



INDEPENDENT AUDITOR'S REPORT

To the Minister for Education and Training

I have audited the accompanying annual financial statements of the Department of Education Training for the year ended 30 June 2015, which comprise:

- Statement by the Chief Executive and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Schedule of Administered Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Department of Education and Training is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Chief Executive is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the Department of Education and Training, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

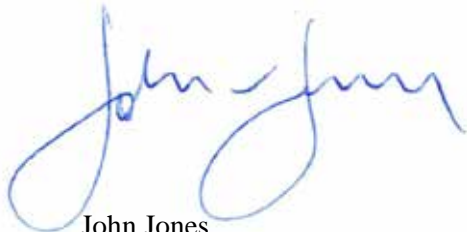
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Department of Education and Training:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Department of Education and Training as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones
Executive Director

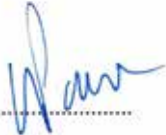
Delegate of the Auditor-General

Canberra
18 September 2015

Department of Education and Training
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 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 Education and Training will be able to pay its debts as and when they fall due.

Signed.....

Lisa Paul AO PSM
Chief Executive

17 September 2015

Signed.....

Susan Monkley
Chief Finance Officer

17 September 2015

Department of Education and Training
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits	4A	206,561	154,622
Supplier expenses	4B	101,179	68,908
Grants	4C	257	-
Depreciation and amortisation	4D	26,918	20,308
Finance costs	4E	51	-
Write-down and impairment of assets	4F	2,866	902
Losses from asset sales	4G	-	314
Total expenses		337,832	245,054
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	5A	30,385	18,067
Total own-source revenue		30,385	18,067
Gains			
Sale of assets	5B	87	-
Reversals of previous asset write-downs and impairment	5C	64	74
Other gains	5D	6,847	8,273
Total gains		6,998	8,347
Total own-source income		37,383	26,414
Net cost of (contribution by) services		300,449	218,640
Revenue from Government	5E	276,854	196,102
Surplus (Deficit) attributable to the Australian Government		(23,595)	(22,538)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus:			
Adjustment to leasehold improvements		5	433
Total other comprehensive income		5	433
Total comprehensive income (loss) attributable to the Australian Government		(23,590)	(22,105)

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

Department of Education and Training
STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	7A	9,817	8,429
Trade and other receivables	7B	51,829	34,769
Other financial assets	7C	<u>3,276</u>	<u>10,113</u>
Total financial assets		<u>64,922</u>	<u>53,311</u>
Non-financial assets			
Land and buildings	8A	42,118	50,867
Infrastructure, plant and equipment	8B	11,327	11,452
Intangibles	8D	70,403	63,552
Other non-financial assets	8F	<u>10,728</u>	<u>8,599</u>
Total non-financial assets		<u>134,576</u>	<u>134,470</u>
Total assets		<u>199,498</u>	<u>187,781</u>
LIABILITIES			
Payables			
Suppliers	9A	23,495	14,600
Other payables	9B	<u>28,963</u>	<u>34,426</u>
Total payables		<u>52,458</u>	<u>49,026</u>
Provisions			
Employee provisions	10A	54,778	61,052
Other provisions	10B	<u>3,106</u>	<u>4,671</u>
Total provisions		<u>57,884</u>	<u>65,723</u>
Total liabilities		<u>110,342</u>	<u>114,749</u>
Net assets		<u>89,156</u>	<u>73,032</u>
EQUITY			
Contributed equity		134,848	95,137
Reserves		438	433
Retained surplus (accumulated deficit)		<u>(46,130)</u>	<u>(22,538)</u>
Total equity		<u>89,156</u>	<u>73,032</u>

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

Department of Education and Training
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2015

	Retained earnings		Asset revaluation reserves		Contributed equity/capital		Total equity	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(22,538)	-	433	-	95,137	-	73,032	-
Adjustment for rounding	3	-	-	-	-	-	3	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted opening balance	(22,535)	-	433	-	95,137	-	73,035	-
Comprehensive income								
Other comprehensive income - changes in asset revaluation reserve	-	-	5	433	-	-	5	433
Adjustment to provision for restoration obligations	-	-	-	-	-	-	-	-
Surplus (Deficit) for the period	(23,595)	(22,538)	-	-	-	-	(23,595)	(22,538)
Total comprehensive income	(23,595)	(22,538)	5	433	-	-	(23,590)	(22,105)
Transactions with owners								
Distributions to owners								
Returns of capital:								
Restructuring (Note 11)	-	-	-	-	24,557	45,042	24,557	45,042
Return of special account balance (Note 30)	-	-	-	-	-	-	-	-
Contributions by owners								
Equity injection - Appropriation	-	-	-	-	3,489	15,111	3,489	15,111
Departmental capital budget	-	-	-	-	18,686	20,163	18,686	20,163
Return of Unspent Appropriation	-	-	-	-	-	-	-	-
Restructuring (Note 11)	-	-	-	-	(7,021)	14,821	(7,021)	14,821
Total transactions with owners	-	-	-	-	39,711	95,137	39,711	95,137
Transfers between equity components	-	-	-	-	-	-	-	-
Closing balance as at 30 June	(46,130)	(22,538)	438	433	134,848	95,137	89,156	73,032

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

Department of Education and Training
CASH FLOW STATEMENT
for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		307,355	198,046
Sale of goods and rendering of services		40,737	12,145
Net GST received		5,712	4,149
Other		9,922	1,110
Total cash received		363,726	215,450
Cash used			
Employee benefits		215,581	150,090
Supplier expenses		100,903	64,679
Grants		257	-
Section 74 receipts transferred to the OPA		47,837	-
Total cash used		364,578	214,769
Net cash from (used by) operating activities	12	(852)	681
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of infrastructure, plant and equipment		735	4
Total cash received		735	4
Cash used			
Purchase of infrastructure, plant and equipment		3,985	2,402
Purchase / development of intangibles		16,790	17,293
Purchase of land and buildings		2,041	266
Total cash used		22,816	19,961
Net cash from (used by) investing activities		(22,081)	(19,957)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - capital injections		3,836	8,861
Contributed equity - capital budget		18,299	16,226
Cash from restructuring		2,186	2,618
Total cash received		24,321	27,705
Net cash from (used by) financing activities		24,321	27,705
Net increase (decrease) in cash held		1,388	8,429
Cash and cash equivalents at the beginning of the reporting period		8,429	-
Cash and cash equivalents at the end of the reporting period	7A	9,817	8,429

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

Department of Education and Training
SCHEDULE OF COMMITMENTS
as at 30 June 2015

	2015	2014
BY TYPE	\$'000	\$'000
Commitments receivable		
Sublease rental income ¹	(11,110)	(10,285)
Net GST recoverable on commitments	<u>(30,967)</u>	<u>(32,136)</u>
Total commitments receivable	<u>(42,077)</u>	<u>(42,421)</u>
Commitments payable		
Other commitments		
Operating leases ¹	323,127	350,287
IT commitments ²	10,834	11,300
Research and development	2,843	853
Other ³	<u>19,209</u>	<u>6,939</u>
Total other commitments	<u>356,013</u>	<u>369,379</u>
Net commitments by type	<u><u>313,936</u></u>	<u><u>326,958</u></u>
BY MATURITY		
Commitments receivable		
Within 1 year	(10,234)	(8,479)
Between 1 to 5 years	(17,226)	(16,422)
More than 5 years	<u>(14,617)</u>	<u>(17,520)</u>
Total commitments receivable	<u>(42,077)</u>	<u>(42,421)</u>
Commitments payable		
Operating lease commitments¹		
Within 1 year	36,399	39,541
Between 1 to 5 years	128,731	129,278
More than 5 years	<u>157,997</u>	<u>181,468</u>
Total operating lease commitments	<u>323,127</u>	<u>350,287</u>
IT commitments²		
Within 1 year	6,414	7,401
Between 1 to 5 years	4,420	3,899
More than 5 years	<u>-</u>	<u>-</u>
Total IT commitments	<u>10,834</u>	<u>11,300</u>
Research and development commitments		
Within 1 year	503	853
Between 1 to 5 years	<u>2,340</u>	<u>-</u>
Total research and development commitments	<u>2,843</u>	<u>853</u>
Other commitments³		
Within 1 year	15,035	4,951
Between 1 to 5 years	<u>4,174</u>	<u>1,988</u>
Total other commitments	<u>19,209</u>	<u>6,939</u>
Net commitments by maturity	<u><u>313,936</u></u>	<u><u>326,958</u></u>

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

Department of Education and Training
SCHEDULE OF COMMITMENTS
as at 30 June 2015

NB: Commitments are GST inclusive where relevant.

¹ Operating leases included are effectively non-cancellable and comprise:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	Lease payments are subject to periodic market value or indexed increases.
Sub lease revenue for office accommodation	Vacant office space is sub leased where possible. The total of future minimum lease payments expected to be received over the next five years is \$11.110 million (2014: \$10.285 million) including GST.
Agreement for provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the department.

² IT commitments include contracts for data services, IT software licensing and hardware maintenance agreements.

³ Other commitments include a range of contracts such as fees for provision of services.

Department of Education and Training
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICES			
EXPENSES			
Supplier expenses	18A	338,577	168,607
Subsidies	18B	144,309	-
Personal benefits	18C	3,535,096	4,466,808
Grants	18D	24,410,096	16,564,229
Finance costs	18E	801,980	592,890
Write-down and impairment of assets	18F	26,237	60,940
Payment to Corporate Commonwealth Entities	18G	13,370	5,360
Fair value losses	18H	702,638	860,240
Other Expenses	18I	57	-
Total expenses		29,972,360	22,719,074
INCOME			
Revenue			
Taxation revenue			
Other taxes	19A	8,576	6,538
Total taxation revenue		8,576	6,538
Non-taxation revenue			
Interest	19B	583,134	506,840
Other revenue	19C	291,185	283,072
Total non-taxation revenue		874,319	789,912
Total revenue		882,895	796,450
Gains			
Fair value gains	19D	-	96,221
Reversals of previous asset write-downs and impairment	19E	1,200,266	9,331
Total gains		1,200,266	105,552
Total income		2,083,161	902,002
Net cost of (contribution by) services		27,889,199	21,817,072
Surplus (Deficit)		(27,889,199)	(21,817,072)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		904	142,920
Total other comprehensive income (loss)		904	142,920
Total comprehensive income (loss)		(27,888,295)	(21,674,152)

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

Department of Education and Training
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	21A	26,528	91,293
Receivables	21B	30,927,974	25,960,127
Other investments	21C	2,149,930	2,149,026
Total financial assets		33,104,432	28,200,446
Non-financial assets			
Other non-financial assets	22A	-	523
Total non-financial assets		-	523
Total assets administered on behalf of Government		33,104,432	28,200,969
LIABILITIES			
Payables			
Suppliers	23A	54,235	36,884
Personal benefits	23B	-	120,937
Grants	23C	36,246	24,434
Other payables	23D	17,701	8,692
Total payables		108,182	190,947
Provisions			
Provision of personal benefits	24A	-	801,010
Provision for grants	24B	6,068,013	6,867,769
Total provisions		6,068,013	7,668,779
Total liabilities administered on behalf of Government		6,176,195	7,859,726
Net assets (liabilities)		26,928,237	20,341,243

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

Department of Education and Training
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2015

	2015	2014
	\$'000	\$'000
Opening assets less liabilities as at 1 July	20,341,243	-
Adjustment for errors	-	-
Opening balance adjustment - retained earnings	-	(34,117)
Adjusted opening assets less liabilities	20,341,243	(34,117)
Net cost of (contribution by) services		
Income	2,083,161	902,002
Expenses		
Payments to Non-corporate Commonwealth Entities	(29,958,990)	(22,713,714)
Payments to Corporate Commonwealth Entities	(13,370)	(5,360)
Other comprehensive income		
Revaluations transferred to (from) reserves	904	142,920
Transfers (to) from the Australian Government:		
Appropriation transfers from Official Public Account		
Annual appropriations		
Payments to Non-corporate Commonwealth Entities	1,179,383	772,733
Payments to Corporate Commonwealth Entities	13,370	5,360
Special appropriations (limited)		
Payments to Non-corporate Commonwealth Entities	-	-
Special appropriations (unlimited)		
Payments to Non-corporate Commonwealth Entities	34,755,501	25,191,293
Special accounts	-	-
Appropriation transfers to Official Public Account		
Transfers to OPA	(1,989,547)	(1,219,627)
Transfers to OPA (withholdings)	(12,139)	(8,300)
Restructuring	528,753	17,308,053
Other movements	(32)	-
Closing assets less liabilities as at 30 June	26,928,237	20,341,243

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

Department of Education and Training
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		337	1
Net GST received		1,048,886	22,923
Levies		8,576	6,538
Other		317,296	270,683
Total cash received		1,375,095	300,145
Cash used			
Suppliers		1,359,700	740,079
Subsidies		144,309	-
Personal benefits		3,601,627	4,327,568
Grants		24,254,785	16,358,593
Payments to Corporate Commonwealth Entities		13,370	5,360
Total cash used		29,373,791	21,431,600
Net cash from (used by) operating activities	25	(27,998,696)	(21,131,455)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans		1,924,200	1,213,350
Total cash received		1,924,200	1,213,350
Cash used			
Loans made		7,920,396	4,880,788
Total cash used		7,920,396	4,880,788
Net cash from (used by) investing activities		(5,996,196)	(3,667,438)
Net increase (decrease) in cash held		(33,994,892)	(24,798,893)
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from the Official Public Account			
Appropriations		35,948,329	25,966,863
GST appropriations		84,848	145,380
Special accounts		239,710	301,424
Total cash from the official public account		36,272,887	26,413,667
Cash to the Official Public Account			
Appropriations		(2,026,805)	(1,225,405)
Return of GST appropriations		(76,669)	(141,487)
Special accounts		(174,521)	(247,882)
Total cash to the official public account		(2,277,995)	(1,614,774)
Cash and cash equivalents at the end of the reporting period	21A	-	-

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

Department of Education and Training
SCHEDULE OF ADMINISTERED COMMITMENTS
as at 30 June 2015

	2015	2014
BY TYPE	\$'000	\$'000
Commitments receivable		
Net GST recoverable on commitments	(4,487,261)	(4,256,244)
Total commitments receivable	<u>(4,487,261)</u>	<u>(4,256,244)</u>
Commitments payable		
Other commitments		
Goods and services ¹	1,311,909	213,499
Grants	8,915,182	8,993,108
Legislative obligations ²	81,488,225	76,569,998
Other	-	2
Total other commitments	<u>91,715,316</u>	<u>85,776,607</u>
Net commitments by type	<u>87,228,055</u>	<u>81,520,363</u>
BY MATURITY		
Commitments receivable		
Within 1 year	(1,077,688)	(996,372)
Between 1 to 5 years	(3,409,562)	(3,259,799)
More than 5 years	(11)	(73)
Total commitments receivable	<u>(4,487,261)</u>	<u>(4,256,244)</u>
Commitments payable		
Other Commitments		
Within 1 year	27,457,191	25,232,811
Between 1 to 5 years	64,257,002	60,541,641
More than 5 years	1,123	2,155
Total other commitments	<u>91,715,316</u>	<u>85,776,607</u>
Net commitments by maturity	<u>87,228,055</u>	<u>81,520,363</u>

NB: All commitments are GST inclusive where relevant.

The value of commitments is determined based on expected value of services contracted, but yet to be performed under the agreement.

¹ Goods and services contracts include amounts relating to consultancies.

² Legislative obligations relate to amounts specified in the legislation where a funding determination has not yet been made. The legislation comprises the *Australian Education Act 2013* and the *Higher Education Support Act 2003*.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of Education and Training

The Department of Education and Training (the department) is an Australian Government controlled not-for-profit entity.

The department provides advice to the Government and administers programmes to achieve the Government's objectives for education and training. The department works in partnership with the states and territories, non-government authorities, providers and industry.

For the financial year ended 30 June 2015, the department was structured to meet the following outcomes:

Outcome 1: Early Childhood and Care

Outcome 2: Schools education and youth

Outcome 3: Higher Education, Research, International, Skills and Training

The department's responsibilities changed as a result of the Administrative Arrangement Orders (AAO) that took effect on 23 December 2014. Responsibility for skills and training transferred from the former Department of Industry. Skills and training objectives and programmes are reported under Outcome 3. Responsibility for child care and early childhood development transferred to the Department of Social Services. The transfer of function encompassed programme 1.1 (except for the Australian Early Development Census), programme 1.2, programme 1.3 and programme 1.4 (except for preschool education elements).

The continued existence of the department in its present form and with its present programmes is dependent on Government policy and on continuing funding by Parliament for the department's administration and programmes.

The department's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the department in its own right. Administered activities involve the management or oversight by the department, on behalf of the Government, of items controlled or incurred by the Government.

1.2 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* (PGPA Act).

The financial statements have been prepared in accordance with:

- PGPA Act (*Financial Reporting Rule*) 2015 (FRR) for reporting periods commencing 1 July 2014; and
- Australian Accounting Standards and Interpretations 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.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the department has not identified accounting assumptions or estimates that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

During the 2014–15 financial year the department made the following judgements that had a significant impact on the amounts recorded in the financial statements.

Higher Education Loan Program

The value of the Higher Education Loan Program (HELP) receivable is calculated each year by actuarial assessment. The two main measures impacting on the calculation of the HELP asset are the face value of the debt not expected to be repaid and the fair value of the remaining receivable, calculated as the present value of projected future cash flows.

Unfunded University Superannuation

The fair value of the provision for Higher Education Superannuation in 2014–15 \$6.068 billion (2014 \$6.868 billion) is calculated annually by actuarial assessment. The provision is valued in accordance with the requirements of AASB119, *Employee Benefits*. The discount rate used is based on the yields available on government bonds. The prevailing rate as at 30 June 2015 is 3.7% (2014 4.1%).

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

The following new standard was issued by the Australian Accounting Standards Board prior to the signing of the statement by the Chief Executive and Chief Finance Officer and had a material effect on the department's financial statements:

- | | |
|-----------|--|
| AASB 1055 | Budgetary Reporting - March 2013 (Principal) – requires reporting of budgetary information by not-for-profit entities within the General Government Sector (however comparative information is not required. In particular: <ul style="list-style-type: none">- original budget presented to Parliament;- variance of actuals from budget; and- explanations of significant variances. |
|-----------|--|

In addition to the above accounting standard applied for the first time, the department has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. AASB 2015-7 amends AASB 13 *Fair Value Measurement* to provide disclosure relief to not-for-profit public sector entities from certain disclosures about the fair value measurements of property, plant and equipment held for their current service potential rather than to generate net cash inflows. This includes relief from disclosures of quantitative information about the significant unobservable inputs used in fair value measurements and of the sensitivity of certain fair value measurements to changes in unobservable inputs.

All other new, revised or amending Standards or Interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the department's financial statements.

Future Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the sign-off date and apply to the future reporting period, they are expected to have a financial impact on the department for future reporting periods:

- | | |
|-------------|--|
| AASB 15 | Revenue from Contracts with Customers – specifies the accounting treatment for all revenue arising from contracts with customers. The department is yet to undertake a detailed assessment of the impact of AASB15 however this is not expected to have a material impact. |
| AASB 9 | Financial Instruments – Applies from 1 January 2017 to all entities. Potential impact on measurement of post initial recognition and recognition of gains and losses from financial instruments is yet to be assessed. |
| AASB 2010-7 | Amendments to Australian Accounting Standards arising from AASB 9 - operative from 1 January 2018. |

1.6 Revenue

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.

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.

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.7 Gains

Resources received free of charge

Resources received free of charge are recognised as gains 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.

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 Note 1.8).

Sale of assets

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

1.8 Transactions with the Government as Owner

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 Australian Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1.9 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in *AASB 119 Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured at 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. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the department is estimated to be less than the annual entitlement for sick 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 department'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 work conducted by an actuary as at 30 June 2015. 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

Staff of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), the Australian Government Employees Superannuation Trust (AGEST) or other elected defined contribution schemes.

The CSS, 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 by the Department of Finance's administered schedules and notes.

The department makes employer contributions to the employee's 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 for the final fortnight of the year.

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.10 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risk and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risk and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed 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.

1.11 Fair Value Measurement

The department deems transfers between levels of the fair value hierarchy to have occurred at reporting date.

1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- cash on hand
- cash held by outsiders
- cash in special accounts.

1.13 Financial Assets

The department classifies its financial assets in the following categories:

- loans and receivables
- Accrued revenue.

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where the department becomes party to a contract and has a legal right to receive cash. Trade receivables are derecognised on payment.

Impairment of financial assets

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

1.14 Financial Liabilities

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). Supplier and other payables are derecognised on payment.

1.15 Contingent Liabilities and Contingent Assets

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.

Indemnities

The maximum amounts payable under the indemnities given is disclosed in the notes. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

1.16 Acquisition of Assets

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

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.17 Infrastructure, Plant and Equipment including Land and Buildings

Asset recognition threshold

Purchases of non-financial assets 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 obligation 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 obligations' recognised.

Revaluations

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

Asset Class	Fair value measurement
Land	Market selling price
Buildings excluding leasehold improvements	Market selling price
Buildings – Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, infrastructure, plant and equipment are carried at fair value less 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.

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 are 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 infrastructure, 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	2015
Buildings on freehold land	37-51 years
Buildings – leasehold improvements	Lease term
Infrastructure, plant and equipment	3-25 years

Impairment

All assets were assessed for impairment at 30 June 2015. 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.

Derecognition

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

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Assets not previously recognised

Assets were brought to account as part of infrastructure, plant & equipment and intangibles for the first time as at 30 June 2015.

1.18 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 2015.

1.19 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 assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office
- for receivables and payables.

1.20 Shared Services arrangements

Following the Administrative Arrangement Order of 18 September 2013 which abolished the Department of Education, Employment and Workplace Relations, the Departments' of Education and Training (Education) and Employment (Employment) established a Shared Services Centre (SSC) to support corporate services across the two agencies, Education and Employment, and other customers. The SSC commenced operations on 1 July 2014. The SSC provides operational, transactional, advisory and support functions for information technology and a range of corporate services.

The SSC is classed as a joint operating arrangement under *AASB 11 – Joint Arrangements*, whereby Education and Employment have joint control of the arrangement with rights to the revenue, expenses, assets and obligations for the liabilities relating to the SSC. The rights and obligations, as well as the contributions by the partner agencies are underpinned by a Heads of Agreement between the two partner departments. The financial statements of both departments recognise their interest in the SSC on the face of the financial statements.

The partner's ownership is 50:50 with the exception of property related items which are allocated based on occupancy at an agreed date. The resultant ownership percentage for Education in 2014–15 is 48 per cent.

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.21 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related notes.

Except where otherwise stated below, 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.

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.

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 funds as directed.

Administered fee 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.

Gains and losses

Administered gains or losses under the Higher Education Loan Program (HELP) and Unfunded University Superannuation are recognised at 30 June each year based on an actuarial assessment of the fair value.

Loans and receivables

Where loans and 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.

The HELP scheme is administered under the *Higher Education Support Act 2003*. HELP consists of HECS-HELP, FEE-HELP, OS-HELP and VET FEE-HELP, and any resulting debts are called a HELP debt.

The HELP debts are reflected as a receivable in the Schedule of Administered Items. The Australian Taxation Office (ATO) collects repayments of debts through the PAYG income tax system and voluntary repayments.

The department has recorded the total accumulated HECS and / or HELP debt in its financial statements at fair value in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*. This varies from the debt level shown in the ATO certificate.

Administered receivables, including those relating to personal benefit overpayments, represent debts owed to the department by past and present customers. All debts known to be irrecoverable are excluded from the value of administered receivables.

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Independent valuations are conducted with sufficient frequency to ensure that the carrying amounts of impairment allowances for doubtful debts does not differ materially from the fair value as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in the programs.

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 2015. 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.

Grants and subsidies

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 (i) the services required to be performed by the grantee have been performed or (ii) 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 but services have not been performed or criteria satisfied.

Under the Federal Financial Framework agreed with Council of Australian Governments (COAG), which came into effect on 1 January 2009, the Department of the Treasury is accountable for the payment of grants under the National Partnership Agreements to the States and Territories. The department reports payments made to and through state and state and territory governments as grants to state and territory governments (Note 18D).

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programmes. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

Unfunded Superannuation Provision for Australian Universities

Historically, funding responsibility for universities has varied from time to time between the Commonwealth and the States.

A number of universities have employees or former employees who are members of old State-based superannuation schemes which are unfunded or partly funded. Accordingly, there are cost sharing arrangements for these schemes in place between the Commonwealth and the States.

The Commonwealth recognises the amount payable to eligible universities in Victoria, South Australia, Western Australia, Tasmania, Northern Territory and the Australian Capital Territory for these entitlements in full. The Commonwealth is then reimbursed by the States for their share of the costs.

For universities in NSW, different cost share arrangements were introduced in 2014. The Commonwealth recognises a liability for 78 per cent of the amount payable to NSW universities and the NSW State government recognises a liability for 22 per cent of the amount payable to NSW universities. Consequently there is no reimbursement from NSW.

The Department recognises two items in its Financial Statements that relate to the Unfunded Superannuation for Australian Universities – a liability and a receivable.

The liability comprises a provision for:

- the total amount of funding expected to be paid by the Commonwealth to universities in Victoria, South Australia, Western Australia, Tasmania, Northern Territory and the Australian Capital Territory; and
- 78 per cent of the funding expected to be paid to universities in NSW.

The provision is an estimate of the outstanding employer contribution obligations to the various old State based superannuation schemes to which some of their former employees belong.

The provision is recognised in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, which requires the recognition of a provision where it is probable that a future sacrifice of economic benefit will be required and where the provision can be measured reliably, as a best estimate of the expenditure required to settle the present obligation at reporting date.

The receivable comprises the contributions due and payable by the States Governments of Victoria, South Australia, Western Australia and Tasmania to the Commonwealth under the cost sharing arrangement – representing each State's share of the outstanding superannuation entitlement as at reporting date.

The Australian Government Actuary (AGA) provides an estimate of both the liability and receivable, based on data and calculations provided by each university's respective actuary. Both the AGA and the Department apply the provisions of *AASB 119 Employee Benefits* in measuring the liability at reporting date. In accordance with the generally accepted accounting principles, the Financial Statements have recognised a liability for the total unfunded university superannuation of \$6.068 billion. A gross receivable,

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

representing the estimated reimbursement from the Victoria, South Australia, Western Australia and Tasmania States of \$382 million.

Personal Benefits

The department administers a number of personal benefit programmes on behalf of the government that provide entitlements to individuals. Payments are determined in accordance with provisions under social security law and other legislation.

The department made payments in accordance with family assistance law (comprising the *A New Tax System (Family Assistance) Act 1999* and *A New Tax System (Family Assistance) (Administration) Act 1999* as well as associated legislation and other legislative Disallowable Instruments for the period 1 July 2014 to 23 December 2014. Responsibility for these payments then transferred to the Department of Social Services following the change to the Administrative Arrangement Orders. These payments are assessed and determined by officers of the Department of Human Services (DHS) under delegation from the department.

The *A New Tax System (Family Assistance) (Administration) Act 1999* imposes an obligation on recipients and customers to disclose to DHS information about financial and personal circumstances that affect entitlement to payment. This is a necessary part of DHS's administration, which acknowledges that, at the time certain information is required, only the recipient or customer is in a position to provide that information.

Unreported changes in circumstances can lead to incorrect payment, even if no deliberate fraud is intended. However, risks associated with relying on voluntary disclosure by recipients and customers are mitigated by a comprehensive portfolio risk management plan, underpinned by compliance strategies, which have been built up over many years. The compliance framework has been designed to meet the requirements of social security legislation.

The compliance framework does not rely solely on information provided by recipients and customers to determine their entitlement. A comprehensive risk management strategy minimises the potential for incorrect payment by subjecting recipients and customers to a variety of review processes. If debts are identified, DHS seeks recovery in a lump sum or by instalments. While the risk management strategy is principally directed at minimising debts, the detection of underpayments will also result in an adjustment to their level of entitlement.

The department implemented a more sophisticated results-oriented approach to compliance in 2013–14. Compliance operations were strengthened, including data interrogation and analysis capacity, to assist in targeting, leveraging resources available in our state network to create a virtual task force and prioritising the department's compliance effort to high value compliance work based on risk categories. This had led to increasing imposition of penalties and sanctions, where justified.

Payments to Corporate Commonwealth Entities

Payments to the Australian Institute of Aboriginal and Torres Strait Islander Studies from amounts appropriated for that purpose are classified as administered expenses of the relevant portfolio department. The appropriation to the department is disclosed in Table A and Table D of the appropriation note (Note 29).

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: 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 Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3: Net Cash Appropriation Arrangements

	2015	2014
	\$'000	\$'000
<i>Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations¹</i>	3,328	(1,797)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(26,918)</u>	<u>(20,308)</u>
<i>Total comprehensive income (loss) - as per the Statement of Comprehensive Income</i>	<u><u>(23,590)</u></u>	<u><u>(22,105)</u></u>

¹ From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4: Expenses

	2015 \$'000	2014 \$'000
<u>Note 4A: Employee benefits</u>		
Wages and salaries	136,438	100,302
Superannuation:		
Defined contribution plans	10,538	6,935
Defined benefit plans	18,586	16,772
Leave and other entitlements	27,545	19,169
Separations and redundancies	11,518	9,502
Other employee expenses	1,936	1,942
Total employee benefits	206,561	154,622

Note 4B: Supplier expenses

Goods and services supplied or rendered

Consultants	9,829	5,375
Contractors	9,660	3,955
Travel	3,011	2,351
IT services	15,378	17,115
Property	6,782	5,393
Resources received free of charge	5,464	10,412
Other	15,361	6,959
Total goods and services supplied or rendered	65,485	51,560

Goods and services are made up of:

Provision of goods – related parties	72	-
Provision of goods – external parties	1,657	3,280
Rendering of services – related parties	13,143	11,502
Rendering of services - external parties	50,613	36,778
Total goods and services supplied or rendered	65,485	51,560

Other supplier expenses

Operating lease rentals – external parties:		
Minimum lease repayments	32,950	15,685
Contingent rentals	443	226
Workers compensation expenses	2,301	1,437
Total other supplier expenses	35,694	17,348
Total supplier expenses	101,179	68,908

Note 4C: Grants

Other	257	-
Total grants	257	-

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015 \$'000	2014 \$'000
<u>Note 4D: Depreciation and amortisation</u>		
Depreciation		
Infrastructure, plant and equipment	3,928	3,006
Buildings	23	62
Leasehold improvements	6,984	5,448
Total depreciation	10,935	8,516
Amortisation		
Intangibles:		
Computer software	15,983	11,792
Total amortisation	15,983	11,792
Total depreciation and amortisation	26,918	20,308

Note 4E: Finance costs

Unwinding of discount on provision for restoration obligations	10	-
Discount on surplus lease space	41	-
Total finance costs	51	-

Note 4F: Write-down and impairment of assets

Write-off of receivables - goods and services	47	97
Impairment of receivables - goods and services	-	9
Impairment of intangibles	2,532	33
Impairment of leasehold improvements	264	479
Write-off of non-financial assets – infrastructure, plant and equipment	22	57
Write-off of non-financial assets – land and buildings	1	227
Total write-down and impairment of assets	2,866	902

Note 4G: Losses from asset sales

Infrastructure, plant and equipment		
Proceeds from sale	(23)	(4)
Carrying value of assets sold	23	318
Net loss from infrastructure, plant and equipment	-	314
Total losses from asset sales	-	314

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Income

	2015	2014
	\$'000	\$'000
OWN-SOURCE REVENUE		

Note 5A: Sale of goods and rendering of services

Provision of goods - external parties	444	193
Rendering of services - related entities	26,260	16,014
Rendering of services - external parties	3,681	1,860
<i>Total sale of goods and rendering of services</i>	<u>30,385</u>	<u>18,067</u>

GAINS

Note 5B: Sale of Assets

Land and buildings

Proceeds from sale	712	-
Carrying value of assets sold	(625)	-
<i>Net gain from sale of land and buildings</i>	<u>87</u>	<u>-</u>
<i>Net gain from sale of assets</i>	<u>87</u>	<u>-</u>

Note 5C: Reversals of previous asset write-downs and impairment

Reversal of impairment losses	64	74
<i>Total reversals of previous asset write-downs and impairments</i>	<u>64</u>	<u>74</u>

Note 5D: Other gains

Resources received free of charge	5,464	5,665
Gain on write back of restoration provision	229	-
First time recognition of assets – property, plant and equipment	881	1,498
Other	273	1,110
<i>Total other gains</i>	<u>6,847</u>	<u>8,273</u>

REVENUE FROM GOVERNMENT

Note 5E: Revenue from Government

Appropriations		
Departmental appropriations	276,854	196,102
<i>Total revenue from Government</i>	<u>276,854</u>	<u>196,102</u>

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6: Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 6A: Fair value measurements, valuation techniques and inputs used

Fair value measurements at 30 June 2015 by hierarchy for assets and liabilities

	Fair value measurements at the end of the reporting period using			Valuation Technique ²	Inputs Used
	2015 \$'000	2014 \$'000	Category (Level 1, 2 or 3)		
Non-financial assets					
Land	200	200	2	Market Approach	Adjusted market transactions
Buildings	242	250	2	Market Approach	Adjusted market transactions
	-	640	3	Market Approach	Adjusted market transactions
Leasehold Improvements	40,537	49,473	3	Depreciated Replacement Cost	Replacement Cost New (price per sqm) Useful Life (consumed)
	173	304	3	Present Value ³	Current restoration costs (price per square metre) Discount rate Indexation rates
Other property, plant and equipment	4,499	3,999	2	Market Approach	Adjusted market transactions
	6,751	6,961	3	Depreciated Replacement Cost	Replacement Cost New (price per sqm) Useful Life (consumed)
	42	492	3	Market Approach	Adjusted market transactions
Total non-financial assets	52,444	62,319			
Total fair value measurements (assets) in statement of financial position¹	53,445	62,319			

1. The Department has a number of assets and liabilities not measured at fair value in the statement of comprehensive income. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

2. There have been no changes to valuation techniques.

3. In 2013–14, leasehold improvements representing make good were stated to be measured using a category 2 valuation technique. A revised assessment has established that these assets are better represented as a category 3 asset disclosed at present value.

The department's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of all controlled assets is considered the highest and best use. The department's policy for determining when transfer between levels are deemed to have occurred can be found in Note 1. The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2015 are unchanged from the previous reporting period.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6B: Reconciliation for recurring Level 3 fair value measurements

There have been no transfers between levels.

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets							
	Land and buildings		Property, plant and equipment		Leasehold Improvements		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Restructuring opening balance	640	640	7,455	7,573	49,473	55,913	57,568	64,126
Total gains/(losses) recognised in net cost of services ¹	(15)	-	(2,244)	(1,765)	(6,804)	(5,312)	(9,063)	(7,078)
Transfers to other entities	-	-	-	-	(3,181)	(1,352)	(3,181)	(1,352)
Purchases	-	-	1,568	1,705	715	224	2,283	1,929
Disposals	(625)	-	-	-	-	-	(625)	-
Write-offs	-	-	-	(57)	-	-	-	(57)
Transfers into Level 3	-	-	14	-	243	-	257	-
Closing balance	-	640	6,793	7,455	40,446	49,473	47,239	57,568

¹ These gains/(losses) are presented in the Statement of Comprehensive Income under 'Depreciation and amortisation' and 'Write-down and Impairment of assets'.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7: Financial Assets

	2015 \$'000	2014 \$'000
<u>Note 7A: Cash and cash equivalents</u>		
Cash on hand or on deposit	7,531	8,429
Special Account	2,286	-
<i>Total cash and cash equivalents</i>	<u>9,817</u>	<u>8,429</u>
<u>Note 7B: Trade and other receivables</u>		
Good and Services receivables in connection with		
Related parties	2,947	13,729
External parties	1,164	1,409
Total goods and services receivables	<u>4,111</u>	<u>15,138</u>
Appropriations receivable		
Existing programmes	45,176	18,106
Total appropriations receivable	<u>45,176</u>	<u>18,106</u>
Other receivables		
GST receivable from the Australian Taxation Office	2,542	1,589
Total other receivables	<u>2,542</u>	<u>1,589</u>
<i>Total trade and other receivables (gross)</i>	<u>51,829</u>	<u>34,833</u>
Less impairment allowance		
Goods and services	-	(64)
Total impairment allowance	<u>-</u>	<u>(64)</u>
<i>Total trade and other receivables (net)</i>	<u>51,829</u>	<u>34,769</u>
Trade and other receivables (net) expected to be recovered		
No more than 12 months	51,829	34,603
More than 12 months	-	166
<i>Total trade and other receivables (net)</i>	<u>51,829</u>	<u>34,769</u>
Trade and other receivables (gross) aged as follows		
Not overdue	50,467	27,086
Overdue by		
0 to 30 days	598	5,888
31 to 60 days	193	282
61 to 90 days	89	809
More than 90 days	482	768
<i>Total trade and other receivables (gross)</i>	<u>51,829</u>	<u>34,833</u>
The impairment allowance aged as follows		
Not overdue	-	-
Overdue by		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	-	(64)
<i>Total impairment allowance</i>	<u>-</u>	<u>(64)</u>

Credit terms for goods and services receivable are net 30 days (2014: 30 days).

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the Impairment Allowance

Movements in relation to 2015

	Goods and services \$'000	Total \$'000
Opening balance as at 1 July 2014	(64)	(64)
Amounts recovered and reversed	64	64
Closing balance as at 30 June 2015	-	-

Movements in relation to 2014

	Goods and services \$'000	Total \$'000
Opening balance as at 1 July 2013	-	-
Amounts written off	(97)	(97)
Amounts recovered and reversed	97	97
Increase/(decrease) recognised in net surplus	(64)	(64)
Closing balance as at 30 June 2014	(64)	(64)

Note 7C: Other financial assets

Accrued revenue	<u>3,276</u>	<u>10,113</u>
Total other financial assets	<u><u>3,276</u></u>	<u><u>10,113</u></u>

Other financial assets expected to be recovered

No more than 12 months	<u>3,276</u>	<u>10,113</u>
Total other financial assets	<u><u>3,276</u></u>	<u><u>10,113</u></u>

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8: Non-Financial Assets

	2015 \$'000	2014 \$'000
<u>Note 8A: Land and buildings</u>		
Land		
Freehold land at fair value	200	200
Total land	200	200
Buildings on freehold land:		
Fair value	250	890
Accumulated depreciation	(8)	-
Total buildings on freehold land	242	890
Leasehold improvements:		
Work in progress	1,205	304
Fair value	46,883	50,178
Accumulated depreciation	(6,148)	(19)
Accumulated impairment losses	(264)	(686)
Total leasehold improvements	41,676	49,777
Total land and buildings	42,118	50,867

There is one (2014: three) residential property to be sold within the next 12 months. It has a net book value of \$442,424 (2014: \$1.090 million) as at 30 June 2015.

There are four (2014: six) leased properties that the department manages which are due to be vacated within the next 12 months that have leasehold improvement assets. The total net book value of the leasehold improvements including restoration for these properties is \$582,849 (2014: \$1.011 million) as at 30 June 2015.

An impairment loss of \$264,000 (2014: \$686,000) was recognised for three properties associated with surplus lease space.

Note 8B: Infrastructure, plant and equipment

Fair value	18,216	14,591
Accumulated depreciation	(6,889)	(3,139)
Total infrastructure, plant and equipment	11,327	11,452

No material amounts of infrastructure, plant and equipment are expected to be sold or disposed of within the next 12 months.

No indicators of impairment were found for infrastructure, plant and equipment assets.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.

A revaluation decrement of nil (2014: \$40,000) for land and nil (2014: \$187,503) for buildings on freehold land were expensed. A revaluation increment of \$5,148 (2014: \$432,853) for leasehold improvement was credited to the asset revaluation surplus by asset class and included in the equity section of the statement of financial position. A revaluation was not performed on infrastructure, plant and equipment.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8C: Reconciliation of the opening and closing balances of property, plant and equipment (2014–15)

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Total land and buildings \$'000	Other property, plant & equipment \$'000	Total \$'000
As at 1 July 2014						
Gross book value	200	890	49,796	50,886	14,591	65,477
Accumulated depreciation and impairment	-	-	(19)	(19)	(3,139)	(3,158)
Total as at 1 July 2014	200	890	49,777	50,867	11,452	62,319
Additions						
By purchase	-	-	1,884	1,884	3,824	5,708
By restructuring	-	-	-	-	1	1
First time recognition	-	-	-	-	111	111
Impairments recognised in net cost of services	-	-	(264)	(264)	-	(264)
Depreciation	-	(23)	(6,984)	(7,007)	(3,928)	(10,935)
Other movements	-	-	(153)	(153)	(63)	(216)
Disposals						
From disposal of entities or operations (including restructuring)	-	-	(2,583)	(2,583)	(25)	(2,608)
Other	-	(625)	-	(625)	(23)	(648)
Write-offs	-	-	(1)	(1)	(22)	(23)
Total as at 30 June 2015	200	242	41,676	42,118	11,327	53,445
Total as at 30 June 2015 represented by						
Gross book value	200	250	47,824	48,274	18,216	66,490
Accumulated depreciation and impairment	-	(8)	(6,148)	(6,156)	(6,889)	(13,045)
Total as at 30 June 2015	200	242	41,676	42,118	11,327	53,445

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8C: Reconciliation of the opening and closing balances of property, plant and equipment (2013–14)

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Total land and buildings \$'000	Other property, plant & equipment \$'000	Total \$'000
As at 19 September 2013						
Gross book value	-	-	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-	-	-
Total as at 19 September 2013	-	-	-	-	-	-
Additions:						
By purchase	-	-	421	421	3,102	3,523
By restructuring	1,910	1,924	53,503	57,337	11,579	68,916
By revaluations and impairments	-	-	433	433	-	433
First time recognition	-	-	1,353	1,353	145	1,498
Reclassification	-	-	-	-	26	26
Revaluations and impairments recognised in other comprehensive income	(40)	(187)	-	(227)	-	(227)
Impairments recognised in the operating result	-	-	(405)	(405)	-	(405)
Depreciation expense	-	(62)	(5,448)	(5,510)	(3,006)	(8,516)
Disposals:						
From disposal of entities or operations (including restructuring)	(1,670)	(785)	(80)	(2,535)	(19)	(2,554)
Other	-	-	-	-	(318)	(318)
Write-offs	-	-	-	-	(57)	(57)
Net book value 30 June 2014	200	890	49,777	50,867	11,452	62,319
Net book value as of 30 June 2014 represented by:						
Gross book value	200	890	49,796	50,886	14,591	65,477
Accumulated depreciation and impairment	-	-	(19)	(19)	(3,139)	(3,158)
Net book value 30 June 2014	200	890	49,777	50,867	11,452	62,319

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015 \$'000	2014 \$'000
<u>Note 8D: Intangibles</u>		
Computer software		
Internally developed – in progress	8,982	3,024
Internally developed – in use	84,802	71,595
Purchased	570	570
Total computer software (gross)	94,354	75,189
Accumulated amortisation - internally developed	(21,170)	(11,580)
Accumulated amortisation - purchased	(249)	(57)
Accumulated impairment - internally developed	(2,532)	-
Total computer software (net)	70,403	63,552
<i>Total intangibles</i>	70,403	63,552

No material amounts of intangibles are expected to be sold or disposed of within the next 12 months.

An impairment loss of \$2.532 million was recognised for internally developed intangibles in the 2014–15 year (2013–14: Nil).

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8E: Reconciliation of the opening and closing balances of intangibles (2014–15)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2014			
Gross book value	74,619	570	75,189
Accumulated amortisation and impairment	(11,580)	(57)	(11,637)
Total as at 1 July 2014	63,039	513	63,552
Additions			
By purchase	18,548	-	18,548
By restructure	14,712	-	14,712
First time recognition	770	-	770
Impairments recognised in the net cost of services	(2,532)	-	(2,532)
Amortisation	(15,791)	(192)	(15,983)
Other movements	(107)	-	(107)
Restructuring	(8,557)	-	(8,557)
Total as at 30 June 2015	70,082	321	70,403
Total as at 30 June 2015 represented by			
Gross book value	93,784	570	94,354
Accumulated amortisation and impairment	(23,702)	(249)	(23,951)
Total as at 30 June 2015	70,082	321	70,403

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8E: Reconciliation of the opening and closing balances of intangibles (2013–14)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 19 September 2013			
Gross book value	-	-	-
Accumulated amortisation and impairment	-	-	-
Total as at 19 September 2013	-	-	-
Additions:			
Purchased	-	513	513
Internally developed	17,169		17,169
By restructure	57,794	123	57,917
Reclassification	-	(26)	(26)
Amortisation	(11,728)	(64)	(11,792)
Disposals:			
From disposal of entities or operations (including restructuring)	(196)	-	(196)
Write-offs	-	(33)	(33)
Total as at 30 June 2014	63,039	513	63,552
Total as at 30 June 2014 represented by			
Gross book value	74,619	570	75,189
Accumulated amortisation and impairment	(11,580)	(57)	(11,637)
Total as at 30 June 2014	63,039	513	63,552

In the 2013–14 financial year write-offs of \$33,000 were carried out for purchased software.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015	2014
	\$'000	\$'000
<u>Note 8F: Other non-financial assets</u>		
Prepayments	<u>10,728</u>	<u>8,599</u>
<i>Total other non-financial assets</i>	<u>10,728</u>	<u>8,599</u>
Total other non-financial assets expected to be recovered		
No more than 12 months	9,104	6,901
More than 12 months	<u>1,624</u>	<u>1,698</u>
<i>Total other non-financial assets</i>	<u>10,728</u>	<u>8,599</u>

No indicators of impairment were found for other non-financial assets.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 9: Payables

	2015	2014
	\$'000	\$'000
Note 9A: Suppliers		
Trade creditors and accruals	18,042	7,451
Operating lease rentals	5,453	7,149
Total suppliers	23,495	14,600
Suppliers expected to be settled		
No more than 12 months	23,438	8,171
More than 12 months	57	6,429
Total suppliers	23,495	14,600
Suppliers in connection with		
Related parties	1,625	1,284
External parties	21,870	13,316
Total suppliers	23,495	14,600

Settlement was usually made within 30 days.

Note 9B: Other payables

Wages and salaries	5,833	5,908
Superannuation	922	1,024
Separations and redundancies	2,246	8,477
Other employee benefits	111	946
Lease incentives	13,994	16,249
Unearned income	5,189	1,821
Payable to the Official Public Account	668	1
Total other payables	28,963	34,426
Other payables expected to be settled		
No more than 12 months	17,434	20,042
More than 12 months	11,529	14,384
Total other payables	28,963	34,426

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10: Provisions

	2015 \$'000	2014 \$'000
Note 10A: Employee provisions		
Leave	54,778	61,052
Total employee provisions	54,778	61,052
Employee provisions expected to be settled		
No more than 12 months	18,989	21,286
More than 12 months	35,789	39,766
Total employee provisions	54,778	61,052
Note 10B: Other provisions		
Provision for legal obligations	620	700
Provision for restoration obligations	320	645
Provision for surplus lease space	2,166	3,326
Total other provisions	3,106	4,671
Other provisions expected to be settled		
No more than 12 months	2,591	1,836
More than 12 months	515	2,835
Total other provisions	3,106	4,671

	Provision for legal obligations \$'000	Provision for restoration obligations \$'000	Provision for surplus lease space \$'000	Total \$'000
As at 1 July 2014	700	645	3,326	4,671
Opening balance from restructuring	-	-	-	-
Additional provisions made	-	-	2,169	2,169
Amounts reversed	(80)	(229)	-	(309)
Amounts used	-	(87)	(3,370)	(3,457)
Unwinding of discount or change in discount rate	-	10	41	51
Net adjustment due to allocation change in Departments	-	(14)	-	(14)
Adjustments to asset revaluation reserve	-	(5)	-	(5)
Total as at 30 June 2015	620	320	2,166	3,106

The department currently has two (2014: four) agreements 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 department has made a provision to reflect the present value of this obligation.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11: Restructuring

Note 11A: Departmental restructuring

Function	2015	
	Early Childhood Education and Care	Skills and Training
Entity	Department of Social Services ¹	Department of Industry and Science ²
	\$'000	\$'000
FUNCTION ASSUMED		
Assets recognised		
Trade and other receivables	-	24,100
Property, plant and equipment	-	1
Intangibles	-	14,712
Total assets recognised	-	38,813
Liabilities recognised		
Employee provisions	-	14,256
Total liabilities recognised	-	14,256
Net assets recognised	-	24,557
Income assumed		
Recognised by the receiving entity	-	4,105
Recognised by the losing entity	-	2,863
Total income assumed	-	6,968
Expenses assumed		
Recognised by the receiving entity	-	18,960
Recognised by the losing entity	-	38,212
Total expenses assumed	-	57,172

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Function	Early Childhood Education and Care	Skills and Training
Entity	Department of Social Services ¹	Department of Industry and Science ²
	\$'000	\$'000
FUNCTIONS RELINQUISHED		
Assets relinquished		
Trade and other receivables	13,085	-
Land and buildings	2,583	-
Property, plant and equipment	25	-
Intangibles	8,557	-
Other non financial assets	260	-
Total assets relinquished	24,510	-
Liabilities relinquished		
Suppliers	4,073	-
Employee provisions	13,416	-
Total liabilities relinquished	17,489	-
Net assets relinquished	7,021	-

Notes:

¹ The Early Childhood Education and Care functions transferred to Department of Social Services following the Administrative Arrangement Orders of 23 December 2014.

² The Skills and Training functions were acquired from the Department of Industry and Science following the Administrative Arrangement Orders of 23 December 2014.

The net assets assumed from all entities total \$24.557 million.

The net assets relinquished to all entities total \$7.021 million.

The net book value of the assets and liabilities were transferred to the department for no consideration.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2014						
Function	Education including: Early Childhood Education and Care and Schools and Youth	Education including: State Network and Corporate Functions	Education including: Higher Education, Research and International	Education including: Indigenous education	Corporate functions supporting Working Age Payments and Disability Employment Services	
Entity	Department of Education, Employment and Workplace Relations ³	Department of Employment ⁴	Department of Industry ⁵	Department of the Prime Minister and Cabinet ⁶	Department of Social Services ⁷	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FUNCTION ASSUMED						
Assets recognised						
Cash and cash equivalents	2,618	-	-	-	-	-
Trade and other receivables	19,789	-	2,066	-	-	-
Other financial assets	2,395	-	-	-	-	-
Land and buildings	57,229	-	487	-	-	-
Property, plant and equipment	11,310	-	218	-	-	-
Intangibles	43,407	-	14,510	-	-	-
Other non-financial assets	8,145	-	554	-	-	-
Total assets recognised	144,893	-	17,835	-	-	-
Liabilities recognised						
Suppliers	8,203	-	-	-	-	-
Other payables	27,309	-	660	-	-	-
Employee provisions	59,126	6,504	14,023	-	-	-
Other provisions	1,864	-	-	-	-	-
Total liabilities recognised	96,502	6,504	14,683	-	-	-
Net assets recognised	48,391	(6,504)	3,152	-	-	-

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Function	Education including: Early Childhood Education and Care and Schools and Youth Department of Education, Employment and Workplace Relations ³	Education including: State Network and Corporate Functions Department of Employment ⁴	Education including: Higher Education, Research and International Department of Industry ⁵	Education including Indigenous education Department of the Prime Minister and Cabinet ⁶	Corporate functions supporting Working Age Payments and Disability Employment Services Department of Social Services ⁷
Entity					
	\$'000	\$'000	\$'000	\$'000	\$'000
FUNCTIONS RELINQUISHED					
Assets relinquished					
Land and buildings	-	-	-	(2,535)	-
Property, plant and equipment	-	-	-	(18)	-
Intangibles	-	-	-	(197)	-
Total assets relinquished	-	-	-	(2,750)	-
Liabilities relinquished					
Employee provisions	-	(14,277)	-	(2,941)	(417)
Total liabilities relinquished	-	(14,277)	-	(2,941)	(417)
Net assets relinquished	-	14,277	-	191	417
Income assumed					
Recognised by the receiving entity	13,941	-	12,473	-	-
Recognised by the losing entity	6,141	-	667	-	-
Total income assumed	20,082	-	13,140	-	-
Expenses assumed					
Recognised by the receiving entity	164,361	-	80,694	-	-
Recognised by the losing entity	55,998	-	30,497	-	-
Total expenses assumed	220,359	-	111,191	-	-

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes:

³ The Early Childhood Education and Care and Schools and Youth Education functions were acquired from the former Department of Education, Employment and Workplace Relations following the Administrative Arrangement Orders changes on 18 September 2013.

⁴ Responsibility for Corporate and State Network functions in relation to the former DEEWR were acquired/relinquished from/to the Department of Employment on 28 February 2014. The transfer of staff followed the transfer of function resulting from the Administrative Arrangement Orders changes on 18 September 2013.

⁵ The Tertiary Education functions including higher education, research and international education were acquired from the Department of Industry during 2013–14 due to the Administrative Arrangement Order changes on 18 September 2013 and 12 December 2014.

⁶ Indigenous education functions were transferred to the Department of the Prime Minister and Cabinet during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.

⁷ Responsibility for certain Corporate functions relating to Working Age Payments and Disability Employment Services were transferred to the Department of Social Services on 13 February 2014

In respect of the functions assumed and relinquished the net book value of assets were transferred to the entity for no consideration.

The net assets/liabilities assumed from all entities total \$45.039 million.

The net assets/liabilities relinquished to all entities total \$14.885 million.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11B: Administered restructuring		
	2015	
Function	Early Education: Early Childhood and Child Care	Skills and Training
Entity	Department of Social Services ¹	Department of Industry and Science ²
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets recognised		
Cash and cash equivalents	-	737
Trade and other receivables	-	1,449
Advances and loans	-	23,850
Total assets recognised	-	26,036
Liabilities recognised		
Suppliers	-	34,605
Total liabilities recognised	-	34,605
Net assets recognised	-	(8,569)
Income assumed		
Recognised by the receiving entity	-	3,610
Recognised by the losing entity	-	8,912
Total income assumed	-	12,522
Expenses assumed		
Recognised by the receiving entity	-	414,257
Recognised by losing entity	-	853,436
Total expenses assumed	-	1,267,693
FUNCTIONS RELINQUISHED		
Assets relinquished		
Cash and cash equivalents	25,109	-
Trade and other receivables	(917)	-
Personal benefits receivable	355,471	-
Advances and loans	609	-
Total assets relinquished	380,272	-
Liabilities relinquished		
Suppliers	3,797	-
Personal benefits payable	193,101	-
Grants payable	22,429	-
Provision for personal benefits	703,289	-
Total liabilities relinquished	922,616	-
Net assets relinquished	(542,344)	-

Notes:

¹ The Early Childhood Education and Care functions transferred to the Department of Social Services following the Administrative Arrangement Orders of 23 December 2014.

² The Skills and Training functions were acquired from the Department of Industry and Science following the Administrative Arrangement Orders of 23 December 2014.

The net assets assumed from all entities total (\$8.569) million.

The net assets relinquished to all entities total (\$542.344) million.

The net book value of the assets and liabilities were transferred to the department for no consideration.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Function	2014		
	Education: Early Childhood Education and Care, Schools and Youth Department of Education, Employment and Workplace Relations ³	Tertiary Education: including Higher Education, Research and International Education Department of Industry, Innovation, Science, Research and Tertiary Education ⁴	Tertiary Education: including Research Department of the Prime Minister and Cabinet ⁵
Entity	\$'000	\$'000	\$'000
FUNCTIONS ASSUMED			
Assets assumed			
Cash and cash equivalents	139,331	-	-
Trade and other receivables	9,478	431,524	-
Personal benefits receivable	295,752	-	-
Advances and loans	11,885	22,432,432	-
Other non-financial assets	3,864	-	-
Investments	6,987	1,960,654	38,465
Total assets assumed	467,297	24,824,610	38,465
Liabilities assumed			
Suppliers	33,327	551,779	-
Personal benefits payable	118,561	-	-
Grants payable	13,663	-	-
Other payable	2,794	-	-
Provision for personal benefits	624,484	-	-
Provision for grants	-	6,676,618	-
Total liabilities assumed	792,829	7,228,397	-
Net assets assumed	(325,532)	17,596,213	38,465
Income assumed			
Recognised by the receiving entity	20,856	881,148	-
Recognised by the losing entity	144,614	8,405	-
Total income assumed	165,470	889,553	-
Expenses assumed			
Recognised by the receiving entity	14,251,244	8,462,473	5,360
Recognised by losing entity	3,531,369	2,230,376	2,279
Total expenses assumed	17,782,613	10,692,849	7,639

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Function	Education: Early Childhood Education and Care, Schools and Youth	Tertiary Education: including Higher Education, Research and International Education	Tertiary Education: including Research
Entity	Department of Education, Employment and Workplace Relations ³	Department of Industry, Innovation, Science, Research and Tertiary Education ⁴	Department of the Prime Minister and Cabinet ⁵
	\$'000	\$'000	\$'000
FUNCTIONS RELINQUISHED			
Assets relinquished			
Trade and other receivables	-	-	(1,847)
Total assets relinquished	-	-	(1,847)
Liabilities relinquished			
Suppliers	-	-	966
Total liabilities relinquished	-	-	966
Net assets relinquished	-	-	(881)

Notes:

³ The Early Childhood Education and Care and Schools and Youth Education functions were acquired from the former Department of Education, Employment and Workplace Relations following the Administrative Arrangement Orders changes on 18 September 2013.

⁴ The Tertiary Education functions including higher education, research and international education were acquired from the Department of Industry during 2013–14 due to the Administrative Arrangement Order changes on 18 September 2013 and 12 December 2014.

⁵ Indigenous education functions were transferred to the Department of the Prime Minister and Cabinet during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.

The net assets/liabilities assumed from all entities total \$17.309 billion.

The net assets/liabilities relinquished to all entities total \$0.881 million.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12: Cash Flow Reconciliation

	2015	2014
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	9,817	8,429
Statement of financial position	<u>9,817</u>	<u>8,429</u>
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from (used by) operating activities		
Net (cost of) contribution by services	(300,449)	(218,640)
Revenue from Government	276,854	196,102
Adjustments for non-cash items		
First time recognition of non-financial assets	(881)	(1,498)
Reversal of previous asset impairment	-	(74)
Other gains	(502)	-
Write-down and impairment of goods and services	(17)	106
Depreciation / amortisation	26,918	20,308
Net write-down and impairment of assets	2,819	796
Net losses from sale of assets	(87)	314
Movements in assets and liabilities		
Assets		
Decrease / (increase) in net receivables	(9,416)	(11,477)
Decrease / (increase) in accrued income	6,837	472
Decrease / (increase) in prepayments	(2,126)	100
Liabilities		
Increase / (decrease) in employee provisions	(7,113)	(693)
Increase / (decrease) in supplier payables	12,175	10,391
Increase / (decrease) in other provisions	(404)	(518)
Increase / (decrease) in other payables	<u>(5,460)</u>	<u>4,992</u>
Net cash from (used by) operating activities	<u>(852)</u>	<u>681</u>

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Contingent Assets and Liabilities

Quantifiable Contingencies

The department does not hold quantifiable contingent assets or liabilities as at 30 June 2015 (2014: nil).

Unquantifiable Contingencies

As at 30 June 2015, the department had contingent assets and liabilities likely to be paid in respect of damages and claims that are not quantifiable. There were three open matters (2014: two) in the hands of the department's legal representatives. These open matters relate to a wide range of legal issues (departmental and administered) with varying probabilities of success. It is not possible to estimate the amounts of any eventual receipts or payments that may be received or made in relation to these claims.

Significant Remote Contingencies

The department has one contingent asset (2014: one) where the likelihood of receipt is remote. The value of contingent liabilities where the likelihood of payment is remote is nil.

The department has provided an indemnity to the Reserve Bank of Australia against loss or damage arising from the bank acting in good faith on the instructions given to it under the provision of the contract for the department's transactional banking services, any error, mistake, fraud or negligence and any failure of the department to observe its obligations. The likelihood of any payment being required under the indemnity is remote and unquantifiable.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14: Senior Management Personnel Remuneration

	2015 \$'000	2014 \$'000
Short-term employee benefits		
Salary	12,551	10,403
Other	2,638	1,886
<i>Total short-term employee benefits</i>	<u>15,189</u>	<u>12,289</u>
Post-employment benefits		
Superannuation	2,354	2,158
<i>Total post-employment benefits</i>	<u>2,354</u>	<u>2,158</u>
Other long-term employee benefits		
Annual leave accrued	943	1,010
Long-service leave	253	182
<i>Total other long-term benefits</i>	<u>1,196</u>	<u>1,192</u>
Termination benefits	<u>1,632</u>	<u>815</u>
<i>Total senior executive remuneration expenses</i>	<u><u>20,371</u></u>	<u><u>16,454</u></u>

The total number of senior management personnel that are included in the above table are 93 individuals (2013–14: 93 individuals).

Note 15: Remuneration of Auditors

Financial statement audit services were provided free of charge to the department by the Australian National Audit Office.

The fair value of the services received for financial statement audit services	<u>1,350</u>	<u>1,460</u>
<i>Total fair value of services received</i>	<u><u>1,350</u></u>	<u><u>1,460</u></u>

No other services were provided by the auditors of the financial statements.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Financial Instruments

	2015	2014
	\$'000	\$'000

Note 16A: Categories of financial instruments

Financial Assets

Loans and receivables

Cash and cash equivalents	9,817	8,429
Goods and services	4,111	15,138
Accrued revenue	3,276	10,113
Total financial assets	17,204	33,680

Financial Liabilities

Measured at amortised cost

Trade creditors and accruals	18,042	7,451
Total financial liabilities	18,042	7,451

Note 16B: Net gains or losses on financial assets

Loans and receivables

Write off impairment - goods and services	47	97
Impairment of receivables - goods and services	-	9
Net gains (losses) on loans and receivables	47	106
Net gains (losses) on financial assets	47	106

The net income/expenses from financial assets not at fair value through profit or loss is \$47,000 (2014:\$106,000).

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16C: Fair value of financial instruments

	Carrying amount 2015 \$'000	Fair value 2015 \$'000	Carrying amount 2014 \$'000	Fair value 2014 \$'000
Financial Assets				
Cash and cash equivalents	9,817	9,817	8,429	8,429
Goods and services receivable	4,111	4,111	15,138	15,074
Accrued revenue	3,276	3,276	10,113	10,113
Total financial assets	17,204	17,204	33,680	33,616
Financial Liabilities				
At amortised cost				
Trade creditors and accruals	18,042	18,042	7,451	7,451
Total financial liabilities	18,042	18,042	7,451	7,451

Note 16D: Credit risk

The department is exposed to minimal credit risk as loans and receivables are cash, cash on deposit and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables in 2015: \$4.111 million (2014: \$15.138 million). The department has assessed the risk of the default on payment and has not allocated an impairment allowance for doubtful debts (2014: \$64,000).

The department has no liabilities carried at amounts not best representing maximum exposure to credit risk.

The department has no significant exposures to any concentrations of credit risk. All figures for credit risk referred to do not take into account the value of any collateral of other security.

In relation to the department's gross credit risk and the financial effect in respect of the amount that best represents the maximum exposure to credit risk there is no collateral held.

Credit quality of financial assets not past due or individually determined as impaired

	Not past due nor impaired 2015 \$'000	Past due or impaired 2015 \$'000	Not past due nor impaired 2014 \$'000	Past due or impaired 2014 \$'000
Cash and cash equivalents	9,817	-	8,429	-
Goods and services receivable	3,347	764	7,391	7,747
Accrued revenue	3,276	-	10,113	-
Total	16,440	764	25,933	7,747

Ageing of financial assets that were past due but not impaired for 2015

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Goods and services receivable	598	193	89	482	1,362
Total	598	193	89	482	1,362

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Goods and services	5,888	282	809	768	7,747
Total	5,888	282	809	768	7,747

The following asset has been individually assessed as impaired

Trade receivables have been individually assessed for impairment including an assessment made on an historical basis.

Note 16E: Liquidity risk

The department is appropriated funding from the Australian Government. The department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments are made when due and has no past experience of default.

Note 16F: Market risk

The department holds basic financial instruments that do not expose the department to market risks.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: Financial Assets Reconciliation

		2015	2014
		\$'000	\$'000
	Notes		
<i>Total financial assets as per statement of financial position</i>		64,922	53,311
Less: non-financial instrument components			
Appropriation receivable		45,176	18,106
GST receivable from the ATO		2,542	1,589
Impairment allowance account		-	(64)
Total non-financial instrument components		<u>47,718</u>	<u>19,631</u>
<i>Total financial assets as per financial instruments note</i>	16A	<u><u>17,204</u></u>	<u><u>33,680</u></u>

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Administered Expenses

<u>Note 18A: Suppliers</u>	2015	2014
	\$'000	\$'000
Goods and services supplied or rendered		
Assistance to families with children ¹	32,685	40,957
General Research	4,452	1,254
Higher Education	21,481	3,048
School education - specific funding	83,227	123,348
Vocational and industry training ²	196,732	-
Total goods and services supplied or rendered	338,577	168,607
Goods and services are made up of		
Rendering of services – related parties	936	-
Rendering of services - external parties	337,641	168,607
Total goods and services supplied or rendered	338,577	168,607
Total supplier expenses	338,577	168,607
Note 18B: Subsidies		
Subsidies in connection with external parties		
Vocational and industry training ²	144,308	-
Higher Education	1	-
Total subsidies	144,309	-
Note 18C: Personal benefits		
Direct		
Student assistance	72,298	51,651
School Education - Specific Funding	1,000	1,040
Assistance to families with children ¹	836,916	1,276,116
Vocational and industry training ²	18,881	-
Indirect		
Assistance to families with children	2,606,001	3,138,001
Total personal benefits	3,535,096	4,466,808
Note 18D: Grants		
Public sector		
Australian Government entities (related parties)	21,863	35,657
State and Territory Governments	14,764,549	9,179,813
Private sector		
Non-profit organisations	167,674	246,514
Multi-jurisdictional sector	9,082,051	6,688,342
Other	373,959	413,903
Total grants	24,410,096	16,564,229

¹ Responsibility for the administration of assistance to families with children transferred to the Department of Social Services on 23 December 2014.

² Responsibility for the administration of vocational and industry training transferred from the Department of Industry and Science on 23 December 2014.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18E: Finance costs		
Concessional loan discount	801,980	592,890
Total finance costs	801,980	592,890
Note 18F: Write-down and impairment of assets		
Impairment of personal benefits receivable	19,206	-
Impairment of Higher Education Superannuation Programme	-	57,750
Write-down of other receivables	477	462
Impairment of goods and services and other receivables	6,554	2,728
Total write-down and impairment of assets	26,237	60,940
	2015	2014
	\$'000	\$'000
Note 18G: Payments to corporate Commonwealth entities		
Australian Institute of Aboriginal and Torres Strait Islander Studies	13,370	5,360
Total payments to corporate Commonwealth entities	13,370	5,360
	2015	2014
	\$'000	\$'000
Note 18H: Fair value losses		
Losses from remeasuring financial instruments held at fair value through profit or loss	702,638	860,240
Total fair value losses	702,638	860,240
Note 18I: Other Expenses		
Act of Grace payments	57	-
Total other expenses	57	-

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Administered Income

	2015	2014
	\$'000	\$'000
Taxation revenue		
<u>Note 19A: Other taxes</u>		
Levies (other than agricultural)	<u>8,576</u>	<u>6,538</u>
<i>Total other taxes</i>	<u>8,576</u>	<u>6,538</u>
Non-taxation revenue		
<u>Note 19B: Interest</u>	<u>\$'000</u>	<u>\$'000</u>
Other sources	337	1
Loans	<u>582,797</u>	<u>506,839</u>
<i>Total interest</i>	<u>583,134</u>	<u>506,840</u>
<u>Note 19C: Other revenue</u>		
Education investment fund special account	217,413	234,207
Other	<u>73,772</u>	<u>48,865</u>
<i>Total other revenue</i>	<u>291,185</u>	<u>283,072</u>
Gains		
<u>Note 19D: Fair value gains</u>		
Unfunded University Superannuation	-	96,221
<i>Total fair value gains</i>	<u>-</u>	<u>96,221</u>
<u>Note 19E: Reversals of previous asset write-downs and impairment</u>		
Reversal of impairment losses for the Higher Education Superannuation Programme	1,200,266	-
Reversal of impairment losses for personal benefits receivables	-	9,331
<i>Total reversals of previous asset write-downs and impairments</i>	<u>1,200,266</u>	<u>9,331</u>

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20: Administered Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 20A: Fair value measurements, valuation techniques and inputs used

Fair value measurements at 30 June 2015 by hierarchy for assets and liabilities

	Fair value measurements at the end of the reporting period using			For Levels 2 and 3 fair value measurements			
	2015 \$'000	2014 \$'000	Category (Level 1, 2 or 3)	Valuation technique \$'000	Inputs Used \$'000	Inputs Range \$'000	Weighted Average \$'000
Financial assets							
Concessional loans	30,497,818	25,147,866	3	Loan Conditions		Principal due	
Administered investments	2,149,930	2,149,026	3	Net assets of the entity		Net assets of the entity	
Total financial assets	32,647,748	27,296,892					
Total fair value measurements	32,647,748	27,296,892					

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

The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2015 are unchanged from the previous reporting period.

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

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20B: Reconciliation for recurring Level 3 fair value measurements

There has been no transfer between levels during the period

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets					
	Concessional loans		Administered investments		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	25,147,866	22,444,317	2,149,026	2,006,106	27,296,892	24,450,423
Total gains/(losses) recognised in net cost of services ¹	(669,486)	(963,888)	-	-	(669,486)	(963,888)
Total gains/(losses) recognised in Administered Equity	-	-	904	142,920	904	142,920
Issues	7,944,246	4,880,788	-	-	7,944,246	4,880,788
Settlements	(1,924,808)	(1,213,351)	-	-	(1,924,808)	(1,213,351)
Closing balance	30,497,818	25,147,866	2,149,930	2,149,026	32,647,748	27,296,892

¹ The gains or losses are presented in the Administered Schedule of Comprehensive Income under Notes 18C Personal benefits, 18E Finance costs, 18H Fair value losses, 19B Interest.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21: Administered Financial Assets

	2015	2014
	\$'000	\$'000
Note 21A: Cash and cash equivalents		
Cash on hand or on deposit	-	-
Special accounts	26,528	91,293
Total cash and cash equivalents	26,528	91,293
Note 21B: Receivables		
Good and services		
Goods and services - related parties	-	-
Goods and services - external parties	39,143	33,921
Total receivables for goods and services	39,143	33,921
Advances and loans		
HECS\HELP	30,444,858	25,147,139
Trade Support Loans	52,960	-
Other loans	-	727
Total advances and loans	30,497,818	25,147,866
Other receivables		
GST receivable from Australian Taxation Office	16,536	13,364
Higher Education Superannuation Programme	382,000	1,622,250
Personal benefits receivable	-	368,692
Total other receivables	398,536	2,004,306
Total receivables (gross)	30,935,497	27,186,093
Less impairment allowance		
Goods and services	(7,523)	(9,757)
Higher Education Superannuation Programme	-	(1,200,250)
Personal benefits	-	(15,959)
Total impairment allowance	(7,523)	(1,225,966)
Total receivables (net)	30,927,974	25,960,127
Receivables (net) expected to be recovered		
No more than 12 months	48,156	39,887
More than 12 months	30,879,818	25,920,240
Total receivables (net)	30,927,974	25,960,127

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015 \$'000	2014 \$'000
Receivables (gross) aged as follows		
Not overdue	30,926,104	27,145,091
Overdue by		
0 to 30 days	549	1,421
31 to 60 days	910	447
61 to 90 days	33	306
More than 90 days	7,901	38,828
Total receivables (gross)	30,935,497	27,186,093
The impairment allowance aged as follows		
Not overdue	-	(1,200,388)
Overdue by		
0 to 30 days	(77)	(43)
31 to 60 days	-	(26)
61 to 90 days	-	(34)
More than 90 days	(7,446)	(25,475)
Total impairment allowance	(7,523)	(1,225,966)

Goods and services receivables are with entities external to the Australian Government. Credit terms are payment within 30 days (2014: 30 days).

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2015

	Receivables \$'000	Total \$'000
Opening balance at 1 July 2014	(1,225,966)	(1,225,966)
Amounts written off	(142)	(142)
Amounts recovered and reversed	142	142
Reversal of previous impairment	1,200,266	1,200,266
Amounts transferred through restructuring	36,559	36,559
Increase (decrease) recognised in net cost of services	(18,382)	(18,382)
Closing balance at 30 June 2015	(7,523)	(7,523)

Movements in relation to 2014

	Receivables \$'000	Total \$'000
Opening balance at 19 September 2013	(1,188,060)	(1,188,060)
Amounts written off	(462)	(462)
Amounts recovered and reversed	12,873	12,873
Reversal of previous impairment	9,331	9,331
Increase/decrease recognised in net surplus	(59,648)	(59,648)
Closing balance at 30 June 2014	(1,225,966)	(1,225,966)

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015	2014
	\$'000	\$'000
<u>Note 21C: Other investments</u>		
Other Investments:		
Australian Institute for Teaching and School Leadership ¹	4,687	5,676
Australian Curriculum, Assessment and Reporting Authority ²	2,108	2,448
Australian National University ³	2,104,675	2,102,437
Australian Institute of Aboriginal and Torres Strait Islander Studies ⁴	38,460	38,465
<i>Total other investments</i>	<u>2,149,930</u>	<u>2,149,026</u>
Other investments expected to be recovered		
No more than 12 months	-	-
More than 12 months	2,149,930	2,149,026
<i>Total other investments</i>	<u>2,149,930</u>	<u>2,149,026</u>

The department retains 100 per cent ownership of each of the listed investments. The principle activity of the department's administered investments is as follows:

¹ *Australian Institute for Teaching and School Leadership Ltd* – supports and enhances the teaching profession for the benefit of all Australians.

² *Australian Curriculum, Assessment and Reporting Authority* – executes the policy directions that are determined by the Ministerial Council for Education, Early Childhood Development and Youth Affairs regarding curriculum, assessment, data collection and reporting at a national level.

³ *Australian National University* – provision of research and teaching services.

⁴ *Australian Institute of Aboriginal and Torres Strait Islander Studies* – building pathways for the knowledge of Aboriginal and Torres Strait Islander peoples to grow and share.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22: Administered Non-Financial Assets

	2015 \$'000	2014 \$'000
<u>Note: Other non-financial assets</u>		
Prepayments	-	523
<i>Total other non-financial assets</i>	<u>-</u>	<u>523</u>
Other non-financial assets expected to be recovered		
No more than 12 months	-	523
More than 12 months	-	-
<i>Total other non-financial assets</i>	<u>-</u>	<u>523</u>

No indicators of impairment were found for other non-financial assets.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 23: Administered Payables

	2015	2014
	\$'000	\$'000
<u>Note 23A: Suppliers</u>		
Trade creditors and accruals	54,235	36,884
<i>Total suppliers</i>	<u>54,235</u>	<u>36,884</u>
Suppliers in connection with		
Related parties	728	
External parties	53,507	36,884
<i>Total suppliers</i>	<u>54,235</u>	<u>36,884</u>

Settlement was usually made within 30 days. All suppliers were expected to be settled no more than 12 months.

Note 23B: Personal benefits

Direct	-	10,952
Indirect	-	109,985
<i>Total personal benefits</i>	<u>-</u>	<u>120,937</u>
Personal benefits expected to be settled		
No more than 12 months	-	120,937
More than 12 months	-	-
<i>Total personal benefits</i>	<u>-</u>	<u>120,937</u>

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015	2014
	\$'000	\$'000
<u>Note 23C: Grants</u>		
Public sector		
State and Territory Governments	4,435	-
Private sector		
Non-profit organisations	196	2,748
Other	31,615	21,686
<i>Total grants</i>	<u>36,246</u>	<u>24,434</u>
Grants expected to be settled		
No more than 12 months	36,246	24,434
More than 12 months	-	-
<i>Total grants</i>	<u>36,246</u>	<u>24,434</u>
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
<u>Note 23D: Other payables</u>		
Statutory payable	17,701	8,692
<i>Total other payables</i>	<u>17,701</u>	<u>8,692</u>
Other payables expected to be settled		
No more than 12 months	17,701	8,692
More than 12 months	-	-
<i>Total other payables</i>	<u>17,701</u>	<u>8,692</u>

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24: Administered Provisions

	2015 \$'000	2014 \$'000
Note 24A: Provisions for personal benefits		
Provisions for personal benefits	-	801,010
Total provisions for personal benefits	-	801,010
Provisions for personal benefits expected to be settled		
No more than 12 months	-	801,010
More than 12 months	-	-
Total other provisions	-	801,010
Note 24B: Provision for Grants		
Higher Education Superannuation Programme	6,068,013	6,867,769
Total provision for grants	6,068,013	6,867,769
Provision for grants expected to be settled		
No more than 12 months	-	-
More than 12 months	6,068,013	6,867,769
Total provisions for grants	6,068,013	6,867,769

Reconciliation of movements in provisions

	Provisions for grants \$'000	Provisions for personal benefits \$'000	Total \$'000
Opening balance	6,867,769	801,010	7,668,779
Additional provisions made	-	-	-
Reversed during reporting period	(1,140,000)		(1,140,000)
Amounts used	(161,342)	(97,721)	(259,063)
Increase (decrease) in net cost of services	121,355	-	121,355
Restructuring	-	(703,289)	(703,289)
Unwinding of discount or change in discount rate	380,231	-	380,231
Total as at 30 June 2015	6,068,013	-	6,068,013

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25: Administered Cash Flow Reconciliation

	2015	2014
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per administered schedule of assets and liabilities to administered cash flow statement		
Cash and cash equivalents as per		
Schedule of administered cash flows	-	-
Schedule of administered assets and liabilities	-	-
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from (used by) operating activities		
Net (cost of) contribution by services	(27,889,199)	(21,817,072)
Adjustments for non-cash items		
Net write down of non-financial assets	26,237	60,940
Concessional loan discount	801,980	592,890
Fair value losses	702,638	860,240
Interest on loans	(567,434)	(408,815)
Other revenues not providing cash	326,859	(43,448)
Fair value gains	-	(96,221)
Unwinding of the discount	(15,363)	(98,024)
Movements in assets and liabilities		
Assets		
(Increase) / decrease in net receivables	(34,943)	(254,092)
(Increase) / decrease in other non-financial assets	523	3,341
Liabilities		
Increase / (decrease) in supplier payables	39,401	(334,601)
Increase / (decrease) in grants payable	(1,306,416)	10,771
Increase / (decrease) in personal benefits payable	14,742	23,837
Increase / (decrease) in other payables	-	(3,864)
Increase / (decrease) in provisions	(97,721)	372,663
Net cash from (used by) operating activities	<u>(27,998,696)</u>	<u>(21,131,455)</u>

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26: Administered Contingent Assets and Liabilities

Quantifiable Contingencies

The department does not hold quantifiable contingent assets and liabilities (2014: nil).

Unquantifiable Contingencies

At 30 June 2015, the department had no legal claims against it (2014: nil).

There are currently a number of cases before the Administrative Appeals Tribunal (AAT) for which the outcomes are not yet known or able to be quantified.

Significant Remote Contingencies

The department had no significant remote contingencies (2014: nil).

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Administered Financial Instruments	2015	2014
	\$'000	\$'000
Note 27A: Categories of financial instruments		
Financial assets		
Available for sale financial assets		
Investments	2,149,930	2,149,026
Total available-for sale financial assets	2,149,930	2,149,026
Loans and receivables		
Cash and cash equivalents	-	-
Goods and services receivable	31,620	24,164
Total loans and receivables	31,620	24,164
Financial assets at fair value through profit or loss (designated)		
HECS\HELP Loans	30,444,858	25,147,139
Trade support loans	52,960	-
Other loans	-	727
Total assets at fair value through profit or loss (designated)	30,497,818	25,147,866
Total financial assets categorised as financial instruments	32,679,368	27,321,056
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	54,235	36,884
Grants payable	36,246	24,434
Total financial liabilities measured at amortised cost	90,481	61,318
Total financial liabilities	90,481	61,318
Note 27B: Net gains or losses on financial assets		
Available for sale financial assets		
Gain (loss) recognised in equity	904	142,920
Net gains (losses) from available-for-sale financial assets	904	142,920
Loans and receivables		
Interest revenue	337	381
Write-down and impairment	(7,031)	(3,190)
Net gains (losses) from loans and receivables	(6,694)	(2,809)
Financial assets at fair value through profit or loss (designated)		
Interest revenue	582,797	506,459
Unwinding of discount	(801,980)	(592,890)
Fair value gain/(losses)	(702,638)	(860,240)
Net gains (losses) at fair value through profit or loss (designated)	(921,821)	(946,671)
Net gains (losses) on financial assets	(927,611)	(806,560)

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27C: Fair value of financial instruments

The fair value of financial instruments is the same as their carrying amounts for 2015.

Note 27D: Credit risk

The administered loans and receivables of the department are not exposed to a high level of credit risk as the majority of financial assets are cash or cash equivalents, trade receivables or advances and loans to state, territory and local governments. The department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition the department has policies and procedures that guide employees' debt recovery techniques that are to be applied.

The recoverability and credit quality of the fair value through profit and loss (designated) amounts are factored into the actuarial assessment each year. No separate account is maintained of the write offs in the department's accounts rather just the movement in the assessment as a gain or loss in the Schedule of Administered Items. This accounting treatment is consistent with the basis for accounting for these instruments.

The department has assessed the risk of the default on payment and has allocated the following to an impairment allowance for doubtful debts:

Goods and services receivables 2015:\$7.523 million (2014: \$9.757 million).

In relation to the department's gross credit risk and the financial effect in respect of the amount that best represents the maximum exposure to credit risk there is no collateral held.

Credit quality of financial assets not past due or individually determined as impaired

	Not past due nor impaired 2015 \$'000	Past due or impaired 2015 \$'000	Not past due nor impaired 2014 \$'000	Past due or impaired 2014 \$'000
Available for sale				
Investments	2,149,930	-	2,149,026	-
Loans and receivables				
Goods and services receivables	29,749	9,394	20,038	13,883
Fair value through profit or loss (designated)				
HECS\HELP loans	30,444,858	-	25,147,139	-
Trade support loans	52,960	-	-	-
Other loans	-	-	727	-
Total	32,677,497	9,394	27,316,930	13,883

Ageing of financial assets that were past due but not impaired for 2015

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Goods and services and other receivables	472	910	33	456	1,871
Total	472	910	33	456	1,871

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Goods and services and other receivables	1,250	345	169	2,362	4,126
Total	1,250	345	169	2,362	4,126

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27E: Liquidity risk

The department is exposed to minimal liquidity risk and is appropriated funding from the Australian Government. The department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments are made when due and has no past experience of default.

Note 27F: Market risk

The department holds basic financial instruments that do not expose it to certain market risks including to 'currency risk' and 'other price risks'.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Administered Financial Assets Reconciliation		2015	2014
		\$'000	\$'000
Notes			
Total financial assets as per administered schedule of assets and liabilities		33,104,432	28,200,446
Less: non-financial instrument components			
Statutory receivable from Australian Taxation Office		16,536	13,364
Personal benefits receivable (net)		-	352,733
Higher Education Superannuation Programme (net)		382,000	422,000
Special accounts		26,528	91,293
Total non-financial instrument components		<u>425,064</u>	<u>879,390</u>
Total financial assets as per administered financial instruments note	27A	<u>32,679,368</u>	<u>27,321,056</u>

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29: Appropriations

Note 29A: Annual Appropriations ('Recoverable GST exclusive')

	2015 Appropriations				Total appropriation \$'000	Appropriation applied in 2015 (current and prior years) \$'000	Variance ² \$'000	Section 51 determinations ³ \$'000
	<i>Appropriation Act</i>		<i>PGPA Act</i>					
	Annual Appropriation ¹ \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000				
DEPARTMENTAL								
Ordinary annual services	295,586	-	47,837	9,695	353,118	326,500	26,618	5,546
Other services								
Equity	3,489	-	-	-	3,489	3,836	(347)	-
Total departmental	299,075	-	47,837	9,695	356,607	330,336	26,271	5,546
ADMINISTERED								
Ordinary annual services								
Administered items	996,201	-	-	316,252	1,312,453	1,082,706	229,747	6,117
Payments to Corporate Commonwealth								
Entities	13,295	-	-	-	13,295	13,295	-	-
Other services								
States, ACT, NT and local government	100,431	-	-	-	100,431	96,677	3,754	810
Payments to Corporate Commonwealth								
Entities	75	-	-	-	75	75	-	-
Total administered	1,110,002	-	-	316,252	1,426,254	1,192,753	233,501	6,927

Notes:

1. In 2014–15, there were \$12.473 million reductions to appropriation made under a section 51 determination and a further \$3.690 million quarantined. In 2014–15, there was \$3.690 million that met the recognition criteria of a formal addition or reduction in revenue (in accordance with FRR Part 6 Div 3) but at law the appropriation has not been amended before the end of the reporting period.
2. Administered and departmental variances are primarily due to the movements in liability balances between 2013–14 and 2014–15, and amounts subject to quarantine and available to be reduced. Further explanations on variances can be found in Note 34: Budgetary Reports and Explanations of Major Variances.
3. The department recognised \$12.473 million as reductions to appropriation under section 51 of the PGPA Act. These amounts were reduced as a result of the finalisation of the 2013–14 machinery of government changes and changes due to government measures.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014 Appropriations						Total appropriation \$'000	Appropriation applied in 2014 (current and prior years) \$'000	Variance \$'000
	Appropriation Act			FMA Act					
	Annual Appropriation \$'000	Appropriation reduced ¹	AFM ² \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
DEPARTMENTAL									
Ordinary annual services	-	-	-	-	13,108	227,527	240,635	220,402	20,233
Other services									
Equity	13,636	-	-	-	-	1,475	15,111	8,861	6,250
Total departmental	13,636	-	-	-	13,108	229,002	255,746	229,263	26,483
ADMINISTERED									
Ordinary annual services									
Administered items	180,183	(76,493)	-	3,250	-	697,145	804,085	734,179	69,906
Payments to CAC Act bodies ³	5,360	-	-	-	-	-	5,360	5,360	-
Other services									
States, ACT, NT and Local government	-	-	-	-	-	41,092	41,092	38,554	2,538
Administered assets and liabilities	2,897	(2,897)	-	-	-	-	-	-	-
Total administered	188,440	(79,390)	-	3,250	-	738,237	850,537	778,093	72,444

Notes:

¹ Appropriation reduced under Appropriation Acts (No. 1, 3 & 5) 2013–14: sections 10, 11 and 12 and under Appropriation Acts (No. 2, 4 & 6) 2013–14: sections 12, 13 and 14. Departmental appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction is effected by the Finance Minister's determination and is disallowable by Parliament.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of the Appropriation Acts (Nos 1, 3 & 5) 2013–14 and section 12 of Appropriation acts (No. 2, 4 & 6) 2013–14, the Finance Minister's determination which is disallowable by Parliament. In 2013–14 there was no reduction in administered appropriations.

² Advance to the Finance Minister (AFM) – Appropriation Acts (No. 1, 3 & 5) 2013–14: section 13 and Appropriation Acts (No. 2, 4 & 6) 2013–14: section 15.

³ The Department of the Prime Minister and Cabinet made payments to the Australian Institute of Aboriginal and Torres Strait Islander Studies on behalf of the Department of Education. The administered variances reflect the creditor balances at 30 June 2014.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

	2015 Capital Budget Appropriations			Capital Budget Appropriations applied in 2015			Variance ³ \$'000
	<i>Appropriation Act</i>	<i>PGPA Act</i>	Total Capital Budget Appropriations \$'000	Payments for non- financial assets ² \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Section 75 \$'000					
DEPARTMENTAL Ordinary annual services Capital Budget ¹	22,536	505	23,041	18,299	-	18,299	4,742

Notes:

1. 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. For more information on ordinary annual services appropriation, please see Table A: Annual appropriations.
2. Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.
3. In 2014-15 there was a \$3.850 million reduction to appropriation made under a section 51 determination.

	2014 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014			Variance \$'000
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total Capital Budget Appropriations \$'000	Payments for non- financial assets ² \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Section 32 \$'000					
DEPARTMENTAL Ordinary annual services Capital Budget ¹	-	20,164	20,164	16,226	-	16,226	3,938

Notes:

- ¹ 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. For more information on ordinary annual services appropriation, please see 29A: Annual appropriations.
- ² Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2015	2014
	\$'000	\$'000
Departmental		
Appropriation Act (No.1) 2014–15	42,874	-
Appropriation Act (No.1) 2013–14	1,468	27,935
Appropriation Act (No.2) 2013–14	3,860	-
Appropriation Act (No.4) 2013–14	14,255	-
Appropriation Act (No.4) 2012–13	2,508	-
Total departmental	64,965	27,935
Administered		
Appropriation Act (No.1) 2014–15	227,511	-
Appropriation Act (No.3) 2014–15	14,836	-
Appropriation Act (No.2) 2014–15	6,292	-
Appropriation Act (No.1) 2013–14	110	28,216
Appropriation Act (No.3) 2013–14	8,144	125,302
Appropriation Act (No. 2) 2013–14	-	2,538
Appropriation Act (No. 4) 2013–14	-	2,897
Total administered	256,893	158,953

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2015 \$'000	2014 \$'000
A New Tax System (Family Assistance) (Administration) Act 1999 (Administered)	Unlimited Amount	An Act to enable the payment of family assistance to support families.	3,448,822	4,248,003
Australian Education Act 2013 - (Administered)	Unlimited Amount	An Act to grant financial assistance to the states for primary and secondary education and for related purposes	14,632,883	6,724,976
Schools Assistance Act 2008 - Section 167 (Administered)	Unlimited Amount	An Act to grant financial assistance to the states for 2009 to 2013 programme years for primary and secondary education, and for related purposes.	-	2,401,002
Higher Education Support Act 2003 - Section 238-12 (Administered)	Unlimited Amount	An Act to grant financial assistance to support the higher education system for individuals and universities.	16,616,684	11,817,312
Trade Support Loans Act 2014 - Section 104	Unlimited Amount	An Act to provide for trade support loans for certain apprentices, and for related purposes	57,113	-
Total special appropriations applied			34,755,502	25,191,293

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29E: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	Department of Prime Minister and Cabinet ¹	Department of Foreign Affairs and Trade ²	Department of Social Services ³
2015	\$'000	\$'000	\$'000
Total receipts	250	9,978	605,050
Total payments	250	9,978	605,050

	Department of Prime Minister and Cabinet ¹	Department of Foreign Affairs and Trade ²	Department of Social Services ³
2014	\$'000	\$'000	\$'000
Total receipts	92,471	3,688	300
Total payments	92,471	3,688	300

¹ The department made a payment for the Office of Women programme for the Department of Prime Minister and Cabinet. In 2013–14 the department had drawing rights for annual and special appropriations to support Indigenous education functions that were relinquished to the Department of Prime Minister and Cabinet during 2013–14 due to the Administrative Arrangement Orders of 18 September 2013.

² The department has drawing rights for the Department of Foreign Affairs and Trade annual appropriation for the New Colombo Plan programme.

³ The department has drawing rights for the Department of Social Services special appropriation for the payment of Child Care Benefit, Child Care Rebate and the Early Years Quality Fund Special Account. The functions in relation to these payments were transferred to the Department of Social Services following the Administrative Arrangement Order of 23 December 2014.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30: Special Accounts

Note 30A: Special Accounts ('Recoverable GST exclusive')

	Education Investment Fund - Research Portfolio Special Account ¹		Education Investment Fund - Education Portfolio Special Account ²		National Youth Affairs Research Scheme ³	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	-	-	-	-	251	-
Increases						
Appropriation credited to special account	70,950	92,985	146,463	141,222	-	-
Transfer through restructuring	-	-	-	-	-	251
Total increases	70,950	92,985	146,463	141,222	-	251
Available for payments	70,950	92,985	146,463	141,222	251	251
Decreases						
Administered						
Payments made	(70,950)	(92,985)	(146,463)	(141,222)	(80)	-
Transfer through restructuring	-	-	-	-	-	-
Total Administered	(70,950)	(92,985)	(146,463)	(141,222)	(80)	-
Total decreases	(70,950)	(92,985)	(146,463)	(141,222)	(80)	-
Total balance carried to the next period	-	-	-	-	171	251

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30A: Special Accounts ('Recoverable GST exclusive')

	Early Years Quality Fund ⁴		Overseas Student Tuition Fund ⁵		Unique Student Identifier ⁶		Services for Other Entities and Trust Money ⁷	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	72,297	-	12,157	-		-	6,588	-
Increases								
Appropriations credited to special account	-	-	-	-	3,508	-	-	-
Receipts	-	-	8,591	6,518		-	886	6,852
Transfer through restructuring	-	135,000	-	5,847	2,186	-	424	4,042
Total increases	-	135,000	8,591	12,365	5,694	-	1,310	10,894
Available for payments	72,297	135,000	20,748	12,365	5,694	-	7,898	10,894
Decreases								
Departmental								
Other Payments	-	-	-	-	(3,408)	-	-	-
Total Departmental	-	-	-	-	(3,408)	-	-	-
Administered								
Payments made	(47,588)	(62,703)	(879)	(208)			(1,422)	(4,001)
Transfer through restructuring	(24,709)	-	-	-			-	(305)
Total Administered	(72,297)	(62,703)	(879)	(208)	-	-	(1,422)	(4,306)
Total decreases	(72,297)	(62,703)	(879)	(208)	(3,408)	-	(1,422)	(4,306)
Total balance carried to the next period	-	72,297	19,869	12,157	2,286	-	6,476	6,588

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

¹ Education Investment Fund - Research Portfolio Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80

Establishing Instrument: *Nation-building Funds Act 2008 No. 154 of 2008*

Purpose: To make grants of financial assistance in relation to the creation and development of research infrastructure.

² Education Investment Fund - Education Portfolio Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80

Establishing Instrument: *Nation-building Funds Act 2008 No. 154 of 2008*

Purpose: To make grants of financial assistance to eligible higher education institutions in relation to capital expenditure and research facilities.

³ National Youth Affairs Scheme Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78

Establishing Instrument: *Financial Management and Accountability Determination 2006/45* on 17 August 2006.

Purpose: For the receipt of monies from State Governments to meet expenditure in respect of the National Youth Affairs Research Scheme.

⁴ Early Years Quality Fund Special Account

Appropriation: : *Public Governance, Performance and Accountability Act 2013*; section 80

Establishing Instrument: *Early Years Quality Fund Special Account Act 2013*

Purpose: For the administration of the Early Years Quality Fund (EYQF). The EYQF will provide \$300 million over two years to assist long day care services to offset the costs of employing higher qualified staff who are required as part of the National Quality Framework for Early Childhood Education and Care from 1 January 2014.

⁵ Overseas Student Tuition Fund Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80

Establishing Instrument: *Education Services for Overseas Students Act 2000 Act No. 164 of 2000*, taking into account amendments up *Education Services for Overseas Students Legislation Amendment (Tuition Protection Services and Other Measures) Act 2012*, section 52A

Purpose: For expenditure in connection with assisting international students whose education providers are unable to deliver their course of study in full.

⁶ Unique Student Identifiers Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80

Establishing Instrument: *Student Identifiers Act 2014*; section 48

Purpose: For paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Registrar's functions, paying any remuneration and allowances payable to any person under the Act and meeting the expenses of administering the Account.

⁷ Services for Other Entities and Trust Moneys Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78

Establishing Instrument: *Financial Management and Accountability Determination 2008/14* on 3 June 2008.

Purpose: To disburse amounts: held on trust or otherwise for the benefit of a person other than the Commonwealth; in connection with services performed on behalf of other governments and bodies that are not non-corporate Commonwealth entities; and to repay amounts where an Act or other law requires or permits the repayment of an amount received.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 31: Reporting of Outcomes

The department has three outcomes and details of each outcome are provided in the front of the 2014–15 Annual Report. The department uses a cost allocation model to determine the attribution of its shared items.

Note 31A: Net cost of outcome delivery

	Outcome 1		Outcome 2		Outcome 3		Payment to Corporate Commonwealth Entities		Not attributed ¹		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental												
Expenses	64,889	62,212	102,284	102,149	170,659	80,693	-	-	-	-	337,832	245,054
Own-source income	7,722	5,316	7,514	8,626	22,147	12,472	-	-	-	-	37,383	26,414
Administered												
Expenses	3,815,222	4,790,056	14,920,893	9,461,185	11,222,875	8,462,473	13,370	5,360	-	-	29,972,360	22,719,074
Own-source income	3,686	11,325	39,343	9,531	2,039,578	881,146	-	-	554	-	2,083,161	902,002
Net cost/(contribution) of outcome delivery	3,868,703	4,835,627	14,976,320	9,545,177	9,331,809	7,649,548	13,370	5,360	(554)	-	28,189,648	22,035,712

Outcomes 1 to 3 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources.

¹ Some administered own-source income is not related to programs and outcomes. They are included here so the total agrees to the administered schedule of comprehensive income.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 31B: Major classes of departmental expenses, income, assets and liabilities by outcome

	Outcome 1		Outcome 2		Outcome 3		Not attributed ¹		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses										
Employee benefits	40,384	38,228	64,448	62,777	101,729	53,617	-	-	206,561	154,622
Suppliers	18,717	18,662	29,504	30,634	52,958	19,612	-	-	101,179	68,908
Depreciation	5,728	5,021	8,103	8,245	13,087	7,042	-	-	26,918	20,308
Grants			25	-	232	-	-	-	257	-
Other	60	301	204	493	2,653	422	-	-	2,917	1,216
Total expenses	64,889	62,212	102,284	102,149	170,659	80,693	-	-	337,832	245,054
Own-Source Income										
Sale of goods and rendering of services	7,145	4,276	6,701	7,188	16,539	6,603	-	-	30,385	18,067
Income from government	59,079	49,744	83,572	84,103	134,203	62,255	-	-	276,854	196,102
Other	577	1,040	813	1,438	5,608	5,869	-	-	6,998	8,347
Total own-source income	66,801	55,060	91,086	92,729	156,350	74,727	-	-	314,237	222,516
Assets										
Cash and cash equivalents	-	-	-	-	2,286	-	7,531	8,429	9,817	8,429
Trade and other receivables	-	8,596	16,031	14,116	35,798	12,057	-	-	51,829	34,769
Other financial assets	-	2,500	1,013	4,106	2,263	3,507	-	-	3,276	10,113
Land and buildings	-	13,141	13,027	22,185	29,091	15,541	-	-	42,118	50,867
Infrastructure, plant and equipment	-	2,966	3,504	5,007	7,823	3,481	-	-	11,327	11,454
Intangibles	-	16,466	28,157	27,797	42,246	19,287	-	-	70,403	63,550
Other non-financial assets	-	2,126	3,318	3,491	7,410	2,982	-	-	10,728	8,599
Total assets	-	45,795	65,050	76,702	126,917	56,855	7,531	8,429	199,498	187,781
Liabilities										
Suppliers	-	3,740	7,267	6,272	16,228	4,588	-	-	23,495	14,600
Other payables	-	9,806	8,958	16,575	20,005	11,371	-	-	28,963	37,752
Employee provisions	-	15,819	16,943	26,704	37,835	18,529	-	-	54,778	61,052
Other provisions	-	349	961	588	2,145	408	-	-	3,106	1,345
Total liabilities	-	29,714	34,129	50,139	76,213	34,896	-	-	110,342	114,749

Outcomes 1 to 3 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources.

¹ Assets and liabilities that could not be reliably attributed to outcomes.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 31C: Major classes of administered expenses, income, assets, and liabilities by outcomes

	Outcome 1		Outcome 2		Outcome 3		Payment to Corporate Commonwealth Entities		Not attributed ¹		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses												
Personal benefits	3,442,917	4,414,117	1,000	1,040	91,179	51,651	-	-	-	-	3,535,096	4,466,808
Subsidies	-	-	-	-	144,309	-	-	-	-	-	144,309	-
Grants	320,408	332,604	14,830,536	9,335,885	9,259,152	6,895,740	-	-	-	-	24,410,096	16,564,229
Suppliers	32,685	40,957	83,227	123,352	222,665	4,298	-	-	-	-	338,577	168,607
Other	19,212	2,378	6,130	908	1,505,570	1,510,784	13,370	5,360	-	-	1,544,282	1,519,430
Total expenses	3,815,222	4,790,056	14,920,893	9,461,185	11,222,875	8,462,473	13,370	5,360	-	-	29,972,360	22,719,074
Income												
Interest	3	380	333	-	582,798	506,460	-	-	-	-	583,134	506,840
Levies	-	-	-	-	8,576	6,538	-	-	-	-	8,576	6,538
Non taxation revenue - Other	3,683	2,239	38,994	8,905	247,954	271,928	-	-	554	-	291,185	283,072
Gains	-	8,706	16	626	1,200,250	96,220	-	-	-	-	1,200,266	105,552
Total income	3,686	11,325	39,343	9,531	2,039,578	881,146	-	-	554	-	2,083,161	902,002
Assets												
Cash and cash equivalents	81	63,205	5,065	4,766	21,382	23,322	-	-	-	-	26,528	91,293
Receivables	1,645	356,288	2,694	7,960	30,923,635	25,595,879	-	-	-	-	30,927,974	25,960,127
Investments	-	-	6,795	8,124	2,143,135	2,140,902	-	-	-	-	2,149,930	2,149,026
Other non-financial assets	-	-	-	523	-	-	-	-	-	-	-	523
Total assets	1,726	419,493	14,554	21,373	33,088,152	27,760,103	-	-	-	-	33,104,432	28,200,969
Liabilities												
Suppliers	737	2,689	3,149	15,252	50,253	18,943	-	-	96	-	54,235	36,884
Personal benefits	-	120,937	-	-	-	-	-	-	-	-	-	120,937
Grants	-	9,480	15,743	12,795	20,503	2,159	-	-	-	-	36,246	24,434
Other payables	539	2,592	1,579	4,499	15,571	1,601	-	-	12	-	17,701	8,692
Provision for personal benefits	-	801,010	-	-	-	-	-	-	-	-	-	801,010
Provision for grants	-	-	-	-	6,068,013	6,867,769	-	-	-	-	6,068,013	6,867,769
Total liabilities	1,276	936,708	20,471	32,546	6,154,340	6,890,472	-	-	108	-	6,176,195	7,859,726

Outcomes 1 to 3 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources.

¹ Assets and liabilities that could not be reliably attributed to outcomes.

Department of Education and Training
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32: Cost Recovery Note

	2015 \$'000	2014 \$'000
Amounts applied		
Departmental		
Annual appropriations	4,830	1,191
Total amounts applied	<u>4,830</u>	<u>1,191</u>
Expenses		
Departmental	4,830	1,191
Total expenses	<u>4,830</u>	<u>1,191</u>
Revenue		
Administered	7,119	6,224
Total revenue	<u>7,119</u>	<u>6,224</u>
Receivables		
Not overdue	16	15
Overdue by		
0 to 30 days	6	8
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	75	58
Total receivables	<u>97</u>	<u>80</u>

Cost recovered activities:

The Commonwealth recovers the costs of administering its functions under the *Education Services for Overseas Students Act 2000* (the ESOS Act) and the National Code of Practice for Providers of Education and Training to Overseas Students (National Code) through compulsory registration fees charged to all providers wishing to be registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS), which allows them to offer courses to overseas students.

The following entities are involved in the delivery of these activities: Department of Education and Training, Australian Skills Quality Authority and the Tertiary Education Quality and Standards Agency. The Commonwealth also recovers the cost of administering the functions of the Overseas Students Ombudsman under the *Ombudsman Act 1976*. This function transferred from the Department of Industry as part of the Administrative Arrangement Orders of the 18 September 2013.

Documentation (Cost Recovery Impact Statement) for the above activity is available at www.education.gov.au.

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 33: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance (Finance) provided guidance to all agencies in 2011 regarding the need for risk assessments in relation to compliance with statutory conditions on payments and special appropriations, including special accounts. During 2012–13 additional legal advice was received from Finance that indicated there could be breaches of section 83 under certain circumstances with overpayments for long service leave, goods and services tax (GST) and payments under determinations of the Remuneration Tribunal.

The department monitors its level of compliance with section 83 of the Constitution across all legislation for which it is administratively responsible. The department used the assessment process identified in Finance's guidance paper to determine the risk of potential section 83 breaches.

The department identified thirteen appropriations involving statutory conditions for payment, comprising:

- six special appropriations; and
- seven special accounts.

The work conducted during the 2014–15 financial year identified no payments (2013–14: one payment for \$125,200 considered a potential breach of the *Schools Assistance Act 2008*) that would be considered potential breaches.

The department will continue to monitor its level of compliance with section 83 of the Constitution across all legislation for which it is administratively responsible, and where possible legislative amendments and system changes will continue to be progressed.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 34: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison between the 2014–15 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2014–15 financial statements. The Budget is not audited and does not reflect additional estimates provided in the 2014–15 Portfolio Additional Estimates Statements (PAES) and the 2014–15 Portfolio Supplementary Additional Estimates Statements.

Variance explanations are provided for departmental variances greater than five percent and \$5 million and administered variances greater than 5 per cent and \$50 million.

Statement of Comprehensive Income

Statement of Comprehensive Income

for the period ended 30 June 2015

	Actual	Budget Estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits ³	206,561	196,099	10,462
Supplier expenses	101,179	96,358	4,821
Grants	257	-	257
Depreciation and amortisation	26,918	28,880	(1,962)
Finance costs	51	-	51
Write-down and impairment of assets	2,866	-	2,866
Total expenses	337,832	321,337	16,495
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services ⁴	30,385	22,417	7,968
Total own-source revenue	30,385	22,417	7,968
Gains			
Sale of assets	87	-	87
Reversals of previous asset write-downs and impairment	64	-	64
Other gains ⁵	6,847	680	6,167
Total gains	6,998	680	6,318
Total own-source income	37,383	23,097	14,286
Net cost of (contribution by) services	300,449	298,240	2,209
Revenue from Government	276,854	269,360	7,494
Surplus (Deficit) attributable to the Australian Government	(23,595)	(28,880)	5,285
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus:			
Adjustment to leasehold improvements	5	-	5
Total other comprehensive income	5	-	5
Total comprehensive income (loss) attributable to the Australian Government	(23,590)	(28,880)	5,290

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Financial Position
for the period ended 30 June 2015

	Actual	Budget Estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents ⁶	9,817	1,845	7,972
Trade and other receivables ⁷	51,829	59,731	(7,902)
Other financial assets	3,276	2,695	581
Total financial assets	64,922	64,271	651
Non-Financial Assets			
Land and buildings ⁸	42,118	26,451	15,667
Infrastructure, plant and equipment ⁸	11,327	26,793	(15,466)
Intangibles ⁸	70,403	53,207	17,196
Other non-financial assets	10,728	11,201	(473)
Total non-financial assets	134,576	117,652	16,924
Total assets	199,498	181,923	17,575
LIABILITIES			
Payables			
Suppliers ⁹	23,495	5,346	18,149
Other payables ⁹	28,963	18,593	10,370
Total payables	52,458	23,939	28,519
Provisions			
Employee provisions ³	54,778	61,201	(6,423)
Other provisions	3,106	823	2,283
Total provisions	57,884	62,024	(4,140)
Total liabilities	110,342	85,963	24,379
Net assets	89,156	95,960	(6,804)
EQUITY			
Contributed equity ¹⁰	134,848	145,878	(11,030)
Reserves	438	-	438
Retained surplus (accumulated deficit)	(46,130)	(49,918)	3,788
Total equity	89,156	95,960	(6,804)

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Statement of changes in equity
for the period ended 30 June 2015

	Retained earnings			Asset revaluation reserves			Contributed equity/capital			Total equity		
	Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate	
		Original ¹	Variance ²		Original ¹	Variance ²		Original ¹	Variance ²		Original ¹	Variance ²
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance												
Balance carried forward from previous period	(22,538)	(21,038)	(1,500)	433	-	433	95,137	120,153	(25,016)	73,032	99,115	(26,083)
Adjustment for rounding	3	-	3	-	-	-	-	-	-	3	-	3
Adjusted opening balance	(22,535)	(21,038)	(1,497)	433	-	433	95,137	120,153	(25,016)	73,035	99,115	(26,080)
Comprehensive income												
Other comprehensive income - changes in asset revaluation reserve	-	-	-	5	-	5	-	-	-	5	-	5
Surplus (Deficit) for the period	(23,595)	(28,880)	5,285	-	-	-	-	-	-	(23,595)	(28,880)	5,285
Total comprehensive income	(23,595)	(28,880)	5,285	5	-	5	-	-	-	(23,590)	(28,880)	5,290
Transactions with owners												
Distributions to owners												
Returns of capital:												
Restructuring (Note 10) ¹⁰	-	-	-	-	-	-	24,557	-	24,557	24,557	-	24,557
Contributions by owners												
Equity injection - Appropriation	-	-	-	-	-	-	3,489	3,189	300	3,489	3,189	300
Departmental capital budget ¹⁰	-	-	-	-	-	-	18,686	22,536	(3,850)	18,686	22,536	(3,850)
Restructuring (Note 10) ¹⁰	-	-	-	-	-	-	(7,021)	-	(7,021)	(7,021)	-	(7,021)
Total transactions with owners	-	-	-	-	-	-	39,711	25,725	13,986	39,711	25,725	13,986
Transfers between equity components	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance as at 30 June	(46,130)	(49,918)	3,788	438	-	438	134,848	145,878	(11,030)	89,156	95,960	(6,804)

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Cash Flow Statement

for the period ended 30 June 2015

	Actual	Budget Estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations ¹¹	307,355	269,802	37,553
Sale of goods and rendering of services ⁴	40,737	22,417	18,320
Net GST received	5,712	-	5,712
Other	9,922	-	9,922
Total cash received	363,726	292,219	71,507
Cash used			
Employee benefits ³	215,581	196,091	19,490
Supplier expenses	100,903	95,678	5,225
Grants	257	-	257
Section 74 receipts transferred to the OPA ¹¹	47,837	-	47,837
Total cash used	364,578	291,769	72,809
Net cash from (used by) operating activities	(852)	450	(1,302)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of infrastructure, plant and equipment	735	-	735
Total cash received	735	-	735
Cash used			
Purchase of infrastructure, plant and equipment ⁸	3,985	26,175	(22,190)
Purchase / development of intangibles ⁸	16,790	-	16,790
Purchase of land and buildings ⁸	2,041	-	2,041
Total cash used	22,816	26,175	(3,359)
Net cash from (used by) investing activities	(22,081)	(26,175)	4,094
FINANCING ACTIVITIES			
Cash received			
Contributed equity - capital injections	3,836	-	3,836
Contributed equity - capital budget	18,299	25,725	(7,426)
Cash from restructuring	2,186	-	2,186
Total cash received	24,321	25,725	(1,404)
Net cash from (used by) financing activities	24,321	25,725	(1,404)
Net increase (decrease) in cash held	1,388	-	1,388
Cash and cash equivalents at the beginning of the reporting period	8,429	1,845	6,584
Cash and cash equivalents at the end of the reporting period	9,817	1,845	7,972

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 34B: Departmental Major Budget Variances for 2015

Explanation of major variances

1. The 2014–15 Education Portfolio Budget Statements (PBS) as presented to Parliament contained the original budgeted financial statements for 2015. The PBS was completed prior to the finalisation of the 2013–14 Administrative Arrangement Orders (AAOs) processes which abolished the Department of Employment, Education and Workplace Relations with functions transferring to the newly created Department of Education. During the 2014–15 financial year as a result of the AAOs of 23 December 2014 the department, became the Department of Education and Training. Functions relating to Early Childhood Education and Care transferred to the Department of Social Services and functions relating to Skills and Training transferred from the Department of Industry and Science.
2. The variances reported in the statements primarily relate to the settlement of balances following the 2013–14 and 2014–15 machinery of government changes. The department also received additional funding through the 2014–15 Portfolio Additional Estimates (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES) for measures and staffing reduction expenses.
3. Employee Benefits are higher than anticipated at Budget by \$10.462 million primarily due to increased costs associated with reducing staffing during the year of \$10.8 million, not included in the 2014–15 Budget. This also resulted in a greater than anticipated reduction to employee provisions of \$6.423 million and increased cash payments of \$19.490 million as a result of service costs and pay out of leave entitlements.
4. Sales of goods and rendering of services revenue is \$7.968 million higher than anticipated at the 2014–15 Budget. This is a result of increased corporate services delivery through Memorandum of Understandings to other departments and an additional \$3.500 million in revenue received for the Unique Student Identifier Special Account as a result the machinery of government changes.
5. Other gains were \$6.167 million higher than anticipated at 2014–15 Budget as a result of the Department recognising Resources Received Free of Charge (RRFOC) for the collection of HELP receipts of \$4.114 million by the Australian Taxation Office, and an additional \$682,000 in RRFOC for services provided by the Australian National Audit Office for the 2013–14 financial statements audit.
6. Cash and Cash equivalents are \$7.972 million higher than at 2014–15 Budget Estimate as a result of the transfer to the USI Special Account from the Department of Industry and Science following the machinery of government changes (\$2.2 million), as well as higher than anticipated receipts for payments of trade and other receivables managed by the department.
7. Trade and Other receivables were \$7.902 million lower than anticipated at budget as a result of higher than anticipated receipts during the year. Appropriation receivables were also reduced by \$3.890 million following finalisation of the machinery of government change with the Department of Employment.
8. The higher than expected level of non-financial assets of \$17.397 million was primarily the result of the finalisation of the 2013–14 machinery of government changes which abolished the Department of Education, Employment and Workplace Relations and included the transfer of non-financial assets from the Department of Industry and Science for functions relating to Higher Education, Research and International. In addition, the department received an additional \$6.1 million in intangibles as a result of the 2014–15 machinery of government transfer.
9. Payables are \$30.685 million higher than the 2014–15 Budget estimate as the payables profile for the department had not been established prior to the publication of the 2014–15 PBS.
10. The movement in contributed equity of \$11.030 million primarily reflects a difference of \$25.016 million in opening contributions, the budget not completed prior to the finalisation of the 2013–14 machinery of government changes. Additional movements of (\$13.986 million) in 2014–15 reflect the net impact of restructuring following the 23 December 2014 machinery of government changes and a reduction to contributed equity of \$3.850 million as part of the finalisation of the 2013–14 machinery of government change with the Department of Employment.
11. The Appropriations received and Cash used other include Section 74 receipts to/from the Official Public Account (OPA) which are presented on a net basis in the 2014–15 Budget estimate.

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 34C: Administered Budgetary Reports

Administered Schedule of Comprehensive Income

for the period ended 30 June 2015

	Actual	Budget Estimate	
	2015 \$'000	Original ¹ 2015 \$'000	Variance ² 2015 \$'000
NET COST OF SERVICES			
EXPENSES			
Supplier expenses ³	338,577	70,705	267,872
Subsidies ³	144,309	5,727	138,582
Personal benefits ³	3,535,096	6,453,989	(2,918,893)
Grants ³	24,410,096	24,519,219	(109,123)
Finance costs ⁴	801,980	34,214	767,766
Write-down and impairment of assets	26,237	51,240	(25,003)
Payment to Corporate Commonwealth Entities	13,370	13,370	-
Fair value losses ⁴	702,638	1,315,793	(613,155)
Other Expenses	57	-	57
Total expenses	29,972,360	32,464,257	(2,491,897)
INCOME			
Revenue			
Taxation revenue			
Other taxes	8,576	6,300	2,276
Total taxation revenue	8,576	6,300	2,276
Non-taxation revenue			
Interest ⁴	583,134	725,676	(142,542)
Other revenue ⁴	291,185	770,035	(478,850)
Total non-taxation revenue	874,319	1,495,711	(621,392)
Total revenue	882,895	1,502,011	(619,116)
Gains			
Reversals of previous asset write-downs and impairment ⁵	1,200,266	-	1,200,266
Total gains	1,200,266	-	1,200,266
Total income	2,083,161	1,502,011	581,150
Net cost of (contribution by) services	27,889,199	30,962,246	(3,073,047)
Surplus (Deficit)	(27,889,199)	(30,962,246)	3,073,047
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	904	-	904
Total other comprehensive income (loss)	904	-	904
Total comprehensive income (loss)	(27,888,295)	(30,962,246)	3,073,951

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Administered Schedule of Assets and Liabilities			
<i>for the period ended 30 June 2015</i>			
	Actual	Budget Estimate	
		Original	Variance
	2015	2015	2015
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	26,528	15,999	10,529
Trade and other receivables ^{4,5}	30,927,974	30,834,159	93,815
Other investments ⁶	2,149,930	2,037,519	112,411
Total financial assets	33,104,432	32,887,677	216,755
Non-financial assets			
Other non-financial assets	-	-	-
Total non-financial assets	-	-	-
Total assets administered on behalf of Government	33,104,432	32,887,677	216,755
LIABILITIES			
Payables			
Suppliers	54,235	34,201	20,034
Personal benefits ³	-	1,081,816	(1,081,816)
Grants	36,246	61,749	(25,503)
Other payables	17,701	29,677	(11,976)
Total payables	108,182	1,207,443	(1,099,261)
Provisions			
Provision for grants ⁵	6,068,013	7,078,686	(1,010,673)
Total provisions	6,068,013	7,078,686	(1,010,673)
Total liabilities administered on behalf of Government	6,176,195	8,286,129	(2,109,934)
Net assets (liabilities)	26,928,237	24,601,548	2,326,689

Department of Education and Training
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 34D: Administered Major Budget Variances for 2015

Explanation of Major Variances

1. The 2014–15 Education Portfolio Budget Statements (PBS) contain the original financial statements budget estimates presented to Parliament in respect of the 2015 financial year. During the 2014–15 financial year following the Administrative Arrangement Orders (AAOs) of 23 December 2014, the department became the Department of Education and Training. As a result of the AAOs functions relating to Early Childhood Education and Care transferred to the Department of Social Services and functions relating to Skills and Training transferred from the Department of Industry and Science.
2. The variances primarily relate to the settlement of balances following 2014–15 machinery of government changes. In addition the department received funding through the 2014–15 Portfolio Additional Estimates (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES).
3. Variances primarily relate to the transfer of the Skills and Training functions from the Department of Industry and Science and the transfer of Early Childhood Education and Care to the Department of Social Services.
4. The variance primarily relates to the Higher Education Loan Programme (HELP). The variance in HELP expenses is due to the Government's decision not to proceed with applying indexation of outstanding debt at the 10 year Government bond rate and the downwards movement in the government bond yield curve which is used to calculate concessional loan expenses for existing debt.
5. The variance relates primarily to changes to the Higher Education Superannuation programme following agreement with the New South Wales (NSW) Government that NSW will resume making payments to eligible NSW universities to meet its share of superannuation expenses. This agreement has resulted in a partial write back of the liability that has been wholly recognised by the Department, prior to this agreement.
6. Due to the nature of the administered investments the external budget estimate does not incorporate predicted changes to the net asset position of entities. Changes to budget estimates are incorporated following the finalisation of agency financial statements.