



INFORMING POLICY AND PRACTICE
IN AUSTRALIA'S TRAINING SYSTEM

2013–2014 **Annual report**

National Centre for Vocational Education Research





2013–2014
Annual report

National Centre for Vocational Education Research Ltd

Publisher's note

The appendices for this report can be found as a support document at <http://www.ncver.edu.au/publications/1420.html>.

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This document should be attributed as NCVER 2014, *2013–2014 Annual report*, NCVER, Adelaide.

ISSN 1039-4842

TD/TNC 117.04

Published by NCVER, ABN 87 007 967 311

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About NCVER



The National Centre for Vocational Education Research Ltd (NCVER) is a not-for-profit company owned by the Commonwealth, state and territory ministers with responsibility for vocational education and training.

Our vision

Our vision is to inform and influence vocational education and training (VET) in Australia through credible, reliable and responsive research and statistical services.

Our mission

To be Australia's authoritative source of high-quality, independent information on vocational education and training.

Our values

Our corporate values are:

- maintaining honesty, integrity and quality
- being customer-focused and outward looking
- driving innovation and continuous improvement
- building strong and effective relationships
- promoting collaboration and teamwork.

What we do

We collect, manage, analyse, evaluate and communicate research and statistics about vocational education and training, and the links between education and the labour market more generally.

[Research](#) and the compilation of statistical collections constitute our major role. Actively ensuring that the information is widely disseminated is a particular focus of our work. We also undertake commercial [consultancy services](#).

Research is undertaken against ministerial-endorsed priorities. The research component encompasses the management of national competitive research grants, the company's own research program and the VOCEDplus research database.

We are the official collection agency for [VET statistics](#). As the trusted data custodian, we collect this information under the authority of the ministers responsible for vocational education and training and through the registration requirements legislated for training providers under national VET regulation. From 2014 onwards, statistics will be collected on all accredited training in Australia from all registered training providers, according to their registration requirements.

Statistical collections include VET provider (students and courses), financial, apprentice and trainee, and VET in Schools. Survey data include student outcomes and employers' use and views of the VET system. We also undertake the analytical program of the Longitudinal Surveys of Australian Youth (LSAY).

Our strategic plan

December 2013 saw the end of the previous strategic plan, which had targeted five areas: strengthening statistical capability; broadening research effort; providing smart access to information; building expertise in the user community; and investing in its people.

The 2014–16 strategic plan builds on the foundations achieved during 2010–13. The focus is now on **informing and influencing** through the provision of timely and robust information and research.

The five strategic directions for 2014–16 are to:

- influence policy and practice through research and statistical leadership, and partnerships
- ensure integrity, quality, relevance and transparency in our research and statistics
- develop innovative products and services to meet the needs of stakeholders
- improve the efficiency and effectiveness of our systems and processes
- be a highly skilled, adaptive workforce.

Measuring our success

The 2010–13 strategic plan set out three measures of success at an overarching level:

- the comprehensiveness and **quality** of statistical collections
- the quality and **relevance** of research and data
- the **accessibility** of information.

These measures have been further refined in the 2014–16 strategic plan as:

- the use, relevance and overall impact of its research and statistics
- accessibility to its information
- responsiveness to governments, the VET sector, industry and the community.

As this annual report straddles the two strategic plans, the measures in place at the beginning of the year (from the 2010–13 strategic plan) have been used in the highlights section of this report.

Chair's message



Vocational education and skills development are critical to Australia's economic future. Governments need to understand the scale and connectedness of the system, the diversity and sectoral composition of providers, the demands of industry and the extent to which the aspirations of students and apprentices are being met.

NCVER has worked hard during 2013–14 to build the framework for more comprehensive, robust and timely information on the national VET system and its impacts. Given all of the changes to the national system both underway and in prospect, our role as a trusted data custodian for the VET system remains critical. It is our mission.

NCVER's research is also important. It is geared to providing the statistical and analytical data to inform key decision-makers about the critical issues in the sector. In a real sense we serve as the foundation of evidence-based policy in vocational education.

There is now a government commitment to understanding the entire VET sector. In June 2013 ministers for training agreed to arrangements for the introduction of mandatory reporting of VET activity from all providers from 1 January 2014 with data collected from early 2015. Arrangements are also in place for introducing a unique student identifier (USI) from 2015. These developments are having a very significant impact on our operations, affecting the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) and the systems required to accept, edit, store and report training data.

In terms of statistical developments, a major effort during 2013–14 has been to ensure that we are prepared for the mandatory reporting of total VET activity. This includes the submission of AVETMISS-compliant training data by many training providers who have not previously engaged with us. As at the end of June 2014, an automatic validation system is in place. It represents the first stage of a new statistical warehouse that will receive the data on accredited training activity from around 4800 registered training organisations (RTOs). Ultimately it will support transcript services, as a component of the unique student identifier, for millions of students as they look for jobs and build careers.

We are also developing our capital 'base' for the enhanced approach to data collection. To this end, we launched the NCVER Portal in February 2014. The Portal is designed to improve NCVER's interface with data users. Initial reports of its overall look and feel – functionality, accessibility and useability – have been very positive.

To assist data submitters, we have also developed a data-entry tool which will help small providers without electronic student management systems. We have also enhanced and consolidated our client services and helpdesk facility. The possibility of expanding the Student Outcomes Survey to cover all providers is under investigation.

Implementing this range of improvements is extraordinarily challenging. It will take several years to consolidate the expanded collections. Areas in which there has been progress include information on skill sets (predefined groups of competencies within particular qualifications), and geographic coding at a level which will enable better measurement of regional information and socioeconomic status. While the collection of these data is some way off, the foundation work is now complete, with changes having been made to the national data standard (AVETMISS) for 2014 activity. The new

standard is designed to accommodate the capture of skill sets, finer geographical-level information, and the unique student identifier.

At the same time, we are undertaking research on the quality of and expected outcomes from training. We seek to address the needs both of students and employers. This will enable better assessment of the prospective value of training and ensure the best investment in skills. Such information also underpins and supports the effective regulation of the national VET system to ensure that quality standards are maintained and improved. As a result we will serve a much wider range of 'customers' and stakeholders.

As part of its responsibility to disseminate research and statistics, we engage in a number of public events. These include the annual National Vocational Education and Training Research 'No Frills' Conference, which brings together the most interesting speakers and workshops at the lowest possible cost to participants. In 2013, it was held in July at the Sunshine Coast Institute of TAFE at Mooloolaba. The conference attracted a full house of 169 registrations. Among the presentations was a very informative keynote from Nik Babovic, Deputy Vice-Chancellor (Industry and Vocational Education and Training), Central Queensland University (CQU) on the merger of CQU and Central Queensland Institute of TAFE to create Queensland's first dual-sector university.

A public research forum, *Realising our potential: widening participation through education and training*, was held in April 2014 in Melbourne. Topics ranged from student aspirations and their antecedents to exploration of recent policy initiatives. To close the day, I chaired a panel discussion on the big ideas emerging from the program. It is fair to say that there was a powerful consensus on the importance of education as the engine of economic participation and social cohesion in Australia; the critical issue is how we can better engage those who are missing out.

As in previous years, I am grateful for the continued support and commitment of my colleagues on the NCVER Board. They bring a wealth of knowledge of and experience in education and training, industry and public administration to our deliberations. Their policy perspectives would be very difficult to match. I would like to thank Robert Griew for his service to NCVER, and I welcome Leslie Loble and Subho Banerjee. Our Board evaluations confirm what is obvious to me: we work well together as a team and respect the contributions that each of us can make to strategic discussion.

Finally, I would like to thank our new Managing Director Rod Camm. Rod has worked with energy and enthusiasm and, in particular, has established excellent relationships with the owners and clients of NCVER. He has forged a stronger NCVER influence on VET policy and practice through policy-focused research and statistical leadership. Among other activities Rod has been invited to represent Australia as part of the B20, the international group of business leaders supporting the G20 meeting in Australia in November this year. This is a great honour, one which reflects well not only on Rod's personal attributes but also on the high regard in which NCVER continues to be held.

The Board look forward with cautious optimism to the challenges we will face in the year ahead.



Peter Shergold
Chair

2013–14 highlights



NCVER's business of collecting statistics and undertaking research and analysis is core to our mission to be 'Australia's authoritative source of high-quality independent information on vocational education and training' and we will continue to inform and influence decisions through its research and statistical services. In 2013–14, 37 statistical and 40 research reports were published, with findings disseminated and discussed through a number of events (including webinars and roundtable forums), submissions to inquiries, and through its increased use of social media. A full list of the publications and work in progress is to be found in the appendices on pages 6–13 of the support document.

Comprehensiveness and quality of statistical collections

In 2013–14, we continued our VET statistics collection program:

- VET providers (students and courses)
- apprentices and trainees
- VET in Schools
- student outcomes
- employers' use and views of the VET system
- VET financial data.

We achieved a number of major milestones in building [essential statistical infrastructure](#) for the future. Aimed at improving the comprehensiveness and quality of the statistical collections, the milestones include:

- the roll-out of web-based validation software for data submission
- the delivery of the first phase of a new data warehouse
- the roll-out of data-entry software
- the introduction of a self-accreditation register for student management systems compliant with the national data collection standards (AVETMISS).

The reforms also facilitate VET initiatives such as the introduction of [mandatory data reporting](#) for all training providers in 2014 and the anticipated introduction of a national unique student identifier in 2015.

We are implementing a large program of capital work; this work is essential to ensuring that the national infrastructure supporting the VET sector has the robustness, flexibility and scalability necessary for future developments. While a number of initial milestones were reached in 2013–14, the program spans a number of years, placing demands on us to develop and maintain fundamental statistical infrastructure.

We have developed a detailed blueprint for future capability and an integrated staged program of systems development.

[Improvements](#) to the statistical collections during 2013–14 focused upon supporting mandatory data reporting from all training providers and increasing the sample size of the Student Outcomes Survey to enable reporting at the qualification level. During 2013–14 a trial of more frequent data collection also took place on the students and courses collection, with a move towards more frequent reporting for publicly funded VET providers. This will be further trialed as a six-monthly collection in August 2014.

A focus of the statistical program has been to find ways to [reduce the data-reporting burden](#) for training providers. Alignment of the VET in Schools collection with the VET provider collection is one such initiative. During 2013–14 we also significantly boosted our client services support team, now with more information available on the web and increased helpdesk resources. Over this period, the [client support](#) team dealt with over 3600 calls and emails, around half of which related to AVETMISS support, with the remainder relating to the Competency Completion Online System (CCOS), the NCVER Portal and other general enquiries.

Quality and relevance of research and data

The quality and relevance of our research and data are also directly related to their uptake and impact. In 2013–14, 154 942 publications were downloaded from the NCVER website. Other bibliographic uptake and output measures (see pages 12–13) indicate that the level of use of NCVER research and statistics remains high.

We also continue to inform policy and practice through targeted forums and roundtables, as well as by staging public [events](#), hosting webinars, delivering podcasts, providing speakers at conferences and making submissions to inquiries. (See page 13 and appendix on pages 16–19 of the support document.)

We have responded to the needs of our customers through a [new research strategy](#), one which seeks to balance longer-term policy needs with an improved understanding of the dynamics of the VET system as it evolves through national reforms, including new training entitlements and the wider availability of income-contingent loans.

The nationally agreed research priorities remain, including an ongoing focus on the VET system and its impacts on productivity and workforce participation. A [sharper focus](#) on policy and practice and renewed efforts to distil research findings into more readily accessible syntheses and briefings have been adopted to complement this focus. Specific research is now contributing to the body of knowledge available for policy-makers in the areas of:

- learners' perspectives on participation and support
- labour mobility
- performance indicators
- qualification utilisation
- quality-assured assessment
- the labour market impacts of structural economic change on industries and regions
- non-completion of apprentices
- the robustness of socioeconomic measures.

[New work](#) is now investigating employment outcomes in the trades, outcomes and returns from investment in education and training, language literacy and numeracy, the role of recognition of prior learning and skill sets for older trade apprentices, workplace learning approaches, novice workers, and international best practice in the development of national vocational qualifications.

Research on [youth transitions](#) (utilising data from the Longitudinal Surveys of Australian Youth) continues to resonate with policy-makers and the broader community, with school quality demonstrated to be even more important for students from a low socioeconomic status. Other research in this area has identified that many factors affect the aspirations of young people –

including parents and peers – and that, while many students fail to achieve their somewhat unrealistic aspirations at age 15 years, by the time they reach 25 years positive aspirations clearly promote more effective engagement with education and work.

A program of [building VET researcher capacity](#) also continued in 2013–14, its aim being to increase the pool of quality VET researchers. This program takes the form of supporting research fellowships, building communities of practice, providing PhD top-up scholarships, and publishing postgraduate research papers.

The quality of the research program continues to be assured through double-blind peer reviews, while the quality of our published statistics is assured through an internal data-quality program.

To ensure the ongoing relevance of research and data, the annual industry and provider forum focused on how our services can be adjusted to add maximum value. This year's forum was held in Sydney in November 2013. Feedback on NCVER's future direction was gained and used to finalise the 2014–16 strategic plan.

Accessibility to information

We are committed to the broad dissemination of our statistics and research findings to ensure they are accessible to a wide audience. Accessibility is facilitated through a variety of products and events. (See following table.)

We reached another major milestone in the capital program in 2013–14 with the redevelopment of the NCVER website. In February 2014 our [new Portal](#) was released, the aim being to further improve accessibility to our information resources. The Portal is designed to allow users to access and search for data by topics as well as by collections, and research reports by subjects and other criteria.

One of the major arenas during 2013–14 for highlighting our work and research was the well-attended 22nd National Vocational Education and Training Research Conference 'No Frills' held in Mooloolaba. Another popular event was the public research forum held in Melbourne in April 2014, with its focus on widening participation through education and training.

As well as forums, we continue to [publish and promote](#) our work online in a variety of formats and via a range of methods, including the Portal and traditional media. We have also increased the use of social media as an important avenue for communicating with an ever-expanding customer base. We now have close to 35 000 Portal subscribers and our number of Twitter and LinkedIn followers continues to grow as we become more active in this sphere.

NCVER's international research database, [VOCEDplus](#), continues to expand and now holds over 60 000 records. VOCEDplus maintains its role of supporting accessibility to VET information with new subject guides for social mobility, e-learning, occupational health and safety, and sustainability; a new glossary of VET; and efforts to collect 'grey literature' material – material that may have fallen through the cracks as a result of government changes affecting the VET sector in the past few years.

Our people

NCVER's achievements depend on our people and our internal systems. To this end, building systems and focusing on the development of our people have been key activities during 2013–14.

A number of changes were made to the [organisational structure](#) during 2013–14. As at 30 June 2014 there were 102 staff (both ongoing and fixed-term). The organisational structure and list of staff are available in the appendix on page 2 of the support document.

Change management remains a focus: people's roles change as new technologies are introduced and the external environment changes. The introduction of mandatory data reporting and the unique student identifier attract a new level of scrutiny to the data and expand our external customers (by having to deal directly with training providers and potentially students for the first time). These changes bring with them adaptive leadership challenges. A particular focus of staff development in 2013–14 has been on [enhancing leadership capabilities](#). A 'vertical slice' of staff was also involved in the development of the 2014–16 strategic plan.

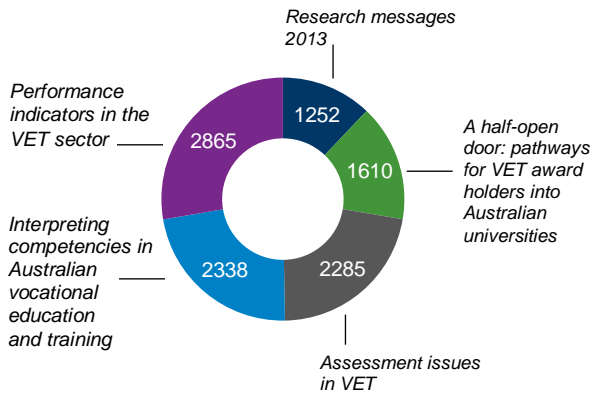
As part of very demanding external events schedules, NCVER staff have also been provided with [opportunities to develop](#) their presentation skills and form networks across the sector. In addition, over half of NCVER's staff were supported in completing a variety of development activities, ranging from participating in overseas forums and online self-paced learning, to technical training workshops.

Access

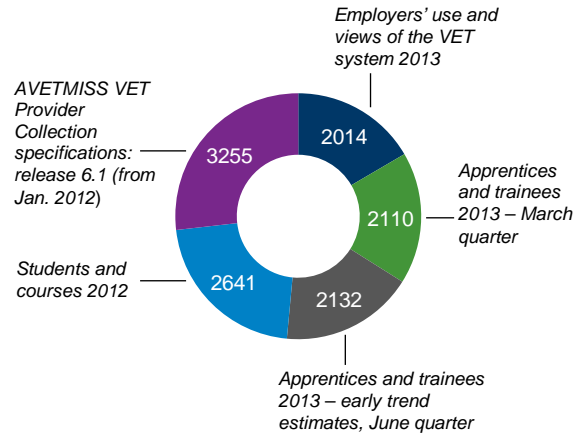
	Number	Comment
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Publication downloads 154 942 Research and statistical

*Top five research publications downloaded
1 July 2013 – 30 June 2014*

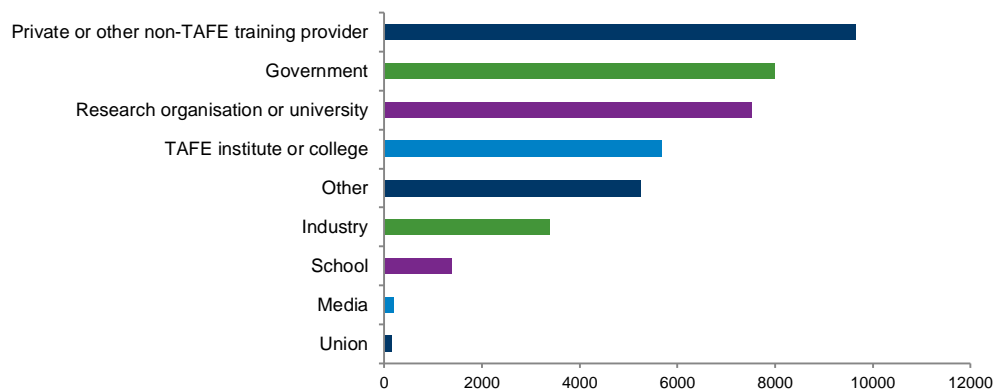


*Top five statistical publications downloaded
1 July 2013 – 30 June 2014*



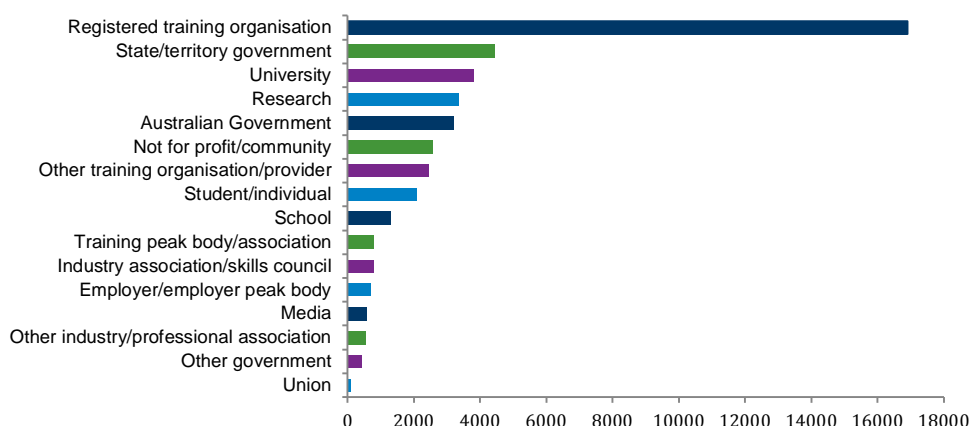
Research citations	51	Measured through Google Scholar and Publish or Perish
Media citations	748	Measured through iSentia and direct sources
Hansard citations	27	Measured through Commonwealth and state and territory parliamentary Hansard searches
Subscriptions	34 932	Subscribers
	2 330	Twitter followers
	336	Linkedin followers
	23 460	<i>Insight</i>
	26 366	<i>NCVER News</i>
Data cube usage	3 031	Based on 280 data cubes
	533	4 pivot tables
VOCEDplus usage	387 045	Visits: 1 July 2013 – 30 June 2014
	72 873	Searches: 1 July 2013 – 30 June 2014
NCVER website usage	365 299	Visits: 1 July 2013 – 30 June 2014

Visits by member groups: 1 July 2013 – 2 February 2014 (NCVER website)



Note: There is now an expanded list (16) of groups/sectors with whom users of the NCVER Portal can identify. The previous website had nine categories. Users of the Portal are now only required to identify with a group/sector when they create a new user account or when they want to download a publication or data item. In most instances this will only happen once as the Portal will remember the user on their next visit (if they have cookies enabled).

Visits by member groups: 3 February – 30 June 2014 (NCVER Portal)



Output

	Number	Comment
Publications	77	22 externally authored, 55 NCVER authored (39 statistical/16 research)
Stakeholder engagement	308	Stakeholder briefings and meetings
Media releases	28	
Webinars	Attendees: 967	<ul style="list-style-type: none"> Is VET in Schools an effective pathway to further education? A half-open door: pathways for VET award holders into Australian universities Lost in translation: interpreting competencies in Australian VET Aiming high: what drives the educational and occupational aspirations of young Australians? Introduction to AVETMISS Validation Software (invite only)
Research events	Attendees: 302	<ul style="list-style-type: none"> 22nd National Vocational Education and Training Research Conference 'No Frills' Realising our potential: widening participation through education and training
Invite-only forums or roundtables	Attendees: 43	<ul style="list-style-type: none"> A binary system of tertiary education: past ideas and contemporary policy Industry and provider stakeholder forums (2)
Educational workshops	Attendees: 63	22nd National Vocational Education and Training Research Conference 'No Frills' workshops: <ul style="list-style-type: none"> Problem? What problem? Refining your research question Help! I need a statistic Young people's outcomes from VET: what have we learnt from the Longitudinal Surveys of Australian Youth? There's more to VOCEDplus than searching Rolling the dice: tips for developing successful research funding proposals
Conference and stakeholder presentations	53	As listed in the appendices
Consultancy projects	17	Government, industry and provider projects
Submissions	11	As listed in the appendices
VOCEDplus	61 951	Records in the research database
AVETMISS-compliant software register	31	Registered vendor products AVETMISS-compliant software register was released in April 2014

Governance

	Number	Comment
Corporate status		A not-for-profit entity
Company members	9	Company members are the federal, state and territory ministers responsible for vocational education and training
Annual General Meeting		11 December 2013
Board members	9	As at 30 June 2014 At all times: <ul style="list-style-type: none"> ▪ five of the Directors are nominated by the members of the company ▪ one of the Directors is nominated by the Australian Council of Trade Unions ▪ one of the Directors is nominated jointly by the Business Council of Australia and the Australian Chamber of Commerce and Industry ▪ one of the Directors is nominated by the Board on the recommendation of the Chair ▪ one of the Directors is the Managing Director of NCVET
Board meetings	4	17 September 2013, Adelaide 13 December 2013, Adelaide 28 March 2014, Sydney 20 June 2014, Adelaide
	5	Quorum
Audit and Risk Committee members	6	As at 30 June 2014
Audit and Risk Committee meetings	4	16 September 2013, Adelaide 12 December 2013, Adelaide 27 March 2014, Sydney 19 June 2014, Adelaide
	4	Quorum
Annual expenditure	\$16 837 065	
Net operating surplus	\$2 641 783	The large surplus resulted from the recognition of revenue related to work in progress on the development of intangible assets, with associated capital expenditure to be amortised in future periods as used
Annual report 2012–13	267	Downloads
Employees (headcount)	102	As at 30 June 2014

Company members



Company members as at 30 June 2014 are listed below.

Australian Government

The Hon. Ian Macfarlane, MP, Minister for Industry

Australian Capital Territory

The Hon. Joy Burch, MLA, Minister for Education and Training

New South Wales

The Hon. Adrian Piccoli, MP, Minister for Education

Northern Territory

The Hon. David Tollner, MLA, Minister for Employment and Training

Queensland

The Hon. John-Paul Langbroek, MP, Minister for Education, Training and Employment

South Australia

The Hon. Gail Gago, MLC, Minister for Employment, Higher Education and Skills

Tasmania

The Hon. Matthew Groom, MP, Minister for State Growth

Victoria

The Hon. Nick Wakeling, MP, Minister for Higher Education and Skills

Western Australia

The Hon. Dr Kim Desmond Hames, MLA, Minister for Training and Workforce Development

Directors' report



Peter Shergold



Subho Banerjee



Jenny Field



Pat Forward



Craig Fowler



Helen Garnett



John Hart



Leslie Loble



Rod Camm

NCVER Board

A board of nine Directors sets the policies and strategic direction of NCVER and oversees the management of the company. The Directors submit their report with respect to the company for the year ended 30 June 2014.

The names of the Directors in office as at 30 June 2014 are:

Peter Shergold
Subho Banerjee
Jenny Field
Pat Forward
Craig Fowler
Helen Garnett
John Hart
Leslie Loble
Rod Camm

Principal activities

The principal activities in which the company was engaged during the year were undertaking and managing research in vocational education and training, collecting VET statistics and disseminating information concerning such activities.

Significant changes

During the financial year there was no change in the nature of the company's activities in terms of its role as Australia's national VET research, evaluation and statistics organisation.

Operating results

The company is a not-for-profit company and is exempt from lodging income tax returns. Any monies remaining at the end of a financial year are added to the accumulated funds. The net operating surplus was \$2 641 783. The large surplus resulted from the recognition of revenue related to work in progress on the development of major capital assets, with associated expenditure to be recognised at a later date via asset amortisation. The amortisation of these major capital assets will occur as and when stages have been completed. This will reverse the recognition of the income in future periods, with a corresponding impact on the operating result of the company.

Shares, issues and dividends

The company does not issue any shares or debentures and does not and will not pay dividends.

After balance-date events and likely developments

No matters and circumstances have arisen since the end of the financial year that significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in financial years subsequent to the financial year ending 30 June 2014.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information about company officers

Peter Shergold, AC *Chair*

BA (Hons), MA, PhD, FASSA, FAICD, FAIM, FIPPA

Appointed July 2009

Experience: Chancellor of the University of Western Sydney; Chair of QuintessenceLabs, the NSW Public Service Commission Advisory Board, the Commonwealth's Aged Care Sector Committee, and the Tertiary Education Quality Standards Agency (TEQSA) Advisory Council; Member of the Queensland Public Sector Renewal Board and the Prime Minister's Indigenous Advisory Council; Non-executive Director of AMP Ltd, Veda Group, Corrs Chambers Westgarth; Deputy Chair of the Sydney Writers' Festival and a patron of the Left Right Think Tank. Dr Shergold is also a senior visiting Fellow of the Singapore Civil Service College.

Previously: A chief executive officer in the Australian public service for two decades, most recently as Secretary of the Department of the Prime Minister and Cabinet; Macquarie Group Foundation Professor at the Centre for Social Impact from 2007 until 2012; awarded the Order of Australia (AM) in 1996 and Companion in the Order of Australia (AC) in 2007.

Subho Banerjee *Director*

BSc (Hons), MSc, PhD

Appointed December 2013

Experience: Deputy Secretary of Science and Skills at the Department of Industry.

Previously: Deputy Secretary at the former Department of Resources, Energy and Tourism until September 2013; public service experience at the Department of Climate Change and Energy Efficiency, the Department of Prime Minister and Cabinet, the Treasury and the Australian Greenhouse Office; worked as a management consultant in the private sector and for an Indigenous policy think-tank.

Jenny Field *Director*

BTeach (Ed&Trng Adults), AdvDipBus, DipBusAdmin, CertIV (Trng&Ass)

Appointed January 2012

Experience: National Academic Manager of Evocca College; as an executive manager of a large private training organisation, Jenny has a strong background in the daily operations, contract management and reporting responsibilities of a registered training organisation; Chair of the Queensland state committee of the Australian Council for Private Education and Training (ACPET) and Board member on the National Board of ACPET.

Previously: Has over 20 years experience in the VET sector, including owning a registered training organisation for ten years.

Pat Forward *Director*

BA, DipEd

Appointed January 2011

Experience: Federal TAFE Secretary and Deputy Federal Secretary of the Australian Education Union (AEU).

Previously: Federal TAFE President and Vice President, Victorian Branch of the AEU; taught in Victorian TAFE colleges, at university and in schools.

Craig Fowler *Director*

BSc (Hons), MSc, PhD, MBA

Appointed January 2011

Experience: Deputy Chief Executive of the Department of Further Education, Employment, Science and Technology, South Australia.

Previously: Principal in Tax with Ernst & Young; Business Manager for Cooperative Research Centre Cochlear Implant; university academic (coordinator of biotechnology, Flinders University).

Helen Garnett *Director*

BSc (Hons), PhD, PSM, FTSE, FAICD

Appointed May 2010

Experience: Chair, Delta Electricity; Board member of Carbon Energy Ltd, Energy Resources of Australia Ltd, Sugar Research Australia, Australian Centre for Plant Functional Genomics Pty Ltd, Grape and Wine Research and Development Corporation.

Previously: Vice-Chancellor of Charles Darwin University; Executive Director of the Australian Nuclear Science and Technology Organisation (ANSTO); Emeritus Professor, University of Wollongong; Head of the Department of Biology, University of Wollongong; Foundation Professor and Head of the Department of Microbiology, University of the Witwatersrand, South Africa.

John Hart *Director*

Appointed July 2008

Experience: Chief Executive Officer of Restaurant and Catering Australia; Chairman of the National Tourism Alliance, the Australian Tourism Roundtable and the Tourism and Hospitality Careers Council; Board member of Service Skills Australia and the Tourism Quality Council; Member of the Prime Minister's Business Advisory Council.

Previously: Executive Officer of Tourism Training NSW; studied at the Ecole Hotelliere Lausanne, Switzerland, with over 27 years hospitality experience, including working for Southern Pacific Hotel Corporation and teaching at Regency College of TAFE SA.

Leslie Loble *Director*

MPA, BSc

Appointed August 2013

Experience: Chief Executive, Office of Education, NSW Department of Education and Communities.

Previously: Prior to moving to Australia was presidential appointee to senior positions in the Clinton Administration.

Rod Camm *Managing Director*

BBus (HRM), EMPA, AssocDip (IR), FAICD

Appointed August 2013

Experience: Managing Director, National Centre for Vocational Education Research; member of the Business 20 Human Capital Taskforce, a representative global group of business voices across industries and business groups with a core purpose to promote job and economic growth within the global community.

Previously: Chief Executive Officer, Skills Queensland; Associate Director-General, Skills, Tertiary and Non-State Education Division, Queensland Department of Education and Training; Board member of TVET Ltd and the Queensland Overseas Foundation; member of the Premier's Employment Taskforce.

Julie Wobber *Chair of Audit and Risk Committee*

BA, DipEd, MBA, MAICD, AICAA, MIIA

Appointed August 2013

Experience: Partner in Advisory Services with KPMG.

Previously: Director in Risk Management with Deloitte, IT Consultant with Cap Gemini.

Steven Peronace *Company Secretary*

BA, CPA, GAICD

Appointed: November 2012

Experience: Manager, Finance and Risk, National Centre for Vocational Education Research.

Previously: Finance and Accounting Manager at the Royal District Nursing Service of SA Ltd.

Audit and Risk Committee

The Audit and Risk Committee's role is to assist the Board of Directors to fulfil its corporate governance responsibilities in relation to financial reporting, internal control structures, risk management systems and audit processes. The committee has an independent chair.

During the 2013–14 financial year, the Audit and Risk Committee discussed and made recommendations about NCVER's statutory and prudential obligations and the risks facing the company. The committee has also completed another aspect of the internal quality management system, based on the Baldrige Excellence Framework, with its focus now on implementing organisation-wide improvements in relation to process management. Furthermore, the committee has completed a number of internal audits, including in relation to licence compliance and key business processes, and adopted recommendations for improvements. It also undertook a privacy impact assessment and strengthened its compliance with the new Australian Privacy Principles.

In addition to reviewing and recommending the NCVER annual budget to the Board, the committee has matured its risk management approach by aligning it to the organisation's strategic plan. The committee has also reviewed NCVER's insurance coverage levels, staffing and contractor profiles. The recommendations to the Board resulting from these reviews and discussions have assisted the committee to identify and reduce the potential financial and non-financial risks facing the organisation.

Meetings of Directors

During the year, four Board meetings and four Audit and Risk Committee meetings were held. Attendances were:

	BOARD MEETINGS (NUMBER)		AUDIT AND RISK COMMITTEE MEETINGS (NUMBER)	
	Eligible to attend	Attended	Eligible to attend	Attended
Peter Shergold	4	4	4	4
Subho Banerjee ¹	2	2	2	
Jenny Field	4	4		
Pat Forward	4	3		
Craig Fowler	4	3	4	3
Helen Garnett	4	4		
Robert Griew ²	1	1	1	1
John Hart	4	3	4	3
Leslie Loble ³	4	3		
Rod Camm ⁴	4	4	4	4
Julie Wobber ⁵			4	4

Notes: 1 Appointed 1 January 2014

2 Resigned 2 October 2013

3 Appointed 15 August 2013

4 Appointed on 12 August 2013

5 External member and Chair of the Audit and Risk Committee only.

Directors' benefits

Neither during nor since the financial year has a Director received, or become entitled to receive, a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors, as shown in the accounts, or the fixed salary of a full-time employee of the company, or of a body corporate that was related to the company) by reason of a contract that the Director, or a firm of which the Director is a member, or an entity in which the Director has a substantial financial interest, has made during that or any other financial year with the company, or a body corporate that was related to the company, when the contract was made or when the Director received or became entitled to receive the benefit.

Indemnifying officer or auditor


The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 23.

Signed in accordance with a resolution of the Board of Directors at Adelaide, on behalf of the Directors.

A handwritten signature in black ink, appearing to read 'Peter Shergold'.

Peter Shergold
Chair

A handwritten signature in black ink, appearing to read 'Rod Camm'.

Rod Camm
Managing Director

Dated at Adelaide this 12th day of September 2014

Auditor's independence declaration



EdwardsMarshall

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the board members of National Centre for Vocational Education Research Ltd.

As lead audit partner for the audit of the financial statements of National Centre for Vocational Education Research Ltd for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in respect of the audit.

Edwards Marshall

Edwards Marshall
Chartered Accountants

BDMorkunas

Brett Morkunas
Partner

Adelaide
South Australia

12 September 2014

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Edwards Marshall is an independent member of Nexia International a worldwide network of independent accounting and consulting firms. Nexia International provides no services to clients.



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Financial reports

Statement of profit and loss

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
REVENUE			
Conferences and workshops		80 567	134 394
Contributions from members		1 415 615	1 390 888
Contract revenue	3	17 474 336	19 566 166
Interest		370 835	322 236
Publications		12 739	7 080
Sundries	4	124 756	186 527
Total revenue		19 478 848	21 607 291
EXPENSES			
Finance lease interest	15.3	19 810	24 035
Operating expenses	2.1	7 109 232	7 547 653
Salaries and related payments	2.2	9 708 023	9 329 611
Total expenses		16 837 065	16 901 299
NET OPERATING SURPLUS	6	2 641 783	4 705 992
NET INCREASE IN EQUITY		2 641 783	4 705 992

The accompanying notes form part of these financial accounts.

Statement of comprehensive income

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
NET OPERATING SURPLUS	6	2 641 783	4 705 992
OTHER COMPREHENSIVE INCOME		-	-
Total comprehensive income for the year		2 641 783	4 705 992
Total comprehensive income attributable to members of the entity		2 641 783	4 705 992

The accompanying notes form part of these financial accounts.

Statement of financial position

As at 30 June 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash assets		13 497 799	4 783 939
Receivables	7	282 805	212 544
Investments		6 050 000	6 050 000
Prepayments		320 823	311 370
Total current assets		20 151 427	11 357 853
NON-CURRENT ASSETS			
Property, furniture and equipment	8	857 001	777 237
Intangible assets	9	9 495 925	7 278 925
Total non-current assets		10 352 926	8 056 162
TOTAL ASSETS		30 504 353	19 414 015
CURRENT LIABILITIES			
Payables	11	1 011 026	1 105 571
Provisions	12	1 367 024	1 348 558
Equipment lease liability	13.1	92 766	95 076
Other	13.2	14 883 541	6 365 790
Total current liabilities		17 354 357	8 914 995
NON-CURRENT LIABILITIES			
Provisions	12	318 164	236 015
Equipment lease liability	13.1	140 909	213 865
Total non-current liabilities		459 073	449 880
TOTAL LIABILITIES		17 813 430	9 364 875
NET ASSETS		12 690 923	10 049 140
EQUITY			
Retained earnings	6	12 690 923	10 049 140
TOTAL EQUITY		12 690 923	10 049 140

The accompanying notes form part of these financial accounts.

Statement of cash flows

For the year ended 30 June 2014

	2014	2013
	Inflows (outflows)	Inflows (outflows)
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members, customers etc.	29 508 507	25 843 168
Payments to suppliers and employees	(17 424 415)	(17 575 522)
Interest received	342 748	329 239
Net cash provided by operating activities	12 426 840	8 596 885
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for furniture and equipment	(464 021)	(70 816)
Payments for computer software	(3 173 694)	(4 602 509)
(Payments for) receipts from investments	-	(2 500 000)
Net cash used in investing activities	(3 637 715)	(7 173 325)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to reduce finance lease liability	(75 265)	(228 862)
Net cash used in financing activities	(75 265)	(228 862)
NET INCREASE IN CASH HELD	8 713 860	1 194 698
Cash at the beginning of the financial year	4 783 939	3 589 241
CASH AT THE END OF THE FINANCIAL YEAR	13 497 799	4 783 939

The accompanying notes form part of these financial accounts.

Statement of changes in equity

For the year ended 30 June 2014

	Note	\$
Retained earnings at 1 July 2012	6	5 343 148
Net operating surplus for 2012–13		4 705 992
Retained earnings at 30 June 2013	6	10 049 140
Net operating surplus for 2013–14		2 641 783
Retained earnings at 30 June 2014		12 690 923
Total equity at reporting date		12 690 923

The accompanying notes form part of these financial accounts.

Notes to and forming part of the financial statements

1 Statement of accounting policies

1.1 Basis of preparation

The National Centre for Vocational Education Research Ltd applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 12 September 2014 by the directors of the Company.

1.2 Adoption of new and revised accounting standards

The National Centre for Vocational Education Research Ltd adopted AASB 1053: Application of Tiers of Australian Accounting Standards, AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and all other applicable Australian Accounting Standards – Reduced Disclosure Requirements from 1 July 2013. The National Centre for Vocational Education Research Ltd applied these Standards retrospectively.

AASB 1053 establishes a differential financial reporting framework consisting of the following two tiers of reporting requirements for entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1, but substantially reduced disclosure requirements corresponding to the disclosure requirements in Tier 1.

The National Centre for Vocational Education Research Ltd qualifies for application of Tier 2 requirements because it is not considered to have public accountability as defined in AASB 1053 and is not otherwise identified as a Tier 1 entity in that Standard.

1.3 New and amended accounting policies

During the year, the Company adopted AASB 119: Employee Benefits (September 2011) and the relevant consequential amendments arising from the related Amending Standards, which are mandatorily applicable from 1 January 2013. (As a result, the Company early adopted AASB 2011-11:

Amendments to AASB 119 [September 2011] arising from Reduced Disclosure Requirements because the Company's financial statements are prepared under Australian Accounting Standards – Reduced Disclosure Requirements).

The Company has applied AASB 119 (September 2011) with retrospective effect. Among other things, the main changes introduced by AASB 119 (September 2011) relate to defined benefit plans and termination benefits, which have no impact on the Company's financial statements as the Company has no defined benefit obligations or termination benefits at present. Additionally, AASB 119 (September 2011) has introduced revised definitions for 'short-term employee benefits' and 'other long-term employee benefits'. These revisions cause a change in accounting policy for the annual leave provision amounts recognised in the financial statements as explained below.

Provision for employee benefits: annual leave

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. Previously, annual leave satisfied the definition of short-term employee benefits and therefore the leave liability was measured on an undiscounted basis at the amounts expected to be paid when the liability was settled. However, under AASB 119 (September 2011), as the Company expects that most employees will use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows, obligations for annual leave entitlements do not meet the definition of other long-term employee benefits. Note, however, that these changes do not impact the classification of leave entitlements between current and non-current liabilities in the statement of financial position.

Fair value measurement

The Company has applied AASB 13: Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards prospectively from its mandatory application date of 1 January 2013 and in accordance with the transitional requirements in AASB 13. (As a result, the Company early adopted AASB 2012-1: Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements because the Company's financial statements are prepared under Australian Accounting Standards – Reduced Disclosure Requirements).

No material adjustments to the carrying amounts of any of the Company's assets or liabilities were required as a consequence of applying AASB 13.

1.4 Income tax

The Company is an educational research institution and as such is exempt from income tax under section 23 of the *Income Tax Assessment Act 1997*.

1.5 Revenue and economic dependence

The Company is dependent upon the Department of Industry for the majority of its revenue, with revenue from the Department constituting approximately 90% of NCVER's total revenue in the 2013–14 financial year. Most of that sum relates to two major contracts for the Management of the National Vocational Education and Training Research Program and the Management of the Statistical Services Program for the Australian Vocational Education and Training System.

Contract revenue comprises revenue from externally funded commercial research projects and the above-mentioned Department of Industry programs managed by the Company. Surpluses or deficits on externally funded projects, including those funded by the Department of Industry, are brought to

account at the completion of the projects, with revenue prior to project completion being recognised under the percentage of completion method. Contract revenue receipts in excess of expenditure for ongoing externally funded projects are brought to account as revenue received in advance.

Contributions from members are recognised as revenue when the Company obtains control. Control is normally obtained upon their receipt.

Revenue from sale of publications is recognised when the publications have been dispatched.

Revenue from interest is recognised on a proportional basis, taking into account the interest rates applicable to the financial assets.

Revenue from conferences and workshops is recognised upon the delivery of service to attendees.

1.6 Significant items affecting the financial statements

During the year ended 30 June 2014, the Statement of Comprehensive Income reported a net operating surplus of \$2 641 783.

The surplus has primarily arisen as a consequence of the Company recognising, in accordance with AASB 1004: Contributions, the contract income associated with the contract for Management of the Statistical Services Program for the Australian Vocational Education and Training System and the contract for work to extend the scope of the data in the provider collection to inform Council of Australian Governments targets, part of which is to be used for the creation/replacement of intangible assets. The intangible assets include an expanded statistical database, an internet portal and related software applications.

Income is recognised as the fair value of the consideration received at the time when the recognition criteria associated with these contracts have been met. Contract income of \$4 304 398 has been recognised in regard to the development of the above-mentioned intangible assets in the Statement of Comprehensive Income during the financial year. Capital expenditure of \$2 957 968 in relation to the development of the statistical database, internet portal and software applications has been recognised as intangible assets in accordance with AASB 138: Intangible Assets and will be amortised in future periods as used, along with \$534 338 for the acquisition of hardware and software to support this development.

During the year \$4 089 256 was transferred from work in progress to software, as the build of these assets were finalised. Amortisation and depreciation of \$1 060 816 was recorded against these capital items.

The impact of the recognition of the income and the capitalisation of the associated expenditure has significantly contributed to the net operating surplus in the current year, which will reverse in future periods as the amortisation of the intangible assets occur.

1.7 Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave and long service leave. Related oncosts consequential to the employment of employees have been included in 'Payables'.

Liabilities arising in respect of annual leave and any other employee entitlements expected to be settled within 12 months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash

outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Payments are made by the Company to externally managed employee superannuation funds and are charged as expenses when incurred. The Company has no legal obligation to cover any shortfall in the funds' obligation to provide benefits to employees on retirement.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less.

1.9 Investment

Investment represents bank bills and term deposits that are recognised at their purchase price. Interest is brought to account as earned at the agreed interest rate for the relevant period.

1.10 Depreciation and amortisation

Depreciation and amortisation are calculated on a straight-line basis (except for depreciation of equipment under finance lease) so as to write off the net cost of each item of property, furniture and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Depreciation rates applied to asset categories are as follows:

Furniture	15%
Computer equipment	33%
Computer software*	25%
Other equipment	20%

*Depreciation rate for computer software purchased/created prior to 1 July 2012 is 100%.

The rate of computer software depreciation has been amended for asset purchases from 1 July 2012 to better align with the useful life of the assets and with rates recommended by the Australian Taxation Office.

Improvements to leased property are amortised over the term of the lease (seven years).

Equipment under finance lease is depreciated over the lease term as determined by the lease payment schedule. The payment schedule specifies the allocation of payments between financing costs (interest calculated on a diminishing balance basis) and reduction in lease liability, with the asset depreciation being matched to the reduction in lease liability.

1.11 Property, furniture, equipment and intangible assets

Apart from equipment held under finance lease, each class of property, furniture, equipment and intangible assets is carried at cost less, where applicable, any accumulated depreciation. From 1 July 2009 to 30 June 2013, the minimum threshold for capitalisation of individual assets was \$1000. This threshold has been amended for asset purchases from 1 July 2013 to \$300. This better reflects the reducing cost of assets (in particular computer hardware).

Leased property improvements

Improvements made to leased premises (that is office fitout) are measured on the cost basis and amortised over the term of the current lease.

Furniture and equipment

Furniture and equipment are measured on the cost basis or, in the case of any impaired assets, on the basis of recoverable value. Assessment of Company assets and accumulated depreciation has revealed no impaired assets at this time, with no assets estimated to be carried at values exceeding their recoverable amounts.

Leased equipment

Equipment under finance lease is capitalised in the financial statements at fair value (based on the quoted price for freehold purchase of the same equipment) and depreciated over the term of the current lease.

Intangible assets – software

Software is recorded at cost. Software has a finite life and is carried at cost less accumulated amortisation and any impairment losses. It has an estimated useful life of between one and four years.

1.12 Impairment of assets

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared with the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

1.13 Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company, are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

1.14 Creditors

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Payments are normally settled within 30 days.

1.15 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of tax assets or tax liabilities.

1.16 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (that is, trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i the amount at which the financial asset or liability is measured at initial recognition
- ii less principal repayments
- iii plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method
- iv less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

ii Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

iii Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

1.17 Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

1.18 Key estimates and judgments

Critical accounting estimates and judgments

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

Key estimates

i Impairment

At 30 June 2014 the directors reviewed the recoverability of non-current assets, being property, furniture and equipment and intangible assets. Based on this review the directors are satisfied that the carrying value does not exceed the recoverable amount at 30 June 2014.

ii Key judgments – provision for impairment of receivables

The directors have reviewed the carrying value of receivables and believe that the full amount of the receivables is recoverable, and therefore no provision for impairment has been made.

Key judgments

i Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Company expects that most employees will use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows, the directors believe that obligations for annual leave entitlements do not satisfy the definition of other long-term employee benefits.

2 Expenses breakdown

2.1 Operating expenses

	Note	2014 \$	2013 \$
Contractors – surveys		1 462 904	1 878 165
Depreciation and amortisation	8.2, 9.2	1 273 890	938 244
Office accommodation expenses		902 776	754 352
Managed fund grant payments		880 987	1 466 841
Computer software support		683 152	493 718
Contractors – research and other		429 219	434 964
Telephone and postage		303 459	208 799
Computer hardware support		302 950	391 495
Travel and accommodation		207 790	321 668
Conference and seminar costs		79 291	83 929
Staff training		79 082	96 664
Office supplies and expenses		75 259	79 234
Loss on disposal		67 060	-
Printing of publications		60 099	67 983
Purchase of publications		54 690	57 270
Directors' fees		50 531	43 482
Other expenses		45 523	54 909
Consultants' fees		41 249	16 047
Advertising and recruitment costs		39 323	41 972
Insurance premiums		36 114	22 486
Audit fees		16 300	29 000
Fringe benefits tax		11 593	12 273
Equipment and software (non-capital)		5 991	54 158
		7 109 232	7 547 653

Managed fund grant payments relate to research funds managed under contract to the Department of Industry for the management of the National Vocational Education and Training Research Program. Contractors – surveys costs relate to surveys conducted under the contract with the Department of Industry for the management of the Statistical Services Program for the Australian Vocational Education and Training System.

2.2 Salaries and related payments

	2014 \$	2013 \$
Staff salaries	7 443 025	6 991 852
Termination benefits	95 906	434 915
Related payments	2 169 092	1 902 844
	9 708 023	9 329 611

3 Contract revenue

	2014	2013
	\$	\$
Management of Statistical Services Program	7 560 458	8 124 308
Management of National VET Research Program	2 794 975	3 548 708
Other contracts	7 118 903	7 893 150
	17 474 336	19 566 166

4 Sundries

	2014	2013
	\$	\$
Surveys mailout fees	88 528	82 154
Data requests and other	36 228	104 373
	124 756	186 527

5 Remuneration of directors and executives

5.1 Directors' fees

	2014	2013
	\$	\$
Income received or due and receivable by the directors of NCVET Ltd from the Company	50 531	43 482

Number of Company directors whose income from the Company (including superannuation contributions) was within the following bands:

	No.	No.
\$0 – \$9 999	8	7
\$40 000 – \$49 999	1	1

The names of Company directors who have held office during the financial year are:

Peter Shergold	Subho Banerjee (appointed 1/01/14)
Jennifer Field	Rodney Camm (appointed 12/08/13)
Patricia Forward	Robert Griew (resigned 2/10/13)
Craig Fowler	Thomas Karmel (resigned 16/08/13)
Helen Garnett	Lesley Loble (appointed 15/08/13)
John Hart	

Amounts paid to or on behalf of directors are disclosed in aggregate as the directors believe that the provision of full particulars would be unreasonable. The Managing Director has not been included in the Directors' fees.

5.2 Executives' remuneration

	2014	2013
	\$	\$
Income received or due and receivable by the executive officers of NCVER Ltd from the Company	959 514	844 047
Number of Company executive officers whose income from the Company (including superannuation contributions) was within the following bands:		
	No.	No.
\$110 000 – \$119 999	1	-
\$160 000 – \$169 999	-	1
\$170 000 – \$179 999	2	1
\$180 000 – \$189 999	1	1
\$300 000 – \$309 999	1	-
\$320 000 – \$329 999	-	1

The Managing Director, as an Executive Director of the Company, has been included in the Executives remuneration notes.

6 Reconciliation of net operating surplus to retained earnings

	2014	2013
	\$	\$
Net operating surplus	2 641 783	4 705 992
Add		
Retained earnings at the beginning of the financial year	10 049 140	5 343 148
Retained earnings at the end of the financial year	12 690 923	10 049 140

7 Receivables

	2014	2013
	\$	\$
Trade receivables	-	46
Other receivables	282 805	212 498
Balance as at 30 June	282 805	212 544

8 Property, furniture and equipment

8.1 Composition

	2014	2013
	\$	\$
Leased property improvements		
Leased property improvements	913 594	1 037 962
Less accumulated amortisation	(817 821)	(812 143)
Total leased property improvements	95 773	225 819
Leased equipment		
Leased equipment	363 514	363 514
Less accumulated depreciation	(119 676)	(52 728)
Total leased equipment	243 838	310 786
Furniture and equipment		
Furniture and equipment at cost	1 915 116	1 721 903
Less accumulated depreciation	(1 397 726)	(1 481 271)
Total furniture and equipment	517 390	240 632
Total property, furniture and equipment	857 001	777 237

8.2 Movements

	Leasehold improvement	Leased equipment	Furniture and equipment	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at 30 June 2013	1 037 962	363 514	1 721 903	3 123 379
Additions	380	-	463 641	464 021
Disposals	(124 748)	-	(270 428)	(395 176)
Balance at 30 June 2014	913 594	363 514	1 915 116	3 192 224
Accumulated depreciation				
Balance at 30 June 2013	(812 143)	(52 728)	(1 481 271)	(2 346 142)
Disposals	58 358	-	269 757	328 115
Depreciation expense	(64 036)	(66 948)	(186 212)	(317 196)
Balance at 30 June 2014	(817 821)	(119 676)	(1 397 726)	(2 335 223)
Net book value				
Balance at 30 June 2013	225 819	310 786	240 632	777 237
Balance at 30 June 2014	95 773	243 838	517 390	857 001

9 Intangible assets

9.1 Composition

	2014	2013
	\$	\$
Computer software		
Computer software at cost	7 400 777	3 095 795
Computer software – work in progress	4 696 390	5 827 678
Less accumulated depreciation	(2 601 242)	(1 644 548)
Total computer software	9 495 925	7 278 925

9.2 Movements

	Computer software	Work in progress	Total
	\$	\$	\$
Gross carrying amount			
Balance at 30 June 2013	3 095 795	5 827 678	8 923 473
Additions	215 726	2 957 968	3 173 694
Capitalisation – internally generated software	4 089 256	(4 089 256)	-
Balance at 30 June 2014	7 400 777	4 696 390	12 097 167
Accumulated depreciation/amortisation			
Balance at 30 June 2013	(1 644 548)	-	(1 644 548)
Depreciation expense	(956 694)	-	(956 694)
Balance at 30 June 2014	(2 601 242)	-	(2 601 242)
Net book value			
Balance at 30 June 2013	1 451 247	5 827 678	7 278 925
Balance at 30 June 2014	4 799 535	4 696 390	9 495 925

10 Intellectual property

Following consideration by the Board of Directors, it has been resolved to place no value on intellectual property in the company financial statements at this time due to the lack of probable and measurable future economic benefits deriving from identified intellectual property.

11 Payables

	2014	2013
	\$	\$
Current		
Creditors	180 472	134 171
Accrued expenses	830 554	971 400
	1 011 026	1 105 571

12 Provisions and related oncosts

	2014	2013
	\$	\$
Current		
<i>Annual leave</i>		
Provision for annual leave – current	543 465	550 081
Oncosts included in payables	98 342	87 878
	641 807	637 959
<i>Long service leave</i>		
Provision for long service leave – current	614 094	612 595
Oncosts included in payables	111 123	98 004
	725 217	710 599
Total current	1 367 024	1 348 558
Non-current		
Provision for long service leave – non-current	271 154	204 217
Oncosts included in payables	47 010	31 798
Total non-current	318 164	236 015

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Company expects the full amount of annual leave to be settled within the next 12 months but does not expect long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

13 Other liabilities

13.1 Lease liability

		2014	2013
	Note	\$	\$
Current			
Equipment lease liability	18.1	92 766	95 076
Non-current			
Equipment lease liability	18.1	140 909	213 865

13.2 Other liabilities

	2014	2013
	\$	\$
Current		
Contract revenue received in advance	13 991 027	6 113 077
GST liability	891 368	250 995
Unearned revenue	1 146	1 718
	14 883 541	6 365 790

14 Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the articles of association state that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Company. At 30 June 2014 the number of members was nine (2013: 9).

15 Expenditure commitments

The total value of expenditure commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements. The actual amounts of rental expenses on operating leases and payments on finance leases incurred in 2013–14 and 2012–13 are also shown in notes 15.2 and 15.3.

15.1 Capital expenditure commitments

No capital expenditure commitments were outstanding at year end.

15.2 Operating lease commitments (non-cancellable)

	2014	2013
	\$	\$
Rental expense	704 390	614 616
Commitments under non-cancellable operating leases are payable as follows:		
– not later than one year	623 729	570 976
– later than one year and not later than five years	1 044 042	1 612 541
Total lease expenditure commitments	1 667 771	2 183 517

Lease expenditure commitments include rental commitments on leased property, situated at levels 7, 8 and 10–12, 33 King William Street, Adelaide (leased to 31 March 2017 with rental payable monthly in advance).

The 2013–14 rental expense is included in 'Office accommodation expenses' in note 2.1 to these financial statements.

Contingent rental provisions within the lease agreement require the minimum lease payments to be adjusted mainly in line with CPI movements each year.

15.3 Finance lease commitments

	2014	2013
	\$	\$
Lease payments	95 075	252 897
Commitments under finance leases are payable as follows:		
– not later than one year	92 766	95 076
– later than one year and not later than five years	169 199	261 965
Total lease expenditure commitments	261 965	357 041
Less future finance charges	(28 290)	(48 100)
Total finance lease liability	233 675	308 941

Finance lease expenditure commitments cover two leases for computer hardware (storage area network servers) and financing agreement for photocopiers. The lease payments of \$95 075 in 2013–14 comprised finance charges (interest) of \$19 810 plus reductions in the lease liability of \$75 265.

The computer hardware lease is for a period of five years, commencing 31 August 2012. There is an option to terminate or extend the lease or purchase the equipment (for \$1) at the end of the initial lease term. Under the terms of the lease, the equipment is to be used for business purposes only and may not be sold, subleased or otherwise encumbered without prior written consent from the lessor. There are no contingent rent commitments associated with the leases. The photocopier financing agreement is for a period of two years from 1 May 2013, with no interest payable and title retained by NCVÉR.

15.4 Other expenditure commitments

	2014	2013
	\$	\$
<hr/>		
Expenditure commitments under service contracts to external parties are payable as follows:		
– not later than one year	2 258 106	2 257 861
– later than one year and not later than five years	189 299	564 578
<hr/>		
Total external service contract expenditure commitments	2 447 405	2 822 439
<hr/>		
Expenditure commitments under contracts for staff remuneration are payable as follows:		
– not later than one year	612 230	796 111
– later than one year and not later than five years	1 175 274	1 863 838
<hr/>		
Total remuneration contract expenditure commitments	1 787 504	2 659 949
<hr/>		

Remuneration commitments are those existing under executive service contracts. Non-executive staff are not generally employed under fixed-term remuneration contracts.

16 Contingent liabilities

There are no material contingent liabilities at year end.

17 Related party disclosures

Directors of the Company and details of their remuneration are disclosed in note 5. There were no other related party transactions during the year.

The names and titles of other key management personnel who have held office during the financial year are:

Sue Fergusson	General Manager, Statistics
Darinka Pafumi	General Manager, Corporate (resigned 28/09/2013)
Sandra Pattison	General Manager, Research

18 Financial risk management

The Company's financial instruments consist mainly of deposits with banks, investments in term deposits and accounts receivable and payable.

18.1 Interest rate risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out as follows:

	Note	Total 2014 \$	Total 2013 \$
<hr/>			
Financial assets			
Cash		13 497 799	4 783 939
Receivables	7	282 805	212 544
Investment		6 050 000	6 050 000
<hr/>			
Total financial assets		19 830 604	11 046 483
<hr/>			
Financial liabilities			
Creditors	11	180 472	134 171
Accrued expenses	11	830 554	971 400
Equipment lease liability	13	233 675	308 941
<hr/>			
Total financial liabilities		1 244 701	1 414 512

Cash and investments are held with major Australian authorised deposit-taking institutions. The investment and equipment lease liabilities have a fixed rate of interest. Changes to interest rates have been reviewed and determined to not be material.

18.2 Net fair values

The net fair value of financial assets and financial liabilities (as presented in the table in note 18.1) of the Company approximates their carrying value.

19 Events after reporting date

The directors are not aware of any significant events since the end of the reporting period.

Directors' declaration



The Directors declare that the financial statements and notes preceding this declaration:

- (a) comply with Accounting Standards, the Corporations Law and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's financial position as at 30 June 2014 and of its performance, represented by the results of its operations and cash flows, for the financial period ended on that date.

In the Directors' opinion:

- (a) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Peter Shergold
Chair



Rod Camm
Managing Director

Dated at Adelaide this 12th day of September 2014

Independent audit report



EdwardsMarshall

NATIONAL CENTRE FOR VOCATIONAL EDUCATION RESEARCH LTD

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NATIONAL CENTRE FOR VOCATIONAL EDUCATION RESEARCH LTD**

Report on the Financial Report

We have audited the accompanying financial report of the National Centre for Vocational Education Research Ltd (the company), which comprises the statement of financial position as at 30 June 2014 and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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NATIONAL CENTRE FOR VOCATIONAL EDUCATION RESEARCH LTD

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NATIONAL CENTRE FOR VOCATIONAL EDUCATION RESEARCH LTD (CONT)**

Opinion

In our opinion, the financial report of the National Centre for Vocational Education Research Ltd is in accordance with the Corporations Act 2001 and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year then ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013.

Edwards Marshall

Edwards Marshall
Chartered Accountants

Brett Morkunas

Brett Morkunas
Partner

Adelaide
South Australia

12 September 2014

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