224,524	224,524	-	-	224,524
Non-specialised buildings	2,581	-	2,581	-	2,581	-	2,581	-
Total buildings at fair value	227,105	-	2,581	224,524	227,105	-	2,581	224,524
Plant and equipment	3,742	-	-	3,742	3,742	-	-	3,742
Cultural assets	579	-	579	-	579	-	579	579
Vehicles	91	-	-	91	40	-	-	40
Computer equipment	1,948	-	-	1,948	1,948	-	-	1,948
Leasehold improvements	-	-	-	-	-	-	-	-
Right of use assets	3,240	-	-	3,240	3,240	-	-	3,240
Total other assets at fair value	9,600	-	579	9,021	9,549	-	579	9,549
2022								
Specialised land	127,200	-	-	127,200	127,200	-	-	127,200
Non-specialised land	46,410	-	46,410	-	46,410	-	46,410	-
Total land at fair value	173,610	-	46,410	127,200	173,610	-	46,410	127,200
Specialised buildings	228,588	-	-	228,588	228,588	-	-	228,588
Non-specialised buildings	2,670	-	2,670	-	2,670	-	2,670	-
Total buildings at fair value	231,258	-	2,670	228,588	231,258	-	2,670	228,588
Plant and equipment	4,177	-	-	4,177	4,177	-	-	4,177
Cultural assets	579	-	579	-	579	-	579	-
Vehicles	200	-	-	200	144	-	-	144
Computer equipment	3,385	-	-	3,385	3,385	-	-	3,385
Leasehold improvements	11	-	-	11	11	-	-	11
Right of use assets	4,628	-	-	4,628	4,628	-	-	4,628
Total other assets at fair value	12,980	-	579	12,401	12,924	-	579	12,345

Fair value measurement hierarchy of investment properties

2023								
Investment properties	138,810	-	138,810	-	121,706	-	121,706	-
Total investment properties	138,810	-	138,810	-	121,706	-	121,706	-
2022								
Investment properties	128,912	-	88,912	40,000	111,985	-	71,985	40,000
Total investment properties	128,912	-	88,912	40,000	111,985	-	71,985	40,000

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Valuations of property, plant and equipment

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 103 Non-financial Physical assets issued by the Assistant Treasurer. A full revaluation of education assets normally occurs every five years, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations with interim revaluations determined in accordance with the requirements of the FRD. Revaluation increases and decreases arise from differences between an asset's carrying value and the fair value.

An independent valuation of all land and buildings was performed by the Valuer-General Victoria with an effective date of 31 December 2022. At 31 December 2023, management conducted an assessment of the fair value of the land and buildings using Valuer-General Victoria indicies and did not make a change to the fair values.

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.

An independent valuation of the Institute's specialised land and specialised buildings was performed by the Valuer-General Victoria at 31 December 2022. The valuation was performed using the market approach adjusted for CSO.

Assets under construction are held at cost. The institute transfers the assets out of construction on progress and into the relevant asset category when they are ready for use.

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.

HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Apart from changes to the valuation techniques for certain land and building, there were no other changes in valuation techniques throughout the period to 31 December 2023.

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

Reconciliation of level 3 fair value movements - property, plant and equipment

	Specialised land ^(a)		Specialised buildings ^(a)		Plant and equipment		Motor Vehicles		Computer Equipment		Leasehold improvements	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Consolidated												
Opening balance	127,200	145,937	228,588	214,048	4,177	4,626	200	509	3,385	3,723	11	34
Additions	-	-	2,372	187	663	1,056	-	2	368	148	-	-
Transfers in / (out) of Level 3	-	(52,131)	-	2,407	(16)	(41)	(18)	(44)	(103)	(11)	-	-
Depreciation	-	-	(6,436)	(6,593)	(1,082)	(865)	(91)	(267)	(1,702)	(1,603)	(11)	(23)
Revaluation	-	33,394	-	18,539	-	(599)	-	-	-	1,128	-	-
Closing Balance	127,200	127,200	224,524	228,588	3,742	4,177	91	200	1,948	3,385	-	11
Institute												
Opening balance	127,200	145,937	228,588	214,048	4,177	4,626	144	448	3,385	3,723	11	34
Additions	-	-	2,372	187	663	1,056	-	-	368	148	-	-
Transfers in/ (out) of Level 3	-	(52,131)	-	2,407	(16)	(41)	(18)	(44)	(103)	(11)	-	-
Depreciation	-	-	(6,436)	(6,593)	(1,082)	(865)	(86)	(260)	(1,702)	(1,603)	(11)	(23)
Revaluation	-	33,394	-	18,539	-	(599)	-	-	-	1,128	-	-
Closing Balance	127,200	127,200	224,524	228,588	3,742	4,177	40	144	1,948	3,385	-	11

(a) Certain land and building were valued using a different valuation technique during the 2023 revaluation.

Description of significant unobservable inputs to Level 3 valuations

2023 and 2022	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 of leasehold improvements

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Reconciliation of level 3 fair value movements - investment property

	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Opening balance				
Additions	-	-	-	-
Transfers in / (out) of Level 3	(44,440)	40,000	(44,440)	40,000
Depreciation	-	-	-	-
Revaluation	-	-	-	-
Closing Balance	(44,440)	40,000	(44,440)	40,000

In 2022, the valuation technique used to value certain investment property land changed to include a community service obligation.

In 2023, the valuation technique used to value certain investment property land changed to exclude a community service obligation.

Description of significant unobservable inputs to Level 3 valuations

2022	Valuation technique	Significant unobservable inputs
Investment property land	Market approach	Community service obligation (CSO) adjustment

HOLMESGLEN INSTITUTE

Notes to the financial statements

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 MLC.

Remuneration of the Minister for Skills and TAFE and Minister for Regional Development is disclosed in the State's Annual Financial Report. 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: \$450,000 - \$459,999 (\$460,000 - \$469,999 in 2022).

Members of the Board of Holmesglen Institute

M. Gorton AM, Chair	K. Bellion
M. Faraone, Chief Executive	C. Karamzalis
A. Barker	P. Lewinsky (appointment ceased 28/2/2023)
K. Corry	I. Hamm
D. Imber	J. Allison
A. Chow (appointed 1/10/2023)	
G. D'Rosario	
M Chaudhry	

P. Lewinsky's appointment as a Board member and Board Chair ceased on 28 February 2023. M. Gorton AM was appointed as the Board Chair on 1 March 2023.

Responsible Persons' Remuneration

The number of responsible persons are shown in their income bands:	2023 No	2022 No
Income range		
10,000 - 19,999	2	2
20,000 - 29,999	-	4
30,000 - 39,999	1	-
40,000 - 49,999	8	7
80,000 - 89,999	1	1
450,000 - 459,999	1	-
460,000 - 469,999	0	1
Total number	13	15
	\$'000	\$'000
Total remuneration received or due and receivable by the responsible persons from the reporting entity.	945	970

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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Remuneration				
Short-term benefits	2,467	2,273	2,467	2,273
Post-employment benefits	246	214	246	214
Other long-term benefits	56	110	56	110
Terminations benefits	133	-	133	-
Total remuneration	2,902	2,597	2,902	2,597
Total number of executive officers	13	10	13	10
Total annualised employee equivalent (AEE)	11	10	11	10

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:-

	2023 \$'000	2022 \$'000
The Institute received funding from the Victorian Government as follows:-		
State Government - contestable and fee concessions	60,195	56,153
State Government - capital	-	1,742
State Government - other contributions	32,572	26,022
Total	92,767	83,917

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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Distribution from the Holmesglen Foundation to the Institute	840	895	-	-
Rent paid by Holmesglen Foundation to the Institute	600	600	-	-
Management fee paid by Holmesglen Foundation to the Institute	102	97	-	-
Total	1,542	1,592	-	-

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 (1 January 2023 to 3 November 2023)
- E. Spangher, Acting Chief Financial Officer (4 November 2023 to 31 December 2023)
- S. McKinnon, Executive Director, Engagement and Support (1 January 2023 to 30 November 2023)
- Z. Vlahandonis, Acting Executive Director, Engagement and Support (1 December 2023 to 31 December 2023)
- A. Williamson, Executive Director, International Education and Enterprise Solutions (1 January 2023 to 1 December 2023)
- S. McKinnon, Executive Director, Global Relations and Industry Engagement (1 December 2023 to 31 December 2023)
- P. Culpán, Executive Director, Corporate and Commercial Services (1 January 2023 to 31 December 2023)
- M. Courtier, Executive Director, Education and Applied Research (1 January 2023 to 31 December 2023)

HOLMESGLEN INSTITUTE

Notes to the financial statements

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 A. Barker H. Piterman R. Casey A. Brookes	Director Director Director Director Director Director

Compensation of Key management personnel

Remuneration	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Short-term employee benefits	2,265	2,205	2,265	2,173
Post-employment benefits	213	195	213	192
Other long-term benefits	39	101	39	101
Termination benefits	133	-	133	-
Total remuneration	2,650	2,501	2,650	2,466

Transactions and balances with key management personnel and other related parties

Members of the Institute's Board were also members of a Board where the Institute conducted arm's length transactions in the ordinary course of the Institute's business.

The following related party transactions occurred for the period ended 31 December:

Nature of relationship	Revenue		Expenditure	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Peninsula Health - clinical placement	-	-	191	181
Peninsula Health - training services	22	-	-	-
Victorian TAFE Association - membership and license fees	-	-	190	183
Total	22	-	381	364

8.4 Auditors remuneration

	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Remuneration of Victorian Auditor General's Office for:				
Audit of the financial statements	140	118	140	118
Audit of the financial statements of subsidiaries	28	27	5	5
Total remuneration of Victorian Auditor-General's Office	168	145	145	123
Remuneration of other auditors :				
Internal audit services	82	72	82	72
Total remuneration of other auditors	82	72	82	72
Total Remuneration of Auditors	250	217	227	195

The Victorian Auditor-General's Office is not allowed to provide non-audit services.

HOLMESGLEN INSTITUTE

Notes to the financial statements

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
9.1 Other economic flows included in net result				
(a) Net gain/(loss) on non-financial assets				
Revaluation of investment properties	9,897	11,342	9,721	12,486
Revaluation of cultural assets	-	(9)	-	(9)
Net gain/(loss) on disposal of leased assets	(44)	(60)	(44)	(60)
Net gain/(loss) on disposal of physical assets	242	356	242	356
Total net gain/(loss) on non-financial assets and liabilities	10,095	11,629	9,919	12,773
(b) Net gain/(loss) on financial instruments				
Net gain/(loss) realised on revaluation of financial investments	2,245	(3,959)	2,107	(3,722)
Subtotal net gain/(loss) on financial investments	2,245	(3,959)	2,107	(3,722)
Net gain/(loss) on financial liabilities at amortised cost	27	(69)	27	(69)
Total net gain/(loss) on financial instruments	2,272	(4,028)	2,134	(3,791)
(c) Other gains/(losses) from other economic flows				
Net gain/(loss) arising from revaluation of long service leave liability	(823)	2,879	(823)	2,879
Total net gain/(loss) from other economic flows	(823)	2,879	(823)	2,879

Net gain/(loss) from revaluation of long service leave liability are changes arising due to changes in bond rates.

'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

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

HOLMESGLEN INSTITUTE

Notes to the financial statements

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'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	169,685	169,685	169,685	169,685
Buildings	128,853	128,853	128,853	128,853
Plant and Equipment	2,870	2,870	2,870	2,870
Balance at 31 December	301,408	301,408	301,408	301,408
Movements in Reserves				
Balance at 1 January	301,408	248,947	301,408	248,947
Revaluation increment/(decrement) on non-current assets	-	52,461	-	52,461
Balance at 31 December	301,408	301,408	301,408	301,408
The asset revaluation reserve for land and buildings comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31 December 2022.				
Land				
Balance at 1 January	169,685	136,290	169,685	136,290
Revaluation increment on non-current assets	-	33,395	-	33,395
Balance at 31 December	169,685	169,685	169,685	169,685
Buildings				
Balance at 1 January	128,853	110,315	128,853	110,315
Revaluation increment/(decrement) on non-current assets	-	18,538	-	18,538
Balance at 31 December	128,853	128,853	128,853	128,853
The asset revaluation reserve for plant and equipment comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31 December 2022.				
Plant and Equipment				
Balance at 1 January	2,870	2,342	2,870	2,342
Revaluation increment on non-current assets	-	528	-	528
Balance at 31 December	2,870	2,870	2,870	2,870
(c) Accumulated surplus / (deficit)				
Balance at 1 January	175,308	175,258	154,154	152,719
Net operating result for the year	2,066	50	2,513	1,435
Balance at 31 December	177,374	175,308	156,667	154,154
Total equity	601,589	599,523	580,882	578,369

HOLMESGLEN INSTITUTE

Notes to the financial statements

9. OTHER DISCLOSURES

Consolidated		Institute	
2023	2022	2023	2022
\$'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	151	125	151	125
Total defined benefit plans	151	125	151	125

Defined contribution plans:

VicSuper/Aware	5,224	5,421	5,224	5,421
Other	4,042	3,600	4,022	3,586
Total defined contributions plans	9,266	9,021	9,246	9,007

Total paid contribution for the year	9,417	9,146	9,397	9,132
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Contribution Outstanding at Year End

Various Funds	851	1,113	847	1,112
Total	851	1,113	847	1,112

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.

HOLMESGLEN INSTITUTE

Notes to the financial statements

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'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	2,299	831	2,299	831
- Later than one year but not later than five years	-	-	-	-
Total Property, Plant and Equipment	2,299	831	2,299	831
GST reclaimable on the above	(209)	(76)	(209)	(76)
Net Commitments Property, Plant and Equipment	2,090	755	2,090	755

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

The Institute had no short term and low value lease commitment in 2023 and 2022.

(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	9,502	7,352	9,502	7,352
- Later than one year but not later than five years	4,117	5,678	4,117	5,678
Total other expenditure commitments	13,619	13,030	13,619	13,030
GST reclaimable on the above	(1,238)	(1,185)	(1,238)	(1,185)
Net commitments other expenditure commitments	12,381	11,845	12,381	11,845

9.4.2 Lease receivable

Operating lease receivables

- Within one year	6,581	6,053	5,827	5,541
- Later than one year but not later than five years	22,446	22,888	21,245	21,159
- Later than five years	61,561	63,210	61,561	63,260
Total lease receivable	90,588	92,151	88,633	89,960
GST payable on the above	9,059	9,215	8,863	8,996
Net operating lease receivable	99,647	101,366	97,496	98,956

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

HOLMESGLEN INSTITUTE

Notes to the financial statements

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
9.5 Non-financial physical assets classified as held for sale				
Non-current assets				
- Land held for sale	-	178	-	178
- Buildings held for sale	-	3,368	-	3,368
Total non-financial physical assets classified as held for sale	-	3,546	-	3,546

No impairment loss was recognised on reclassification of the land and buildings as held for sale or at the end of the reporting period.

Measurement of non-financial physical assets

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

This condition is regarded as met only when:

- the asset is available for immediate use in the current condition
- the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

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

Land held for sale is carried at fair value less costs to disposal. Refer to Note 7.3 for the valuation technique applied to land.

HOLMESGLEN INSTITUTE

Notes to the financial statements

9. OTHER DISCLOSURES

9.6 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
			2023	2022
Holmesglen International Training Services Pty Ltd	Ordinary	Australia	100%	100%
Glenuc Pty Ltd	Ordinary	Australia	100%	100%
Holmesglen Foundation	N/A			

9.7 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 matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect the operations of the institute, the results of those operations or the state of affairs of the Institute in subsequent financial years.

9.8 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 2023 reporting period. The Institute is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- AASB 2022-5 - Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback amends AASB 16 Leases to add subsequent requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendment is not expected to impact the Institute and the Institute will not early adopt the standard.
- In March 2020, the AASB issued AASB 2020-1 - Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current, which makes amendments to AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

In December 2022, the AASB issued AASB 2022-6 - Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants, which amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

9. OTHER DISCLOSURES

9.8 Application of standards issued but not yet effective (continued)

- AASB 2022-10 - Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial assets of Not-for-Profit Public Sector Entities amends AASB 13 Fair Value Measurement, including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The amendment is not expected to impact the Institute and the Institute will not early adopt the standard.
- AASB 2022-10 - Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial assets of Not-for-Profit Public Sector Entities amends AASB 13 Fair Value Measurement, including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The amendment is not expected to impact the Institute and the Institute will not early adopt the standard.

9.9 New or amended Accounting Standards and Interpretations adopted

The following Australian Accounting Standards and interpretations are mandatory for the 31 December 2023 reporting period.

AASB 2021-2 - Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates amends:

- AASB 7 - *Financial Instruments*;
- AASB 101 - *Presentation of Financial Statements*;
- AASB 108 - *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- AASB 134 - *Interim Financial Reporting*.

The Standard also makes amendments to AASB Practice Statement 2 Making Materiality Judgements (December 2017). These amendments arise from the issuance by the International Accounting Standards Board (IASB) in February 2022 of the following International Financial Reporting Standards:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
- Definition of Accounting Estimates (Amendments to IAS 8)

The amendment has not had a material impact on the Institute's financial statements.

AASB 2022-3 - Amendments to Australian Accounting Standards - Illustrative examples for NFPs accompanying AASB 15 amends the Australian illustrative examples for not-for-profit entities accompanying AASB 15 Revenue from Contracts with Customers to illustrate how AASB 15 applies to the recognition and measurement of upfront fees. The amendments do not change the requirements of AASB 15. The Basis for Conclusions also document the Board's decision to retain the accounting policy choice on an ongoing basis for NFP private sector lessees to elect to initially measure a class of right-of-use assets arising under concessionary leases at cost or at fair value. The amendment did not have an impact on the Institute's financial statements.

AASB 2022-7 - Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards makes editorial corrections to six Standards and to Practice Statement 2 Making Materiality Judgements. It also formally repeals superseded and redundant Australian Accounting Standards as set out in Schedules 1 and 2 to the Standard. The amendment did not have an impact on the Institute's financial statements.

Independent Auditor's Report

To the Board of Holmesglen Institute

Opinion	<p>I have audited the accompanying statement of performance for Holmesglen Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> • statement of performance for the year ended 31 December 2023 • declaration by Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer. <p>In my opinion, the statement of performance for Holmesglen Institute in respect of the year ended 31 December 2023 presents fairly, in all material respects, in line with the reporting requirements outlined by the Minister in the statement of priorities.</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 are responsible for the preparation and fair presentation of the performance statement and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement 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 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 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 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
19 April 2024



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

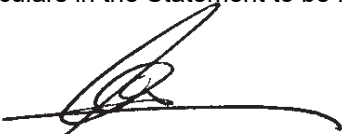
HOLMESGLEN INSTITUTE

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 2023 financial year, is presented fairly.

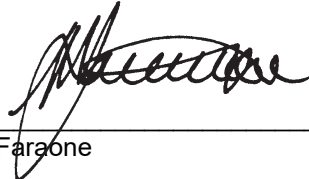
The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets where applicable, the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets.

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.




Michael Gorton
Board Chair

Date 20 March 2024
Place Chadstone



Mary Faraone
Chief Executive

Date 20 March 2024
Place Chadstone



Enzo Spangher
Acting Chief Finance and Accounting Officer

Date 20 March 2024
Place Chadstone

Statement of performance

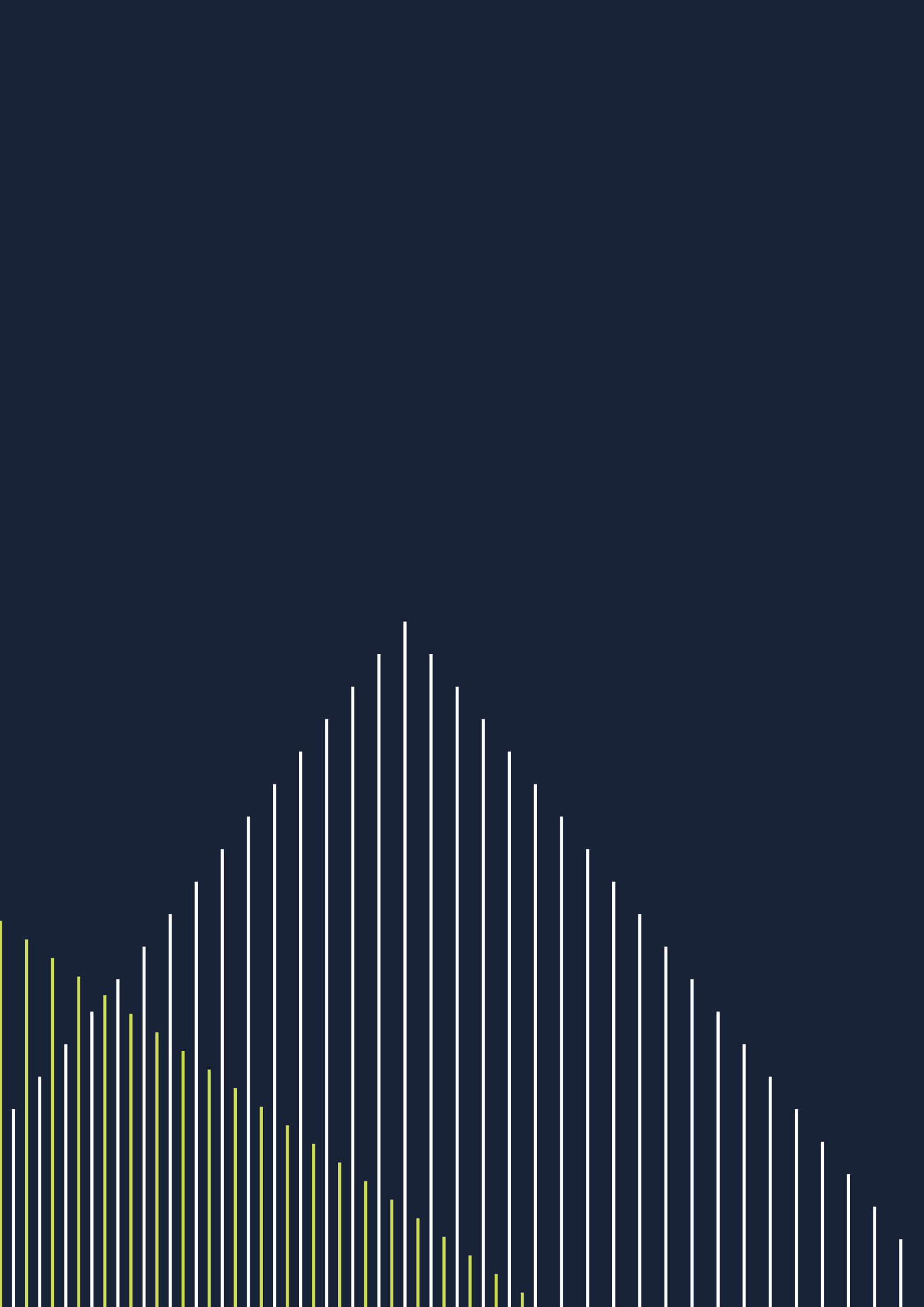
STATEMENT OF PERFORMANCE FOR YEAR ENDED 31 DECEMBER 2023

Indicator title	Description and methodology	Measure	2023 Target	2023 Actual	Explanation of variances	Prior year result
Training revenue diversity *	Breakdown of training revenue by:	%			Targets met.	
	Government funded		54.7%	54.8%		56.4%
	Fee for service		32.6%	32.7%		31.8%
	Student fees and charges		12.7%	12.5%		11.8%
Employment costs as a proportion of training revenue	Employment and third-party training delivery costs as a proportion of training revenue (Employment costs – Workforce reduction expenses + 3rd party training delivery costs) / Training revenue	%	102.1%	98.6%	Target met.	100.5%
Training revenue per teaching FTE	Training revenue (excl. revenue delivered by third parties) per teaching FTE Training revenue (excl. revenue delivered by 3rd parties) / Teaching FTEs	\$	\$201,450	\$215,462	Target exceeded due to a lower than budgeted teaching FTE.	\$194,069
Operating margin percentage	Operating margin % EBIT (excl. capital contributions) / Total revenue (excl. capital contributions)	%	-8.6%	-5.6%	Target exceeded due to an increase in contestable funding and fee for service revenue.	-8.1%
*2023 targets are based on the performance measures in the Institute's Statement of Corporate Intent						

Disclosure index

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2	FRD 22	Purpose, functions, powers and duties	5
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MANAGEMENT AND STRUCTURE			
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