

2015
2016

ANNUAL REPORT

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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About NCVER

The National Centre for Vocational Education Research Ltd (NCVER) is a not-for-profit company owned by the Commonwealth and 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.

Conducting research and compiling statistical collections is 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 a set of research priorities. The research component encompasses the management of national competitive research grants, the organisation'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 education and training and through the registration requirements legislated for training providers under national VET regulation. We collect statistics on all accredited training in Australia from all registered training providers under the national total VET activity (TVA) initiative.

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

Our strategic plan

The 2014–16 strategic plan focuses 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

NCVER's success is measured by:

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

Chair's message



The year 2015–16 was significant for NCVER. We were able to present a far better statistical profile of Australia's vocational education and training (VET) sector than had ever existed before.

The results of the wider National VET Provider Collection and, for the first time, an assessment of total VET activity (TVA) were published. This significant

enhancement of public understanding of VET activity was foreshadowed in last year's annual report, albeit with some trepidation. As a result of this expansion NCVER was able to provide, even in this transition year, an account of national accredited vocational education across all training providers regardless of funding source.

This considerable achievement was a culmination of extraordinary developmental work inside the company. It required enhancements to its IT systems, as well as improvements to its business processes, communications strategy and digital products and services.

Data from the second TVA collection were released in July 2016. This collection included submissions from training providers that were previously granted exemptions, helping to provide an even more complete picture of Australia's training sector.

The new outputs now being delivered provide tangible and practical evidence of NCVER fulfilling its strategic and operational goals. They give substance to our core vision of informing and influencing the framework of vocational education in Australia.

During the year, NCVER also received valued consultative feedback on the priority areas set out in NCVER's research prospectus 2015–16. In response, the company commissioned or undertook a range of research projects which provide better understanding of the national VET system. In all, 52 publications were completed and a sizable number of new research projects were initiated. Importantly, a number of the publications were explicitly designed to explain and interpret the richer data now emerging. More of these initiatives are planned.

Through a competitive tender process, the company was successful in retaining the Longitudinal Survey of Australian Youth (LSAY) program. NCVER, through its contract with the Australian Government Department of Education and Training, has delivered LSAY data since 2007. The new contract will provide an exciting opportunity to extend this work to a new commencing cohort of young Australians in 2015–16.

NCVER has continued to widen and deepen its strategic international engagement through study exchange visits. It has hosted global webinars and stakeholder visits. This has enabled staff to glean new technical information and insights from counterpart organisations in Germany, whilst allowing them to provide outreach support to their counterparts in Korea, India and New Zealand. These worldwide relationships have also allowed wider promotion and knowledge of the richness of information resources that sit in VOCEDplus, NCVER's free online tertiary education research database, and the value of the new Pod Network of 'clustered knowledge' repositories launched this year.

“The new outputs now being delivered provide tangible and practical evidence of NCVER fulfilling its strategic and operational goals. They give substance to our core mission of informing and influencing the framework of vocational education in Australia.”

At the close of 2015–16 and early into the next year, NCVER will bring into operation a more effective and cost-effective Portal. This will allow all the diverse outputs of the company to be communicated and disseminated. The Portal will enhance and make NCVER's services more flexible and timely, and increase the convenience for our many thousands of clients who access this primary site.

Our annual report reveals an ongoing transformational journey for the company. Our ambitions are not yet fully realised. An intense array of work in 2016–17 will be necessary if we are to ensure the successful completion of the rebuilding of our IT systems

and see them fully transferred to IT operational services. These investments are necessary in order to integrate the national VET systems' infrastructure and information management services.

“ NCVER anticipates offering even more new services in the year ahead, including the provision of a student transcript service. ”

As a result, the governments' understanding and interpretation of the workings of the national VET system will be improved. The public will be better able to understand the financing of vocational education, its training outcomes and – importantly – the views of students, employers and providers.

NCVER anticipates offering even more new services in the year ahead, including the provision of a student transcript service. This will add tangible benefit to student job aspirations. It is a challenging task that will require NCVER to work in close partnership with the Unique Student Identifier Office (supporting the Student Identifiers Registrar). The cumulative impact of all our systems investment will become increasingly evident in the future. It will prove possible, subject to privacy, to link different data sets by using the Unique Student Identifier (USI).

NCVER's mission supports the priorities of its shareholder governments and agencies. On behalf of the company I thank them for their cooperation and feedback in guiding our work. Likewise the company has benefited from its deepening relationships with state training authorities, national VET industry bodies, NCVER's research advisory panels and the academic and research community. We have also built stronger partnerships with training providers, given that around half of the National VET Provider Collection is now sent directly to NCVER. This process has been professionally handled by our client services team, even when pressures have mounted. We have also forged closer relations with regulators, both to support their work and to gain their assistance in undertaking ours.

As always, a highlight of the year was the annual National Vocational Education and Training Research Conference

'No Frills'. It was held 6–8 July 2015 at the Western Sydney University, Parramatta South campus. The event attracted a record attendance of 307 delegates. I especially thank the Western Sydney University for their sponsorship.

On behalf of the Board I express my sincere thanks to the staff of NCVER in respect of their collective performance over the past year. It is through their efforts, led by strong executive management, that the quality and diversity of NCVER's public outputs has been maintained even whilst the enormity of internal project work and ongoing system builds have been in progress. The NCVER statistical reports, research publications and conference presentations have been of a high standard.

Finally, I am fortunate as Chair to have the continued support and commitment of all my colleagues on the NCVER Board. I thank them for their individual and collective contributions. The Board is in many ways a tough taskmaster. It expects NCVER performance to be enhanced through constant vigilance to overall quality and continuous improvement but, where possible, to be innovative in the design and distribution of new products and services. The Board and staff of NCVER share a determination to expand statistical collections and provide more high-quality applied research that can inform agreed national priorities.

I thank Craig Fowler for the leadership he has shown as Managing Director. Craig and I both recognise that NCVER needs to evolve, and to be even more imaginative in making Australia's vocational education system understandable. We believe that 'plain speak' information is critical to the national public policy debate on skills development and training. We, and the Board, are determined to continuously improve NCVER's performance. Only by doing so can we maintain our position as a trusted independent authority on the health of the VET sector.

Peter Shergold
Chair

2015/2016 Highlights

Influence policy and practice through research and statistical leadership and partnerships

- Successful first TVA publication and development of new products and services

On 10 November, the 2015 data on total VET activity (TVA) were released. For the first time, data covering accredited VET delivered by all types of Australian training providers are available, irrespective of where the training was delivered or how it was funded.



- Expansion of the National Student Outcomes Survey to cover TVA

Also for the first time, Australia's major survey of VET students was expanded this year to include students who pay their own fees with private training providers.



- Closer working partnerships with national VET regulators

NCVER has been working with national VET regulators in communicating collection opening and closing periods, providing updated information on whether training providers have submitted data to the national collection and providing data analysis services for regulatory risk management purposes.

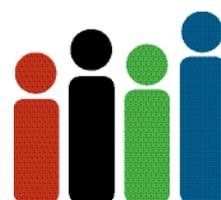
- Research prospectus and research investments

The topics of the 2015–16 research prospectus are presented under an organising framework in four priority areas of: productivity; participation and outcomes; learning and teaching; the place and role of VET.

NCVER undertook or managed well over 30 research projects throughout the year, including 12 research projects selected under the National Vocational Education and Training Research (NVETR) program.

- The Longitudinal Surveys of Australian Youth (LSAY) Y15

A competitive tender process for the data collection and analysis services for the new LSAY cohort (Y15) has seen the announcement of NCVER as the successful applicant.



Improve the efficiency and effectiveness of our systems and processes

● Key developments for our statistical infrastructure

The Capital Investment Programme continued to build and bring to operation new national data collection and information management systems. Key developments during 2015–16 include:

- new data quality checks within our web-based validation software
- our newly built statistical infrastructure was extended with new capability to hold historical VET data, as well as the Apprentice and Trainee Collection
- development work for the initial phase of the unique student identifier (USI) transcript service, with implementation of this service planned for later in 2016.



● NCVER Portal 2

In June 2016 an updated and more advanced NCVER Portal was launched. The redevelopment of the existing Portal has allowed governments, industry, training providers and students enhanced access to quality and timely information on VET in Australia.



Be a highly skilled, adaptive workforce

● Build NCVER and individual staff profiles externally

- 65 conference and stakeholder presentations
- 168 stakeholder briefings and meetings
- 131 training courses attended by staff



Develop innovative products and services to meet the needs of stakeholders

● Ensuring data products and support services keep pace with technology and sectoral needs

NCVER continues to support registered training organisations (RTOs) and state training authorities (STAs) in their submission of AVETMISS compliant data to the national VET administrative collections, by delivering improved information data products and services including:

- dedicated NCVER Portal pages for RTOs, STAs and software developers
- AVETMISS support materials including fact sheets, tutorials, webinars and videos
- full service help desk support
- new data visualisation tools and infographics
- TVA suite of data products
- continuing to enhance VOCSTATS.

● International strategy

NCVER focused its international efforts on strategic VET outreach and pursued specific proposals for international VET links, exchanges and consultancies that add value to VET nationally. This included collaborative research with UNESCO, conducting global webinars and hosting numerous international delegations, presentations and researchers from Germany and Korea.

● VOCEDplus PodNetwork development

The VOCEDplus Pod Network was launched in March 2016. The pods allow instant access to research and a multitude of resources in a convenient and efficient platform. Saving the researcher time and effort, relevant quality resources are present in one location in themed pages called 'pods'.



● Social media program

An innovative social media campaign has been implemented to target 15 to 16-year-olds through Facebook and YouTube advertising, the aim being to raise brand awareness of the Longitudinal Surveys of Australian Youth. An LSAY Facebook page was also launched to raise awareness and build a social community for LSAY.



Ensure integrity, quality, relevance and transparency in our research and statistics

● New A&T Standard R7.0

NCVER developed Release 7.0 of the Apprentice and Trainee (A&T) AVETMIS Standard with assistance from the A&T Technical Advisory Reference Committee, a committee comprising representatives from state and territory training departments and peak bodies. The revised standard came into effect on 1 July 2016.

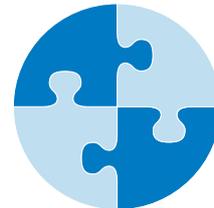


● AVETMISS for VET Providers Survey

NCVER conducted a survey about the AVETMIS Standard for VET providers with responses identifying areas for improvement, such as:

- definitions of data elements
- students willingness to provide data
- inconsistent use of fields across states.

NCVER has used the information provided to make changes to the standard. These changes will come into effect in January 2018.

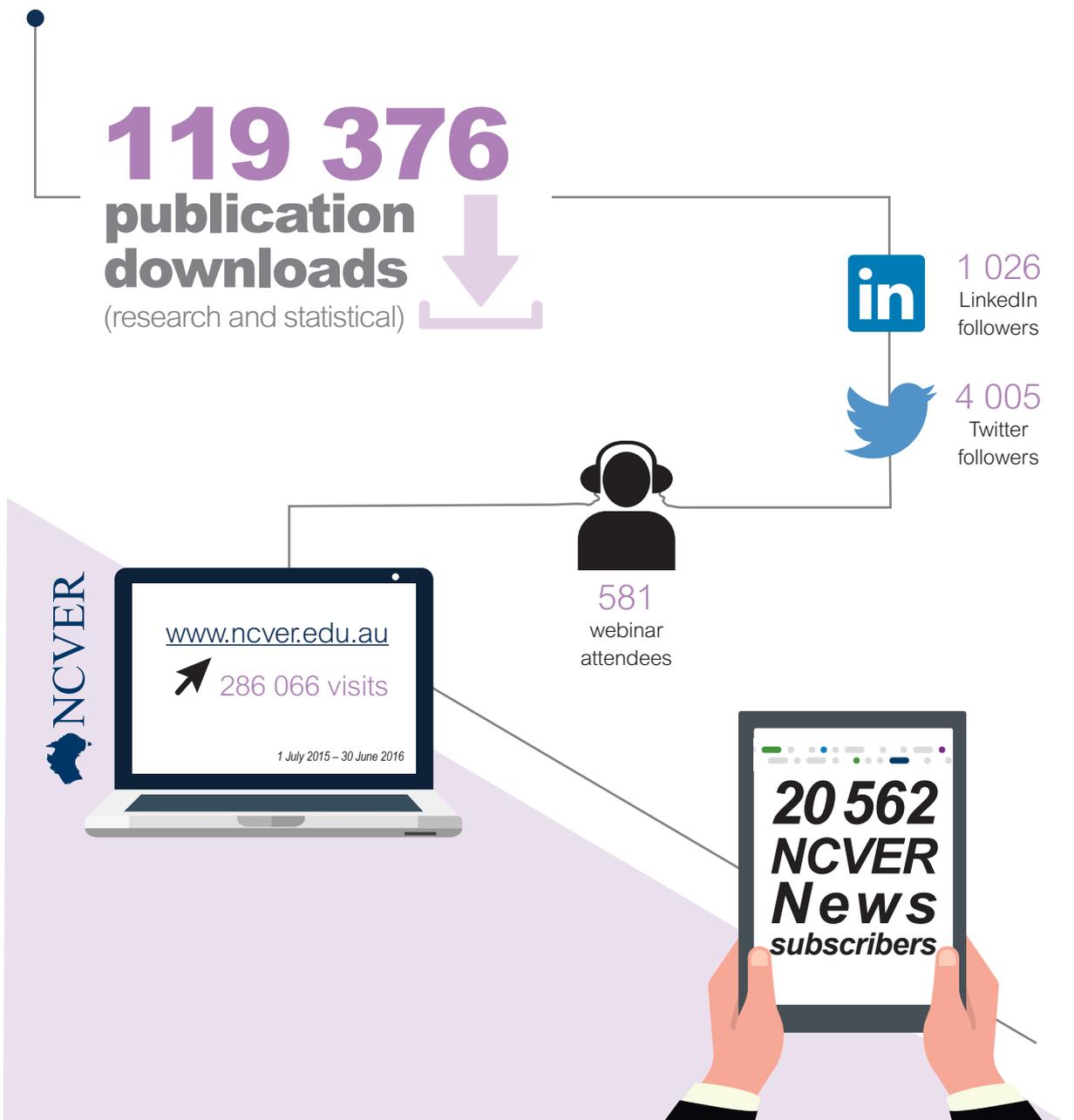


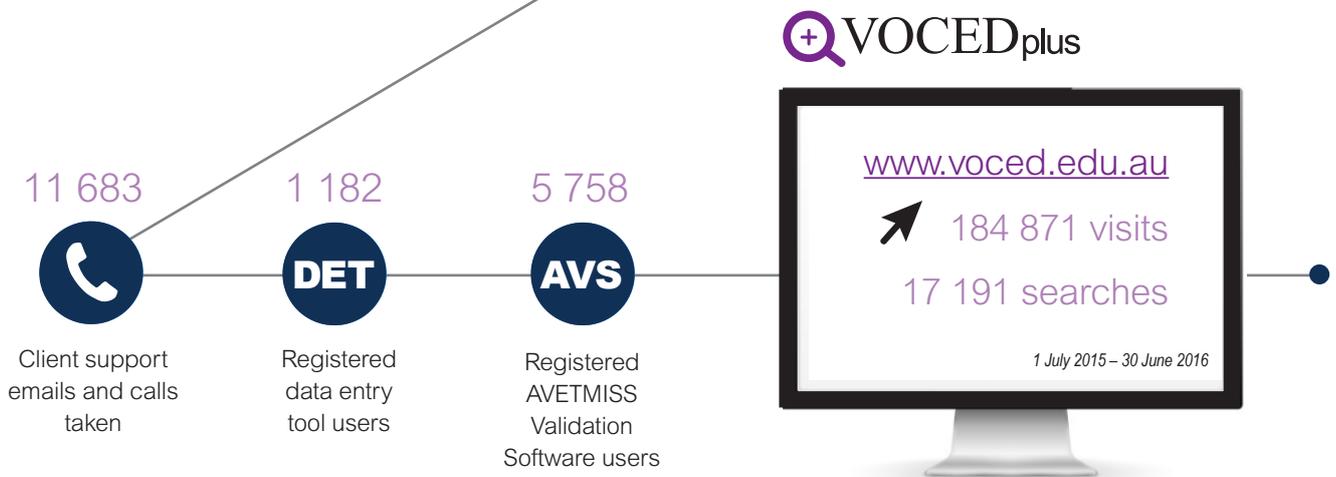
● Strengthening governance

Internal governance was improved in both finance and risk management, particularly in respect to privacy obligations when handling and releasing data, as well as our compliance with national legislation and VET-specific data protocols and guidance. This included establishing a Data Access Committee with cross-sectoral representation.

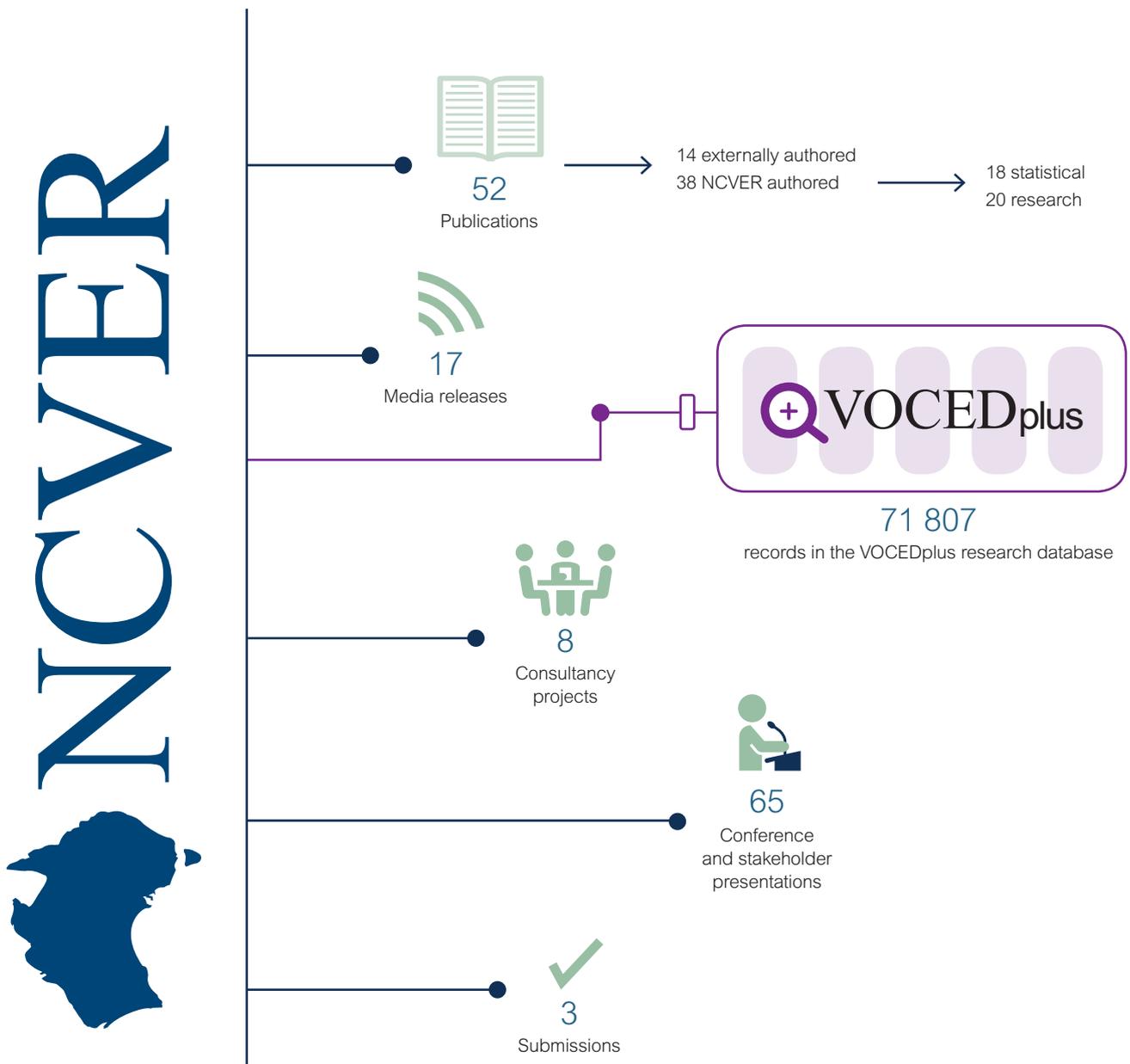


Connecting with us





What we deliver





- Vocational streams: linking qualifications and the labour market
- Advice for VET providers planning to deliver degrees
- TVA data: a more comprehensive picture
- Rolling the dice: tips for developing research funding proposals
- Introducing the VOCEDplus PodNetwork



- 24th National Vocational Education and Training Research Conference ‘No Frills’
- National Research Forum: When one door closes: VET’s role in re-skilling displaced workers



24th National Vocational Education and Training Research Conference ‘No Frills’ workshops:

- Promoting industry engagement with VET
- VOCEDplus: research with new frills
- Maximising and assessing the impact of your research
- Total VET activity: a clearer picture of training and what that means for you.

NCVER also hosted a half-day data workshop, in Melbourne on 27 June 2016. The aim was to gather jurisdictional data requirements for 2016–17, with a focus on total VET activity. The workshop was by invitation only, via nomination from each Skills Senior Officials Network representative.

Governance



Item	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		23 November 2016
Board members	9	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 meeting dates	4	11 September 2015, Sydney 4 December 2015, Adelaide 18 March 2016, Adelaide 1 July 2016, Melbourne*
Audit and Risk Committee members	5	As at 30 June 2016
Audit and Risk Committee meetings dates	4	10 September 2015, Sydney 3 December 2015, Adelaide 17 March 2016, Adelaide 30 June 2016, Melbourne
Net operating deficit	\$1 033 193	The large deficit resulted from the recognition of amortisation expenditure associated with the development of intangible assets, with related revenue recognised in prior periods.
Employees (head count)	118	As at 30 June 2016

*This meeting is treated as being within the 2015–16 financial year

Company members

Company members are the federal, state and territory ministers responsible for vocational education and training. Company members as at 30 June 2016 are listed below.



Australian Government

Senator the Hon. Scott Ryan
Assistant Minister for Vocational Education
and Skills



Australian Capital Territory

The Hon. Meegan Fitzharris, MLA
Minister for Higher Education, Training and
Research



New South Wales

The Hon. John Barilaro, MP
Minister for Skills



Northern Territory

The Hon. Peter Styles, MLA
Minister for Employment and Training



Queensland

The Hon. Yvette D'Ath, MP
Minister for Training and Skills



South Australia

The Hon. Susan Close, MP
Minister for Higher Education and Skills



Tasmania

The Hon. Matthew Groom, MP
Minister for State Growth



Victoria

The Hon. Steven Herbert, MLC
Minister for Training and Skills



Western Australia

The Hon. Liza Harvey, MLA
Minister for Training and Workforce
Development

Directors' report

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 2016.

Company officers

The members in office as at 30 June 2016 are:



Peter Shergold AC
*Chair, NCVER Board and Member,
Audit and Risk Committee*
BA (Hons), MA, PhD, FASSA, FAICD,
FAIM, FIPAA
Appointed July 2009



Subho Banerjee
*Director, NCVER Board and Member,
Audit and Risk Committee*
BSc (Hons), MSc, PhD
Appointed December 2013



Jenny Field
Director, NCVER Board
BTeach (Ed&Trng Adults),
AdvDipBus, DipBusAdmin, CertIV
(Trng&Ass), MBA (Executive)
Appointed January 2012



Pat Forward
Director, NCVER Board
BA, DipEd
Appointed January 2011



Helen Garnett PSM
Director, NCVER Board
BSc (Hons), PhD, FTSE, FAICD
Appointed May 2010



John Hart
*Director, NCVER Board and Member,
Audit and Risk Committee*
BCom (Law), DipBus, FAICD
Appointed July 2008



Craig Robertson
*Director, NCVER Board and Member,
Audit and Risk Committee*
BEd, MPA
Appointed November 2015



Simon Walker
Director, NCVER Board
Appointed November 2014



Craig Fowler
*Managing Director, NCVER Board and
Member, Audit and Risk Committee*
BSc (Hons), MSc, PhD, MBA
Appointed to Managing Director
October 2014



Julie Wobber
*Chair, Audit and Risk
Committee*
BA, DipEd, MBA, MAICD,
AICAA, MIA
Appointed August 2013

Steven Peronace
Company Secretary
BA, CPA, GAICD
Appointed November 2012

Detailed profiles on the board directors are available on the NCVER Portal at <<https://www.ncver.edu.au/about/about-ncver/our-people>>.

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 relating to these activities.

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 deficit was \$1 033 193.

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 2016.

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.

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 2015–16 financial year, the Audit and Risk Committee continued to focus on its obligations regarding privacy compliance, including undertaking a further three internal privacy audits across both core operational and support services areas of the company, undertaking an internal assessment of its privacy maturity, the adoption of a Privacy Management Plan and consolidating privacy reporting across all areas of the company.

Furthermore, the committee provided oversight on the recommendations arising from internal audits undertaken in 2014–15, and discussed an internal audit regarding a review of financial reporting and budgeting, as well as reviewed its Charter.

In addition to considering a range of financial matters including the company's funds management, financial performance and budgets, the committee has maintained its strong focus on reviewing and monitoring major risks, particularly in relation to new and emerging risks, as well as undertaking an internal assessment of risk management maturity.

The recommendations to the Board resulting from these reviews and discussions have assisted the company to meet its statutory and prudential obligations as well as fulfil its corporate governance responsibilities.

Directors' benefits

The Board hereby states that during the 12 months to 30 June 2016:

- a) No Director of the company, no firm of which the Director is a member or no body corporate in which a Director has a substantial financial interest, other than specified in part (b), has received or become entitled to receive a benefit as a result of a contract between the Director, firm or body corporate and the company;
- b) No Director of the company has received directly or indirectly from the company any payment or other benefit of a pecuniary value other than as shown in the accounts as received in aggregate by Directors and other than the Managing Director receiving remuneration for services provided to the company under the normal terms and conditions of his employment.

Directors' report

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)	
	<i>Eligible to attend</i>	<i>Attended</i>	<i>Eligible to attend</i>	<i>Attended</i>
Peter Shergold	4	4	4	4
Subho Banerjee	4	4	4	1
Craig Fowler	4	4	4	4
Jenny Field	4	4		
Pat Forward	4	3		
Helen Garnett	4	3		
John Hart	4	4	4	4
Leslie Loble ¹	1	1		
Craig Robertson ²	3	2	3	3
Simon Walker	4	3		
Julie Wobber ³			4	4

Notes: 1 Resigned November 2015.
2 Appointed November 2015.
3 Chair of the Audit and Risk Committee.

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 60–40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 21.

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



Peter Shergold
Chair



Craig Fowler
Managing Director

Dated at Adelaide this 30th day of September 2016.



**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 2016, 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.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Brett Morkunas

Brett Morkunas
Partner

Adelaide
South Australia

30 September 2016

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Financial reports

Statement of profit and loss

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
REVENUE			
Conferences and workshops		63 501	58 865
Contributions from members		1 443 087	1 446 412
Contract revenue	3	21 702 874	18 014 832
Interest		446 217	562 894
Publications		6 726	16 221
Sundries	4	175 628	142 300
Total revenue		23 838 033	20 241 525
EXPENSES			
Finance lease interest	15.3	9 558	14 882
Operating expenses	2.1	13 437 355	9 918 782
Salaries and related payments	2.2	11 424 313	10 572 989
Total expenses		24 871 226	20 506 653
NET OPERATING DEFICIT	6	(1 033 193)	(265 128)
NET DECREASE IN EQUITY		(1 033 193)	(265 128)

The accompanying notes form part of these financial accounts.

Statement of comprehensive income

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
NET OPERATING DEFICIT	6	(1 033 193)	(265 128)
OTHER COMPREHENSIVE INCOME		-	-
Total comprehensive loss for the year		(1 033 193)	(265 128)
Total comprehensive loss attributable to members of the entity		(1 033 193)	(265 128)

The accompanying notes form part of these financial accounts.

Statement of financial position

As at 30 June 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash assets		2 519 184	3 017 700
Receivables	7	728 557	11 345 938
Investments		12 050 000	12 050 000
Prepayments		511 859	306 563
Total current assets		15 809 600	26 720 201
NON-CURRENT ASSETS			
Property, furniture and equipment	8	336 291	683 212
Intangible assets	9	8 053 981	9 132 047
Total non-current assets		8 390 272	9 815 259
TOTAL ASSETS		24 199 872	36 535 460
CURRENT LIABILITIES			
Payables	11	709 471	1 518 809
Provisions	12	1 748 056	1 630 560
Equipment lease liability	13.1	81 261	76 159
Other	13.2	10 082 077	20 576 542
Total current liabilities		12 620 865	23 802 070
NON CURRENT LIABILITIES			
Provisions	12	178 396	223 461
Equipment lease liability	13.1	8 009	84 134
Total non-current liabilities		186 405	307 595
TOTAL LIABILITIES		12 807 270	24 109 665
NET ASSETS		11 392 602	12 425 795
EQUITY			
Retained earnings	6	11 392 602	12 425 795
TOTAL EQUITY		11 392 602	12 425 795

The accompanying notes form part of these financial accounts.

Statement of cash flows

For the year ended 30 June 2016

	2016 Inflows (outflows) \$	2015 Inflows (outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members, customers etc.	25 814 123	16 674 701
Payments to suppliers and employees	(23 157 089)	(18 833 385)
Interest received	378 704	522 985
Net cash (used in)/provided by operating activities	3 035 738	(1 635 699)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for furniture and equipment	(115 533)	(160 065)
Payments for computer software	(3 347 700)	(2 610 952)
Payments for investments	-	(6 000 000)
Net cash used in investing activities	(3 463 233)	(8 771 017)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to reduce finance lease liability	(71 021)	(73 383)
Net cash used in financing activities	(71 021)	(73 383)
NET DECREASE IN CASH HELD	(498 516)	(10 480 099)
Cash at the beginning of the financial year	3 017 700	13 497 799
CASH AT THE END OF THE FINANCIAL YEAR	2 519 184	3 017 700

The accompanying notes form part of these financial accounts.

Statement of changes in equity

For the year ended 30 June 2016

	Note	\$
Retained earnings at 1 July 2014	6	12 690 923
Net operating deficit for 2014—15		(265 128)
Retained earnings at 30 June 2015	6	12 425 795
Net operating deficit for 2015—16		(1 033 193)
Retained earnings at 30 June 2016		11 392 602
Total equity at reporting date		11 392 602

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 (NCVER) 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 30 September 2016 by the directors of the Company.

1.2 New and amended accounting policies

During the current year the Company adopted all new or revised Australian Accounting Standards and Interpretations applicable to the Company's operations which became mandatory.

1.3 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.

1.4 Revenue and economic dependence

The Company is dependent upon the Department of Education and Training for the majority of its revenue, with revenue from the Department constituting approximately 90% of NCVER's total revenue in the 2015–16 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 Education and Training programs managed by the Company. Surpluses or deficits on externally funded projects, including those funded by the Department of Education and Training, 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.

1.5 Significant items affecting the financial statements

During the year ended 30 June 2016, the Statement of Comprehensive Income reported a net operating deficit of \$1 033 193.

The deficit has primarily arisen as a consequence of the Company recognising depreciation associated with intangible assets. The recognition of the depreciation reverses the recognition of prior year surpluses in accordance with AASB 1004: Contributions, where 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, was partly used for the creation/ replacement of intangible assets. The intangible assets include an expanded statistical database, the development of a Unique Student Identifier (USI) transcript, 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 \$3 832 678 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 \$3 219 791 in relation to the development of the statistical database, the development of a USI transcript, and related 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 \$71 544 for the acquisition of hardware and software to support this development.

During the year \$1 493 693 was transferred from work in progress to software, as the build of these assets were finalised. Amortisation and depreciation of \$4 565 839 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 surpluses in previous years,

with this trend beginning to reverse in 2014–15 as the amortisation of the intangible assets occur.

1.6 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.

1.7 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.

1.8 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.

1.9 Depreciation and amortisation

Depreciation and amortisation are calculated on a straight-line basis 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%

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

Equipment under finance lease is now depreciated in line with owned fixed assets, in accordance with AASB 116: Property, Plant and Equipment. In previous years the equipment under finance lease has been depreciated over the lease term as determined by the lease payment schedule, with depreciation matching principal repayments. The adjustment to correct the depreciation for equipment under finance lease increased the depreciation expense by \$115 000.

1.10 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 2013, the minimum threshold for capitalisation of individual assets was \$300.

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 estimated life of the asset on a straight-line basis.

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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 Comparative Figures

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

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 2016 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 2016.

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	2016 \$	2015 \$
Contractors - surveys		2 417 048	1 948 366
Depreciation and amortisation	8.2, 9.2	4 888 220	3 302 679
Office accommodation expenses		1 029 247	955 028
Managed fund grant payments		485 548	632 657
Computer software support		1 091 352	943 233
Contractors - research and other		1 680 901	632 821
Telephone and postage		144 576	183 207
Computer hardware support		218 995	323 813
Travel and accommodation		255 854	209 127
Conference and seminar costs		100 723	72 399
Staff training		366 116	96 280
Office supplies and expenses		116 289	101 853
Loss on disposal		-	2 020
Printing of publications		107 856	50 637
Purchase of publications		72 968	58 766
Directors' fees		41 042	50 631
Other expenses		55 098	50 610
Consultants' fees		114 975	26 443
Advertising and recruitment costs		129 200	215 092
Insurance premiums		36 546	30 802
Audit fees		19 655	13 155
Fringe benefits tax		26 536	9 186
Equipment and software (non-capital)		38 610	9 978
		13 437 355	9 918 782

'Managed fund grant payments' relate to research funds managed under contract to the Department of Education and Training 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 Education and Training for the management of the Statistical Services Program for the Australian Vocational Education and Training System.

2.2 Salaries and related payments

	2016 \$	2015 \$
Staff salaries	8 812 117	8 102 226
Termination benefits	124 262	1 955
Related payments	2 487 934	2 468 808
	11 424 313	10 572 989

3 Contract revenue

	2016	2015
	\$	\$
Management of Statistical Services Program	9 444 651	7 580 158
Management of National VET Research Program	2 763 447	2 451 762
Other contracts	9 494 776	7 982 912
	21 702 874	18 014 832

4 Sundries

	2016	2015
	\$	\$
Surveys mailout fees	94 408	76 855
Data requests and other	81 220	65 446
	175 628	142 300

5 Remuneration of directors and executives

5.1 Directors' fees

	2016	2015
	\$	\$
Income received or due and receivable by the directors of NCVER Ltd from the Company	41 042	50 631

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

	No.	No.
\$0 — \$9 999	9	9
\$40 000 — \$49 999	1	1

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

Peter Shergold	John Hart
Jennifer Field	Subho Banerjee
Patricia Forward	Simon Walker
Craig Fowler	Leslie Loble (resigned 16/11/2015)
Helen Garnett	Craig Robertson (appointed 17/11/2015)

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

	2016	2015
	\$	\$
Income received or due and receivable by the executive officers of NCVER Ltd from the Company	818 012	737 249

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

	No.	No.
\$0 --- \$9 999	-	1
\$10 000 --- \$19 999	-	1
\$20 000 --- \$29 999	1	-
\$120 000 --- \$129 999	-	1
\$180 000 --- \$189 999	-	2
\$200 000 --- \$209 999	1	-
\$210 000 --- \$219 999	1	-
\$220 000 --- \$229 999	-	1
\$370 000 --- \$379 999	1	-

See note 17 for key management personnel included in the Executive remuneration.

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

6 Reconciliation of net operating surplus to retained earnings

	2016	2015
	\$	\$
Net operating deficit	(1 033 193)	(265 128)
Add		
Retained earnings at the beginning of the financial year	12 425 795	12 690 923
Retained earnings at the end of the financial year	11 392 602	12 425 795

7 Receivables

	2016	2015
	\$	\$
Trade and other receivables	728 557	11 345 938
Balance as at 30 June	728 557	11 345 938

8 Property, furniture and equipment

8.1 Composition

	2016	2015
	\$	\$
Leased property improvements		
Leased property improvements	925 380	914 881
Less accumulated amortisation	(893 427)	(854 212)
Total leased property improvements	31 953	60 669
Leased equipment		
Leased equipment	380 221	372 516
Less accumulated depreciation	(370 340)	(193 159)
Total leased equipment	9 881	179 356
Furniture and equipment		
Furniture and equipment at cost	2 101 441	2 004 792
Less accumulated depreciation	(1 806 984)	(1 561 605)
Total furniture and equipment	294 457	443 187
Total property, furniture and equipment	336 291	683 212

8.2 Movements

	Leasehold improvement	Leased equipment	Furniture and equipment	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at 30 June 2015	914 880	372 516	2 004 792	3 292 188
Additions	10 500	7 705	97 328	115 533
Disposals	-	-	(679)	(679)
Balance at 30 June 2016	925 380	380 221	2 101 441	3 407 042
Accumulated depreciation				
Balance at 30 June 2015	(854 212)	(193 159)	(1 561 605)	(2 608 976)
Disposals	-	-	679	679
Depreciation expense	(39 215)	(177 181)	(246 057)	(462 453)
Balance at 30 June 2016	(893 427)	(370 340)	(1 806 984)	(3 070 751)
Net book value				
Balance at 30 June 2015	60 669	179 356	443 187	683 212
Balance at 30 June 2016	31 953	9 881	294 457	336 291

9 Intangible assets

9.1 Composition

	2016	2015
	\$	\$
Computer software		
Computer software at cost	15 282 463	13 660 860
Computer software - work in progress	2 635 975	909 877
Less accumulated depreciation	(9 864 457)	(5 438 689)
Total computer software	8 053 981	9 132 047

9.2 Movements

	Computer software	Work in progress	Total
	\$	\$	\$
Gross carrying amount			
Balance at 30 June 2015	13 660 860	909 877	14 570 737
Additions	127 910	3 219 791	3 347 701
Capitalisation - internally generated software	1 493 693	(1 493 693)	-
Balance at 30 June 2016	15 282 463	2 635 975	17 918 438
Accumulated depreciation/amortisation			
Balance at 30 June 2015	(5 438 689)	-	(5 438 689)
Depreciation expense	(4 425 768)	-	(4 425 768)
Balance at 30 June 2016	(9 864 457)	-	(9 864 457)
Net book value			
Balance at 30 June 2015	8 222 171	909 877	9 132 048
Balance at 30 June 2016	5 418 006	2 635 975	8 053 981

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

	2016	2015
	\$	\$
Current		
Creditors	106 225	134 578
Accrued expenses	603 246	1 384 231
	709 471	1 518 809

12 Provisions and related oncosts

	2016	2015
	\$	\$
Current		
<i>Annual leave</i>		
Provision for annual leave - current	643 450	621 191
Oncosts included in payables	115 025	110 726
	758 475	731 916
<i>Long service leave</i>		
Provision for long service leave - current	837 839	760 948
Oncosts included in payables	151 742	137 696
	989 581	898 644
Total current	1 748 056	1 630 560
Non-current		
Provision for long service leave - non-current	151 041	190 380
Oncosts included in payables	27 355	33 081
Total non-current	178 396	223 461

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

		2016	2015
	Note	\$	\$
Current			
Equipment lease liability	18.1	81 261	76 159
Non-current			
Equipment lease liability	18.1	8 009	84 134

13.2 Other liabilities

	2016	2015
	\$	\$
Current		
Contract revenue received in advance	10 081 504	19 619 158
GST liability	-	956 811
Unearned revenue	573	573
	10 082 077	20 576 542

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 2016 the number of members was nine (2015: 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 2015-16 and 2014-15 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)

	2016	2015
	\$	\$
Rental expense	770 840	705 579
Commitments under non-cancellable operating leases are payable as follows:		
- not later than one year	504 627	646 790
- later than one year and not later than five years	-	454 415
Total lease expenditure commitments	504 627	1 101 205

Lease expenditure commitments include rental commitments on leased property, situated at levels 1, 7, 8 and 10—12, 33 King William St, Adelaide (leased to 31 March 2017 with rental payable monthly in advance). Negotiations are in progress for securing premises beyond 31 March 2017.

The 2015—16 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

	2016	2015
	\$	\$
Lease payments	88 285	97 267
Commitments under finance leases are payable as follows:		
- not later than one year	85 068	85 717
- later than one year and not later than five years	8 052	87 984
Total lease expenditure commitments	93 120	173 700
Less future finance charges	(3 850)	(13 408)
Total finance lease liability	89 270	160 292

Finance lease expenditure commitments cover two leases for computer hardware (storage area network servers) and two financing agreements for photocopiers. The lease payments of \$88 285 in 2015–16 comprised finance charges (interest) of \$9 558 plus reductions in the lease liability of \$78 727.

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 first of the photocopier financing agreements is for a period of two years from 1 July 2014, with no interest payable and title retained by NCVÉR. The second of the photocopier financing agreements is for a period of two years from 1 November 2015, with no interest payable and title retained by NCVÉR.

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 (resigned 23 July 2015)
Jodieann Dawe	National Manager, Research and Business Development
Mette Creaser	National Manager, Statistics and Analytics

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	2016 \$	2015 \$
Financial assets			
Cash		2 519 184	3 017 700
Receivables	7	728 557	11 345 938
Investment		12 050 000	12 050 000
Total financial assets		15 297 741	26 413 638
Financial liabilities			
Creditors	11	106 225	134 578
Accrued expenses	11	603 246	1 384 231
Equipment lease liability	13	89 270	160 292
Total financial liabilities		798 741	1 679 101

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 the requirements of Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards – Reduced Disclosure Requirements; and
- (b) give a true and fair view of the company's financial position as at 30 June 2016 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



Craig Fowler
Managing Director

Dated at Adelaide this 30th day of September 2016.



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 2016 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 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 *Australian Charities and Not-for-profits Commission Act 2012*.

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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 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 2016 and of its performance for the year then ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Brett Morkunas

Brett Morkunas
Partner

Adelaide
South Australia

30 September 2016

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