



INFORMING POLICY AND PRACTICE
IN AUSTRALIA'S TRAINING SYSTEM



2014–2015 **Annual report**

National Centre for Vocational Education Research

Publisher's note

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

© National Centre for Vocational Education Research, 2015



With the exception of cover design, artwork, photographs, all logos, and any other material where copyright is owned by a third party, all material presented in this document is provided under a Creative Commons Attribution 3.0 Australia <<http://creativecommons.org/licenses/by/3.0/au>>.

This document should be attributed as NCVER 2015, *2014–2015 Annual report*, NCVER, Adelaide.

ISSN 1039-4842

TD/TNC 121.05

Published by NCVER, ABN 87 007 967 311

Level 11, 33 King William Street, Adelaide SA 5000

PO Box 8288 Station Arcade, Adelaide SA 5000, Australia

Phone +61 8 8230 8400 Fax +61 8 8212 3436

Email ncver@ncver.edu.au Web <<http://www.ncver.edu.au>>

Follow us:  <<http://twitter.com/ncver>>  <<http://www.linkedin.com/company/ncver>>

Cover artwork by Aiden Lonsdale

In June 2015 the NCVER Children's Art Show and Contest was held for the first time. Aiden's artwork was chosen to be used for our annual report cover.

Contents



About NCVER	4
Chair's message	6
2014–15 highlights	8
Company members	15
Directors' report	16
Auditor's independence declaration	22
Financial reports	23
Directors' declaration	42
Independent audit report	43
Appendices (<i>see supporting document</i> < www.ncver.edu.au/publications/1420.html >)	
Employees	
Membership of external committees	
Published work	
NVETR Program commissioned work in progress	
Consultancy projects	
Presentations and submissions	
International	
NCVER data advisory groups	
National Vocational Education and Training Research Program	
NCVER editorial board	
Longitudinal Surveys of Australian Youth	
Memoranda of understanding	

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 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. This year, for the first time, statistics were collected on all accredited training delivered by Australian training providers (with some exceptions in the first year) under the national 'total VET activity' (TVA) initiative.

Our statistical collections encompass VET providers (students and courses) and data relating to finance, apprentices and trainees, and VET in Schools. Our survey data encompass 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

The 2014–16 strategic plan focuses on **informing and influencing** governments, the VET sector, industry and the community 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 2014–16 strategic plan sets out three measures of success at an overarching level:

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

Chair's message



The year 2014–15 has been transformative for NCVER. It is the period during which NCVER has brought into operation new systems to collect and validate VET data. The systems capture information not only on government-funded accredited training but, for the first time, also gather statistical evidence on privately funded training delivered by private training organisations (collectively called ‘total VET activity’ or TVA). This represents a major increase in NCVER’s data on Australia’s national training effort.

These milestones are the practical culmination of past agreement by Commonwealth, and state and territory ministers with responsibility for training to effectively introduce mandatory reporting of VET activity from registered training organisations (RTOs). While transformative for NCVER during 2014–15, this year represents a transitional phase. The greater impact of such systems investment will become increasingly evident as the outcomes are presented in the years ahead.

The future benefits will be manifold. Greater information regarding the national VET market and its providers will assist employers, providers and users to make more informed choices about training by accessing facilities such as the My Skills website. The enhanced information will support regulators to implement more efficient risk-based regulation. It will provide all governments with better understanding and insight into national training needs, enabling them to better target public funding and invest in training relevant to their regional economies and job needs. Better data will inform the market for vocational education and provide the basis for evidence-based policy.

The unique student identifier (USI) was also implemented from January 2015. It has been included for the first time in the quarterly collection of government-funded students and courses for those students who were awarded a qualification between January and March 2015. This collection was successfully completed and published in July 2015. The USI will support transcript services for all students in future years, adding tangible benefit to their job aspirations as they build rewarding careers.

The development and testing of new systems to accommodate the collection of TVA data and the inclusion of the USI is a critical part of an ongoing repositioning of NCVER. The aim is to ensure that our newly built assets are integrated into national VET systems’ infrastructure and information management. Working towards this goal, while at the same time sustaining the quality and timeliness of all NCVER’s existing collections, surveys and research, has required exceptional dedicated effort by all staff across the company. The Board thanks them for their commitment.

A key focus for NCVER over the last 12 months has been ensuring practical and highly responsive client support services to support RTOs in managing their data submissions, many of which have been required to submit data for the first time under TVA requirements. The feedback from the sector has been positive and encouraging. More needs to be done. NCVER will continue to enhance its customer services across the organisation.

NCVER’s research programs are highly valued by stakeholders. This year we have revised our approach to planning our future research activity. Through a comprehensive consultation process, NCVER developed a new *Research prospectus*. This document will help to inform the research priorities for the coming three years. It will also ensure flexibility within the program to ensure that future research topics closely align with key sector developments and the evolution of national productivity and skilling objectives.

Collaboration with the academic community is fundamental to ensuring that NCVER continues to provide insightful, evidence-rich research to all of its stakeholders. During 2014–15, NCVER established new research partnerships with the university sector to undertake several strategic evaluations of school-to-tertiary education programs and to benchmark VET performance. In the coming years, NCVER will continue to expand its emphasis on collaborative and innovative projects and encourage an even greater level of participation in the design and delivery of key research.

NCVER has an ongoing focus on ensuring a high level of engagement with government policy makers, RTOs, industry and researchers. This year NCVER hosted a series of successful public events, including research forums and webinars. We produced an extensive range of publications that provided information on a diverse range of subjects. The highlight was the annual National Vocational Education and Training Research ‘No Frills’ Conference. It attracted more than 240 delegates and brought together exciting speakers and informative workshops. Feedback from delegates was extremely positive. Highlights included keynote speakers Steve Sargent (President and Chief Executive Officer of GE Australia and New Zealand and Chair of the B20 Human Capital Taskforce) and Mark Burford (Executive Director, Mitchell Institute for Health and Education Policy at Victoria University).

The 23rd NCVER No Frills Conference was made possible by the hosting organisation, Holmesglen Institute of TAFE. It is worth emphasising that the support of the host organisation and the sponsors is invaluable in ensuring success and delegate attendance at No Frills conferences. I thank them.

I feel very fortunate to have the continued support and commitment of my colleagues on the NCVER Board. Our discussions are always lively and well informed by their wealth of experience in education, training, research and innovation. I welcome a new member, Simon Walker, to the Board. Simon brings with him extensive knowledge of the VET sector, strong engagement with national VET collections and fresh perspectives on the impact of structural shifts in the economy and the labour market.

Finally, I wish to pay tribute to Dr Craig Fowler for his service as a Board member. In a competitive process he has now won the role of Managing Director, following the departure of Rod Camm. Rod made a significant contribution to NCVER during his short time as Managing Director. Craig brings with him extensive hands-on experience as a researcher and is well known and respected as a leader within the sector. The Board is confident that we will build on the vital development of NCVER established by Rod during this critical time for the company. I would also like to acknowledge the services of Sue Fergusson and Sandra Pattison, past NCVER General Managers, both of whom left the company at the end of the reporting year. They were stalwarts of the organisation. The Board looks forward to working closely with their successors, Mette Creaser and Jodieann Dawe.

The year 2014–15 has been marked by transformation. The Board now looks forward with increasing confidence to delivering ever more useful and insightful information in 2015–16 and beyond. NCVER’s expanded statistical collections will be complemented and enriched by our ongoing commitment to high-quality applied research.

Each of us on the Board believe NCVER can make a positive contribution to the public policy debate on the role of skills development in our nation’s future. We look forward to the year ahead.

Peter Shergold
Chair

2014–15 highlights



NCVER's business of collecting statistics and undertaking research and analysis is core to its mission to be 'Australia's authoritative source of high-quality independent information on vocational education and training' and NCVER continues to inform and influence decisions through its research and statistical services.

The independence, quality and integrity of NCVER's work remains core to stakeholder trust in all our data products, surveys and research. Throughout this year, NCVER has also given greater attention to our outward-looking focus by way of customer service and in making our products and services more available and accessible, as well as more usable and attractive to stakeholders.

In 2014–15, 25 statistical and 25 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 expanded use of social media. A full list of the publications and work in progress is presented in the appendices on pages 9–13 of the support document.

Influence policy and practice through research and statistical leadership and partnerships

NCVER seeks to publish independent, evidence-based and objective research and statistics of the highest quality in order to influence policy and practice.

In 2014–15 we achieved a number of major milestones. These included an increase in the frequency of data collection on government-funded students and courses from an annual to a [quarterly collection](#). NCVER successfully completed the first quarterly collection in 2015 (for the period January to March 2015). With the introduction of a [unique student identifier](#) from January 2015, this quarterly collection was also the first national collection to include the unique student identifier for students awarded a qualification.

In 2015 NCVER also collected a more comprehensive picture of national training activity with the introduction of [Total VET Activity](#), with data collected about accredited training delivered across the whole VET sector for the first time. This has resulted in a very major expansion of the National VET Provider Collection, with activity reported in accordance with the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS).

In 2015 NCVER developed a new [Research prospectus](#), which will see NCVER's research directly focused on the operation of the national VET system, with the aim of providing a better-integrated qualitative and quantitative evidence base for policy consideration. The focus of the prospectus will be on how vocational education and training is making a difference to the skill needs of Australian society and to the learning needs of the students and individuals who are at the heart of the system. In addition, more comprehensive analyses of the national data and surveys results held by NCVER will complement this research focus.

As part of this new focus, we also seek to broaden our [partnering](#) in both the conduct and the critique of research, by engaging with the established researcher community and drawing in expertise from industry, policy-makers and training providers on appropriate research topics.

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

In 2015–16 NCVER will publish information on Total VET Activity – all accredited VET delivered by Australian training providers – with some exemptions for eligible providers. This will provide a better understanding of training activity at national, state and territory levels and will also show the extent and nature of accredited training in the private fee-for-service sector for the first time.

The future benefits of this will be widespread for all training providers, students, regulators, industry and governments, all of which will in time have better information about the VET sector in supporting their choices and decisions.

Commensurate with NCVER's custodian role of national VET data, the company has given greater attention to [risk management](#) in the storage, access and release of information, in accord with national privacy laws and commercial interests, by improving our privacy policies and practices and in adherence to national protocols for the release of information. This rigour will increase into the future.

In 2014–15 we also continued our national VET statistics collection program, including reporting on:

- VET providers (students and courses)
- apprentices and trainees
- VET in Schools
- young people in education and training
- key performance and program measures for school-aged youth in VET
- student outcomes
- VET financial data
- Australian VET system performance.

NCVER also undertook a review of the AVETMIS Standard for apprentices and trainees to increase its relevance and to improve reporting.

NCVER signed an extension to the Longitudinal Surveys of Australian Youth (LSAY) contract with the Australian Government Department of Education and Training, which will oversee the LSAY data management requirements for the existing cohorts through to their last year of interviewing in 2016.

Develop innovative products and services to meet the needs of stakeholders

NCVER aims to [meet the needs of our stakeholders](#) by developing innovative products and services based on our research and statistics. In fine-tuning our understanding of their needs, we undertook a major market research exercise in 2014.

The findings from this market research were used to develop strategies to better meet the needs of registered training organisations, to tailor our information to different users and to improve access to important resources on the NCVER Portal. We also received valuable feedback on the development of new products and on the frequency and form by which our users wish to receive communication.

A range of [new products](#) was released during the year, including popular new infographics and fact sheets which specifically target the user requiring shorter 'snapshot' information. Data visualisation

and customisable data tools were trialled and there was a renewed focus on the preparation of industry briefs and regional information.

This development of new data products and services continues with focus on, for example, future information relating to the release of Total VET Activity products, subject to privacy and protocol authorities for their release.

In direct response to stakeholder feedback, we implemented a [new email marketing system](#), one that allows users greater control over the frequency with which they receive NCVER emails.

Our [social media program](#) has focused substantially on building Twitter and LinkedIn communities and enhancing our engagement with stakeholders and improving our monitoring.

NCVER's visual branding was revitalised to become more up to date and contemporary. This branding is now applied across all products and communications.

The VOCEDplus website underwent a significant upgrade, with a 'new look' website launched in 2015 to reflect the NCVER corporate branding. A number of enhancements were also included in the upgrade; for example, the advanced search page now offers a much simpler guided search and a new expert search tool, and search functionality was implemented for the *Glossary of VET*, where previously the resource could only be browsed.

In addition, using the power of the VOCEDplus database, our research is progressively being repackaged into themed landing pages, called 'pods', enabling users to [more easily locate quality data and information](#) on a specific topic.

Improve the efficiency and effectiveness of our systems and processes

NCVER is undertaking a significant capital program, which is progressively delivering adaptable, cost-optimised information technology (IT) and information management capabilities for the national VET system. This will enable comprehensive, reliable and timely information that supports skills policy, investment by governments, regulators, industry and students.

Building on the program's work in previous years, a number of significant new IT capabilities were completed during 2014–15 to complete the essential statistical infrastructure required for the first collection of Total VET Activity.

In 2015 NCVER's newly built [essential statistical infrastructure](#) was used for the annual VET collection. Used successfully together for the first time were the:

- web-based validation software for data submission
- new collection management system and new data warehouse
- data-entry software.

The NCVER Portal, delivered in 2013–14, has continued to provide a platform for the dissemination of NCVER's research and statistical information.

The Client Support Team provided excellent advice and guidance to the many new clients from registered training organisations, especially during the first Total VET Activity collection, taking and solving in excess of 10 000 enquiries, backed up by better support software and electronic ticketing to improve customer service.

Be a highly skilled, adaptive workforce

NCVER's achievements are dependent on developing and securing highly skilled staff able to build and use complex systems. To this end, continuing the build of new IT systems to cope with expanded data collections and the development of its people have been key during 2014–15.

A number of changes were made to the organisational structure during 2014–15. As at 30 June 2015 there were 120 staff (both ongoing and fixed-term). The organisational structure and list of staff are available in the appendix on page 4–7 of the support document.

During the year we welcomed a new Managing Director and, at year end, the appointment of two National Managers. The newly formed executive team has an expanded focus on ensuring NCVER's products and services fully meet or exceed the needs and expectations of our many stakeholders.

In order for NCVER to further develop its highly skilled and adaptive workforce, significant effort is being expended to ensure our staff has the training needed in using new business systems, data management systems and processes.

Building on the valuable work undertaken in 2014 relating to enhancing the leadership capability of managers, the focus now is on the next level of leaders within the organisation, with the aim of fostering a culture of leadership behaviour across the entire workforce.

The NCVER Graduate Program has been reinvigorated, with three graduates joining the company during the year. The program has a deliberately flexible focus, to ensure that the graduates and NCVER realise the full potential that the program can offer.

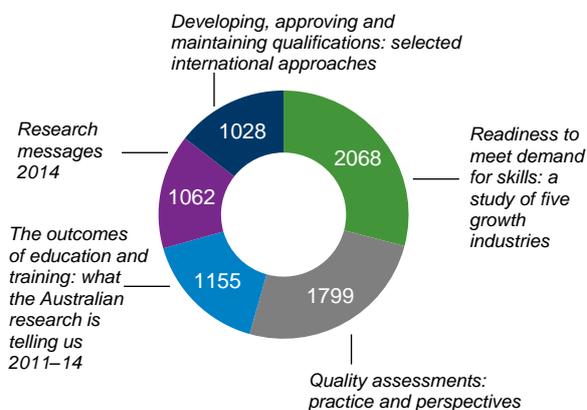
NCVER continues to monitor and meet legislative requirements in regard to staff welfare and, for the first time, has participated in workplace gender equality reporting. NCVER's workforce has a high proportion of female employees at all levels, including at Board level.

Uptake

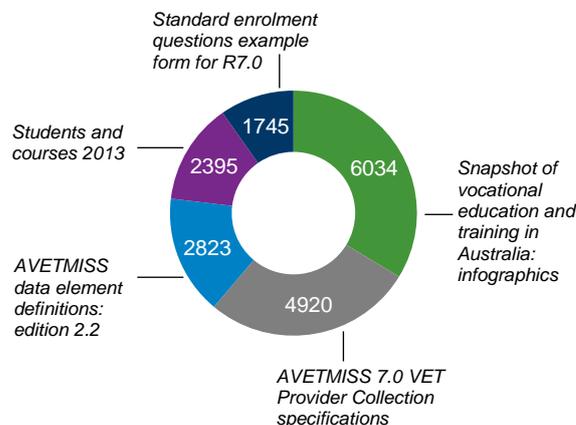
	Number	Comment
--	--------	---------

Publication downloads 72 445 Research and statistical

*Top five research publications downloaded
1 July 2014 – 30 June 2015*

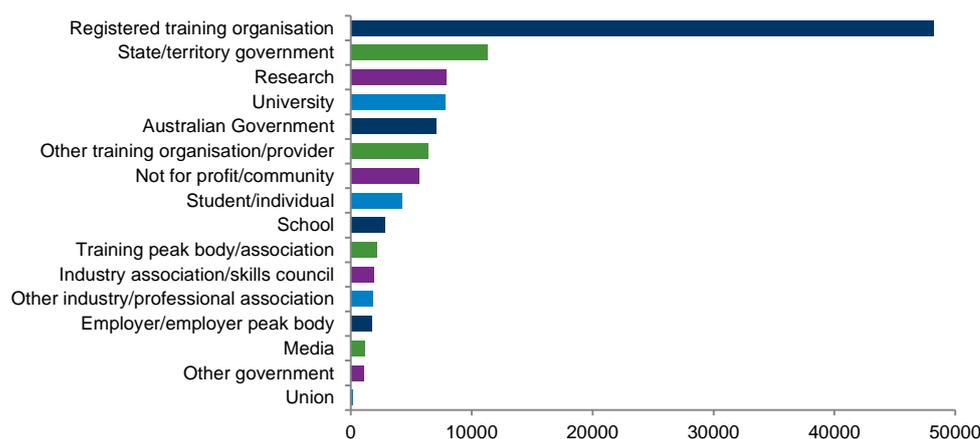


*Top five statistical publications downloaded
1 July 2014 – 30 June 2015*



Research citations	50	Measured through Google Scholar, Publish or Perish, VOCEDplus, and the Parliament of Australia website
Media citations	618	Measured through iSentia and media clippings
Hansard citations	25	Measured through Commonwealth and state and territory parliamentary Hansard searches
Subscriptions	30 042	Portal alert subscribers
	20 225	<i>Insight</i>
	22 681	<i>NCVER News</i>
	13 153	<i>Data Support Bulletin</i>
Social media	3 237	Twitter followers
	659	LinkedIn followers
	5 584	Portal sessions via social media referral
Client services	13 070	Client support emails/calls taken
	733	Registered Data Entry Tool users
	4228	Registered AVETMISS Validation Software (AVS) users
VOCEDplus usage	332 410	Visits: 1 July 2014 – 30 June 2015
	37 786	Searches: 1 July 2014 – 30 June 2015
NCVER Portal usage	276 071	Visits: 1 July 2014 – 30 June 2015

Visits by member groups



Note: The user group/sector data is only captured when the user either creates a new user account, logs in or wants 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 in their browser).

Output

	Number	Comment
Publications	50	9 externally authored, 41 NCVET authored (25 statistical, 16 research)
Stakeholder engagement	172	Stakeholder briefings and meetings
Media releases	21	
Webinars	Attendees: 1520	<ul style="list-style-type: none"> ▪ VOCEDplus: research with new frills ▪ Qualifications: an international approach ▪ Where to with VET research? ▪ Is the education and training system ready to meet future skill demand? ▪ Let's talk uni: supported VET-to-university transitions ▪ New to AVETMISS reporting ▪ Identifying actual VET qualification completion rates and unlocking their potential
Research events	Attendees: 229	<ul style="list-style-type: none"> ▪ 23rd National Vocational Education and Training Research Conference 'No Frills' (July 2014)
Educational workshops	Attendees: 62	23rd National Vocational Education and Training Research Conference 'No Frills' workshops: <ul style="list-style-type: none"> ▪ What's your problem? Refining your research question ▪ Getting to know the Longitudinal Surveys of Australian Youth: research, data and resources ▪ Preserving our research: the archival role of VOCEDplus ▪ Rolling the dice: tips for developing successful research funding proposals ▪ Accessing the NCVET Portal for VET research and statistics
Conference and stakeholder presentations	36	As listed in the appendices
Consultancy projects	8	Government, industry and provider projects
Submissions	8	As listed in the appendices
VOCEDplus	66 912	Records in the research database
AVETMISS-compliant software register*	38	Registered vendor products *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		26 November 2014
Board members	9	As at 30 June 2015 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	12 September 2014, Adelaide 5 December 2014, Sydney 20 March 2015, Adelaide 26 June 2015, Melbourne
	5	Quorum
Audit and Risk Committee members	5	As at 30 June 2015
Audit and Risk Committee meetings	4	11 September 2014, Adelaide 4 December 2014, Sydney 19 March 2015, Adelaide 25 June 2015, Melbourne
	4	Quorum
Net operating deficit	\$265 128	The deficit resulted from the recognition of expenditure arising from the amortisation of intangible assets, with associated income previously recognised in prior periods.
Annual report 2013–14	334	Downloads
Employees (headcount)	120	As at 30 June 2015

Company members



The company members are the federal, state and territory ministers responsible for vocational education and training. The company members as at 30 June 2015 are listed below.

Australian Government

Senator the Hon. Simon Birmingham, Assistant Minister for Education and Training

Australian Capital Territory

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

New South Wales

The Hon. John Barilaro, MP, Minister for Skills

Northern Territory

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

Queensland

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

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. Steven Herbert, MP, Minister for Training and Skills

Western Australia

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

Directors' report



Peter Shergold



Subho Banerjee



Jenny Field



Pat Forward



Helen Garnett



John Hart



Leslie Loble



Simon Walker



Craig Fowler

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 2015.

The names of the Directors in office as at 30 June 2015 are:

Peter Shergold

Subho Banerjee

Jenny Field

Pat Forward

Helen Garnett

John Hart

Leslie Loble

Simon Walker

Craig Fowler

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 deficit was \$265 128. The deficit resulted from the recognition of amortisation expenditure related to the development of major capital assets, with the revenue associated with their development previously recognised in prior periods. The amortisation of these major capital assets will reverse the recognition of the income in prior 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 2015.

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

Peter is the Chancellor of the University of Western Sydney. He was a CEO in the Australian Public Service for two decades, most recently as Secretary of the Department of the Prime Minister and Cabinet. He was awarded the Order of Australia (AM) in 1996 and Companion in the Order of Australia (AC) for public service in 2007. He is now a non-executive Director of AMP Ltd, Veda Group and Corrs Chambers Westgarth and Chair of Opal Aged Care. He also chairs QuintessenceLabs. Peter is still actively involved with government: Chair of the NSW Public Service Commission Advisory Board and Chair of the Higher Education Standards Panel. He is a member of the Prime Minister's Indigenous Advisory Council and in the not-for-profit sector he is a member of the NSW Library Council. He is also a senior visiting fellow of the Singapore Civil Service College.

Subho Banerjee *Director*

BSc (Hons), MSc, PhD

Appointed December 2013

Subho is Deputy Secretary, Australian Government Department of Education and Training, responsible for the skills and training functions of the department. He has previously held senior executive positions in a number of Australian Public Service departments, providing policy advice across a broad range of environmental, social and economic policy issues. Subho has also 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

Jenny is Academic Advisor to the Board of Evocca College. For over 25 years, Jenny has been in the vocational education and training sector, navigating the constant change within the education industry. Jenny's experience lies in adult learning, student engagement, promoting social inclusion and alternative pathways, and promoting community and industry engagement for lifelong learning. As an executive manager of a private registered training organisation (RTO), Jenny has a strong background in the daily operations, contract management and reporting responsibilities of an RTO. Jenny's Involvement in the industry over the years includes voluntary roles on the National Board of the Australian Council for Private Education and Training (ACPET), chairing the Queensland ACPET state committee, chairing the Lead-on Management Committee in Beaudesert and the SCISCO Management Committee, an E-Women Foundation committee member, a Queensland Overseas Foundation Board member, and a Vocational Education and Training Industry Group (VETIG) foundation committee member.

Pat Forward *Director*

BA, DipEd

Appointed January 2011

Pat is the Federal TAFE Secretary of the Australian Education Union (AEU) and Deputy Federal Secretary of the AEU. She has previously held the position of Federal TAFE President for six years and was, at the same time, Vice President of TAFE in the Victorian Branch of the AEU. Pat has taught in Victorian TAFE colleges, at university and in schools.

Helen Garnett *Director*

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

Appointed May 2010

Helen is a director of ASX listed entities, Carbon Energy, ABM Resources and also of Sugar Research Australia, Grains Research and Development Corporation; and Chair of Delta Electricity and Australian Centre for Plant Functional Genomics. She was formerly Vice-Chancellor of Charles Darwin University; Executive Director of the Australian Nuclear Science & Technology Organisation (ANSTO); Emeritus Professor of the University of Wollongong; and Head of the Department of Biology at the University of Wollongong and Foundation Professor and Head of the Department of Microbiology, University of the Witwatersrand, South Africa.

John Hart *Director*

BCom, DipMkt, MAICD

Appointed July 2008

John is Chief Executive Officer of Restaurant and Catering Australia, Chairman of the National Tourism Alliance, the Vocational Education and Training Advisory Board, the Australian Tourism Roundtable and the Tourism and Hospitality Careers Council, and Member of the Prime Minister's Business Advisory Council. John was previously the Executive Officer of Tourism Training NSW. He studied at the Ecole Hotelliere Lausanne, Switzerland and has over 27 years hospitality experience, including working for Pacific Hotel Corporation and teaching at Regency College of TAFE SA.

Leslie Loble *Director*

MPA, BSc

Appointed: August 2013

Leslie is Deputy Secretary, NSW Department of Education and Communities. Prior to moving to Australia, she was presidential appointee to senior positions in the Clinton Administration.

Simon Walker *Director*

Appointed: November 2014

Simon is Executive Director, Policy Planning and Innovation, WA Department of Training and Workforce Development. He began his career in the public sector as a financial analyst for Central TAFE following his career in the private sector. Simon joined the Department of Training in 1997 and has since worked in a variety of senior roles, with a particular focus on VET sectoral planning, policy and resourcing. Simon represents Western Australia on the national Senior Skills Officials Network, is a member of the Curtin University School of Economics and Finance Advisory Board and an ex-officio member of the Western Australian State Training Board. Simon is also Chair of the State Government Workforce Development Advisory Group.

Craig Fowler *Managing Director*

BSc (Hons), MSc, PhD, MBA

Appointed to Board January 2011; appointed to Managing Director October 2014

Craig is Managing Director, National Centre for Vocational Education Research. He was the Deputy Chief Executive, SA Department of State Development, supporting workforce planning and skills development across multiple industry sectors in support of state economic development. This spanned higher education, vocational education and training as well as science, research and technology. Prior to this, he was a Principal in Tax with Ernst and Young, working in areas of innovation and research and development incentives. He was a coordinator of Ernst and Young's life science practice in Asia-Pacific. He conducted numerous innovation consultancies at national, state and enterprise levels.

Julie Wobber *Chair of Audit and Risk Committee*

BA, DipEd, MBA, MAICD, AICAA, MIA

Appointed August 2013

Julie is a Partner in Advisory Services with KPMG.

Steven Peronace *Company Secretary*

BA, CPA, GAICD

Appointed: November 2012

Steven is Manager, Finance, Risk & IT Support, National Centre for Vocational Education Research.

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 2014–15 financial year, the Audit and Risk Committee focused on its obligations regarding privacy compliance, including reviewing and discussing the recommendations arising from internal and external privacy reviews. The committee will be taking a greater interest in privacy-related matters as it seeks to strengthen the governance and reporting of privacy risks.

Furthermore, the committee discussed a number of internal and external audits, including a review of internal controls associated with payroll, procurement, project management and invoicing as well as reviewing the company’s practices in relation to copyright, intellectual property and IT security. The recommendations arising from these audits were adopted and will form part of the company’s ongoing activities in 2015–16.

In addition to considering a range of financial matters, including the company’s funds management and accounting policies and budgets, the committee has maintained its strong focus on reviewing and monitoring major risks, including the strengthening of the company’s insurance to cover emerging threats such as cyber security and data breaches. The committee also continues to review the company’s staffing profile, including the company’s first-time mandatory reporting of gender equality.

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.

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	4	4	4	1
Craig Fowler ¹	4	4	4	4
Jenny Field	4	3		
Pat Forward	4	3		
Helen Garnett	4	3		
John Hart	4	4	4	3
Leslie Loble	4	3		
Simon Walker ²	3	2		
Rod Camm ³	1	1	1	1
Julie Wobber ⁴			4	4

Notes: 1 Appointed Managing Director from 31 October 2014.

2 Appointed 26 November 2014.

3 Resigned as Managing Director as at 24 October 2014.

4 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 interest⁴, 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 to 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 to a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings.

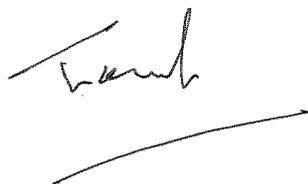
Auditor's independence declaration

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 22.

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 11th day of September 2015

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 2015, 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.

Brett Morkunas
Partner

Edwards Marshall
Chartered Accountants

Adelaide
South Australia

11 September 2015

Liability limited by a scheme approved under Professional Standards Legislation
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.



Level 3
153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
p +61 8 8139 1111
f +61 8 8139 1100
w edwardsmarshall.com.au

Financial reports

Statement of profit and loss

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
REVENUE			
Conferences and workshops		58 865	80 567
Contributions from members		1 446 412	1 415 615
Contract revenue	3	18 014 832	17 474 336
Interest		562 894	370 835
Publications		16 221	12 739
Sundries	4	142 300	124 756
Total revenue		20 241 525	19 478 848
EXPENSES			
Finance lease interest	15.3	14 882	19 810
Operating expenses	2.1	9 918 782	7 109 232
Salaries and related payments	2.2	10 572 989	9 708 023
Total expenses		20 506 653	16 837 065
NET OPERATING SURPLUS/(DEFICIT)	6	(265 128)	2 641 783
NET INCREASE/(DECREASE) IN EQUITY		(265 128)	2 641 783

The accompanying notes form part of these financial accounts.

Statement of comprehensive income

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
NET OPERATING SURPLUS/(DEFICIT)	6	(265 128)	2 641 783
OTHER COMPREHENSIVE INCOME		-	-
Total comprehensive income for the year		(265 128)	2 641 783
Total comprehensive income attributable to members of the entity		(265 128)	2 641 783

The accompanying notes form part of these financial accounts.

Statement of financial position

As at 30 June 2015

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash assets		3 017 700	13 497 799
Receivables	7	11 345 938	282 805
Investments		12 050 000	6 050 000
Prepayments		306 563	320 823
Total current assets		26 720 201	20 151 427
NON-CURRENT ASSETS			
Property, furniture and equipment	8	683 212	857 001
Intangible assets	9	9 132 047	9 495 925
Total non-current assets		9 815 259	10 352 926
TOTAL ASSETS		36 535 460	30 504 353
CURRENT LIABILITIES			
Payables	11	1 518 809	1 011 026
Provisions	12	1 630 560	1 367 024
Equipment lease liability	13.1	76 159	92 766
Other	13.2	20 576 542	14 883 541
Total current liabilities		23 802 070	17 354 357
NON CURRENT LIABILITIES			
Provisions	12	223 461	318 164
Equipment lease liability	13.1	84 134	140 909
Total non-current liabilities		307 595	459 073
TOTAL LIABILITIES		24 109 665	17 813 430
NET ASSETS		12 425 795	12 690 923
EQUITY			
Retained earnings	6	12 425 795	12 690 923
TOTAL EQUITY		12 425 795	12 690 923

The accompanying notes form part of these financial accounts.

Statement of cash flows

For the year ended 30 June 2015

	2015	2014
	Inflows (outflows)	Inflows (outflows)
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members, customers etc.	16 674 701	29 508 507
Payments to suppliers and employees	(18 833 385)	(17 424 415)
Interest received	522 985	342 748
Net cash (used in)/provided by operating activities	(1 635 699)	12 426 840
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for furniture and equipment	(160 065)	(464 021)
Payments for computer software	(2 610 952)	(3 173 694)
(Payments for) receipts from investments	(6 000 000)	-
Net cash used in investing activities	(8 771 017)	(3 637 715)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to reduce finance lease liability	(73 383)	(75 265)
Net cash used in financing activities	(73 383)	(75 265)
NET INCREASE/(DECREASE) IN CASH HELD	(10 480 099)	8 713 860
Cash at the beginning of the financial year	13 497 799	4 783 939
CASH AT THE END OF THE FINANCIAL YEAR	3 017 700	13 497 799

The accompanying notes form part of these financial accounts.

Statement of changes in equity

For the year ended 30 June 2015

	Note	\$
Retained earnings at 1 July 2013		10 049 140
Net operating surplus for 2013–14		2 641 783
Retained earnings at 30 June 2014	6	12 690 923
Net operating deficit for 2014–15		(265 128)
Retained earnings at 30 June 2015	6	12 425 795
Total equity at reporting date		12 425 795

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 11 September 2015 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 Australian Government 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 2014–15 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 Australian Government Department of Education and Training programs managed by the Company. Surpluses or deficits on externally funded projects, including those funded by the Australian Government 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 2015, the Statement of Comprehensive Income reported a net operating deficit of \$265 128.

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, 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 \$3 637 271 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 \$2 252 579 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 \$387 284 for the acquisition of hardware and software to support this development.

During the year \$5 901 710 was transferred from work in progress to software, as the build of these assets were finalised. Amortisation and depreciation of \$3 302 679 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 (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%

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.

1.10 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 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.

1.11 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 2015 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 2015.

Useful life of intangible asset

Effective March 2015, the Board approved that the internet Portal intangible assets are anticipated to be decommissioned on 30 June 2016 when the new Portal project currently undertaken can be implemented. Management had previously intended to use the Portal asset for four years which is now expected to be decommissioned as of 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

		2015	2014
	Note	\$	\$
Contractors – surveys		1 948 366	1 462 904
Depreciation and amortisation	8.2,9.2	3 302 679	1 273 890
Office accommodation expenses		955 028	902 776
Managed fund grant payments		632 657	880 987
Computer software support		943 233	683 152
Contractors – research and other		632 821	429 219
Telephone and postage		183 207	303 459
Computer hardware support		323 813	302 950
Travel and accommodation		209 127	207 790
Conference and seminar costs		72 399	79 291
Staff training		96 280	79 082
Office supplies and expenses		101 853	75 259
Loss on disposal		2 020	67 060
Printing of publications		50 637	60 099
Purchase of publications		58 766	54 690
Directors' fees		50 631	50 531
Other expenses		50 610	45 523
Consultants' fees		26 443	41 249
Advertising and recruitment costs		215 092	39 323
Insurance premiums		30 802	36 114
Audit fees		13 155	16 300
Fringe benefits tax		9 186	11 593
Equipment and software (non-capital)		9 978	5 991
		9 918 782	7 109 232

Managed fund grant payments relate to research funds managed under contract to the Australian Government 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 Australian Government 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

		2015	2014
		\$	\$
Staff salaries		8 102 226	7 443 025
Termination benefits		1 955	95 906
Related payments		2 468 808	2 169 092
		10 572 989	9 708 023

3 Contract revenue

	2015	2014
	\$	\$
Management of Statistical Services Program	7 580 158	7 560 458
Management of National VET Research Program	2 451 762	2 794 975
Other contracts	7 982 912	7 118 903
	18 014 832	17 474 336

4 Sundries

	2015	2014
	\$	\$
Surveys mailout fees	76 855	88 528
Data requests and other	65 446	36 228
	142 300	124 756

5 Remuneration of directors and executives

5.1 Directors' fees

	2015	2014
	\$	\$
Income received or due and receivable by the directors of NCVER Ltd from the Company	50 631	50 531
Number of Company directors whose income from the Company (including superannuation contributions) was within the following bands:		
	No.	No.
\$0 – \$9 999	9	8
\$40 000 – \$49 999	1	1

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

Peter Shergold	Leslie Loble
Jennifer Field	Simon Walker (appointed 26 November 2014)
Patricia Forward	Rodney Camm (resigned as Managing Director 24 October 2014)
Subho Banerjee	Craig Fowler (appointed as Managing Director 31 October 2014)
Helen Garnett	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

	2015	2014
	\$	\$
Income received or due and receivable by the executive officers of NCVER Ltd from the Company	737 249	959 514
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	-
\$110 000 – \$119 999	-	1
\$120 000 – \$129 999	1	-
\$170 000 – \$179 999	-	2
\$180 000 – \$189 999	2	1
\$220 000 – \$229 999	1	-
\$300 000 – \$309 999	-	1

See note 17 for key management personnel included in the Executives' remuneration. The Managing Director, as an Executive Director of the Company, has also been included (see note 5.1).

6 Reconciliation of net operating surplus to retained earnings

	2015	2014
	\$	\$
Net operating surplus/(deficit)	(265 128)	2 641 783
Add		
Retained earnings at the beginning of the financial year	12 690 923	10 049 140
Retained earnings at the end of the financial year	12 425 795	12 690 923

7 Receivables

	2015	2014
	\$	\$
Other receivables	11 345 938	282 805
Balance as at 30 June	11 345 938	282 805

8 Property, furniture and equipment

8.1 Composition

	2015	2014
	\$	\$
Leased property improvements		
Leased property improvements	914 881	913 594
Less accumulated amortisation	(854 212)	(817 821)
Total leased property improvements	60 669	95 773
Leased equipment		
Leased equipment	372 516	363 514
Less accumulated depreciation	(193 159)	(119 675)
Total leased equipment	179 356	243 839
Furniture and equipment		
Furniture and equipment at cost	2 004 792	1 915 116
Less accumulated depreciation	(1 561 605)	(1 397 726)
Total furniture and equipment	443 187	517 390
Total property, furniture and equipment	683 212	857 002

8.2 Movements

	Leasehold improvement	Leased equipment	Furniture and equipment	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at 30 June 2014	913 594	363 514	1 915 116	3 192 224
Additions	1 287	9 002	149 776	160 064
Disposals	-	-	(60 099)	(60 099)
Balance at 30 June 2015	914 881	372 516	2 004 792	3 292 188
Accumulated depreciation				
Balance at 30 June 2014	(817 821)	(119 675)	(1 397 726)	(2 335 222)
Disposals	-	-	54 094	54 094
Depreciation expense	(36 391)	(73 484)	(217 973)	(327 848)
Balance at 30 June 2015	(854 212)	(193 159)	(1 561 605)	(2 608 976)
Net book value				
Balance at 30 June 2014	95 773	243 839	517 390	857 002
Balance at 30 June 2015	60 669	179 356	443 187	683 212

9 Intangible assets

9.1 Composition

	2015	2014
	\$	\$
Computer software		
Computer software at cost	13 660 860	7 400 777
Computer software – work in progress	909 877	4 696 390
Less accumulated depreciation	(5 438 689)	(2 601 242)
Total computer software	9 132 047	9 495 925

9.2 Movements

	Computer software	Work in progress	Total
	\$	\$	\$
Gross carrying amount			
Balance at 30 June 2014	7 400 777	4 696 390	12 097 167
Additions	358 373	2 252 579	2 610 952
Impairment	-	(137 383)	(137 383)
Capitalisation – internally generated software	5 901 710	(5 901 710)	-
Balance at 30 June 2015	13 660 860	909 877	14 570 737
Accumulated depreciation/amortisation			
Balance at 30 June 2014	(2 601 242)	-	(2 601 242)
Depreciation expense	(2 837 447)	-	(2 837 447)
Balance at 30 June 2015	(5 438 689)	-	(5 438 689)
Net book value			
Balance at 30 June 2014	4 799 535	4 696 390	9 495 925
Balance at 30 June 2015	8 222 171	909 877	9 132 047

An impairment loss of \$137 383 was recorded relating to impairment of assets previously in Work in Progress as at 30 June 2014, for the Unique Student Identifier (USI) project. In February 2015 the decision was made that these balances no longer constituted an asset that the Company could derive future income from and as such, the value of these assets was impaired. This impairment loss has been recognised in 'Operating Expenses' Statement of Profit & Loss.

Effective March 2015, the Board approved that the Portal assets are anticipated to be decommissioned on 30 June 2016 when the new Portal project currently undertaken can be implemented. Management had previously intended to use the Portal asset for four years which is now expected to be decommissioned as of 30 June 2016. Accordingly, the expected useful life of the Portal asset has decreased. The effect of these changes on actual and expected depreciation expense, included in 'Operating Expenses' in the Statement of Profit and Loss was as follows:

	2015	2016	Later
(Decrease)/increase in depreciation expense	302 698	1 210 792	(1 513 490)

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

	2015	2014
	\$	\$
Current		
Creditors	134 578	180 472
Accrued expenses	1 384 231	830 554
	1 518 809	1 011 026

12 Provisions and related oncosts

	2015	2014
	\$	\$
Current		
<i>Annual leave</i>		
Provision for annual leave – current	621 191	543 465
Oncosts included in payables	110 726	98 342
	731 916	641 807
<i>Long service leave</i>		
Provision for long service leave – current	760 948	614 094
Oncosts included in payables	137 696	111 123
	898 644	725 217
Total current	1 630 560	1 367 024
Non-current		
Provision for long service leave – non-current	190 380	271 154
Oncosts included in payables	33 081	47 010
Total non-current	223 461	318 164

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

	Note	2015 \$	2014 \$
Current			
Equipment lease liability	18.1	76 159	92 766
Non-current			
Equipment lease liability	18.1	84 134	140 909

13.2 Other liabilities

	2015 \$	2014 \$
Current		
Contract revenue received in advance	19 619 158	13 991 027
GST liability	956 811	891 368
Unearned revenue	573	1 146
	20 576 542	14 883 541

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 2015 the number of members was nine (2014: 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 2014–15 and 2013–14 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)

	2015	2014
	\$	\$
Rental expense	705 579	704 390
Commitments under non-cancellable operating leases are payable as follows:		
– not later than one year	646 790	623 729
– later than one year and not later than five years	454 415	1 044 042
Total lease expenditure commitments	1 101 205	1 667 771

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

The 2014–15 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

	2015	2014
	\$	\$
Lease payments	97 267	95 075
Commitments under finance leases are payable as follows:		
– not later than one year	85 717	92 766
– later than one year and not later than five years	87 984	169 199
Total lease expenditure commitments	173 700	261 965
Less future finance charges	(13 408)	(28 290)
Total finance lease liability	160 292	233 675

Finance lease expenditure commitments cover two leases for computer hardware (storage area network servers) and two financing agreements for photocopiers. The lease payments of \$97 267 in 2014–15 comprised finance charges (interest) of \$14 882 plus reductions in the lease liability of \$82 385.

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 was for a period of two years from 1 May 2013, 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 July 2014, with no interest payable and title retained by NCVÉR.

15.4 Other expenditure commitments

	2015	2014
	\$	\$
Expenditure commitments under service contracts to external parties are payable as follows:		
– not later than one year	1 721 320	2 258 106
– later than one year and not later than five years	2 090 871	189 299
Total external service contract expenditure commitments	3 812 191	2 447 405
Expenditure commitments under contracts for staff remuneration are payable as follows:		
– not later than one year	795 108	612 230
– later than one year and not later than five years	2 016 038	1 175 274
Total remuneration contract expenditure commitments	2 811 146	1 787 504

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:

Rodney Camm	Managing Director (resigned 24 October 2014)
Craig Fowler	Managing Director (appointed 31 October 2014)
Sandra Pattison	General Manager, Research (resigned 30 June 2015)
Sue Fergusson	General Manager, Statistics (resigned 23 July 2015)
Mette Creaser	National Manager, Statistics and Analytics (appointed 25 May 2015)
Jodieann Dawe	National Manager, Research and Business Development (appointed 22 June 2015)

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:

		2015	2014
	Note	\$	\$
<hr/>			
Financial assets			
Cash		3 017 700	13 497 799
Receivables	7	11 345 938	282 805
Investment		12 050 000	6 050 000
<hr/>			
Total financial assets		26 413 638	19 830 604
<hr/>			
Financial liabilities			
Creditors	11	134 578	180 472
Accrued expenses	11	1 384 231	830 554
Equipment lease liability	13	160 292	233 675
<hr/>			
Total financial liabilities		1 679 101	1 244 701

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 2015 and of its performance, represented by the results of its operations and cash flows, for the financial period ended on that date.

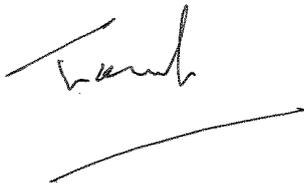
In the Directors' opinion:

- (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 11th day of September 2015

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 2015 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*.

Liability limited by a scheme approved under Professional Standards Legislation
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.



Level 3
153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
p +61 8 8139 1111
f +61 8 8139 1100
w edwardsmarshall.com.au



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 2015 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*.

Edwards Marshall

Edwards Marshall
Chartered Accountants

BDMorkunas

Brett Morkunas
Partner

Adelaide
South Australia

11 September 2015

Liability limited by a scheme approved under Professional Standards Legislation
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.



Level 3
153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
p +61 8 8139 1111
f +61 8 8139 1100
w edwardsmarshall.com.au



National Centre for Vocational Education Research

Level 11, 33 King William Street, Adelaide SA 5000
PO Box 8288 Station Arcade, Adelaide SA 5000, Australia

Phone +61 8 8230 8400 **Fax** +61 8 8212 3436

Email ncver@ncver.edu.au **Web** <http://www.ncver.edu.au> <http://www.isay.edu.au>

Follow us:  <http://twitter.com/ncver>  <http://www.linkedin.com/company/ncver>

