

**Department of Jobs and Small Business**

**Financial Statements 2017–18**

**Department of Jobs and Small Business**

**STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41 (2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Jobs and Small Business will be able to pay its debts as and when they fall due.

Signed.....

Kerri Hartland  
Accountable Authority

6 September 2018

Signed.....

Glen Casson  
Chief Financial Officer

6 September 2018

**Department of Jobs and Small Business**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2018*

	Notes	2018 \$'000	2017 \$'000	Original Budget <sup>1</sup> \$'000
<b>NET COST OF SERVICES</b>				
<b>EXPENSES</b>				
Employee benefits	1.1A	226,285	211,105	223,304
Suppliers	1.1B	137,271	116,641	127,636
Grants	1.1C	137	346	-
Depreciation and amortisation	3.2A	42,671	32,885	35,881
Finance costs	1.1D	2	-	-
Write-down and impairment of assets	1.1E	1,991	4,926	-
Losses from asset sales		-	165	-
<b>Total expenses</b>		<b>408,357</b>	<b>366,068</b>	<b>386,821</b>
<b>OWN-SOURCE INCOME</b>				
<b>Own-source revenue</b>				
Sale of goods and rendering of services	1.2A	52,500	39,722	47,842
Rental Income	1.2B	1,552	2,210	1,541
Resources received free of charge - external audit		400	410	410
<b>Total own-source revenue</b>		<b>54,452</b>	<b>42,342</b>	<b>49,793</b>
<b>Gains</b>				
Gain on sale of assets		256	-	-
Other gains	1.2C	1,678	4,369	-
<b>Total gains</b>		<b>1,934</b>	<b>4,369</b>	<b>-</b>
<b>Total own-source income</b>		<b>56,386</b>	<b>46,711</b>	<b>49,793</b>
<b>Net cost of services</b>		<b>(351,971)</b>	<b>(319,357)</b>	<b>(337,028)</b>
Revenue from Government		310,830	286,351	301,147
<b>Deficit attributable to the Australian Government</b>		<b>(41,141)</b>	<b>(33,006)</b>	<b>(35,881)</b>
<b>Total comprehensive loss attributable to the Australian Government</b>		<b>(41,141)</b>	<b>(33,006)</b>	<b>(35,881)</b>

1. Jobs's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the 2017–18 Portfolio Budget Statements. The budgeted financial statements have not been audited.
2. The Original Budget amount relating to Sale of goods and rendering of services was split to reflect the amount relating to sublease rental income disclosed at Rental Income.

**Department of Jobs and Small Business**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2018*

	Notes	2018 \$'000	2017 \$'000	Original Budget <sup>1</sup> \$'000
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents		<b>2,396</b>	3,661	2,000
Trade and other receivables	3.1A	<b>144,650</b>	144,685	123,913
Accrued revenue		<b>2,582</b>	898	1,764
<b>Total financial assets</b>		<b>149,628</b>	149,244	127,677
<b>Non-financial Assets</b>				
Leasehold improvements	3.2A	<b>28,957</b>	24,722	24,530
Infrastructure, plant and equipment	3.2A	<b>30,466</b>	29,406	17,206
Intangibles	3.2A	<b>113,238</b>	95,928	121,563
Prepayments		<b>21,843</b>	17,162	9,636
<b>Total non-financial assets</b>		<b>194,504</b>	167,218	172,935
<b>Total assets</b>		<b>344,132</b>	316,462	300,612
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	<b>38,937</b>	43,694	19,497
Other payables	3.3B	<b>17,357</b>	19,126	26,187
<b>Total payables</b>		<b>56,294</b>	62,820	45,684
<b>Provisions</b>				
Employee provisions	6.1A	<b>74,998</b>	71,332	67,875
Other provisions	3.4A	<b>93</b>	52	3,217
<b>Total provisions</b>		<b>75,091</b>	71,384	71,092
<b>Total liabilities</b>		<b>131,385</b>	134,204	116,776
<b>Net assets</b>		<b>212,747</b>	182,258	183,836
<b>EQUITY</b>				
Contributed equity		<b>334,114</b>	262,484	299,305
Reserves		<b>10,252</b>	10,252	10,252
Accumulated deficit		<b>(131,619)</b>	(90,478)	(125,721)
<b>Total equity</b>		<b>212,747</b>	182,258	183,836

1. Jobs's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the 2017–18 Portfolio Budget Statements. The budgeted financial statements have not been audited.
2. The accounting policy relating to lease incentives was adjusted to align with the guidance provided in Resource Management Guide 110. Comparatives for the line items Trade and other receivables, and Other payables have each been adjusted to reflect this change in policy.

**Department of Jobs and Small Business**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2018*

	Retained earnings			Asset revaluation surplus			Contributed equity			Total equity		
	2018 \$'000	2017 \$'000	Original Budget <sup>1</sup> \$'000	2018 \$'000	2017 \$'000	Original Budget <sup>1</sup> \$'000	2018 \$'000	2017 \$'000	Original Budget <sup>1</sup> \$'000	2018 \$'000	2017 \$'000	Original Budget <sup>1</sup> \$'000
<b>Opening balance</b>												
Balance carried forward from previous period	(90,478)	(57,472)	(89,840)	10,252	10,252	10,252	262,484	194,301	236,997	182,258	147,081	157,409
<b>Adjusted opening balance</b>	<b>(90,478)</b>	<b>(57,472)</b>	<b>(89,840)</b>	<b>10,252</b>	<b>10,252</b>	<b>10,252</b>	<b>262,484</b>	<b>194,301</b>	<b>236,997</b>	<b>182,258</b>	<b>147,081</b>	<b>157,409</b>
<b>Comprehensive income</b>												
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Deficit for the period	(41,141)	(33,006)	(35,881)	-	-	-	-	-	-	(41,141)	(33,006)	(35,881)
<b>Total comprehensive income</b>	<b>(41,141)</b>	<b>(33,006)</b>	<b>(35,881)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,141)</b>	<b>(33,006)</b>	<b>(35,881)</b>
<b>Contributions by owners</b>												
Equity injection - Appropriation	-	-	-	-	-	-	40,349	7,316	36,272	40,349	7,316	36,272
Departmental capital budget	-	-	-	-	-	-	31,306	27,310	26,036	31,306	27,310	26,036
Restructuring	-	-	-	-	-	-	(25)	33,557		(25)	33,557	-
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,630</b>	<b>68,183</b>	<b>62,308</b>	<b>71,630</b>	<b>68,183</b>	<b>62,308</b>
<b>Closing balance as at 30 June</b>	<b>(131,619)</b>	<b>(90,478)</b>	<b>(125,721)</b>	<b>10,252</b>	<b>10,252</b>	<b>10,252</b>	<b>334,114</b>	<b>262,484</b>	<b>299,305</b>	<b>212,747</b>	<b>182,258</b>	<b>183,836</b>

1. Jobs's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the 2017–18 Portfolio Budget Statements. The budgeted financial statements have not been audited.

**Accounting Policy**

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from, or relinquished to, another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

## Department of Jobs and Small Business

### CASH FLOW STATEMENT

for the period ended 30 June 2018

	2018 \$'000	2017 \$'000	Original Budget <sup>1</sup> \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	380,300	317,938	301,155
Sale of goods and rendering of services	67,821	28,328	47,842
GST received	17,232	12,773	12,764
Sublease rent	1,552	2,210	1,541
<b>Total cash received</b>	<b>466,905</b>	<b>361,249</b>	<b>363,302</b>
<b>Cash used</b>			
Employees	225,323	208,556	222,403
Suppliers	164,803	122,385	96,117
Grants	137	346	-
Section 74 receipts transferred to the OPA	78,179	30,443	44,782
<b>Total cash used</b>	<b>468,442</b>	<b>361,730</b>	<b>363,302</b>
<b>Net cash from / (used by) operating activities</b>	<b>(1,537)</b>	<b>(481)</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of infrastructure, plant and equipment	272	4	-
<b>Total cash received</b>	<b>272</b>	<b>4</b>	<b>-</b>
<b>Cash used</b>			
Purchase of infrastructure, plant and equipment	16,474	4,031	4,137
Purchase / development of intangibles	47,761	29,259	53,370
Purchase of leasehold improvements	5,295	4,054	4,801
<b>Total cash used</b>	<b>69,530</b>	<b>37,344</b>	<b>62,308</b>
<b>Net cash used by investing activities</b>	<b>(69,258)</b>	<b>(37,340)</b>	<b>(62,308)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity - equity injection and capital budget	69,530	37,606	62,308
<b>Total cash received</b>	<b>69,530</b>	<b>37,606</b>	<b>62,308</b>
<b>Net cash from financing activities</b>	<b>69,530</b>	<b>37,606</b>	<b>62,308</b>
<b>Net decrease in cash held</b>	<b>(1,265)</b>	<b>(215)</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	3,661	3,876	2,000
<b>Cash and cash equivalents at the end of the reporting period<sup>2</sup></b>	<b>2,396</b>	<b>3,661</b>	<b>2,000</b>

1. Jobs's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the 2017–18 Portfolio Budget Statements. The budgeted financial statements have not been audited.
2. As shown in the Statement of Financial Position.
3. The Original Budget amount relating to Sale of goods and rendering of services was split to reflect the amount relating to sublease rental income disclosed at Rental Income.

The above statement should be read in conjunction with the accompanying notes.

**Department of Jobs and Small Business**  
**ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME**

	Notes	2018 \$'000	2017 \$'000	Original Budget <sup>1</sup> \$'000
<b>NET COST OF SERVICES</b>				
<b>EXPENSES</b>				
Suppliers	2.1A	1,375,432	1,262,270	1,323,292
Subsidies	2.1B	449,374	229,351	288,718
Personal benefits	2.1C	229,180	254,752	320,825
Grants	2.1D	98,755	96,674	109,830
Write-down and impairment of assets		16	120	642
Payments to corporate Commonwealth entities		6,020	6,104	6,020
<b>Total expenses administered on behalf of Government</b>		<b>2,158,777</b>	<b>1,849,271</b>	<b>2,049,327</b>
<b>INCOME</b>				
<b>Revenue</b>				
<b>Taxation revenue</b>				
Other taxes		151,966	143,483	154,618
<b>Total taxation revenue</b>		<b>151,966</b>	<b>143,483</b>	<b>154,618</b>
<b>Non-taxation revenue</b>				
Commonwealth asset recoveries		39,626	47,984	70,612
Other revenue		395,519	138,971	6,753
<b>Total non-taxation revenue</b>		<b>435,145</b>	<b>186,955</b>	<b>77,365</b>
<b>Total revenue</b>		<b>587,111</b>	<b>330,438</b>	<b>231,983</b>
<b>Total income administered on behalf of Government</b>		<b>587,111</b>	<b>330,438</b>	<b>231,983</b>
<b>Net cost of services</b>		<b>(1,571,666)</b>	<b>(1,518,833)</b>	<b>(1,817,344)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		72,662	96,859	-
<b>Total other comprehensive income</b>		<b>72,662</b>	<b>96,859</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(1,499,004)</b>	<b>(1,421,974)</b>	<b>(1,817,344)</b>

1. Jobs's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the Portfolio Budget Statements 2017–18. The budgeted financial statements have not been audited.

**Accounting Policy**

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Administered revenue is recognised when the service is provided. Collectability of the debt is reviewed at balance date. Impairment allowances are made when collectability of the debt is judged to be less, rather than more, likely.

**Department of Jobs and Small Business**  
**ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES**  
*as at 30 June 2018*

	Notes	2018 \$'000	2017 \$'000	Original Budget <sup>1</sup> \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents		40	10	-
Trade, taxation and other receivables	4.1A	43,353	38,003	43,878
Other investments	4.1B	410,418	337,756	240,897
<b>Total financial assets</b>		<b>453,811</b>	<b>375,769</b>	<b>284,775</b>
<b>Non-financial assets</b>				
Prepayments		6,314	5,901	5,779
<b>Total non-financial assets</b>		<b>6,314</b>	<b>5,901</b>	<b>5,779</b>
<b>Total assets administered on behalf of Government</b>		<b>460,125</b>	<b>381,670</b>	<b>290,554</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	4.2A	82,423	80,979	60,976
Subsidies	4.2B	73,171	36,890	24,135
Personal benefits	4.2C	1,422	3,521	1,204
Grants	4.2D	11,255	2,189	2,168
Other payables	4.2E	2,290,276	2,676,564	2,730,753
<b>Total payables</b>		<b>2,458,547</b>	<b>2,800,143</b>	<b>2,819,236</b>
<b>Total liabilities administered on behalf of Government</b>		<b>2,458,547</b>	<b>2,800,143</b>	<b>2,819,236</b>
<b>Net liabilities</b>		<b>(1,998,422)</b>	<b>(2,418,473)</b>	<b>(2,528,682)</b>

1. Jobs's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the Portfolio Budget Statements 2017–18. The budgeted financial statements have not been audited.

**Accounting Policy**

Prepayments

All administered prepayments are current assets.



**Department of Jobs and Small Business**  
**ADMINISTERED RECONCILIATION SCHEDULE**  
*for the period ended 30 June 2018*

	2018 \$'000	2017 \$'000
<b>Opening assets less liabilities as at 1 July</b>	<b>(2,418,473)</b>	(2,611,725)
<b>Net cost of services</b>		
Income	587,111	330,438
<b>Expenses</b>		
Payments to entities other than corporate Commonwealth entities	<b>(2,152,757)</b>	(1,843,167)
Payments to corporate Commonwealth entities	<b>(6,020)</b>	(6,104)
<b>Other comprehensive income</b>		
Revaluations transferred to reserves	<b>72,662</b>	96,859
<b>Transfers (to)/from the Australian Government</b>		
<b>Appropriation transfers from Official Public Account</b>		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	<b>1,742,482</b>	1,423,053
Payments to corporate Commonwealth entities	<b>6,019</b>	6,237
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	<b>196,329</b>	221,628
Payments to corporate Commonwealth entities	<b>179,816</b>	177,502
<b>Appropriation transfers to Official Public Account</b>		
Transfers to Official Public Account	<b>(205,591)</b>	(213,194)
<b>Closing assets less liabilities as at 30 June</b>	<b>(1,998,422)</b>	(2,418,473)

**Accounting Policy**

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the Schedule of Administered Cash Flows and in the Administered Reconciliation Schedule.

**Department of Jobs and Small Business**  
**ADMINISTERED SCHEDULE OF CASH FLOW**  
*for the period ended 30 June 2018*

	2018	2017
	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
GST received	161,431	119,253
Levies	149,082	144,992
Commonwealth asset recoveries	39,626	47,984
Other	8,658	2,452
<b>Total cash received</b>	<b>358,797</b>	<b>314,681</b>
<b>Cash used</b>		
Suppliers	1,539,839	1,374,765
Subsidies	413,093	216,596
Personal benefits	229,843	246,091
Grants	89,689	96,653
Payments to corporate Commonwealth entities	6,019	6,104
<b>Total cash used</b>	<b>2,278,483</b>	<b>1,940,209</b>
<b>Net cash used by operating activities</b>	<b>(1,919,686)</b>	<b>(1,625,528)</b>
Cash and cash equivalents at the beginning of the reporting period	10	4
<b>Cash from the Official Public Account for</b>		
- Appropriations	2,124,646	1,828,420
- GST appropriations	166,754	134,009
<b>Total cash from Official Public Account</b>	<b>2,291,400</b>	<b>1,962,429</b>
<b>Cash to the Official Public Account for</b>		
- Appropriations	(205,591)	(213,194)
- Return of GST appropriations	(166,093)	(123,701)
<b>Total cash to Official Public Account</b>	<b>(371,684)</b>	<b>(336,895)</b>
<b>Cash and cash equivalents at the end of the reporting period<sup>1</sup></b>	<b>40</b>	<b>10</b>

1. As shown in the Administered Schedule of Assets and Liabilities.

## Department of Jobs and Small Business

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison between the 2017–18 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2017–18 financial statements. The Budget is not audited and does not reflect budget estimates presented to Parliament in respect of the 2018 financial year. However, major changes in budget have been explained as part of the variance analysis where relevant.

Variances are considered to be ‘major’ based on the following criteria:

- the variance between budget and actual is greater than 10 per cent; and
- an item below this threshold but is considered important for the reader’s understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the Department.

#### Departmental Major Budget Variances for 2018

Explanations of major variances	Affected line items (and schedule)
Suppliers expense are \$9.6m higher than the original budget due to additional IT expenditure and subsequent staff resource expenses to support projects.	Suppliers (Statement of Comprehensive Income)
Grants are \$0.1m higher than budget due to one off grants provided to support the department’s outcomes.	Grants (Statement of Comprehensive Income)
Depreciation and amortisation expense is \$6.8m higher than the original budget due to additional investment in ICT.	Depreciation and amortisation (Statement of Comprehensive Income)
The Write-down of assets expense is \$2.0m higher than the original budget due to the annual review of asset impairment and useful life.	Write-down of assets (Statement of Comprehensive Income)
Own Source revenue is \$4.7m higher than the original budget due to additional services provided throughout the year.	Own-source Revenue (Statement of Comprehensive Income)
Gain on the sale of assets are \$0.3m higher than the original budget due to revenue from assets disposed at the end of their useful life.	Gain on the sale of assets (Statement of Comprehensive income)
Other gains are \$1.7m higher than the original budget due to prior year revenue adjustments.	Other gains (Statement of Comprehensive income)
Trade and other receivables are \$20.7m higher than the original budget due to capital acquisitions not yet paid and additional functions assumed as a result of Machinery of Government changes.	Trade and other receivables (Statement of Financial Position)
Other financial assets are \$0.8m higher than the original budget due to services provided by the department where payment has not yet been received.	Other financial assets (Statement of Financial Position)
Leasehold Improvement values have increased by \$4.4m compared to the original budget due to fit outs undertaken in the department’s properties.	Leasehold Improvements (Statement of Financial Position)
Infrastructure, Plant and Equipment (IP&E) (\$13.3m) and payment of IP&E (\$12.3m) are higher than the original budget due to the additional purchase of ICT equipment.	Infrastructure, Plant and Equipment (Statement of Financial Position), Infrastructure, Plant and Equipment (Cash Flow Statement)
Intangible assets are \$8.3m lower than the original budget due to higher amortisation and impairment.	Intangibles (Statement of Financial Position)
Prepayments are \$12.2m higher than the original budget due to an increase in IT expenditure.	Other non-financial assets (Statement of Financial Position)
Suppliers payable are \$19.4m higher than the original budget predominately due to asset purchases received but not paid by the end of the financial year and higher than planned supplier accruals.	Suppliers payables (Statement of Financial Position)
Other payables are \$8.8m lower than the original budget due to a policy change in the treatment of lease incentives.	Other payables (Statement of Financial Position)
Employee provisions are \$7.1m higher than the original budget due to Machinery of Government changes.	Employee provisions (Statement of Financial Position)
Other provisions are \$3.1m lower than the original budget due to the rationalisation of the department’s leases.	Other provisions (Statement of Financial Position)
Contributed equity (\$34.8m) and equity received (\$7.2m) are higher than the original budget due to equity and capital injections in the Portfolio Additional Estimates Statements.	Contributed equity (Statement of Financial Position), Contributed equity/capital (Statement of Changes in Equity) Contributed equity - equity injection (Cash Flow Statement)

## Department of Jobs and Small Business

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Appropriations received are \$79.1m higher than expected due to services provided by the department.	Appropriations (Cash Flow Statement)
Sale of goods and rendering of services received are \$20.0m higher than the original budget due to the timing of receipts across financial years.	Sale of goods and rendering of services (Cash Flow Statement).
GST received from the ATO is \$4.5m higher than the original budget due to higher supplier expenses.	Net GST received (Cash Flow Statement)
Suppliers payments are \$68.7m higher than the original budget due to higher than planned service provision and the timing of payments across financial years.	Suppliers (Cash Flow Statement)
Section 74 transfers are \$33.4m higher than the original budget due to services provided by the department and the timing of receipts across financial years.	Section 74 transfers to the OPA (Cash Flow Statement)
Purchase of leasehold improvements are \$0.5m higher than the original budget due to timing of payments across financial years.	Purchase of leasehold Improvements (Cash Flow Statement)
Development of intangibles are \$5.6m less than the original budget due to lower than planned intangible development and timing of payments.	Purchase / development of intangibles (Cash Flow Statement)

#### **Administered Major Budget Variances for 2018**

<b>Explanations of major variances</b>	<b>Affected line items (and schedule)</b>
Suppliers expense is \$52.1m higher than the original budget primarily due to jobactive providers achieving stronger employment outcomes.	Suppliers (Administered Schedule of Comprehensive Income)
Subsidies expense is \$160.7m higher than the original budget due to stronger take-up of wage subsidies.	Subsidies (Administered Schedule of Comprehensive Income)
Personal benefits expense is \$91.6m lower than the original budget due to lower than expected take-up of some jobactive sub-programs and a lower than forecast average cost per claim and number of claims paid in the Fair Entitlements Guarantee Program (FEG).	Personal benefits (Administered Schedule of Comprehensive Income)
Grants expense is \$11.1m lower than the original budget primarily due to lower than expected Asbestos Related Claims through Comcare.	Grants (Administered Schedule of Comprehensive Income)
Commonwealth Asset Recoveries are \$31.0m lower than the original budget due to the complex nature of recoveries relating to the FEG program including activities under the FEG Recovery program.	Commonwealth Asset Recoveries (Administered Schedule of Comprehensive Income)
Other revenue is \$388.8m higher than the original budget due to a reduction in Comcare liability following an actuarial review.	Other revenue (Administered Schedule of Comprehensive Income)
Other comprehensive income (\$72.7m) and Other investments (\$169.5m) are higher than the original budget as a result of movements in the net asset balance of Coal Long Service Leave (LSL).	Other comprehensive income – Changes in asset revaluation surplus (Administered Schedule of Comprehensive Income), Other Investments (Administered Schedule of Assets and Liabilities)
Suppliers payable is \$21.4m higher than the original budget due to an increase in jobactive accruals.	Suppliers payable (Administered Schedule of Assets and Liabilities)
Subsidies payable is \$49.0m higher than the original budget due to an increase in wage subsidies accruals.	Subsidies payable (Administered Schedule of Assets and Liabilities)
Grants payable is \$9.1m higher than the original budget due to grant accruals for milestones met but not paid at year end.	Grants payable (Administered Schedule of Assets and Liabilities)
Other payables are \$440.5m lower than the original budget due to a reduction in Comcare liability following an actuarial review.	Other payables (Administered Schedule of Assets and Liabilities)

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## Department of Jobs and Small Business

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Overview

##### Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements and notes have been prepared in accordance with:

- Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) for reporting periods ending on or after 1 July 2015; and
- Australian Accounting Standards and Interpretations—Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

##### Change of Name

The Department's name was changed to the Department of Jobs and Small Business from the Department of Employment as a result of Administrative Arrangements Order introduced on 20 December 2017. As part of the changes, the Department gained the small business and regulatory policy functions.

##### Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the department has made and relied on the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- the jobactive and Transition to Work accruals for Supplier and Subsidies expense, developed by the Department have been reviewed by an independent actuary;
- the Department relies on the work of actuaries engaged by Comcare relating to balances for Other Payables; and
- the Department relies on the net asset position of the Coal Mining Industry (Long Service Leave Funding) Corporation for Other Investments.
- the Department adjusted its accounting policy relating to lease incentives to align with the guidance provided through the *Public Governance, Performance and Accountability Act 2013* Resource Management Guide. This change has been reflected in the comparative balances and is included within notes 3.1A and 3.3B.

The Department made no other assumptions or estimates identified as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

##### Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

##### New Australian Accounting Standards

No new and amended standards that were applicable to the current reporting period have had a material effect on the Department's financial statement.

##### Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

- Revenues, expenses and non-financial assets are recognised net of GST except:
  - where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
  - for receivables and payables.

##### Events After the Reporting Period

There have been no events after balance date that have the potential to significantly affect the ongoing structure and financial activities of the Department.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**1. Departmental Financial Performance**

This section analyses the financial performance of the Department of Jobs and Small Business for the year ended 2018.

**1.1. Expenses**

	2018	2017
	\$'000	\$'000
<b>Note 1.1A: Employee Benefits</b>		
Wages and salaries	170,227	162,075
Superannuation		
Defined contribution plans	18,109	15,892
Defined benefit plans	17,386	17,109
Leave and other entitlements	16,459	11,989
Separations and redundancies	2,688	2,683
Other employee expenses	1,416	1,357
<b>Total employee benefits</b>	<b>226,285</b>	<b>211,105</b>

**Accounting Policy**

Accounting policies for employee related expenses are contained in the People and Relationships section.

	2018	2017
	\$'000	\$'000
<b>Note 1.1B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Consultants	13,336	12,877
Contractors	24,795	13,600
Travel	5,258	4,289
IT services	33,059	26,180
Property	6,546	6,242
Shared services	7,948	5,552
Resources provided free of charge	400	410
Legal	2,262	2,901
Training	4,806	4,158
Other	12,689	13,605
<b>Total goods and services supplied or rendered</b>	<b>111,099</b>	<b>89,814</b>
Provision of goods	3,128	3,201
Rendering of services	107,971	86,613
<b>Total goods and services supplied or rendered</b>	<b>111,099</b>	<b>89,814</b>
<b>Other suppliers</b>		
Operating lease rentals in connection with		
Minimum lease rentals	25,644	25,787
Contingent rentals	-	20
Workers compensation expenses	528	1,020
<b>Total other suppliers</b>	<b>26,172</b>	<b>26,827</b>
<b>Total suppliers</b>	<b>137,271</b>	<b>116,641</b>

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Leasing commitments**

Details of significant leasing commitments for the Department include:

The Department in its capacity as lessee for 10 & 12 Mort Street, Canberra is subject to a 3.75% fixed annual adjustment. The current lease term expires on 24 March 2025.

The Department in its capacity as lessee for 14 Mort Street, Canberra is subject to a 3.75% fixed annual adjustment. The current lease term expires on 24 March 2025.

The Department in its capacity as lessee for 140-180 City Walk, Canberra is subject to a 4.00% fixed annual adjustment. The current lease term expires on 31 March 2024.

The Department in its capacity as lessee for Level 9, 255 Elizabeth Street, Sydney is subject to a 3.75% fixed annual adjustment. The current lease term expires on 31 December 2020.

The Department in its capacity as lessee for Level 10, 414 Latrobe Street, Melbourne is subject to a 3.75% fixed annual adjustment. The current lease term expires on 30 September 2024.

The Department in its capacity as lessee for Level 18, 11 Weymouth Street, Adelaide is subject to a 3.50% fixed annual adjustment. The current lease term expires on 31 March 2022.

The Department in its capacity as lessee for Levels 5 & 8, 215 Adelaide Street, Brisbane is subject to a 3.50% fixed annual adjustment. The current lease term expires on 30 November 2024.

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable (GST inclusive) as follows:</b>		
Within 1 year	<b>25,198</b>	22,765
Between 1 to 5 years	<b>97,709</b>	90,027
More than 5 years	<b>33,929</b>	51,843
<b>Total operating lease commitments</b>	<b>156,836</b>	164,635

**Accounting Policy**

Leases

An operating lease is a lease that is not a finance lease and where the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Lease payments are subject to increases in accordance with upwards movements in the consumer price index, market rates, fixed increase rates or a combination of the aforementioned rates.



**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2018	2017
	\$'000	\$'000
<b><u>Note 1.1C: Grants</u></b>		
<b>Private sector</b>		
Other	137	346
<b>Total grants</b>	<b>137</b>	<b>346</b>
<b><u>Note 1.1D: Finance Costs</u></b>		
Unwinding of discount for restoration	2	-
<b>Total finance costs</b>	<b>2</b>	<b>-</b>
<b><u>Note 1.1E: Write-Down and Impairment of Assets</u></b>		
<b>Asset write-downs and impairments from</b>		
Write-off of receivables - goods and services	2	1
Write-off of leasehold improvements	-	954
Write-off of infrastructure, plant and equipment	503	32
Impairment of infrastructure, plant and equipment	-	2,117
Impairment of intangibles	1,486	1,822
<b>Total write-down and impairment of assets</b>	<b>1,991</b>	<b>4,926</b>

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**1.2. Income**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>OWN-SOURCE REVENUE</b>		
<b><u>Note 1.2A: Sale of Goods and Rendering of Services</u></b>		
Rendering of services	<u>52,500</u>	<u>39,722</u>
<b>Total sale of goods and rendering of services</b>	<b><u>52,500</u></b>	<b><u>39,722</u></b>

**Accounting Policy**

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Department retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b><u>Note 1.2B: Rental Income</u></b>		
Rental Income	<u>1,552</u>	<u>2,210</u>
<b>Total rental income</b>	<b><u>1,552</u></b>	<b><u>2,210</u></b>

**Sub leasing rental income commitments**

The Department in its capacity as lessor has a number of memorandum of understanding agreements with Commonwealth entities in four tenancies.

**Commitments for sublease rental income receivables (GST inclusive) are as follows:**

Within 1 year	<u>(1,668)</u>	<u>(1,779)</u>
Between 1 to 5 years	<u>(4,147)</u>	<u>(4,963)</u>
More than 5 years	<u>(707)</u>	<u>(1,910)</u>
<b>Total sublease rental income commitments</b>	<b><u>(6,522)</u></b>	<b><u>(8,652)</u></b>

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1.2C: Other Gains**

Gain on write back of restoration provision	-	275
First time recognition of assets – infrastructure, plant and equipment	<b>95</b>	-
Write back of provision for surplus lease space	-	787
Write back of leaseholds impairment	-	894
Write back of intangibles impairment	-	337
Write back of infrastructure, plant and equipment impairment	-	652
Other	<b>1,583</b>	1,424
<b>Total other gains</b>	<b>1,678</b>	<b>4,369</b>

**Accounting Policy**

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to this entity) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Gains

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Accounting Policy for the Statement of Changes in Equity).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**2. Income and Expenses Administered on Behalf of Government**

This section analyses the activities that the Department of Jobs and Small Business does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

**2.1. Administered - Expenses**

	2018	2017
	\$'000	\$'000
<b>Note 2.1A: Suppliers</b>		
<b>Services rendered</b>		
Provider services	1,340,582	1,237,807
Memberships	11,822	11,229
Legal	7,537	2,693
Contractors and consultants	5,041	3,068
Advertising	9,914	6,979
Other	536	494
<b>Total suppliers<sup>1</sup></b>	<b>1,375,432</b>	<b>1,262,270</b>
<b>Note 2.1B: Subsidies</b>		
<b>Subsidies in connection with</b>		
Labour market assistance to job seekers and industry	297,408	85,868
Industrial relations	151,966	143,483
<b>Total subsidies</b>	<b>449,374</b>	<b>229,351</b>
<b>Note 2.1C: Personal Benefits</b>		
<b>Direct</b>		
Labour market assistance to job seekers and industry	64,222	68,709
Industrial relations	164,910	185,160
<b>Indirect</b>		
Industrial relations	48	883
<b>Total personal benefits</b>	<b>229,180</b>	<b>254,752</b>

**Accounting Policy**

The Department administers personal benefit programs on behalf of the Government that provide entitlements to individuals. Payments are determined in accordance with provisions of the *Fair Entitlements Guarantee Act 2012* and the funding agreements for the New Enterprise Incentive Scheme and Youth Jobs PaTH under jobactive.

	2018	2017
	\$'000	\$'000
<b>Note 2.1D: Grants</b>		
<b>Public sector</b>		
Australian Government entities (related parties)	55,413	64,227
<b>Private sector</b>		
Non-profit organisations	37,054	4,480
Other	6,288	27,967
<b>Total grants</b>	<b>98,755</b>	<b>96,674</b>

1. In 2016-17 supplier expenses were presented based on an outcomes split. To better reflect the nature of these expenses, they are now split based on the type of expense.

**Accounting Policy**

The Department administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy liabilities are recognised to the extent that:

- the services required to be performed by the grantee have been performed; or
- the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants and subsidies but services have not been performed or criteria satisfied.

Payment to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to the Department is disclosed under the Funding section—Appropriations.

**Department of Jobs and Small Business**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

All administered revenues are revenues relating to ordinary activities performed by the Department on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**3. Departmental Financial Position**

This section analyses the Department of Jobs and Small Business' assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

**3.1. Financial Assets**

	2018 \$'000	2017 \$'000
<b>Note 3.1A: Trade and Other Receivables</b>		
Goods and services	3,199	16,330
Appropriation receivables - for existing programs	137,782	125,667
GST receivable from the Australian Taxation Office	3,189	2,511
Lease incentives	-	-
Other	484	179
<b>Total trade and other receivables (gross)</b>	<b>144,654</b>	<b>144,687</b>
Less impairment allowance for goods and services	(4)	(2)
<b>Total trade and other receivables (net)</b>	<b>144,650</b>	<b>144,685</b>

Credit terms for goods and services are net 30 days.

**Reconciliation of the Impairment Allowance**  
**Movements in relation to 2018**

	Goods and services \$'000	Total \$'000
<b>Opening balance as at 1 July 2017</b>	<b>(2)</b>	<b>(2)</b>
Increase recognised in net cost of services	(2)	(2)
<b>Closing balance as at 30 June 2018</b>	<b>(4)</b>	<b>(4)</b>

Movements in relation to 2017

	Goods and services \$'000	Total \$'000
Opening balance as at July 2016	(3)	(3)
Amounts written off	1	1
Closing balance as at 30 June 2017	(2)	(2)

**Accounting Policy**

Receivables and impairment

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed and impairment allowances are made when collectability of the debt is no longer probable.

Lease Incentives

Lease incentives provided in the form of 'free' leasehold improvements and rent free holidays to tenants are recognised as a receivable. The receivable is reduced by allocating lease receipts between rental income and reduction of the receivable.

Department of Jobs and Small Business  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**3.2. Non-Financial Assets**

**Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2017-18)**

	Leasehold improvements \$'000	Other plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 30 June 2017</b>					
Gross book value	28,703	38,882	143,243	1,913	212,741
Opening adjustment - gross book value	-	-	-	-	-
Accumulated depreciation, amortisation and impairment	(3,981)	(9,476)	(48,248)	(980)	(62,685)
Opening adjustment - accumulated depreciation and impairment	-	-	-	-	-
<b>Net book value 30 June 2017</b>	<b>24,722</b>	<b>29,406</b>	<b>94,995</b>	<b>933</b>	<b>150,056</b>
<b>Additions</b>					
Purchase or internally developed	6,916	10,866	48,912	-	66,694
First time recognition	-	62	33	-	95
Restructuring (Note 8.1A)	492	-	-	-	492
Reclassification	-	-	-	-	-
Revaluations recognised in other comprehensive income	-	-	-	-	-
Impairments recognised in net cost of services	-	(428)	(1,486)	-	(1,914)
Reversal of impairments recognised in net cost of services	-	-	-	-	-
Depreciation/amortisation expense	(3,173)	(9,349)	(29,780)	(369)	(42,671)
Other movements	-	-	-	-	-
Other	-	(16)	-	-	(16)
Write-offs	-	(75)	-	-	(75)
<b>Total as at 30 June 2018</b>	<b>28,957</b>	<b>30,466</b>	<b>112,674</b>	<b>564</b>	<b>172,661</b>
<b>Total as at 30 June 2018 represented by:</b>					
Gross book value					
Fair value	26,762	45,338	143,099	1,913	217,112
Work in progress	9,349	1,256	48,096	-	58,701
Accumulated depreciation, amortisation and impairment	(7,154)	(16,128)	(78,521)	(1,349)	(103,152)
<b>Total as at 30 June 2018</b>	<b>28,957</b>	<b>30,466</b>	<b>112,674</b>	<b>564</b>	<b>172,661</b>

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

During 2018, \$1.486 million of internally developed software was impaired (2017: \$1.822m). There were no write offs of internally developed software (2017: nil). There were no write offs of purchased software during 2018 (2017: nil).

During 2018, \$0.428 million of plant and equipment was impaired (2017: \$2.177m).

There is one leased property that the Department manages which is due to be vacated within the next 12 months that has a leasehold improvement asset. The total net book value of the leasehold improvements, including restoration for this property, was \$0.025 million as at 30 June 2018.

No impairment loss was required for surplus lease space (2017: nil).

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy below.

Revaluation increments for leasehold improvements and other plant & equipment credited to the asset revaluation reserve were included in the equity section of the Statement of Financial Position, no increments were expensed.

**Contractual commitments for the acquisition of property, plant, equipment and intangible assets**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Commitments are payable as follows:</b>		
Within 1 year	<b>5,189</b>	16,447
<b>Total commitments payable</b>	<b>5,189</b>	16,447

**Accounting Policy**

Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, (or \$50,000 for leasehold improvements) which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to the restoration provisions in property leases taken up by the department where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'restoration' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measurement
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. This volatility is assessed before the end of each reporting period.



**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Revaluation Cont'd

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

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

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the department using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset Class	2018
Leasehold improvements	Lease Term
Infrastructure, plant and equipment	3–25 years

Impairment

All assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The Department's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Purchases costing less than \$200,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Department's software are 2–15 years.

All software assets were assessed for indications of impairment as at 30 June 2018.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**3.3. Payables**

	2018	2017
	\$'000	\$'000
<b>Note 3.3A: Trade Creditors and Accruals</b>		
Trade creditors and accruals	33,613	40,388
Operating lease rentals	5,324	3,306
<b>Total suppliers</b>	<b>38,937</b>	<b>43,694</b>

Settlement is usually made within 30 days.

**Note 3.3B: Other Payables**

Salaries and wages	1,586	1,497
Superannuation	558	261
Separations and redundancies	548	1,848
Other employee benefits	841	1,273
Lease incentive	11,503	12,172
Unearned income	2,321	2,075
<b>Total other payables</b>	<b>17,357</b>	<b>19,126</b>

1. In 2016-17 accrued expenses were included in other payables. To better reflect the nature of the payables, accrued expenses were moved from other payables and are now included in suppliers, with the 2016-17 comparative of 14.452m being reallocated accordingly

**Accounting Policy**

Operating lease rentals

Operating lease payments are expressed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Lease Incentives

Lease incentives taking the form of 'free' leasehold improvements and rent free holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**3.4. Other Provisions**

Note 3.4A: Other provisions

	Provision for restoration \$'000	Provision for surplus lease \$'000	Total \$'000
<b>As at 1 July 2017</b>	-	52	52
Additional provisions made	91	-	91
Amounts reversed	-	-	-
Amounts used	-	(52)	(52)
Discount or change in discount rate	2	-	2
<b><i>Total as at 30 June 2018</i></b>	<b>93</b>	<b>-</b>	<b>93</b>

The Department currently has one (2017:nil) agreement for the leasing of premises which have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The provision reflects the present value of this obligation.

## Department of Jobs and Small Business

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 4. Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result. The Department of Jobs and Small Business does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

##### 4.1. Administered - Financial Assets

	2018	2017
	\$'000	\$'000
<b>Note 4.1A: Receivables</b>		
Taxation receivables	13,338	10,454
Personal benefits receivables	6,782	8,218
Goods and services receivables	3,192	3,819
GST receivable from the ATO	22,174	17,716
<b>Total receivables (gross)</b>	<b>45,486</b>	<b>40,207</b>
<b>Less impairment allowance</b>		
Goods and services	(2,133)	(2,204)
<b>Total impairment allowance</b>	<b>(2,133)</b>	<b>(2,204)</b>
<b>Total receivables (net)</b>	<b>43,353</b>	<b>38,003</b>

Credit terms are within 30 days.

##### Reconciliation of the Impairment Allowance Movements in relation to 2018

	Goods and services \$'000	Total \$'000
<b>Opening balance as at 1 July 2017</b>	<b>(2,204)</b>	<b>(2,204)</b>
Amounts written off	1	1
Increase recognised in net cost of services	70	70
<b>Closing balance as at 30 June 2018</b>	<b>(2,133)</b>	<b>(2,133)</b>

##### Movements in relation to 2017

	Goods and services \$'000	Total \$'000
Opening balance as at 1 July 2016	(2,142)	(2,142)
Amounts written off	58	58
Increase recognised in net cost of services	(120)	(120)
Closing balance as at 30 June 2017	(2,204)	(2,204)

##### Accounting Policy

###### Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2018	2017
	\$'000	\$'000
<b><u>Note 4.1B: Other Investments</u></b>		
<b>Other Investments</b>		
Coal Mining Industry (Long Service Leave Funding) Corporation <sup>1</sup>	<u>410,418</u>	<u>337,756</u>
<b>Total other investments</b>	<b><u>410,418</u></b>	<b><u>337,756</u></b>

The Commonwealth retains 100 per cent ownership of the listed investment. The principle activity of the administered investment is as follows:

<sup>1</sup>*Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL)* – the administration of the Coal Mining Industry Long Service Leave Fund (The Fund). The Fund has operated since 1949 to provide reimbursement payments to employers paying long service leave to persons employed in the black coal industry in New South Wales, Queensland, Western Australia and Tasmania on the basis of industry employment service.

**Accounting Policy**

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments other than those held for sale are classified as available-for-sale and are measured at their fair value as at 30 June 2018. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of the reporting period.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

<b>4.2. Administered - Payables</b>		
	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b><u>Note 4.2A: Suppliers</u></b>		
Trade creditors and accruals	<u>82,423</u>	<u>80,979</u>
<b>Total suppliers</b>	<b><u>82,423</u></b>	<b><u>80,979</u></b>
Settlement was made within 30 days.		
<b><u>Note 4.2B: Subsidies</u></b>		
Subsidies	<u>73,171</u>	<u>36,890</u>
<b>Total subsidies</b>	<b><u>73,171</u></b>	<b><u>36,890</u></b>
<b><u>Note 4.2C: Personal Benefits</u></b>		
Labour market assistance to job seekers and industry - Direct	498	411
Labour market assistance to job seekers and industry - Indirect	-	18
Industrial relations - Direct	<u>924</u>	<u>3,092</u>
<b>Total personal benefits</b>	<b><u>1,422</u></b>	<b><u>3,521</u></b>
<b><u>Note 4.2D: Grants</u></b>		
<b>Private sector</b>		
Non-profit organisations	9,381	602
Other	<u>1,874</u>	<u>1,587</u>
<b>Total grants</b>	<b><u>11,255</u></b>	<b><u>2,189</u></b>
<b><u>Note 4.2E: Other Payables</u></b>		
Comcare payable <sup>1</sup>	2,278,802	2,666,165
Withholding Payable	505	3
GST payable	<u>10,969</u>	<u>10,396</u>
<b>Total other payables</b>	<b><u>2,290,276</u></b>	<b><u>2,676,564</u></b>

1. The amount payable to Comcare represents amounts payable by the Commonwealth for:
- workers compensation claims resulting from injuries that occurred prior to 1 July 1989, referred to as 'pre-premium' claims;
  - workers compensation claims resulting from injuries that have occurred since 1 July 1989, referred to as 'premium' claims; and
  - the management of asbestos related personal injury common law disease claims against the Commonwealth.

Full details of the amounts payable may be found in the Comcare annual report.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**5. Funding**

This section identifies the Department of Jobs and Small Business' funding structure.

**5.1. Appropriations**

**Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')**

	2018 Appropriations			Appropriation applied in 2018 (current and prior years) \$'000	Variance <sup>1</sup> \$'000
	Annual appropriation \$'000	Adjustments to appropriation <sup>3</sup> \$'000	Total appropriation \$'000		
<b>DEPARTMENTAL</b>					
Ordinary annual services	305,391	83,618	389,009	380,300	8,709
Capital Budget <sup>2</sup>	31,306	-	31,306	34,462	(3,156)
Other services					
Equity	40,349	-	40,349	35,068	5,281
<b>Total departmental</b>	<b>377,046</b>	<b>83,618</b>	<b>460,664</b>	<b>449,830</b>	<b>10,834</b>
<b>ADMINISTERED</b>					
Ordinary annual services					
Administered items	1,718,876	9,222	1,728,098	1,737,471	(9,373)
Payments to corporate Commonwealth entities	6,020	-	6,020	6,019	1
<b>Total administered</b>	<b>1,724,896</b>	<b>9,222</b>	<b>1,734,118</b>	<b>1,743,491</b>	<b>(9,373)</b>

1. The Ordinary annual services variance is due to closing liabilities not yet paid and operating surplus. The Capital variance is due to timing between goods being received and payments being made. The administered items variance relates to higher than planned administered expenditure.

2. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1, 3 & 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

3. Departmental Adjustments to appropriation includes \$78.18m of PGPA Act Section 74 receipts and \$5.44m of PGPA Act Section 75 transfers as a result of transferred functions to the Department. The administered items adjustments to appropriation relates to PGPA Act Section 75 transfers as a result of transferred functions to the Department.

**Accounting Policy**

*Payments to Corporate Commonwealth Entities*

Payments to Comcare from amounts appropriated for that purpose are classified as administered expenses of the Department.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2017 Appropriations			Appropriation applied in 2017 (current and prior years) \$'000	Variance <sup>1</sup> \$'000
	Annual appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000		
<b>DEPARTMENTAL</b>					
Ordinary annual services <sup>3</sup>	286,373	30,443	316,816	317,939	(1,123)
Capital Budget <sup>2</sup>	27,310	12,342	39,652	30,522	9,130
Other services					
Equity	7,316	-	7,316	7,084	232
<b>Total departmental</b>	<b>320,999</b>	<b>42,785</b>	<b>363,784</b>	<b>355,545</b>	<b>8,239</b>
<b>ADMINISTERED</b>					
Ordinary annual services <sup>3</sup>					
Administered items	1,670,953	-	1,670,953	1,418,794	252,159
Payments to corporate entities	6,119	-	6,119	6,104	15
<b>Total administered</b>	<b>1,677,072</b>	<b>-</b>	<b>1,677,072</b>	<b>1,424,898</b>	<b>252,174</b>

1. The Ordinary annual services variance relates to increased expenditure as a result of a transfer of functions. The Capital variance is due to timing between goods being received and payment being made. The administered items variance relates to lower than planned administered expenditure.

2. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1, 3 & 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

3. A section 51 determination reducing Administered Ordinary annual services by \$0.95m was processed in 2016–17 and Departmental Ordinary annual services of \$0.02m was quarantined.



**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Departmental</b>		
Appropriation Act (No. 1) 2015-16	-	4,309
Appropriation Act (No. 1) 2016-17	<b>1,258</b>	103,498
Appropriation Act (No. 1) Capital Budget 2016-17	-	4,384
Supply Act (No. 1) Capital Budget 2016-17	-	7,563
Appropriation Act (No. 2) Equity Injection 2016-17	<b>2,005</b>	2,005
Appropriation Act (No. 3) 2016-17	-	2,845
Appropriation Act (No. 4) Equity Injection 2016-17	<b>1,063</b>	1,063
Appropriation Act (No. 1) 2017-18	<b>115,140</b>	-
Appropriation Act (No. 1) Capital Budget 2017-18	<b>4,838</b>	-
Appropriation Act (No. 2) Equity Injection 2017-18	<b>1,204</b>	-
Appropriation Act (No. 3) 2017-18	<b>4,244</b>	-
Appropriation Act (No. 3) Capital Budget 2017-18	<b>3,953</b>	-
Appropriation Act (No. 4) Equity Injection 2017-18	<b>4,077</b>	-
Cash at bank	<b>2,396</b>	3,661
<b>Total</b>	<b>140,178</b>	<b>129,328</b>
<b>Administered</b>		
Appropriation Act (No. 1) 2014-15	-	40,377
Appropriation Act (No. 1) 2016-17	-	314,010
Supply Act (No. 1) 2016-2017	-	1,170
Appropriation Act (No. 3) 2016-17	-	5,420
Appropriation Act (No. 1) 2017-18	<b>8,022</b>	-
Appropriation Act (No. 3) 2017-18	<b>41,416</b>	-
Appropriation Act (No. 5) 2017-18	<b>36,928</b>	-
Cash at bank	<b>40</b>	10
<b>Total</b>	<b>86,406</b>	<b>360,987</b>

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 5.1C: Special Appropriations ('Recoverable GST exclusive')**

Authority	Type	Purpose	Appropriation applied	
			2018 \$'000	2017 \$'000
<i>Fair Entitlements Guarantee Act 2012 - Section 50 (Administered)</i>	Unlimited Amount	An Act to provide for financial assistance for workers who have not been fully paid for work done for insolvents or bankrupts, and for related purposes.	131,918	150,016
<i>Coal Mining Industry (Long Service Leave Funding) Act 1992 (Administered)</i>	Unlimited Amount	An Act to manage the long service leave entitlement of the Coal Mining Industry.	149,081	144,992
<i>Safety, Rehabilitation and Compensation Act 1988 (SRC Act) (Administered)</i>	Unlimited Amount	An Act to provide for the payment of workers compensation claims and associated expenses in accordance with the provisions of the SRC Act.	30,734	32,510
<i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005 (Administered)</i>	Unlimited Amount	An Act to assign responsibility for the management of certain liabilities relating to asbestos-related claims, and for related purposes.	24,675	31,717
<i>Public Governance, Performance and Accountability Act 2013 - Section 77</i>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	2	0
<b>Total special appropriations applied</b>			<b>336,410</b>	<b>359,235</b>

1. There was ten section 77 payments made with a total value of \$2,039.49.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**5.2. Net Cash Appropriation Arrangements**

	2018	2017
	\$'000	\$'000
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	1,530	(121)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(42,671)</u>	<u>(32,885)</u>
<i>Total comprehensive loss - as per the Statement of Comprehensive Income</i>	<u><u>(41,141)</u></u>	<u><u>(33,006)</u></u>

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**6. People and Relationships**

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

**6.1. Employee Provisions**

	2018	2017
	\$'000	\$'000
<b>Note 6.1A: Employee Provisions</b>		
Leave	<u>74,998</u>	<u>71,332</u>
<b>Total employee provisions</b>	<u><b>74,998</b></u>	<u><b>71,332</b></u>

**Accounting Policy**

Employee Benefits

Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2017. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The majority of the Department's staff are members of the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other schemes administered by the Commonwealth Superannuation Corporation (CSC).

The PSS and AGEST are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme. The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Department makes employer contributions to the employee's defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**6.2. Key Management Personnel Remuneration**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Department, directly or indirectly, including any director (whether executive or otherwise) of the Department. The Department has determined the key management personnel to be the Secretary and Deputy Secretaries.

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Note 6.2A: Key Management Personnel Remuneration</b>		
Short-term employee benefits	<b>1,572</b>	1,548
Post-employment benefits	<b>279</b>	368
Other long-term employee benefits <sup>1</sup>	<b>248</b>	396
<b>Total key management personnel remuneration expenses</b>	<b>2,099</b>	2,312

1. Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

2. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the department.

The total number of senior management personnel that are included in the above table is 5 (2017: 5). This includes former Secretary Leon, from 1 July 2017 to 17 September 2017.

This note was prepared on an accrual basis and excludes acting arrangements, unless these are deemed to be significant long-term acting of greater than three months.

**6.3. Related Party Disclosures**

**Related party relationships:**

The Department is an Australian Government controlled entity. Related parties to the Department are Key Management Personnel including the Portfolio Minister and the Department's Executive.

**Transactions with related parties:**

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as any ordinary citizen. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed for 2018 (2017: nil).

## Department of Jobs and Small Business

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 7. Managing Uncertainties

This section analyses how the Department of Jobs and Small Business manages financial risks within its operating environment.

##### 7.1. Contingent Assets and Liabilities

###### Quantifiable Contingencies

The Department has one quantifiable contingency, which is considered remote. All prior year contingencies have been realised or expired.

###### Accounting Policy

###### Contingent Assets and Contingent Liabilities

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Administered – Contingent Assets and Liabilities**

	Claims for damages or costs		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Contingent assets</b>				
Balance from previous period	39,032	43,738	39,032	43,738
Re-measurement	38,791	43,140	38,791	43,140
Assets realised	(39,635)	(47,846)	(39,635)	(47,846)
<b>Total contingent assets</b>	<b>38,188</b>	<b>39,032</b>	<b>38,188</b>	<b>39,032</b>
<b>Contingent liabilities</b>				
Balance from previous period	32,112	51,558	32,112	51,558
Re-measurement	(5,837)	(19,446)	(5,837)	(19,446)
<b>Total contingent liabilities</b>	<b>26,275</b>	<b>32,112</b>	<b>26,275</b>	<b>32,112</b>
<b>Net contingent assets / (liabilities)</b>	<b>11,913</b>	<b>6,920</b>	<b>11,913</b>	<b>6,920</b>

Quantifiable Administered Contingencies

The above table reports contingent assets and liabilities in respect of estimated payments and recoveries in relation to dividends for Fair Entitlements Guarantee (FEG) and the General Employee Entitlements and Redundancy Scheme (GEERS).

Unquantifiable Administered Contingencies

Relating to FEG, it is known that there are employers with outstanding employee entitlements that have been placed into liquidation. The amounts are unable to be quantified as no claim forms have been received.

**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**7.2. Financial Instruments**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b><u>Note 7.2A: Categories of Financial Instruments</u></b>		
<b>Financial Assets</b>		
<b>Receivables</b>		
Cash and cash equivalents	<b>2,396</b>	3,661
Goods and services receivables	<b>3,195</b>	16,328
<b>Total receivables</b>	<b>5,591</b>	19,989
<b>Total financial assets</b>	<b>5,591</b>	19,989
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors and accruals	<b>33,613</b>	40,388
<b>Total financial liabilities measured at amortised cost</b>	<b>33,613</b>	40,388
<b>Total financial liabilities</b>	<b>33,613</b>	40,388



**Department of Jobs and Small Business**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2018 \$'000	2017 \$'000
<b><u>Note 7.2B: Net Gains or Losses on Financial Assets</u></b>		
<b>Loans and receivables</b>		
Write off - goods and services	-	(1)
Impairment of receivables - goods and services	<u>(2)</u>	<u>-</u>
<b>Net losses on loans and receivables</b>	<u>(2)</u>	<u>(1)</u>
<b>Net losses on financial assets</b>	<u>(2)</u>	<u>(1)</u>

**Accounting Policy**

**Financial Assets**

The Department classifies its financial assets in the following category:

- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

**Receivables**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. The Department's receivables are measured at their nominal amount less impairment.

**Impairment of Financial Assets**

Financial assets are assessed for impairment at the end of the reporting period.

Financial assets held at cost—if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

**Financial Liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon trade date.

**Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

**Other Financial Liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Department of Jobs and Small Business  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

<b>7.3. Administered - Financial Instruments</b>		
	2018	2017
	\$'000	\$'000
<b><u>Note 7.3A: Categories of Financial Instruments</u></b>		
<b>Financial Assets</b>		
<b>Available-for-sale financial assets</b>		
Investments	410,418	337,756
<b>Total available-for-sale financial assets</b>	<b>410,418</b>	<b>337,756</b>
<b>Receivables</b>		
Cash and cash equivalents	40	10
Goods and services receivables	1,059	1,615
<b>Total receivables</b>	<b>1,099</b>	<b>1,625</b>
<b>Total financial assets</b>	<b>411,517</b>	<b>339,381</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors and accruals	82,423	80,979
<b>Total financial liabilities measured at amortised cost</b>	<b>82,423</b>	<b>80,979</b>
<b>Total financial liabilities</b>	<b>82,423</b>	<b>80,979</b>
<b><u>Note 7.3B: Net Gains or Losses on Financial Assets</u></b>		
<b>Available-for-sale financial assets</b>		
Gains recognised in equity	72,662	96,859
<b>Net gains from available-for-sale financial assets</b>	<b>72,662</b>	<b>96,859</b>
<b>Loans and receivables</b>		
Interest revenue	19	4
Write-down and impairment	(16)	(120)
<b>Net losses from loans and receivables</b>	<b>3</b>	<b>(116)</b>
<b>Net gains on financial assets</b>	<b>72,665</b>	<b>96,743</b>

**Department of Jobs and Small Business**  
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**7.4. Fair Value Measurement**

Note 7.4A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2018	2017
	\$'000	\$'000
<b>Non-financial assets</b>		
Leasehold Improvements	19,607	22,535
Infrastructure, plant and equipment	29,210	29,157
<b>Total non-financial assets</b>	<b>48,817</b>	<b>51,692</b>
<b>Total fair value measurements of assets in the Statement of Financial Position</b>	<b>48,817</b>	<b>51,692</b>
<b>Assets not measured at fair value in the Statement of Financial Position</b>		
Leasehold improvements - AUC	9,349	2,187
Infrastructure, plant & equipment - AUC	1,256	249
<b>Total assets not measured at fair value in the Statement of Financial Position</b>	<b>10,605</b>	<b>2,436</b>

**Accounting Policy**

The Department's policy under AASB 13—Fair Value Measurement is to test the value assets at least once every 12 months and to obtain a comprehensive valuation at least once every three years.<sup>1</sup>

For 2017–18, Australian Valuation Solutions (AVS) has completed a fair value review all leasehold improvements and infrastructure, plant and equipment as at 30 June 2018.<sup>2</sup> The review concluded that there was no material movements in fair value of the Department assets.

<sup>1</sup> The Department's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

<sup>2</sup> No non-financial assets were measured at fair value on a non-recurring basis at 30 June 2018 (2017:Nil)

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 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**7.5. Administered - Fair Value Measurement**

Note 7.5A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2018	2017
	\$'000	\$'000
<b>Financial assets</b>		
Administered investments	410,418	337,756
<b>Total financial assets</b>	<b>410,418</b>	<b>337,756</b>
<b><i>Total fair value measurements of assets in the Administered Schedule of Assets and Liabilities</i></b>	<b>410,418</b>	<b>337,756</b>

There are a number of administered assets and liabilities not measured at fair value in the Administered Schedule of Assets and Liabilities. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

The Department's administered investments are classified as available-for-sale financial assets and are measured at their fair value as at 30 June 2018. Fair value is assessed as the Australian Government's proportional interest in the net assets of the entity at balance date. The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2018 are unchanged from the prior year.

Changing inputs to the level 3 hierarchy valuations to reasonably possible alternate assumptions would not significantly change amounts recognised in net cost of service or other comprehensive income.

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**8. Other Information**

This section provides other disclosures relevant to the Department of Jobs and Small Business financial information environment for the year.

**8.1. Restructuring**

**Note 8.1A: Restructuring**

Departmental	2018		Total
	Small Business and Small Business Ombudsman Functions Department of Treasury <sup>1</sup>	Deregulation Functions Department of the Prime Minister and Cabinet <sup>2</sup>	
	\$'000	\$'000	\$'000
<b>FUNCTIONS ASSUMED</b>			
<b>Assets recognised</b>			
Trade and other receivables			
Appropriation receivable	1,110	148	1,258
Trade and other receivables	3	-	3
Leasehold improvements	492	-	492
Prepayments	26	-	26
<b>Total assets recognised</b>	<b>1,631</b>	<b>148</b>	<b>1,779</b>
<b>Liabilities recognised</b>			
Suppliers	(403)	-	(403)
Operating lease rentals	(20)	-	(20)
Employee provisions	(1,127)	(163)	(1,290)
Other provisions	(91)	-	(91)
<b>Total liabilities recognised</b>	<b>(1,641)</b>	<b>(163)</b>	<b>(1,804)</b>
<b>Net liabilities recognised</b>	<b>(10)</b>	<b>(15)</b>	<b>(25)</b>
<b>Income assumed</b>			
Recognised by the receiving entity	2,297	214	2,511
Recognised by the losing entity	4,085	495	4,580
<b>Total income assumed</b>	<b>6,382</b>	<b>709</b>	<b>7,091</b>
<b>Expenses assumed</b>			
Recognised by the receiving entity	2,297	214	2,511
Recognised by the losing entity	4,085	495	4,580
<b>Total expenses assumed</b>	<b>6,382</b>	<b>709</b>	<b>7,091</b>

Administered	2018		Total
	Small Business and Small Business Ombudsman Functions Department of Treasury <sup>1</sup>	Deregulation Functions Department of the Prime Minister and Cabinet <sup>2</sup>	
	\$'000	\$'000	\$'000
<b>FUNCTIONS ASSUMED</b>			
<b>Assets recognised</b>			
<b>Total assets recognised</b>	-	-	-
<b>Liabilities recognised</b>			
<b>Total liabilities recognised</b>	-	-	-
<b>Net liabilities recognised</b>	-	-	-
<b>Income assumed</b>			
<b>Total income assumed</b>	-	-	-
<b>Expenses assumed</b>			
Recognised by the receiving entity	4,290	-	4,290
Recognised by the losing entity	-	-	-
<b>Total expenses assumed</b>	<b>4,290</b>	<b>-</b>	<b>4,290</b>

1. The small business functions were assumed by the Department due to the Administrative Arrangements order dated 19 April 2018.

2. The regulatory policy functions were assumed by the Department due to the Administrative Arrangements order dated 19 April 2018.

## Department of Jobs and Small Business

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. The net liabilities assumed from all entities was \$24,659.

4. In respect to functions assumed, the net book value of assets and liabilities were transferred to the Department for no consideration.

	2017		Total
	Corporate Functions Department of Finance <sup>1</sup>	Corporate Functions Department of Education and Training <sup>2</sup>	
	\$'000	\$'000	\$'000
<b>FUNCTIONS ASSUMED</b>			
Assets recognised			
Trade and other receivables			
Appropriation receivable	-	19,256	19,256
Trade and other receivables	-	970	970
Other financial assets	-	3,202	3,202
Leasehold improvements	-	753	753
Infrastructure, plant and equipment	-	10,565	10,565
Intangibles	-	4,074	4,074
Other non-financial assets	-	6,714	6,714
<b>Total assets recognised</b>	<b>-</b>	<b>45,534</b>	<b>45,534</b>
Liabilities recognised			
Suppliers	-	(815)	(815)
Other payables	-	(1,746)	(1,746)
Employee provisions	-	(5,372)	(5,372)
Other provisions	-	(118)	(118)
<b>Total liabilities recognised</b>	<b>-</b>	<b>(8,051)</b>	<b>(8,051)</b>
<b>Net assets recognised</b>	<b>-</b>	<b>37,483</b>	<b>37,483</b>
Income assumed			
Recognised by the receiving entity	-	27,375	27,375
Recognised by the Losing entity	-	6,525	6,525
<b>Total income assumed</b>	<b>-</b>	<b>33,900</b>	<b>33,900</b>
Expenses assumed			
Recognised by the receiving entity	-	58,188	58,188
Recognised by the Losing entity	-	46,576	46,576
<b>Total expenses assumed</b>	<b>-</b>	<b>104,764</b>	<b>104,764</b>
<b>FUNCTIONS RELINQUISHED</b>			
Assets relinquished			
Trade and other receivables			
Appropriation receivable	2,047	558	2,605
Trade and other receivables	1	193	194
Leasehold improvements	64	246	310
Infrastructure, plant and equipment	26	445	471
Intangibles	2,374	418	2,792
Other non-financial assets	649	125	774
<b>Total assets relinquished</b>	<b>5,161</b>	<b>1,985</b>	<b>7,146</b>
Liabilities relinquished			
Suppliers	-	(1)	(1)
Other payables	(668)	(6)	(674)
Employee provisions	(1,554)	(466)	(2,020)
Other provisions	-	(525)	(525)
<b>Total liabilities relinquished</b>	<b>(2,222)</b>	<b>(998)</b>	<b>(3,220)</b>
<b>Net assets relinquished</b>	<b>2,939</b>	<b>987</b>	<b>3,926</b>

1. The Shared Service functions were relinquished to the Department of Finance due to machinery of government changes.

2. The Shared Service functions were assumed/relinquished from/to the Department of Education and Training due to machinery of government of changes.

3. The net assets assumed from all entities was \$37,483,000.

4. The net liabilities relinquished to all entities was \$3,926,000.

5. In respect to functions assumed, the net book value of assets and liabilities were transferred to the Department for no consideration.

## **Department of Jobs and Small Business**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

#### **Note 8.1B: Jointly Controlled Operations**

The Shared Services Centre (SSC) was established by the Department of Jobs and Small Business (Jobs) and the Department of Education and Training (Education) as a jointly controlled operation under AASB 11—Joint Arrangements. The SSC provided a range of corporate services to both Departments and other client agencies from 1 July 2014 to 30 November 2016.

On 1 December 2016, following a Machinery of Government change, the functions previously supported by the SSC transitioned to new arrangements with core transactional services transferring to the Department of Finance; library and audio visual services transferring to Education; and information and communications technology, assets management, and other corporate services transferring to Jobs.

The financial statements of both Jobs and Education recognised their interest in the SSC with approximately 50 per cent recognised in both departments accounts up until 30 November 2016.