

AMES Australia ANNUAL REPORT

2018–2019

Full participation for all in a cohesive and diverse society

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Part B: Financial Statements

Part A

Declaration in Report of Operations

In accordance with the *Financial Management Act 1994*, I am pleased to present the AMES Australia's Annual Report for the year ending 30 June 2019.



Stuart Crosby
AMES Australia Board Chair

18 September 2019

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

AMES Australia Financial Management Compliance Attestation Statement

I, Stuart Crosby, on behalf of the Responsible Body, certify that AMES Australia has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions.



Stuart Crosby
AMES Australia Board Chair

26 August 2019

About AMES Australia

AMES Australia began providing English language classes after World War II and has worked for more than 65 years in pursuit of achieving its vision of 'full participation for all in a cohesive and diverse society'. Today AMES Australia is a significant national provider of settlement services and shares its expertise with other countries to develop policies and practices to establish effective resettlement programs.

AMES Australia provides a comprehensive range of settlement support, English language and literacy tuition, vocational training and employment services in Victoria, South Australia, Tasmania and Western Sydney.

In 2018–19 services were provided to the following cohorts:

- Refugees
- Asylum seekers
- Skilled and recently arrived migrants
- Job seekers
- Youth

AMES Australia focuses on the strengths and skills of individuals and encourages them to use and develop their assets to assist their successful settlement. This strengths-based approach underpins all AMES Australia services.

AMES Australia recognises the benefits of working in partnership with employers, community groups, educational institutions and specialist organisations to provide effective services.

AMES Australia undertakes research to provide credible evidence to inform our practice, government and key stakeholders on policies that impact on settlement outcomes.

Vision

Our vision is full participation for all in a cohesive and diverse society. AMES Australia achieves this through innovation, partnership, influence and sustainability.

Strategic Priorities

Our settlement framework for social and economic participation seeks to achieve short and long-term outcomes for individuals, families and broader community. This framework drives AMES Australia's strategic priorities:

- Extend work to improve client outcomes including the economic wellbeing of women.
- Apply digital technologies to achieve better outcomes.
- Contribute to the evidence base to improve settlement policies and practices.
- Promote the benefits of the diverse social capital of newly arrived communities to the broader society.
- Invest in the capacity, diversity, resilience and innovation of AMES Australia, its staff and volunteers.

In 2018–19 key services were delivered through the following Commonwealth and Victorian government contracts:

Humanitarian Settlement Program (AMES Australia and subcontractors)	12,190 clients
Status Resolution Support Services (Consortium)	3,424 clients
Adult Migrant English Program (AMES Australia and subcontractors)	606 clients
Skills First (AMES Australia)	1,815 clients
Skills for Education and Employment Program (Consortium)	797 clients
Pre-accredited Language Program (AMES Australia)	3,765 clients
jobactive (Consortium)	29,654 clients



Chair's Statement

The end of a year is a time for reflection and this year there is much to reflect on. When I first joined the AMES Australia Board our energies were predominantly directed to teaching English to newly arrived migrants. Now our Education portfolio contributes less than 20 per cent of our revenue; both Employment and Settlement services are significantly larger. AMES Australia is very different today to what it was three years ago.

The changes we have had to make have challenged everyone. But it is not those challenges and the amazing way people rose to them that I want to discuss. I want to highlight what has not changed.

- We continue to be leaders in the delivery of services to people newly arrived in Australia and the development and documentation of best practice.
- Our people - employees and volunteers, clients and alumni, partners and supporters continue to demonstrate great passion and commitment.
- We continue to achieve concrete outcomes across the broad range of our activities, from regional settlement initiatives to skilled migrant support programs.
- Our English language education and employment support services continue to help newly arrived communities develop their own abilities to engage in public conversations and represent themselves directly in debates that affect them.
- Our continued emphasis on providing data supports public discourse rather than advocacy. Areas where fine research work has been done include prevention of family violence, measuring settlement outcomes for refugees from Syria and Iraq, and regional settlement initiatives. AMES Australia representatives participate in United Nations forums on global compacts of refugees and migration.
- We continue our commitment to being a good and valued partner with the organisations and people with whom we work.
- We value the strong support we receive from the various arms of government, federal, state and local, in our work.

We have done a range of new things too. For example, our Australian Made series of inspiring personal stories of refugees and other migrants to Australia since World War II. *Refugee Stories* was a very successful publication. It was a broad and diverse collection of the wonderfully inspiring stories of refugees.

We have to expect that the environment in which we work and deliver services will remain volatile and the policy debates will continue to be vigorous and highly charged. We will continue to try to be nimble in working to deliver our services, to support the people and communities who rely on us, and to maintain and build our own resources, capacities and sustainability.

Let me conclude by thanking the AMES Australia senior leadership team and my fellow board members, in particular Catherine Scarth, our inspiring CEO, Megan Boston, our ever-valuable Deputy Chair, and Stuart Alford, our hardworking and thoughtful Finance, Audit and Risk Management Committee Chair, for their hard work and support.

Stuart Crosby

Chair



CEO's Statement

The past 12 months has again been a period of change as we reshape our organisation to seize the opportunities and respond to the challenges of the future. Significantly, we continue to look for ways to integrate our services, focus on improved coordination and collaboration so that the many opportunities we provide to migrants and refugees result in better and earlier settlement outcomes for them, their families and the broader community.

In the past year we have seen some significant achievements which have cemented AMES Australia's strategic plan. They have given us clarity about our mission and capacity to deliver our vision of 'full participation for all in a cohesive and diverse society'. This Annual Report is a record of work and achievement for AMES Australia over the 2018-19 financial year. It provides a blueprint for our success into the future.

Particularly pleasing was our success in winning Australian Government funded work to pilot programs to re-settle refugees in regional Victoria, which builds on the great success in Nhill and Bendigo. This is an exciting development which we hope will increase in scope and reach into the future.

We have also bedded down the Humanitarian Settlement Program (HSP) contracts in South Australia and, in partnership with the Migrant Resource Centre Tasmania, in Tasmania. We now deliver HSP services in three states and we supported 12,190 HSP clients and 3,424 Status Resolution Support Services (SRSS) clients in 2018-19. We also supported 29,654 jobactive clients in their search for meaningful and sustainable employment in Victoria and, in partnership with WISE, in Western Sydney. Our education and vocational training programs saw 6,983 clients supported in 2018-19 to improve their English or complete vocational training.

Harnessing technology to increase our client base and improve our service delivery will be a focus in the coming year. We have already started work on a 'mobile app' that promises to help speed up our clients' settlement journeys through digitally delivered information and advice.

AMES Australia's Youth Services program continues to go from strength to strength. We now have more than a thousand young people who have suffered disadvantage or disengagement on pathways to education and employment.

And we are now the largest re-engagement provider for disengaged culturally and linguistically diverse (CALD) and Indigenous youth in Victoria providing services across 15 local government agencies, including two in rural Victoria.

Our Prevention of Violence Against Women (PVAW) program provides important support and connections so that CALD leaders can combat family violence from within their own communities.

We continue to build partnerships with the community and corporate sectors to engage meaningfully with all sectors of government to achieve the best settlement and migrant education outcomes for our clients.

I would like to again acknowledge the challenges we have faced in recent times and the resilience shown by all staff across the organisation to deliver the best service to our clients. Our staff and volunteers have displayed impeccable professionalism and commitment and I would like to thank them all. I would also like to thank and acknowledge my executive team and the support of the Chair and Board of AMES Australia.

Migration will continue to be an important part of Australia's future economic prosperity and security and we will support newcomers to this country to maximise their potential to make positive contributions. There are challenges for us in the future, but AMES Australia has the innovative capacity and the partnerships to seize opportunities to grow and improve our support for migrants and refugees as they strive to make valuable contributions to the Australian community.

Catherine Scarth
Chief Executive Officer

Initial Settlement Services

The resettlement of refugees is a dynamic process rather than a linear pathway. AMES Australia provides a comprehensive and integrated range of on-arrival and ongoing support that recognises the resilience of refugees and builds on their strengths to achieve positive resettlement. Using a strengths-based approach AMES Australia engages with new arrivals in decisions and processes related to their settlement.

Humanitarian Settlement Program (HSP)

AMES Australia, in partnership with selected subcontractors, provides initial settlement support to Refugee and Special Humanitarian visa holders. AMES Australia, as the lead provider of Humanitarian Settlement Program (HSP) in Victoria, Tasmania and South Australia, has successfully been delivering services under the HSP since 31 October 2017.

HSP provides initial settlement support to humanitarian clients both on arrival and during their initial settlement period through a coordinated case management approach, tailored to individual needs for all family members. During the initial settlement period the HSP strengthens the ability of humanitarian clients to participate in the economic and social life of Australia and equips individuals with the skills and knowledge to access services independently.

The following HSP services are provided to the individual or family based on their assessed needs through coordinated case management. Services include the following:

- On arrival support which includes reception, property induction and initial food provision.
- Assistance with registration with services such as Centrelink, Medicare, banks and schools.
- Assistance with engaging with health services and employment services.
- Assistance with enrolment in relevant education and training programs.
- Accommodation services including provision of Basic Household Goods Package.
- Orientation program across a range of topics such as Australian law, health, transport and accommodation.

The HSP program also provides Specialised and Intensive Services for clients with exceptional or complex needs including Mental Health Services, General Practitioner Services, Occupational Therapy, Disability Services, Torture and Trauma Services, Family Violence Interventions, Family Relationship Counselling, Child or Youth Services, Accommodation, Financial and Legal Services.

Exit from the HSP is based on clients achieving clearly defined settlement outcomes.

AMES Australia provides direct delivery of HSP services in Victoria from sites located at Dallas, Footscray, Noble Park and Mildura, plus Adelaide and Salisbury in South Australia.

AMES Australia has a network of subcontracted partners, delivering HSP services across Victoria, Tasmania and South Australia.

In Melbourne, AMES Australia works in partnership with Spectrum Migrant Resource Centre, MiCare, Redback Settlement Services, South East Community Links, Centre for Multicultural Youth and Southern Migrant and Refugee Centre.

In regional and rural Victoria, AMES Australia works in partnership with Bendigo Community Health Services, Ballarat Community Health Centre, Geelong Ethnic Communities Council Inc. (Diversitat), Kildonan Uniting Care in Shepparton and Mallee Family Care in Swan Hill.

In South Australia, AMES Australia works in partnership with Anglicare, Australia Migrant Resource Centre, Multicultural Youth South Australia and Australian Refugee Association.

In Tasmania, AMES Australia works in partnership with Migrant Resource Centre Tasmania and with Migrant Resource Centre – North Tasmania.

In 2018–19 AMES Australia and its subcontractors provided HSP services to 12,190 clients.

Humanitarian Arrivals

Humanitarian arrivals came from many countries. The greatest numbers are from Myanmar, Iraq, Afghanistan, Syria and Congo.

Humanitarian client arrivals by visa category

	2018-19	2017-18	2016-17	2015-16	2014-15
Refugee (200, 201, 204, 785, 790, 801 and 866**)	3,306	4,044	2,973	1,837	1,706
Special Humanitarian Program (202)	2,579	3,187	4,630	1,516	1,974
Total	5,885	7,231	7,603	3,353	3,680

Humanitarian client arrivals by settlement location

	2018-19	2017-18	2016-17	2015-16	2014-15
Melbourne	3,456	4,780	6,893	2,862	3,182
Rural Victoria	800	715	710	491	499
South Australia*	1,095	1,090	nil	nil	nil
Tasmania*	534	646	nil	nil	nil
Total	5,885	7,231	7,603	3,353	3,681

*HSP delivery in South Australia and Tasmania commenced on 31 October 2017.

**SIS clients - Holders of Protection (866), Temporary Protection (785), Temporary Humanitarian Stay (449), Temporary Humanitarian Concern (786) and Safe Have Enterprise (790) visas may be eligible for SIS up to five years after their arrival in Australia, or up to five years after the grant of their eligible onshore visa.

Community Support Program (CSP)

AMES Australia was one of twelve Approved Processing Organisations (APO) selected by the Department of Home Affairs for the Community Support Program (CSP) for a period of five years. AMES Australia commenced work in March 2018. The CSP provides opportunities for community members or organisations in Australia to identify, pay for and support applications for refugee and humanitarian visa places for people in need of resettlement.

CSP provides an additional resettlement pathway for 1,000 people in humanitarian situations overseas, the places allocated are included in the Refugee and Special Humanitarian Program national quota (18,750 for 2018–19). Applicants must meet the eligibility requirements for a refugee/humanitarian visa, the Department of Home Affairs' priorities and be able to demonstrate a pathway to employment on arrival.

APOs are responsible for the following:

- Lodgement of humanitarian visa applications on behalf of Australian Supporters.
- Overseeing the delivery of settlement support for the successful applicants for 12 months after arriving in Australia.
- Monitoring and reporting on settlement outcomes to the Department of Home Affairs.

AMES Australia commenced lodging visa applications for clients selected for the CSP in late June of 2018, with initial clients arriving in April 2019. In 2019, 21 visa applications were successful covering 65 individuals. Applicants came from countries including Afghanistan, Eritrea, Ethiopia, Iraq, Myanmar and Syria.

Services for People Seeking Asylum

Status Resolution Support Services (SRSS)

In January 2015, AMES Australia commenced delivery of Status Resolution Support Services (SRSS) to asylum seekers waiting for the outcome of their protection visa application. Clients are provided with coordinated, integrated, needs-based support to assist them access relevant services through a Case Worker. This includes contacting clients for regular welfare checks, referring them to relevant health and mental health services, assisting new arrivals to find suitable housing, and connecting them with employment and social engagement opportunities. Financial assistance for SRSS clients is facilitated through the Department of Human Services.

In January 2018, the Department of Home Affairs contracted AMES Australia to deliver SRSS for two further years to 30 June 2020. Policy changes continued to impact recipients in 2018–19. The Department has commenced issuing Final Departure Bridging Visas for Regional Processing Country recipients, exiting them into the community.

On 8 February 2018, the revised SRSS program design was approved. It commenced on 1 May 2018. The program offered targeted, needs-based support to those who are unable to support themselves while resolving their immigration status. Below are the principles of the SRSS redesign:

- SRSS is not a welfare program for non-residents.
- Services should focus on status resolution outcomes – grant of a substantive visa or departure.
- Clients on Bridging visa E (BVE) with work rights are expected to work to support themselves and their families.
- People found to have adequate income/assets (off or on-shore) will not receive support services.
- Eligibility will be regularly re-assessed (at a minimum every 12 months).

The tightening of the eligibility criteria for asylum seekers seeking SRSS support, resulted in a large number of SRSS recipients being removed from the program.

In response to these changes the AMES Australia settlement team worked closely with AMES Australia employment team and a range of external agencies to fast track asylum seekers transition into employment. AMES Australia will continue to work closely with other services to ensure that asylum seekers are well connected to health services, housing and employment support post exit.

During the reporting period services were provided to 3,424 SRSS clients (Consortium). AMES Australia is one of now two remaining SRSS service providers in Victoria and manages SRSS contract delivery in Victoria with a number of partners and subcontractors.

Victoria wide

- Redback Settlement Services

Melbourne

- MiCare
- Spectrum Migrant Resource Centre

Regional Victoria

- Geelong Ethnic Communities Council (Diversitat)
- Mallee Family Care
- Sunraysia Mallee Ethnic Communities Council (ceased service delivery effective 31 January 2019)
- Uniting Care (Victoria and Tasmania) Limited

English Language Services

Adult Migrant English Program (AMEP)

AMES Australia recognises that successful settlement and participation is significantly determined by the ability to speak and understand English in contexts including social situations, employment, education and training. These contexts frame the applied English language teaching and learning for migrants and refugees accessing AMES Australia's English language services.

AMES Australia's regional AMEP contracts are delivered through subcontractors in Gippsland, Goulburn Murray, and South Coast of Victoria. AMES Australia provides regional subcontractors with program support and contract management. In February 2019, AMES Australia established an office in Mildura for its Wimmera Mallee contract and directly employed staff to provide AMEP.

2018-19 Outcomes

	Clients	Classroom attended hours
AMES Australia and subcontractors	606	66,920

Preparatory and Transition to Employment Services

AMES Australia provides a number of programs integrating English language and foundation skills development with vocational content to assist people to reach their employment goals as quickly as possible. In many cases, practical work experience placements are a critical component of employment focused programs such as Work Skills at AMES Australia. Programs are available for refugees and migrants ranging from those seeking entry level skills development and language support, to overseas qualified professionals. AMES Australia aligns its services with the requirements of employers and industries that have employment opportunities and entry level jobs for new arrivals.

Skills First

AMES Australia provided opportunities for individuals to study English language and vocational programs through Victorian Government Skills First funded places for accredited training and Adult Community and Further Education (ACFE) funding for pre-accredited programs. In the 2018-19 period, 1,815 Skills First students were accommodated in foundation language training through courses such as the Certificates in Spoken and Written English and the English as an Additional Language (EAL) Framework; and VET industry entry qualifications in Early Childhood Education and Care (68 clients) and Individual Support Services (99 clients), thus providing pathway options for completing and exiting students undertaking Foundation programs.

2018-19 AMES Australia Outcomes

Clients	Total Hours	Unit Completion Rate	Certificate Completion Rate (Industry courses)
1,815	641,976	61.3%	85%

Pre-accredited Training – ACFE Board

Pre-accredited training addresses the needs of adults who have experienced barriers to education in the past. It provides a stepping stone into future training and employment. During the reporting period, AMES Australia delivered over 131,831 student contact hours of pre-accredited training funded by the Victorian Government through the Adult, Community and Further Education (ACFE) Board to 3,765 clients.

Courses were generally short, less than 10 weeks and included targeted skills development such as digital literacy or English grammar. The diversity of clients and client groups seeking AMES Australia’s education services has required an agile and flexible response, made possible through pre-accredited delivery. Newly arrived women with young school-age children have found an avenue to learning through classes established by AMES Australia at their child’s school. Others have found classes located near shopping centres or at community centres and community hubs to be an appropriate first step for them.

A significant proportion of students in education programs at AMES Australia are also employment clients under the jobactive Consortium. Programs driving employability skills and vocational goals were developed and provided to shared clients, predominantly using pre-accredited hours. Three government endorsed Job Ready Job Willing programs were delivered in the west and north of Melbourne during the 2018–19 period as well as eight This Works! program. A total of 553 clients attended the ACFE Board funded, client-tailored and job focused 3 Steps programs, encompassing pathway planning and resume and interview skills classes. Classes also included basic computer literacy and how to navigate the myGov website delivered in Melbourne to AMES Australia jobactive clients.

ACFE Board Innovation Funds (\$49,513) were secured to develop a model for successful volunteering in the jobactive space. This model is shared across the Learn Local sector.

2018–19 AMES Australia Outcomes

Clients	Total Student Contact Hours	Module Completion Rate (ACFE and Asylum Seeker ACFE)
3,765	131,831	77.57%

Skills for Education and Employment (SEE)

AMES Australia remains a significant provider of the Department of Employment, Skills, Small and Family Business’s (DESSFB) Skills for Education and Employment (SEE) program, successfully maintaining contracts in five of eight contract regions in Victoria: Inner Metropolitan Melbourne, South East Melbourne and Peninsula, Goulburn Murray, South Coast of Victoria and Wimmera Mallee. The program provides language, literacy and numeracy skills development to assist Centrelink registered job seekers improve access to work opportunities by improving their core skills. SEE provides further synergy with the AMES Australia jobactive Consortium and other referring agencies to provide language, literacy and numeracy support to our clients while preparing them for employment.

AMES Australia partnered with a number of registered training organisations for delivery of services under the SEE contract. In the Inner Metro region AMES Australia has continued its partnership with Carlton Neighbourhood Learning Centre, Carringbush Adult Education, Wingate Ave Community Centre and SkillsPlus (both Inner Metro and South East and Peninsula). In regional Victoria, AMES Australia delivered through Goulburn Ovens Institute of TAFE and Wodonga TAFE in the Goulburn Murray region and South West Institute of TAFE in the South Coast of Victoria region.

AMES Australia SEE contract regions have mostly achieved our KPI targets set out by the DESSFB and are continuously improving quality assurance and performance. The SEE Manager position was established to drive successful delivery and performance of the SEE program in contracted regions, with a strong focus on external business development.

In the reporting period the AMES Australia SEE Consortium delivered training to 797 clients. Ninety-six per cent of clients who commenced training achieved learning outcomes as measured by the Australian Core Skills Framework. Many clients completing the Certificate III in Early Childhood Education and Care and Certificate III in Individual Support (Aged Care) have moved into employment in the respective industries. Other clients achieved additional vocational competencies focusing on practical work skills, customer service and office administration.

2018-19 SEE Consortium Outcomes

Clients	Total Student Contact Hours	Unit Completion Rate (includes EAL & Industry)
797	442,281	45%

Youth Services

AMES Australia Youth Services has grown exponentially since amalgamating all youth funded programs in 2018 across metropolitan Melbourne, Mildura and Nhill. Youth Services was awarded a third round of Skills First Reconnect funding making AMES Australia the largest specialist youth re-engagement provider in Victoria, delivering vital programs to CALD and Indigenous youth at risk.

AMES Australia's strategic direction focuses on a holistic youth-centric approach. All programs are delivered to improve communication, problem solving and leadership skills through our engagement strategies. Youth Services aims to address the gaps by developing a succinct transition from informal education to accredited programs. There are 30 dedicated volunteer mentors supporting participants across all programs.

Youth Services accredited learning programs

In January 2019, AMES Australia Youth Services launched Certificate 1 in General Education for Adults (CGEA). CGEA equips young students to obtain knowledge for everyday life, further learning and preparation for initial work, including building their cognitive and communication skills.

A blended learning plan provides and maximises effective learning strategies for young students with English as an Additional Language (EAL) classes as part of CGEA.

Reconnect

Reconnect is a voluntary program that supports and empowers young adults (aged 17-25) to access and engage with employment and/or education using holistic and person-centred learning methods. Reconnect provides the following support:

- Intensive support to assist participants to break down barriers in achieving their short and long term aspirations.
- Advocate, connect and engage with internal and external services to assist young people with dealing with life's challenges.
- Support in enrolling into training programs and courses.
- Financial support for education and employment purposes, when appropriate.
- Ongoing support in maintaining engagement in employment and/or education.

AMES Australia supports young people from CALD backgrounds to feel settled, respected and empowered in the broader Australian community. Youth-centric and multi-disciplinary counsellors work one-on-one with participants to achieve their goals through a trauma-informed and strengths-based approach.

Reconnect programs funded through Department of Training and Education (DET) are delivered in Hume, Greater Dandenong, Wyndham, Maribyrnong, Brimbank, Maroondah, Stonington, Darebin, central Melbourne, Moone Valley, Glen Eira, Whitehorse and Mildura and Nhill Victoria. Academic curriculum is delivered one-on-one or in small groups. During the reporting period 224 young people participated in the Reconnect program.

Engage!

The Engage! program is funded by the Department of Health and Human Services and delivered in south east, inner east and west metropolitan regions of Melbourne. The program supports and creates opportunities for young people to have greater connection and active participation in their local community to build their skills and knowledge.

Digital World

Digital World is a digital literacy program that supports young people to gain vital skills, experience and improve computer based literacy creating future education and employment opportunities.

Youth Camp

Youth Camp is a trauma-informed and strengths-based program that builds rapport with young people in a social and community setting. Youth Camp develops social participation, communication and leadership skills. Youth Camps are held twice yearly, over three days and two nights in April and October facilitated by Outdoor Education Group. Over 100 young participants attended in 2018–19.

Driving to Employment

Driving to Employment (D2E) is a 12-week program that supports young people with obtaining their Probationary Licence; 120 young people have successfully graduated in 2018–19. Participants are provided with 10 one-hour free driving lessons. D2E includes support and supervision from one of the AMES Australia youth mentors, to maintain engagement and understanding of road rules, laws and public safety.

In the Mix

The In the Mix program aims to empower CALD youth aged 17–25 years to access local community engagement activities. Strength-based and trauma-informed principles are applied. It is envisaged that through fun and educational social inclusion activities, participants' sense of belonging and understanding of multicultural society in Australia will improve, and that they will actively seek pathways into education, training and employment.

Specialist industry exposure tours

The BUS-Trip industry tours program provides a two-hour workplace visits for 10 weeks. This activity is for young people to build up new skills and develop a greater understanding of work culture, work environment and their employment rights in Australia. BUS-Trip also provides support to disadvantaged young people in selecting the best match and suitable employment pathways. To date, 180 participants have attended.

First Aid Training

During the reporting period 150 young people have successfully completed an accredited first aid training course.

Food Leadership Champions Program

The Food Leadership Champions program forms part of the BUS-Trip industry tours program. Young people were provided with an introduction to the hospitality industry. As well as basic meal preparation and cooking, the program incorporates a strong leadership component. Each of the 40 regional participants obtained two units of competency - HLTAID003 Provide First Aid and Hygienic Practices in Food Safety.

Support Programs for migrants, refugees and asylum seekers

Career Pathways Pilot for Humanitarian Entrants

The federally funded Career Pathways Pilot (CPP) for Humanitarian Entrants supported skilled and professional refugees gain employment that matched their skill set. The pilot concluded on 30 June 2019.

There were 361 participants who registered for the pilot. The majority, 88 per cent were from Iraq and Syria. They were mainly health professionals, engineers, trades and IT specialists (44 per cent). Of 106 participants

who found employment, the majority secured work in their previous profession or related role. Another 170 were engaged in further study, which means that 75 per cent of participants are progressing in their career pathway. The pilot program resulted in meaningful employment recognition of participants' overseas skills and qualifications. It also opened opportunities for AMES Australia to establish strong relationships with corporate employers, industry groups and professional registration bodies.

To ensure that skilled and professional humanitarian entrants continue to receive support in obtaining meaningful employment that aligns with their career goals, AMES Australia is offering the Refugee Mentoring Program to eligible clients. The program commenced on 1 July 2019.

Asylum Seeker Language and Literacy Program

The Asylum Seeker Language and Literacy Program is a Department of Education and Training (DET) initiative. It aims to provide pre-accredited language and literacy programs that meet the specific needs of asylum seekers, enabling further education and employment opportunities.

Since the start of the program in July 2017, a total of 397 clients have accessed it, with majority of clients from Iran and Afghanistan. Many are working part-time and attending evening classes to improve their English language and literacy skills and to maintain or to find a better job. AMES Australia's funding to support up to 500 clients has been extended to November 2019.

Asylum Seeker VET Learning Plan

The Asylum Seeker VET Learning Plan is an initiative by DET. It aims to support asylum seekers and refugees who have temporary residence in Victoria develop a learning plan that suits their skills and employment aspirations.

AMES Australia is contracted to deliver the service to 250 clients. The program initially funded until April 2019 was extended to November 2019. The client profile is similar to that of the Asylum Seeker Language and Literacy Program. During the reporting period 83 clients accessed the program, making a total of 216 clients to date.

Planning Career Futures for Refugees

AMES Australia in partnership with Scanlon Foundation delivers the Planning Career Futures for Refugees program in South Australia, from March to December 2019. This program supports skilled and professional refugees plan a career pathway in Australia. It aims to find jobs that match their overseas skills and qualifications, connect with local employers, state and federal government programs and find employment and volunteering opportunities to assist achieve their career goals.

Adelaide HSP team and Melbourne CPP team are working together to provide services and have engaged local employers to assist source employment and volunteering opportunities for clients. To date 11 clients have registered in the program.

Skilled Professional Migrants Program (SPMP)

The Skilled Professional Migrants Program is a four-week intensive program that assists migrants with professional qualifications develop job search skills in Australia. These include the preparation of resumes and job applications, interview skills and networking. The program also aims to develop participants' understanding of the Australian job market and workplace culture. During the course, participants receive feedback from corporate volunteers. After completing the course, they may be mentored by industry professionals who will provide ongoing support and advice during their job search.

Past participants can also join an SPMP alumni group that facilitates networking and information exchange. A study has found that employment situations for participants after SPMP had significantly improved. Not long after attending the program, 89 per cent of the participants found work, and of this group, 64 per cent were in a professional position. During the reporting period, 104 clients participated in the program.

Working the Australian Way

Working the Australian Way is a two-day workshop designed to assist professionally qualified migrants connect with leading Australian companies. The objective of the workshop is to help migrants to be well prepared for jobs that use their expertise and experience.

Around 73 per cent of participants started a new job within three months after the workshop and two thirds were in jobs that fully or partially match their background. During the reporting period, 230 clients participated in the program.

Intensive IELTS Preparation Course

The Intensive IELTS Preparation Course is designed for people intending to sit the Academic International English Language Testing System (IELTS) Test to study at a university, gain recognition of overseas qualifications in Australia, for visa purposes or to have proof of a high level of English. A number of engineers and professionals in the Career Pathways Pilot participated in the program and have successfully achieved the score needed to gain professional recognition or to undertake higher education at university. During this reporting period, 83 clients participated in the program.

Occupational English Test (OET) Test Preparation Course

The Occupational English Test (OET) Test Preparation Course is designed to assist health professionals (such as doctors, nurses, dentists, pharmacists, physiotherapists) intending to take the OET exam get recognition of overseas qualifications and meet the requirements of the Australian Health Practitioner Regulation Agency (APHRA).

The course was delivered fully as fee for service in Term 1 2018. In April 2018, AMES Australia succeeded in gaining funding from the State government to deliver the course. The course has enabled a number of overseas trained doctors in the CPP gain partial registration with APHRA. They are now currently working as hospital medical officers in Victoria. During the reporting period, 66 clients participated in the course.

Employment Services

Sustainable employment breaks the cycle of economic dependence and contributes to the health and wellbeing of individuals and their families. AMES Australia works with both job seekers and employers to assist job seekers develop work-readiness and match them with work force opportunities.

jobactive

AMES Australia delivers employment services under the Australian Government's jobactive program. AMES Australia provides services across metropolitan Melbourne, through a consortium arrangement with ECHO Australia, SkillsPlus and Uniting Victoria/Tasmania Employment Services. The number of contract regions reduced from five to four in April 2019. AMES Australia has 15 locations in metropolitan Melbourne: Broadmeadows, Dandenong, Footscray, Glenroy, Preston, Springvale, St Albans, Sunbury, Sunshine, Craigieburn, Epping, Melton, Noble Park, Werribee and Oakleigh. Outreach services are available at Bacchus Marsh, Gisborne, Whittlesea and Kinglake.

Consortium partners provide services in Cranbourne, Greensborough, Lilydale, Narre Warren, Ringwood, Wantirna, Frankston, Rosebud, Pakenham, Mornington, Hastings and Heidelberg. AMES Australia also provides employment services in Western Sydney as a jobactive subcontractor for WISE Employment in Liverpool, Cabramatta, Auburn and Bankstown. AMES Australia supports job seekers relocating to regional areas within Victoria and interstate to take up employment opportunities and meet the labour needs of regional Australia. We continue to supply labour for companies in Nhill, Cobram and Mildura in northern and western Victoria and in NSW including Wagga Wagga.

During 2018–19, jobactive services were provided to 29,654 job seekers with 7,487 newly commenced. A total of 6,733 job placements were achieved across Victoria and NSW. In addition, 2,492 job seekers participated in Work for the Dole activities relevant to their employment pathways. Appropriate activity placements provided a meaningful, stable and safe environment for participants to fulfil their Annual Activity Requirements were made available.

2018–19 Outcomes

	Clients	Newly commenced	Job placements	26-week outcomes	Work for the Dole
jobactive Consortium	29,654	7,487	6,733	3,471	2,492

Integrated Services

AMES Australia piloted a number of initiatives across the organisation to provide an integrated approach to service provision for job seekers.

- Specific training on the myGov website/app to help job seekers interact with this service and in preparation for the roll out of the Department of Jobs and Small Business Targeted Compliance Framework from 1 July 2018. This required job seekers taking greater personal responsibility in reporting attendance at activities and programs in which they participated.
- Delivery of new initiatives for job seekers, through education-based ACFE Board short programs, such as 3 Steps, Job Facts, Preparation for a Forklift Licence, and Preparation for a White Card. A focus on developing closer relationships with employers has led to a better understanding of skills requirements and job opportunities in regions. These short courses have gone through a long developmental and promotional phase including the evaluation of various pilots to be ready for broad-scale launch.
- We have filled numerous vacancies provided by a network of employers in regional locations such as Nhill, Cobram, Naracoorte, Wagga Wagga and Mildura. They include the Meat Processors Group which is one of Australia’s leading food industry recruitment businesses. We have also engaged with Victorian SRSS and HSP clients to provide sustainable employment and relocation opportunities in NSW and Queensland.
- Through the successful tender for Reconnect 3, AMES Australia jobactive and education clients have been linked into alternate Youth Services. Through its Reconnect Program, AMES Australia provides support for youth that are disengaged by helping them to explore pathways back into training or further study. This partnership is helping young clients to stabilise their living situation and improve their level of engagement with family, work, education, training and their local community.

Partnerships

AMES Australia continues to seek partnerships and collaborations that will increase opportunities for our job seekers.

- The Activate Employment Program, a joint initiative between AMES Australia and Juno Consulting, continued with programs, delivered at Melbourne CBD, Broadmeadows, Epping, Preston, Box Hill, St Albans, Glenroy and Oakleigh. This program is designed for job seekers with multiple barriers to employment. Evaluation continues to show that approximately 58 per cent of participants have been successful in securing employment across 15 different programs.
- Through the Department of Jobs and Small Business’ PaTH (Prepare, Trial, Hire) Program, relationships were maintained with organisations such as Kangan TAFE, Melbourne Polytechnic and Apprenticeships Group Australia to deliver two blocks of Employability Skills Training with the aim to convert job seekers to internships and then to employment. In the north east and west regions of Melbourne, AMES Australia has sourced internships through our relationship with Hume City Council.
- A strong connection was maintained with SERCO Australia, a recruitment provider which is one of the world’s largest providers of public services to government. The process involves pre screening and pre employment training before the job seeker commences paid employment. Over 40 AMES Australia clients have been successfully placed through this relationship.
- A state-based Consortium Employment opportunity and partnership with Traffic Diversions Group Pty Ltd (TDG) has provided multiple opportunities for job seeker employment. TDG is a leading provider of traffic

management services in Melbourne including key infrastructure projects such as the M80 Upgrade, M1 Upgrade, Sugarloaf Pipeline Project, Melbourne Main Sewer Replacement, Eastlink, VicRoads and the Westgate Tunnel.

- A strong relationship was developed with Melba Support Services to support AMES Australia clients from jobactive, vocational programs and settlement services into opportunities in the disability support industry. Many clients gained meaningful work in this growing sector.
- AMES Australia has worked closely with Pure Insights, an international counselling service. This collaboration has seen both job seekers (and jobactive staff) supported through the provision of quality employment-focused counselling, training, coaching and vocational assessments to gain pathways to successful and sustainable employment.

Employer Engagement

AMES Australia continued to expand relationships with its existing employer base. It engaged with a wide variety of organisations including small, medium and large businesses to ensure job seekers had opportunities across a larger spread of the labour market. Industry and Client Manager teams were introduced to research, create, maintain and drive industry specific relationships with employers, hosts (WFD and PaTH), registered training organisations and employer groups. Through these relationships labour market information is gained to broaden employment opportunities through referrals, placements and outcomes as well as setting best practice in employer relationship management.

Community Development and Social Participation

Social inclusion creates an environment conducive to successful settlement. AMES Australia seeks to facilitate opportunities for new arrivals to participate in community life and form strong social bonds with their cultural groups as well as the community at large.

Community Development

To maintain a strong dialogue with our client communities, AMES Australia undertakes a series of consultations to gain feedback on a range of issues impacting on the settlement of our clients. The information received provides an opportunity for AMES Australia to develop new initiatives responding directly to client needs and to strengthen our service provision. Consultations also provide an opportunity to link new and emerging communities with each other and with mainstream service providers building communities capacity.

In 2018–19, four central, three metropolitan communities assemblies and 10 ethno-specific consultations were conducted. The consultations focused on employment, small business and regional settlement.

Our partnership with Parks Victoria continues to strengthen and has resulted in the expansion of the Werribee Gardens Project (Beyond Boundaries) to include the Somali and South Sudanese communities living in and around Wyndham. The project gained the Australian HR Institute's Fons Trompenaars Cross Cultural Management Award.

Community Engagement focused on recruitment for the disability and regional resettlement program.

Social Enterprises

For more than 15 years AMES Australia social enterprises provide new arrivals with an opportunity to gain skills and experiences that open opportunities to participate in the Australian community or start a small business.

In 2018–19, the Sorghum Sister African Catering and Training Social Enterprise focused on the organisational strategic priority to improve the economic inclusion of CALD women. In the first half of the year the Women and Work program provided contextualised training, work experience and social connection for new arrivals from refugee and migrant backgrounds. The program comprised three groups located in Hoppers Crossing and a further three groups in Kensington, totalling 95 participants. The program was designed based on the input of a series of community consultations with CALD women and their aspirations to either find work, progress to accredited training or start their own business. Small Business training was provided by Global Sisters for 20 women who were keen to explore business opportunities.

In 2019, AMES Australia received additional funding through the ACFE Board Capacity and Innovation Fund to strengthen the pathways for CALD women with low levels of English proficiency. There were 12 Community Convenors trained in group facilitation, documentation and business buzz words. They played an active brokerage role between the women, program managers and trainers. The Convenors were vital in the ongoing engagement of CALD women, ensuring their voice is heard, identifying relevancy of training and pathway barriers. The program was able to achieve high retention levels and build the leadership capacity of the Community Convenors.

International

Over the past 12 years, Dr Melika Sheikh-Eldin has represented AMES Australia on the Refugee Council of Australia Board of Management as an organisational member, ensuring the voice of our humanitarian client group is heard at the national and international levels. During this time AMES Australia presented and participated actively in the different United Nations High Commissioner for Refugees (UNHCR) annual consultations (Ex-Com, NGO & Annual Tripartite).

In 2018, Dr Sheikh-Eldin was invited to present on AMES Australia's community development program at the Annual Tripartite Consultations on Resettlement (ATCR), in recognition of our leadership in refugee settlement and capacity building initiatives. Further, in collaboration with the University of NSW, she was part of the gender audit team that visited Canada and the USA in December 2018 and produced a comprehensive report on gender equality which will be included in the final resolution of the Global Compact on Refugees (GCR).

Dr Sheikh-Eldin also attended the Asia Pacific Refugee Rights Network (APRRN) Regional Summit on Refugees in Bangkok as an organisational representative (AMES Australia). In 2019, Melika attended the ATCR, the theme was 'Celebrating the positive impact of Resettlement and providing inspiration for the future'. She also attended the NGO's consultations and was part of the gender audit team in both consultations.

Dr Sheikh-Eldin met with the UNHCR Assistant High Commissioner for protection and discussed the process of regionalisation and its impact on the Diaspora. As a refugee, Melika's attendance and valued contribution to the inaugural Global Summit of Refugees has underscored the impact of refugee empowerment, leadership and self-representation. As a result, AMES Australia has received commendations from the UNHCR.

Prevention of Violence Against Women (PVAW)

The innovative AMES Australia Prevention of Violence Against Women program (PVAW) continues to develop. Funding from the Victorian Government for 2018–20 period, will enable AMES Australia to offer three more highly successful PVAW programs in CALD communities Leadership courses.

In March 2019, AMES Australia launched the products created by the participants of the 2017–18 pilot Leadership course. They included a series of five postcards with prevention of violence messages in thirteen languages, and an inspiring digital poem available on YouTube called #iampartofthechange, created in partnership with Some Kind of Squirrel Productions.

AMES Australia partnered with White Ribbon Australia, an international organisation focused on mobilising men and communities to end violence against women, to provide an 18-month support and follow-up program for the graduates of the AMES Australia PVAW Leadership course. The project engaged more than 40 men and women in Melbourne who have become leaders. Participants developed resources, delivered workshops, presentations and created videos to engage with their communities on the issue of abuse and violence against women.

AMES Australia's PVAW program includes advocating for the special circumstances of CALD women on key advisory boards and working collaboratively with mainstream specialist family violence services to build a CALD focus.

Volunteering

Volunteering at AMES Australia takes place across multiple program areas and covers a range of activities including settlement orientation, English language classroom support, employment preparation, professional and youth mentoring and administrative support. Volunteering provides important opportunities for our clients, and our organisation, to engage with the broader community. Skilled migrants and refugees utilise their skills and learn about Australian work culture.

During the reporting period a total of 580 volunteers worked with clients. Of these, 170 volunteers worked in the Settlement and Asylum Seekers programs assisting clients with orientation to the new country and supporting clients attend appointments. New volunteer opportunities arose including project support volunteers, who provide assistance to the Skilled Migrant Services pilot.

Skilled professional mentors continue to have strong involvement from corporates such as Jacobs, the Polyglot Group, Salesforce and 7Eleven. Mentors supported SPMP participants prepare for interviews and participated in mock interviews.

The Youth Mentor Program was extended with 32 mentors supporting and empowering young people disengaged from education and employment.

The Multicultural Hub is supported by volunteers in the delivery of free programs and administration. The Hub provides valuable work experience to newly arrived skilled migrants as a pathway to their first job in Australia.

The Job Ready Mentor program supports job seekers in their quest to find employment. The program includes job searching techniques, developing resumes and building interview skills.

Women make up 68 per cent of AMES Australia volunteer workforce and men at 32 per cent. This represents a 5 per cent increase in the proportion of men involved over the previous reporting period. Volunteers' ages range from university students (18–24 years old) to retirees in their 80s. The average age of a volunteer is 47. Sixty-eight per cent of AMES Australia volunteers were born outside Australia.

Volunteer Workforce Data

Program	2018-19	2017-18
Classroom Volunteers	169	316
HSS and SRSS	170	170
Professional and Youth Mentor Programs	117	135
Multicultural Hub	55	52
Job Ready Mentor	19	33
Office and Admin	50	9
Total	580	715

Multicultural Hub and Drill Hall

Established in 2008, the Multicultural Hub (the Hub) and Drill Hall are owned by the City of Melbourne and managed by AMES Australia. In 2018, the Multicultural Hub turned 10 and is recognised as a safe community centre for culturally and linguistically diverse communities in the heart of multicultural Melbourne's CBD. Opposite the Queen Victoria Market, the Hub reinforces the precinct's links to Melbourne's immigration history. Over the past 10 years the Hub has built a strong reputation as an inclusive centre, supporting diversity in all forms. The Hub welcomes our target communities, migrants and refugees, international students, senior migrants, faith-based organisations and groups representing LGBTI, the homeless and disabled.

The Multicultural Hub aims to strengthen community connections and foster good will by providing a central place for the city's culturally diverse communities to meet, interact and collaborate in a respectful and supportive environment. The Hub volunteering program provides short term placements enabling many new migrants to gain their first opportunity of Australian work experience before moving on to paid employment. The Hub hosted 42 administration volunteers, with 19 successfully transitioning to part-time or full-time employment. The Hub's free program of activities is run by our committed community volunteers. During the year, 10 volunteers delivered 22 programs including the very popular Welcome to Melbourne.

Throughout 2018-19 clients attending free courses were surveyed in relation to their experience visiting the Multicultural Hub. Results below indicated that the Hub continues to support the social participation of newly arrived migrants, refugees and international students by providing opportunities for people to meet and connect with the community.

Statistics

- 111,700 visitors to the Hub were from multicultural backgrounds.
- 6,250 events were held at the Hub.
- 257 people participated in the Hub's free activities: English conversation, Job Club, Reading and Talking Circles classes.
- 10 corporate volunteers from Clayton Utz supported Talking Circles, a program focusing on work related conversation.
- The Drill Hall hosted 238 events with a total of 34,349 people in attendance.

Feedback

- 100% reported that they had met people from other cultures.
- 92% reported that they had made new friends.
- 100% reported that they had learnt new skills.
- 66% reported that they were now more confident coming to the city.
- 92% felt they were free to express their faith and culture at the Hub.
- 95% of clients rated service as very good or excellent.

Research and Policy

Research and evaluation projects are undertaken by the Research and Policy Unit in collaboration with staff across AMES Australia. Research allows AMES Australia to document and analyse successful practice and contribute to the evidence base required for dialogue with key stakeholders and government. The AMES Australia Research Ethics Policy ensures that all research is conducted in accordance with values and principles of the National Statement on Ethical Conduct in Human Research (National Health and Medical Research Council 2007).

Research

Social Impact Report 2018

The *Social Impact Report 2018* commissioned by AMES Australia Board was the first impact report prepared by AMES Australia. A theory of change methodology was developed to capture the impact we seek to achieve for our clients and communities. The report then quantified impact in four major areas: Settlement, Education, Employment and Social Participation. Some key client impacts included:

- newly arrived refugees supported to settle in Australia – 4,859
- disadvantaged job seekers AMES Australia assisted to start back into the workforce – 4,879
- disadvantaged job seekers who achieved 26 week outcomes in their jobs – 2,348
- clients who completed pre-accredited education programs – 3,226.

International Longitudinal Study: Settlement outcomes of Syrian-conflict refugee families in Australia

The second year of the three-year collaboration with the University of Technology Sydney, Western Sydney University and the University of Sydney continues. This project focuses on the experiences of refugees from the Syrian conflict zone who arrived between late 2015 and mid-2017 in urban and regional areas in NSW, Queensland and Victoria. AMES Australia is conducting data collection in Victoria. The research focuses on policy responses and settlement outcomes for these families, with findings intended to inform settlement policies and services. The first year data collected in Victoria (metropolitan Melbourne and Shepparton) has engaged responses from 25 refugee families, in total 51 adults and 26 young people. Young people identified high levels of satisfaction with schooling and a sense of belonging in their community.

Development & Evaluation

Evaluation of the Settlement Health Coordinators program

This four-year (2016–20) project funded by the Victorian Department of Health and Human Services (DHHS) has seen the co-location of three Refugee Health Nurses in Settlement Health Coordinator (SHC) roles with AMES Australia settlement services staff at Dallas and Footscray. The aim of the SHC role is to improve the quality of referrals and build capacity of settlement services staff, clients and health providers. The evaluation of the project commenced in 2016–17 with the second interim report for the DHHS produced in March 2019. Outcomes attributed to the service to date include medically informed decision-making on health aspects of clients' case plans, mitigation of immediate and longer term health risks for clients and reduction in emergency department presentations.

Try, Test and Learn: A Bridge to Regional Employment and Opportunity

AMES Australia was successful in submitting for a two-year (2019–21) Department of Social Services (DSS) 'Try, Test and Learn' grant to test a sustainable, family-focused regional settlement approach. AMES Australia, working with the Grampians and Loddon Mallee regions has started work linking unemployed and under-employed migrant and refugee job seekers and their families, living in Melbourne with regional employers with identified workforce gaps. The Research and Policy Unit will undertake an evaluation of the project which will contribute to its body of work documenting impacts and success factors for regional resettlement.

Projects

Knowledge Centre and Outreach Initiative

Through funding from the Victorian Government's Department of Education and Training (DET), AMES Australia has been provided with capacity to integrate and apply our knowledge and experience to inform government policy and program development, and to highlight our profile as a transformational settlement services provider. A knowledge repository, which collects relevant settlement policy and practice in a central database has been established. In preparation for a series of briefing papers for Government and workshops to be delivered in 2020, 2019 was spent undertaking collection, collation, categorisation, review and analysis of data, research, projects, outreach models and partnership activity.

Evaluation of adult English programs and the provision of professional development for Community Hub Leaders

AMES Australia was commissioned in August 2018 to evaluate English programs currently offered at Community Hubs Australia. On the basis of the evaluation, AMES Australia identified models proven to support English language acquisition, enhance social participation outcomes and/or vocational pathways to employment. Informed by the evaluation, AMES Australia delivered a professional development program for Community Hub Leaders to assist them in strengthening the operation of adult English programs and support for further implementation and sustainability of these programs across the hub network.

Research and other relationships with external agencies

Language Working Group, Centre for Policy Development

The Centre for Policy Development is one of Australia's leading independent policy institutes. The brief of the Language Working Group is to expedite and improve the development of English language proficiency of humanitarian entrants.

Project Reference Group, Adelaide University

The Reference Group is established for a three-year (2019–21) national research project on 'Refugee Women and Work' with a key outcome from the project to create a guide for promoting employment, social inclusion and health and wellbeing for refugee women.

Funding Submissions

AMES Australia has been successful in 14 funding submissions for projects to be undertaken between July 2018 and June 2020. Of the submissions, over 70 per cent were funded by the Victorian Government.

Policy Responses

Submission Date	Submission	Submission
July 2018	Discussion Paper on Stronger Outcomes for Families	Department of Social Services
August 2018	Discussion Paper on The Next Generation of Employment Services	Department of Jobs and Small Business
	Discussion Paper on Future Opportunities for Adult Learners in Victoria: Pathways to Participation and Jobs	Victorian Department of Education and Training
January 2019	Expert Review of Australia's Vocational Education and Training Sector	Department of the Prime Minister and Cabinet
	Discussion Paper on Australia's 2019–20 Migration Program	Department of Home Affairs
February 2019	Discussion Paper on Review into Integration, Employment and Settlement Outcomes for Refugees and Humanitarian Entrants	Department of the Prime Minister and Cabinet

Conferences and Presentations

Research and Policy regularly assists staff in the preparation of conference papers and presentations that are relevant to AMES Australia's focus and work for both internal and external audiences. During the year AMES Australia presented at eight conferences; seven in Australia and one in Canada.

Corporate Support

AMES Australia services and programs are supported by the following corporate support areas.

Corporate Governance

Corporate Governance assists the organisation in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management, compliance and internal control activity.

The area manages processes in relation to the following:

- Board and Board Committees
- Internal Audit function
- ISO 9001 Quality Management System
- Risk Management, Crisis Management and Business Continuity
- Corporate Compliance
- Fraud, corruption and other losses
- Freedom of Information, Privacy and Protected Disclosure

Corporate Governance provides advice and support to the AMES Australia Board, the Finance, Audit and Risk Management Committee, the Investment Committee and the Appointments, Remuneration and Governance Committee. The team also provides key leadership support in terms of business transition, sourcing legal advice, information security, investigating complex issues and identifying solutions in collaboration with the executive and management team.

Finance, Accommodation and Administration

Finance

The Finance unit provides finance and accounting services including provision of expert advice on financial matters and the preparation and management of budgets. The unit is responsible for preparing monthly management reports for General Managers, the Executive team, the Finance, Audit and Risk Management Committee and the AMES Australia Board, as well as the annual financial statements.

Accommodation and Administration

The Accommodation and Administration unit incorporates services such as facilities, short-term and long-term accommodation, administration and procurement.

Accommodation is responsible for the management of facilities at all AMES Australia centres, including short and long term client accommodation. AMES Australia conforms to the building and maintenance provisions of the *Building Act 1993* and *Building Code of Australia (BCA) 2013*. All major works requiring building approval have plans certified. Works in progress are inspected and permits issued by independent building surveyors

engaged on a project basis. All contractors engaged to carry out works on its behalf are qualified and hold all necessary permits and insurances. Landlords are required to maintain leased premises in a safe and secure condition. AMES Australia ensures all Essential Safety Services are maintained to regulatory standards and has an ongoing program to ensure any alterations or improvements to tenancies meet the necessary standards to ensure that they are safe and fit for purpose.

Procurement functions include centralised sourcing of products, services, construction and contract management. Contract management most notably includes contractors for provision of basic household goods in three states for the Humanitarian Settlement Program and also management of the telecommunications and energy contracts for the entire organisation. The unit manages commercial leases including negotiation and preparation.

Administration functions include the management of motor vehicle fleet, office supplies, mobile phones, records for offsite archiving, travel, head office reception and other purchasing requirements.

Marketing and Communications

The Marketing and Communications team promotes all AMES Australia activities, aligning them to meet our organisational objectives and vision. The team manages all internal and external communications including social media, website, media and publicity, advertising, sponsorship, branding, client acquisition campaigns, design and production of promotional materials and events.

In 2018–19, \$1.265 million worth of media coverage based on an industry AVE (advertising value equivalent) was achieved. This coverage projected AMES Australia as a thought leader in discussions on diversity and multiculturalism. AMES Australia continues to build its social media following across Facebook, Twitter and LinkedIn. We use these platforms to celebrate client success stories, promote our services and contribute to the migration narrative, highlighting the positive effects of migration on Australian society.

To improve dissemination of internal communications, a weekly news bulletin and weekly updates from senior managers and the Executive team have been implemented.

Engagement with major companies and industry leaders has led to an increase in the number of corporate volunteers and mentors, as well as the creation of training opportunities and work experience placements for clients.

Information Technology

The IT unit provides information systems support services to staff and clients, including desktop support, server administration, Intranet services, Helpdesk support, new business solutions and application support for systems.

Cyber threats are becoming more sophisticated with the blending of social engineering and distinct types of attack into more damaging forms. AMES Australia continues to ensure our staff are aware of cyber threats with online training. Data security and network infrastructure improved by implementing a number of initiatives including multi-factor authentication, application whitelisting and planning for mobile device management on digital devices and network segregation.

To improve the education service delivery, the Student Management System was enhanced to enable completion of enrolment online. This resulted in improved real-time data reporting. In HSP, further work on the software and server are in progress to improve performance and streamline case management processes. Microsoft Office 365 was rolled out across AMES Australia and Windows Operating environment was upgraded to Windows 10.

Digital Engagement

The Digital Engagement Team provides digital solutions for clients and staff. In 2018–19, the Digital Engagement Team supported the delivery of our education programs, delivering 30,000 hours of online learning across 128 classes. The courses were across our English as an Additional Language and Vocational Education and Training programs. We also implemented a searchable knowledge base to support teaching staff delivering these programs.

For internal staff, we delivered an online suite of programs including our online corporate induction, along with training in using our digital tools for work (Microsoft Office 365, Microsoft Teams, Skype for Business and our Intranet). We also provided mandatory corporate training in Internet Security to strengthen our digital security position.

Human Resources

The People and Development unit supports AMES Australia attract, develop and retain a highly qualified and diverse workforce. Services include employee relations, payroll, HR shared services, recruitment, employee benefits, learning and development, occupational health and safety and volunteer recruitment and training.

A Leadership Development Program was initiated in 2018–19. The program uses an action-learning group platform employing reflective practice and action learning principles combined with master classes to address known and emerging skill development needs. Learning Plans are used as a mechanism for individuals to implement ideas and strategies into practice. Management Fundamentals training was provided to all people managers across AMES Australia, supported by a Management Toolkit as a resource for managers.

A number of learning and development activities were conducted for staff in relation to Child Safety, Work Health and Safety, Privacy, WorkCover, Negotiation and Crisis Intervention, report writing, business writing, Microsoft Office applications, recruitment and performance appraisal.

The implementation of the Performance and Development Management, Learning and Development, and Work Health and Safety modules of the Human Resources information system was completed. Each module was released with technical and learning support in the form of online User Guides, practical videos and Skype group or individual training sessions.

The integration between the recruitment and payroll modules was completed in July 2019. The implementation of the Human Resources Information (HRI) module has commenced. HRI will provide more detailed employee related reporting for HR staff and people managers. The Learning and Development function on the new HRI was developed to capture staff qualifications. This has enhanced efficiencies to meet business and contract obligations.

The 2018 Pulse Survey Action Plan was endorsed by the Executive Team. The plan incorporates feedback based on staff discussions held throughout September and October 2018. AMES Australia continues to work towards improving and strengthening focus areas identified in the Action Plan.

AMES Australia has recruited trainees across the business with the aim to diversify our workforce and provide a pathway for young people to progress as trainees across the organisation.

Industrial Relations

No time was lost to industrial action during the reporting period 2018–19.

AMES Australia has commenced preparation for the re-negotiation of the Teachers Enterprise Agreement.

Department of Jobs and Small Business (the Department) undertakes business reallocation reviews of the jobactive contract based on the performance of providers. In December 2018, the Department concluded its

36-month review of service performance ending 30 June 2018. HR provided support in the internal re-structure review, following the reduction of business in the Inner Metropolitan Employment (jobactive) Region at Box Hill, Melbourne CBD and Coburg.

AMES Australia has conducted a further internal re-structure, in order to meet operational requirements in a dynamic and changing sector, whilst ensuring the continued quality of service delivery. AMES Australia continues to work collaboratively with the Community and Public-Sector Union and Australian Education Union.

Business Development and Innovation

Business Development and Innovation

In January 2019, a Development and Innovation portfolio was established to support all areas of AMES Australia to find new ways of thinking about providing services to government, new ways of funding and providing services to refugees and migrants and positioning AMES Australia for the future. This portfolio also supports corporate engagement, partnership activity and the AMES Australia Enterprise Hub.

In May 2019, the AMES Australia Enterprise Hub was launched to clients and alumni of AMES Australia and Thrive Refugee Enterprise. Alumni, partners and supporters are able to book co-working and meeting space in the Hub on a low cost or complimentary basis. Corporate partners and volunteers have been engaged to provide a growing schedule of seminars and information sessions to support AMES Australia clients and alumni with starting and growing a business.

Skilled Migration Service

Work commenced during the year to test the feasibility of AMES Australia delivering a migration service that will provide an opportunity to integrate advice and assistance on visa pathways with AMES Australia's existing education, employment and settlement services. A three-month trial of the new service commenced in September 2019 to test new and existing capability to provide earlier support for skilled migrants and international student graduates seeking a pathway to permanent residence.

The new service draws on our experience with delivering the successful Skilled Professional Migrant Program (SPMP) which provides post-arrival employment support to skilled migrants and refugees. During the year we conducted a survey and focus groups with our SPMP alumni and other skilled migrants. The findings from this research supported the need for earlier intervention in order to prepare skilled migrants and international graduates for the transition to skilled and professional employment in Australia. The new service is full fee for service recognising the economic value of improving their employability skills and employment outcomes.

Service Redesign

The Service Redesign Project is a 12-month project aimed at identifying services within AMES Australia which can be delivered in an increasingly integrated way, for greater impact. The project will also test new ways of working and an improved operating model. It is envisaged that post December 2019 AMES Australia will roll out successful elements of the project across the organisation.

Customer Experience

In 2018-19, AMES Australia created our client centricity vision. It has been shared across AMES Australia and underpins all the work that we do.

Our Client Promise

"AMES Australia is committed to working with new arrivals and long term residents to help them feel welcomed, confident, connected and independent. As a recognised leader in migrant and refugee settlement, AMES Australia offers useful, responsive and supportive services that empower our Clients to build successful lives for themselves. Through this work, we believe Australia can be a more inclusive, productive and diverse multicultural society".

Our Client Promise is underpinned by five guiding principles to deliver professional, reliable and consistent client experiences. These guiding principles represent the spirit and behaviours required to deliver on our Client Promise. With a shared strengths based philosophy our highly skilled, dedicated and professional staff will deliver on our Client Promise by:

- being caring, empathetic, respectful and helpful
- listening to ensure we understand your needs
- getting it right first time
- ensuring we provide the services and advice appropriate to the Client's needs
- following through until we reach a solution.

A strengths-based approach at AMES Australia is essentially a philosophy of working with people to bring about change, having positive attitudes about the uniqueness and capabilities of people, emphasises an individual's ability to be in control of the change they are experiencing and provides the environment that enables people to identify, value and apply their strengths and capabilities.

Governance

Establishment

Adult Multicultural Education Services was established under the *Education and Training Reform Act 2006*.

In August 2015 the Governor in Council made an order that the name of the Adult Multicultural Education Services be changed to AMES Australia. AMES Australia is an autonomous adult education institution accountable to the Victorian Minister for Training and Skills, and Minister for Higher Education.

Minister for Training and Skills, and Minister for Higher Education during the reporting period

- The Hon. Gayle Tierney, MP

AMES Australia Board

AMES Australia is governed by a Board established by the Constitution of AMES Australia. The Board comprises between nine and eleven members appointed by the Minister.

	Current Appointment Term	Committee Membership	Board Meeting Attendance
Stuart Crosby, Board Chair	2016-19	# &	6/6
Megan Boston, Deputy Chair	2017-19	#	5/6
Stuart Alford	2018-21	+ &	5/6
Vedran Drakulic OAM	2018-21	# &	5/6
Dr Michelle Foster	2017-19	+	4/6
Ikenna Nwokolo	2018-21	+	6/6
Johanna Pride	2018-21	&	6/6
Catherina Toh	2017-19	+	4/6
Dr Mimmie Claudine Ngum Chi Watts	2018-21	#	5/6
Tracy Le	2018-21	+ &	5/6

+ Finance, Audit and Risk Management Committee

Appointments, Remuneration and Governance Committee

& Investment Committee

In 2018–19, AMES Australia Board conducted six meetings and a Strategic Planning Day in November 2019.

Code of Conduct

The Board has adopted the Code of Conduct for Directors of Victorian Public Entities issued by the Victorian Public Sector Commission. This Code of Conduct is based on the Victorian public sector values and sets the standard of behaviour expected of Directors and statutory office holders from the date of their appointment. The behaviours are essential to how Directors and statutory office holders perform their duties and to the relationship they have with their portfolio Minister, departmental and public entity staff, and the community.

Review of Board Performance

Performance evaluations were conducted to track changes in performance overtime, manage and monitor quality improvement and identify gaps in the composition of the Board and its standing committees.

- Director's performance self-assessment
- Chair's evaluation of individual directors
- Board and Committees performance self-assessment
- Evaluation of the Chair's performance

The result of evaluation highlighted the following outcomes:

- A well-functioning collegiate board with a great mix of skills, experience and perspectives, led by a Chair who is able to bring directors together.
- There is an excellent diversity of Board and committee membership.
- The Board and its standing committees have successfully focused its attention on long-term significant and strategic matters meeting its terms of reference.
- The relationship between the Chair, directors and the CEO is robust, collegiate and respectful.

Board Committees

Finance, Audit and Risk Management Committee

The Finance, Audit and Risk Management Committee exercises governance responsibilities in regard to financial and business affairs and reports to the Board on matters relating to financial risk, program performance and resource management. The Committee also monitors and reports to the Board on the effectiveness of risk management strategies, including information technology. It also oversees the effectiveness of both internal and external audit investigations and reviews the effectiveness and efficiency of internal control structures and compliance systems.

Investment Committee

The Investment Committee considers and recommends to the Board on matters relating to investment in and expansion of current business in a financially sustainable manner.

Appointments, Remuneration and Governance Committee

The Appointments, Remuneration and Governance Committee is responsible for AMES Australia compliance with government policy and Ministerial Guidelines and reports to the Board on issues relating to executive remuneration, the CEO's objectives and Board appointments.

Graham Sherry OAM Scholarship

In 2017, the Board of AMES Australia established a scholarship for young people from refugee or asylum seeker backgrounds to support two recipients per year to access tertiary education. The bursaries celebrate the contribution of former Chair of AMES Australia, Graham Sherry OAM, to the refugee and settlement sector.

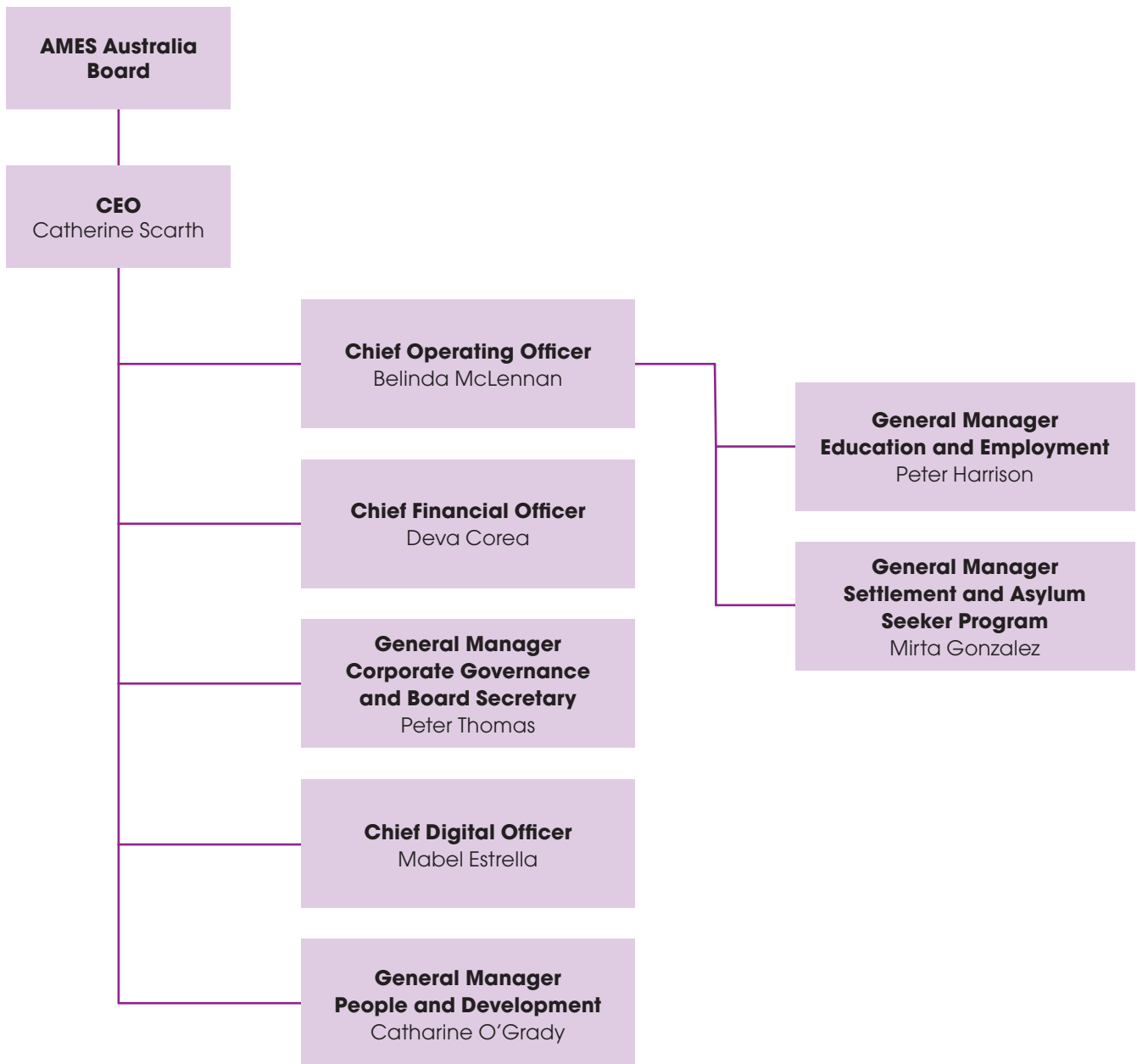
In its second year scholarships, \$5,000 were awarded to an aspirational young man and woman who have used the funds to support their study during 2019.

The first scholarship was awarded to a refugee from Myanmar who arrived in Australia in 2014. After striving hard to complete the VCE, she is now studying a Bachelor's Degree in Business Accounting at La Trobe University and hopes to work in a bank and support her family's business.

An aspirational young man who came to Australia from Afghanistan with his family in 2012 received the second scholarship. He is now studying an Advanced Diploma of Civil Engineering and Infrastructure at RMIT University.

Both recipients were motivated in their choice of study by a desire to give back to the community and establish a strong career path.

Organisational Structure



Executive Officers

Class	Description	Male	Female	Self-described
EO - 3	Total number of Executive Officers as at 30 June 2019	3	4	0
EO - 3	Total number of Executive Officers who left during the financial year 2018-19	0	0	0
EO - 3	Total number of Executive Officers reported as at 30 June 2018	3	4	0

EO disclosure does not include a statutory office holder or an accountable officer (AMES Australia CEO)

Workforce Data

Head count and full-time staff equivalent (FTE) in the last full pay period in June 2019 and June 2018

	June 2019				June 2018									
	All employees Number (headcount)	FTE	Full-time (headcount)	Ongoing Part-time (headcount)	FTE	Max term and casual* Number (headcount)	FTE	All employees Number (headcount)	FTE	Full-time (headcount)	Ongoing Part-time (headcount)	FTE	Max term and casual* Number (headcount)	FTE
Gender														
Male	201	169	55	7	60	127	103	205	174	62	6	66	118	102
Female	393	315	94	30	114	214	170	406	313	111	34	134	197	163
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Age														
15-24	18	13	1	0	1	17	12	16	15	2	0	2	14	13
25-34	133	115	24	6	28	101	86	148	131	35	7	40	102	90
35-44	165	141	41	9	48	106	88	160	137	48	12	56	88	78
45-54	126	100	44	12	51	54	42	130	100	44	11	51	57	45
55-64	116	93	35	9	41	48	36	126	92	42	9	48	44	36
65+	36	21	4	1	5	15	10	31	12	2	1	3	10	4
1	4	3	0	0	0	4	3	0	0	0	0	0	0	0
2	211	155	40	16	49	155	105	230	181	61	19	73	150	108
3	160	150	52	6	56	102	94	158	152	48	14	58	96	93
4	57	53	26	5	30	26	23	44	42	24	3	26	17	16
5	40	36	10	6	15	24	22	39	38	16	2	18	21	20
6	14	14	7	2	9	5	5	20	20	12	1	13	7	6
7	3	3	3	0	3	0	0	1	1	1	0	1	0	0
1-2	6	5	0	1	1	5	4	7	6	1	0	1	6	5
3-4	2	2	2	0	2	0	0	1	1	1	0	1	0	0
5-6	1	1	0	0	0	1	1	1	1	0	0	0	1	1
7-8	2	1	1	0	1	1	1	2	2	1	0	1	1	1
9	13	13	8	1	9	4	4	12	11	8	1	9	3	3
VET Trainer	2	2	0	0	0	2	2	1	1	0	0	0	1	1
Sessional	67	36	0	0	0	0	0	83	21	0	0	0	0	0
Executives*	8	8	0	0	0	8	8	8	8	0	0	0	8	8
Other	5	3	0	0	0	5	3	4	3	0	0	0	4	3
Total employees	595	484	149	37	174	342	274	611	487	173	40	200	315	265

*Excluding Sessional

*Admin grades in accordance with the AMES Australia Administrative Staff Agreement

**Teaching grades in accordance with the AMES Australia Teachers Enterprise Agreement

#Executives include the CEO

Note that there could be a discrepancy of one to two FTE due to rounding off of figures.

Work Health and Safety (WHS)

WHS Management System and Committees

The objective of our Work Health and Safety (WHS) strategy is to ensure that AMES Australia's workforce remain safe and healthy at work. WHS management system (WHSMS) continues to be embedded across AMES Australia.

Throughout 2018–19, AMES Australia implemented a number of initiatives to improve the health and safety of its workforce including, ergonomic assessments, site visits, assessment of reception areas and ongoing quarterly workplace inspections to identify and address any workplace risks. As part of the work site risk reduction program, the Safety and Wellbeing Coordinator made regular site visits and delivered the Predict Assess and Respond to Challenging/Aggressive Behaviour (PART) training program. Risk assessments were undertaken across sites to strengthen the WHS risk management profile across AMES Australia.

The WHS Management System was developed on the following pillars: Commitment and Planning, People, Operational Risk Management, Health and Wellbeing, Emergency Management, Measure, Review and Improve. Health and Wellbeing will be the focus for AMES Australia throughout 2019. Training and development assistance will be provided to sites to create, refine and monitor Health and Wellbeing programs.

WHS Incidents

In 2018–19, 93 incidents were reported. Of these incidents, 38 per cent were employee only related.

Below are the most commonly reported client and employee incidents.

- Inappropriate / challenging / irritating / non-compliant behaviour (29; 31 per cent)
- Workplace Environment e.g. Building Equipment Fault (22; 23 per cent)
- Client / student / visitor illness or condition requiring first aid (13; 13 per cent)
- Slip, trip, fall < 2m or same level (9; 9 per cent)
- Aggression / violent / criminal act / dangerous behaviour (7; 7 per cent)

There were no workplace fatalities in 2018–19.

	2018–19	2017–18	2016–17
Total number of incidents and injuries reported (employees and clients)	93	84	155
Number of incidents and injuries (employees only)	35	47	82
Lost Time Injuries (LTI) days (non-Work Cover)	0	1.76	16.3
Work Cover claims (open / active)	2 (7)	6 (7)	4 (7)
LTI Days (WorkCover)	167	1,893	1,057
Total Work Cover cost (lost time and medical expenses)	\$445,722	\$489,231	\$368,010
LTI Days (Work Cover) total days 2016–19 = 373.9	167	147.5	59.4

Lost Time Injury: New Incidents and WorkCover

There were 167 Lost Time Injury days relating to one WorkCover claim during 2018–19.

In 2018–19, two new claims were accepted.

- Musculoskeletal injuries and disorders following a fall in a carpark.
- Standard claim with LTI related to mental health/ stress injuries following personal conflict in workplace.

WHS Committees and Support

Regional Committees operate in Victoria, New South Wales and South Australia. These Committees continue to share hosting quarterly meetings, enhancing consultation and collaboration in relation to Work Health and Safety issues.

The Safety and Wellbeing Return to Work Coordinator and HR Business Partner have formalised processes and work together as part of the early intervention practice. This includes providing interventions, assistance and supporting injured and long-term sick or injured employees and their Managers to return to or recover at work, as effectively as possible.

AMES Australia continues to provide a health and wellbeing program, to support staff physical and mental fitness. Staff vaccinations were provided in March–May 2019 to approximately 180 employees across all sites.

Health and Safety Training

Health and Safety Training in 2018–19

Participants	Training narrative	Numbers or % of attendance
Health and Safety Representative	5-day training	2 attendees
EST Teams (including Fire Wardens)	Emergency Planning and Preparedness Training – online TCP	88%
Fire Wardens	Onsite Warden Training e.g. First 5 min training	100%
Site First Aiders	CPR First Aid 003	100%
People Managers	Management Fundamentals training - Human Resources staff run this workshop throughout the year and all managers are provided with Health and Safety Training covering the basic processes and their obligations as managers	20 attendees
Facilities Team	Contractor Management Training	100%
AMES Australia Officers	Health and Safety Accountabilities and Responsibilities	75% to date
Human Resources staff	Return to Work Training (Allianz)	2 attendees
New Starters	Corporate Induction, including:	
	• OHS (SafeTrac online)	89% to date
	• OHS/WHS for Managers (SafeTrac online)	75% to date
	• Equal Opportunity for Managers (SafeTrac online)	75% to date
Employees who need conflict resolution skills to deal with aggressive clients	• Anti-Bullying & Anti-Harassment for Manager (SafeTrac online)	79% to date
	• PART Training	16 attendees
	• Manage Conflict through Negotiation BASIC	57 attendees
	• Manage Conflict through Negotiation ADVANCED	11 attendees

Emergency Planning and Preparedness

Emergency Teams have been trained in the development of and provided with a template for the review of their Emergency Site Manuals. Site Manuals underwent a yearly review and were updated at the end of February 2019.

WorkSafe Visits

Location		Legislation / Standard	Outcome
William St Melbourne	Site visit following service request from staff related to RTW issue V01028200788L	<i>Workplace Injury and Rehabilitation and Compensation Act 2013</i>	The attending Inspector was presented with evidence of AMES Australia RTW documentation relating to specific worker, which resulted in no further action recommended.
Box Hill	Site visit following electrical fire incident V01032400796L	Section 98 (1) <i>Occupational Health and Safety Act 2004</i>	The attending Inspector was impressed with AMES Australia evacuation of the site, stating that "A rapid local area response contained the event to an extent where the alarm systems were not activated". The Fire panel and audible alert systems were inspected and deemed operational. The visit resulted in no further action recommended.
Footscray	Site visit following PIN Improvement Notice V00046705063L/111-01	Section 111(1) <i>Occupational Health and Safety Act 2004</i>	The attending Inspector observed the redesign of security of the existing reception front desk and noted it to be without risk to employees' physical and psychological health. It was considered to be designed for the purpose of welcoming and directing clients whilst providing a protective safety barrier for employees.

Public Employment Information Framework and Directions

AMES Australia policies, procedures and processes comply with the public-sector employment principles as per the *Public Administration Act 2004* and *Industrial Relations Victoria Guidelines*. AMES Australia employment policies and procedures are based on the principles of relevant employment legislation, merit, relevant awards, statutory requirements and best practice public sector approaches.

Disability Action Plan

AMES Australia is committed to providing access and equity for staff, students and clients with disabilities to enable them to participate fully and independently, to the greatest extent possible. This links directly with AMES Australia's Vision of full participation for all in a diverse and cohesive society.

Throughout 2018–19, AMES Australia continued to apply this commitment as follows:

Goal A: To reduce barriers to persons with a disability accessing goods, services and facilities.

- Access audits are conducted for all prospective and new AMES Australia sites. Changes are undertaken based on access audit findings.
- Disability access is always considered when planning or organising an organisation or community event.
- Disability Awareness training is provided for all staff.
- Options and opportunities are considered beyond the Disability Standards to model best practice in service provision to clients with disabilities.

Goal B: To reduce barriers to persons with a disability obtaining and maintaining employment.

- Inclusive recruitment and employment practices are followed, allowing people with a disability to be employed and remain within the workplace.
- Creating partnerships with Disability Employment Providers commenced.
- Support or dietary requirements are identified for organisation or community event.
- Disability advisory services are utilised as needed.
- An open environment is promoted that is committed to continuous improvement by having effective feedback, complaint and grievance processes.

GOAL C: To promote inclusion and participation in the community of persons with a disability.

- Participation in public seminars is encouraged to maintain awareness on disability issues.
- AMES Australia communicates and promotes disability services to clients within ethnic communities as needed.

GOAL D: Tangible changes in attitudes and practices which discriminate against persons with a disability.

- An inclusive approach to service provisions is maintained, allowing for people with a disability to access AMES Australia services.
- AMES Australia supports forums within the organisation where issues relating to disability can be raised, identified and discussed.

Office-based Environmental Impacts

AMES Australia is committed to minimise its environmental footprint and to integrate sound environmental values, principles and practices in day to day operations. AMES Australia aims to protect and improve the environment by:

- adopting environmentally sustainable practices and performance criteria in purchasing and procurement
- building environmental sustainability into policies, programs, regulations, investments and budgets
- reducing resource consumption and waste generation
- striving for AMES Australia major events to be sustainability friendly
- improving energy efficiency.

AMES Australia remains committed to its greening program with recycling of mobile phones, batteries, shredded paper, toners, purchasing of carbon neutral paper and encouraging best environmental practices at all centres.

Energy Consumption

Indicator	2018-19	2017-18	2016-17
Electricity Usage (MJ)	8,703,657	9,744,296	13,973,418
Natural Gas Usage (MJ)	811,833	889,274	1,114,014
Total greenhouse gas emissions from energy consumption (tonnes CO ₂ -e)	58,825	65,064	65,738
Percentage of electricity purchased as Green Power	0%	0%	0%
Electricity used per FTE (MJ/FTE)	19,102	20,428	Not reported
Natural Gas used per FTE (MJ/FTE)	6,826	7,600	Not reported

Note: In 2018-19, electricity data were taken from approximately 90 per cent of office-based sites and natural gas data from approximately 11 per cent. Billing information relevant to excluded sites were not available as they were incorporated into the rental outgoings. FTE for electricity usage (455.63) and gas usage (118.93) were calculated relative to sites included.

AMES Australia is continuing to develop systems to more comprehensively collect data.

Waste and Recycling

Indicator	2018-19
Total Waste Units of waste disposed of by destination Stream (kg/year)	22,722.92
Landfill	16,190.72
Comingled recycling (cans, plastic containers & bottles etc.)	452.40
Paper and cardboard	3,439.80
Secure Documents (Paper)	2,640.00
Organics (food scraps)	0.00
Total Waste Units of waste disposed of by FTE destination	180.63
Landfill	128.70
Comingled recycling (cans, plastic containers & bottles etc.)	3.60
Paper and cardboard	27.34
Secure Documents (Paper)	20.99
Organics (food scraps)	0.00
Recycling Rate (%)	28.75%
Greenhouse gas emissions associated with Waste (tonnes CO2-e)	9.71

Note: Data were derived from waste audits, over two days at AMES Australia's head office. Each waste stream was weighed and recorded by the waste collection contractor. AMES Australia is continuing to develop systems to more comprehensively collect data. Waste and Recycling data were not reported in previous financial year.

Paper Consumption

Indicator	2018-19	2017-18	2016-17
Total units of A4 equivalent copy paper used (reams)	3,743	7,410	11,720
Units of A4 equivalent copy paper used per FTE (reams/FTE)	7.7	15.2	14.5
Carbon neutral 20% recycled content	100%	100%	100%

Note: In 2018-19, data were based on consumption of all office-based sites with 484 FTE.

Water Consumption

Indicator	2018-19	2017-18	2016-17
Total water consumption (kilolitres)	2,446	9,077	5,201
Units of office water used per FTE (kilolitres/FTE)	32.7	55	Not reported
Units of office water used per office area (kilolitres/m2)	0.44	1.27	Not reported

Note: In 2018-19, data were taken from approximately 15 per cent of the office-based sites. Billing information relevant to excluded sites were not available as they were incorporated into the rental outgoings. FTE (74.59) and office area (5600m2) were calculated relative to sites included. AMES Australia is continuing to develop systems to more comprehensively collect data.

Transportation

Indicator	2018-19	2017-18	2016-17
Total energy consumption by fleet vehicles (litres)	40,337	45,198	62,099
Total distance travelled by fleet vehicles (km)	332,988	331,844	543,512
Total greenhouse gas emissions from fleet vehicles (tonnes CO2-e)	107.9	110.8	156.5
Greenhouse gas emissions from fleet vehicles per 1000km (tonnes CO2-e)	3.24	3.34	2.88

Note: Data were based on 100 per cent of petrol fueled vehicle fleet. One hybrid car used in 2016-17 only.

Other Legislative Compliance

Ethical Standards

AMES Australia has adopted the *Code of Conduct for Victorian Public-Sector Employees* which sets standards for adherence to the public-sector values of the *Public Administration Act 2004*. These standards have been included in all AMES Australia employment contracts and are binding on all employees. Internal policies and procedures have been established to provide guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within AMES Australia.

Unacceptable behaviour and serious misconduct in the workplace that are inconsistent with AMES Australia values, Code of Conduct and other relevant policies and procedures are dealt with in accordance with AMES Australia's Disciplinary / Performance Policy. An employee suspecting that a breach has occurred or will occur is encouraged to report to the Protected Disclosure Coordinator or HR Services. No employee will be disadvantaged or prejudiced if he or she reports in good faith. All reports will be acted upon and kept confidential.

Protected Disclosure Act 2012

AMES Australia has appointed a Protected Disclosure Coordinator and established procedures in accordance with the *Protected Disclosure Act 2012*. Guidelines are applicable to all AMES Australia personnel. Information about protected disclosure is available on the AMES Australia website (<https://www.ames.net.au>). The procedure advises how to make a disclosure and includes contact details for the AMES Australia Protected Disclosure Coordinator and the Independent Broad-based Anti-Corruption Commission (IBAC). As at 30 June 2019, AMES Australia had not received any disclosures under the *Protected Disclosure Act 2012*.

Freedom of Information Act 1982

As at 30 June 2019, AMES Australia had not directly received or processed any FOI requests under the *Freedom of Information Act 1982*. AMES Australia has a detailed policy and accompanying procedures on the application of the *Freedom of Information Act 1982*. Enquiries and requests for information should be forwarded to the Freedom of Information Principal Officer (FOI@ames.net.au).

Fees and Charges

Fees and charges are levied according to the Ministerial Directions to Adult Education Institutions made pursuant to the *Education and Training Reform Act 2006*. No additional compulsory non-academic fees, subscriptions or charges are levied on AMES Australia clients within government-funded programs. The current fees and charges schedule is available on the AMES Australia website (<https://www.ames.net.au/students/fees>).

Major External Review

During the reporting period, no major external reviews were conducted.

Carer Recognition Act 2012

AMES Australia recognises the role of carers and the importance of care relationships in the community. AMES Australia endeavours to assist its employees achieve their personal, family and relationship goals by facilitating flexibility in employment and working arrangements to achieve the optimum balance between work and personal responsibilities. These include:

- flexible working arrangements (e.g. part time employment, job sharing, transition to retirement)
- flexible work location (e.g. home based, multiple locations)
- Employee Assistance Program (EAP).

AMES Australia's clients with carer responsibilities or those with disability are also supported through provision of flexible arrangements to enable participation.

Competitive Neutrality Policy

AMES Australia costing models comply with National Competitive Neutrality principles.

Overseas Trips

There were two overseas trips in 2018–19 (Switzerland and Canada). AMES Australia complies with the Victorian Public-Sector Travel Principles.

Additional Information

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by AMES Australia and are available on request (FOI@ames.net.au), subject to the provisions of the *Freedom of Information Act 1982*.

- Declarations of pecuniary interests.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Publications produced by AMES Australia and where such publications can be obtained.
- Changes in prices, fees, charges, rates and levies.
- Details of any major external reviews.
- Details of major research and development activities undertaken by AMES Australia.
- Major promotional, public relations and marketing activities undertaken to develop community.
- Overseas visits taken.
- Major committees sponsored by AMES Australia, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of consultancies and contractors.

Consultancies

In 2018–19 there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred in relation to these consultancies is \$354,109 (excluding GST). Details of individual consultancies are outlined below.

Consultants	Summary of Project	Expenditure (ex GST)	Future Expenditure (ex GST)
Deloitte Access Economics Pty Ltd	First stage: provide advice and develop a framework for fee setting options for Skilled Migration Service pilot.	\$20,340	
	Second Stage: research and strategy advice for first and second order pricing for the Skilled Migration Service.		\$57,300
Right Lane Consulting	Provision of advice and development on AMES Australia's 2019 Service model.	\$292,695	-
Right Lane Consulting	Provision of project analysis and evaluation.	\$12,330	-
Spark Strategy	Provision of a Social Impact Report for AMES Australia.	\$14,744	-
Strategic Advisory and Facilitation Services Pty Ltd	Independent review and analysis of AMES Australia Corporate Overheads.	\$14,000	-

During the reporting period, AMES Australia engaged three consultants where the total fees payable to the individual consultancies was less than \$10,000 (exclusive of GST). The total expenditure incurred during 2018–19 in relation to these consultancies was \$8,600 (exclusive of GST).

ICT Expenditure

Information and Communication Technology expenditure 2018–19

All operational ICT expenditure Business as Usual (BAU)	ICT expenditure related to projects		
	Non-Business As Usual (non-BAU) ICT expenditure (Total=Operational expenditure and capital expenditure)	Operational expenditure	Capital expenditure
\$3,754,795	\$384,926	\$295,087	\$89,839

Government Advertising Expenditure

Nil reports. Each AMES Australia's advertising campaigns did not trigger the disclosure threshold of \$100,000 on advertising expenditure.

Local Jobs First

Nil reports. During the reporting period there were no projects or procurements valued at \$3 million or more in metropolitan Melbourne or \$1 million or more in regional Victoria. Also, AMES Australia did not initiate any construction projects valued at \$20 million or more.

Key Performance Outcomes and Measures 2018-19

Indicator title	Description	2018-19 Target	2018-19 Actual	Explanation of variances	2017-18 Result
Education					
Training delivery	Student Contact Hours (all programs)	1.72m	1.29m	Additional places and hours requested not provided.	1.25m
	Skills First Certificate Completion Rate (Industry Courses)	80%	85%	Significant work placement supports strong completions.	N/A
	Skills First Unit Completion Rate	N/A	61.3%	20% higher completion rate than the State average.	N/A
	SEE Unit Completion Rate (includes EAL and Industry)	N/A	45%	SEE completion data now includes all delivery rather than only industry units.	N/A
	ACFE & Asylum Seeker ACFE Module Completion Rate	80%	77.57%	-	79%
Student satisfaction	Student satisfaction rate (AQTF Quality Report)	80%	78.3%	-	78.6%
Participation in workplace and industry experience	Number of students in accredited courses with work or industry-based experience (<i>Early Childhood, Individual Support and Kitchen</i>)	250	284	-	205
Settlement					
Humanitarian Settlement Program	Number of clients referred by the Dept. Social Services	5,990	5,885	The election slowed the flow of referrals.	7,231
Status Resolution Support Services	Number of clients referred by the Dept. Home Affairs	0	274	Clients relocated from Nauru were referred to SRSS.	4,473
Employment					
jobactive Sustainable employment outcomes	Number of Placements (Consortium)	7,868	6,733	Impacted by continuous reduction of caseload, a direct result of declining employment rates in Vic and NSW.	8,832
	Number of 26-week retention outcomes (Consortium)	3,471	3,471	-	3,313
Research and Evaluation					
Evidence based research and evaluation capability	Number of research and evaluation reports	6	7	-	4

Indicator title	Description	2018-19 Target	2018-19 Actual	Explanation of variances	2017-18 Result
Organisational Governance					
Financial sustainability (AMES Australia)	Liquidity available to meet expenses as they arise Working capital ratio	2.07:1	2.05:1	-	2.14:1
	Surplus / (deficit) before depreciation and excluding capital	(\$1.004m)	(\$1.116m)	-	\$4.35m
Revenue projection for 2018-19 financial year (AMES Australia)	Annual turnover AMES Australia total revenue	\$102.9m	\$103.5m	-	\$103.14m
Expenditure to budget reporting	Monthly Management reports	15th day of month	Met	-	Met
Annual Report submission, including audited financial statements	Annual Report information in accordance with the Dept. of Treasury and Finance Model Report. Tabling timeline as advised by the Dept. of Education and Training.	Met	Met	-	Met

Five Year Financial Summary

AMES Australia five year financial summary (consolidated)

Financial summary	12 months	12 months	12 months	12 months	18 months
	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
	\$000	\$000	\$000	\$000	\$000
Total income from transactions	103,633	103,768	180,399	171,035	271,518
Total expenses from transactions	(105,910)	(101,122)	(185,710)	(167,083)	(261,959)
Net result from transactions	(2,277)	2,646	(5,311)	3,952	9,559
Net result for the period	(2,664)	2,712	(6,866)	3,528	8,914
Net cash flow from/(used in) operating activities	2,126	(8,244)	4,882	10,824	2,953
Total assets	63,566	65,783	83,881	78,348	68,657
Total liabilities	19,395	18,948	39,758	35,714	29,551

For the year ending 30 June 2019, AMES Australia reported a deficit of \$2.7 million. AMES Australia reported an increase in expenditure over the previous financial year as a result of increased spending in initiatives to strategically realign and position AMES Australia for business development and future growth.

During the year, AMES Australia continued to contribute towards Community Investments through its engagement in Social Enterprises, the Multicultural Hub and other social participation initiatives. A complete set of the audited accounts with notes is available in the AMES Australia Annual Report 2018-19 or on our website: www.ames.net.au

Disclosure Index

Legislation	Requirement	Page reference
<i>Ministerial Directions & Financial Reporting Directions</i>		
<i>Report of operations</i>		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	Part A page 25
FRD 22H	Purpose, functions, powers and duties	Part A page 2 and 25
FRD 8D	Departmental objectives, indicators and outputs	Part A page 2 and 38
FRD 22H	Key initiatives and projects	Part A page 5 to 25
FRD 22H	Nature and range of services provided	Part A page 5 to 18
Management and structure		
FRD 22H	Organisational structure	Part A page 28
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**AMES AUSTRALIA
CONSOLIDATED ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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CONSOLIDATED ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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The financial report was authorised for issue by the Board members on 26 August 2019. AMES Australia has the power to amend and reissue the financial report.

Independent Auditor's Report

To the Board of AMES Australia

<p>Opinion</p>	<p>I have audited the consolidated financial report of AMES Australia (the entity) and its controlled entity (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated entity and entity balance sheet as at 30 June 2019 • consolidated entity and entity comprehensive operating statement for the year then ended • consolidated entity and entity statement of changes in equity for the year then ended • consolidated entity and entity cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by board chair, chief executive officer and chief finance officer. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the entity as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Direction 5.2 of the Standing Directions of the Minister for Finance of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Board's responsibilities for the financial report</p>	<p>The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the entity and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

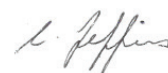
Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
31 August 2019

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

**AMES AUSTRALIA
CONSOLIDATED ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**DECLARATION BY BOARD CHAIR, CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCE OFFICER**

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

We further state that, in our opinion, the information set out in the consolidated comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of the organisation as at 30 June 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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

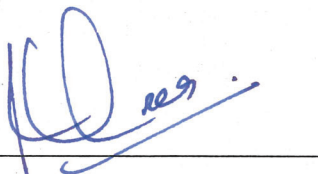
We authorise the attached financial statements for issue on 26 August 2019.



Stuart Crosby
Board Chair
Melbourne
26 August 2019



Catherine Scarth
Chief Executive Officer
Melbourne
26 August 2019



Deva Corea
Chief Finance Officer
Melbourne
26 August 2019

AMES AUSTRALIA
CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	Consolidated		AMES Australia	
		\$'000 2019	\$'000 2018	\$'000 2019	\$'000 2018
Income from transactions					
Government contributions - operating	2.2.1	5,973	8,072	5,973	8,072
Sales of goods and services	2.2.2	94,343	93,360	94,343	93,013
Interest income	2.2.3	539	455	532	448
Other income	2.2.4	2,778	1,881	2,734	1,608
Total income from transactions		103,633	103,768	103,582	103,141
Expenses from transactions					
Employee expenses	3.1.1	43,808	41,337	43,808	41,084
Depreciation and amortisation	4.1.1	1,606	1,637	1,606	1,637
Supplies and services	3.2	29,935	30,751	29,859	30,710
Other operating expenses	3.2	30,561	27,397	30,644	27,064
Total expenses from transactions		105,910	101,122	105,917	100,495
Net results from transactions (net operating balance)		(2,277)	2,646	(2,335)	2,646
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	8.2	88	73	88	73
Other gains/(losses) from other economic flows	8.2	(475)	(7)	(475)	(7)
Total other economic flows included in net result		(387)	66	(387)	66
Net result		(2,664)	2,712	(2,722)	2,712
Other economic flows – other comprehensive income:					
Items that will not be reclassified to net result					
Changes in physical asset revaluation surplus		-	-	-	-
Comprehensive result		(2,664)	2,712	(2,722)	2,712

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

**AMES AUSTRALIA
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2019**

	Notes	Consolidated		AMES Australia	
		\$'000 2019	\$'000 2018	\$'000 2019	\$'000 2018
Assets					
Financial assets					
Cash and deposits	6.1	29,419	15,255	28,972	14,809
Receivables	5.1	5,864	8,815	6,015	8,831
Investment and other financial assets	4.2	-	12,200	-	12,200
Total financial assets		35,283	36,270	34,987	35,840
Non-financial assets					
Other non-financial assets	5.2	973	847	973	844
Property, plant and equipment	4.1	27,310	28,666	27,310	28,666
Total non-financial assets		28,283	29,513	28,283	29,510
Total assets		63,566	65,783	63,270	65,350
Liabilities					
Payables	5.3	8,089	6,914	7,851	6,481
Other liabilities	5.4	2,468	4,385	2,468	4,385
Employee related provisions	3.1.2	7,523	7,076	7,523	7,076
Other provisions	5.5	1,315	573	1,315	573
Total liabilities		19,395	18,948	19,157	18,515
Net assets		44,171	46,835	44,113	46,835
Equity					
Accumulated surplus		10,393	13,057	10,335	13,057
Reserves		10,872	10,872	10,872	10,872
Contributed capital		22,906	22,906	22,906	22,906
Total Equity		44,171	46,835	44,113	46,835

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

**AMES AUSTRALIA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

<i>Consolidated</i>	Notes	Reserves \$'000	Accumulated surplus/ (deficit) \$'000	Contributed capital \$'000	Total \$'000
Balance at 1 July 2017		10,872	10,345	22,906	44,123
Net result for the year		-	2,712	-	2,712
Balance at 30 June 2018		10,872	13,057	22,906	46,835
Net result for the year		-	(2,664)	-	(2,664)
Balance at 30 June 2019		10,872	10,393	22,906	44,171

<i>AMES Australia</i>	Notes	Reserves \$'000	Accumulated surplus/ (deficit) \$'000	Contributed capital \$'000	Total \$'000
Balance at 1 July 2017		10,872	10,345	22,906	44,123
Net result for the year		-	2,712	-	2,712
Balance at 30 June 2018		10,872	13,057	22,906	46,835
Net result for the year		-	(2,722)	-	(2,722)
Balance at 30 June 2019		10,872	10,335	22,906	44,113

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

**AMES AUSTRALIA
CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Notes	Consolidated		AMES Australia	
		\$'000 2019	\$'000 2018	\$'000 2019	\$'000 2018
Cash flow from operating activities					
Receipts					
Government contributions – operating	2.2.1	5,973	8,072	5,973	8,072
User fees and charges received		107,240	113,593	107,028	113,028
Interest received		606	415	600	408
Total receipts		113,819	122,080	113,601	121,508
Payments					
Payments to suppliers and employees		(107,694)	(126,282)	(107,393)	(125,736)
Net goods and services tax paid to the ATO		(3,999)	(4,042)	(4,083)	(4,038)
Total payments		(111,693)	(130,324)	(111,476)	(129,774)
Net cash flows from/(used in) operating activities	6.1.1	2,126	(8,244)	2,125	(8,266)
Cash flows from investing activities					
Payments for investments		-	(9,000)	-	(9,000)
Proceeds from investments		12,200	-	12,200	-
Purchase of non-financial assets		(327)	(405)	(327)	(405)
Proceeds from sale of non-financial assets	8.2	165	161	165	161
Net cash flows from/(used in) investing activities		12,038	(9,244)	12,038	(9,244)
Net increase/(decrease) in cash and cash equivalents		14,164	(17,488)	14,163	(17,510)
Cash and cash equivalents at beginning of financial year		15,255	32,743	14,809	32,319
Cash and cash equivalents at end of financial year	6.1	29,419	15,255	28,972	14,809

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

AMES AUSTRALIA CONSOLIDATED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

1. ABOUT THIS REPORT

AMES Australia is an autonomous Adult Education Institution, accountable to the Victorian Minister for Training and Skills. It is governed by a Board established under the *Education and Training Reform Act 2006*.

Its principal address is:

AMES Australia
255 William Street
Melbourne VIC 3000

Basis of preparation

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

These financial statements are presented in Australian dollars, the functional and presentation currency of AMES Australia, and have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Exceptions to the historical cost convention include:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- the fair value of an asset other than land is generally based on its current replacement value.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

The financial statements cover AMES Australia as an individual reporting entity and include all the controlled activities of the entity.

Entities consolidated into AMES Australia's reporting entity include:

Connect Settlement Services Pty Ltd

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

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

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Compliance Information

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

Where appropriate, those AAS paragraphs applicable to not-for-profit (NFP) entities have been applied. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

AMES AUSTRALIA CONSOLIDATED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

AMES Australia's overall objective is to achieve short and long term outcomes for migrants, refugees and the broader community through the delivery of education, training, employment and settlement services. This section presents the sources and amounts of revenue raised by AMES Australia. Contributions are received from both State and Commonwealth Government, and from other fees and charges.

Structure

2.1	Summary of income that funds the delivery of services9
2.2	Income from transactions9

2.1 Summary of income that funds the delivery of services

	Notes	Consolidated		AMES Australia	
		\$'000 2019	\$'000 2018	\$'000 2019	\$'000 2018
Government contributions	2.2.1	5,973	8,072	5,973	8,072
Sale of goods and services	2.2.2	94,343	93,360	94,343	93,013
Interest income	2.2.3	539	455	532	448
Other income	2.2.4	2,778	1,881	2,734	1,608
Total income from transactions		103,633	103,768	103,582	103,141

Income except for government contributions is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes.

2.2 Income from transactions

2.2.1 Government contributions

	Consolidated		AMES Australia	
	\$'000 2019	\$'000 2018	\$'000 2019	\$'000 2018
Government contributions – operating				
Commonwealth/state government specific funded programs	5,973	8,072	5,973	8,072
Total government contributions	5,973	8,072	5,973	8,072

Government contributions are recognised as revenue in the period when AMES Australia gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current year.

**AMES AUSTRALIA
CONSOLIDATED ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

1. FUNDING DELIVERY OF OUR SERVICES (continued)

1.2.2 Sale of goods and services

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Student fees and charges	215	56	215	56
Fee for service – Government	90,101	87,495	90,101	87,087
Fee for service - Other	3,721	5,539	3,721	5,600
Other non-course fees and charges				
Sale of goods	306	270	306	270
Total fees and charges	94,343	93,360	94,343	93,013

(i) Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage of services provided. Where student fees and charges revenue has been clearly received in respect of courses or programs to be delivered in the following period, any non-refundable portion of the fees is treated as revenue in the period of receipt and the balance as Revenue in Advance.

(ii) Fee for service

Fee for service revenue is recognised by reference to the actual services provided or the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as Revenue in Advance.

(iii) Revenue from sale of goods

Revenue from sale of goods is recognised by AMES Australia when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- AMES Australia retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to AMES Australia and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**AMES AUSTRALIA
CONSOLIDATED ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

2. FUNDING DELIVERY OF OUR SERVICES (continued)

2.2.3 Interest income

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Interest on bank deposits	383	223	376	216
Interest on deposits – at call with Treasury Corporation Victoria (TCV)	156	232	156	232
Total interest income	539	455	532	448

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

2.2.4 Other income

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Rental revenue	1,766	725	1,766	725
Other revenue	1,012	1,156	968	883
Total other income	2,778	1,881	2,734	1,608

(i) Rental revenue

Rental revenue is recognised on a time proportional basis and is brought to account when AMES Australia's right to receive the rental is established. Rental revenue consists of income from venue hire and surplus space leasing arrangements.

(ii) Other revenue

Other revenue includes donations and client contributions. Donations are recognised when received and the amount can be measured reliably.

**AMES AUSTRALIA
CONSOLIDATED ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

3. THE COST OF DELIVERING SERVICES

Introduction

This section accounts for the major components of expenditure incurred by the organisation towards the operating activities (expenses from transactions) and on capital projects during the year, as well as any related obligations outstanding as at 30 June 2019.

Structure

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3.2	Supplies and services / Other operating expenses17

3.1 Expenses incurred in the delivery of services

	Notes	Consolidated		AMES Australia	
		\$'000 2019	\$'000 2018	\$'000 2019	\$'000 2018
Employee expenses	3.1.1	43,808	41,337	43,808	41,084
Supplies and services	3.2	29,935	30,751	29,859	30,710
Other operating expenses	3.2	30,561	27,397	30,644	27,064
Total expenses incurred in the delivery of services		104,304	99,485	104,311	98,858

3.1.1 Employee expenses

	Notes	Consolidated		AMES Australia	
		\$'000 2019	\$'000 2018	\$'000 2019	\$'000 2018
Salaries, wages, overtime and allowances, annual leave and long service leave		37,237	34,612	37,237	34,359
Superannuation	3.1.3	3,296	3,339	3,296	3,339
Payroll tax		1,908	1,997	1,908	1,997
Worker's compensation		493	400	493	400
Termination benefits		646	859	646	859
Other salary related costs		228	130	228	130
Total employee expenses		43,808	41,337	43,808	41,084

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

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3. THE COST OF DELIVERING SERVICES (continued)

3.1.1 Employee expenses (continued)

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. AMES Australia does not recognise any deferred liabilities in respect of the plan(s) because AMES Australia has no legal or constructive obligation to pay future superannuation benefits relating to its employees; its only obligation is to pay superannuation contributions as and when they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its finance report.

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

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3. THE COST OF DELIVERING SERVICES (continued)

3.1.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

<i>AMES Australia / Consolidated</i>	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Current provisions				
Employee benefit – Annual leave				
Unconditional and expected to wholly settle within 12 months	2,555	2,601	2,555	2,601
Unconditional and expected to wholly settle after 12 months	260	309	260	309
Employee benefit – Long service leave				
Unconditional and expected to wholly settle within 12 months	234	244	234	244
Unconditional and expected to wholly settle after 12 months	2,584	2,295	2,584	2,295
Employee benefit – Performance payments				
Unconditional and expected to wholly settle within 12 months	100	121	100	121
Provision for on-costs				
Unconditional and expected to wholly settle within 12 months	37	39	37	39
Unconditional and expected to wholly settle after 12 months	411	365	411	365
Total current provisions for employee benefits	6,181	5,974	6,181	5,974
Non-currents provisions:				
Employee benefits	1,158	951	1,158	951
On-costs	184	151	184	151
Total non-current provisions for employee benefits	1,342	1,102	1,342	1,102
Total provisions for employee benefits	7,523	7,076	7,523	7,076

Reconciliation of movements in on-cost provisions

<i>AMES Australia / Consolidated</i>	\$'000	\$'000
	2019	2018
Opening Balance	555	578
Additional provisions recognised	5,646	5,682
Reductions arising from payments	(5,498)	(5,704)
Unwind of discount and effect of changes in the discount rate	(71)	(1)
Closing Balance	632	555
Current	448	404
Non-current	184	151

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are all recognised in the provision for employee benefits as 'current liabilities', because AMES Australia does not have an unconditional right to defer settlements of these liabilities.

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3. THE COST OF DELIVERING SERVICES (continued)

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even when AMES Australia does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

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

Conditional LSL is disclosed as non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an 'other economic flow' in the net result (refer to Note 8.2).

Employee benefits on-costs

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision of employee benefits.

Performance payments

Performance payments for AMES Australia Executive Officers are based on a percentage of the annual salary package provided under the contract of employment. A liability is provided for under the term of the contracts at reporting date and paid out in the next financial year.

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3. THE COST OF DELIVERING SERVICES

3.1.3 Superannuation contributions

Employees of AMES Australia are entitled to receive superannuation benefits and AMES Australia contributes to both defined benefit and defined contribution plans.

Retirement benefit obligations

(i) Defined contribution plan

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

(ii) Defined benefit plans

The amount charged to the statement of comprehensive income in respect of superannuation represents the contributions made by AMES Australia to the superannuation plan in respect of current services of current AMES Australia staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement AMES Australia.

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

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Paid contribution for the year:				
Defined benefit plans -				
State Superannuation Fund	51	55	51	55
Defined contribution plans –				
VicSuper	2,915	2,739	2,915	2,739
Other	-	224	-	224
Total paid contribution for the year	2,966	3,018	2,966	3,018
Contribution outstanding at year end (paid the following month)	330	321	330	321
Total superannuation expense recognised in the comprehensive operating statement	3,296	3,339	3,296	3,339

The basis for contributions are determined by the various schemes.

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3. THE COST OF DELIVERING SERVICES (continued)

3.2 Supplies and services / Other operating expenses

	Notes	Consolidated		AMES Australia	
		\$'000 2019	\$'000 2018	\$'000 2019	\$'000 2018
Supplies and services					
Purchases of supplies and consumables		485	517	485	519
Communication expenses		897	972	897	981
Contract and other services		2,194	2,052	2,194	2,052
Building repairs and maintenance		1,425	941	1,425	941
Minor equipment		199	267	199	267
Fees and charges		24,735	26,002	24,659	25,950
Total supplies and services		29,935	30,751	29,859	30,710
Other operating expenses					
General expenses					
Marketing and promotional expenses		477	371	477	371
Occupancy expenses		1,029	967	1,029	964
Audit fees and services	8.7	55	31	44	31
Staff development		235	135	235	135
Travel and motor vehicle expenses		569	642	569	631
Other expenses		185	524	279	258
Subtotal general expenses		2,550	2,670	2,633	2,390
Operating lease expenses					
Minimum lease payments		5,667	5,747	5,667	5,721
Venue hire and equipment rentals		72	64	72	64
Subtotal operating lease expenses		5,739	5,811	5,739	5,785
Other expenses					
Job network clients related expenses		9,437	5,912	9,437	5,912
Asylum seeker clients related expenses		12,782	12,943	12,782	12,916
Cost of goods sold/distributed (ancillary trading)		53	61	53	61
Subtotal other expenses		22,272	18,916	22,272	18,889
Total other operating expenses		30,561	27,397	30,644	27,064

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

**AMES AUSTRALIA
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4. MAJOR ASSETS AND INVESTMENTS

Introduction

This section outlines those assets that the organisation controls, representing the resources that have been utilised for delivery of those outputs.

Fair value measurements:

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.4 in connection with how those fair values were determined.

Structure

4.1	Total property, plant and equipment18
4.2	Investment and other financial assets22

4.1 Total property, plant and equipment

	AMES Australia / Consolidated		AMES Australia / Consolidated		AMES Australia / Consolidated	
	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	\$'000		\$'000		\$'000	
	2019	2018	2019	2018	2019	2018
Land at fair value	8,450	8,450	-	-	8,450	8,450
Buildings at fair value	17,593	17,593	(1,199)	(600)	16,394	16,993
Building improvements	1,136	1,078	(175)	(101)	961	977
Leasehold improvements at fair value	4,013	4,013	(3,301)	(2,883)	712	1,130
Plant & equipment, computer equipment	3,030	2,940	(2,689)	(2,353)	341	587
Motor vehicles at fair value	849	979	(397)	(450)	452	529
Net carrying amount	35,071	35,053	(7,761)	(6,387)	27,310	28,666

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to AMES Australia and the cost of the item can be measured reliably. The cost of all other repairs and maintenance are charged to the comprehensive operating statement during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by AMES Australia to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

AMES AUSTRALIA CONSOLIDATED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

4. MAJOR ASSETS AND INVESTMENTS (continue)

Revaluations of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance. All full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Revaluation increases are credited directly to equity in the revaluation reserve, except to the extent that an increase reverses a revaluation decrease in respect of that class of property, plant and equipment, previously recognised as an expense (other economic flows) in the net result, the increase is recognised as income (other economic flows) in determining the net result. Revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of property, plant and equipment, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

When revalued assets are sold, it is AMES Australia's policy to transfer the amounts included in other reserves in respect of these assets to accumulated funds.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

An independent valuation of AMES' land and buildings was performed by Valuer-General Victoria. The effective date of the valuation was 30 June 2017. The fair value was determined on the basis of an active and liquid market and on a depreciated replacement cost. The next scheduled full revaluation will be conducted in 2022.

Management have assessed fair value at 30 June 2019 for AMES' land and buildings by applying the Valuer General Victoria (VGV) indexation factors for the financial year 2018/19. The assessment demonstrated that fair value was materially similar to carrying value, and therefore a managerial or full revaluation of AMES' buildings was not required.

In addition, fair value assessments have been performed for all other classes of assets and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation.

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4. MAJOR ASSETS AND INVESTMENTS

4.1.1 Depreciation

	AMES Australia / Consolidated \$'000 2019	AMES Australia / Consolidated \$'000 2018
Depreciation of non-current assets		
Buildings	600	600
Plant & equipment, computer equipment	336	375
Motor vehicles	178	176
Leasehold improvements	419	418
Building improvements	73	68
Total depreciation	1,606	1,637

Depreciation is provided on property, plant and equipment, including freehold buildings, with a capitalised cost in excess of \$5,000 (2017/18: \$5,000). Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

Depreciation rates used for each class of depreciable assets are:

Class of assets	Rate(s)
Buildings	2.0% - 12.50%
Building improvements	6.67%
Leasehold improvements	
• Long Term Lease – fit outs	6.67% - 7.50%
• Other Lease – fit outs	20.0% - 52.91%
Plant & equipment	6.67% - 20.0%
Computer equipment	25.0% - 33.33%
Motor vehicles	20.00%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. There has been no change in the methodology and no major change in the rates for the reporting period.

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

Indefinite life assets: Land which is considered as having an indefinite life, are not depreciated. Depreciation is not recognised in respect of this asset because their service potential has not, in any material sense, been consumed during the reporting period.

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

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

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

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

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4. MAJOR ASSETS AND INVESTMENTS (continued)

4.1.2 Reconciliations of movements in carrying amount of property, plant & equipment

<i>AMES Australia / Consolidated</i>	Land		Buildings		Building improvements		Leasehold improvements		Plant & equipment, computer equipment		Motor vehicles		Total	
	\$'000	2019	\$'000	2018	\$'000	2018	\$'000	2018	\$'000	2018	\$'000	2019	\$'000	2018
Opening balance	8,450	8,450	16,993	17,593	977	987	1,130	1,506	587	901	529	549	28,666	29,986
Additions	-	-	-	-	58	58	-	48	90	61	179	238	327	405
Disposals	-	-	-	-	-	-	-	(6)	-	-	(77)	(82)	(77)	(88)
Depreciation	-	-	(600)	(600)	(73)	(68)	(419)	(418)	(336)	(375)	(178)	(176)	(1,606)	(1,637)
Closing balance	8,450	8,450	16,393	16,993	962	977	711	1,130	341	587	453	529	27,310	28,666

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4. MAJOR ASSETS AND INVESTMENTS (continued)

4.2 Investment and other financial assets

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Term Deposits^(a):				
Australian dollar term deposits > three months	-	12,200	-	12,200
Total investments and other financial assets	-	12,200	-	12,200

Note:

(a) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

No Term Deposits were reported at 30 June 2019. All Term Deposits previously held with Treasury Corporation Victoria (TCV) have been transferred to the Central Banking System as per Standing Direction 3.7.2 under the *Financial Management Act 1994*.

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5. OTHER ASSETS AND LIABILITIES

Introduction

This section sets out other assets and liabilities that arise from the organisation's operations.

Structure

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5.4	Other liabilities26
5.5	Other provisions27

5.1 Receivables

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Current receivables				
Contractual				
Trade receivables	1,847	2,052	2,021	2,241
Allowance for impairment losses of contractual receivables	-	(2)	-	(2)
Revenue receivables	3,982	6,580	3,959	6,347
Other receivables	35	185	35	245
Total current receivables	5,864	8,815	6,015	8,831

Receivables consist of:

- contractual receivables, which include debtors in relation to goods and services, accrued investment income; and
- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. AMES Australia holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments because they do not arise from a contract.

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5. OTHER ASSETS AND LIABILITIES (continued)

5.2 Other non-financial assets

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Current other assets				
Prepayments	903	780	903	777
Total current other assets	903	780	903	777
Non-current other assets				
Inventories – Publications held for sale	70	67	70	67
Total non-current other assets	70	67	70	67
Total non-financial assets	973	847	973	844

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

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

Inventories held-for-distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost, includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to other high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

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5. OTHER ASSETS AND LIABILITIES (continued)

5.3 Payables

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Current payable				
Contractual				
Supplies and services	5,419	5,195	5,200	4,761
Accrued salaries, wages and superannuation	1,957	1,167	1,957	1,167
Sub-total	7,376	6,362	7,157	5,928
Statutory				
Taxes payable	713	552	694	553
Total current payables	8,089	6,914	7,851	6,481

Payables consist of:

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

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost.

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

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5. OTHER ASSETS AND LIABILITIES (continued)

Maturity analysis of financial liabilities

<i>Consolidated</i>	Carrying amount	Nominal amount	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019							
Supplies and services	5,419	5,419	5,192	28	-	199	-
Accrued salaries, wages and superannuation	1,957	1,957	1,957	-	-	-	-
Total	7,376	7,376	7,149	28	-	199	-
2018							
Supplies and services	5,195	5,195	4,843	144	-	208	-
Accrued salaries, wages and superannuation	1,167	1,167	1,167	-	-	-	-
Total	6,362	6,362	6,010	144	-	208	-
AMES Australia							
	Carrying amount	Nominal amount	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019							
Supplies and services	5,200	5,200	5,172	28	-	-	-
Accrued salaries, wages and superannuation	1,957	1,957	1,957	-	-	-	-
Total	7,157	7,157	7,129	28	-	-	-
2018							
Supplies and services	4,761	4,761	4,617	144	-	-	-
Accrued salaries, wages and superannuation	1,167	1,167	1,167	-	-	-	-
Total	5,928	5,928	5,784	144	-	-	-

5.4 Other liabilities

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Revenue in advance	2,468	4,385	2,468	4,385
Total other liabilities	2,468	4,385	2,468	4,385

Any fees received by AMES Australia during the current financial year in respect of services to be provided in the following financial year are classified as liability and recognised as revenue received in advance.

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5. OTHER ASSETS AND LIABILITIES (continued)

5.5 Other provisions

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Current provisions				
Make-good provision	1,315	573	1,315	573
Total other provisions	1,315	573	1,315	573

Provisions are recognised when AMES Australia has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Reconciliation of movements in other provisions

<i>AMES Australia / Consolidated</i>	Total	
	\$'000	\$'000
	Make-good	2019
Opening Balance	573	573
Additional provisions recognised	1,315	1,315
Reductions arising from payments	(197)	(197)
Reductions resulting from re-measurement or settlement without cost	(376)	(376)
Closing Balance	1,315	1,315

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6. FINANCING OUR OPERATIONS

Introduction

This section includes disclosures of balances that are financial instruments. Notes 7.1 and 7.4 provide additional, specific financial instrument disclosures.

Structure

6.1	Cash flow information and balances28
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6.1 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Total cash and deposits disclosed in the balance sheet	29,419	15,255	28,972	14,809
Balance as per cash flow statement	29,419	15,255	28,972	14,809

6.1.1 Reconciliation of the net result for the year to the cash flow from operating activities

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Net result for the period	(2,664)	2,712	(2,722)	2,712
Non-cash movements:				
Depreciation of non-current assets	1,606	1,637	1,606	1,637
Net (gain)/loss of sale of non-current assets	(88)	(73)	(88)	(73)
Total non-cash flows in operating result	1,518	1,564	1,518	1,564
Movements in assets and liabilities				
Decrease/(increase) in trade receivables	2,952	8,027	2,817	8,091
Decrease/(increase) in inventories	(3)	14	(3)	14
Increase/(decrease) in other assets	(123)	248	(126)	231
Increase/(decrease) in payables	(743)	(14,756)	(548)	(14,834)
Increase/(decrease) in employee benefits	447	(5,919)	447	(5,910)
Increase/(decrease) in provisions	742	(134)	742	(134)
Total movements in assets and liabilities	3,272	(12,520)	3,329	(12,542)
Net cash flows from/(used in) operating activities	2,126	(8,244)	2,125	(8,266)

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6. FINANCING OUR OPERATIONS (continued)

Financing facilities

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Unsecured credit card facility, reviewed annually and payable at call				
Amount used	130	140	130	140
Balance available	270	260	270	260
Total credit card facility with bank	400	400	400	400

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction	Structure	
<p>AMES Australia is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for AMES Australia related mainly to fair value determination.</p>	<p>7.1</p> <p>7.2</p> <p>7.3</p> <p>7.4</p> <p>7.5</p>	<p>Financial instruments specific disclosures30</p> <p>Financial risk management objective and policies32</p> <p>Contingent assets and liabilities38</p> <p>Fair value determination39</p> <p>Commitments42</p>

7.1 Financial instruments specific disclosures

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

From 1 July 2018, AMES Australia applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the organisation to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment. AMES Australia recognises the following assets in this category:

- cash and deposits;
- contractual receivables.

Categories of financial assets previously under AASB 139

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). AMES Australia recognises the following assets in this category:

- cash and deposits;
- term deposits;
- contractual receivables.

Categories of financial liabilities under AASB 9 and previously under AASB 139

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

- contractual payables (excluding statutory payables);

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

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

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

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

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at Fair Value through Other Comprehensive Income (FVOCI), but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The financial assets at amortised cost consist of trade receivables, cash and deposits and revenue receivable.

Under AASB 9, loss allowances are measure on either of the following basis:

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

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

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

7.1.1 Carrying amount of financial instruments by category

		Consolidated	AMES Australia
		\$'000	\$'000
Category		2019	2019
Financial assets			
Cash and deposits	Cash and deposits	29,419	28,972
Receivables ^(a)	Financial assets at amortised cost	5,864	6,015
Total financial assets		35,283	34,987
Financial liabilities			
Payables ^(a)	Financial liabilities at amortised cost	7,376	5,928
Total financial liabilities		7,376	5,928

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

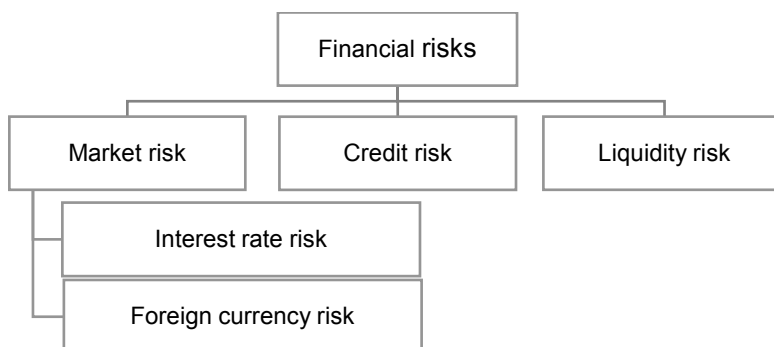
7.1.1 Carrying amount of financial instruments by category (continued)

Category		Consolidated	AMES Australia
		\$'000 2018	\$'000 2018
Financial assets			
Cash and deposits	Loans and receivables and cash	15,255	14,809
Term deposits	Loans and receivables and cash	12,200	12,200
Receivables ^(a)	Loans and receivables and cash	8,815	8,831
Total financial assets		36,270	35,840
Financial liabilities			
Payables ^(a)	Financial liabilities at amortised cost	6,362	5,928
Total financial liabilities		6,362	5,928

Note:

(a) Receivables and payables disclosed here exclude statutory receivables and statutory payables.

7.2 Financial risk management objective and policies



As a whole, AMES Australia's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.1 to the financial statements.

The main risks AMES Australia is exposed to through its financial instruments are market risk (including interest rate risk, foreign currency risk), credit risk and liquidity risk.

The organisation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of AMES Australia by adhering to principles on interest rate risk and credit risk. Compliance with policies and exposure limits is reviewed by management on a continuous basis. AMES Australia does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes. As a part of this risk management strategy, AMES Australia holds over 83.3% (2017/18: 75.7%) of its financial assets in cash and term deposits. AMES Australia uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

AMES Australia's corporate finance provides services to its business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market (including fair value interest rate risk) credit risk and liquidity risk.

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2019.

Credit risk which arises from exposures to customers as well as through deposits with financial institutions is monitored and reviewed regularly by the Finance, Audit and Risk Committee.

Management monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only Westpac Banking Corporation (current account);
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the strict credit policies may only purchase in cash or using recognised credit cards

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

Credit quality of contractual financial assets that are neither past due nor impaired^(a)

Consolidated		Financial institutions (AA- rating)	Government agencies (AAA rating)	Other counter- party (AAA rating)	Total
	2019	\$'000	\$'000	\$'000	\$'000
Cash and deposits		29,419	-	-	29,419
Receivables		-	-	5,864	5,864
Total contractual financial assets		29,419	-	5,864	35,283
	2018				
Cash and deposits		15,255	-	-	15,255
Receivables		-	-	8,815	8,815
Investments and other financial assets		-	12,200	-	12,200
Total contractual financial assets		15,255	12,200	8,815	36,270
AMES Australia		Financial institutions (AA- rating)	Government agencies (AAA rating)	Other counter- party (AAA rating)	Total
	2019	\$'000	\$'000	\$'000	\$'000
Cash and deposits		28,972	-	-	28,972
Receivables		-	-	6,015	6,015
Total contractual financial assets		28,972	-	6,015	34,987
	2018				
Cash and deposits		14,809	-	-	14,809
Receivables		-	-	8,831	8,831
Investments and other financial assets		-	12,200	-	12,200
Total contractual financial assets		14,809	12,200	8,831	35,840

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

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

Contractual receivables at amortised cost

AMES Australia applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on assumptions of risk of default and expected loss rates. The expected loss rates are based on AMES Australia's past history, existing market conditions as well as forward-looking estimates at the end of the financial year.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. Based on historical information about customer default rates and occurrences, management consider the credit quality of trade receivables that are not past due or impaired to be good.

AMES Australia has determined that the application of the requirements for AASB 9 at 1 July 2018 did not result in an additional allowance for impairment. Similarly, the assessment at the end of the financial year resulted with no additional impairment losses to be recognised.

Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

	\$'000	\$'000
	2019	2018
Balance at the beginning of the year under AASB 139	(2)	(2)
Adjustment of initial application of AASB 9	-	-
Balance at the beginning of the year under AASB 9	(2)	(2)
Reversal of unused provision recognised in the net result	2	-
Balance at the end of the year	-	(2)

Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due.

The responsibility for liquidity risk management rests with the Board of Directors of AMES Australia. AMES Australia manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

Financial instruments: Market risk

AMES Australia in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse effect on the operating result and /or net worth of AMES Australia.

The Board ensures that all market risk exposure is consistent with AMES Australia's business strategy and within the risk tolerance of AMES Australia. Regular risk reports are presented to the Board.

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

• **Interest rate risk**

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

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

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

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

The organisation's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are set out in the financial instrument composition and maturity analysis table below:

Interest rate exposure of financial instruments

<i>Consolidated</i>	2019	Weighted average interest rate %	Carrying amount \$'000	Interest rate exposure		
				Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest bearing \$'000
Financial assets						
Cash and deposits		1.78	29,419	29,411	-	8
Contractual receivables						
Trade receivables			1,847	-	-	1,847
Revenue receivables			3,982	-	-	3,982
Other receivables ^(a)			35	-	-	35
Total financial assets			35,283	29,411	-	5,872
Financial liabilities						
Trade and other payables			7,376	-	-	7,376
Total financial liabilities			7,376	-	-	7,376

<i>AMES Australia</i>	2019	Weighted average interest rate %	Carrying amount \$'000	Interest rate exposure		
				Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest bearing \$'000
Financial assets						
Cash and deposits		1.78	28,972	28,964	-	8
Contractual receivables						
Trade receivables			2,021	-	-	2,021
Revenue receivables			3,959	-	-	3,959
Other receivables ^(a)			35	-	-	35
Total financial assets			34,987	28,964	-	6,023
Financial liabilities						
Trade and other payables			7,157	-	-	7,157
Total financial liabilities			7,157	-	-	7,157

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

Interest rate exposure of financial instruments (continued)

<i>Consolidated</i>	2018	Weighted average interest rate %	Carrying amount \$'000	Interest rate exposure		
				Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000
Financial assets						
Cash and deposits		1.53	15,255	15,247	-	8
Investments and other financial assets						
Term deposits		1.90	12,200	-	12,200	-
Contractual receivables						
Trade receivables			2,050	-	-	2,050
Revenue receivables			6,580	-	-	6,580
Other receivables ^(a)			185	-	-	185
Total financial assets			36,270	15,247	12,200	8,823
Financial liabilities						
Trade and other payables			6,362	-	-	6,362
Total financial liabilities			6,362	-	-	6,362
<i>AMES Australia</i>	2018	Weighted average interest rate %	Carrying amount \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000
Financial assets						
Cash and deposits		1.53	14,809	14,801	-	8
Investments and other financial assets						
Term deposits		1.90	12,200	-	12,200	-
Contractual receivables						
Trade receivables			2,239	-	-	2,239
Revenue receivables			6,347	-	-	6,347
Other receivables ^(a)			245	-	-	245
Total financial assets			35,840	14,801	12,200	8,839
Financial liabilities						
Trade and other payables			5,928	-	-	5,928
Total financial liabilities			5,928	-	-	5,928

Note:

(a) Other receivables does not include statutory receivables.

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

Sensitivity analysis and assumptions

AMES Australia's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 100 basis points up and down (100 basis points up and down) in market interest rates (AUD);

The table below shows the impact on AMES Australia's net result and equity for each category of financial instrument held by the organisation at the end of the reporting period, if the movements were to occur:

Interest rate risk sensitivity

<i>Consolidated</i>	2019	Carrying amount \$'000	Interest rate risk			
			-1% (100 basis points)		1% (100 basis points)	
			Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Contractual financial assets						
Cash and deposits		29,419	(294)	(294)	294	294
Total impact			(294)	(294)	294	294

<i>Consolidated</i>	2018	Carrying amount \$'000	Interest rate risk			
			-1% (100 basis points)		1% (100 basis points)	
			Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Contractual financial assets						
Cash and deposits		15,255	(153)	(153)	153	153
Other financial assets		12,200	(122)	(122)	122	122
Total impact			(275)	(275)	275	275

<i>AMES Australia</i>	2019	Carrying amount \$'000	Interest rate risk			
			-1% (100 basis points)		1% (100 basis points)	
			Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Contractual financial assets						
Cash and deposits		28,972	(290)	(290)	290	290
Total impact			(290)	(290)	290	290

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

Interest rate risk sensitivity (continued)

<i>AMES Australia</i>	2018	Carrying amount	Interest rate risk			
			-1%		1%	
			(100 basis points)		(100 basis points)	
		Result	Equity	Result	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Contractual financial assets						
Cash and deposits	14,809	(148)	(148)	148	148	
Other financial assets	12,200	(122)	(122)	122	122	
Total impact		(270)	(270)	270	270	

7.3 Contingent assets and contingent liabilities

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

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

As at the reporting date there were no contingent assets (nil in 2017/18).

Contingent liabilities

Contingent liabilities are:

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

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

Quantifiable contingent liabilities	\$'000	\$'000
	2019	2018
Bank guarantee	22	22
Total contingent liabilities	22	22

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.4 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

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

This section sets out information on how AMES Australia determined fair value for financial reporting purposes. Consistent with AASB 13 Fair Value Measurement, AMES Australia determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

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

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

For the purpose of fair value disclosures, AMES Australia has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, AMES Australia determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is AMES Australia's independent valuation agency. AMES Australia in conjunction with the VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

7.4.1 Fair value determination of financial assets and liabilities

The fair values of the AMES Australia's financial assets and liabilities are determined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that AMES Australia can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

AMES Australia considers that the carrying amount of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value, and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

For other assets and other liabilities the fair value approximates their carrying value.

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.4.2 Fair value determination of non-financial physical assets

Details of AMES Australia's property, plant and equipment information about the fair value hierarchy based on recurring fair value measurement are as follows:

<i>AMES Australia / Consolidated</i>	Carrying amount as at 30 June 2019 \$'000	Fair value hierarchy			Carrying amount as at 30 June 2018 \$'000	Fair value hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
Land	8,450	-	8,450	-	8,450	-	8,450	-
Buildings - Melbourne	10,672	-	10,672	-	11,136	-	11,136	-
- Noble Park	154	-	-	154	173	-	-	173
- Box Hill	5,568	-	5,568	-	5,684	-	5,684	-
Building improvements	962	-	-	962	977	-	-	977
Leasehold improvements	711	-	-	711	1,130	-	-	1,130
Plant and equipment	341	-	-	341	587	-	-	587
Motor vehicles	452	-	452	-	529	-	529	-
Total assets at fair value	27,310	-	25,142	2,168	28,666	-	25,799	2,867

Classified in accordance with the fair value hierarchy. There were no transfers between levels during the year.

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

Reconciliation of Level 3 fair value movements

<i>AMES Australia / Consolidated</i>	Buildings	Building improvements	Leasehold improvements	Plant and equipment
As at 30 June 2019	\$'000	\$'000	\$'000	\$'000
Opening balance	173	977	1,130	587
Purchases / (sales)	-	58	-	90
Depreciation	(19)	(73)	(419)	(336)
Closing balance	154	962	711	341

<i>AMES Australia / Consolidated</i>	Buildings	Building improvements	Leasehold improvements	Plant and equipment
As at 30 June 2018	\$'000	\$'000	\$'000	\$'000
Opening balance	193	987	1,506	901
Purchases / (sales)	-	58	42	61
Depreciation	(20)	(68)	(418)	(375)
Closing balance	173	977	1,130	587

Description of significant unobservable inputs to Level 3 valuations

2019 and 2018	Valuation technique	Significant unobservable inputs
Leasehold improvements	Depreciated replacement cost	Useful life
Plant and equipment	Depreciated replacement cost	Useful life
Buildings improvements	Depreciated replacement cost	Useful life
Buildings	Depreciated replacement cost	Estimated replacement cost (\$ per m ²) of buildings using and industry guidelines including construction handbooks, depreciated for building age and adjusted for refurbishment

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7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

7.5 Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

7.5.1 Total commitments payable

<i>AMES Australia / Consolidated</i>	Less than 1 year	1 – 5 years	5+ years	Total
2019	\$'000	\$'000	\$'000	\$'000
Capital expenditure commitments payable				
Property, plant and equipment	6	-	-	6
Operating and lease commitments payable	5,045	715	-	5,760
Other commitments payable	506	-	-	506
Total commitments (inclusive of GST)	5,557	715	-	6,272
Less GST recoverable	(505)	(65)	-	(570)
Total commitments (exclusive of GST)	5,052	650	-	5,702

<i>AMES Australia / Consolidated</i>	Less than 1 year	1 – 5 years	5+ years	Total
2018	\$'000	\$'000	\$'000	\$'000
Capital expenditure commitments payable				
Property, plant and equipment	-	-	-	-
Operating and lease commitments payable	4,726	6,765	-	11,491
Other commitments payable	282	-	-	282
Total commitments (inclusive of GST)	5,008	6,765	-	11,773
Less GST recoverable	(455)	(615)	-	(1,070)
Total commitments (exclusive of GST)	4,553	6,150	-	10,703

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8. OTHER DISCLOSURES

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

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8.1 Ex-gratia expenses

For the reporting year ended 30 June 2019, there were no ex-gratia payments made (2017/18: nil).

8.2 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all physical assets.

Disposal of non-financial assets

Any gain or loss on disposal of non-financial assets is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Other economic flows included in net result

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Net gain/(loss) on non-financial asset				
Proceed from sale of physical assets	165	161	165	161
Less written down value	(77)	(88)	(77)	(88)
Total net gain/(loss) on non-financial assets	88	73	88	73
Other gains/(losses) from other economic flows				
Net gain/(loss) arising from revaluation of long service leave liability	(475)	(7)	(475)	(7)
Total from other economic flows	(387)	66	(387)	66

AMES AUSTRALIA CONSOLIDATED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

8. OTHER DISCLOSURES (continued)

8.3 Economic dependency

AMES Australia derives a significant amount of its revenue from the following sources which are subject to tender:

- Department of Home Affairs (DHA)
- Department of Social Services (DSS)
- Department of Education and Training (Commonwealth Government)
- Department of Employment, Skills, Small and Family Business

8.4 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting year.

Names

The persons who held the positions of Ministers, Accountable Officer and members of the governing board for AMES Australia are as follows:

Minister for Training and Skills	The Hon. Gayle Tierney MP	1 July 2018 to 30 June 2019
Chief Executive Officer	Catherine Scarth	1 July 2018 to 30 June 2019
Board Member – Chair of Board and Chair of Appointments, Remuneration & Governance Committee and Chair of Investment Committee	Stuart Crosby	1 July 2018 to 30 June 2019
Board Member - Deputy Chair of Board	Megan Boston	1 July 2018 to 30 June 2019
Board Member - Chair of Finance, Audit and Risk Management Committee	Stuart Alford	1 July 2018 to 30 June 2019
Board Member	Catherina Toh	1 July 2018 to 30 June 2019
Board Member	Ikenna Nwokolo	1 July 2018 to 30 June 2019
Board Member	Jo Pride	1 July 2018 to 30 June 2019
Board Member	Michelle Foster	1 July 2018 to 30 June 2019
Board Member	Mimmie Claudine Watts	1 July 2018 to 30 June 2019
Board Member	Tracy Le	18 July 2018 to 30 June 2019
Board Member	Vedran Drakulic	1 July 2018 to 30 June 2019

Remuneration

Remuneration of the Chief Executive Officer and Board members in connection with the management of AMES Australia for the reporting year within the specified income bands:

Income range	2019	2018
\$20,001 - \$30,000	9	8
\$30,001 - \$40,000	-	-
\$50,001 - \$60,000	1	1
\$330,001 - \$340,000	-	1
\$340,001 - \$350,000	1	-
Total number	11	10
Total remuneration (\$'000)	604	570

AMES AUSTRALIA CONSOLIDATED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

8. OTHER DISCLOSURES (continued)

8.5 Remuneration of executive officers

The following persons were Executive Officers of AMES Australia during the year:

Deva Corea	Chief Finance Officer
Belinda McLennan	Chief Operating Officer
Mabel Estrella	Chief Digital Officer
Peter Thomas	General Manager Corporate Governance / Board Secretary
Catharine O'Grady	General Manager People & Development
Mirta Gonzalez	General Manager Settlement & Asylum Seeker Program
Peter Harrison	General Manager Education & Employment

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

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

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

	2019	2018
Remuneration of executive officers	\$'000	\$'000
Short-term employee benefits	1,392	1,283
Post-employee benefits	133	121
Other long-term benefits	20	13
Total remuneration^(a)	1,545	1,417
Total number of executives	7	7
Total annualised employee equivalents^(b)	7	7

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.6).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.6 Related parties

AMES Australia is a wholly owned and controlled entity of the State of Victoria.

The following entity has been consolidated into AMES Australia's financial statements pursuant to the determination made by the Assistant Treasurer under section 53(1)(b) of the *Financial Management Act 1994 (FMA)*:

- Connect Settlement Services Pty Ltd

Related parties of AMES Australia and Connect Settlement Services Pty Ltd include:

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

All related party transactions have been entered into on an arm's length basis in the ordinary course of operations.

**AMES AUSTRALIA
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8. OTHER DISCLOSURES (continued)

8.6 Related parties (continued)

Significant transactions with government-related entities

During the year, AMES Australia had the following government-related entity transactions:

Entity	Nature of transactions	2019 \$'000	2018 \$'000
Department of Education and Training (Victorian Government)	Payments received for the delivery of vocational training.	5,623	6,632
Adult Community and Further Education (ACFE) Board	Payments received for pre-accredited training hours and grant funding for various project initiatives.	3,308	2,793

Key management personnel

Key management personnel of AMES Australia includes the Portfolio Ministers, the Hon. Gayle Tierney MP, Chief Executive Officer, members of the governing board and Executive Officers.

Key management personnel of the entity consolidated pursuant to section 53(1)(b) of the FMA into AMES Australia's financial statements include:

Entity	Key Management Personnel	Position title
Connect Settlement Services Pty Ltd	Catherine Scarth	Chair of Board
Connect Settlement Services Pty Ltd	Kerrin Benson	Deputy Chair of Board
Connect Settlement Services Pty Ltd	Jamila Trad-Padhee	Director
Connect Settlement Services Pty Ltd	Peter Thomas	Director and Company Secretary

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

	AMES Australia 2019 \$'000	AMES Australia 2018 \$'000	Connect Settlement Services Pty Ltd 2019 \$'000	Connect Settlement Services Pty Ltd 2018 \$'000
Compensation of KMPs				
Short-term employee benefits	1,958	1,810	-	58
Post-employment benefits	175	165	-	-
Other long-term benefits	16	12	-	-
Termination benefits	-	-	-	10
Total	2,149	1,987	-	68

Notes:

(a) Note that KMPs are also reported in the disclosure of responsible persons (Note 8.4).

**AMES AUSTRALIA
CONSOLIDATED ANNUAL FINANCIAL REPORT
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8. OTHER DISCLOSURES (continued)

8.6 Related parties (continued)

Transactions with related parties

The following transactions occurred between AMES Australia and organisations connected to AMES Australia's key management personnel during the financial year:

Organisation related to key management personnel	Key management personnel	2019 \$'000	2018 \$'000
Department of Education and Training (Victorian Government) - Payments received for VTG delivery	Stuart Alford Deputy Chair of Audit and Risk Committee of Department of Education and Training (Victorian Government)	5,623	6,632

8.7 Remuneration of auditors

	Consolidated		AMES Australia	
	\$'000	\$'000	\$'000	\$'000
	2019	2018	2019	2018
Victorian Auditor-General's Office				
Audit of the financial statements	55	31	44	31
Total remuneration of auditors	55	31	44	31

8.8 Subsequent events

No matters or circumstances have arisen since the end of the reporting year which significantly affected or may significantly affect the operations of AMES Australia, the result of those operations, or the state of affairs of AMES Australia in future financial years.

8.9 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1:

Name of entity	Principal activities	Country of incorporation	Ownership interest
Connect Settlement Services Pty Ltd	Provision of settlement services for refugees	Australia	50%

Subsidiaries are entities controlled by AMES Australia. AMES Australia assesses whether it has the power to direct relevant activities of the investee by considering the rights it holds to control decisions.

Although AMES Australia owns equal shares of Connect Settlement Services Pty Ltd, AMES Australia has made an assessment which includes both a qualitative and quantitative assessment of materiality of its subsidiary and have determined that it has control. The financial statements of its subsidiary are included in the consolidated financial statements from the commencement date 1 July 2016 until the date control ceases.

AMES AUSTRALIA CONSOLIDATED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

8. OTHER DISCLOSURES (continued)

8.10 Other accounting policies

Foreign currency translations

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign currency translation differences are recognised in other economic flows and accumulated in a separate component of equity, in the period in which they arise.

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

Commitments and contingent assets or liabilities are presented on a gross basis.

Materiality

In accordance with Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, when an Australian Accounting Standard specifically applies to a transaction, other event or condition, the accounting policies applied to that item shall be determined by applying the Standard, unless the effect of applying them is immaterial.

Accounting policies will be considered material if their omission or misstatement could, either individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

8.11 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after 1 July 2019:

- AASB 1059 *Service Concession Arrangements: Grantor*;
- AASB 16 *Leases*;
- AASB 15 *Revenue from Contract with Customers*; and
- AASB 1058 *Income of Not-for-Profit Entities*.

Service concession arrangements

Prior to the issuance of AASB 1059, there was no definitive accounting guidance in Australia for service concession arrangements, which include a number of public private partnership (PPP) arrangements. The AASB issued the new standard to address the lack of specific accounting guidance and based the content thereof broadly on its international equivalent: International Public Sector Accounting Standard 32: Service Concession Arrangements: Grantor.

AMES Australia does not have any arrangements within the scope of AASB1059.

AMES AUSTRALIA CONSOLIDATED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

8. OTHER DISCLOSURES (continued)

8.11 Australian Accounting Standards issued that are not yet effective (continued)

Leases

AASB 16 *Leases* replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. AMES Australia intends to adopt AASB 16 in 2019-20 financial year when it becomes effective.

AMES Australia will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. AMES Australia will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10,000).

In addition, AASB 2018-8 – Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. AMES Australia intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

AMES Australia has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:

- increase in RoU (\$4.9m)
- increase in lease liability (\$4.9m)

AMES AUSTRALIA CONSOLIDATED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

8. OTHER DISCLOSURES (continued)

8.11 Australian Accounting Standards issued that are not yet effective (continued)

Revenue and Income

AASB 15 supersedes AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities* (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector.
- AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors* (2018-4), to provide guidance on how to distinguish payments receive in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments.
- AASB 1058 *Income of Not-for-Profit Entities*, to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 Contributions.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. AMES Australia intends to adopt these standards in 2019-20 financial year when it becomes effective.

AMES Australia will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

AMES Australia has performed a detailed impact assessment of AASB 15 and AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application is unlikely to be material.

Government contributions and Fee for Service from Government represents in excess of 90% of AMES revenue and income. Government contributions are recognised as revenue in the period when AMES Australia gains control of the contributions and Fee for Service revenue from Government is recognised by reference to the percentage completion of each contract, ie. in the reporting period in which the services are rendered. Other income, under potential impact by AASB 15 and AASB 1058 represents a small proportion of the total income and revenue for AMES Australia.

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8. OTHER DISCLOSURES (continued)

8.11 Australian Accounting Standards issued that are not yet effective (continued)

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period.

As at 30 June 2019, the following standards and interpretations which are applicable to AMES Australia had been issued but were not mandatory for financial year ending 30 June 2019. AMES Australia has not, and does not intend to, adopt these standards early.

Standard/Interpretation	Key requirements	Effective Date	Impact on financial statements
<i>AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059</i>	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 January 2019	Amendments unlikely to have any financial impact on AMES Australia.
<i>AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for- Profit Public-Sector Licensors</i>	AASB 2018-4 provides the following guidance: - matters to consider in distinguishing between a tax and a licence, with all taxes being accounted for under AASB 1058; - IP licences are to be accounted for under AASB 15; and - non-IP, such as casino licences, are to be accounted for in accordance with the principles of AASB 15, after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.	1 January 2019	Amendments unlikely to have any financial impact on AMES Australia.
<i>AASB 2018-8 Amendments to Australian Accounting Standards – Right of use asset</i>	This standard amends various AASB standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1 January 2019	Amendments unlikely to have any financial impact on AMES Australia.
<i>AASB 17 Insurance Contracts</i>	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not currently apply to not-for-profit public sector entities. The AASB is undertaking further outreach to determine the applicability of this standard to the not-for-profit public sector.	1 January 2019	The new Standard unlikely to affect AMES Australia.

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FOR THE YEAR ENDED 30 JUNE 2019**

8. OTHER DISCLOSURES (continued)

8.11 Australian Accounting Standards issued that are not yet effective (continued)

Standard/Interpretation	Key requirements	Effective Date	Impact on financial statements
<i>AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business</i>	This standard amends AASB 3 <i>Business Combinations</i> to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments: <ul style="list-style-type: none"> - clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; - remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; - add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; - narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and - add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. 	1 January 2020	Amendments unlikely to have any financial impact on AMES Australia.
<i>AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material</i>	This standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 10 Events after the Reporting Period, include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. The amendments also clarify the definition of material and its application by improving the wording and aligning the definition across AASB standards and other publications.	1 January 2020	Amendments unlikely to have any financial impact on AMES Australia but on the presentation of future Financial Statements.

The following accounting pronouncements are also issued but not effective for the 2018-19 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*
- AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle*
- AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement*
- AASB 2018-3 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*

AMES AUSTRALIA CONSOLIDATED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

8. OTHER DISCLOSURES (continued)

8.12 Changes in accounting policies

AMES Australia has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

- (a) any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference recognised in opening retained earnings; and
- (b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

8.12.1 Changes to classification and measurement

On initial application of AASB 9 on 1 July 2018, AMES Australia's management has assessed for all financial assets. The following are the changes in the classification of AMES Australia's financial assets:

- Term deposits classified as held to maturity under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. There was no difference between the previous carrying amount and the revised carrying amount at 1 July 2018 to be recognised in opening retained earnings.

The accounting for financial liabilities remains largely the same as it was under AASB 139.

Under AASB 9, all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For trade receivables, AMES Australia applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. AMES Australia assess trade receivables for impairment on an annual basis and as a result there was no additional impairment recognised at 1 July 2018. Application of the lifetime ECL allowance method did not result in additional impairment loss allowance at the end of the financial year (Note 7.2).

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

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