

Department of Education and Training Annual Report 2015-16



Australian Government
Department of Education and Training

Annual Report

2015–16

Opportunity
through
learning



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The document must be attributed as the *Department of Education and Training Annual Report 2015–16*.

Disclaimer: The Department of Education and Training acknowledges diversity and respectfully uses both the terms 'Indigenous' and 'Aboriginal and Torres Strait Islander peoples' interchangeably throughout this document.



Australian Government
Department of Education and Training

Secretary
Dr Michele Bruniges AM

The Hon Simon Birmingham MP
Minister for Education and Training
Parliament House
CANBERRA ACT 2600

Dear Minister

It is my pleasure to present to you the *Department of Education and Training Annual Report for 2015–16*.

The report reflects the department's legislative reporting requirements and has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013*. Subsection 46(1) of that Act and subsection 62(1) of the *Public Service Act 1999* requires me to provide you with a report for you to present to the Parliament.

It reflects the requirements of the *Public Governance, Performance and Accountability Rule 2014* in relation to annual reports for non-corporate Commonwealth entities and includes the department's annual performance statements.

Also included are the Auditor-General's report and the department's audited financial statements prepared in accordance with the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*.

As required by section 17AG(2)(b) of the *Public Governance, Performance and Accountability Rule 2014*, I certify that I am satisfied that the department:

- prepared fraud risk assessments and fraud control plans
- had in place appropriate fraud prevention, detection, investigation, recording and reporting mechanisms
- took all reasonable measures to appropriately deal with fraud relating to the department.

The report includes the information required to be laid before each House of Parliament in accordance with section 127 of the *Australian Education Act 2013* for the 2015 year.

The report includes the 2015–16 Annual Reports of the:

- Tuition Protection Service, as required under section 170B of the *Education Services for Overseas Students Act 2000*
- Student Identifiers Registrar, as required under section 51 of the *Student Identifiers Act 2014*
- Trade Support Loans Program, as required under section 103 of the *Trade Support Loans Act 2014*.

Yours sincerely

Dr Michele Bruniges

6 October 2016

Opportunity through learning

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Report guide

This report is prepared in accordance with parliamentary reporting and legislative requirements and its purpose is to provide details of departmental activities and performance during the financial year.

Overview

This section includes a review by the Secretary and outlines the portfolio and department structure.

Performance statements

This section reports on performance in 2015–16 aligned with the department's outcomes and goals.

Management and accountability

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Financial statements

This section includes the independent auditor’s report and the department’s financial statements.

Appendices

This section provides additional information about the department’s resourcing and includes other legislative reporting requirements.

Reference materials

This section includes reference material to assist in the navigation and understanding of this report.

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PART 1

Overview

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SECRETARY'S REVIEW

It is my privilege to introduce the *Department of Education and Training Annual Report 2015–16*.

The department is responsible for national policies and programs that help Australians access quality and affordable child care and early childhood education, school education, higher education, vocational education and training, international education and research.

As set out in the *Department of Education and Training 2015–2019 Corporate Plan*, our vision is to provide *opportunity through learning*. This year the department worked to build stronger communities and a stronger economy by enriching early learning, supporting quality education and research, and strengthening the skills and capability of Australia's workforce.

The department supported the Minister for Education and Training, Senator the Hon Simon Birmingham, the Assistant Minister for Vocational Education and Skills, Senator the Hon Scott Ryan, and the Minister for Tourism and International Education, Senator the Hon Richard Colbeck, to deliver the Australian Government's education and training agenda. The department also collaborated with the six portfolio entities to deliver on shared outcomes in education and training for all Australians, and for all students in Australia.

In 2015–16 we achieved strongly against our five strategic goals:

Support access to quality child care

Responsibility for early childhood and child care returned to the department from the Department of Social Services on 21 September 2015. This enabled the department to strengthen its focus on providing quality child care and early learning opportunities for children as part of the broader education continuum.

The use of approved child care continued to grow during the year, with more than one million families estimated to have used approved care for 1.67 million children. The department supported the Government to provide approximately \$7.3 billion in 2015–16 in child care fee assistance to support families to work, train or study, as well as providing assistance to child care services to help improve their service delivery.

In collaboration with the child care sector, the department developed a legislative response to reduce fraud within the family day care sector. This integrity measure has saved taxpayers around \$7 million each week since its introduction in October 2015 and represents a significant contribution to the sustainability of the national child care system.

In 2015–16 the department conducted extensive consultations leading up to the development and introduction of legislation to support the Government's Jobs for Families Package announced in the 2015–16 Budget. The department also laid the ground work to implement new initiatives starting on 1 July 2016 under the package. These initiatives aim to improve access to quality child care, including through the new Inclusion Support Programme for children with additional needs and the Connected Beginnings program for children in selected Indigenous communities.

Another key achievement for the department this year was concluding negotiations for the National Partnership on the National Quality Agenda for Early Childhood Education and Care. This underpins the National Quality Framework that applies to the child care sector and seeks to provide better educational and developmental outcomes for children.



Support quality early learning and schooling

In 2015–16 the department continued to provide national leadership to support a high quality schooling system and deliver on the Government's policy agenda. In May 2016 the Government's approach to school reform was outlined in the *Quality Schools, Quality Outcomes* policy paper that sets out five areas for future focus and builds on the reform areas from the Students First package. This work will continue into 2016–17 and involve ongoing collaboration with state and territory government and non-government education authorities, which are responsible for delivering school education, including preschools.

In September 2015 the Education Council endorsed the Australian Curriculum from Foundation to Year 10. This is a significant milestone and means that, for the first time, Australia has a national curriculum for all students to Year 10. The department also rolled out specific initiatives to support implementation of the Australian Curriculum: Digital Technologies to boost participation and engagement in digital literacy.

The department supported the Australian Institute for Teaching and School Leadership to implement the Government's response to the recommendations of the Teacher Education Ministerial Advisory Group report, *Action Now: Classroom Ready Teachers*. In December 2015 all education ministers agreed to strengthen national standards for the accreditation of initial teacher education programs—which represents a significant milestone in implementation. The new standards include more rigorous entry requirements and a national literacy and numeracy test for initial teacher education students.

In 2015–16 the department provided a funding contribution to states and territories to support all children to participate in 600 hours of quality early childhood education in the year before school. The department trialled the Early Learning Languages Australia (ELLA) program in 41 preschool services in 2015, to determine the effectiveness of children learning a language through apps without a proficient language teacher. Following a successful evaluation by Deloitte Access Economics, the trial was extended to nearly 300 preschool services in 2016.

Nationally, the school education system is on track to meet the Council of Australian Government's 2020 target for 90 per cent of 20–24 year olds to complete Year 12 or equivalent, with the upward trend continuing this year. The gap between Indigenous and non-Indigenous students narrowed across most year levels in literacy and numeracy, as well as in achieving Year 12.

Excel through knowledge

In 2015–16 the department continued to work in partnership with universities and other higher education institutions to promote a world-class tertiary education system that is fair, sustainable and provides quality education for all students.

In September 2015 the department launched the Quality Indicators in Learning and Teaching website, which provides clear information for students and families about quality of study options, student and graduate satisfaction and graduate labour market outcomes. The department also helped introduce the new Higher Education Standards Framework in October 2015. The revised standards will be used by the Tertiary Education Quality and Standards Agency (TEQSA) from 1 January 2017 for registration of higher education providers, and by both TEQSA and self-accrediting providers to accredit higher education courses.

Part 1

The department supported the Review of Research Policy and Funding Arrangements, led by Dr Ian Watt AC, which was undertaken from July to December 2015. The review identified approaches to increasing university research engagement with industry and other end-users. The department also progressed implementation of initiatives related to the review, including those announced in the Government's National Science and Innovation Agenda on 7 December 2015. For example, the department supported the Australian Research Council to undertake public consultations on the assessment of research engagement and impact in May and June 2016.

The department continued to support the Minister for Education and Training to consult on higher education reform, including releasing the *Driving Innovation, Fairness and Excellence in Australian Higher Education* policy options paper in May 2016. The department also supported the Minister for Tourism and International Education to consult on and develop the *National Strategy for International Education 2025*, which was released in April 2016.

The department continued to support increased participation in higher education through income contingent loans under the Higher Education Loan Program (HELP). This year the department helped introduce legislative changes to recover HELP debts from Australians living overseas, bringing their income-contingent repayment obligations in line with those with HELP debts in Australia.

Build skills and capability


The department focused on supporting a national skills and training system that is industry-led and delivers the skills Australian employers need. This included supporting the Australian Industry Skills Committee to implement new arrangements for developing training packages from 1 January 2016, aimed at better connecting training with industry needs.

In 2015 the department established the new Australian Apprenticeship Support Network (AASN) to deliver targeted advice and support at all points of the apprenticeship lifecycle. The AASN delivered support services to employers and apprentices in around 400 locations across Australia.

In 2015–16 the department also supported the Government to implement reforms to the VET FEE-HELP scheme to better protect students taking out a VET FEE-HELP loan, the taxpayer and the broader reputation of Australia's vocational education and training sector (VET). Building on these reforms, the department is supporting the Government to redesign the VET FEE-HELP scheme. The new VET FEE-HELP loan scheme will further protect students from unscrupulous behaviour by a small number of providers, support increased confidence, and improve the scheme for the future.

The department focused on improving data on the VET sector and enhancing consumer information. The MySkills website was upgraded in July 2015 to improve information on VET courses and providers for prospective students. The second release of the total VET activity data showed there were around 4.5 million students enrolled in VET in 2015. This data helped industry and governments to know what skills training is being delivered across the country.

The department continued to work closely with the Australian Skills Quality Authority (ASQA) to develop and implement strategies to improve the regulation of the VET sector. Significant steps have been taken over the last two years to improve quality, including new provider quality standards and an enhanced and continually improving model for regulation by ASQA.



The department continued to recognise excellence in the VET sector by hosting the annual 2015 Australian Training Awards, which were held in Hobart on 19 November 2015. At these awards, recognising individuals, businesses and registered training organisations were recognised for their role in skilling Australia.

Enable business areas

Throughout the year the department's internal corporate services and Shared Services Centre supported business areas in achieving the department's strategic goals.

This year the department introduced a new enterprise agreement. The agreement, which came into effect on 8 April 2016, replaced separate arrangements and some 150 different pay points inherited from previous department structures and machinery of government changes. It delivers pay equity across our department and an affordable single set of terms and conditions that provide flexibility to support organisational productivity and performance.

The department also refreshed our *Reconciliation Action Plan 2014–2017* during the year. For us, Indigenous business is everyone's business and we aim to deepen cultural understanding and build an environment based on respect, trust, positive relationships and opportunities for all. The department takes the lead in working towards closing the gap in educational outcomes for Aboriginal and Torres Strait Islanders. This year the department supported our Aboriginal and Torres Strait Islander employees to succeed and doubled the number of employees self-identifying as Indigenous (compared with 2014–15). The department also purchased more of the goods and services we needed from Indigenous businesses, including exceeding our first annual Indigenous Procurement Policy target more than tenfold.

This year the department also achieved our final milestone in the four-year program to transition designated agencies across to the whole-of-government Parliamentary Workflow Solution (PWS). The PWS is an ICT platform for the secure management of parliamentary records, including ministerial correspondence and briefings. By June 2016 a total of 106,000 registered users from 51 agencies had processed more than 993,000 parliamentary records using the PWS.

The department's annual report highlights our achievements in 2015–16, as well as the areas where we need to improve to achieve our goals. The department is committed to transparency and accountability as we maintain our focus on providing *opportunity through learning*. From early childhood through to schooling, vocational education and university, education creates opportunities to maximise the life choices and outcomes of every Australian.

Dr Michele Bruniges AM

Secretary
Department of Education and Training

OUR PORTFOLIO

Education and Training Portfolio Ministers as at 30 June 2016.



**Senator the
Hon Simon Birmingham**
Minister for Education
and Training



**Senator the
Hon Scott Ryan**
Minister for Vocational
Education and Skills



**Senator the
Hon Richard Colbeck**
Minister for Tourism and
International Education

Department of Education and Training

Dr Michele Bruniges AM | Secretary

The department is committed to the development of a world-class:

- child care system that is more sustainable and that seeks to encourage greater workforce participation and productivity and better meets families' requirements, while addressing children's learning and development needs
- school education system, including preschool, that is based on teacher quality, school autonomy, engaging parents in education and strengthening the Australian curriculum, all of which can have a significant impact on student outcomes
- higher education system that is fair, sustainable and supports economic and social growth through participation and engagement in quality teaching, learning and research
- efficient and effective skills and training system that is industry-led and outcome-driven
- international education system that builds on the strengths of Australia's education and training and supports and protects international students.

The programs delivered by the department are aligned to two outcomes:

Outcome 1: Improved early learning, schooling, student education outcomes and transitions to and from school through access to quality child care, support, parent engagement, quality teaching and learning environments.

Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research, skills and training.

Under the Administrative Arrangements Order of 21 September 2015, responsibility for early childhood and child care transferred from the Social Services portfolio to the department.



PORTFOLIO ENTITIES



Australian Curriculum, Assessment and Reporting Authority

Robert Randall | Chief Executive Officer

Outcome: Improved quality and consistency of school education in Australia through a national curriculum, national assessment, data collection, and performance reporting system.



Australian Institute of Aboriginal and Torres Strait Islander Studies

Russell Taylor AM | Chief Executive Officer

Outcome: Further understanding of Australian Indigenous cultures, past and present through undertaking and publishing research, and providing access to print and audiovisual collections.



Australian Institute for Teaching and School Leadership

Margery Evans | Chief Executive Officer

Outcome: Enhance the quality of teaching and school leadership through developing standards, recognising teaching excellence, providing professional development opportunities, and supporting the teaching profession.



Australian Government
Australian Research Council

Australian Research Council

Professor Aidan Byrne | Chief Executive Officer

Outcome: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.



Australian Government
Australian Skills Quality Authority

Australian Skills Quality Authority

Chris Robinson | Chief Commissioner and Chief Executive Officer

Outcome: Contribute to a high quality vocational education and training sector, including through streamlined and nationally consistent regulation of training providers and courses, and the communication of advice to the sector on improvements to the quality of vocational education and training.



Australian Government
Tertiary Education Quality and Standards Agency

Tertiary Education Quality and Standards Agency

Anthony McClaran | Chief Executive Officer

Outcome: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

OUR EXECUTIVE

The department is headed by an Executive team that provides strategic leadership and engagement with the education and training sector and leads the department in strategic policy development, supporting access to quality education and training in Australia.

Dr Michele Bruniges AM



Secretary

Dr Michele Bruniges is the Secretary of the Australian Government Department of Education and Training. The department administers the Government's interests in quality early learning, schooling, higher education, international education and research, skills and training. Michele has held this position since April 2016.

Prior to this, she led the New South Wales Department of Education, one of Australia's largest state government departments with a workforce of over 84,000 staff and direct responsibility for over 2200 schools.

Previously, Michele held senior roles in the Australian Government's Department of Education, Employment and Workplace Relations and senior positions in the Australian Capital Territory and New South Wales Departments of Education and Training.

Her qualifications include a PhD in Educational Measurement and a Masters in Education. She is a Graduate of the Australian Institute of Company Directors, a Churchill Fellow and a Fellow of the Australian College of Educators and the Australian Council for Educational Leaders.

Michele is a Member of the Order of Australia and in 2012 was recognised for her work in public policy as a joint recipient of the Inaugural 100 Women of Influence Awards.

In 2015 Michele received national recognition for her significant contribution to education as the recipient of the Australian Council for Educational Leaders (ACEL) Gold Medal Award. Michele has also received the 2015 Sir Harold Wyndham Medal Award from the Australian College of Educators for her contribution to the education of young people in NSW.



Tony Cook PSM

Associate Secretary

Tony Cook PSM is the Associate Secretary for Schools and Youth.

Before joining the department in October 2011, Tony was Deputy Secretary, Government and Corporate with the Victorian Department of Premier and Cabinet.

Tony has held a number of senior executive education positions including those of Deputy Secretary, Office for Children and Portfolio Coordination, Deputy Secretary, Office for Planning, Strategy and Coordination and General Manager, Student Learning within the Victorian Department of Education and Early Childhood Development. Tony began his education career with Education Queensland.

Tony is a registered primary school teacher with a major in early childhood education and has been a deputy principal and taught in schools and preschools in Queensland and the United Kingdom. Tony holds a Bachelor of Education degree from the Queensland University of Technology. In October 2013 Tony was made an Honorary Fellow of the Australian Council for Education Leaders and in January 2014 he was awarded a Public Service Medal for outstanding public service, especially in driving schools policy and funding reform in Australia.



Jackie Wilson

Deputy Secretary

Jackie Wilson is the Deputy Secretary for Early Childhood and Child Care.

Prior to this, Jackie was a Deputy Secretary in the Department of the Prime Minister and Cabinet and jointly led the School Funding Reform Taskforce. Jackie has also held Deputy Secretary positions in the Department of Immigration and Citizenship and other senior executive positions in the Department of Finance and the Department of Social Services over several years.

Jackie has a breadth of experience across policy and program areas covering health, disability, community services, education, employment, budget and finance issues.

Jackie has a Bachelor of Science degree from the Australian National University.



Dr Subho Banerjee

Deputy Secretary

Dr Subho Banerjee is the Deputy Secretary for Skills and Training.

Subho took up his position as a Deputy Secretary in the Department of Education and Training in December 2014. He has previously held senior executive positions in a number of Australian Public Service departments, providing policy advice across a broad range of environmental, social and economic policy issues.

Subho has also worked as a management consultant in the private sector and for an Indigenous policy think tank.

Subho has a Bachelor of Science and a PhD in physics from the Australian National University. He also completed masters studies in environmental policy and economic and social history at the University of Oxford, where he was a Rhodes scholar.



Jessie Borthwick

Acting Deputy Secretary

Jessie Borthwick was the acting Deputy Secretary for Higher Education, Research and International during 2015–16.

Prior to this, Jessie was acting Deputy Secretary, Higher Education Reform and Support, and Group Manager, Higher Education in the Department of Education and Training.

Earlier, Jessie was Head of Division across a range of policy and program areas covering tertiary education policy and regulation, research, science and infrastructure in the Department of Education and Training and predecessors. From 2010 to 2011, she held the position of Executive Director, Strategy in the Australian National Institute for Public Policy at the Australian National University.

Jessie has extensive experience at senior levels in state and Commonwealth agencies across tertiary education including in the New South Wales Technical and Further Education Commission, the Employment and Skills Formation Council, the Australian National Training Authority and the National Centre for Vocational Education Research.

OUR DEPARTMENTAL STRUCTURE





A/G CHIEF INTERNAL AUDITOR

Wendy Preston

CHIEF LAWYER

Simon Gotzinger



HIGHER EDUCATION, RESEARCH AND INTERNATIONAL

Jessie Borthwick
A/g Deputy Secretary



SKILLS AND TRAINING

Dr Subho Banerjee
Deputy Secretary

SHARED SERVICES CENTRE GOVERNANCE BOARD

Secretary of the Department of Employment (Chair)
Secretary of the Department of Education and Training

Research and Economic

Research and Higher Education Infrastructure

Research Funding and Policy

Economic and Market Analysis

Higher Education

Funding Policy and Legislation

Governance, Quality and Access

Student Information and Learning

International

Policy and Systems

International Strategy

International Mobility

Tuition Protection Service

Skills Market

Skills Outcomes and Financing

VET Market Information

Governance and Engagement

Industry Skills and Quality

Quality and Regulation

Industry Advice

Skills Development and Apprenticeships Policy

Program Management Office

Skills Programs

Foundation Skills

Industry Skills

Australian Apprenticeships Management System

VET FEE-HELP

State Office Network

Unique Student Identifier

SHARED SERVICES CENTRE

Delaine Wilson
Chief Executive Officer

Operations Delivery

Transactional Services

Information, Communication and Technology

Application Services

Infrastructure Services

Architecture and IT Service Delivery

Commercial Services

Finance Controller

Partner Services and Innovation

Strategic Business Initiatives

OUR OUTCOMES, GOALS AND PROGRAMS

Outcomes	Goals	Programs	
<p>Outcome 1: Improved early learning, schooling, student educational outcomes and transitions to and from school through access to quality child care, support, parent engagement, quality teaching and learning environments</p>	<p>Support quality early learning and schooling</p> <p>Support a high quality school education system, including preschool, with improved outcomes for Australia’s students through a focus on quality teaching, school autonomy, parent engagement and a robust Australian curriculum.</p>	<p>1.1: Government Schools National Support</p> <p>1.2: Non-Government Schools National Support</p> <p>1.3: Early Learning and Schools Support</p> <p>1.4: Trade Training Centres in Schools</p> <p>1.5: Youth Support</p>	
	<p>Support access to quality child care</p> <p>Build a sustainable national child care system that supports parents to enter and remain in the workforce while providing quality care and early learning, especially for children who are vulnerable or disadvantaged.</p>	<p>1.6: Support for the Child Care System</p> <p>1.7: Child Care Benefit</p> <p>1.8: Child Care Rebate</p> <p>1.9: Child Care Subsidy</p>	
	<p>Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research, skills and training</p>	<p>Excel through knowledge</p> <p>Enable the delivery of quality higher education, international education and research that contributes to Australia’s society and the global economy.</p>	<p>2.1: Commonwealth Grants Scheme</p> <p>2.2: Higher Education Superannuation Program</p> <p>2.3: Higher Education Support</p> <p>2.4: Higher Education Loan Program</p> <p>2.5: Investment in Higher Education Research</p> <p>2.6: Research Capacity</p> <p>2.7: International Education Support</p>
		<p>Build skills and capability</p> <p>Ensure that Australia’s workforce has the capability to respond to the needs of current and emerging industries, thus contributing to their global competitiveness.</p>	<p>2.8.1: Industry Competitiveness</p> <p>2.8.2: Skills Development</p> <p>2.8.3: Access to Training</p> <p>2.8.4: Support for the National Training System</p>
		<p>Enable business areas</p> <p>Our internal corporate services and Shared Services Centre work collaboratively to support business areas in achieving their goals and maintaining productivity and excellence.</p>	



PART 2

Performance statements

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Department of Education and Training
STATEMENT BY THE ACCOUNTABLE AUTHORITY

I, as the accountable authority of the Department of Education and Training, present the 2015–16 annual performance statements of the department, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

Michele Bruniges
Dr Michele Bruniges AM

Secretary

6 October 2016

Outcome 1

Improved early learning, schooling, student education outcomes and transitions to and from school through access to quality child care, support, parent engagement, quality teaching and learning environments.

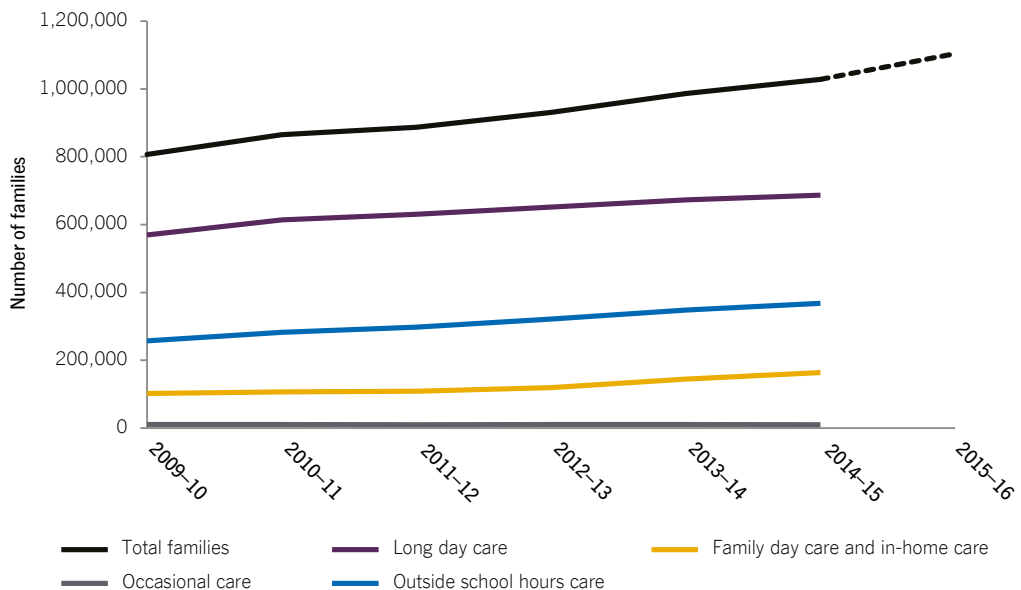
SUPPORT ACCESS TO QUALITY CHILD CARE

Build a sustainable national child care system that supports parents to enter and remain in the workforce while providing quality care and early learning, especially for children who are vulnerable or disadvantaged.

Our performance highlights

Growth in the number of families using approved child care

Figure 2.1: Number of families using approved child care, 2009–10 to 2015–16



Sources: Department of Education and Training administrative data for 2009–10 to 2014–15 and departmental modelling.

Since 2009–10, the number of families using approved child care has increased by more than 27 per cent, from around 800,000 in 2009–10 to more than 1 million families in 2014–15. It is estimated that more than 1.1 million families used approved child care in 2015–16. In the same period, there has been an increase from around 1.16 million children attending approved care in 2009–10 to an estimated 1.67 million children in 2015–16. Approximately \$7.3 billion was provided by the Government in child care fee assistance to families in 2015–16.¹

¹ As a result of machinery of government changes during 2015–16, \$2.1 billion in child care fee assistance was provided by Department of Social Services and \$5.2 billion was provided by the department.

Our analysis

The Administrative Arrangements Order of 21 September 2015 saw the transfer of early childhood and child care policy, programs and coordination from the Social Services portfolio to the Education and Training portfolio. This machinery of government change, while continuing to ensure a whole-of-government approach to supporting workforce participation, strengthened the focus on providing quality child care and early learning opportunities for children as part of the broader education continuum. The department managed the transfer of early childhood and child care functions with minimal disruption to undertaking the business of government and with a continued commitment to stakeholder engagement.

Our priorities

The Australian Government spent approximately \$7.3 billion in 2015–16 in child care fee assistance to support families to work, train or study, as well as providing assistance to child care services to help improve their service delivery. This funding supports a child care system where robust compliance and regulatory systems are required. This ensures families are able to participate in the workforce, confident that the care and development of their children is in safe hands. In 2015–16 the department undertook significant work to support these priorities including policy development, stakeholder engagement, supporting states and territories in quality monitoring, implementing pilot programs and compliance action.

The department continues to deliver initiatives to improve the quality, flexibility and affordability of child care. As part of the 2015–16 Budget, the Government announced the Jobs for Families Child Care Package in response to the Productivity Commission Inquiry into Childcare and Early Childhood Learning, which reported in 2015. A Regulation Impact Statement process on the proposed reforms was completed in 2015–16. This involved extensive stakeholder consultation leading up to the development and introduction of the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 on 2 December 2015. This was followed by a Senate Inquiry into the Bill in March 2016. The Bill, and the Family Tax Benefit reform legislation that was to have provided the savings for the additional child care investment, did not pass before the Parliament was dissolved in May 2016. The commencement of components of the package that require legislative change has subsequently been deferred until July 2018.

One element of the Jobs for Families Child Care Package, the Nanny Pilot Programme, was introduced in January 2016 to assist families struggling to access child care services including families that include shift workers, or who live in regional or remote areas or away from existing child care services. Families earning up to \$250,000 per year are eligible to participate in the pilot, which will run until 30 June 2018. An independent evaluation will take place throughout the pilot to help the Government develop future policy for care provided in the family home. The pilot had a slower than expected initial take-up due to the time required for service providers to find suitable nannies for the families and for care to commence. In response to feedback on the pilot, the Government lifted the maximum per child subsidy from \$5.95 an hour to \$8.50 an hour from 1 June 2016.

To prepare for the commencement of the new Inclusion Support Programme (ISP) from 1 July 2016, the department consulted on the draft ISP guidelines in late 2015. The guidelines incorporate a range of stakeholder feedback arising from the Productivity Commission Inquiry into Childcare and Early Childhood Learning and the Jobs for Families Child Care Package Regulation Impact Statement.

Stakeholders welcomed the opportunity to comment on the ISP guidelines, with more than 50 submissions received. Many stakeholders praised the increased rate and flexibility of the ISP subsidy for an additional educator. They also welcomed the introduction of financial support for innovative and flexible solutions

to include children with additional needs alongside their typically developing peers in early childhood and child care services.

The department put in place arrangements to support child care services that are currently accessing inclusion support to make the transition from the Inclusion and Professional Support Program (IPSP) to the ISP. The department made regular contact with child care services, and with IPSP and ISP service providers, so they understood the arrangements for maintaining continuity of inclusion support in the transition period.

Another element of the Jobs for Families Child Care Package, the Connected Beginnings program, commenced on 1 July 2016, and will support the integration of child care, maternal and child health and family support services with schools in selected Indigenous communities experiencing disadvantage. In 2015–16 the department analysed high need areas and consulted with state and territory governments and community stakeholders to inform program design. An expert panel supported the design of the program, underpinned by contemporary research. The first service under this program will commence in Alice Springs in early 2016–17 and in a small number of other selected communities later in the year. The program will be progressively evaluated in partnership with the Department of Health.

Since the announcement of the Jobs for Families Child Care Package in the 2015–16 Budget the department has been providing support to Budget-Based Funded (BBF) services to ensure they understand the package and start working towards its implementation. This support has included regular communication and a series of face-to-face meetings of services in each state and territory. Consultants have been engaged to provide one-on-one support to funding recipients, and are currently working with BBF services to help them develop transition plans. This support will continue in 2016–17, including helping services to review and restructure business models and develop administrative systems to administer fee subsidies on behalf of families.

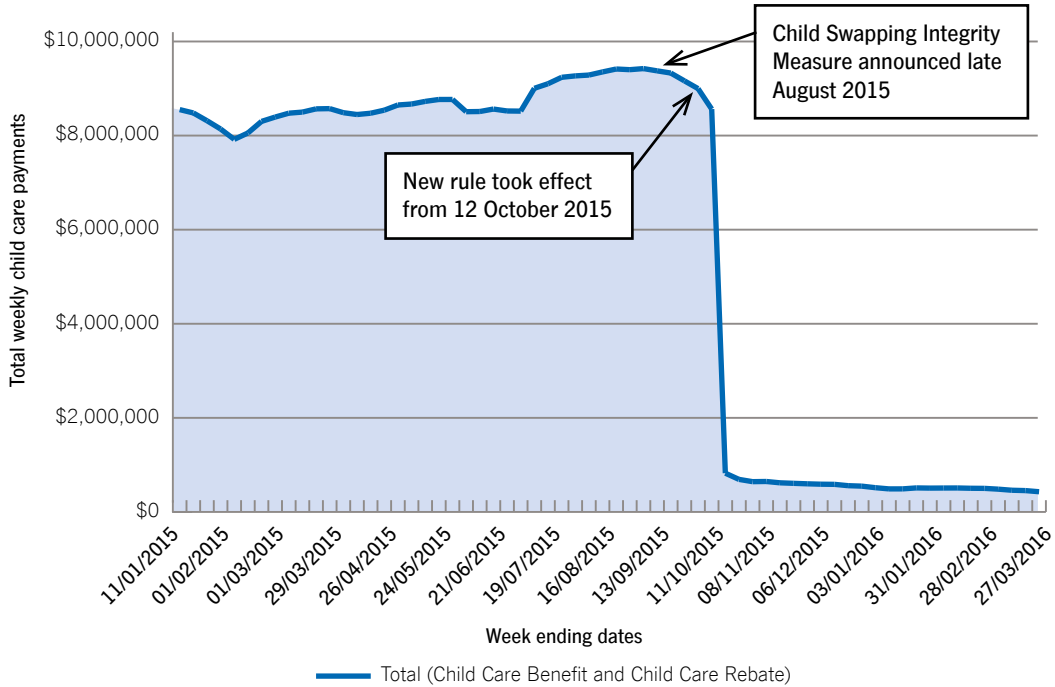
A key achievement in 2015–16 was the conclusion of negotiations for the National Partnership on the National Quality Agenda for Early Childhood Education and Care 2015–16 to 2017–18, and the offer of the Partnership to states and territories. The National Partnership underpins the National Quality Framework (NQF). The NQF is a unified regulatory system that governs the child care sector and seeks to provide better educational and developmental outcomes for children by driving continuous improvement in the quality of early childhood and child care services and national consistency in service quality. A review to assess whether the objectives of the NQF were being achieved in the most efficient and effective way commenced in 2014. In 2015, state and territory governments advised the review could not be finalised until a new National Partnership was agreed. The review is expected to be finalised in 2016–2017.

In 2015–16 the department continued to focus child care payments compliance effort on disrupting the business practices of high risk services. Targeted compliance action undertaken by the department's state network and ongoing collaboration with the Australian Federal Police, Department of Human Services and state regulatory agencies is also helping to reduce non-compliance and fraud. In 2015–16 the department imposed sanctions and penalties on 109 services, including suspending or cancelling approval to administer child care payments for 46 services. The estimated financial impact of departmental compliance activity during 2015–16 was over \$400 million.

The department introduced three new rules (via legislative instrument) to help ensure that the operation of family day care (FDC) services is compliant with the requirements of the National Law and the Family Assistance Law. These rules were introduced to improve transparency, strengthen child safety and apply conditions consistently across states and the Commonwealth. A fourth new rule relating to child swapping, introduced in October 2015, has resulted in significant savings to the Commonwealth in child care payments (see Figure 2.2).

Improvements to the child care regulatory framework

Figure 2.2: Child care payments made to family day care services related to child swapping



Source: Department of Education and Training administrative data

The majority of approved child care providers are providing high quality, accessible and affordable child care to Australian families and are complying with their legal requirements. However, a proportion of approved child care providers that have deliberately decided not to comply and to commit fraud, particularly in the FDC sector.

In collaboration with the FDC sector, the department developed a legislative response known as the Child Swapping Integrity Measure to enhance regulation while safeguarding legitimate FDC operators and the families who depend on them. The measure was introduced on 12 October 2015 and aimed to restore the reputation of FDC as an important, flexible care type for families.

The Child Swapping Integrity Measure removes the entitlement for FDC educators and their partners to claim child care fee assistance for their own children if either provides family day care on the same day that their own child receives family day care, unless one or more specified circumstances apply. The specified circumstances relate to disability, remoteness, work or education. However, a family day care educator can access other forms of care for their children such as long day care.

The measure proved to be very effective and continues to save the taxpayer around \$7 million each week. It is expected to save \$931 million over four years to 2018–19 and represents a significant contribution to the sustainability of the national child care system.



Indigenous Early Learning Engagement Project

In January 2016 the Department of Education and Training, through our refreshed *Reconciliation Action Plan 2014–2017*, committed to an Indigenous Early Learning Engagement Project.

The project involves developing strategies for early childhood services to engage with Indigenous communities, employ Indigenous educators and increase the overall levels of cultural understanding within services. By making services a more culturally inviting place for Indigenous families to bring their children, the project supports the Closing the Gap target of 95 per cent of all Indigenous four year-olds enrolled in early childhood education by 2025.

In partnership with the Department of the Prime Minister and Cabinet, the Department of Employment, and the Queensland Department of Education and Training, a pilot workshop was held in March 2016 at the Ngutana-Lui Aboriginal and Torres Strait Islander Cultural Studies Centre. This brought together some 95 stakeholders to consider contemporary

issues and explore strategies to encourage greater participation of Indigenous children and families in early childhood services, including by increasing the employment of Indigenous educators in these services.

Hosted by respected Aboriginal educator, Dr Chris Sarra, the workshop focused on developing tangible strategies to improve participation. The workshop involved educators and directors from child care services across south-east Queensland, policy-makers, employment and training providers, peak bodies and other stakeholders.

A key theme was improving the cultural safety of early learning services by considering ways to embed Aboriginal and Torres Strait Islander culture in the day-to-day operations of early learning services. Ngutana-Lui demonstrated examples of how services could do this by engaging participants in culture throughout the day including a Kup-Murri lunch, a collaborative Indigenous art project and tour of the venue.

Image: 'Connections', a collaborative art piece led by Kevin Eastment from Ngutana-Lui Aboriginal and Torres Strait Islander Cultural Studies Centre made at the Indigenous Early Learning Engagement Workshop held in Brisbane on 22 March 2016, with handprints from early childhood education and care participants.

Indigenous Early Learning Engagement Project (continued)

Specific strategies developed during the workshop included:

- cultural awareness training for all educators
- recruitment of Indigenous educators, using vocational education and training centres and Jobactive services
- embedding Aboriginal and Torres Strait Islander culture into early learning services' curricula, policies and practices
- allocating part of resource budgets to Aboriginal and Torres Strait Islander books, musical instruments and art supplies
- participating in key events such as Reconciliation Week, NAIDOC Week and National Aboriginal and Torres Strait Islander Children's Day
- using Reconciliation Australia's Narragunnawali: Reconciliation in Schools and Early Learning program
- engaging and partnering with the local Aboriginal and Torres Strait Islander community.

Building on the success of this pilot workshop, the department has engaged Shared Path Aboriginal and Torres Strait Islander Corporation to deliver a further 31 workshops across Australia in 2016–17.

These additional workshops will be targeted at increasing cultural competencies by providing the services with tools and strategies to better engage with local Indigenous workers and families.

SUPPORT ACCESS TO QUALITY CHILD CARE

Build a sustainable national child care system that supports parents to enter and remain in the workforce while providing quality care and early learning, especially for children who are vulnerable or disadvantaged

Program 1.6 Support for the Child Care System

Assists families to participate in the social and economic life of the community by supporting quality and affordable child care

Program 1.7 Child Care Benefit (CCB)

Reduces the cost barrier for families to access quality and flexible child care services

Program 1.8 Child Care Rebate (CCR)

Provides additional financial assistance to reduce the cost barrier for families to access quality and flexible child care services

Program 1.9 Child Care Subsidy (CCS)

Improves access to quality child care by providing assistance to meet the cost of child care families engaged in work, training, study (new single means tested payment to replace the CCB and CCR from July 2018)

Our program performance

Table 2.1: Program 1.6 Support for the Child Care System

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Percentage of children in priority groups using child care services: ^a <ul style="list-style-type: none"> Indigenous children children from culturally and linguistically diverse backgrounds children with disability 	Percentage in each priority group: <ul style="list-style-type: none"> 3% Indigenous children 17% children from culturally and linguistically diverse backgrounds 3% children with disability 	Percentage in each priority group: <ul style="list-style-type: none"> 3% Indigenous children 17% children from culturally and linguistically diverse backgrounds 3% children with disability
Extent of implementation of initiatives to improve the quality and affordability of child care	Improve access to quality and affordable child care	Refer to Our priorities section on page 18.
Number of children in child care assisted through Jobs, Education and Training Child Care Fee Assistance (JETCCFA) ^b	24,000 children	24,000 children
Number of families assisted through JETCCFA ^c	16,700 families	16,700 families

Part 2

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Number of child care services receiving assistance to improve access and quality of child care—by type of assistance	Number of child care services: <ul style="list-style-type: none"> • 1,884 receiving sustainability assistance • 119 receiving establishment assistance • 5,500 receiving subsidy assistance to include children with additional needs • 298 Budget-Based Funded Services 	Number of child care services: <ul style="list-style-type: none"> • 1,829 receiving sustainability assistance • 168 receiving establishment assistance • 5,700 receiving subsidy assistance to include children with additional needs • 298 Budget-Based Funded services
Number of families assisted through the Home Based Carer Subsidy Programme (Nanny Pilot Programme) ^d	Up to 3,000 families	145 families

- a Actuals are based on 2013 National Workforce Census. The number of children in target groups increases at approximately the same rate as the growth in child care. As a result, the proportion remains stable.
- b These are estimated figures for 2015–16. Actual data for 2015–16 is not available at the time of publication.
- c This measure was originally published as ‘number of parents’ in the 2015–16 *Social Services Portfolio Budget Statements* (PBS). Data is for ‘number of families’ assisted, as corrected in the 2016–17 Education and Training PBS. These are estimated figures for 2015–16. Actual data for 2015–16 is not available at the time of publication.
- d The Interim Home Based Carer Subsidy Programme (Nanny Pilot Programme) began operation in January 2016. It did not meet its target number of families within the first six months of operation, but numbers are building over time.

Table 2.2: Program 1.7 Child Care Benefit

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Number of families receiving Child Care Benefit (CCB): ^a <ul style="list-style-type: none"> • CCB only • CCB and Child Care Rebate (CCR) 	Number of families: <ul style="list-style-type: none"> • 86,000 CCB only • 673,000 CCB and CCR 	Number of families: <ul style="list-style-type: none"> • 86,000 CCB only • 673,000 CCB and CCR
Percentage of families using child care services that receive a child care payment (CCB or CCR) ^a	99.6%	99.6%

- a These are estimated figures for 2015–16. Actual data for 2015–16 is not available at the time of publication.



Table 2.3: Program 1.8 Child Care Rebate

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Number of families receiving Child Care Rebate (CCR) ^a <ul style="list-style-type: none">• CCR only• Child Care Benefit (CCB) and CCR	Number of families: <ul style="list-style-type: none">• 345,000 CCR only• 673,000 CCB and CCR	Number of families: <ul style="list-style-type: none">• 345,000 CCR only• 673,000 CCB and CCR
Percentage of families using child care services that receive a child care payment (CCB or CCR) ^a	99.6%	99.6%

a These are estimated figures for 2015–16. Actual data for 2015–16 is not available at the time of publication.

Table 2.4: Program 1.9 Child Care Subsidy

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Number of families receiving Child Care Subsidy (CCS)	N/A in 2015–16	N/A because the CCS does not commence until July 2018
Percentage of families using child care services that receive the CCS	N/A in 2015–16	N/A because the CCS does not commence until July 2018

Outcome 1

Improved early learning, schooling, student education outcomes and transitions to and from school through access to quality child care, support, parent engagement, quality teaching and learning environments.

SUPPORT QUALITY EARLY LEARNING AND SCHOOLING

Support a high quality school education system, including preschool, with improved outcomes for Australia's students through a focus on quality teaching, school autonomy, parent engagement and a robust Australian curriculum.

Our performance highlights

Contribute to the operating costs of government and non-government primary and secondary schools through needs-based funding

Recurrent schools funding is the main way in which the Government contributes to in-school educational costs. The Government provides the majority of public funding for non-government schools, which is supplemented by states and territories. The states and territories provide the majority of public funding for government schools, with the Government providing supplementary assistance. In 2015–16 the Commonwealth provided recurrent funding of \$10.75 billion for non-government schools and \$5.74 billion for government schools.

Funding provided in the 2015 calendar year under the *Australian Education Act 2013* included:

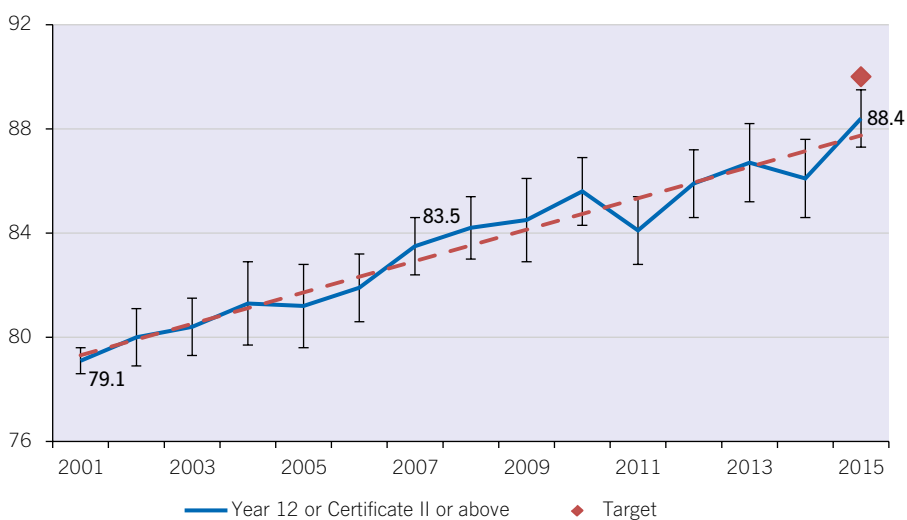
- **Recurrent funding:** a total of \$5.46 billion was paid to state and territory governments for government schools and approximately \$9.48 billion funding was paid to non-government schools through state and territory governments
- **Indigenous Boarding initiative:** approximately \$3.8 million was provided through state and territory governments for 26 eligible schools in the Northern Territory, Queensland, Western Australia and Victoria under the prescribed circumstances provisions of the Act
- **Capital Grants program:** a total of \$137.6 million was paid to block grant authorities for capital projects
- **Special Circumstances funding—Short Term Emergency Assistance funding:** \$80,000 in special circumstances funding was paid to non-government schools
- **Non-government representative bodies—Students First Support Fund:** a total of \$41.2 million was paid to non-government representative bodies.

Lift the Year 12 or equivalent or Certificate II attainment rate to 90 per cent by 2015

This is a measure of students completing Year 12 or attaining a qualification. Since 2007 there has been an increase of 4.9 percentage points in the Year 12 or equivalent Certificate II attainment rate (increasing from 83.5 per cent in 2007 to 88.4 per cent in 2015).



Figure 2.3: Percentage of 20–24 year olds with at least a Year 12 or Certificate II or above qualification (with 95% confidence interval and trend line)

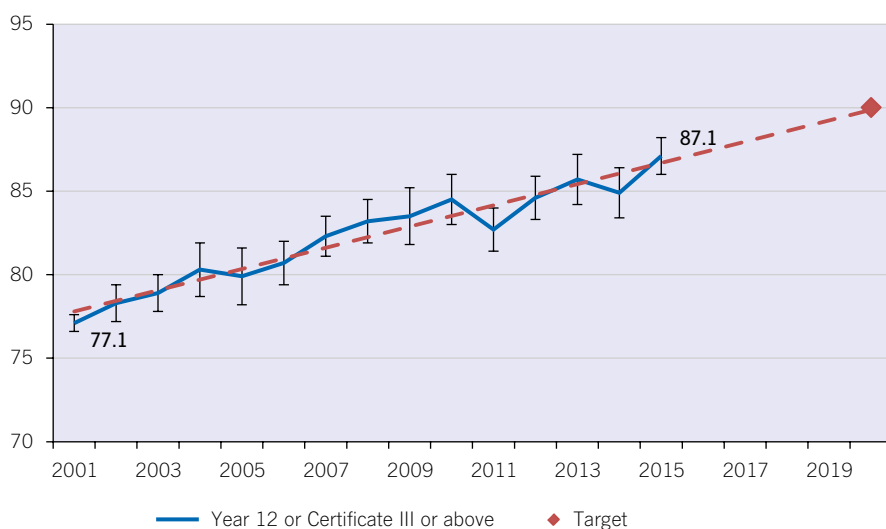


Source: Australian Bureau of Statistics (ABS), 2015, *Education and Work*, cat no. 6227.0

Lift the Year 12 or equivalent or Certificate III attainment rate to 90 per cent by 2020

Between 2001 and 2015, the Year 12 or Certificate III or above attainment rate has increased by 0.8 percentage points per year. If this trend continues, the Council of Australian Governments (COAG) will meet the 90 per cent target by 2020.

Figure 2.4: Percentage of 20–24 year olds with at least a Year 12 or Certificate III or above qualification (with 95% confidence interval and trend line)



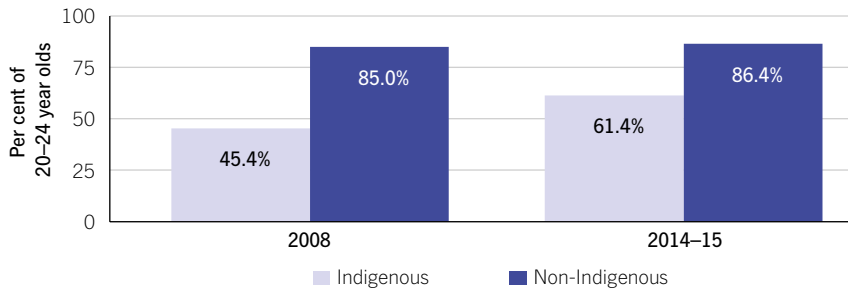
Source: ABS, 2015, *Education and Work*, cat no. 6227.0

Part 2

At least halve the gap between Indigenous and non-Indigenous students' Year 12 or equivalent attainment rates by 2020

The gap is narrowing in Year 12 or equivalent attainment. Nationally, the proportion of Indigenous 20–24 year olds who had achieved Year 12 or equivalent increased from 45.4 per cent in 2008 to 61.4 per cent in 2014–15. Between 2008 and 2014–15, the gap between Indigenous and non-Indigenous attainment narrowed by 14.6 percentage points (from 39.6 percentage points in 2008 to 25 percentage points in 2014–15).

Figure 2.5: Proportion of 20–24 year olds attaining Year 12 or equivalent, Indigenous and non-Indigenous, 2008 and 2014–15

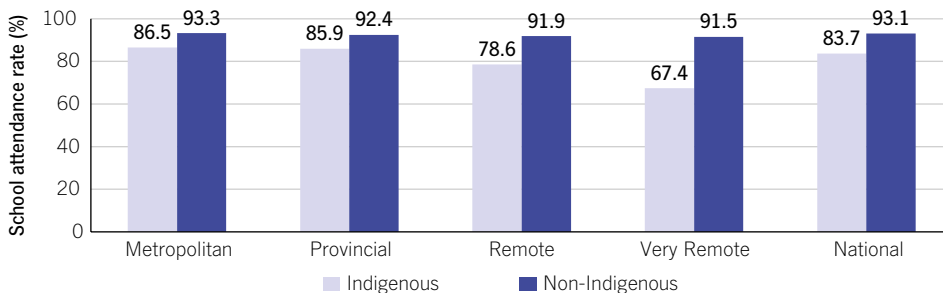


Sources: ABS, 2008, *National Aboriginal and Torres Strait Islander Social Survey*, cat no 4714.0 (microdata)
ABS, 2014–15, *National Aboriginal and Torres Strait Islander Social Survey, Australia*, cat no. 4714.0

Close the gap between Indigenous and non-Indigenous school attendance within five years (by 2018)

The gap in school attendance rates between Indigenous and non-Indigenous students widens as children age and tends to be significantly greater in remote and very remote areas. Future Closing the Gap reports will assess progress against the target to close the school attendance gap. The baseline year for this target is 2014. In Semester 1, 2015 the overall school attendance rate was 92.6 per cent nationally. The rate of non-Indigenous attendance for this period was 93.1 per cent, while Indigenous attendance was lower at 83.7 per cent. There has been little improvement in the attendance rates for Indigenous students from 2014 (83.5 per cent). In order to reach the Closing the Gap target, progress will need to accelerate.

Figure 2.6: School attendance rates by region, Indigenous and non-Indigenous, 2015



Source: *Closing the Gap Prime Minister's Report 2016*, Figure 3, Australian Curriculum, Assessment and Reporting Authority



Halve the gap between Aboriginal and Torres Strait Islander students and other students, in reading, writing and numeracy by 2018 from the baseline in 2008

Data from the National Assessment Program—Literacy and Numeracy (NAPLAN) 2015 shows that the gap in performance between the proportion of Indigenous and non-Indigenous students achieving at or above the national minimum standard (NMS) has narrowed since 2008 in almost all targeted areas. A reduction in the gap of between two and eight percentage points is evident across all domains and year levels, with the exception of Year 3 numeracy where there has been no change.

Figure 2.7: Reading: Gap between the proportion of Indigenous and non-Indigenous performing at or above the NMS in NAPLAN, 2008 and 2015

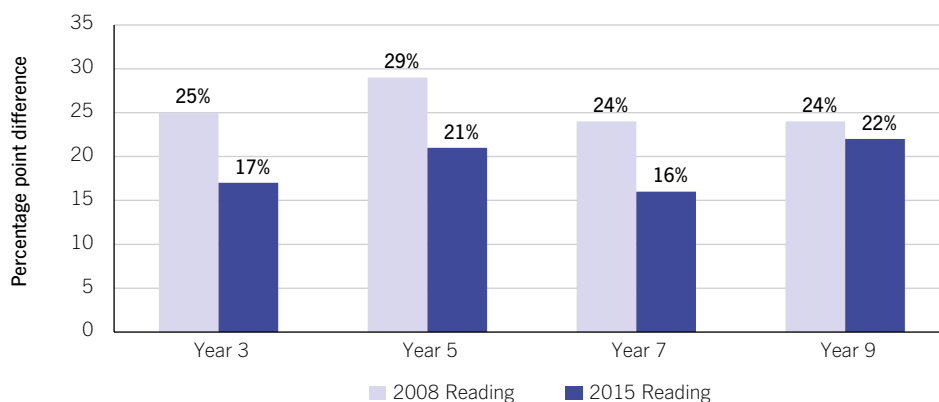
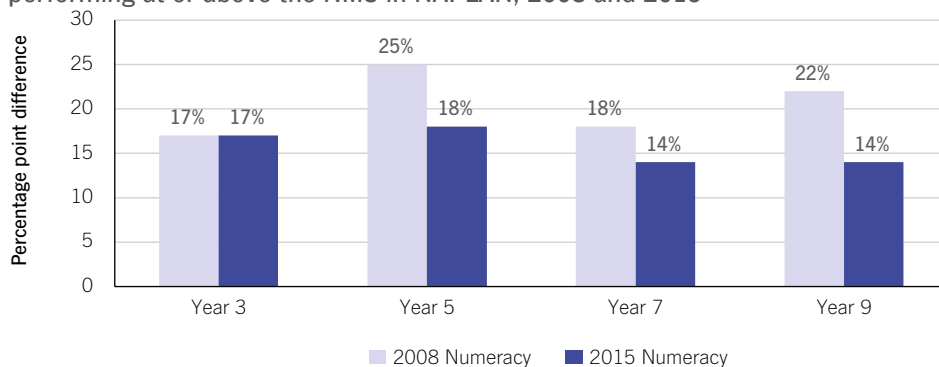


Figure 2.8: Numeracy: Gap between the proportion of Indigenous and non-Indigenous performing at or above the NMS in NAPLAN, 2008 and 2015



For Australia to be placed, by 2025, in the top five highest performing countries based on the performance of school students in reading, mathematics and science

There is no change to report against these measures in 2015–16. The most recent results available are from the OECD’s Programme for International Student Assessment (PISA) in 2012. Results from PISA 2015 will be available in December 2016.

Part 2

For the Australian schooling system to be considered a high quality and highly equitable schooling system by international standards by 2025

There is no change to report against these measures in 2015–16. The most recent results available are from PISA 2012. Results from PISA 2015 will be available in December 2016.

Our analysis

While the Government played a key role in areas and initiatives of national significance throughout 2015–16, under the Australian Constitution states and territories are responsible for the delivery of school education. In many cases, decisions are made by individual schools. The department's national policy leadership to support a high quality schooling system therefore involves extensive collaboration with state and territory government and non-government education authorities.

Needs-based funding

Commonwealth recurrent funding represents the great majority of our investment in schools. From 2014 to 2017, Commonwealth recurrent funding for all schools is transitioning under the *Australian Education Act 2013* from levels under the previous funding arrangements towards the Schooling Resource Standard (SRS) funding arrangement levels. Funding is calculated with reference to a base amount plus loadings to target student and school disadvantage including students from lower socioeconomic backgrounds, students with disability, Aboriginal and Torres Strait Islander students, students with low English proficiency, and school size and location. For most non-government schools, the base amount is discounted by the anticipated capacity of their school community to financially contribute towards the school's operating costs.

The amount of funding an approved authority for a school will receive during transition is determined by a number of factors including its funding level under the previous arrangements, the school's SRS, the transition pathway and the share of the SRS to be provided by the Commonwealth.

While Commonwealth recurrent funding is calculated with reference to the characteristics of students at a school, approved authorities for schools are not required to spend the funding on any particular student or student cohort. With schools and school systems best placed to judge the individual needs of their students, approved authorities have the flexibility to manage the Commonwealth recurrent funding they receive to deliver the best possible education outcomes.

This environment presents opportunities for the department to lead national initiatives for flexible and tailored delivery, driving critical reforms and setting standards for the teaching and learning of all students, regardless of where they live or their background. Within this context, the department strives to ensure the system's funding and efforts are focused on what provides the greatest benefit and addresses the greatest areas of need.



Students First reforms

The department works closely with the national education architecture to deliver reforms that support quality teaching, school autonomy, parent engagement and a robust national curriculum. This includes working with the:

- Council of Australian Governments' (COAG) Education Council and related forums
- Education Services Australia (ESA)
- Australian Curriculum, Assessment and Reporting Authority (ACARA)
- Australian Institute for Teaching and School Leadership (AITSL).

Other important stakeholders include state and territory education departments, national non-government education bodies, principal and teacher associations, education experts and, ultimately, principals, teachers, students, parents, guardians and school communities.

A significant milestone occurred in September 2015 when the Education Council endorsed the Australian Curriculum from Foundation to Year 10. The national curriculum was developed by ACARA, and revised following the Government's 2014 Review of the Australian Curriculum. This followed sector-wide collaboration over many years and means that, for the first time, Australia has a national curriculum for all students to Year 10.

The department actively supported delivery of the Australian Curriculum where significant needs or challenges exist. For example, the department has rolled out initiatives to boost participation and engagement in digital literacy and support implementation of the Australian Curriculum: Digital Technologies. The department also contracted ESA to develop innovative teaching resources, including the Early Learning Languages Australia (ELLA) apps and the Digital Technologies Hub.

While the states and territories are responsible for Australia's teacher workforce, the Australian Government is responsible for the funding of higher education. As such, the department worked alongside stakeholders to make significant progress strengthening initial teacher education programs in response to the Teacher Education Ministerial Advisory Group (TEMAG) February 2015 report: *Action Now: Classroom Ready Teachers*. This includes implementing a national literacy and numeracy test for initial teacher education students.

More remains to be done in the critical areas of lifting performance in reading, mathematics and science, as well as improving outcomes and access for disadvantaged groups, particularly Aboriginal and Torres Strait Islander students and students with disability or students located in remote and very remote areas. As the current funding periods for both schools and preschools conclude at the end of 2017, COAG will consider future funding arrangements and reform priorities in 2017. Improving the national evidence base with high quality, timely and consistent data remains a priority for the department. This includes ensuring the national evidence base is transparent and maintains public accountability for comparison of performance, as well as strengthening research capabilities to assess how educational outcomes are progressing.

Our priorities

The department is committed to supporting the Government's vision for a strong and sustainable school and preschool education system that ensures all Australian children receive an excellent education. The department works in partnership with states and territories and the non-government sector. Our work reflects the Government's priorities to improve outcomes for all Australian students through the Students First package of reforms. The four pillars under Students First are: quality teaching; school autonomy; engaging parents in education; and a strong and robust curriculum. As part of our commitment to achieving and supporting better educational outcomes and policy, the department is building a comprehensive and high quality education evidence base, underpinned by informative and accurate data.

The department recognises the social and economic benefits of high quality and equitable school education. The Government will provide \$73.6 billion over the next four years to support government and non-government primary and secondary schooling across Australia. The department is working to support the Government's commitment to ensuring recurrent funding from 2018 is invested in areas that evidence shows are vital to improving student outcomes. These areas will be determined through consultation with states and territories, the non-government school sector, teachers, school leaders and the community. As agreed by COAG, arrangements from 2018 will be resolved by early 2017.

Attending a quality early childhood education program can significantly increase positive educational and life outcomes for children, especially those from more disadvantaged backgrounds. In 2015–16 the department provided a funding contribution to states and territories to support all children to participate in 600 hours of quality early childhood education in the year before full-time school. This includes a focus on participation by Indigenous and vulnerable and disadvantaged children.

School autonomy

The department also focused on giving schools the flexibility to make their own decisions about school management. The Government's \$70 million Independent Public Schools Initiative has given participating schools across all states a greater capacity to take on decision-making at the school level, and encourages increased parent and community engagement.

National assessments

The department is also working to improve national assessments, data collection and the information available to policy-makers, education authorities, teachers and parents. Through the National Assessment Reform initiative, the department is working closely with ACARA, ESA and the states and territories on the development and testing of a national online assessment platform. This platform will support the delivery of online assessments, including NAPLAN. The reform initiative will transform national testing, giving teachers and parents faster and more accurate information on student performance, and allow timely and targeted action to be taken to improve the literacy and numeracy skills of young people. The move to NAPLAN testing online will also, for the first time, enable individual tests to be tailored to match each student's ability.



Quality teaching

Teacher effectiveness is critical to the future of young Australians and research shows that teachers have the greatest in-school influence on student engagement and achievement. AITSL, on behalf of Government, works in close collaboration with the states and territories, non-government school sector, universities and other key stakeholders in supporting the teaching profession. The department has continued to support the upskilling of the teacher workforce through the Teach for Australia program, which attracts and supports high calibre candidates into teaching in disadvantaged secondary schools.

A key element of improving teacher effectiveness and quality teaching has been the continued implementation of the Government's response to the 2015 TEMAG Report: *Action Now: Classroom Ready Teachers*. This includes the introduction of the national Literacy and Numeracy Test for Initial Teacher Education Students. In 2015 education ministers endorsed the revised Accreditation of Initial Teacher Education Programs in Australia: Standards and Procedures that commit states and territories to strengthened accreditation of initial teacher education courses.

Curriculum

Another important priority for the department has been supporting development and implementation of the revised Australian Curriculum from Foundation to Year 10, which was endorsed by all education ministers in September 2015. This involves working closely with state and territory education authorities and ACARA.

Following endorsement by the Education Council in December 2015, the Framework for Aboriginal Languages and Torres Strait Islander Languages, and Hindi and Turkish curricula was also made available at the Australian Curriculum website.

The department is also rolling out a range of initiatives that support quality learning across key learning areas, particularly science, technology, engineering and mathematics (STEM) subjects. These have a particular focus on ensuring students most at risk of falling behind in the digital age are given opportunities to participate, as well as improving the pipeline of foreign language study through the ELLA program for pre-schoolers.

The Pathways in Technology (P-TECH) pilot is an important element of the Government's plan to build Australia's STEM capability. Two pilot sites, Newcomb Secondary College in Geelong and Federation College in Ballarat, have been established to support young people to achieve a STEM related post-school qualification. This cohort of P-TECH students are ready to progress to their second year of studies in 2017 with ongoing support from industry mentors. The pilot has demonstrated significant industry and community support for the P-TECH model as a way to address regional workforce development and youth unemployment challenges.

The department is helping to ensure that students with disability can access and participate in education and training on the same basis as those without disability, through Disability Standards for Education and by addressing the important issue of curriculum accessibility for students with disability.

VET in schools

The department is maintaining our commitment to high quality vocational learning and vocational education and training (VET) delivered to secondary students. This includes providing the Chair and Secretariat for the Schools Vocational Learning and Training Working Group of the COAG Education Council. Preparing Secondary Students for Work—a framework for vocational learning and VET delivered to secondary students—was released by the Education Council in 2014.

Part 2

In 2015–16 work continued with state and territory governments, the Catholic and independent education sectors, industry and the training sector to maximise outcomes for students and employers under this framework.

The department played a lead role during 2015 in supporting the working group to develop practical tools and resources. This included an interactive VET self-assessment tool, which will help schools and school systems to plan, implement and review VET programs. These resources were launched officially by the Government on 8 March 2016. The working group's focus going forward includes:

- improving access to qualified teachers and trainers for the delivery of VET to secondary students
- strengthening vocational learning, including career education in schools
- improving VET in schools data and research to better understand drivers of VET course selections and offerings for secondary students
- supporting the *Aboriginal and Torres Strait Islander Education Strategy* post-school transitions goal.

Making Something out of Maths

Year 9 and 10 students from a Melbourne girls' secondary school had the opportunity to discover how to use maths to solve real world problems through the RMIT University's project, Making Something out of Maths.

The project introduced the students to advanced design technology at the Advanced Manufacturing precinct at RMIT University in Melbourne. Over 10 weeks, they participated in a series of workshops where they were challenged to solve a real world problem, such as designing an artificial limb or a mobile phone. The emphasis was on enjoyment, problem-solving, introduction to advanced manufacturing technology, and shared solutions. Under the guidance of tertiary staff and university students, the secondary students learnt how to use computer aided design (CAD) to prepare their models.

They created a CAD prototype and worked on their designs from the ideas stage through to considering manufacturing, production and usage.

Feedback suggested that problem-based hands on learning design, using high tech equipment, successfully engages students and improves skills. Importantly, the project engaged female secondary school students in the middle school years, where it is most likely to positively influence their perceptions of engineering and mathematics as options for further study.

RMIT University's Making Something out of Maths is one of 22 university-led projects supported under the Australian Maths and Science Partnerships Program (AMSPP). For more information on AMSPP see page 53.



Scientists and Mathematicians in Schools

The Scientists and Mathematicians in Schools (SMiS) program is a major science, technology, engineering and mathematics (STEM) initiative funded by the department in conjunction with the Commonwealth Scientific and Industrial Research Organisation (CSIRO). It brokers and supports flexible partnerships between STEM professionals and primary and secondary schools across Australia. This involves volunteer science, mathematics, and technology professionals working with teachers to engage students in quality learning within these disciplines.

Since its inception as Scientists in Schools in 2007, the program has expanded to include mathematicians in schools and, more recently, information and communications technology (ICT) professionals. As of March 2016, the total number of active and assigned partnerships was 1915, approximately 20 per cent of all schools. The cumulative total since 2007 is 5171 partnerships.

In addition to its significant national reach, SMiS facilitates partnerships between individual STEM professionals and teachers that are ongoing, flexible and able to be tailored to local contexts.

The Australian Government has committed a further \$10 million over four years through the STEM Partnerships with Schools initiative. This funding will expand and improve the program to ensure students and teachers in both primary and secondary schools:

- understand how STEM is applied in the real world
- are introduced to emerging STEM innovations and potential career paths
- are provided with student mentoring opportunities
- participate in STEM learning activities that match industry expectations and aspirations.

SMiS will also be guided by the outcomes of the *National STEM School Education Strategy*, a 10-year strategy endorsed by all education ministers in December 2015. The strategy aims to ensure all students finish school with strong foundational knowledge in STEM and related skills, and that students are inspired to take on more challenging STEM subjects.

Image: Dr Sophie Parks bringing STEM subjects to life in Mr Soreca's science classroom at Wadalba Community School.



‘Getting together’ to support students with autism in Aboriginal and Torres Strait Islander communities

Positive Partnerships was established in 2008 to help teachers and school staff, and parents and carers, to support school students with autism. It works with the education sectors across Australia, community organisations and with the autism community. Since 2008:

- more than 10,000 teachers, principals and other school staff have participated in professional learning
- nearly 13,000 parents and carers have attended workshops
- more than 60,000 users have registered on the Positive Partnerships website (www.positivepartnerships.com.au) to access training and other online material.

While there is limited data on autism in Aboriginal and Torres Strait Islander communities, a high number of children from these communities display characteristics consistent with a diagnosis of autism.

Positive Partnerships was delivered in phases and worked with the First Peoples Disability Network during Phase 2 (2012–2015) to set up a National Aboriginal Reference Group.

Phase 2 saw the development of whole-school community programs including whole-of-community consultations, ‘get-togethers’ and action plans. This was supported by specific resources on the website including videos, a case study, ‘yarn up’ sheets, and a planning template or storyboard. The storyboard is designed to gather information about a child to share with key stakeholders at school and in the community to facilitate implementation of consistent support strategies.

Phase 3 of Positive Partnerships is now extending this approach into new communities. At St Georges Road Primary School in Shepparton, Victoria, 18 to 20 per cent of students are of Aboriginal or Torres Strait Islander descent and another 40 per cent are from families from other countries. In April 2016 all 60 school staff members attended an initial two-day workshop where they shared ideas on how to improve home-school partnerships and implement the storyboard in classrooms. The school plans to run sessions for parents based on the Positive Partnerships online resources to build the capacity of the school community to work together to improve outcomes for all students.

Image: Scene from the story-telling animation *Finding out about Kevin*.

SUPPORT QUALITY EARLY LEARNING AND SCHOOLING

Support a high quality school education system, including preschool, with improved outcomes for Australia's students through a focus on quality teaching, school autonomy, parent engagement and a robust Australian curriculum

Program 1.1 Government Schools National Support

Provides funding to state and territory governments to facilitate the delivery of education within government schools

Program 1.2 Non-Government Schools National Support

Provides funding to non-government schools and systems to facilitate the delivery of education

Program 1.3 Early Learning and Schools Support

Improve student outcomes by ensuring access to high quality teaching and learning in early learning and schools

Program 1.4 Trade Training Centres in Schools

Improve student access to trade training facilities in secondary schools and assist young people to transition from school to work

Program 1.5 Youth Support

National events and research to inform policies and programs to improve the educational outcomes of young people

Table 2.5: Program 1.1 Government Schools National Support

DELIVERABLES	ESTIMATE	ACTUAL
Funded full-time equivalent student enrolment projections	2,419,000	2,419,000

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
All full-time enrolments in Australian schools: Primary students	1,468,000	1,484,000
All full-time enrolments in Australian schools: Secondary students	949,000	942,000
Number of Indigenous students at school	167,000	167,000

Part 2

Table 2.6: Program 1.2 Non-Government Schools National Support

DELIVERABLES	ESTIMATE	ACTUAL
Funded full-time equivalent student enrolment projections	1,298,000	1,295,000
Number of schools assisted with capital support ^a	225	236

a Capital grants is a calendar year program. The number of schools assisted from year-to-year varies depending on the size of projects supported.

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
All full-time enrolments in Australian schools: Primary students	646,000	651,000
All full-time enrolments in Australian schools: Secondary students	664,000	654,000
Indigenous students	32,000	32,000

Table 2.7: Program 1.3 Early Learning and Schools Support

DELIVERABLES	ESTIMATE	ACTUAL
Parliament and Civics Education Rebate (PACER): Number of schools visiting Canberra under PACER	2,202	1,969
Helping Children with Autism package: Number of teachers and other school staff participating in professional development courses ^a	538	4,060
Helping Children with Autism package: Number of parents and carers participating in workshops and information sessions ^a	791	1,362
National School Chaplaincy Programme: Number of schools receiving support for chaplaincy services ^b	2,900	3,000
Early Learning Languages Australia trial: Online foreign language learning in preschool programs trialled in 2015	program evaluated	program evaluation completed
Teach for Australia: Number of associates commencing in schools	60	67

a There was a change to more flexible delivery over 2015–16 involving a combination of face-to-face and online modules. Attendance figures for Phase 2, which ended on 30 September 2015, comprised face-to-face attendance only. Service delivery for Phase 3 began at the start of 2016 school year. Attendance for Phase 3 is based on both online and face-to-face training. The actual figures are therefore higher than the initial target figures, as these figures were based on face-to-face training only.

b Number of schools is an estimate for the 2016 school year. The numbers are subject to change during the school year.

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Universal Access to Early Childhood Education National Partnership: Percentage of all children enrolled in preschool ^a	95%	100%
Universal Access to Early Childhood Education National Partnership: Percentage of Indigenous children enrolled in preschool	95%	95%
Universal Access to Early Childhood Education National Partnership: Percentage of Indigenous children enrolled in preschool in remote areas	95%	100%
Universal Access to Early Childhood Education National Partnership: Percentage of enrolled children enrolled in preschool for 600 hours a year ^b	95%	90%

- a Data is from the ABS, 2015, *Preschool Education, Australia*, cat. no. 4240.0; ABS, 2015 *Estimates and Projections, Aboriginal and Torres Strait Islander Australians*, cat. no 3238.0; collected through the 2015 National Early Childhood Education and Care Collection. The 2015 collection was supplemented by a communications strategy to long day care centres (LDCs), resulting in improved response rates by LDCs during the reference week. These improvements in data quality contributed to performance increases above those achieved in 2014–15.
- b This measure was corrected in the 2016–17 Education and Training PBS to more accurately reflect the target set under the National Partnership Agreement on Universal Access to Early Childhood Education.

Table 2.8: Program 1.4 Trade Training Centres in Schools

DELIVERABLES	ESTIMATE	ACTUAL
Total announced projects (cumulative)	511	511

Table 2.9: Program 1.5 Youth Support

DELIVERABLES	ESTIMATE	ACTUAL
Progress towards 2015 COAG target of 90 per cent Year 12 equivalent attainment ^a	90% final target	88.4%

- a Data is from the ABS, 2015, *Survey of Education and Work 2015*—Table 6227.0.003, Tables 1.1, 1.6, 1.9–1.11.
Notes: Attainment of a qualification at Australian Qualification Framework Certificate II level or higher is considered equivalent to Year 12 by COAG.

Outcome 2

Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research, skills and training.

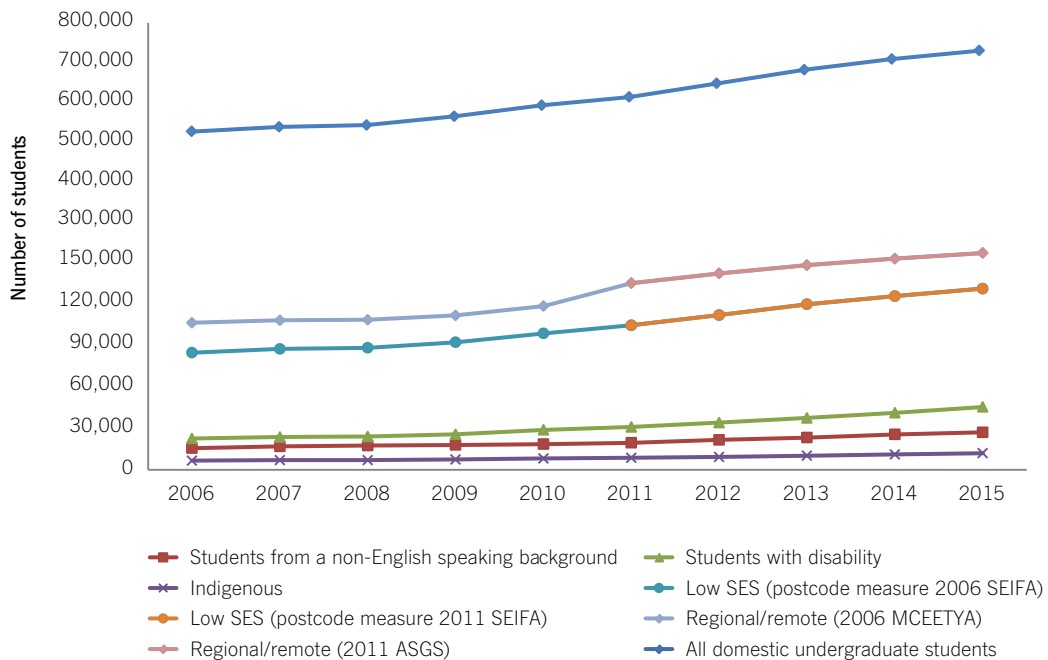
EXCEL THROUGH KNOWLEDGE

Enable the delivery of quality higher education, international education and research that contributes to Australia’s society and the global economy.

Our performance highlights

Increased participation in higher education by previously under-represented groups

Figure 2.9: Domestic undergraduate students (Table A and B providers) by equity group, 2015



Programs and policies that broaden access to higher education have driven a disproportionate increase in participation by people from identified equity groups. These programs include the Higher Education Participation and Partnerships Program (HEPPP), the demand driven system of higher education, and the Higher Education Disability Support Program.



As shown in Figure 2.9, between 2011 and 2015 the number of domestic undergraduate students increased from 611,559 to 729,076, an increase of 19.2 per cent over five years. In that time the number of low socioeconomic status (low SES) students grew from 103,372 to 129,620 (an increase of 25.4 per cent), the number of students with disability grew from 30,597 to 44,907 (an increase of 46.8 per cent) and the number of Indigenous students grew from 8,558 to 11,853 (an increase of 38.5 per cent).

Driving quality learning through informed student choice

The greatest driver of quality in the higher education sector is competition for students between higher education institutions. To drive quality in higher education and support informed student choice, prospective students require transparent and comparable information about institutions and course quality, and graduate employment outcomes.

The Quality Indicators in Learning and Teaching (QILT) website (www.qilt.edu.au) was launched in September 2015 to provide students and families with clear information about the quality of study options, including data indicators that measure student and graduate satisfaction with their educational experience and graduate labour market outcomes.

One of the data sources underpinning the QILT website is the Student Experience Survey (SES)—the only comprehensive survey of current higher education students in Australia. More than 145,000 first and later year undergraduate students, from all Australian universities and around 40 non-university higher education institutions, participated in the 2015 SES. The response rate increased in 2015 to 38 per cent of students sampled (from 30 per cent in 2014). The SES reports on student satisfaction with elements of their higher education experience known to be important for quality learning outcomes. In 2015, 80 per cent of students were satisfied with their entire educational experience.

Figure 2.10: Total students sampled and response rate to the 2015 Student Experience Survey



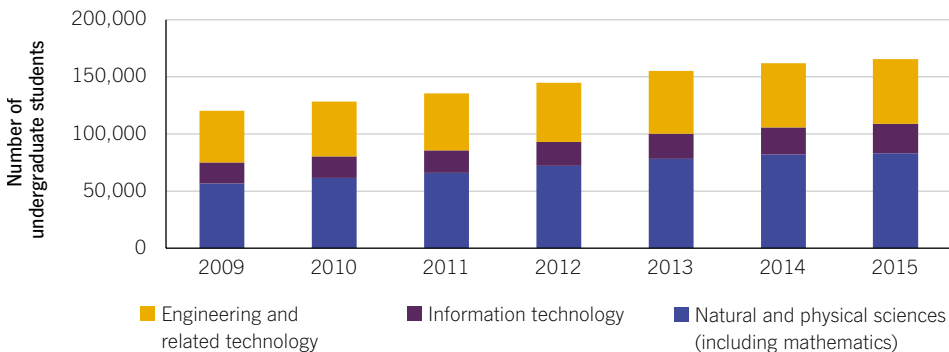
Figure 2.11: Student satisfaction and participation in the 2015 Student Experience Survey



Increased participation in science and maths

The number of students undertaking domestic undergraduate enrolments in science, technology, engineering and mathematics (STEM) courses has increased by more than 44,000 or 38 per cent since 2009, faster than the overall growth in domestic undergraduate enrolments of 30 per cent. Domestic undergraduate enrolments in natural and physical sciences have increased by 26,000 or 47 per cent, in information technology by 7,000 or 39 per cent and in engineering by 12,000 or 26 per cent. Slower growth in engineering enrolments could be associated with the end of the resources boom.

Figure 2.12: Numbers of domestic undergraduate students enrolled in STEM courses in Table A and Table B higher education providers, 2009–2015



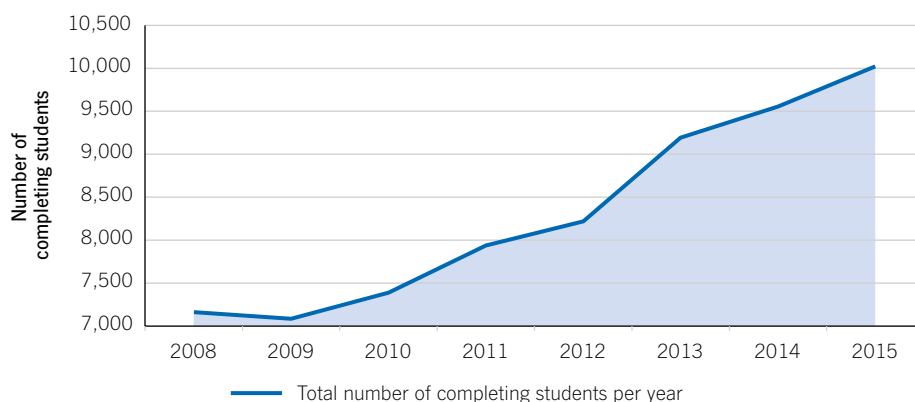
Note: Table A and Table B providers as listed under the *Higher Education Support Act 2003*.



Growth in students completing higher degrees by research

Research block grants support the research training of higher degree by research (HDR) students. There has been significant growth (40 per cent) in the number of HDR students completing their courses from 2008 (7,163) to 2015 (10,021). The research block grants support HDR students by providing tuition fee support and a living stipend. Research block grant funding is provided to universities using performance based funding formulae, which includes HDR course completions as a performance measure.

Figure 2.13: Number of higher degree by research students completing their degrees



Sustained university research performance

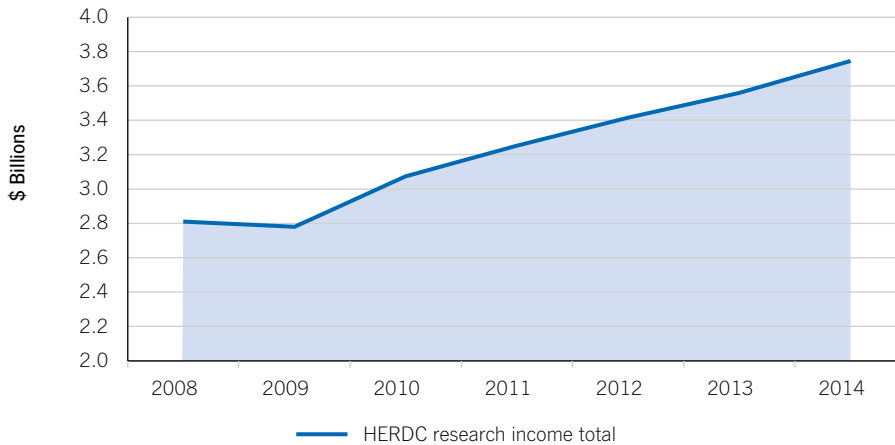
Sustained university research performance has been demonstrated through an increase in research income earned and research publications. For 2014 universities reported \$3.74 billion in Australian competitive grants research income, other public sector, industry and other research income, and Cooperative Research Centre research income, compared with \$3.56 billion in the previous year (see Figure 2.14). There has also been growth of four per cent in research publications produced by Australian universities in 2014, compared with the previous year.²

The department supported university research capacity through the provision of \$1.83 billion in research block grant funding in 2015–16. This funding plays a key role in underpinning university research performance by supporting institutional costs of conducting research, building research capacity and training the next generation of researchers.

² Comparison includes journal articles, book, book chapter, and proceedings papers from Incites™, © 2016 Thomas Reuters.

Part 2

Figure 2.14: Total research income reported by Table A and Table B higher education providers



Source: Higher education research data collection (HERDC)

Increased international student satisfaction with studying and living in Australia

Figure 2.15: Increased international student satisfaction with studying and living in Australia, 2014

Studying

87%



Proportion of international student survey respondents who are satisfied or very satisfied with studying in Australia

Living

89%



Proportion of international student survey respondents who are satisfied or very satisfied with living in Australia

The department funds a biennial national survey of international students studying higher education, vocational education and training, school and English language courses.

The latest survey, in 2014, of more than 50,000 students across Australia found that 87 per cent were satisfied or very satisfied with their study experience and 89 per cent were satisfied or very satisfied with their living experience in Australia. This was an improvement on the previous survey scores in 2012 (86 per cent studying; 88 per cent living).



High quality policy advice to government on higher education matters

In 2015–16 the department led or undertook consultations with stakeholders aimed at strengthening the quality of our advice to government on options for the higher education sector.

Consultations with various stakeholders, including a ministerial-led roundtable held in August 2015 at Parliament House, helped develop the *National Strategy for International Education 2025*.

The department reviewed 32 written submissions from stakeholders on exposure drafts for legislative amendments to streamline the Education Services for Overseas Students (ESOS) framework. The Parliament passed changes to the *Education Services for Overseas Students Act 2000*, which came into effect in December 2015. The changes streamline regulation, remove duplicative requirements and cut red tape in the ESOS framework, without compromising Australia's strong student protections or reputation as a world-class destination for international students.

The department continued to support the Minister for Education and Training to consult on higher education reform. The policy options paper, *Driving Innovation, Fairness and Excellence in Australian Higher Education*, was released on 3 May 2016. Submissions closed on 25 July 2016.

On 7 July 2015 the then Minister for Education and Training, the Hon Christopher Pyne MP, appointed Dr Ian Watt AC to conduct the Review of Research Policy and Funding Arrangements. An extensive consultation process took place over four months to inform the review's recommendations. On 6 May 2016 the Government announced it had accepted all 28 recommendations to strengthen Australia's research system, improve collaboration between universities and business, and translate research outcomes into economic and social benefits.

In May 2015 the Government commissioned the Australian Council of Learned Academies (ACOLA) to undertake the Review of Australia's Research Training System. The review aimed to help ensure that Australia's research training system is truly world-class and capable of underpinning our capacity for learned inquiry, innovation and productivity. The review consulted extensively with stakeholders in mid to late 2015 and reported in April 2016.

Our analysis

The department continued to work in partnership with universities and other higher education institutions, to promote a world-class tertiary education system that is fair, sustainable and provides a quality education for all students. The department also focused on increasing collaboration between universities and industry to ensure Australia's publicly funded research efforts are translated into commercial outcomes.

The Government played a key role in progressing key initiatives to promote a world-class tertiary education system and research sector that are innovative, competitive and globally connected. However, barriers to achieving our goals still exist.

Higher education

One of these barriers is the incentives in the current funding system that may encourage universities to enrol students in bachelor degrees at the expense of other types of qualifications (in either the higher education or vocational education and training sectors). In addition to addressing the need for the sector to be fiscally sustainable, the Government is working towards ensuring that the funding system enables students to have the opportunity to enrol in the university course that most suits their abilities and needs.

As set out in the policy options paper, *Driving Innovation, Fairness and Excellence in Australian Higher Education*, Australian higher education providers need to be held accountable and meet national standards, particularly to be eligible for government subsidies and to be able to offer student loans. Our tertiary education system must be affordable. Individuals and the country as a whole benefit from the higher education system. A sustainable system needs to strike the right balance between public and private contributions, while ensuring that up-front barriers to participation are minimised.

The demand driven system (progressively introduced from 2009), has strengthened participation in higher education and is building Australia's workforce skills by giving universities the opportunity to adjust their course offerings in light of student and employer demand for different skills. In 2015 more than 1,410,000 students were enrolled in higher education. This represents a 2.7 per cent increase compared with 2014, or approximately 35,000 additional students. In 2015, 26.6 per cent of 15–64 year olds had attained a bachelor degree or higher level qualification.³

The proportion of students from low socioeconomic backgrounds increased to 17.7 per cent in 2015. More remains to be done to further increase participation. An evaluation of the Higher Education Participation and Partnerships Program will inform efforts to increase higher education participation and success by people from disadvantaged backgrounds in future.

The continued provision of income contingent loans through the Higher Education Loan Program (HELP), which aims to remove the up-front cost barriers to tertiary education and training, is also contributing to increased enrolments in tertiary education and training. The sustainability of the scheme requires that all students who are able to repay their HELP debt do so. Compulsory repayment of the debt commences once an individual's HELP repayment income is at or above the minimum repayment threshold, which was \$54,126 in the 2015–16 income year. Voluntary repayments may also be made at any time.

In 2015–16 legislation was amended to recover HELP debts from Australians who move overseas. From 1 July 2017 all debtors will be required to make repayments if their total Australian and foreign sourced income exceeds the minimum repayment threshold. Recovering student loan debt from Australians living overseas is fairer for both debtors and taxpayers. This brings obligations for overseas residents in line with debtors who remain in Australia, by using the same repayment thresholds and rates for all debtors regardless of where they choose to live and work. This is expected to save taxpayers more than \$150 million over the next 10 years. The additional repayments will help reduce the overall rate of student loan debt not expected to be repaid and contribute to the sustainability of Australia's student loan schemes.

³ ABS, 2015, *Education and Work*, cat no. 6227.0.

Research

The National Innovation and Science Agenda (NISA), announced on 7 December 2015, provides a framework for initiatives that aim to increase collaboration between universities and industry and other research end-users, including new research block grant funding arrangements and the assessment of engagement and impact. Two major research-related reviews were also completed in 2015–16: the Review of Research Policy and Funding Arrangements and the Review of Australia's Research Training System. Both reviews identified approaches to increasing university research engagement with industry and other end-users and to improving research training arrangements. While these initiatives are critical steps, they will only be fully effective if universities implement strategies that drive the behaviour of senior academic leaders and put in place appropriate incentives to improve the performance of their researchers and research managers.

The Government provided \$1.83 billion to strengthen research and research training at eligible higher education providers. Research block grant funding underpins a strong university research system and allows higher education providers autonomy in deciding which projects, personnel, equipment and infrastructure to support across their research and research training activities. Additional funding announced in the 2015–16 Budget continued support for major research infrastructure that underpins world-class research activity in Australia through the National Collaborative Research Infrastructure Strategy (NCRIS). This funding will continue to support the operations of the 27 projects and facilities currently in the NCRIS network to 30 June 2017.

To ensure these projects translate into commercial outcomes, and in response to the Government's *Boosting the Commercial Returns from Research* strategy, the department introduced the requirement for the development of an industry engagement plan by facilities and projects currently in the NCRIS network to foster greater collaboration.

International

In 2015 Australia's international student numbers and export earnings continued to grow in an increasingly competitive international environment, with Australia hosting over half a million students, and total export earnings from educational services of \$19.4 billion. In the OECD report, *Education at a Glance 2015*, Australia was the third most popular destination for tertiary international students, behind only the United States of America and the United Kingdom.

Australia's success in attracting international students is a result of enhancing student protections in legislation, robust interconnected regulatory systems, and ongoing delivery of high quality learning, teaching and research. In December 2015 the legislation governing international education was amended to create a more seamless system for institutions, by streamlining international registration, monitoring and quality assurance processes. The measure reduced red tape and allowed national quality assurance agencies to better target poor practice by institutions.

Student protections were enhanced through a strengthening of the Tuition Protection Service Director's powers to require institutions to report on their activities. This, in combination with the *National Strategy for International Education 2025* (released in April 2016), will ensure Australia continues to provide a world-class education experience for all students.

The National Strategy provides a framework for the Australian international education community to work together to achieve common goals, including strengthening connections domestically and internationally and increasing global partnerships. The implementation of the National Strategy will boost community awareness of the social, cultural and economic benefits that international students bring to Australia and enhance the international student experience through greater community engagement.



NCRIS project makes critical quantum computing breakthrough—Australian National Fabrication Facility

Professor Andrew Dzurak and his team at the Australian National Fabrication Facility (ANFF) have successfully developed the physical building blocks to allow computer engineers to start building a functioning quantum computer in silicon—making industrial manufacture of a full-scale quantum processor chip a possibility.

Professor Dzurak is Scientia Professor in Nanoelectronics at the University of New South Wales (UNSW) and Director of the New South Wales Node of the ANFF. The ANFF is one of 27 projects in the Government’s National Collaborative Research Infrastructure Strategy (NCRIS).

ANFF makes it possible for Australian researchers to create new products and processes for new and emerging industries in areas such as food security, biochemicals, advanced building material and quantum computing. Quantum computing will open the door for new applications and solutions that are not yet even imagined.

Details of the revolutionary development were published online in the international journal *Nature* on 6 October 2015. Professor Dzurak and lead author Dr Menno Veldhorst are also members of the UNSW-based Centre for Quantum Computation and Communication Technology, an Australian Research Council Centre of Excellence.

This work brings closer the ability to make greater breakthroughs in areas such as new and innovative drugs, new and stronger materials for a multitude of applications from consumer electronics to aircraft and greater innovation in the use of large and complex data in government, security, finance and healthcare.



Image: Professor Mark Hoffman (Dean of UNSW Engineering), Scientia Professor Andrew Dzurak (Director of NSW Node of ANFF), Senator the Hon Simon Birmingham (Minister for Education and Training), Professor Les Field AM (Deputy Vice-Chancellor (Research) and Vice-President UNSW), Mrs Rosie Hicks (CEO of ANFF Ltd) and Professor Mary O’Kane (NSW Chief Scientist and Engineer).

Image: Dr Stephen Bremner showing the Minister one of the Molecular Beam Epitaxy (MBE) tools in the ANFF laboratory.



Our priorities

Embracing new ideas in innovation and science

NISA comprises 24 measures designed to support research, incentivise innovation and entrepreneurship, reward risk taking, and promote science, maths and computing in schools. In 2015–16 the department progressed implementation of four NISA measures that are our responsibility:

- sharper incentives for engagement to drive greater research–industry collaboration through the streamlining of research block grants and increased financial incentives to encourage universities to engage with industry and other end-users of research
- Australia's first national assessment of engagement and impact in university research, to assess the economic, social and other benefits of research and universities' engagement with industry and other end-users—this work is being progressed jointly with the Australian Research Council (ARC)
- ongoing support for NCRIS to meet operational needs associated with national research infrastructure and the development of a new National Research Infrastructure Roadmap
- key elements of the Inspiring all Australians in digital literacy and STEM measure.

Strengthening Australia's research system

The Review of Research Policy and Funding Arrangements (the Watt review) identified opportunities to enhance the contribution that research in universities plays in building Australia's capacity for innovation, productivity and growth. Its recommendations seek to ensure the world-class research undertaken by the higher education system in Australia is translated into economic advantage. The review was undertaken by Dr Ian Watt AC between July 2015 and November 2015. Dr Watt was assisted by a group of eminent experts drawn from the higher education sector.

The review report and a volume of case studies on university–business collaboration were published on 4 December 2015. On 6 May 2016 the Government announced it accepted all the review's recommendations to strengthen Australia's research system, improve collaboration between universities and business, and translate research outcomes into economic and social benefits. These actions build on the measures announced as part of NISA.

On 14 April 2016 the Minister released the report of the Review of Australia's Research Training System, which was undertaken by ACOLA. The review aimed to ensure Australia's research training system is capable of underpinning our capacity for learned inquiry, innovation and productivity, and consider ways to better develop research graduates with capability to work with industry. The review aligned strongly with the recommendations of the Watt review and included 11 key findings and six recommendations that highlight areas for improvement in the HDR training system.

Advancing women's leadership



The Australia Awards—Endeavour Scholarships and Fellowships support high achieving international and Australian citizens to undertake study, research and professional development in Australia and overseas.

One of these awards, the Queen Elizabeth II Diamond Jubilee Scholarship, is presented to a high achieving female student who will contribute to the advancement of women's leadership in Australia. As the inaugural recipient of this scholarship, Dr Laura Bray travelled to the Leibniz Institute for Polymer Research in Dresden, Germany, to research the development of advanced cell culture technologies for growing leukaemia, breast and prostate cancer tissue.

Laura was able to collaborate with other research teams and clinicians, present her work at several European conferences, and meet high profile research leaders in her field. She also used the experience to improve her management and independent research skills.

'I cannot speak highly enough of my Endeavour experience. The fellowship was more than a job; it was life-changing. It has shaped the person I am today, helped me secure my current research grant funding, and I am confident that my experience will shape my future career.'

'Through my experience I have become much more resilient and adaptive to change. I also gained a truly global perspective.'

After her fellowship ended, Laura was offered a year-long contract to stay at the Leibniz Institute for Polymer Research in Dresden and continue her research. In November 2015 Laura was awarded a Lush Prize Young Researcher Award in London.

She returned to Australia in March 2016, becoming a research fellow at the Queensland University of Technology's Institute of Health and Biomedical Innovation, continuing her research into the development of more realistic cell culture models for cancer research.

'I feel as though I am ready to meet my next challenge. In five to 10 years' time, I would like to be a professor leading my own research group in engineered 3D culture models.'



Image: Dr Laura Bray undertook cancer research in Germany as part of an Endeavour Scholarship.

Expanding access to higher education

Driving innovation, fairness and excellence

On 3 May 2016 the Government released a policy options paper, *Driving Innovation, Fairness and Excellence in Australian Higher Education*. The paper sets out the Government's broad vision for higher education, and reinforces the ongoing need for savings to address budget repair, while making higher education fairer and more internationally competitive. The department is continuing to support the Government as it works closely with all stakeholders to inform a revised higher education reform package to be finalised and legislated, for commencement from 2018.

Equity and access programs

Since 2011 programs and policies that broaden access to higher education have driven a disproportionate increase in participation by people from under-represented groups including:

- Indigenous Australians
- people from non-English speaking backgrounds
- people with disabilities
- people from low socioeconomic status (low SES) backgrounds
- people from regional and remote locations.

These programs include the Higher Education Participation and Partnerships Program, the demand driven system of higher education, the Higher Education Disability Support Program, and targeted Indigenous higher education initiatives.

Accelerating Indigenous higher education

The Aboriginal and Torres Strait Islander Higher Education Advisory Council provided advice to the Government on improving the participation and success of Indigenous Australians in higher education. Five areas were identified, which form the basis of current policy priorities:

- growing the Indigenous academic workforce
- increasing Indigenous participation in a broader range of disciplines focusing initially on STEM and business
- facilitating development of a whole-of-university approach
- working towards stronger alignment across policy priorities
- developing a framework for assessing performance at a system level.

The department is working with universities and representative bodies, such as Universities Australia, Deans' councils and the National Aboriginal and Torres Strait Islander Higher Education Consortium, to progress these priority actions.

Think your way



The Think Your Way web portal (www.thinkyourway.edu.au) was launched on 16 June 2016. The portal was developed by Queensland University of Technology and Carbon Media with a \$1.5 million grant under the Higher Education Partnership and Participation Program. The portal provides information to Aboriginal and Torres Strait Islander students, parents and advisers on higher education study, in a culturally appropriate format.

Improving regulation of higher education providers and courses

The department continued to support the delivery of high quality higher education through improvements to the regulation of higher education providers and courses. A new Higher Education Standards Framework was created in October 2015 by legislative instrument—the Higher Education Standards Framework (Threshold Standards) 2015. This followed an extensive review of the 2011 standards by the Higher Education Standards Panel. The revised standards will be used by the Tertiary Education Quality and Standards Agency (TEQSA) from 1 January 2017 to assess applications for registration and re-registration of higher education providers. It will also be used to accredit higher education courses by TEQSA and by those providers with self-accrediting authority.

The new standards are structured to align with the operational characteristics of a typical higher education provider. This will enable the standards to be readily adopted as the basis for providers' own internal monitoring, reporting and governance activities. TEQSA should then be better equipped to use the internal reports and information produced during providers' normal business operations as evidence of compliance. This will further reduce the red tape burden of TEQSA assessments and complements TEQSA's risk-based approach to standards compliance monitoring and assessment.

Sustaining the growth and excellence of Australian international education

International education is one of five super growth sectors set to drive Australia's future economic prosperity. The *National Strategy for International Education 2025* sets a national framework for the continued success of Australian education around the world and is the result of extensive consultation led by the department. The national strategy is part of the Government's plan to support Australia's transition from commodities to a knowledge-based economy. It builds on the strengths of Australia's education and training system and world-leading regulatory and quality assurance frameworks to ensure our education remains globally attractive.



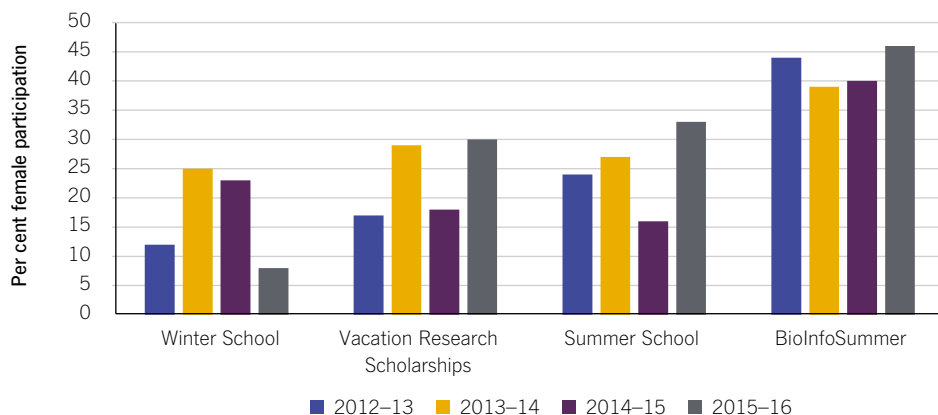
Increasing capabilities of domestic students in mathematical sciences

The Australian Mathematical Sciences Institute (AMSI) Vacation Schools and Scholarships four-year project (2012–2016) aims to increase the capability of Australian domestic students in mathematical sciences. The project seeks to inspire students to continue their studies to advanced levels in preparation for research careers and specialist roles in industry, as well as contributing to their current studies and research projects.

The domestic student participation target was achieved across all AMSI project activities, including the participation of at least one Aboriginal or Torres Strait Islander student per project year. Average female participation across all AMSI project activities was 27 per cent, higher than female participation in the mathematical sciences for the whole university sector (20 per cent).

The BiolInfoSummer symposiums achieved the highest participation rates of female students. In 2015–16 close to half (46 per cent) of participants at the symposium were female, the highest female participation level recorded for all AMSI project activities, in all years (Figure 2.16).

Figure 2.16: Female participation in AMSI Vacation Schools and Scholarships



Universities taking the lead on STEM partnership projects

Funding of \$21.6 million over the past four years under the Australian Maths and Science Partnerships Program (AMSPP) has supported 22 university-led outreach projects with schools and other groups to improve school student engagement in maths and science. Projects focused on:

- building the theoretical and academic skills of school teachers to deliver maths and science subjects
- increasing the number of school students undertaking maths and science subjects to Year 12
- encouraging more students to study science, technology, engineering and maths courses at university.

AMSPP funding ended on 30 June 2016, project activities are ongoing until June 2018. One of the projects—RMIT University’s Making Something out of Maths project—is profiled on page 34.

Early Start—Changing Children’s Futures

The University of Wollongong was awarded \$31 million through the Education Investment Fund (EIF) Regional Priorities Round to construct the Early Start—Changing Children’s Futures project at the University of Wollongong campus and 38 Early Start Engagement Centres. The project commenced in February 2013 and was completed in March 2016.

The first stage of the project was the construction of the Early Start Facility, a purpose-designed building for teaching, learning, research and community engagement with nine specific teaching spaces to accommodate university teaching in undergraduate and postgraduate classes, delivering a blend of early childhood education and professional development. It houses approximately 130 research staff and research students, and 133 administrative staff, community and student volunteers, and assistants.

The facility’s Discovery Space and children’s museum provides valuable learning experiences for young children and has attracted more than 85,000 visitors since its opening in May 2015.

The Early Start facility was officially opened on 8 July 2015 by the Hon Scott Morrison MP, the then Minister for Social Services.

The second stage of the project was the installation of ICT and interactive technologies to facilitate professional development and the delivery of early childhood courses across a network of 38 regional and remote New South Wales engagement centres. Through this network, Early Start collaborates with and enables early childhood educators to engage with others and share resources and ideas. They work closely with researchers at the University of Wollongong to improve the learning environment for children, build further capacity for the educators, and translate experience and evidence for ongoing research.

The Early Start facility also provides a venue for community activities such as multicultural awareness groups for a targeted playgroup, community groups working with disadvantaged families, councils and non-government organisations for children’s welfare.



University open days—engaging with future higher education students to help them make informed choices

In 2015 the department attended six tertiary skills and career exhibitions and 38 university open days. By hosting information booths at these events, the department was able to provide information about the range of Government assistance available to prospective students, which assists them to make informed choices about their higher education.

Annual attendance at university open days continues to provide a valuable, ongoing opportunity for direct engagement with prospective students and their families.

Departmental staff spoke with more than 10,000 people during 2015, collecting data on what Australians want to know about higher education, and the best ways for the department to provide this information.

Insights obtained will ensure future communication activities remain responsive to the target audience's needs.

Direct engagement supports other communications materials, such as the Study Assist website (www.studyassist.gov.au), HELP student information publications, and student enquiry call centre.

Image: Departmental staff providing information to students to help them make informed decisions about their higher education.

EXCEL THROUGH KNOWLEDGE

Enable the delivery of quality higher education, international education and research that contributes to Australia's society and the global economy

Program 2.1 Commonwealth Grant Scheme

Contributes to the cost of educating all Commonwealth supported students enrolled in undergraduate and postgraduate degrees

Program 2.2 Higher Education Superannuation Program

Meets certain expenses for current and former university employees who are members of identified state government schemes

Program 2.3 Higher Education Support

Maintains and improves the quality of our higher education system and improves access to and the education outcomes for students; from disadvantaged backgrounds

Program 2.4 Higher Education Loan Program

Removes the up-front cost barriers to tertiary education and training in order to increase access and participation

Program 2.5 Investment in Higher Education Research

Supports the delivery of world-class research in Australia's universities, including the training of higher degree by research students

Program 2.6 Research Capacity

Increases the production, use and awareness of research knowledge and improves collaboration between government, industry and the research sector

Program 2.7 International Education Support

Supports the sustainable growth of Australia's high quality international education, training and research through strong government-to-government engagement and international mobility

Our program performance

Table 2.10: Program 2.1 Commonwealth Grant Scheme

DELIVERABLES	ESTIMATE	ACTUAL
Number of Commonwealth supported domestic undergraduate places ^a	569,400	568,348
Number of Commonwealth supported domestic postgraduate coursework places ^a	38,700	38,032
Number of enabling places ^a	9,700	9,686
Number of Commonwealth Grant Scheme (CGS) medical places ^a	13,100	13,074
Number of regional campuses under the CGS for which regional loading is applied ^a	46	46

a Data for this performance measure is for the 2015 calendar year.

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Number of domestic enrolments (full-time equivalent) ^a	732,000	730,997
Number of domestic postgraduate enrolments (full-time equivalent) ^a	125,000	124,551
Number of undergraduate completions ^a	200,000	200,818
Number of postgraduate coursework completions ^a	115,000	113,960

a Data for this performance measure is for the 2015 calendar year.

Table 2.11: Program 2.2 Higher Education Superannuation Program

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
On time payments to eligible Table A universities	27	27

Part 2

Table 2.12: Program 2.3 Higher Education Support

DELIVERABLES	ESTIMATE	ACTUAL
Number of learning and teaching citations and awards provided to higher education providers by the Promotion of Excellence in Learning and Teaching in Higher Education (PELTHE) program	184	179
Number of learning and teaching projects supported by the PELTHE	58	59
Number of maths and science projects supported by the Australian Maths and Science Partnerships Program (AMSPP)	11	11
Number of maths and science educational activities supported by the Australian Mathematical Sciences Institute (AMSI) project	5	5
KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Number of infrastructure projects supported by—Education Investment Fund Regional Priorities Round and Structural Adjustment Fund	10	10
Higher education graduates in full-time employment within four months of completion of degree as a proportion of those available for work	66.4%	68.8%
Graduate starting salaries as a proportion of male average weekly earnings	74.0%	75.8%
Number of domestic undergraduate low SES enrolments ^a	139,000	135,859
Statistical Area Level 1 measure of the number of domestic undergraduates in low SES ^a	127,000	122,262
Proportion of higher education undergraduate students from a low SES background ^a	18.1%	17.7%
Number of Indigenous students enrolled at funded institutions ^a	15,100	15,480
Number of Indigenous completions at funded institutions ^a	2,020	2,094
Number of Indigenous student enrolments by selected higher education course level categories ^a	15,500	16,108
Number of universities participating in Australian Maths and Science Partnership Program projects (AMSPP)	19	19
Number of students participating in Australian Mathematical Sciences Institute activities (AMSI)	313	396

a Data for this performance measure is for the 2015 calendar year.

Table 2.13: Program 2.4: Higher Education Loan Program

DELIVERABLES	ESTIMATE	ACTUAL
Number of Commonwealth supported places for which HECS-HELP loans paid	522,700	520,606
Number of places for which FEE-HELP loans paid	88,900	77,850
Number of OS-HELP loans to assist students to undertake some of their course overseas	14,400	12,818
Number of SA-HELP loans to assist students to pay their services and amenities fees	496,500	463,872
Number of places for which VET FEE-HELP loans paid	225,900	196,108

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Average amount of debt (\$)	\$19,100	\$19,400
Average number of years to repay debt	8.8	8.8
Proportion of new debt not expected to be repaid	19%	22%

Table 2.14: Program 2.5 Investment in Higher Education Research

DELIVERABLES	ESTIMATE	ACTUAL
Number of commencing Australian Postgraduate Awards allocated ^a	Up to 3,500	3,497
Number of commencing International Postgraduate Research Scholarships allocated ^a	330	330

a Data for this performance measure is for the 2015 calendar year.

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Number of higher education providers receiving support for research	41	41
Number of higher education providers receiving support for research training	41	41
The equivalent full-time student load supported by the Research Training Scheme ^a	21,500	26,335
Number of higher degree by research student completions ^a	9,200	10,021

a Data for this performance measure is for the 2015 calendar year.

Part 2

Table 2.15: Program 2.6 Research Capacity

DELIVERABLES	ESTIMATE	ACTUAL
Number of research institutions supported by the Collaborative Research Networks (CRN) program ^a	12	11
Number of learned academies and associations supported under the Higher Education Research Promotion scheme ^b	6	6
Number of Australian Public Service agencies participating in National Security College (NSC) activities ^c	15	15

a One project was completed early, before 2015–16 commenced.

b This includes the four learned academies, ACOLA and the Australian and New Zealand Association for the Advancement of Science.

c Actuals as at 31 December 2015 as reported in the NSC 2015 Annual Report.

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Number of partnerships supported by the CRN program ^a	20	23
Number of attendees participating in activities promoting research awareness ^b	54,000	55,743
Number of research infrastructure projects established under the National Collaborative Research Infrastructure Strategy to offer services to the research sector	27	27
Number of Commonwealth participants in NSC courses	80	76
Number of participants in NSC courses	350	652

a Total number of institutions partnered with CRN lead entities in 2015–16.

b Actuals as at 31 November 2015 as reported in the learned academies' 2015 annual reports.



Table 2.16: Program 2.7 International Education Support

DELIVERABLES	ESTIMATE	ACTUAL
Number of projects and/or activities funded by the Increased Profile of Australian International Education Sector program ^a	2	6
Number of international scholarships, fellowships and exchange opportunities supported (Endeavour and mobility programs)	3,100	3,554

a Funding for this program ceased from 2015–16. There are a small number of contractual funding commitments over the forward estimates.

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Proportion of international student survey respondents who are satisfied or very satisfied with studying in Australia ^a	>85%	87%
Proportion of international student survey respondents who are satisfied or very satisfied with living in Australia ^a	>80%	89%

a The reported actual is from the 2014 International Student Survey. The next biennial survey will be in 2016.

Outcome 2

Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research, skills and training.

BUILD SKILLS AND CAPABILITY

Ensure that Australia's workforce has the capability to respond to the needs of current and emerging industries, thus contributing to their global competitiveness.

Our performance highlights

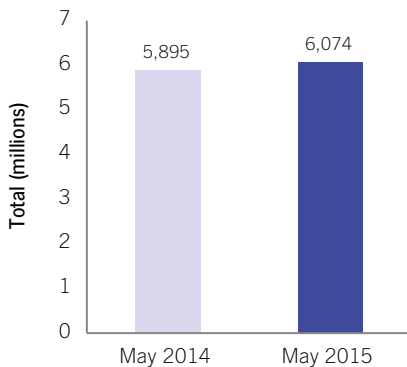
The department plays a stewardship role in the national training system, through supporting improved access to high quality, industry-defined qualifications, supporting greater transparency and consumer information within the training system, and through effective quality frameworks and regulation for registered training organisations.

Performance highlights during 2015–16 relate to growth in the number of Australians with vocational education training (VET) skills, the release of total VET activity data, efforts to enhance industry-led training through the new arrangements for training package development, and the establishment of the Australian Apprenticeship Support Network (AASN).

Growth in number and proportion of Australians with VET skills

Between May 2014 and May 2015, the number of Australians aged 15–74 with VET skills increased by three per cent or 179,000 (from 5.9 million to 6.1 million), while the proportion of the Australian labour force with VET skills increased by 0.3 per cent.

Figure 2.17: Number of Australians aged 15–74 with VET skills, 2014–2015

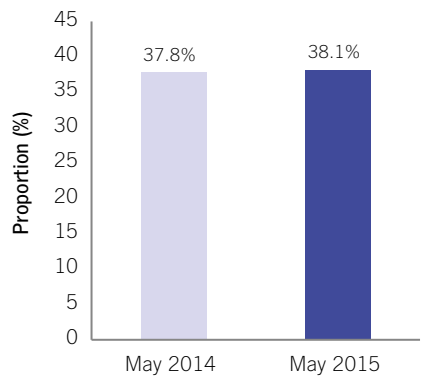


Source: ABS, 2015, *Education and Work*, cat. no. 6227.0

Notes: VET skills refers to people whose highest education attainment level is one of the following qualifications: Graduate Diploma, Graduate Certificate, Advanced Diploma, Diploma, Certificate I–IV.



Figure 2.18: The proportion of the Australian labour force with VET skills, 2014–2015



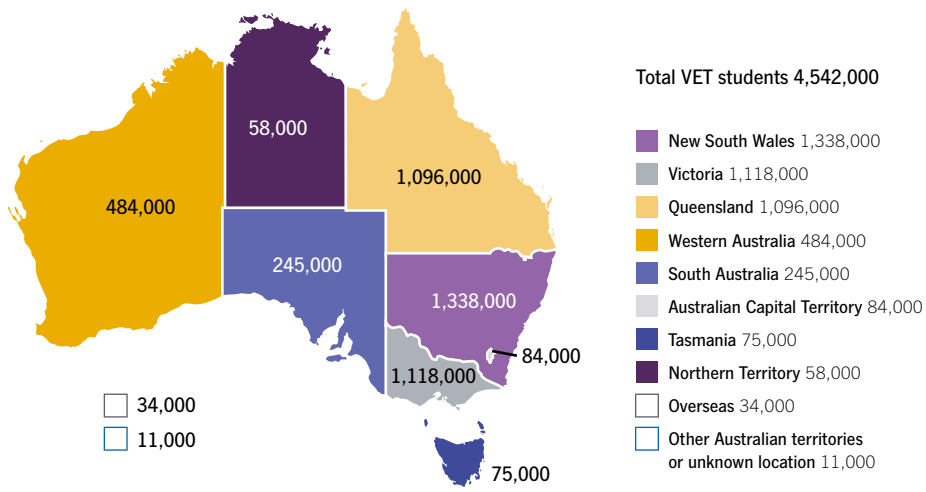
Source: ABS, 2015, *Education and Work*, cat. no. 6227.0

Notes: VET skills refers to people whose highest education attainment level is one of the following qualifications: Graduate Diploma, Graduate Certificate, Advanced Diploma, Diploma, Certificate I–IV.

National dataset of all VET activity

The first total VET activity data was released in November 2015 and included both government-supported and fee-for-service training undertaken in 2014. Previously, training providers had only reported data on government-funded training activity. This was followed by the 2015 total VET activity data, published in July 2016. This new comprehensive data collection helps industry, VET stakeholders and governments understand what training is being delivered across the country, supporting workforce planning and policy development. In 2015 there were an estimated 4.5 million students enrolled in VET delivered by Australian training providers (see Figure 2.19).

Figure 2.19: Total VET students by location, 2015

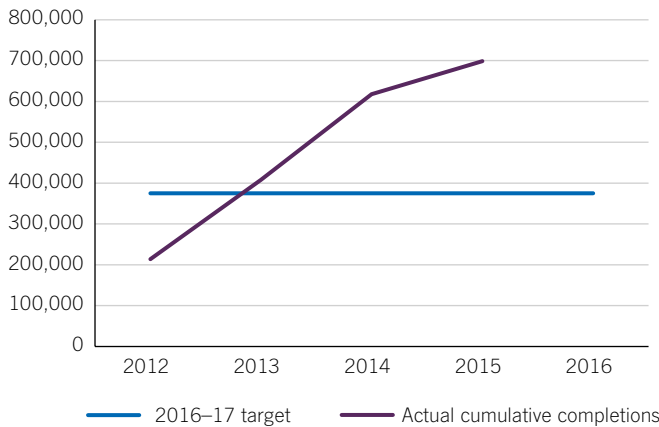


National Partnership on Skills Reform

In 2015 a review of the National Partnership Agreement on Skills Reform concluded there was strong evidence of growth in training, and that transparency initiatives had been successfully implemented.

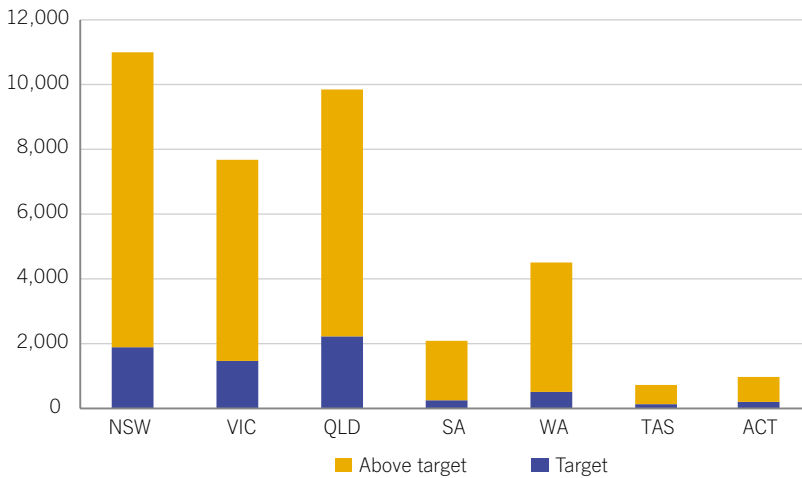
The National Partnership set a target of an increase in qualification completions of 375,000 nationally between 2012 and 2016. This target was exceeded by over 300,000 completions by the end of 2015.

Figure 2.20: Cumulative qualifications completions above baseline



States and territories also exceeded their targets for Indigenous training outcomes under the National Partnership.⁴

Figure 2.21: Number of Indigenous training outcomes by state/territory⁵



⁴ The assessment of the Northern Territory's performance against this training outcome has not yet been finalised.

⁵ Data for the Australian Capital Territory and Victoria relates to commencements. For all other states shown, data relates to completions.



Implementation of new arrangements for training package development

The new arrangements for developing training packages came into effect on 1 January 2016, led by the Australian Industry and Skills Committee, working with its network of Industry Reference Committees (IRCs). IRCs are supported by new independent service providers called Skills Service Organisations, the first of which were announced in January 2016.

Establishment of the Australian Apprenticeship Support Network

The new AASN commenced on 1 July 2015, replacing Australian Apprenticeships Centres nationally. The AASN delivers targeted advice and support at all points of the apprenticeship lifecycle, from pre-commencement to completion, to assist employers and apprentices to make well-informed decisions and remain engaged in the apprenticeship relationship through to completion.

Strengthening the VET FEE-HELP scheme

In 2015–16 the Government introduced reforms to the VET FEE-HELP loan scheme to better protect students taking out a VET FEE-HELP loan, the taxpayer and the broader reputation of Australia's VET sector. These reforms included tightening marketing and recruitment practices, strengthening student protections, enhancements to VET FEE-HELP provider application arrangements, limiting providers' total loan amounts and changes to payment arrangements.

The Government is undertaking a range of compliance activities—such as audits, investigations and student surveys—to address non-compliance concerns and complaints. This has been supported by strong action in the case of non-compliance, and the Government has joined with the Australian Competition and Consumer Commission to seek to recover payments made to providers found to have breached Australian Consumer Law.

Our analysis

Australia's skills and training system provides opportunities for individuals to develop the skills they need for employment. Over the last two years significant reform of the VET sector has supported the capability of Australia's workforce to meet the needs of current and emerging industries, and contributed to Australia's economic growth and global competitiveness. Strong levels of stakeholder engagement—from industry, training providers, regulators, peak bodies and governments—has been a key driver in implementing the reform agenda.

As part of this reform agenda, attention has been given to creating a VET sector where students have the opportunity to access quality training. Significant steps have been taken to improve quality, including new training provider quality standards, and an enhanced, continually improving model for regulation by the Australian Skills Quality Authority (ASQA). Action has also been taken to encourage improved apprentice and trainee retention and completion rates through the new AASN.

Building on these reforms in 2015–16, the Government is currently redesigning the VET FEE-HELP scheme to ensure it better targets high quality VET. The new VET FEE-HELP loan scheme will further protect students from unscrupulous behaviour by a small number of providers, support increased confidence, and improve the scheme for the future.

Part 2

Another key priority has been improving data on the sector and enhancing consumer information. An enhanced MySkills website was launched in July 2015, improving consumer access to information on VET courses and providers. MySkills is increasingly used by consumers, with 1.4 million visits in 2015–16, representing a 33 per cent increase over the previous year.

The second release of total VET activity data in July 2016 showed that around 4.5 million students were engaged in VET in 2015. This highlights the critical role VET plays in providing skills and training to support individuals into employment—to ensure workforce demands are met, and to upskill employees to meet the demands of the economy for growth in future. While the National Partnership delivered growth in training, the Council of Australian Governments (COAG) Industry and Skills Council agreed that further work is needed to improve transparency, quality, government-to-government information sharing, and the ability of public providers to operate in an environment of increased contestability.

The last 12 months has seen a strengthening of the central role of industry in skills and training. The Australian Industry and Skills Committee focused on achieving four key outcomes:

- simplifying the VET system
- demystifying the VET system
- amplifying the voice of industry, building employer's confidence in VET qualifications
- improving the productivity of Australian businesses.

The new arrangements for reviewing and developing training packages were implemented. The first National Review Schedule, agreed by the committee in June 2016, sets out a rolling four-year plan for consolidated, transparent review and development of training packages.

Australia has a strong VET system but challenges remain. Ensuring VET keeps pace with the rapidly changing nature of work, maintaining strong industry and employer engagement, and strengthening the national apprenticeships system remain high priorities.


Our priorities

The department is focused on ensuring that Australia's workforce has the capability to respond to the needs of current and emerging industries, and contributes to Australia's economic growth. The key priorities for 2015–16 to support the goal of building skills and capability were to:

- ensure a highly skilled workforce, by providing students with opportunities for access, participation and success
- support an effective and efficient skills and training system that is industry-led and delivers the skills Australian employers need
- better link training to real jobs and support improved employment outcomes
- ensure better consumer information leads to increased quality and maintain the good reputation of the VET sector, both here and overseas.

Access, participation and success in VET

The department plays a stewardship role in the national VET system, particularly to support national quality frameworks and industry-defined qualifications, and to provide students with opportunities to access training, either through payments to states and territories, or through direct intervention.



Under the National Agreement for Skills and Workforce Development, states and territories receive specific purpose payments from the Government of around \$1.5 billion each year to subsidise training. From 2012–13 to 2016–17, a total of \$1.75 billion is also available to states and territories under the National Partnership Agreement on Skills Reform. In 2015–16 Government payments to states and territories totalled \$1.8 billion under these arrangements.

An additional \$1.25 billion was delivered in Government programs through the department. These programs supported increased industry competitiveness, including through effective skills recognition, skills development through apprenticeships and improved access to training, as well as supporting the national training system.

The Government committed \$18.2 million over four years from 2015–16 (including \$3.6 million in capital funding) to implement an enhanced compliance monitoring regime associated with the VET FEE-HELP reform measures. Building on these measures, an additional \$2.3 million (including \$0.2 million in capital) was committed to measures strengthening the scheme starting on 1 January 2016, including limiting growth ahead of a redesign of the scheme to better target high quality VET.

In 2015 approximately 1.2 million students in Australia received some form of Australian or state and territory government subsidised training, along with a large proportion of fee-for-service training undertaken in Australia, while drawing on national industry-defined qualifications and quality frameworks.

In July 2015 the department undertook community consultations in a number of states to discuss the findings of the Adult Migrant English Program (AMEP) evaluation undertaken by ACIL Allen Consulting. Stakeholder and community feedback was also sought on potential reforms to improve AMEP. This has led to the development of a new business model, announced as part of the 2016–17 Budget, which aims to improve participation, English language proficiency and job readiness.

Industry-led training delivers the skills Australian employers need

Significant progress was achieved in 2015–16 to support an effective and efficient skills and training system that is industry-led and delivers the skills Australian employers need.

The Australian Industry Skills Committee pursued an ambitious agenda, consulting extensively across industry and the VET sector, approving for implementation more than 50 training packages and agreeing the first National Review Schedule. This work will improve productivity for Australian businesses by focusing on the skills industry needs to capitalise on advances in technology, new ways of working and new jobs in the economy, and address emerging skills needs in key sectors.

The committee also began a review of the structure and membership of its supporting network of Industry Reference Committees to ensure they are broadly representative of their industries and can advise on current and future skills needs.

As well as this work strengthening industry leadership, the department continued to work closely with states and territories on the effective operation of the national VET system. Section 54 of the National Partnership Agreement required a review of progress on VET structural reforms and training outcomes to be completed by 31 December 2015. The review was completed by ACIL Allen Consulting, in conjunction with the Commonwealth, states and territories. It found strong evidence of growth in training, and that transparency initiatives had been successfully implemented.

Better link training to real jobs and support improved employment outcomes

Strong links between training and real jobs are vital to support employment outcomes and deliver the skills required by industry. In 2015–16 the department delivered key initiatives to support a strong link between training and employment.

A total of 11 providers were engaged through an open market tender process, for a three-year period from 1 July 2015 to 30 June 2018, with the option to extend through to 30 June 2021.

The department manages 29 contracts with the 11 providers to deliver the new Australian Apprenticeship Support Network (AASN) in around 400 sites across Australia. The new AASN has redirected the focus of service delivery towards retention and completion support services, such as mentoring and job matching, to better support both businesses and apprentices.

The department also supported Australian industry to access appropriately skilled labour through effective skills recognition by Trades Recognition Australia. Trades Recognition Australia operates programs that provide skills assessments for employment, migration and licensing purposes. This includes the Job Ready Program for international student graduates who hold a trade qualification issued by a registered training organisation based on studies in Australia.

The department maintained a focus on training pathways and options for workers wishing to enhance their skills, and employers wishing to develop the capabilities of their workforce.

In 2015–16 the Industry Skills Fund continued to support industry to invest in training and support services to help businesses achieve growth by providing skills advice and training grants. From 1 July 2015 six organisations were contracted to deliver skills advice services to micro, small and medium businesses to help them achieve their growth opportunities. These are AiGroup, MAX Solutions, Navitas Professional, Chisholm Institute, CITT and QMI Solutions.

Ninety-five per cent of approved grants were for micro, small and medium businesses. Of all businesses that had a grant approved, 42 per cent were in regional Australia with one per cent in remote Australia. Forty-six per cent of business enquiries were sent for skills advice. Of all businesses that received skills advice and had a grant approved, almost 55 per cent and 67 per cent respectively were from a priority industry or from a business that delivers enabling technologies and services that support one or more of the priority industries.

Enquiries from businesses operating in or expanding into northern Australia resulted in 15 per cent receiving skills advice and 14 per cent having a training grant approved.



Information, quality and international reputation

The quality of training in the VET sector is key to ensuring industry has an appropriately skilled workforce. The department continued to work closely with ASQA to develop and implement strategies to improve the regulation of the VET sector.

In response to concerns about quality, the Training and Assessment Working Group was established in September 2015 to consider options to improve assessment in VET. Recommendations from this group will be considered by Government in 2016–17.

Work was also undertaken to enhance the skills of trainers and assessors through the inclusion of new core units of competency in the Certificate IV in Training and Assessment and the Assessor Skill Set—the foundation training products for VET delivery.

The department supports the National Training Complaints Hotline, a joint state and territory initiative to provide a central point for complaints about the training sector. The hotline aims to facilitate stakeholder feedback and complaints resolution to contribute to quality improvements. An external review of the hotline by KPMG started in December 2015, with outcomes to be considered in 2016–17.

Effective data collection, indicators and measurement are key tools to support quality improvement. The department leads a joint Commonwealth, state and territory working group to develop new indicators and measures of student course completions, following the introduction of the Unique Student Identifier and total VET activity. The working group is investigating employer and student satisfaction and outcome surveys to provide greater access to information on the quality of training in the Australian VET system. This work is continuing in 2016–17.

In addition to supporting increased data linkages to drive quality, the department supports initiatives to improve consumer information and promote the VET sector. Key initiatives during 2015–16 included the Australian Training Awards, held in Hobart on 19 November 2015, and enhancements to the MySkills website in July 2015, which received 1.4 million visits in 2015–16.

The department also achieved diplomatic and economic outcomes through stronger skills policy relationships with ministries in other countries and multilateral fora. In 2015–16 international engagement promoted Australia's quality frameworks, which generated new opportunities for Australian VET providers to operate offshore and strengthened the international reputation of our VET system.

Recognising and showcasing the quality of the VET sector



A highly skilled workforce is achieved by giving students opportunities for access, participation and success in high quality vocational education and training (VET).

The Australian Training Awards are the peak national awards for the VET sector, recognising individuals, businesses and registered training organisations for their contribution to skilling Australia.

2015 Aboriginal and Torres Strait Islander of the Year



Philadelphia Hughes

2015 Aboriginal and Torres Strait Islander Student of the Year Certificate IV in Frontline Management

2015 Aboriginal and Torres Strait Islander of the Year Philadelphia Hughes completed a Certificate IV in Frontline Management. It is a move that Philadelphia describes as a life-changing experience.

While her studies increased her skills, she could not have predicted that they would give her the confidence to take on new challenges personally and professionally. At the conclusion of her course, she was awarded the Most Outstanding Student in her class at Charles Darwin University.

Passionate about the Closing the Gap initiative for Indigenous health equality, her ultimate career goal is to work with children in need within Aboriginal communities in the Northern Territory.



2015 Australian School-based Apprentice of the Year



Brenden Williamson

2015 Australian School-based Apprentice of the Year
Certificate III in Motorcycle Mechanical Technology

At only 18, 2015 Australian School-based Apprentice of the Year, Brenden Williamson, is already living his dream as a second year apprentice studying motorcycle mechanical technology.

Brenden secured his Australian School-based Apprenticeship through the Yamaha Student Grand Prix Partnership, which was created to address the skills shortage of experienced technicians in the marine and motorcycle industry.

2015 Australian Apprentice of the Year



Jared Stone

2015 Australian Apprentice of the Year Certificate III
in Electrotechnology Electrician

The 2015 Australian Apprentice of the Year, Jared Stone, left school after completing Year 10 and enrolled in VET to study music. While studying music Jared realised he enjoyed the technical aspects and the electrical theory in his subjects. To explore these interests further, he started a pre-apprenticeship course in electrotechnology.

Jared completed a Certificate III in Electrotechnology Electrician and is now a fully qualified electrician with Western Power. He is currently expanding his knowledge base by self-funding a Certificate IV in Engineering (Instrumentation).

Further information about the Australian Training Awards, including previous award winners is available at www.australiantrainingawards.gov.au.

BUILD SKILLS AND CAPABILITY

Ensure that Australia’s workforce has the capability to respond to the needs of current and emerging industries, thus contributing to their global competitiveness

Program 2.8 Building Skills and Capability

Create an effective and efficient skills and training system that is industry-led and delivers the skills Australian employers needs

Program 2.8.1 Industry Competitiveness

Facilitates training that will enhance Australian businesses’ competitiveness in domestic and global markets

Program 2.8.2 Skills Development

Increase completions of apprenticeships and develop the skills of the Australian workforce

Program 2.8.3 Access to Training

Provide clearer pathways and improved access to training which allows Australians to obtain jobs and progress to better career opportunities

Program 2.8.4 Support for the National Training System

Develop an effective and efficient national training system that meets the needs of Australia’s current and emerging industries

Our program performance

Table 2.17: Program 2.8.1 Industry Competitiveness

DELIVERABLES	ESTIMATE	ACTUAL
Number of eligible young people assisted through the Training for Employment Scholarships ^a	5,000	29
Number of eligible young people assisted through the Youth Employment Pathways ^b	2,000	1,243
Number of participants supported to undertake training and/or support services through the Industry Skills Fund	14,000	25,771

a The program was a pilot designed to test a new funding model driven by business. The pilot was initially launched in selected regions of high unemployment but due to low take-up was expanded nationally in September 2015. The pilot has ceased, as announced at the 2016–17 Budget.

b The program was a pilot designed to test a new funding model driven by community organisations that funded individual instead of places. The pilot was initially launched in selected regions of high unemployment but due to low take-up was expanded nationally in September 2015. The pilot has ceased, as announced at the 2016–17 Budget.

Table 2.18: Program 2.8.2 Skills Development

KEY PERFORMANCE INDICATORS	ESTIMATE	ACTUAL
Number of organisations contracted to provide services as Australian Apprenticeships Centres ^a	N/A	N/A
Number of organisations contracted to provide services as Australian Apprenticeship Support Network providers	11	11
Total number of employers who have received a payment under the Australian Apprenticeships Incentives Program	78,000	51,854
Total number of Australian apprentices receiving a Personal Benefit through the Australian Apprenticeships Incentives Program	10,000	4,679
Total number of Australian Apprentices assisted through Trade Support Loan payments ^b	74,500	41,000

a No longer operating, replaced by the Australian Apprenticeship Support Network.

b The difference between the estimate and the actual number of apprentices taking out Trade Support Loans may have been influenced by a range of factors including the Fair Work Commission's decision to increase apprentices' wages and conditions in many industries, and fewer new commencements than originally projected. As with all demand driven programs, this will be closely monitored as the program matures.

Table 2.19: Program 2.8.3 Access to Training

DELIVERABLES	ESTIMATE	ACTUAL
Number of eligible job seekers assisted through the Skills for Education and Employment Program	26,499	24,888
Number of eligible migrants and humanitarian entrants assisted through the Adult Migrant English Program	62,187	59,344

Change in reported employer satisfaction with vocationally trained graduates

In 2015, 84 per cent of employers were satisfied that nationally recognised training (which was not part of an apprenticeship or traineeship) provided employees with the required skills. This result is lower than both the 2009 and 2011 surveys. There was a slight improvement (less than one percentage point) compared with the 2013 survey, but the difference is not statistically significant.

Most (81.7 per cent) employers were satisfied that apprentices and trainees are obtaining the skills they require from training. Although a slight improvement (2.9 percentage point) on the 2013 survey, this result is lower than in 2007, 2009 and 2011.⁶

Change in reported student satisfaction, including proportion of students reporting improved employment status

In 2015, 86.7 per cent of graduates of public VET were satisfied with the overall quality of their training, down 0.9 percentage points from 2014.

For employment outcomes, 58.6 per cent of graduates reported an improved employment status after training (down 1.1 percentage points from 2014). Of those graduates who were not employed before training, 41.2 per cent were employed after training in 2015 (down 3.2 percentage points). Employment outcomes also improved slightly for students who were not employed before training and who completed a subject or skill set rather than a complete qualification. Of those graduates employed before training, 16.3 per cent were employed at a higher skill level after training (up 1.5 percentage points from 2014). These outcomes were achieved in a job market where the ABS reports the average number of weeks an unemployed person had spent looking for work increased from 43.2 weeks in June 2014 to 48 weeks in June 2015.⁷

6 The data reported against this measure is from the National Centre for Vocational Education Research (NCVER) 2015, *Australian vocational education statistics: Employers' use and views of the VET system 2015*, Adelaide.

7 The data reported against this measure is from NCVER 2015, *Australian vocational education statistics: government-funded student outcomes 2015*, Adelaide and ABS 2016, *Labour Force, Australia, Detailed – Electronic Delivery*, cat no. 6291.0.55.001.

USER ACCESS GUIDE

The department's 2015–16 performance statements measure and assess our performance in achieving our purposes in accordance with the criteria as set out in the:

- *Department of Education and Training 2015–2019 Corporate Plan* (DET Corporate Plan)
- *Department of Social Services 2015–16 Corporate Plan* (DSS Corporate Plan)⁸
- *2015–16 Education and Training Portfolio Budget Statements* (Education and Training PBS)
- *2015–16 Social Services Portfolio Budget Statements* (Social Services PBS)
- *2015–16 Education and Training Portfolio Additional Estimates Statements* (Education and Training PAES).

The tables below list our performance criteria under each of our goals. These tables aim to guide the reader to where our performance against each criterion is reported in these statements.

Table 2.20: Support access to quality child care—performance criteria

Description of performance criteria	Criterion source	Results reported in section (page)
Percentage of children in priority groups using child care services: <ul style="list-style-type: none"> • Indigenous children • children from culturally and linguistically diverse backgrounds • children with disability 	DSS Corporate Plan and Social Services PBS	Our program performance Program 1.6 (page 23)
Extent of implementation of initiatives to improve the quality and affordability of child care	DSS Corporate Plan and Social Services PBS	Our priorities (page 18)
Number of children in child care assisted through Jobs, Education and Training Child Care Fee Assistance (JETCCFA)	DSS Corporate Plan and Social Services PBS	Our program performance Program 1.6 (page 23)
Number of parents assisted through JETCCFA		
Number of child care services receiving assistance to improve access and quality of child care—by type of assistance		
Number of families assisted through the Home Based Carer Subsidy Programme		

⁸ Early childhood and child care functions transferred from the Department of Social Services (DSS) under the Administrative Arrangements Order of 21 September 2015. This annual report refers to progress and achievements in early childhood and child care functions against the DSS Corporate Plan (as at 31 August 2015).

Part 2

Description of performance criteria	Criterion source	Results reported in section (page)
Number of families receiving Child Care Benefit (CCB) <ul style="list-style-type: none"> • CCB only • CCB and Child Care Rebate (CCR) 	DSS Corporate Plan and Social Services PBS	Our program performance Program 1.7 (page 24)
Percentage of families using child care services that receive a child care payment (CCB or CCR)		
Administered outlay		Appendix 1—Agency resource statement and resources for outcomes (page 188)
Number of families receiving CCR <ul style="list-style-type: none"> • CCR only • CCB and CCR 	DSS Corporate Plan and Social Services PBS	Our program performance Program 1.8 (page 25)
Percentage of families using child care services that receive a child care payment (CCB or CCR)		
Administered outlay		Appendix 1—Agency resource statement and resources for outcomes (page 188)
Number of families receiving Child Care Subsidy (CCS)	DSS Corporate Plan and Social Services PBS	No results available because the CCS does not commence until July 2018
Percentage of families using child care services that receive the CCS		
Administered outlay		

Table 2.21: Support quality early learning and schooling—performance criteria

Description of performance criteria	Criterion Source	Results reported in section (page)
Proportion of children, including Indigenous, vulnerable and disadvantaged children, enrolled in the year before full-time school in quality early childhood education programs	DET Corporate Plan	Our program performance Program 1.3 (page 39)
High-level targets and measures outlined in the <i>Australian Education Act 2013</i> and the Education Council's Measurement Framework for Schooling in Australia, including national performance, participation and Year 12 or equivalent attainment rates.	DET Corporate Plan	Our performance highlights (pages 26 to 29)

Description of performance criteria	Criterion Source	Results reported in section (page)
Funded full-time equivalent student enrolment projections	Education and Training PAES	Our program performance Program 1.1 (page 37)
All full-time enrolments in Australian schools: Primary students	Education and Training PBS	
All full-time enrolments in Australian schools: Secondary students	Education and Training PBS	
Number of Indigenous students at school	Education and Training PBS	
Funded full-time equivalent student enrolment projections	Education and Training PAES	Our program performance Program 1.2 (page 38)
Number of schools assisted with capital support	Education and Training PBS	
All full-time enrolments in Australian schools: Primary students	Education and Training PBS	
All full-time enrolments in Australian schools: Secondary students	Education and Training PBS	
All full-time enrolments in Australian schools: Indigenous students	Education and Training PBS	
Parliament and Civics Education Rebate (PACER): Number of schools visiting Canberra under PACER	Education and Training PBS	Our program performance Program 1.3 (page 38)
Helping Children with Autism package: Number of teachers and other school staff attending professional development courses	Education and Training PAES	
Helping Children with Autism package: Number of parents and carers attending workshops and information sessions	Education and Training PAES	
National School Chaplaincy Programme: Number of schools receiving support for chaplaincy services	Education and Training PBS	
Early Learning Languages Australia trial: Online foreign language learning in preschool programs trialled in 2015	Education and Training PBS	
Teach for Australia: Number of associates commencing in schools	Education and Training PBS	

Part 2

Description of performance criteria	Criterion Source	Results reported in section (page)
Universal Access to Early Childhood Education National Partnership: Percentage of all children enrolled in preschool	Education and Training PBS	Our program performance Program 1.3 (page 38)
Universal Access to Early Childhood Education National Partnership: Percentage of Indigenous children enrolled in preschool	Education and Training PBS	
Universal Access to Early Childhood Education National Partnership: Percentage of Indigenous children enrolled in preschool in remote areas	Education and Training PBS	
Universal Access to Early Childhood Education National Partnership: Percentage of enrolled children enrolled in preschool for 600 hours a year	Education and Training PBS	
Total announced projects (cumulative)	Education and Training PBS	Our program performance Program 1.4 (page 39)
Progress towards 2015 COAG target of 90 per cent Year 12 equivalent attainment	Education and Training PBS	Our program performance Program 1.5 (page 39)

Table 2.22: Excel through knowledge – performance criteria

Description of performance criteria	Criterion Source	Results reported in section (page)
Increased student participation in higher education, including by previously under-represented groups	DET Corporate Plan	Our performance highlights (page 40)
Improved infrastructure for tertiary education	DET Corporate Plan	Our program performance Program 2.3 (page 58)
Improved quality in higher education	DET Corporate Plan	Our performance highlights (page 41)
Increased participation in science and maths	DET Corporate Plan	Our performance highlights (page 42)
Sustained research performance, transparency and accountability of Australian higher education providers	DET Corporate Plan	Our performance highlights (page 43)
Sustained number of students completing higher degrees by research	DET Corporate Plan	Our performance highlights (page 43)
Improved research performance of less research intensive universities	DET Corporate Plan	Our program performance Program 2.6 (page 60)
Increased number of participants in activities promoting research-based careers	DET Corporate Plan	Our program performance Program 2.6 (page 60)
Increased access to research infrastructure to facilitate and support collaborative research activities	DET Corporate Plan	Our analysis (page 47)

Description of performance criteria	Criterion Source	Results reported in section (page)
Survey of International students' satisfaction with studying and living in Australia	DET Corporate Plan	Our performance highlights (page 44)
Students who are able to repay their HELP debts do so	DET Corporate Plan	Our program performance Program 2.4 (page 59)
High quality policy advice to Government on the higher education sector	DET Corporate Plan	Our performance highlights (page 45)
Number of Commonwealth supported domestic undergraduate places	Education and Training PAES	Our program performance Program 2.1 (page 57)
Number of Commonwealth supported domestic postgraduate coursework places	Education and Training PAES	
Number of enabling places	Education and Training PBS	
Number of Commonwealth Grant Scheme (CGS) medical places	Education and Training PBS	
Number of regional campuses under the CGS for which regional loading is applied	Education and Training PBS	
Number of domestic enrolments (full-time equivalent)	Education and Training PAES	
Number of domestic postgraduate enrolments (full-time equivalent)	Education and Training PBS	
Number of undergraduate completions	Education and Training PAES	
Number of postgraduate coursework completions	Education and Training PAES	
Eligible Table A universities supported by the Higher Education Superannuation Program	Education and Training PBS	

Part 2

Description of performance criteria	Criterion Source	Results reported in section (page)
Number of learning and teaching citations and awards provided to higher education providers by the Promotion of Excellence in Learning and Teaching in Higher Education Program	Education and Training PBS	Our program performance Program 2.3 (page 58)
Number of learning and teaching projects supported by the Promotion of Excellence in Learning and Teaching in Higher Education Program	Education and Training PBS	
Number of maths and science projects supported by the Australian Maths and Science Partnerships Program	Education and Training PBS	
Number of maths and science educational activities supported by the Australian Mathematical Sciences Institute project	Education and Training PBS	
Number of infrastructure projects supported by—Education Investment Fund Regional Priorities Round and Structural Adjustment Fund	Education and Training PBS	
Higher education graduates in full-time employment within four months of completion of degree as a proportion of those available for work	Education and Training PBS	
Graduate starting salaries as a proportion of male average weekly earnings	Education and Training PBS	
Number of domestic undergraduate low socioeconomic status (low SES) enrolments	Education and Training PBS	
Statistical Area Level 1 measure of the number of domestic undergraduates in low SES	Education and Training PAES	
Proportion of higher education undergraduate students from a low SES background	Education and Training PBS	
Number of Indigenous students enrolled at funded institutions	Education and Training PBS	
Number of Indigenous completions at funded institutions	Education and Training PBS	
Number of Indigenous student enrolments by selected higher education course level categories	Education and Training PBS	
Number of universities participating in Australian Maths and Science Partnership Program (AMSPP) projects	Education and Training PBS	
Number of students participating in Australian Mathematical Sciences Institute (AMSI) activities	Education and Training PBS	

Description of performance criteria	Criterion Source	Results reported in section (page)
Number of Commonwealth supported places for which HECS-HELP loans paid	Education and Training PAES	Our program performance Program 2.4 (page 59)
Number of places for which FEE-HELP loans paid	Education and Training PAES	
Number of OS-HELP loans to assist students to undertake some of their course overseas	Education and Training PAES	
Number of SA-HELP loans to assist students to pay their services and amenities fees	Education and Training PAES	
Number of places for which VET FEE-HELP loans paid	Education and Training PAES	
Average amount of debt (\$)	Education and Training PAES	
Average number of years to repay debt	Education and Training PBS	
Proportion of new debt not expected to be repaid	Education and Training PBS	
Number of commencing Australian Postgraduate Awards allocated	Education and Training PBS	Our program performance Program 2.5 (page 59)
Number of commencing International Postgraduate Research Scholarships allocated	Education and Training PBS	
Number of higher education providers receiving support for research	Education and Training PBS	
Number of higher education providers receiving support for research training	Education and Training PBS	
The equivalent full-time student load supported by the Research Training Scheme	Education and Training PBS	
Number of higher degree by research student completions	Education and Training PBS	

Part 2

Description of performance criteria	Criterion Source	Results reported in section (page)
Number of research institutions supported by the Collaborative Research Networks (CRN) program	Education and Training PBS	Our program performance Program 2.6 (page 60)
Number of learned academies and associations supported under the Higher Education Research Promotion scheme	Education and Training PBS	
Number of Australian Public Service agencies participating in National Security College (NSC) activities	Education and Training PBS	
Number of partnerships supported by the CRN program	Education and Training PBS	
Number of attendees participating in activities promoting research awareness	Education and Training PBS	
Number of research infrastructure projects established under the National Collaborative Research Infrastructure Strategy to offer services to the research sector	Education and Training PBS	
Number of Commonwealth participants in NSC courses	Education and Training PBS	
Number of participants in NSC courses	Education and Training PBS	
Number of projects and/or activities funded by the Increased Profile of Australian International Education Sector program	Education and Training PBS	Our program performance Program 2.7 (page 61)
Number of international scholarships, fellowships and exchange opportunities supported (Endeavour and mobility programs)	Education and Training PBS	
Proportion of international student survey respondents who are satisfied or very satisfied with studying in Australia	Education and Training PBS	
Proportion of international student survey respondents who are satisfied or very satisfied with living in Australia	Education and Training PBS	

Table 2.23: Build skills and capability—performance criteria

Description of performance criteria	Criterion Source	Results reported in section (page)
Growth in the number and proportion of Australians with VET skills (includes measurement of whether employed or not)	DET Corporate Plan	Our performance highlights (page 62)
Growth in the apprenticeship completion rate	DET Corporate Plan	Our priorities (page 68)
Change in reported employer satisfaction with vocationally trained graduates	DET Corporate Plan	Our program performance (page 74)
Change in reported student satisfaction, including proportion of students reporting improved employment status	DET Corporate Plan	Our program performance (page 74)
Changes in individual returns from investment in education and training, including employment and wages	DET Corporate Plan	This measure is reported in the OECD <i>Education at a Glance</i> publication, which publishes information on the private costs and benefits of attaining upper secondary or post-secondary non-tertiary education. However, as the most recent published data for Australia relates to 2009, the department did not consider this data to be relevant to the current reporting period.
Change in indicators of quality of training, including regulatory actions and revisions to training packages	DET Corporate Plan	Our performance highlights (page 65)
Progress towards National Partnership on Skills Reform outcomes (greater accessibility, transparency, quality and efficiency of the VET system)	DET Corporate Plan	Our performance highlights (page 64)
Number of eligible young people assisted through the Training for Employment Scholarships	Education and Training PBS	Our program performance Program 2.8.1 (page 72)
Number of eligible young people assisted through the Youth Employment Pathways	Education and Training PBS	
Number of participants supported to undertake training and/or support services	Education and Training PAES	

Part 2

Description of performance criteria	Criterion Source	Results reported in section (page)
Number of organisations contracted to provide services as Australian Apprenticeships Centres	Education and Training PBS	Our program performance Program 2.8.2 (page 73)
Number of organisations contracted to provide services as Australian Apprenticeship Support Network providers	Education and Training PBS	
Total number of employers who have received a payment under the Australian Apprenticeships Incentives Program	Education and Training PBS	
Total number of Australian apprentices receiving a Personal Benefit through the Australian Apprenticeships Incentives Program	Education and Training PBS	
Total number of Australian Apprentices assisted through Trade Support Loan payments	Education and Training PBS	
Number of eligible job seekers assisted through the Skills for Education and Employment Program	Education and Training PAES	Our program performance Program 2.8.3 (page 73)
Number of eligible migrants and humanitarian entrants assisted through the Adult Migrant English Program	Education and Training PAES	



PART 3

Management and accountability

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CORPORATE GOVERNANCE

Governance framework

Our approach to governance enables us to deliver outcomes effectively and achieve high levels of performance in a manner consistent with applicable legal, accountability and policy obligations.

The Executive Board is the decision-making body for the department. Membership consists of the Secretary, Associate and Deputy Secretaries, and the two corporate Group Managers. The Executive Board facilitates work across the department to achieve corporate objectives and promotes the core principles of good public sector governance — accountability, transparency, integrity, stewardship, efficiency, leadership and risk management.

The Departmental Network Meeting (DNM) is the key information sharing and consultation mechanism between the Executive Board and Group Managers. The DNM comprises the Secretary, Associate and Deputy Secretaries, the Chief Finance Officer, the Chief Lawyer and Group Managers.

As at 30 June 2016, the Executive Board was supported by seven departmental committees:

- Audit
- Budget
- Deregulation
- Indigenous Business is Everyone’s Business
- Information Technology
- People and Culture
- Strategy and Impact.

Figure 3.1: The department’s governance framework—boards and committees



The committees met regularly and assisted with broader departmental reporting and decision-making processes, developing new ideas and providing forums for consultation. The committees reported regularly to the Executive Board.



Audit Committee

The department's Audit Committee, established in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013*, is responsible for providing independent assurance and assistance to the Secretary on the department's financial and performance reporting responsibilities, risk oversight and management, and systems of internal control. The Audit Committee consists of three internal and five independent members and is chaired by an Associate Secretary from within the department.

Shared Services Centre

The Shared Services Centre (SSC) was established jointly by the Department of Education and Training and the Department of Employment to provide shared corporate services for both departments. The collaboration between the departments aims to reduce costs and increase efficiencies by consolidating and standardising processes.

The Secretaries of the Department of Education and Training and the Department of Employment are jointly responsible for the SSC. They receive advice on relevant strategic and operational matters from the SSC Governance Board. The Secretaries of both departments are members of the Board. The Board is chaired by the Secretary of the Department of Employment.

Under a heads of agreement, the partner departments share some of their corporate functions, including services such as finance and human resource support, property and building access, library and mailroom, IT infrastructure, telephony, design and website support. Strategic corporate functions remain within each partner department.

The SSC service delivery is designed to provide the best possible support to the partner departments allowing them to focus on delivering their business outcomes. The SSC is now part of the Government's wider Shared and Common Services Program, which aims to generate savings and efficiencies across the Australian Public Service (APS).

Indigenous Business is Everyone's Business

The department's Indigenous Business is Everyone's Business Committee is driving efforts to embed the department's philosophy of Indigenous business is everyone's business across all aspects of the department's work. The committee is one of the department's senior governance committees and reports directly to the Executive Board. The committee's responsibilities in 2015–16 included:

- developing the department's Indigenous Business is Everyone's Business Framework
- ensuring planning processes, including business plans and individual performance and development plans embedded the Indigenous business is everyone's business philosophy
- implementing the Indigenous Procurement Policy (IPP)
- developing and implementing the department's refreshed Reconciliation Action Plan (RAP)
- monitoring progress and developing strategies to achieve RAP targets
- coordinating RAP reports to provide to the Executive Board and Reconciliation Australia.

Reconciliation Action Plan

In January 2016 the department launched its refreshed *Reconciliation Action Plan 2014–2017*. The actions outlined in the RAP support our people to deepen their cultural understanding and build an environment based on respect, trust, positive relationships, equality and opportunities for all. This enables our people to have the right skills and awareness to develop and implement policies and programs that will have a positive impact on outcomes for Aboriginal and Torres Strait Islander peoples.

Our RAP is in the Stretch category of Reconciliation Australia's Reflect, Innovate, Stretch, Elevate Framework. The department is committed to remaining an employer of choice for Aboriginal and Torres Strait Islander peoples. As at 30 June 2016, 3.55 per cent of the department identified as being Aboriginal or Torres Strait Islander. Through our RAP we aim to increase our representation of Aboriginal and Torres Strait Islander people to 4.5 per cent by December 2017.

Business planning

The *Department of Education and Training 2015–2019 Corporate Plan* was launched on 30 August 2015. The plan sets out our vision—opportunity through learning—and describes our purpose as an entity, including our goals and priorities over the next four years. It also sets out our performance measures to ensure our work provides quality learning opportunities for everyone.

Business plans are developed annually for business units and outline a formal statement of objectives and how they will be achieved. In 2015–16 the department's business plans aligned with the vision and goals set out in the corporate plan, which in turn are linked to individual performance and development plans.


The corporate plan was developed prior to machinery of government changes on 21 September 2015. As such, it does not include the early childhood and child care functions of the Department of Education and Training. The department updated its internal business planning to incorporate a goal statement for early childhood and child care functions, based on the priorities published in the *Department of Social Services 2015–16 Corporate Plan* as at 31 August 2015.

Risk management

The department's Risk Management Framework and Policy are designed to ensure risk is managed in an integrated way and operationalised as an essential part of all business processes. The Risk Management Framework and Policy are aligned to the ISO31000 standard and meet the requirements of the Commonwealth Risk Management Policy.

The Executive Board's management of risk is supported by a commitment to risk management as an integral part of the department's planning and decision making processes. Accurately identifying, treating and monitoring departmental risks and opportunities at all levels enhances the department's resilience and capacity to positively respond to complex environments.

This year the department has seen a renewed emphasis on the management of risk at the strategic level. Our senior governance committees have been charged with actively considering and managing enterprise-wide risks. The Executive Board had risk discussions to ensure that the department is managing the right risks, at the right level.



Comcover's Risk Management Benchmarking Program assessed the department's risk maturity in 2016 as 'Advanced'. Our risk maturity ranked in the top 30 per cent of participating government entities and is consistent with the department's size, complexity and operating environment.

The department's risk exposure was captured in the department's risk management system-RiskActive. RiskActive allows for the management of risk in real time, provides a central repository for risk plans and supports the risk management framework. RiskActive is supported by an eLearning component and regular 'open days' to enable staff to become acquainted with the system.

Fraud control

The department's Fraud Control Plan (FCP) details the process for managing fraud risks at all levels within the department, including for programs delivered on behalf of the Government. The FCP includes a high level summary of fraud risk for the department and is reviewed and updated at least annually. In addition, the department's Risk Management Framework and Policy requires that fraud risks be considered as part of every risk assessment (and is mandatory for certain risk plan types). All risk plans registered in RiskActive must be reviewed at least annually.

The department continues to develop new solutions to manage fraud risk and incidents of fraud. Solutions may include improving the legislative framework, refining our analytic capability and strengthening controls. In 2015–16 the department strengthened fraud control in relation to the operation of family day care services through the introduction of new rules (by legislation instrument). The department also supported the Government to introduce reforms to VET FEE-HELP, including tightening marketing and recruitment practices and changing provider application arrangements. Further information is available in Part 2 of this report.

The Investigations Branch within the SSC is authorised to conduct fraud investigations on behalf of all the department's activities, with the exception of fraud risks related to Family Assistance Law, which is provided by the Early Childhood Education and Child Care Investigations Team. A Fraud Referral Threshold has been established to support this arrangement.

The SSC provides fraud prevention services, including:

- drafting the department's *Fraud Control Plan 2015–2018*
- advising on how to report a potential fraud and how to commence the investigation process
- general fraud queries, including dealing with fraud issues
- assisting the department in its reporting requirements under the Commonwealth Fraud Control Framework 2014
- advising on any other fraud-related matters.

The SSC offers fraud prevention training to departmental staff, providers and third party contractors. An interactive eLearning program is the primary means of providing fraud awareness training. All staff (including non-ongoing staff) were encouraged to complete the fraud awareness eLearning program on commencement. The Investigations Branch also conducted tailored face-to-face fraud awareness training to meet the needs of specific business units.

PEOPLE MANAGEMENT

Our people

At 30 June 2016 the department had 2087 employees. Workforce numbers reflect the transfer of a significant number of people (429) into the department from the Department of Social Services as a result of the machinery of government changes announced on 21 September 2015. Summary tables of workforce statistics start on page 97.

Under the department's governance arrangements, the People and Culture Committee is responsible for the strategic direction of people management issues, policies, initiatives and planning. The committee is chaired by an Associate Secretary and membership includes representatives from each of the department's four business clusters. The committee acts primarily in an advisory role, reporting directly to the Executive Board.

This year the department reinforced its commitment to providing a safe working environment by addressing concerns raised in the APS employee census about bullying and harassment. During the year the department conducted workshops with its employees to better understand feedback around bullying and harassment and its root causes. This work has informed the development of targeted strategies to address this issue within the department.

Diversity strategy builds a positive workplace culture

The department is committed to building an environment that supports and embraces diversity. Under the department's *Diversity Strategy 2014–2016*, we are building a workplace culture that:

- fosters inclusiveness
- promotes diversity
- embraces the unique skills and qualities of all our employees.

The strategy provides a holistic approach where diversity is integrated into every aspect of our work.

The department's Diversity Champion raises awareness and promotes initiatives that support our people to develop and implement inclusive practices for people from diversity groups and ensure that we build a workforce that reflects the community. The People Branch works with managers, employees and service providers to ensure an inclusive work environment and career opportunities for employees who have a caring role, disability or cultural differences.

The department has four established employee networks:

- Ability Network
- Aboriginal and Torres Strait Islander Employee Network
- Pride Network
- Women's Network.

These networks assist in building an inclusive workplace culture by raising awareness and promoting the benefits of a diverse and inclusive workforce.

A Diversity Sub-Committee was also established to support the People and Culture Committee to drive innovation through diversity, and ensure a positive workplace culture where diversity is accepted, valued, respected and maintained. The committee brings together employees from diverse backgrounds to share ideas and develop strategies aimed at building an inclusive workplace.



Aboriginal and Torres Strait Islander Employee Committee

The department's Aboriginal and Torres Strait Islander Employee Committee provides support to employees, and offers strategic advice to the department on workplace and workforce matters impacting on Aboriginal and Torres Strait Islander employees. In March 2016 the newly elected committee identified the following areas for focus over the next 12 months:

- launching the Indigenous Business is Everyone's Business Framework
- promoting career development to strengthen the Aboriginal and Torres Strait Islander workforce profile within the department
- improving the induction process and ongoing pastoral care for our Aboriginal and Torres Strait Islander employees

- analysing the outcomes of all entry level programs especially in regards to achievement rates and progression.



Image (top): Employees at the 2015 Aboriginal and Torres Strait Islander Employee Workshop.

Right: Dr Subho Banerjee addressing the 2015 Aboriginal and Torres Strait Islander Employee Workshop.

Developing an agile and capable workforce

The department's 2015–2019 Corporate Plan articulates a range of workforce planning strategies to address our current and future workforce needs. These strategies are designed to further develop our agile and capable workforce and to position the department to respond quickly and effectively to emerging priorities.

The department continued implementing our *Learning Action Plan 2015–2017*, which commits the department to the ongoing development of employees and their skills. A range of new learning initiatives were rolled out as a result of the plan, including:

- leadership training for all Executive Level 2 employees, leading to more collaboration and communication across the cohort
- providing all staff with easy access to eLearning across a wide variety of technical and management areas through Lynda.com, an online training portal
- a VET certified eLearning Indigenous cultural awareness training program available to all employees and required for new entrants to the department
- a suite of training programs to build policy and writing capability.

Employee satisfaction with learning and development provided has increased significantly in the past two years. In the 2015–16 APS employee census, administered by the Australian Public Service Commission (APSC), 70 per cent of employees responded positively to the statement: 'My workplace provides access to effective Learning and Development'. This is seven percentage points higher than the results for 2014–15 and 14 points higher than the 2013–14 results.

Building on the success of the department's internal Mobility Register, the Staff Exchange initiative was introduced in 2015–16. The exchange aims at encouraging even greater flexibility in the way our people work and agility across the department. The exchange is an intranet based bulletin board that connects areas experiencing a spike in workload with employees from across the department who have capability and capacity to assist in managing short-term peak workloads. The exchange is driven by business areas identifying opportunities, which are usually short term and non-enduring.

Entry level programs build future capability

The Graduate Program, the APSC Indigenous Cadetship Program, and the Indigenous Australian Government Development Program (IAGDP) continue to provide opportunities for the department to build capability and ensure we have succession for the future. Twenty four participants completed entry level programs in 2015: 19 graduates, four IAGDP participants and one Indigenous cadet.

In February 2016, a larger cohort (42 participants) commenced in the 2016 Graduate Program. These graduates will complete a 10 month program consisting of two work placements, on-the-job training and structured learning and development. They have already contributed to the culture of the department, coordinating a departmental trivia night and other events to raise money for charity.

The department is currently hosting 14 participants in the 2016 IAGDP, who are undertaking a Diploma of Government while working full-time. IAGDP participants are expected to complete the program in December 2016.



Stepping Into program

The department participates in the Australian Network on Disability's Stepping Into program, which provides paid internships designed specifically for university students with disability.

This program is a simple and effective way to demonstrate our commitment to people with disability, providing benefits for both the department and the intern. The department benefits by continuing to build a workplace culture that values diversity and promotes the employment of people with disability. The intern benefits by gaining valuable work experience and the experience of going through the job application and interview process.

Program feedback from both supervisors and interns has been positive. The supervisors involved in the program have been impressed by the high standard of interns and believe the program inspires and influences an inclusive workplace culture.

During the year, two former Stepping Into program interns secured permanent employment with the department: one as a participant in the department's 2016 Graduate Program, and the other through a bulk recruitment round.

Optimising internal management structures

In 2015–16, the department progressed implementing the APS Optimal Management Structures (OMS) Framework. OMS focuses on improving spans of control and ensuring that decisions are made at the lowest practical level. Delegation of work and decision-making to appropriate levels was a key issue identified in the 2015 APS employee census results and has important implications for business performance and employee development and engagement. In 2015, the department developed an implementation plan to achieve improved management structures over three years (2015–2018).

The implementation plan embeds key OMS principles into every aspect of the department's people management and HR systems, structures and processes, including:

- providing more structure and discipline around managing positions in our HR system
- ensuring that all vacancies are correctly classified against the APS Work Level Standards (APS WLS) in recruitment activities
- ensuring that work expectations are consistent with the APS WLS and the APSC Integrated Leadership System in our performance management processes.

Remuneration and conditions for non-SES employees

A single enterprise agreement for the department was approved by the Fair Work Commission and came into effect on 8 April 2016.

The department's enterprise agreement provides for a single set of terms and conditions for all the department's non-SES employees. Table 3.2: Salary ranges at 30 June 2016 on page 97 details the salary ranges under the enterprise agreement. Further information about the department's new single enterprise agreement is provided on page 95.

The department uses individual arrangements to secure specific expertise or specialist skills sets that are critical to business needs. At 30 June 2016, 17 employees had individual arrangements in place.

Remuneration and conditions for SES employees

Remuneration and conditions for SES employees are covered by a section 24(1) determination made by the Secretary under the *Public Service Act 1999*.

The determination provides for a total remuneration approach to SES remuneration and conditions. The SES arrangements do not provide for performance pay.

The department is currently consulting on the development of a new single set of SES arrangements.

New enterprise agreement provides a single set of terms and conditions

A single enterprise agreement for the department was approved by the Fair Work Commission and came into effect on 8 April 2016.

Previously, employees in the department had been covered by two separate sets of arrangements inherited from previous department structures, or through machinery of government changes. While the terms and conditions of the two enterprise agreements were largely similar, the differences in pay scales varied between three and 12 per cent for the same classification. This meant the department was managing over 150 salary points for employees.

Bargaining for a single departmental enterprise agreement commenced in August 2014. Eighty-six per cent (1734 out of 2027) of eligible non-SES employees voted on the enterprise agreement, between 16 and 22 March 2016. Fifty-six per cent (968) of employees voted in favour of the new enterprise agreement.

The department's first enterprise agreement provides for a single set of terms and conditions for all the department's non-SES employees and achieves pay equity through a single pay scale, and reduces the number of pay points to 37.

The enterprise agreement provides for a remuneration package involving transitional arrangements to align employees to the same salary rates, as well as pay increases totalling 5.5 per cent over three years distributed as follows:

- 2.5 per cent on commencement of the enterprise agreement
- two per cent 12 months after commencement
- one per cent 24 months after commencement.

The transitional arrangements and pay rises together provide the maximum six per cent average remuneration increase permitted under the Australian Public Service Workplace Bargaining Policy.

The enterprise agreement provides an affordable set of employee terms and conditions and provides flexibility to support organisational productivity and performance.

Workplace health and safety

The department is committed to providing a safe and healthy workplace for all employees. The Work Health and Safety (WHS) Committee provides oversight of the department's WHS obligations and considers strategic work health and safety issues. The department also has a national Health and Safety Representative network.

In 2015–16, the department's Health and Wellbeing Strategy included participation in:

- National Health and Wellbeing Week
- R U OK Day activities
- Employee health check through Oz Help
- National influenza vaccination program.

A Health and Wellbeing Hub is accessible to all employees on the intranet, which includes comprehensive information on workplace mental health. Domestic and Family Violence Resource Kits for individuals, managers, and colleagues were also developed and are readily accessible.

The department promotes a proactive approach to health and safety management through effective communication and consultation, systematic identification, assessment and control of risks.

Table 3.1 shows the breakdown of the 2015–16 incidents and a comparison to 2014–15. Unspecified mechanisms of injury and body stressing (including muscle strains, back conditions and overuse type injuries) make up the highest proportion of incidents.

Table 3.1: Workplace health and safety incidents, 2015–16

Mechanism of incident	2014–15 Incidents (%)	2015–16 Incidents (%)
Falls on the same level (including trips and slips)	38.1	21
None	26.2	23
Repetitive movement with low muscle loading	7.1	4
Hitting objects with a part of the body	4.8	6
Unspecified mechanisms of injury	7.1	23
Other and multiple mechanisms of injury	4.8	4
Other muscular stress	7.1	6
Being hit by moving objects	2.4	11
Exposure to mental stress factors	2.4	0
Other	0	2
Total	100	100

In 2015–16 the Department of Education and Training had no notifiable incidents in accordance with section 38 of the *Work Health and Safety Act 2011*. This is consistent with the department's results for 2014–15. There were no investigations or actions taken during the year in accordance with Part 10 of the Act.



WORKFORCE STATISTICS

Table 3.2: Salary ranges at 30 June 2016—Department of Education and Training Enterprise Agreement 2016–2019

Classification	Salary range (\$)
APS Level 1	27,851 – 50,754
APS Level 2	54,520 – 58,097
APS Level 3	60,885 – 63,417
APS Level 4	66,230 – 70,831
APS Level 5	73,126 – 78,178
APS Level 6	82,209 – 90,402
Executive Level 1	101,090 – 122,899
Executive Level 2	118,957 – 142,794
Government Lawyer	63,417 – 90,402
Senior Government Lawyer	101,090 – 123,834
Principal Government Lawyer	135,710 – 146,364

Table 3.3: Salary ranges at 30 June 2016—Senior Executive Employees (SES)

Classification	Salary range (\$)
SES Band 1	161,000 – 241,290
SES Band 2	225,500 – 273,378
SES Band 3	N/A ^a

a SES Band 3 figures not provided as figures would identify individuals' salaries.

Part 3

Table 3.4: Ongoing and non-ongoing full-time and part-time employees self-identifying as Indigenous and non-Indigenous at 30 June 2016

Identification	Ongoing full-time	Ongoing part-time	Non-ongoing full-time	Non-ongoing part-time	Total
Indigenous	68 (33)	6 (4)	0 (1)	0 (0)	74 (38)
Non-Indigenous	1,639 (1,365)	334 (233)	32 (33)	8 (2)	2,013 (1,633)
Total	1,707 (1,398)	340 (237)	32 (34)	8 (2)	2,087 (1,671)

Note: The 2014–15 figures in brackets are shown for comparison.

Table 3.5: Employees by classification at 30 June 2016

Classification	Female	Male	Total
Cadets/Trainees	1 (2)	0 (0)	1 (2)
Indigenous Australian Government Development Program Trainees	13 (4)	2 (2)	15 (6)
Graduates	24 (11)	17 (7)	41 (18)
APS Level 1	0 (0)	0 (1)	0 (1)
APS Level 2	2 (2)	1 (0)	3 (2)
APS Level 3	20 (12)	12 (10)	32 (22)
APS Level 4	78 (90)	43 (55)	121 (145)
APS Level 5	207 (159)	86 (71)	293 (230)
APS Level 6	390 (276)	172 (152)	562 (428)
Executive Level 1	378 (314)	262 (248)	640 (562)
Executive Level 2	152 (104)	105 (72)	257 (176)
Government Lawyer/Legal Counsel	4 (5)	3 (3)	7 (8)
Senior Government Lawyer/Senior Legal Counsel	13 (8)	3 (2)	16 (10)
Principal Government Lawyer/Principal Legal Counsel	2 (3)	5 (2)	7 (5)
SES Band 1	40 (21)	27 (19)	67 (40)
SES Band 2	9 (8)	10 (3)	19 (11)
SES Band 3	3 (1)	2 (3)	5 (4)
Secretary	1 (1)	0 (0)	1 (1)
Total	1,337 (1,021)	750 (650)	2,087 (1,671)

Note: The 2014–15 figures in brackets are shown for comparison.

Table 3.6: Employees by employment status at 30 June 2016

Classification	Female	Male	Total
<i>Ongoing</i>			
Full-time	1,005 (790)	702 (608)	1,707 (1,398)
Part-time	311 (212)	29 (25)	340 (237)
Subtotal	1,316 (1,002)	731 (633)	2,047 (1,635)
<i>Non-ongoing</i>			
Full-time	17 (18)	15 (16)	32 (34)
Part-time	4 (1)	4 (1)	8 (2)
Subtotal	21 (19)	19 (17)	40 (36)
Total	1,337 (1,021)	750 (650)	2,087 (1,671)

Note: The 2014–15 figures in brackets are shown for comparison.

Table 3.7: Employees by location at 30 June 2016

Location	Female	Male	Total
New South Wales	36 (11)	28 (5)	64 (16)
Victoria	37 (12)	19 (5)	56 (17)
Queensland	31 (10)	9 (5)	40 (15)
Western Australia	30 (4)	6 (2)	36 (6)
South Australia	25 (11)	8 (3)	33 (14)
Tasmania	7 (2)	4 (1)	11 (3)
Australian Capital Territory	1,152 (962)	669 (623)	1,821 (1,585)
Northern Territory	14 (4)	2 (1)	16 (5)
Overseas	5 (5)	5 (5)	10 (10)
Total	1,337 (1,021)	750 (650)	2,087 (1,671)

Note: The 2014–15 figures in brackets are shown for comparison.

Table 3.8: Employee separations, 2015–16

Classification	Total
Cadets/Trainees	0
Indigenous Australian Government Development Program Trainees	2
Graduates	1
APS Level 1	1
APS Level 2	3
APS Level 3	12
APS Level 4	21
APS Level 5	36
APS Level 6	67
Executive Level 1	58
Executive Level 2	31
Government Lawyer/Legal Counsel	0
Senior Government Lawyer/ Senior Legal Counsel	0
Principal Government Lawyer/ Principal Legal Counsel	0
SES Band 1	9
SES Band 2	6
SES Band 3	1
Total	248



FINANCIAL PERFORMANCE

After adjusting for depreciation, the department reported an operating surplus for 2015–16 of \$3.7 million (1.06 per cent of departmental revenue). This compares to a surplus in 2014–15 of \$3.3 million (1.05 per cent of departmental revenue). The department's administered expenses over the same period were \$33.5 billion compared to \$30.5 billion in 2014–15. Further information on the department's financial performance in 2015–16 is available in Part 4 of this report.

Asset management

The department's asset management policies and procedures emphasise whole-of-life asset management. The department undertook a number of processes in the reporting year to provide assurance as to the existence, validity and valuation of the assets held. These included:

- a stocktake to confirm the existence and location of the department's assets
- an asset impairment review in accordance with Australian Accounting Standard 136 (Impairment of Assets) to ensure that the department only carries assets at a value above the recoverable amount
- a revaluation of the land and buildings including leasehold fit-outs as at 30 June 2016
- assessments of asset values other than land and buildings to ensure they are reported at fair value at 30 June 2016.

Statement of non-compliance

The following is the Department of Education and Training's statement of significant non-compliance with the finance law, pursuant to section 19(1)(e) of the *Public Governance, Performance and Accountability Act 2013*.

For the financial year ended 30 June 2016, the department had one instance, comprising 57 individual breaches, of systemic significant non-compliance. This relates to the Commonwealth Procurement Rule (CPR) 7.16, which requires agencies to publish on AusTender the information on individual contracts and amendments within 42 days of entering into (or amending) a contract if they are valued at or above the reporting threshold.

An administrative error occurred when processing variations to the contracts for the Skills for Education and Employment (SEE) program. Contracts were not updated appropriately within the department's financial management system (Connect) to include the new contract extension and values for the 2016–17 financial year. This had the flow on effect of not being reported on AusTender as required, resulting in a breach.

Contracts for SEE providers have now been increased in Connect to include 2016–17 values. The SEE team has implemented a new process whereby the Executive Level 1 manager of the SEE program must sign off on the completion of each notional budget process. The final step of this process requires confirmation that any new contract values have been reported on AusTender. The SEE program process guides have been updated to reflect this change. Departmental officials have been advised of the change in procedure and received training.

PURCHASING AND CONSULTANTS

Purchasing

The department's procurement policies and practices are consistent with all relevant Commonwealth laws, the Commonwealth financial framework (including the Commonwealth Procurement Rules) and other relevant policies. Specialist legal and probity advice is available to all areas of the department engaged in procurement activities and plans.

The department worked with the Shared Services Centre (SSC) to improve procurement and grants reporting processes and align departmental processes with whole-of-government initiatives. The SSC's role includes providing advice on Commonwealth procurement and grants frameworks, contract user design and system support, panel management and reporting and coordination.

The department also worked with the SSC to embed the Indigenous Procurement Policy into procurement systems and processes.

Indigenous Procurement Policy

The Commonwealth Indigenous Procurement Policy (IPP) commenced on 1 July 2015 and places Indigenous businesses at the front and centre of the way the Government does business. Whether through direct contracts, or as part of the supply chain of some of Australia's biggest companies, the policy will ensure that Indigenous businesses have the chance to compete and showcase the products they have to offer. A strong Indigenous business sector will help drive financial independence, and create wealth and opportunities for Indigenous Australians.

The department, through our Reconciliation Action Plan, committed to meeting or exceeding our annual IPP targets. The department worked with the Shared Services Centre (SSC) in 2015–16 to provide leadership and procurement services to increase engagement with Aboriginal and Torres Strait Islander businesses.

The SSC introduced important procurement system changes to ensure accurate reporting of our success in procuring from Indigenous businesses.

Under the IPP, the Commonwealth aims to award three per cent of domestic contracts to Indigenous enterprises by 2020. This target is being progressively introduced, with an interim target of 0.5 per cent in 2015–16. The department exceeded our target in 2015–16, awarding 41 contracts (against a target of four) with a total value of \$5.3 million (against a target of \$0.37 million).

By purchasing goods and services from Indigenous businesses, the department is contributing to achieving real change for Indigenous Australians.



Exempt contracts

There were five contracts exempt from being reported on AusTender during 2015–16. Two of these were in error (duplicates). The remaining three were for reimbursement of fees paid for individuals under Tuition Protection Services and had a combined value of \$164,466.96.

Small businesses

Consistent with the Commonwealth Procurement Rules, the department's procurement practices provide appropriate opportunities for small businesses to compete and ensure they are not unfairly discriminated against. For example, the department uses the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000. Many small businesses do not have the sufficient scale, skills or resources to prepare complex tender documents. Using this suite, which has simple and consistent contract terms and insurance requirements, simplifies this process and makes it easier for small and medium enterprises (SMEs) to bid for work with the department.

Statistics on Commonwealth procurement activity, including SMEs and small business participation for the department, is available on the Department of Finance's website at www.finance.gov.au.

The department also recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on The Treasury's website at www.treasury.gov.au.

Consultancies

The department engages consultants to provide independent and expert advice or services, taking into account the skills and resources required for the task, the skills available internally and the cost effectiveness of those options. The decision to engage a consultant is made in accordance with the *Public Governance, Performance and Accountability Act 2013* and related regulations.

The methods of selection used for consultancies are open tender, prequalified tender, limited tender and panel arrangements (initially selected through either an open tender or prequalified tender process). Consultants are typically engaged to:

- investigate or diagnose a defined issue or problem
- carry out defined research, reviews or evaluations
- provide independent advice, information or creative solutions to assist the department in decision-making.

In 2015–16 the department entered into 110 new consultancies, involving total actual expenditure of \$19,909,370.94. In addition, 42 ongoing consultancy contracts were active during 2015–16, involving total actual expenditure of \$5,723,856.23.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at www.tenders.gov.au.

Grant programs

Information on grants awarded by the department during the period 1 July 2015 to 30 June 2016 is available at www.education.gov.au.

Part 3

Advertising and marketing

Details of payments made to advertising, market research, polling, media advertising and direct mail organisations by the department in 2015–16 are provided in Table 3.9 to Table 3.11. Where the total paid is less than \$12,700 (inclusive of GST) details have not been included. This is consistent with section 311A of the *Commonwealth Electoral Act 1918*.

In 2015–16 the department conducted one advertising campaign: the Parent Engagement advertising campaign. Further information on advertising campaigns is available at www.education.gov.au and in the reports on Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website at www.finance.gov.au.

Table 3.9: Advertising agencies

Organisation	Service provided	Total \$ paid 2015–16
Dentsu Mitchell Media Australia	Overseas higher education debtors	18,093.67
BCM	Campaign advertising development and design	1,234,518.72
Dentsu Mitchell Media Australia	Media booking for Parent Engagement (PE) campaign	3,844,500.00
Dentsu Mitchell Media Australia	Advertising – digital and internet display	70,973.16

Table 3.10: Market research and polling organisations

Organisation	Service provided	Total \$ paid 2015–16
ORIMA Research Pty Ltd	Research services developmental research child care campaign	307,749.00
GFK Australia Pty Ltd	Market research to conduct message testing	76,835.00
ORIMA Research Pty Ltd	Survey of Australian school principals	137,073.00
Wallis Consulting	Research services benchmark and tracking PE campaign	173,732.00
Market Solutions Pty Ltd	Vocational Education and Training Consumer Information Research	297,811.23
TNS Australia	Concept testing and refinement research services PE campaign	216,673.60

Table 3.11: Media advertising organisations

Organisation	Service provided	Total \$ paid 2015–16
Dentsu Mitchell Media Australia	Advertising for commissioner for ASQA	20,498.73
Dentsu Mitchell Media Australia	National and state based media advertising	25,459.08

ENVIRONMENTAL PERFORMANCE

The environmental performance of the department is managed on its behalf by the SSC. Environmental management is focused on reducing impacts from energy consumption, waste, water consumption, vehicle fleet, air travel, paper consumption and procurement policies and practices. The department's impacts are summarised in Table 3.12.

For the past two financial years it was not possible to separate the department's environmental impacts from those of the Department of Employment and joint figures were reported. Fully independent data can now be reported but it is not comparable to the previous year. New baselines are reported here and year-to-year comparisons will begin in 2016–17.

Table 3.12: Summary of environmental performance

Indicator	2015–16
Office/building energy use	
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	5,219.14
Office tenant light and power energy use per square metre (MJ/m ²)	217.34
Greenhouse emissions attributed to office tenant light and power energy use (tonnes/CO ² -e)	2,013.07
Green power purchased as a percentage of total electricity consumption	11.53%
Vehicle fleet	
Total number of fleet vehicles	17
Average green vehicle rating of fleet	13.3
Average fuel consumption of vehicle fleet (litres/100 km)	10.15
Total direct greenhouse emissions of fleet (tonnes CO ² -e)	15.42
Air travel	
Total number of flights	8,434
Total distance of flights (km)	10,664,461
Resource efficiency and waste^a	
Office paper purchased by FTE (A4 reams/FTE)	7.83
Percentage of paper purchased with recycled content	93.68%
Office paper recycled (kilograms per FTE)	47.73
Total landfill waste produced (kilograms per FTE)	38.78
Total comingled recycling (kilograms per FTE)	16.79
Total organic recycling (kilograms per FTE)	9.53

Part 3

Indicator	2015–16
ICT sustainability	
Desktop devices per end-user	1.88
Desktop computers to printer ratio	18:1

CO₂^e = carbon dioxide equivalent; kWh = kilowatt hour; MJ = megajoule;
FTE = Full-time Equivalent (the most accurate measure of total MJI staff numbers)

a Waste and recycling data is only available for tenancies in Canberra.

Office and building energy use

The department's headquarters building at 50 Marcus Clarke Street Canberra retains one of the highest environmental ratings in Australia, including a 5.5 Star rating for both Base Building and Tenancy Energy. The subleasing of vacant space to the Australian Electoral Commission and the Digital Transformation Office has maximised building occupancy to reduce costs and maintain the best possible energy efficiency.

This has helped the department to achieve an overall energy intensity level of 5219 megajoules per person in 2015–16, which is significantly lower than the Energy Efficiency in Government Operations target of 7500 megajoules per person.

Vehicle fleet and air travel

The average Green Vehicle Guide rating of the department's small fleet of 17 vehicles remains high at 13.3. Total air kilometres flown by staff are higher than the department would prefer and efforts will continue in future to encourage video conferencing and other alternatives to air travel.

Resource efficiency and waste

Paper usage remains low at 7.83 reams per person and 94 per cent of all paper purchased has significant recycled content, with 33 per cent being 100 per cent recycled or carbon neutral.

The waste system at 50 Marcus Clarke Street was formerly certified at 4.5 Stars NABERS Waste and will be recertified when the new NABERS Waste protocol is available.

A total of 15 tonnes of organic material was diverted from landfill to vermiculture—reducing emissions and producing beneficial worm castings and compost.



INFORMATION AND COMMUNICATIONS TECHNOLOGY

The department builds, manages and sustains major business applications, provides analytics and user research and engagement capabilities and also provides the whole-of-government Parliamentary Workflow Solution (PWS).

In line with the Government's digital agenda, the department is transforming its capability to harness technology to deliver strategic, innovative, data driven policy and execution. In 2015–16 the department developed a new Information and Communications Technology (ICT) strategy that describes a target state for the business, powered by improved digital, data and technology capabilities by 2020. The department also introduced a new ICT investment process, which started with more than 30 workshops involving more than 300 staff held in late 2015–16 and will inform investments from 2016–17 onwards. The new investment process focuses on enterprise-wide approaches and benefits. The department also delivered cloud provisioning of services and established ongoing strategic partnerships with the private sector to harness technology and build capability.

The department engaged with the Digital Transformation Office (DTO) to help deepen and embed support for the Government's digital transformation agenda. The Government is committed to making public services simpler, clearer and faster for everyone. In line with this commitment, the department is increasingly deploying user-centred design (UCD) approaches to ICT and policy design and delivery. UCD is based on empirical, internal and external user engagement and research to inform and guide solution and policy design. It also includes ongoing testing throughout the design, development and lifecycles of solutions and policies. Additionally, the department planned and implemented baseline user engagement and research to develop user design blueprints to inform the development of new solutions and policies.

The SSC provides supporting IT services to enable the department to achieve our strategic goals and outcomes. The SSC services include the network, internet gateway, application hosting, geospatial reporting, human resource, and finance applications and the end-user client computing environment.

Whole-of-government Parliamentary Workflow Solution

The Parliamentary Workflow Solution (PWS) is hosted by the department and provides a whole of government solution with standards and processes for managing parliamentary records such as ministerial correspondence, briefs and submissions.

Over the last four years the department has worked collaboratively with the Department of Finance, which oversees the governance and funding arrangements. In 2015–16, the department achieved its final milestone in the four-year program to transition designated agencies across to the PWS.

The remaining agencies, the departments of the Prime Minister and Cabinet, Foreign Affairs and Trade, and Defence transitioned in 2015–16. By June 2016, 106,000 registered users from 51 agencies had processed more than 993,000 records. The PWS was the first initiative of its kind to implement a whole-of-government, shared solution and is expected to save the Government \$30 million over 10 years. The successful completion of the PWS roll-out is leading the way for other whole of government activities, including governance and stakeholder management.

EXTERNAL SCRUTINY

Judicial decisions

There were no decisions of any Court during 2015–16 that have had, or may have, a significant impact on the operations of the department.

Decisions of administrative tribunals

There were no decisions of administrative tribunals during 2015–16 that have had, or may have, a significant impact on the operations of the department.

Decisions by the Australian Information Commissioner

There were no decisions by the Australian Information Commissioner during 2015–16 that have had, or may have, a significant impact on the operations of the department.

Reports by the Auditor-General

In 2015–16 the Auditor-General produced the following reports of relevance to the department:

- *Audit Report No. 1 2015–16 Procurement Initiatives to Support Outcomes for Indigenous Australians*
- *Audit Report No. 15 2015–16 Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2015*
- *Audit Report No. 31 2015–16 Administration of Higher Education Loan Program Debt and Repayments*

Details of these reports can be found on the Australian National Audit Office website at www.anao.gov.au.

Parliamentary committee inquiries

In 2015–16 following inquiry reports were produced of relevance to the department.

Joint Committee of Public Accounts and Audit:

- *Report 454, Early Years Quality Fund* refers to the following inquiry—Review of Auditor-General Report No. 23 (2014–15) Administration of the Early Years Quality Fund.

Senate Education and Employment References committee:

- *The operation, regulation and funding of private vocational education and training (VET) providers in Australia* (15 October 2015)
- *The impact of Australia's temporary work visa programs on the Australian labour market and on the temporary work visa holders* (17 March 2016)
- *Current levels of access and attainment for students with disability in the school system, and the impact on students and families associated with inadequate levels of support* (15 January 2016):

Details on these inquiries can be found on the Parliament of Australia website at www.aph.gov.au.

Information Publication Scheme

Agencies subject to the *Freedom of Information Act 1982* are required to publish information as part of the Information Publication Scheme. This requirement is in Part II of the Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the Information Publication Scheme requirements. The department's plan is available at docs.education.gov.au.

Disability reporting

The *National Disability Strategy 2010–2020* sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The 2014 Progress Report is published by the Department of Social Services at www.dss.gov.au.



PART 4

Financial statements

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Education and Training

I have audited the accompanying annual financial statements of the Department of Education and Training for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and Forming Part of the Financial Statements.

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 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Secretary 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 Secretary 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.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

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 Secretary, 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.

Australian National Audit Office



John Jones
Executive Director
Delegate of the Auditor-General
Canberra

21 September 2016

Department of Education and Training

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCE OFFICER

I, as the accountable authority of the Department of Education and Training, present the 2015–16 financial statements of the department, as required under paragraph 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, these financial statements are based on properly maintained financial records, and comply with subsection 41(2) of the PGPA Act.

There are reasonable grounds to believe that the department will be able to pay its debts as and when they become due and payable.

All information required to comply with s42(2) is included in the financial statements with disclosures as required contained in the notes within.

This rule was applied without exemption.

Signed 
Dr Michele Bruniges AM
Secretary
21 September 2016

Signed 
Susan Monkley
Chief Finance Officer
21 September 2016

Department of Education and Training
STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2016

		2016	2015	2016 Original Budget ¹	Variance
	Notes	\$'000	\$'000	\$'000	\$'000
NET COST OF SERVICES					
EXPENSES					
Employee benefits	1.1A	215,830	206,561	197,462	18,368 ²
Supplier expenses	1.1B	127,923	101,179	85,307	42,616 ³
Grants	1.1C	629	257	-	629
Depreciation and amortisation	1.1D	25,168	26,918	31,179	(6,011)
Finance costs	1.1E	-	51	-	-
Write-down and impairment of assets	1.1F	2,774	2,866	-	2,774
Losses from asset sales	1.1G	234	-	-	234
Total expenses		372,558	337,832	313,948	58,610
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	1.2A	29,736	30,385	20,820	8,916 ⁴
Total own-source revenue		29,736	30,385	20,820	8,916
Gains					
Sale of assets	1.2B	-	87	-	-
Reversals of previous asset write-downs and impairment	1.2C	-	64	-	-
Other gains	1.2D	8,640	6,847	6,743	1,897
Total gains		8,640	6,998	6,743	1,897
Total own-source income		38,376	37,383	27,563	10,813
Net cost of (contribution by) services		334,182	300,449	286,385	47,797
Revenue from Government	1.2E	313,127	276,854	255,206	57,921 ⁵
Surplus (Deficit) attributable to the Australian Government		(21,055)	(23,595)	(31,179)	10,124
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation surplus:					
Adjustment to land		(30)	-	-	(30)
Adjustment to buildings		(4)	-	-	(4)
Adjustment to leasehold improvements		(1,242)	5	-	(1,242)
Adjustment to infrastructure, plant and equipment		897	-	-	897
Total other comprehensive income		(379)	5	-	(379)
Total comprehensive income (loss) attributable to the Australian Government		(21,434)	(23,590)	(31,179)	9,745

Department of Education and Training
STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000	2016 Original Budget ¹ \$'000	Variance \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	3.1A	6,132	9,817	8,429	(2,297)
Trade and other receivables	3.1B	85,245	51,829	32,310	52,935 ⁵
Other financial assets	3.1C	1,996	3,276	5,513	(3,517)
Total financial assets		93,373	64,922	46,252	47,121
Non-financial assets					
Land and buildings	3.2A	37,137	42,118	46,194	(9,057) ⁶
Infrastructure, plant and equipment	3.2A	12,659	11,327	13,940	(1,281) ⁶
Intangibles	3.2A	75,589	70,403	80,099	(4,510) ⁶
Other non-financial assets	3.2B	10,126	10,728	8,599	1,527
Total non-financial assets		135,511	134,576	148,832	(13,321)
Total assets		228,884	199,498	195,084	33,800
LIABILITIES					
Payables					
Suppliers	3.3A	31,663	23,495	12,975	18,688 ³
Other payables	3.3B	20,329	28,963	21,397	(1,068)
Total payables		51,992	52,458	34,372	17,620
Provisions					
Employee provisions	6.1A	71,173	54,778	79,326	(8,153) ²
Other provisions	3.4A	1,739	3,106	1,345	394
Total provisions		72,912	57,884	80,671	(7,759)
Total liabilities		124,904	110,342	115,043	9,861
Net assets		103,980	89,156	80,041	23,939
EQUITY					
Contributed equity		171,110	134,848	112,209	58,901 ⁷
Reserves		59	438	433	(374)
Retained surplus (accumulated deficit)		(67,189)	(46,130)	(32,601)	(34,588) ⁷
Total equity		103,980	89,156	80,041	23,939

Department of Education and Training
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2016

	2016	2015	2016 Original Budget	Variance
	\$'000	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period	134,848	95,137	81,567	53,281
Adjustment for rounding	(1)	-	-	(1)
Adjusted opening balance	134,847	95,137	81,567	53,280
Transactions with owners				
Distributions to owners				
Returns of capital:				
Restructuring (Note 8.1A)	-	24,557	-	-
Contributions by owners				
Equity injection - Appropriation	10,438	3,489	8,465	1,973
Departmental capital budget	22,177	18,686	22,177	-
Restructuring (Note 8.1A)	3,648	(7,021)	-	3,648
Total transactions with owners	36,263	39,711	30,642	5,621
Closing balance as at 30 June	171,110	134,848	112,209	58,901
RETAINED EARNINGS				
Opening balance				
Balance carried forward from previous period	(46,130)	(22,538)	(1,422)	(44,708)
Adjustment for rounding	(4)	3	-	(4)
Adjusted opening balance	(46,134)	(22,535)	(1,422)	(44,712)
Comprehensive income				
Surplus (Deficit) for the period	(21,055)	(23,595)	(31,179)	10,124
Total comprehensive income	(21,055)	(23,595)	(31,179)	10,124
Closing balance as at 30 June	(67,189)	(46,130)	(32,601)	(34,588)
ASSET REVALUATION RESERVES				
Opening balance				
Balance carried forward from previous period	438	433	433	5
Adjusted opening balance	438	433	433	5
Comprehensive income				
Other comprehensive income - changes in reserve	(379)	5	-	(379)
Total comprehensive income	(379)	5	-	(379)
Closing balance as at 30 June	59	438	433	(374)
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period	89,156	73,032	80,578	8,578
Adjustment for rounding	(5)	3	-	(5)
Adjusted opening balance	89,151	73,035	80,578	8,573
Comprehensive income				
Other comprehensive income - changes in reserve	(379)	5	-	(379)
Surplus (Deficit) for the period	(21,055)	(23,595)	(31,179)	10,124
Total comprehensive income	(21,434)	(23,590)	(31,179)	9,745
Transactions with owners				
Distributions to owners				
Returns of capital:				
Restructuring (Note 8.1A)	-	24,557	-	-
Contributions by owners				
Equity injection - Appropriation	10,438	3,489	8,465	1,973
Departmental capital budget	22,177	18,686	22,177	-
Restructuring (Note 8.1A)	3,648	(7,021)	-	3,648
Total transactions with owners	36,263	39,711	30,642	5,621
Closing balance as at 30 June	103,980	89,156	80,041	23,939

Department of Education and Training
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2016

Accounting Policy

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.

Department of Education and Training
STATEMENT OF CASH FLOWS
for the period ended 30 June 2016

		2016	2015	2016 Original Budget ¹	Variance
	Notes	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations		336,174	307,355	257,672	78,502 ⁸
Sale of goods and rendering of services		17,340	40,737	17,970	(630)
Net GST received		7,017	5,712	-	7,017 ⁹
Other		12,839	9,922	2,850	9,989 ¹⁰
Total cash received		373,370	363,726	278,492	94,878
Cash used					
Employee benefits		211,878	215,581	197,355	14,523 ²
Supplier expenses		133,176	100,903	78,563	54,613 ³
Grants		629	257	-	629
Section 74 receipts transferred to the OPA		30,665	47,837	-	30,665 ⁸
Total cash used		376,348	364,578	275,918	100,430
Net cash from (used by) operating activities	5.5A	(2,978)	(852)	2,574	(5,552)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of infrastructure, plant and equipment		23	735	-	23
Total cash received		23	735	-	23
Cash used					
Purchase of infrastructure, plant and equipment		3,427	3,985	7,174	(3,747) ⁶
Purchase / development of intangibles		23,386	16,790	18,659	4,727
Purchase of land and buildings		1,387	2,041	7,383	(5,996) ⁶
Total cash used		28,200	22,816	33,216	(5,016)
Net cash from (used by) investing activities		(28,177)	(22,081)	(33,216)	5,039
FINANCING ACTIVITIES					
Cash received					
Contributed equity - capital injections		8,023	3,836	8,465	(442)
Contributed equity - capital budget		19,447	18,299	22,177	(2,730)
Cash from restructuring			2,186	-	-
Total cash received		27,470	24,321	30,642	(3,172)
Net cash from (used by) financing activities		27,470	24,321	30,642	(3,172)
Net increase (decrease) in cash held		(3,685)	1,388	-	(3,685)
Cash and cash equivalents at the beginning of the reporting period		9,817	8,429	8,429	1,388
Cash and cash equivalents at the end of the reporting period	3.1A	6,132	9,817	8,429	(2,297)

Department of Education and Training
BUDGETARY REPORTING
for the period ended 30 June 2016

Budget Variances Commentary

Departmental variances

Variance explanations are provided for departmental variances greater than 5 percent and \$5 million.

¹ The 2015-2016 Education Portfolio Budget Statements (PBS) as presented to Parliament contains the Original Budget. The PBS was completed prior to the finalisation of the 2014-15 Financial Statements. It is noted, during 2015-16 the Administrative Arrangements Order (AAO) of 21 September 2015 transferred the Early Childhood Education and Care functions from the Department of Social Services (DSS).

² Employee Benefits are higher than anticipated due to additional staff being transferred from DSS. The Enterprise Agreement was agreed during the year with a portion of staff receiving additional salary in the last quarter of the 2016 financial year as well as staff taking additional leave. This has had a flow on affect to Employee Provisions with a lower than anticipated total due to increased leave taken and additional cash paid out.

³ Supplier Expenses are higher than anticipated due to increased expenditure on contractors, consultants and IT Services. These were predominantly a result of a greater number of projects requiring external consultancy and the provision of reports and advice. Throughout the year there were a number of changes to the percentage ownership of the Shared Services Centre (SSC). This increased expenditure has had a flow on effect to supplier cash paid and supplier payables.

⁴ Sale of goods and rendering of services is \$8.916 million higher than anticipated at the 2015-16 Budget. This is due to revenue received for the Unique Student Identifier Special Account.

⁵ Revenue from Government is higher than at PBS due to \$44 million received from DSS as well as additional funding received in Appropriation Act 3 and Appropriation Act 4 at PAES. This is similarly reflected in the higher than anticipated Trade and Other Receivables.

⁶ The lower than expected level of non-financial assets is attributable to fewer capital purchases made throughout the year. There was a revaluation of all assets excluding intangibles prior to 30 June which resulted in an overall revaluation decrement for the department. The change in percentage ownership of the SSC assets also impacts these figures. There was a significant impairment of over \$2 million for an intangible asset. The total movement is also reflected in lower cash being used than budgeted for.

⁷ The movements in Equity are primarily a result of the opening balance discrepancies. These are caused by the PBS being released and prepared prior to the finalisation of the 2014-15 financial statements which included the finalisation of a number of machinery of government changes. There was a further machinery of government change in 2015-16.

⁸ The Appropriation received and Cash used for Section 74 separate the Section 74 transfers to the Official Public Account which are presented on a net basis in the PBS. Appropriation received is also significantly different than budgeted due to the receipt of funds from DSS.

⁹ Net GST received is not disclosed separately in the Budget estimate.

¹⁰ Other Cash received is predominantly due to the increase in ownership of the SSC revenues. The majority is due to an increase in sublease revenues. There has been an additional letting of space by the Department to the DTO and the AEC throughout 2015-16.

Department of Education and Training
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

For the period ended 30 June 2016

		2016	2015	2016 Original Budget ¹	Variance
	Notes	\$'000	\$'000	\$'000	\$'000
NET COST OF SERVICES					
EXPENSES					
Supplier expenses	2.1A	598,827	338,577	677,139	(78,312) ²
Subsidies	2.1B	327,810	144,309	417,707	(89,897) ³
Personal benefits	2.1C	5,092,274	3,535,096	122,944	4,969,330 ⁴
Grants	2.1D	25,725,320	24,410,096	25,504,343	220,977 ⁵
Finance costs	2.1E	636,237	801,980	965,356	(329,119) ⁶
Write-down and impairment of assets	2.1F	18,595	26,237	-	18,595
Payment to Corporate Commonwealth Entities	2.1G	15,009	13,370	14,935	74
Fair value losses	2.1H	1,058,199	1,261,294	1,531,632	(473,433) ⁷
Other Expenses	2.1I	147	57	-	147
Total expenses		33,472,418	30,531,016	29,234,056	4,238,362
INCOME					
Revenue					
Taxation revenue					
Other taxes	2.2A	10,144	8,576	6,999	3,145
Total taxation revenue		10,144	8,576	6,999	3,145
Non-taxation revenue					
Interest	2.2B	529,337	583,134	670,382	(141,045) ⁶
Other revenue	2.2C	813,177	849,841	772,640	40,537
Total non-taxation revenue		1,342,514	1,432,975	1,443,022	(100,508)
Total revenue		1,352,658	1,441,551	1,450,021	(97,363)
Gains					
Fair value gains	2.2D	-	-	131,400	(131,400) ⁷
Reversals of previous asset write-downs and impairment	2.2E	-	1,200,266	-	-
Total gains		-	1,200,266	131,400	(131,400)
Total income		1,352,658	2,641,817	1,581,421	(228,763)
Net cost of (contribution by) services		32,119,760	27,889,199	27,652,635	4,467,125
Surplus (Deficit)		(32,119,760)	(27,889,199)	(27,652,635)	(4,467,125)
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation surplus		(31,593)	904	-	(31,593)
Total other comprehensive income (loss)		(31,593)	904	-	(31,593)
Total comprehensive income (loss)		(32,151,353)	(27,888,295)	(27,652,635)	(4,498,718)

Department of Education and Training
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2016

		2016	2015	2016 Original Budget ¹	Variance
	Notes	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	4.1A	72,092	26,528	832	71,260 ⁸
Receivables	4.1B	37,870,400	30,927,974	37,509,956	360,444 ⁷
Other investments	4.1C	2,118,337	2,149,930	2,153,175	(34,838)
Total financial assets		40,060,829	33,104,432	39,663,963	396,866
Non-financial assets					
Other non-financial assets	4.2A	240	-	523	(283)
Total non-financial assets		240	-	523	(283)
Total assets administered on behalf of Government		40,061,069	33,104,432	39,664,486	396,583
LIABILITIES					
Payables					
Suppliers	4.3A	57,624	54,235	53,085	4,539
Personal benefits	4.3B	149,271	-	4,879	144,392 ⁴
Grants	4.3C	3,318	36,246	52,259	(48,941)
Other payables	4.3D	37,081	17,701	19,489	17,592
Total payables		247,294	108,182	129,712	117,582
Provisions					
Provision of personal benefits	4.4A	872,819	-	-	872,819 ⁴
Provision for grants	4.4A	6,959,011	6,068,013	5,794,051	1,164,960 ⁵
Total provisions		7,831,830	6,068,013	5,794,051	2,037,779
Total liabilities administered on behalf of Government		8,079,124	6,176,195	5,923,763	2,155,361
Net assets (liabilities)		31,981,945	26,928,237	33,740,723	(1,758,778)

Department of Education and Training
BUDGETARY REPORTING
as at 30 June 2016

Budget Variances Commentary

Administered variances

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

¹ The 2015-2016 Education Portfolio Budget Statements (PBS) as presented to Parliament contains the Original Budget. The PBS was completed prior to the finalisation of the 2014-15 Financial Statements. It is noted, during 2015-16 the Administrative Arrangements Order (AAO) of 21 September 2015 transferred the Early Childhood Education and Care functions from the Department of Social Services (DSS).

² Supplier Expenses are less than anticipated at PBS largely due to underspends in a range of Building skills and capability programs.

³ Subsidy Expenses are less than expected due to underspends across the Building skills and capability programs.

⁴ The variance primarily relates to the transfer of the Early Childhood Education and Care functions from the Department of Social Services.

⁵ The variance is primarily due to the actuarial review on the Higher Education Superannuation Program (HESP) recognising additional grant expenditure relating to the Interest and Service costs. The balance of the program valuation and actuarial adjustments is recognised in Provision for grants liability.

⁶ The variance relates to the concessional loan discount on the Higher Education Loan Program (HELP) and the Trade Support Loan (TSL) program, subject to actuarial valuations.

⁷ The variance relates to the actuarial valuations for HELP and TSL. Additionally in the actual figures there is a netting off of the fair value loss and the fair value gain reported separately in the PBS.

⁸ The variances relate to the Special Account balances held by the department. Over 50 percent of the balance is due to the Early Years Quality Fund (EYQF) account transferred from DSS. The Special Account balances are not recorded in the PBS.

Department of Education and Training
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2016

	2016	2015
	\$'000	\$'000
Opening assets less liabilities as at 1 July	26,928,237	20,341,243
Adjustment for errors	-	-
Opening balance adjustment - retained earnings	-	-
Adjusted opening assets less liabilities	26,928,237	20,341,243
Net cost of (contribution by) services		
Income	1,352,658	2,641,817
Expenses		
Payments to entities other than Corporate Commonwealth entities	(33,457,409)	(30,517,646)
Payments to Corporate Commonwealth Entities	(15,009)	(13,370)
Other comprehensive income		
Revaluations transferred to (from) reserves	(31,593)	904
Transfers (to) from the Australian Government:		
Appropriation transfers from Official Public Account		
Annual appropriations		
Payments to entities other than Corporate Commonwealth entities	1,451,762	1,179,383
Payments to Corporate Commonwealth Entities	15,009	13,370
Special appropriations (limited)		
Payments to entities other than Corporate Commonwealth entities	-	-
Special appropriations (unlimited)		
Payments to entities other than Corporate Commonwealth entities	38,466,432	34,755,501
Special accounts	-	-
Appropriation transfers to Official Public Account		
Transfers to OPA	(2,279,438)	(1,989,547)
Transfers to OPA (withholdings)	(14,374)	(12,139)
Restructuring	(434,327)	528,753
Other movements	(3)	(32)
Closing assets less liabilities as at 30 June	31,981,945	26,928,237

Accounting Policy

Administered cash transfers to and from the Official Public Account

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

Department of Education and Training
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		7	337
Net GST received		1,103,762	1,048,886
Levies		10,144	8,576
Other		137,654	317,296
Total cash received		1,251,567	1,375,095
Cash used			
Suppliers		1,726,548	1,359,700
Subsidies		327,810	144,309
Personal benefits		5,044,934	3,601,627
Grants		25,735,881	24,254,785
Payments to Corporate Commonwealth Entities		15,009	13,370
Total cash used		32,850,182	29,373,791
Net cash from (used by) operating activities	5.5B	(31,598,615)	(27,998,696)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans		2,165,832	1,924,200
Total cash received		2,165,832	1,924,200
Cash used			
Loans made		8,295,624	7,920,396
Total cash used		8,295,624	7,920,396
Net cash from (used by) investing activities		(6,129,792)	(5,996,196)
Net increase (decrease) in cash held		(37,728,407)	(33,994,892)
Cash from the Official Public Account			
Appropriations		39,933,192	35,948,329
GST appropriations		89,706	84,848
Special accounts		73,494	239,710
Total cash from the official public account		40,096,392	36,272,887
Cash to the Official Public Account			
Appropriations		(2,279,420)	(2,026,805)
Return of GST appropriations		(71,577)	(76,669)
Special accounts		(16,988)	(174,521)
Total cash to the official public account		(2,367,985)	(2,277,995)
Cash and cash equivalents at the end of the reporting period	5.5B	-	-

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

Overview

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Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

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 programs 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 2016, the department was structured to meet the following outcomes:

Outcome 1: Improved early learning, schooling, student educational outcomes and transitions to and from school through access to quality child care support, parent engagement, quality teaching and learning environments.

Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research, skills and training.

The department's responsibilities changed as a result of the Administrative Arrangement Orders (AAO) that took effect on 21 September 2015. Responsibility for child care and early childhood development transferred from the Department of Social Services. The transfer of function encompasses programs 1.7 to 1.10.

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

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.

The Basis of Preparation

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) 2016 (FRR)* for reporting periods commencing 1 July 2015; 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.

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 2015-16 financial year the department made the following judgements that had a significant impact on the amounts recorded in the financial statements.

Child Care Fee Assistance

The Child Care Fee Assistance (CCFA) program is aimed at assisting families with the cost of child care. Recipients receive an estimated entitlement fortnightly, either as a fee reduction via the child care provider or in some instances directly. Recipients may also receive certain benefits quarterly or annually. The benefits are paid on the basis of an estimate of taxable income and the subsequent lodgement of their tax return establishes actual income and an adjustment to the recipient's entitlement.

At any point in time there are recipients entitled to receive CCFA who have not yet received their full entitlement from the Australian Government. The department estimates a provision for these entitlements. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision as required by *AASB 137 – Provisions, Contingent Liabilities and Contingent Assets*. The provision calculates the current year and earlier years' liability for claims that have yet to be realised. The methodology considers the likely lodgement profiles associated

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

with reconciliation top-ups, lump sum claims, and quarterly and fortnightly payments, including the impact of new measures. There are also a number of eligible recipients who have received in excess of their entitlement and owe money to the department. The department estimates a receivable for these benefits. The methodology to determine the department's receivable considers historic recipient behaviours adjusted for the impact of new measures. The impairment allowance account for the CCFA receivable has been calculated by the Australian Government Actuary in accordance with the overall requirement of *AASB 136 – Impairment of Assets*, which relies on a profile of past customer behaviour.

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.

Higher Education Superannuation

The fair value of the provision for Higher Education Superannuation in 2015-16 \$6.950 billion (2015 \$6.068 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 2016 is 2.7% (2015 3.7%).

Reporting of administered activities

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

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

New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application as stated in the standard. There have been no new standards, amended standards or interpretations that were issued by the Australian Accounting Standards Board prior to the sign-off date that are applicable to the current reporting period and have a material impact on the department.

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. They are expected to have a financial impact on the department for future reporting periods:

AASB 124	Related Party Disclosure – applies from 1 July 2016. Entities will be required to identify related parties and related party transactions. A separate disclosure is required where activity is collectively material or significant in nature.
AASB 9	Financial Instruments – applies from 1 January 2017. 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 - applies from 1 January 2018.
AASB 15	Revenue from Contracts with Customers – applies from 1 January 2018 and 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 16	Leases – applies from 1 January 2019. Potential impact is yet to be assessed.

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.

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Events After the Reporting Period

On 8 September 2016, the Secretary of the Department of Education and Training (Education) was advised of the Government's decision to transfer Shared Services Centre functions to the Department of Finance. This restructure of administrative arrangements does not have any material impact on the Department's 2015-16 Financial Statements.

Changes in Accounting Policy

In 2015-16 a reliable estimate of the loan fee revenue generated by HELP was calculated and reported separately in the financial statements. The total amount had previously been reported as a part of the actuarial adjustments to HELP, however with the calculation provided the treatment was to separate the revenue and expenses from the actuarial review. This resulted in a comparative adjustment to Administered Expenses. The adjustment was a total of \$558.656 million impacting Fair value losses (Note 2.1H) and Other revenue (Note 2.2C). In 2015-16 the figure was included as a component of the actuarial review with the total revenue being \$675.522 million.

Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

Breach of Section 83 of the Constitution

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 has nil breaches to report for 2015-16 (2014-15: nil) and continues to monitor its level of compliance with section 83 of the Constitution across all legislation for which it is administratively responsible. Where possible and required, legislative amendments and system changes will continue to be progressed.

Shared Services arrangements

The Department of Education and Training (Education) and the Department of Employment (Employment) established a Shared Services Centre (SSC) 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 at 30 June 2016 is 50:50 (Education:Employment) with the exception of property related items which are allocated based on occupancy at an agreed date. The resultant ownership percentage for Education in 2015-16 is 49 per cent.

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

1. Financial Performance

This section analyses the financial performance of the Department for the year ended 2016.

1.1. Expenses

	2016	2015
	\$'000	\$'000
1.1A: Employee benefits		
Wages and salaries	160,954	150,817
Superannuation:		
Defined contribution plans	11,736	10,538
Defined benefit plans	19,308	18,586
Leave and other entitlements	18,417	13,166
Separations and redundancies	2,171	11,518
Other employee expenses	3,244	1,936
Total employee benefits	215,830	206,561

Accounting Policy

Accounting policies for employee related expenses is contained in Section 6 People and Relationships.

1.1B: Supplier expenses

Goods and services supplied or rendered

Consultants	13,925	9,829
Contractors	21,009	9,660
Travel	4,298	3,011
IT services	23,090	15,378
Property	4,296	6,782
Resources received free of charge	6,446	5,464
Other	18,534	15,361
Total goods and services supplied or rendered	91,598	65,485

Goods and services are made up of:

Provision of goods	1,398	1,729
Rendering of services	90,200	63,756
Total goods and services supplied or rendered	91,598	65,485

Other supplier expenses

Operating lease rentals in connection with		
Minimum lease repayments	33,606	32,950
Contingent rentals	552	443
Workers compensation expenses	2,167	2,301
Total other supplier expenses	36,325	35,694
Total supplier expenses	127,923	101,179

Leasing Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	35,037	36,399
Between 1 to 5 years	129,457	128,731
More than 5 years	126,672	157,997
Total operating lease commitments	291,166	323,127

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

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.
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.

Accounting Policy

Leases

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

Resources received free of charge

Resources received free of charge for 2015-16 (2014-15) include:

ANAO financial statement audit fee \$1.400 million (1.350 million)

ANAO performance audit fee \$0.585 million (Nil)

ATO collection of revenues on behalf of the department \$4.461 million (4.114 million)

	2016	2015
	\$'000	\$'000
<u>1.1C: Grants</u>		
Other	<u>629</u>	<u>257</u>
Total grants	<u>629</u>	<u>257</u>
<u>1.1D: Depreciation and amortisation</u>		
Depreciation		
Infrastructure, plant and equipment	3,862	3,928
Buildings	8	23
Leasehold improvements	4,608	6,984
Total depreciation	<u>8,478</u>	<u>10,935</u>
Amortisation		
Intangibles:		
Computer software	16,690	15,983
Total amortisation	<u>16,690</u>	<u>15,983</u>
Total depreciation and amortisation	<u>25,168</u>	<u>26,918</u>
<u>1.1E: Finance costs</u>		
Unwinding of discount on provision for restoration obligations	-	10
Discount on surplus lease space	-	41
Total finance costs	<u>-</u>	<u>51</u>

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

	2016	2015
	\$'000	\$'000
<u>1.1F: Write-down and impairment of assets</u>		
Write-off of receivables - goods and services	-	47
Impairment of receivables - goods and services	98	-
Impairment of intangibles	2,502	2,532
Impairment of leasehold improvements	80	264
Write-off of non-financial assets – infrastructure, plant and equipment	2	22
Write-off of non-financial assets – land and buildings	92	1
<i>Total write-down and impairment of assets</i>	<u>2,774</u>	<u>2,866</u>
<u>1.1G: Losses from asset sales</u>		
Infrastructure, plant and equipment		
Proceeds from sale	(23)	(23)
Carrying value of assets sold	257	23
<i>Net loss from infrastructure, plant and equipment</i>	<u>234</u>	<u>-</u>
<i>Total losses from asset sales</i>	<u>234</u>	<u>-</u>

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

1.2. Own-Source Revenue and Gains

	2016	2015
	\$'000	\$'000

1.2A: Sale of goods and rendering of services

Provision of goods	456	444
Rendering of services	<u>29,280</u>	<u>29,941</u>
Total sale of goods and rendering of services	<u>29,736</u>	<u>30,385</u>

Accounting Policy

Revenue from the sale of goods or services

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.

Subleasing rental income commitments

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 \$14.318 million (2015: \$11.110 million) including GST.

Commitments for sublease rental income receivables are as follows:

Within 1 year	(6,174)	(5,708)
Between 1 to 5 years	(8,144)	(5,124)
More than 5 years	-	(278)
Total operating lease commitments	<u>(14,318)</u>	<u>(11,110)</u>

GAINS

1.2B: Sale of assets

Land and buildings

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

Accounting Policy

Sale of assets

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

1.2C: Reversals of previous asset write-downs and impairment

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

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

	2016	2015
<u>1.2D: Other gains</u>	\$'000	\$'000
Resources received free of charge	6,446	5,464
Gain on write back of restoration provision	75	229
First time recognition of assets – property, plant and equipment	50	881
Other	<u>2,069</u>	<u>273</u>
Total other gains	<u>8,640</u>	<u>6,847</u>

Accounting Policy

Resources Received Free of Charge

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

Resources received free of charge are recorded as either revenue or gains depending on their nature.

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 8).

REVENUE FROM GOVERNMENT

1.2E: Revenue from Government

Appropriations		
Departmental appropriations	<u>313,127</u>	<u>276,854</u>
Total revenue from Government	<u>313,127</u>	<u>276,854</u>

Accounting Policy

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the department gains control of the appropriation.

Appropriations receivable are recognised at their nominal amounts.

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

2. Income and Expenses Administered on Behalf of Government

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

2.1. Administered – Expenses

	2016	2015
	\$'000	\$'000
2.1A: Suppliers		
Goods and services supplied or rendered		
Assistance to families with children ¹	8,542	32,685
General Research	104	4,452
Higher Education	18,499	21,481
School education - specific funding	36,280	83,227
Vocational and industry training ²	535,402	196,732
Total goods and services supplied or rendered	598,827	338,577
Total supplier expenses	598,827	338,577
Leasing Commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	46	-
Between 1 to 5 years	184	-
More than 5 years	523	-
Total operating lease commitments	753	-
2.1B: Subsidies		
Subsidies in connection with external parties		
Vocational and industry training ²	327,118	144,308
Assistance to families with children ¹	692	-
Higher Education	-	1
Total subsidies	327,810	144,309
2.1C: Personal benefits		
Direct		
Student assistance	39,213	72,298
School Education - Specific Funding	-	1,000
Assistance to families with children ¹	1,028,980	836,916
Vocational and industry training ²	25,054	18,881
Indirect		
Assistance to families with children ¹	3,999,027	2,606,001
Total personal benefits	5,092,274	3,535,096

¹ Responsibility for the administration of assistance to families with children transferred from the Department of Social Services on 21 September 2015.

² Responsibility for the administration of vocational and industry training transferred from the Department of Industry and Science on 23 December 2014. The 2014-15 financial year reflects the part year impact of the transfer.

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

	2016	2015
<u>2.1D: Grants</u>	\$'000	\$'000
Public sector		
Australian Government entities (related parties)	37,944	21,863
State and Territory Governments	15,703,816	14,764,549
Private sector		
Non-profit organisations	81,826	167,674
Multi-jurisdictional sector	9,570,689	9,082,051
Other	331,045	373,959
Total grants	25,725,320	24,410,096

Accounting Policy

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, 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 2.1D).

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 programs. 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.

2.1E: Finance costs

Concessional loan discount	636,237	801,980
Total finance costs	636,237	801,980

2.1F: Write-down and impairment of assets

Impairment of personal benefits receivable	17,806	19,206
Impairment of Higher Education Superannuation Program	6	-
Write-down of other receivables	762	477
Impairment of goods and services and other receivables	21	6,554
Total write-down and impairment of assets	18,595	26,237

2.1G: Payments to corporate Commonwealth entities

Australian Institute of Aboriginal and Torres Strait Islander Studies	15,009	13,370
Total payments to corporate Commonwealth entities	15,009	13,370

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

Accounting Policy

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 tables of the appropriation note (Note 5).

	2016	2015
	\$'000	\$'000
<u>2.1H: Fair value losses</u>		
Losses from remeasuring financial instruments held at fair value through profit or loss	<u>1,058,199</u>	<u>1,261,294</u>
<i>Total fair value losses</i>	<u>1,058,199</u>	<u>1,261,294</u>
<u>2.1I: Other expenses</u>		
Act of Grace payments	<u>147</u>	<u>57</u>
<i>Total other expenses</i>	<u>147</u>	<u>57</u>

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

2.2. Administered Income

	2016	2015
	\$'000	\$'000
Taxation revenue		
	10,144	8,576
2.2A: Other taxes		
Levies (other than agricultural)	10,144	8,576
Total other taxes	10,144	8,576
Non-taxation revenue		
2.2B: Interest		
Other sources	7	337
Loans	529,330	582,797
Total interest	529,337	583,134
2.2C: Other revenue		
Education investment fund special account	55,754	217,413
Other	757,423	632,428
Total other revenue	813,177	849,841
Gains		
2.2D: Fair value gains		
HECS/HELP	-	-
Higher Education Superannuation Program	-	-
Total fair value gains	-	-
2.2E: Reversals of previous asset write-downs and impairment		
Reversal of impairment losses for the Higher Education Superannuation Program	-	1,200,266
Total reversals of previous asset write-downs and impairments	-	1,200,266

Accounting Policy

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the department on behalf of the Australian Government. 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 Higher Education Superannuation Program are recognised at 30 June each year based on an actuarial assessment of the fair value.

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

3. Departmental Financial Position

3.1. Financial Assets

	2016	2015
3.1A: Cash and cash equivalents	\$'000	\$'000
Cash on hand or on deposit	2,596	7,531
Special Account	3,536	2,286
Total cash and cash equivalents	6,132	9,817

Accounting Policy

Cash

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

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

3.1B: Trade and other receivables

Good and Services receivables in connection with

Goods and services	7,697	4,111
Total goods and services receivables	7,697	4,111

Appropriations receivable

Existing programmes	73,999	45,176
Total appropriations receivable	73,999	45,176

Other receivables

GST receivable from the Australian Taxation Office	3,647	2,542
Total other receivables	3,647	2,542
Total trade and other receivables (gross)	85,343	51,829

Less impairment allowance

Goods and services	(98)	-
Total impairment allowance	(98)	-
Total trade and other receivables (net)	85,245	51,829

Trade and other receivables (net) expected to be recovered

No more than 12 months	85,245	51,829
More than 12 months	-	-
Total trade and other receivables (net)	85,245	51,829

Trade and other receivables (gross) aged as follows

Not overdue	82,900	50,467
Overdue by		
0 to 30 days	518	598
31 to 60 days	1,192	193
61 to 90 days	278	89
More than 90 days	455	482
Total trade and other receivables (gross)	85,343	51,829

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

	2016	2015
	\$'000	\$'000
The impairment allowance aged as follows		
More than 90 days	(98)	-
Total impairment allowance	(98)	-

Credit terms for goods and services receivable are net 30 days (2015: 30 days).

Reconciliation of the Impairment Allowance

Movements in relation to 2016		
	Goods and services	Total
	\$'000	\$'000
Opening balance as at 1 July 2015	-	-
Increase/(decrease) recognised in net surplus	(98)	(98)
Closing balance as at 30 June 2016	(98)	(98)

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

Accounting Policy

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.

3.1C: Other financial assets

Accrued revenue	1,996	3,276
Total other financial assets	1,996	3,276

Other financial assets expected to be recovered		
No more than 12 months	1,996	3,276
Total other financial assets	1,996	3,276

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

3.2. Non-Financial Assets

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment (2015-16)

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Infrastructure, plant and equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2015							
Gross book value	200	250	47,824	18,216	93,784	570	160,844
Accumulated depreciation and impairment	-	(8)	(6,148)	(6,889)	(23,702)	(249)	(36,996)
Total as at 1 July 2015	200	242	41,676	11,327	70,082	321	123,848
Additions							
By purchase	-	-	1,360	3,427	23,294	104	28,185
By restructuring	-	-	646	40	949	-	1,635
First time recognition	-	-	-	50	-	-	50
Reclassification	-	-	(1,073)	1,042	(3)	34	-
Revaluations and impairments recognised in other comprehensive income	(30)	(4)	(1,242)	897	-	-	(379)
Impairments recognised in net cost of services	-	-	(80)	-	(2,502)	-	(2,582)
Depreciation and amortisation	-	(8)	(4,608)	(3,862)	(16,605)	(85)	(25,168)
Other movements	-	-	150	(3)	-	-	147
Other	-	-	-	(257)	-	-	(257)
Write-offs	-	-	(92)	(2)	-	-	(94)
Total as at 30 June 2016	170	230	36,737	12,659	75,215	374	125,385
Total as at 30 June 2016 represented by							
Gross book value	170	230	36,749	12,743	112,132	708	162,732
Accumulated depreciation, impairment and amortisation	-	-	(12)	(84)	(36,917)	(334)	(37,347)
Total as at 30 June 2016	170	230	36,737	12,659	75,215	374	125,385

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

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment (2014-15)

	Land \$'000	Buildings \$'000	Improvements \$'000	Leasehold \$'000	Infrastructure, plant and equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2014								
Gross book value	200	890	49,796	14,591	74,619	570	570	140,666
Accumulated depreciation and impairment	-	-	(19)	(3,139)	(11,580)	(57)	(57)	(14,795)
Total as at 1 July 2014	200	890	49,777	11,452	63,039	513	513	125,871
Additions:								
By purchase	-	-	1,884	3,824	18,548	-	-	24,256
By restructuring	-	-	-	1	14,712	-	-	14,713
First time recognition	-	-	-	111	770	-	-	881
Impairments recognised in net cost of services	-	-	(264)	-	(2,532)	-	-	(2,796)
Depreciation and amortisation	-	(23)	(6,984)	(3,928)	(15,791)	(192)	(192)	(26,918)
Other movements	-	-	(153)	(63)	(107)	-	-	(323)
Restructuring	-	-	-	-	(8,557)	-	-	(8,557)
Disposals	-	-	-	-	-	-	-	-
From disposal of entities or operations (including restructuring)	-	-	(2,583)	(25)	-	-	-	(2,608)
Other	-	(625)	-	(23)	-	-	-	(648)
Write-offs	-	-	-	(1)	(22)	-	-	(23)
Net book value 30 June 2015	200	242	41,676	11,327	70,082	321	321	123,848
Net book value as of 30 June 2015 represented by:								
Gross book value	200	250	47,824	18,216	93,784	570	570	160,844
Accumulated depreciation, impairment and amortisation	-	(8)	(6,148)	(6,889)	(23,702)	(249)	(249)	(36,996)
Net book value 30 June 2015	200	242	41,676	11,327	70,082	321	321	123,848

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

Land and Buildings

There is one (2015: one) residential property to be sold within the next 12 months. It has a net book value of \$400,000 (2015: \$442,424) as at 30 June 2016.

There are three (2015: four) leased properties that the department manages which are due to expire 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 \$940,700 (2015: \$582,849) as at 30 June 2016.

An impairment loss of \$80,000 (2015: \$264,000) was recognised for one property associated with surplus lease space.

Infrastructure, plant and equipment

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.

Intangibles

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

An impairment loss of \$2.502 million was recognised for internally developed intangibles in the 2015-16 year (2015: \$2.532 million).

Revaluations of non-financial assets

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

Revaluation decrements of \$30,000 (2015: nil) for land, \$4,848 (2015: nil) for buildings on freehold land and \$1.242 million (2015: \$5,148) for leasehold improvements and a revaluation increment of \$897,000 (2015: \$5,148) for infrastructure, plant and equipment were recorded against the asset revaluation surplus by asset class and included in the equity section of the statement of financial position. The department completed an revaluation in the 2015-16 financial year for all assets excluding intangibles.

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

	2016 \$'000	2015 \$'000
Commitments are payable as follows:		
Within 1 year	6,910	6,345
Between 1 to 5 years	-	411
Total contractual commitments	6,910	6,756

Accounting Policy

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

Asset recognition threshold

Purchases of 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.

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

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 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 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 with necessary adjustments 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	2016
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 2016. 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.

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.

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 2016.

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

	2016	2015
	\$'000	\$'000
<u>3.2B: Other non-financial assets</u>		
Prepayments	<u>10,126</u>	<u>10,728</u>
<i>Total other non-financial assets</i>	<u>10,126</u>	<u>10,728</u>
Total other non-financial assets expected to be recovered		
No more than 12 months	<u>8,005</u>	<u>9,104</u>
More than 12 months	<u>2,121</u>	<u>1,624</u>
<i>Total other non-financial assets</i>	<u>10,126</u>	<u>10,728</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

3.3. Payables

	2016	2015
	\$'000	\$'000
3.3A: Suppliers		
Trade creditors and accruals	27,100	18,042
Operating lease rentals	4,563	5,453
Total suppliers	31,663	23,495
Suppliers expected to be settled		
No more than 12 months	28,659	23,438
More than 12 months	3,004	57
Total suppliers	31,663	23,495

Settlement was usually made within 30 days.

3.3B: Other payables

Wages and salaries	1,340	5,833
Superannuation	131	922
Separations and redundancies	385	2,246
Other employee benefits	542	111
Lease incentives	12,565	13,994
Unearned income	5,366	5,189
Payable to the Official Public Account	-	668
Total other payables	20,329	28,963
Other payables expected to be settled		
No more than 12 months	9,236	17,434
More than 12 months	11,093	11,529
Total other payables	20,329	28,963

Accounting Policy

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.

Lease incentives

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

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

3.4. Other Provisions

3.4A: Other provisions

	Provision for legal obligations \$'000	Provision for restoration obligations \$'000	Provision for surplus lease space \$'000	Provision for onerous contract \$'000	Total \$'000
As at 1 July 2015	620	320	2,166	-	3,106
Additional provisions made	-	255	-	496	751
Amounts reversed	(79)	(75)	(1,238)	-	(1,392)
Amounts used	-	-	(1,127)	-	(1,127)
Net adjustment due to allocation change in Departments	-	-	401	-	401
Total as at 30 June 2016	541	500	202	496	1,739

	2016 \$'000	2015 \$'000
Provision for legal obligations	541	620
Provision for restoration obligations	500	320
Provision for surplus lease space	202	2,166
Provision for onerous contract	496	-
Total other provisions	1,739	3,106
Other provisions expected to be settled		
No more than 12 months	1,521	2,591
More than 12 months	218	515
Total other provisions	1,739	3,106

The department currently has two (2015: two) 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

4. Assets and Liabilities Administered on Behalf of Government

4.1. Administered – Financial Assets

	2016	2015
4.1A: Cash and cash equivalents	\$'000	\$'000
Special accounts	72,092	26,528
Total cash and cash equivalents	72,092	26,528
4.1B: Receivables		
Good and services		
Goods and services	48,482	39,143
Total receivables for goods and services	48,482	39,143
Advances and loans		
HECS\HELP	36,807,652	30,444,858
Trade Support Loans	145,680	52,960
Other loans	591	-
Total advances and loans	36,953,923	30,497,818
Other receivables		
GST receivable from Australian Taxation Office	39,821	16,536
Higher Education Superannuation Program	392,000	382,000
Personal benefits receivable	465,440	-
Total other receivables	897,261	398,536
Total receivables (gross)	37,899,666	30,935,497
Less impairment allowance		
Goods and services	(11,557)	(7,523)
Personal benefits	(17,709)	-
Total impairment allowance	(29,266)	(7,523)
Total receivables (net)	37,870,400	30,927,974
Receivables (net) expected to be recovered		
No more than 12 months	486,514	48,156
More than 12 months	37,383,886	30,879,818
Total receivables (net)	37,870,400	30,927,974

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

	2016	2015
	\$'000	\$'000
Receivables (gross) aged as follows		
Not overdue	37,829,587	30,926,104
Overdue by		
0 to 30 days	299	549
31 to 60 days	170	910
61 to 90 days	77	33
More than 90 days	69,533	7,901
Total receivables (gross)	37,899,666	30,935,497
The impairment allowance aged as follows		
Not overdue	(4,348)	-
Overdue by		
0 to 30 days	(7)	(77)
31 to 60 days	(4)	-
61 to 90 days	(23)	-
More than 90 days	(24,884)	(7,446)
Total impairment allowance	(29,266)	(7,523)
Goods and services receivables are with entities external to the Australian Government. Credit terms are payment within 30 days (2015: 30 days).		
Reconciliation of the Impairment Allowance Account:		
Movements in relation to 2016		
	Receivables	Total
	\$'000	\$'000
Opening balance at 1 July 2015	(7,523)	(7,523)
Amounts transferred through restructuring	(19,790)	(19,790)
Increase (decrease) recognised in net cost of services	(1,953)	(1,953)
Closing balance at 30 June 2016	(29,266)	(29,266)
Movements in relation to 2015		
	Receivables	Total
	\$'000	\$'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 surplus	(18,382)	(18,382)
Closing balance at 30 June 2015	(7,523)	(7,523)

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

Accounting Policy

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.

In the actuarial report for 2015-16 attention was drawn to an adjustment to the opening balance of the fair value of the HELP receivable. A number of VET FEE-HELP (VFH) providers are subject to litigation matters surrounding malpractice. Based on the evidence, the actuary deemed the outstanding debt for 20 percent of those who incurred a VFH debt in 2014 and 2015 as effectively irrecoverable, thus removing around \$1.2 billion of the debt. This has not led to any restatement of comparatives, however the implications of this irrecoverable amount have been incorporated into the total movement (reflected through profit and loss) of the total HELP receivable.

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.

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.

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

	2016	2015
	\$'000	\$'000
4.1C: Other investments		
Other Investments:		
Australian Institute for Teaching and School Leadership ¹	4,693	4,687
Australian Curriculum, Assessment and Reporting Authority ²	643	2,108
Australian National University ³	2,076,100	2,104,675
Australian Institute of Aboriginal and Torres Strait Islander Studies ⁴	36,901	38,460
Total other investments	2,118,337	2,149,930
Other investments expected to be recovered		
More than 12 months	2,118,337	2,149,930
Total other investments	2,118,337	2,149,930

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.

Accounting Policy

Administered investments

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

Administered investments other than those held for sale are classified as available-for-sale and are measured at their fair value as at 30 June 2016. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of the reporting period.

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

4.2. Administered – Non-Financial Asset

	2016	2015
	\$'000	\$'000
4.2A: Other non-financial assets		
Prepayments	240	-
Total other non-financial assets	240	-
Other non-financial assets expected to be recovered		
No more than 12 months	240	-
Total other non-financial assets	240	-

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

4.3. Administered - Payables

	2016	2015
<u>4.3A: Suppliers</u>	\$'000	\$'000
Trade creditors and accruals	57,624	54,235
Total suppliers	57,624	54,235
Settlement was usually made within 30 days. All suppliers were expected to be settled no more than 12 months.		
<u>4.3B: Personal benefits</u>		
Direct	13,899	-
Indirect	135,372	-
Total personal benefits	149,271	-
Personal benefits expected to be settled		
No more than 12 months	149,271	-
Total personal benefits	149,271	-
<u>4.3C: Grants</u>		
Public sector		
State and Territory Governments	-	4,435
Private sector		
Non-profit organisations	481	196
Other	2,837	31,615
Total grants	3,318	36,246
Grants expected to be settled		
No more than 12 months	3,318	36,246
Total grants	3,318	36,246
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
<u>4.3D: Other payables</u>		
Statutory payable	37,081	17,701
Total other payables	37,081	17,701
Other payables expected to be settled		
No more than 12 months	37,081	17,701
Total other payables	37,081	17,701

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

4.4. Administered – Other Provisions

4.4A: Reconciliation of movements in provisions for grants and personal benefits

	Provisions for grants \$'000	Provisions for personal benefits \$'000	Total \$'000
Opening balance	6,068,013	-	6,068,013
Additional provisions made	-	126,042	126,042
Amounts used	(211,363)	-	(211,363)
Increase (decrease) in net cost of services	1,102,361	-	1,102,361
Restructuring	-	746,777	746,777
Total as at 30 June 2016	6,959,011	872,819	7,831,830
		2016 \$'000	2015 \$'000
Provisions for personal benefits expected to be settled			
No more than 12 months		872,819	-
Total other provisions		872,819	-
Provision for grants expected to be settled			
More than 12 months		6,959,011	6,068,013
Total provisions for grants		6,959,011	6,068,013

Accounting Policy

Higher Education 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 Higher Education 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.

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

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.

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 30 September 2015 to 30 June 2016. Responsibility for these payments then transferred from 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 upon non-compliant child care services, detection of incorrect payments to parents and adjustment to fee assistance payments, where justified.

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

**5. Funding
5.1. Appropriations**

5.1.A: Annual appropriations ('recoverable GST exclusive')

	2016 Appropriations						Appropriation applied in 2016 (current and prior years) \$'000	Variance ² \$'000
	Appropriation Act		PGPA Act			Total appropriation \$'000		
	Annual Appropriation ¹ \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000	Section 76 \$'000			
DEPARTMENTAL								
Ordinary annual services	254,837	-	30,665	44,904	-	330,406	348,816	
Capital Budgets ³	22,177	-	-	-	-	22,177	19,447	
Other services	10,438	-	-	3,248	-	13,686	8,023	
Equity	287,452	-	30,665	48,152	-	366,269	376,286	
Total departmental								
ADMINISTERED								
Ordinary annual services	1,548,526	-	-	303,735	-	1,852,261	1,407,325	
Administered items								
Payments to Corporate Commonwealth Entities	14,935	-	-	-	-	14,935	14,935	
Other services	43,645	-	-	-	-	43,645	44,437	
States, ACT, NT and local government								
Payments to Corporate Commonwealth Entities	74	-	-	-	-	74	74	
Total administered	1,607,180	-	-	303,735	-	1,910,915	1,466,771	
Total								
							444,936	
							(18,410)	
							2,730	
							5,663	
							(10,017)	

Notes:

- In 2015-16, there were \$368,459 million reductions to appropriation made under a section 51 determination of the PGPA Act 2013. These reductions were due to various government measures, particularly delays in program implementation, and included 2015-16 departmental appropriations of \$4,712 million, previously quarantined 2014-15 departmental Appropriation Act (No.5) of \$3,690 million, and the remainder relating to administered appropriations of \$360,057 million.
- Administered and departmental variances are primarily due to amounts subject to quarantine and available to be reduced. Administered programs with significant underspends in 2015-16 included the Building skills and capability and Support for the child care system. Further explanations can be found in Budgetary Reporting sections of these financial statements.
- 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.

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

Accounting Policy

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.

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

	2015 Appropriations					Appropriation applied in 2015 (current and prior years) \$'000	Variance ² \$'000
	Appropriation Act		PGPA Act				
	Annual Appropriation ¹ \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000	Total appropriation \$'000		
DEPARTMENTAL							
Ordinary annual services	273,050	-	47,837	9,695	330,582	326,500	4,082
Capital Budgets	22,536	-	-	505	23,041	18,299	4,742
Other services							
Equity	3,489	-	-	-	3,489	3,836	(347)
Total departmental	299,075	-	47,837	10,200	357,112	348,635	8,477
ADMINISTERED							
Ordinary annual services	996,201	-	-	316,252	1,312,453	1,082,706	229,747
Administered items							
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
Payments to Corporate Commonwealth Entities	75	-	-	-	75	75	-
Total administered	1,110,002	-	-	316,252	1,426,254	1,192,753	233,501

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.

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

5.1B: Unspent annual appropriations ('recoverable GST exclusive')

	2016	2015
	\$'000	\$'000
Departmental		
Appropriation Act (No.1) 2015-16	35,506	-
Appropriation Act (No.2) 2015-16	7,109	-
Appropriation Act (No.3) 2015-16	4,567	-
Appropriation Act (No.4) 2015-16	1,973	-
Appropriation Act (No.1) 2014-15	22,827	42,874
Appropriation Act (No.1) 2013-14	-	1,468
Appropriation Act (No.2) 2013-14	784	3,860
Appropriation Act (No.4) 2013-14	-	14,255
Appropriation Act (No.4) 2012-13	-	2,508
Cash at Bank	2,596	7,531
Total departmental	75,362	72,496
Administered		
Appropriation Act (No.1) 2015-16	262,431	-
Appropriation Act (No.3) 2015-16	3,243	-
Appropriation Act (No.1) 2014-15	259,203	227,511
Appropriation Act (No.3) 2014-15	14,836	14,836
Appropriation Act (No.2) 2014-15	1,447	6,292
Appropriation Act (No.1) 2013-14	-	110
Appropriation Act (No.3) 2013-14	-	8,144
Total administered	541,160	256,893

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

5.1C. Special appropriations (recoverable GST exclusive)

Authority	Appropriation applied	
	2016 \$'000	2015 \$'000
A New Tax System (Family Assistance) (Administration) Act 1999 (Administered)	5,023,245	3,448,822
Australian Education Act 2013 - (Administered)		
Schools Assistance Act 2008 - Section 167 (Administered)	15,669,315	14,632,883
Higher Education Support Act 2003 - Section 238-12 (Administered)	-	-
Trade Support Loans Act 2014 - Section 104	17,629,196	16,616,684
Total special appropriations applied	44,321,751	34,755,502

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

5.1D: Disclosure by agent in relation to annual and special appropriations ('recoverable GST exclusive')

	Department of Prime Minister and Cabinet	Department of Foreign Affairs and Trade ²	Department of Social Services
2016	\$'000	\$'000	\$'000
Total receipts	-	24,988	-
Total payments	-	24,988	-

	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

¹ The department made a payment for the Office of Women programme for the Department of Prime Minister and Cabinet.

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

³ In 2014-15 the department had drawing rights for the Department of Social Services special appropriations for the payment of Child Care Benefit, Child Care Rebate and the Early Years Quality Fund Special Account.

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

5.2. Special Accounts

5.2A: 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		Growth Fund Skills and Training Special Account ⁴	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance brought forward from previous period	-	-	-	-	171	251	-	-
Increases								
Appropriation credited to special account	-	70,950	55,754	146,463	-	-	4,757	-
Transfer through restructuring	-	-	-	-	-	-	-	-
Total increases	-	70,950	55,754	146,463	-	-	4,757	-
Available for payments	-	70,950	55,754	146,463	171	251	4,757	-
Decreases								
Administered								
Payments made	-	(70,950)	(55,754)	(146,463)	(171)	(80)	-	-
Transfer through restructuring	-	-	-	-	-	-	-	-
Total Administered	-	(70,950)	(55,754)	(146,463)	(171)	(80)	-	-
Total decreases	-	(70,950)	(55,754)	(146,463)	(171)	(80)	-	-
Total balance carried to the next period	-	-	-	-	-	171	4,757	-

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

	Early Years Quality Fund ⁵		Overseas Student Tuition Fund ⁶		Unique Student Identifier ⁷		Services for Other Entities and Trust Money ⁸	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance brought forward from previous period	-	72,297	19,869	12,157	2,286	-	6,476	6,588
Increases								
Appropriations credited to special account	-	-	-	-	1,250	3,508	-	-
Receipts	598	-	10,126	8,591	-	-	1,154	886
Transfer through restructuring	-	-	-	-	-	2,186	-	424
Total increases	598	-	10,126	8,591	1,250	5,694	1,154	1,310
Available for payments	598	72,297	29,995	20,748	3,536	5,694	7,630	7,898
Decreases								
Departmental								
Other Payments	-	-	-	-	-	(3,408)	-	-
Total Departmental	-	-	-	-	-	(3,408)	-	-
Administered								
Payments made	(68,607)	(47,588)	(1,828)	(879)	-	-	(2,527)	(1,422)
Transfer through restructuring	102,048	(24,709)	-	-	-	-	22	-
Total Administered	33,441	(72,297)	(1,828)	(879)	-	-	(2,505)	(1,422)
Total decreases	33,441	(72,297)	(1,828)	(879)	-	(3,408)	(2,505)	(1,422)
Total balance carried to the next period	34,039	-	28,167	19,869	3,536	2,286	5,125	6,476

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 Growth Fund Skills and Training Special Account

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

Establishing Instrument: *Growth Fund Skills and Training Special Account 2015 – Establishment Determination 2015/04* on 15 July 2015.

Purpose: For paying amounts to enable Australian workers and former workers in the Australian automotive industry to obtain career advice, education, training and re-skilling support to exit the industry and obtain new forms of employment.

⁵ 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. The Department of Finance quarantined an amount of \$30 million from this account while the program was with DSS. The restructuring shown above was the total dollar value transferred, however in ACM the balance was \$30 million less.

⁶ 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.

⁷ 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.

⁸ 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

5.3. Regulatory Charging Summary

	2016	2015
5.3A: Regulatory charging summary	\$'000	\$'000
Amounts applied		
Departmental		
Annual appropriations	4,545	4,830
Total amounts applied	4,545	4,830
Expenses		
Departmental	4,545	4,830
Total expenses	4,545	4,830
Revenue		
Administered	7,927	7,119
Total revenue	7,927	7,119
Receivables		
Not overdue	47	16
Overdue by		
0 to 30 days	8	6
31 to 60 days	6	-
61 to 90 days	10	-
More than 90 days	120	75
Total receivables	191	97

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, 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.

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**

5.4. Net Cash Appropriation Arrangements

	2016	2015
	\$'000	\$'000
5.4A: Net cash appropriation arrangements		
<i>Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations¹</i>	3,734	3,328
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(25,168)</u>	<u>(26,918)</u>
Total comprehensive income (loss) - as per the Statement of Comprehensive Income	<u>(21,434)</u>	<u>(23,590)</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

5.5. Cash Flow Reconciliation

	2016	2015
<u>5.5A: Cash flow reconciliation</u>	<u>\$'000</u>	<u>\$'000</u>
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	6,132	9,817
Statement of financial position	<u>6,132</u>	<u>9,817</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	(334,182)	(300,449)
Revenue from Government	313,127	276,854
Adjustments for non-cash items		
First time recognition of non-financial assets	(50)	(881)
Other gains	(2,144)	(502)
Write-down and impairment of goods and services	98	(17)
Depreciation / amortisation	25,168	26,918
Net write-down and impairment of assets	2,676	2,819
Net losses from sale of assets	234	(87)
Movements in assets and liabilities		
Assets		
Decrease / (increase) in net receivables	(10,789)	(9,416)
Decrease / (increase) in accrued income	1,280	6,837
Decrease / (increase) in prepayments	601	(2,126)
Liabilities		
Increase / (decrease) in employee provisions	2,540	(7,113)
Increase / (decrease) in supplier payables	8,268	12,175
Increase / (decrease) in other provisions	(1,368)	(404)
Increase / (decrease) in other payables	<u>(8,437)</u>	<u>(5,460)</u>
Net cash from (used by) operating activities	<u>(2,978)</u>	<u>(852)</u>

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

	2016	2015
5.5B: Administered cash flow reconciliation	\$'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	-	-
Reconciliation of net cost of services to net cash from (used by) operating activities		
Net (cost of) contribution by services	(32,119,760)	(27,889,199)
Adjustments for non-cash items		
Net write down of non-financial assets	18,596	26,237
Concessional loan discount	636,237	801,980
Fair value losses	1,058,194	702,638
Interest on loans	(529,330)	(567,434)
Other revenues not providing cash	(656,803)	326,859
Unwinding of the discount	(24,612)	(15,363)
Movements in assets and liabilities		
Assets		
(Increase) / decrease in net receivables	(70,978)	(34,943)
(Increase) / decrease in other non-financial assets	(240)	523
Liabilities		
Increase / (decrease) in supplier payables	(18,853)	39,401
Increase / (decrease) in grants payable	11,471	(1,306,416)
Increase / (decrease) in personal benefits payable	(28,579)	14,742
Increase / (decrease) in provisions	126,042	(97,721)
Net cash from (used by) operating activities	<u>(31,598,615)</u>	<u>(27,998,696)</u>

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

6. People and Relationships

6.1. Employee Provisions

	2016	2015
	\$'000	\$'000
6.1A: Employee provisions		
Leave	71,173	54,778
Total employee provisions	71,173	54,778
Employee provisions expected to be settled		
No more than 12 months	23,167	18,989
More than 12 months	48,006	35,789
Total employee provisions	71,173	54,778

Accounting Policy

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 2016. 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**

6.2. Senior Management Personnel Remuneration

	2016	2015
6.2A: Senior management personnel remuneration	\$'000	\$'000
Short-term employee benefits		
Salary	13,251	12,551
Other	2,088	2,638
Total short-term employee benefits	15,339	15,189
Post-employment benefits		
Superannuation	2,567	2,354
Total post-employment benefits	2,567	2,354
Other long-term employee benefits		
Annual leave accrued	1,190	943
Long-service leave	947	253
Total other long-term benefits	2,137	1,196
Termination benefits	904	1,632
Total senior executive remuneration expenses	20,947	20,371

The total number of senior management personnel that are included in the above table are 97 individuals (2015: 93 individuals).

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

7. Managing Uncertainties

7.1. Contingent Assets and Liabilities

7.1A: Contingent liabilities and assets

Quantifiable Contingencies

The department holds two legal quantifiable contingent assets or liabilities as at 30 June 2016 (2015: nil).

Unquantifiable Contingencies

As at 30 June 2016, 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 (2015: three) 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.

7.1B: Administered contingent assets and liabilities

Quantifiable Contingencies

The department does not hold quantifiable contingent assets and liabilities (2015: nil).

Unquantifiable Contingencies

At 30 June 2016, the department had nil legal claims against it (2015: 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.

Accounting Policy

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.

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

7.2. Financial Instruments

	2016	2015
<u>7.2A: Categories of financial instruments</u>	\$'000	\$'000
Financial Assets		
Loans and receivables		
Cash and cash equivalents	6,132	9,817
Goods and services	7,697	4,111
Accrued revenue	1,996	3,276
Total financial assets	15,825	17,204
Financial Liabilities		
Measured at amortised cost		
Trade creditors and accruals	27,100	18,042
Total financial liabilities	27,100	18,042
 <u>7.2B: Net gains or losses on financial assets</u>		
Loans and receivables		
Write off impairment - goods and services	-	47
Impairment of receivables - goods and services	98	-
Net gains (losses) on loans and receivables	98	47
 Net gains (losses) on financial assets	 98	 47

The net income/expenses from financial assets not at fair value through profit or loss is \$98,000 (2015:\$47,000).

7.2C: Fair value of financial instruments

	Carrying amount 2016 \$'000	Fair value 2016 \$'000	Carrying amount 2015 \$'000	Fair value 2015 \$'000
Financial Assets				
Cash and cash equivalents	6,132	6,132	9,817	9,817
Goods and services receivable	7,697	7,697	4,111	4,111
Accrued revenue	1,996	1,996	3,276	3,276
Total financial assets	15,167	15,167	17,204	17,204
Financial Liabilities				
At amortised cost				
Trade creditors and accruals	27,100	27,100	18,042	18,042
Total financial liabilities	27,107	27,107	18,042	18,042

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

7.2D: 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 2016: \$7.697 million (2015: \$4.111 million). The department has assessed the risk of the default on payment and has allocated an impairment allowance for doubtful debts of \$97,602 (2015: nil).

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	Past due or impaired	Not past due nor impaired	Past due or impaired
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	6,132	-	9,817	-
Goods and services receivable	5,772	1,925	3,347	764
Accrued revenue	1,996	-	3,276	-
Total	13,900	1,925	16,440	764

Ageing of financial assets that were past due but not impaired for 2016

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods and services receivable	518	1,192	278	455	2,443
Total	518	1,192	278	455	2,443

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

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

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.

7.2E: 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.

7.2F: 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

7.3. Administered – Financial Instruments

	2016	2015
<u>7.3A: Categories of financial instruments</u>	\$'000	\$'000
Financial assets		
Available for sale financial assets		
Investments	2,118,337	2,149,930
Total available-for sale financial assets	2,118,337	2,149,930
Loans and receivables		
Goods and services receivable	36,925	31,620
Total loans and receivables	36,925	31,620
Financial assets at fair value through profit or loss (designated)		
HECS,HELP Loans	36,807,652	30,444,858
Trade support loans	145,680	52,960
Other loans	591	-
Total assets at fair value through profit or loss (designated)	36,953,923	30,497,818
Total financial assets categorised as financial instruments	39,109,185	32,679,368
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	57,624	54,235
Grants payable	3,318	36,246
Total financial liabilities measured at amortised cost	60,942	90,481
Total financial liabilities	60,942	90,481
<u>7.3B: Net gains or losses on financial assets</u>		
Available for sale financial assets		
Gain (loss) recognised in equity	(31,593)	904
Net gains (losses) from available-for-sale financial assets	(31,593)	904
Loans and receivables		
Interest revenue	7	337
Write-down and impairment	(783)	(7,031)
Net gains (losses) from loans and receivables	(776)	(6,694)
Financial assets at fair value through profit or loss (designated)		
Interest revenue	529,330	582,797
Other revenue	675,522	558,656
Unwinding of discount	(636,237)	(801,980)
Fair value gain/(losses)	(1,058,199)	(1,261,294)
Net gains (losses) at fair value through profit or loss (designated)	(489,584)	(921,821)
Net gains (losses) on financial assets	(521,953)	(927,611)

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

7.3C: Fair value of financial instruments

The fair value of financial instruments is the same as their carrying amounts for 2016.

7.3D: 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 2016:\$11.557 million (2015: \$7.523 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 2016 \$'000	Past due or impaired 2016 \$'000	Not past due nor impaired 2015 \$'000	Past due or impaired 2015 \$'000
Available for sale				
Investments	2,118,337	-	2,149,930	-
Loans and receivables				
Goods and services receivables	29,727	18,755	29,749	9,394
Fair value through profit or loss (designated)				
HECS\HELP loans	36,807,652	-	30,444,858	-
Trade support loans	145,680	-	52,960	-
Other loans	591	-	-	-
Total	39,101,987	18,755	32,677,497	9,394

Ageing of financial assets that were past due but not impaired for 2016

	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	292	166	54	6,686	7,198
Total	292	166	54	6,686	7,198

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

Department of Education and Training

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3E: 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.

7.3F: 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'.

7.3G: Concessional loans

	2016	2015
	\$'000	\$'000
HECS\HELP loans		
Nominal value	52,468,283	44,120,178
Less: Unexpired discount	(1,161,178)	(3,446,468)
Impairment	(14,499,449)	(10,228,852)
Carrying amount	<u>36,807,656</u>	<u>30,444,858</u>
Child Care loans		
Nominal value	252	727
Restructure	339	(727)
Carrying amount	<u>591</u>	<u>-</u>
Trade Support Loans		
Nominal value	196,037	81,055
Less: Unexpired discount	(33,117)	(18,596)
Impairment	(17,242)	(9,496)
Principal repayment	2	(3)
Carrying amount	<u>145,680</u>	<u>52,960</u>
Total Concessional loans	<u><u>36,953,927</u></u>	<u><u>30,497,818</u></u>

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

7.4. 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.

7.4A: Fair value measurements, valuation techniques and inputs used

	Fair value measurements at 30 June 2016 by hierarchy for assets and liabilities			Valuation Technique ²	Inputs Used
	Fair value measurements at the end of the reporting period using				
	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3)		
Non-financial assets	170	200	2	Market Approach	Adjusted market transactions
Land					
Buildings	230	242	2	Market Approach	Adjusted market transactions
Leasehold improvements	35,640	40,537	3	Depreciated Replacement Cost	Replacement Cost New (price per sqm) Useful life (consumed economic benefit/ obsolescence of asset)
Leasehold improvements - Assets Under Construction	215 ³	173	3	Depreciated Replacement Cost	Current restoration costs (price per square metre)
Infrastructure, plant and equipment	7,404	4,499	2	Market Approach	Discount rate Indexation rates
Infrastructure, plant and equipment - Assets Under Construction	882	-	2	Replacement Cost	Current prices relevant to the location of the asset
Infrastructure, plant and equipment	4,839	6,751	3	Depreciated Replacement Cost	Adjusted market transactions
Infrastructure, plant and equipment - Assets Under Construction	384	42	3	Market Approach	Replacement Cost New (price per sqm) Useful life (consumed economic benefit/ obsolescence of asset)
Total non-financial assets	49,796	52,444	2	Replacement Cost	Adjusted market transactions
Total fair value measurements (assets) in statement of financial position¹	49,796	53,445			

¹ The Department has a number of assets and liabilities not measured at fair value in the statement of financial position. 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 2015-16, 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 methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2016 are unchanged from the previous reporting period.

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

Accounting Policy

Fair Value Measurement

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

7.4B: 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	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Restructuring opening balance	-	640	6,793	7,455	40,446	49,473	47,239	57,568
Total gains/(losses) recognised in net cost of services ¹	-	(15)	(478)	(2,244)	(6,116)	(6,804)	(6,594)	(9,063)
Transfers to other entities	-	-	-	-	34	(3,181)	34	(3,181)
Purchases	-	-	368	1,568	764	715	1,132	2,283
Disposals	-	(625)	(250)	-	(92)	-	(342)	(625)
Transfers into Level 3	-	-	36	14	819	243	855	257
Transfers out Level 3	-	-	(1,246)	-	-	-	(1,246)	-
Closing balance	-	-	5,223	6,793	35,855	40,446	41,078	47,239

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

7.5. 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.

7.5A: Fair value measurements, valuation techniques and inputs used

Fair value measurements at 30 June 2016 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			
	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3)	Valuation technique	Inputs Used	Inputs Range	Weighted Average
Financial assets							
Concessional loans	36,953,923	30,497,818	3	Loan Conditions		Principal due	
Administered investments	2,118,337	2,149,930	3	Net assets of the entity		Net assets of the entity	
Total financial assets	39,072,260	32,647,748					
Total fair value measurements	39,072,260	32,647,748					

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 2016 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

7.5B: 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	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	30,497,818	25,147,866	2,149,930	2,149,026	32,647,748	27,296,892
Total gains/(losses) recognised in net cost of services ¹	325,973	(669,486)	-	-	325,973	(669,486)
Total gains/(losses) recognised in Administered Equity	-	-	(31,593)	904	(31,593)	904
Issues	8,295,624	7,944,246	-	-	8,295,624	7,944,246
Settlements	(2,165,493)	(1,924,808)	-	-	(2,165,493)	(1,924,808)
Closing balance	36,953,922	30,497,818	2,118,337	2,149,930	39,072,259	32,647,748

¹ The gains or losses are presented in the Administered Schedule of Comprehensive Income under Notes 2.1C Personal benefits, 2.1E Finance costs, 2.1H Fair value losses, 2.2B Interest.

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

8. Other Information

8.1. Restructuring

8.1A: Departmental restructuring

	2016
Function	Early Childhood Education and Care
Entity	Department of Social Services ¹
	\$'000
FUNCTION ASSUMED	
Assets recognised	
Trade and other receivables	16,060
Property, plant and equipment	40
Intangibles	949
Leasehold improvements	646
Total assets recognised	17,695
Liabilities recognised	
Employee provisions	13,855
Other payables	192
Total liabilities recognised	14,047
Net assets recognised	3,648
Income assumed	
Recognised by the receiving entity	-
Recognised by the losing entity	62
Total income assumed	62
Expenses assumed	
Recognised by the receiving entity	30,508
Recognised by the losing entity	14,801
Total expenses assumed	45,309

Notes:

¹ The Early Childhood Education and Care functions were acquired from the Department of Social Services following the Administrative Arrangement Orders of 21 September 2015.

The net assets assumed from all entities total \$3.648 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	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
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	-

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

²The 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

8.1B: Administered restructuring	
2016	
Function	Early Education: Early Childhood and Child Care
Entity	Department of Social Services ¹
\$'000	
FUNCTIONS ASSUMED	
Assets recognised	
Cash and cash equivalents	102,070
Trade and other receivables	406,541
Advances and loans	339
Other non-financial assets	4,169
Total assets recognised	513,119
Liabilities recognised	
Suppliers	95
Personal benefits payable	197,991
Grants payable	2,583
Provision for personal benefits	746,777
Total liabilities recognised	947,446
Net assets recognised	(434,327)
Income assumed	
Recognised by the receiving entity	5,226
Recognised by the losing entity	408
Total income assumed	5,634
Expenses assumed	
Recognised by the receiving entity	4,670,116
Recognised by losing entity	2,098,320
Total expenses assumed	6,768,436

Notes:

¹ The Early Childhood Education and Care functions transferred from the Department of Social Services following the Administrative Arrangement Orders of 21 September 2015.

The net assets assumed from all entities total (\$434.327) 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	2015	
	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.

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

8.2. Reporting of Outcomes

Outcomes 1 and 2 are described in the Overview. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. The annual report details Agency resource statements and resources. The department uses a cost allocation model to determine the attribution of its shared items.

8.2A: Major classes of expenses, income, assets and liabilities by outcome

	Outcome 1		Outcome 2		Payment to Corporate Commonwealth Entities		Not attributed ¹		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses										
Employee benefits	88,410	104,832	127,420	101,729	-	-	-	-	215,830	206,561
Suppliers	48,417	48,221	79,506	52,958	-	-	-	-	127,923	101,179
Depreciation	10,109	13,831	15,059	13,087	-	-	-	-	25,168	26,918
Grants	100	25	529	232	-	-	-	-	629	257
Other	217	264	2,791	2,653	-	-	-	-	3,008	2,917
Total expenses	147,253	167,173	225,305	170,659					372,558	337,832
Own-Source Income										
Sale of goods and rendering of services	10,540	13,846	19,196	16,539	-	-	-	-	29,736	30,385
Income from government	122,236	142,651	190,891	134,203	-	-	-	-	313,127	276,854
Other	1,684	1,390	6,956	5,608	-	-	-	-	8,640	6,998
Total own-source income	134,460	157,887	217,043	156,350					351,503	314,237
Net cost/(contribution) of outcome delivery	12,793	9,286	8,262	14,309					21,055	23,595
Assets										
Cash and cash equivalents	-	-	3,536	2,286	-	-	2,596	7,531	6,132	9,817
Trade and other receivables	38,449	16,031	46,796	35,798	-	-	-	-	85,245	51,829
Other financial assets	900	1,013	1,096	2,263	-	-	-	-	1,996	3,276
Land and buildings	16,750	13,027	20,387	29,091	-	-	-	-	37,137	42,118
Infrastructure, plant and equipment	5,710	3,504	6,949	7,823	-	-	-	-	12,659	11,327
Intangibles	31,653	28,157	43,936	42,246	-	-	-	-	75,589	70,403
Other non-financial assets	4,567	3,318	5,559	7,410	-	-	-	-	10,126	10,728
Total assets	98,029	65,050	128,259	126,917			2,596	7,531	228,884	199,498
Liabilities										
Suppliers	14,281	7,267	17,382	16,228	-	-	-	-	31,663	23,495
Other payables	9,169	8,958	11,160	20,005	-	-	-	-	20,329	28,963
Employee provisions	32,102	16,943	39,071	37,835	-	-	-	-	71,173	54,778
Other provisions	784	961	955	2,145	-	-	-	-	1,739	3,106
Total liabilities	56,336	34,129	68,568	76,213					124,904	110,342

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

	Outcome 1		Outcome 2		Payment to Corporate Commonwealth Entities		Not attributed		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses										
Personal benefits	5,028,009	3,443,917	64,265	91,179	-	-	-	-	5,092,274	3,535,096
Subsidies	693	-	327,117	144,309	-	-	-	-	377,810	144,309
Grants	15,932,767	15,150,944	9,792,553	9,259,152	-	-	-	-	25,725,320	24,410,096
Suppliers	44,824	115,912	554,003	222,665	-	-	-	-	598,827	338,577
Other	18,461	25,342	1,694,717	2,064,226	15,009	13,370	-	-	1,728,187	2,102,938
Total expenses	21,024,754	18,736,115	12,432,655	11,781,531	15,009	13,370	-	-	33,472,418	30,531,016
Income										
Interest	2	336	529,335	582,798	-	-	-	-	529,337	583,134
Levies	-	-	10,144	8,576	-	-	-	-	10,144	8,576
Non taxation revenue - Other	5,972	42,677	807,205	806,610	-	-	554	-	813,177	849,841
Gains	-	16	-	1,200,250	-	-	-	-	-	1,200,266
Total income	5,974	43,029	1,346,684	2,598,234	-	-	554	-	1,352,658	2,641,817
Net cost/(contribution) of outcome delivery	21,018,780	18,693,086	11,085,971	9,183,297	15,009	13,370	-	(554)	32,119,760	27,889,199
Assets										
Cash and cash equivalents	37,360	5,146	34,732	21,382	-	-	-	-	72,092	26,528
Receivables	471,413	4,339	37,398,987	30,923,635	-	-	-	-	37,870,400	30,927,974
Investments	5,336	6,795	2,113,001	2,143,135	-	-	-	-	2,118,337	2,149,930
Other non-financial assets	-	-	240	-	-	-	-	-	240	-
Total assets	514,109	16,280	39,546,960	33,088,152	-	-	-	-	40,061,069	33,104,432
Liabilities										
Suppliers	13,670	3,886	43,193	50,253	-	-	761	-	57,624	54,235
Personal benefits	149,271	-	-	-	-	-	-	-	149,271	-
Grants	-	15,743	3,318	20,503	-	-	-	-	3,318	36,246
Other payables	13,748	2,118	23,333	15,571	-	-	-	-	37,081	17,701
Provision for personal benefits	872,819	-	-	-	-	-	-	-	872,819	-
Provision for grants	-	-	6,959,011	6,068,013	-	-	-	-	6,959,011	6,068,013
Total liabilities	1,049,508	21,747	7,028,855	6,154,340	-	-	761	-	8,079,124	6,176,195



PART 5

Appendices

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APPENDIX 1—AGENCY RESOURCE STATEMENT AND RESOURCES FOR OUTCOMES

Table 5.1: Agency resource statement, 2015–16

	Actual available appropriations for 2015–16 \$'000	Payments made 2015–16 \$'000	Balance remaining \$'000
Ordinary Annual Services			
Departmental appropriation			
Prior year departmental appropriation	86,982	86,982	-
Departmental appropriation	313,516	250,616	62,900
S.74 Retained Revenue receipts	30,665	30,665	-
Total	431,163	368,263	62,900
Administered expenses			
Outcome 1	277,345	233,373	
Outcome 2	1,295,194	1,173,952	
Payments to corporate Commonwealth entities	14,935	14,935	
Total	1,587,474	1,422,260	
Total ordinary annual services	2,018,637	1,790,523	
Other services			
Administered expenses			
Specific payments to states, ACT, NT and local government			
Outcome 1	47,680	44,437	
Payments to corporate Commonwealth entities	74	74	
Total	47,754	44,511	
Departmental non-operating			
Prior year departmental appropriation	4,203	3,419	784
Equity injections	13,686	4,604	9,082
Previous years' outputs			-
Total	17,889	8,023	9,866
Total other services	65,643	52,534	
Total available annual appropriations	2,084,280	1,843,057	

	Actual available appropriations for 2015–16 \$'000	Payments made 2015–16 \$'000	Balance remaining \$'000
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>		5,023,245	
<i>Australian Education Act 2013</i>		15,669,315	
<i>Higher Education Support Act 2003</i>		17,629,196	
<i>Trade Support Loans Act 2014</i>		144,676	
Total special appropriations		38,466,432	
Special Accounts			
Opening Balance	22,326		
Appropriation receipts	66,479		
Non-appropriation receipts to Special Accounts	116,501		
Payments made (through restructuring)		-	
Payments made		134,804	
Closing Balance			70,502
Total resourcing and payments	2,289,586	40,444,293	
Less appropriations drawn from annual or special appropriations above and credited to special accounts	15,009	15,009	
Total net resourcing and payments for Education and Training	2,274,577	40,429,284	

Part 5

Table 5.2: Resources for Outcome 1

	Budget (2015–16) \$'000 A	Actual expenses (2015–16) \$'000 B	Variation (2015–16) \$'000 A-B
Administered expenses			
Program 1.1: Government Schools National Support			
Special Appropriations			
<i>Australian Education Act 2013</i>	5,766,581	5,745,085	21,496
Total for Program 1.1	5,766,581	5,745,085	21,496
Program 1.2: Non-government Schools National Support			
Ordinary Annual Services (Appropriation Bill No 2)			
Short Term Emergency Assistance	1,473	80	1,393
Non-Government Representative Bodies	41,167	41,167	0
Special Appropriations			
<i>Schools Assistance Act 2008</i>	-	-233	233
<i>Australian Education Act 2013</i>	9,826,514	9,906,897	-80,383
Total for Program 1.2	9,869,154	9,947,911	-78,757
Program 1.3: Early Learning and Schools Support			
Ordinary Annual Services (Appropriation Bill No 1)			
Australian Early Development Census	10,800	10,790	10
Australian Government Response to TEMAG	4,800	4,800	-
Early Learning Languages Australia (ELLA)	2,464	2,137	327
Educating Against Domestic Violence	954	954	-
Universal Access	1,500	1,500	-
Grants and Awards	2,147	1,902	245
Quality Outcomes	41,004	40,028	976
Helping Children with Autism	5,716	5,716	-
Maths and Science Participation	5,250	5,250	-
Teach for Australia	7,610	7,610	-

	Budget (2015–16) \$'000 A	Actual expenses (2015–16) \$'000 B	Variation (2015–16) \$'000 A-B
Flexible Literacy Learning for Remote Primary Schools	6,000	6,000	-
National Assessment Reform	9,840	9,840	-
Science, Technology, Engineering and Mathematics (STEM)	3,850	3,836	14
Improving the Teaching of Foreign Languages	600	600	-
Special Account Expenses			
<i>SOETM—Students with Disabilities</i>	1,733	1,672	61
Total for Program 1.3	104,268	102,636	1,632
Program 1.4: Trade Training Centres in Schools			
Other Services (Appropriation Bill No 2)			
Trade Skills Centres (Non-government)	1,005	1,004	1
Total for Program 1.4	1,005	1,004	1
Program 1.5: Youth Support			
Ordinary Annual Services (Appropriation Bill No 1)			
Youth Attainment and Transition	-	-1	1
Youth Engagement	534	534	0
Special Account Expenses			
<i>National Youth Affairs Research Scheme</i>	240	171	69
Total for Program 1.5	774	703	71
Program 1.6: Support for the Child Care System			
Ordinary Annual Services (Appropriation Bill No 1)			
Child Care Services Support	138,145	111,698	26,447
Jobs, Education and Training, Child Care Fee Assistance (JETCCFA)	26,817	17,383	9,434
Child Care Subsidy Communications Campaign	173	116	57
Special Account Expenses			
<i>Early Years Quality Fund Special Account Act 2013</i>	72,053	68,654	3,399
<i>SOETM—Child Care</i>		22	-22
Total for Program 1.6	237,188	197,873	39,315

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	Budget (2015–16) \$'000 A	Actual expenses (2015–16) \$'000 B	Variation (2015–16) \$'000 A-B
Program 1.7: Child Care Benefit			
Special Appropriations			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	2,957,334	2,578,446	378,888
Total for Program 1.7	2,957,334	2,578,446	378,888
Program 1.8: Child Care Rebate			
Special Appropriations			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	2,535,272	2,450,885	84,387
Total for Program 1.8	2,535,272	2,450,885	84,387
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Appropriation Bill No 1)	268,204	230,694	37,510
Other services (Appropriation Bill No 2)	43,645	42,251	1,394
Special Appropriations	21,085,701	20,681,312	404,389
Special Accounts	74,026	70,497	3,529
Departmental expenses			
Ordinary Annual Services (Appropriation Bill No 1)	129,531	137,144	-7,613
Expenses not requiring appropriation in the Budget year	11,218	10,109	1,109
Total for Outcome 1	21,612,325	21,172,007	440,318
Average staffing level (number)	759	694	65

Table 5.3: Resources for Outcome 2

	Budget (2015–16) \$'000 A	Actual expenses (2015–16) \$'000 B	Variation (2015–16) \$'000 A-B
Administered expenses			
Program 2.1: Commonwealth Grants Scheme			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Cluster Fund and Place Loadings	6,915,587	6,889,155	26,432
Regional Loading	72,148	72,148	-
Total for Program 2.1	6,987,735	6,961,303	26,432
Program 2.2: Higher Education Superannuation Program			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Superannuation Program ^a	243,579	1,076,295	-832,716
Total for Program 2.2	243,579	1,076,295	-832,716
Program 2.3: Higher Education Support			
Ordinary Annual Services (Appropriation Bill No 1)			
ATSIHEAC	-	-8	8
National Disability Coordination Officer	4,309	4,392	-83
Quality Indicators for Teaching and Learning	6,815	6,215	600
Higher Education Special Projects	-	-43	43
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Disability Support Program	7,220	7,159	61
Diversity and Structural Reform	-	-	-
Higher Education Participation Program	179,568	178,107	1,461
National Institutes	209,663	209,626	37
Promotion of Excellence in Learning and Teaching in Higher Education	17,990	17,989	1
Quality Initiatives	11,096	11,086	10

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	Budget (2015–16) \$'000 A	Actual expenses (2015–16) \$'000 B	Variation (2015–16) \$'000 A-B
Special Account Expenses			
<i>SOETM—Australian Quality Framework Council</i>	-	21	-21
<i>Education Investment Fund—Higher Education</i>	55,754	55,754	-
Total for Program 2.3	492,415	490,295	2,120
Program 2.4: Higher Education Loan Program			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Loan Program ^b	2,443,943	855,424	1,588,519
Total for Program 2.4	2,443,943	855,424	1,588,519
Program 2.5: Investment in Higher Education Research			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
International Post Graduate Research	22,449	22,448	1
Joint Research Engagement Program	360,230	360,230	-
Research Infrastructure Block Grants	242,172	242,171	1
Research Training	684,253	684,253	-
Sustainable Research Excellence	238,733	238,732	1
Australian Post Graduate Awards	282,106	282,105	1
Total for Program 2.5	1,829,943	1,829,939	4
Program 2.6: Research Capacity			
Ordinary Annual Services (Appropriation Bill No 1)			
Collaborative Research Network Program	9,332	9,332	-
Commonwealth—ANU Strategic Relationships	500	455	45
National Collaborative Research Infrastructure Strategy	150,000	150,000	-
Australia Consensus	640	640	-

	Budget (2015–16) \$'000 A	Actual expenses (2015–16) \$'000 B	Variation (2015–16) \$'000 A-B
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Research Promotion	4,733	4,732	1
Special Account Expenses			
Education Investment Fund—Research	-	-	-
Payments to corporate Commonwealth entities			
Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)	15,009	15,009	-
Total for Program 2.6	180,214	180,167	47
Program 2.7: International Education Support			
Ordinary Annual Services (Appropriation Bill No 1)			
International Education Support	53,696	53,695	1
Special Account Expenses			
<i>Overseas Student Tuition Fund</i>	1,750	1,828	-78
<i>SOETM—Cheung Kong</i>	-	750	-750
Total for Program 2.7	55,446	56,273	-827
Program 2.8 Building Skills and Capability			
Ordinary Annual Services (Appropriation Bill No 1)			
Sub-Program 2.8.1: Industry Competitiveness			
Industry Skills Fund	49,053	24,005	25,048
National Workforce Development Fund	1,352	1,352	-
Sub-Program 2.8.2: Skills Development			
Australian Apprenticeships Support Network	150,271	134,897	15,374
Australian Apprenticeships Incentives Program	370,649	339,644	31,005
Job Ready Program—Trades Recognition Australia	4,634	990	3,644
Accelerated Australian Apprenticeships	490	490	-
Apprentice to Business Owner—Business Skills and Mentoring	2,100	1,250	850

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	Budget (2015–16) \$'000 A	Actual expenses (2015–16) \$'000 B	Variation (2015–16) \$'000 A-B
Special Account Expenses			
<i>Growth Fund Skills and Training</i>	2,148	147	2,001
Special Appropriations			
<i>Trade Support Loan Act 2014</i>			
Trade Support Loans	152,565	51,232	101,333
Sub-Program 2.8.3: Access to Training			
Adult Migrant English Program	293,342	246,381	46,961
National Foundation Skills Strategy	195	132	63
Skills for Education and Employment Program	134,808	122,946	11,862
Workplace English Language and Literacy	4,763	2,909	1,854
Sub-Program 2.8.4: Support for the National Training System			
Industry Workforce Training	50,945	43,320	7,628
My Skills Website	572	572	-
National Centre for Vocational Education Research	686	686	-
National Training System COPE	26,857	26,454	403
Australian Industry and Skills Committee	1,483	293	1,190
Licensing of International Vocational Education and Training (VET) courses	278	267	11
Total for Program 2.8	1,247,191	997,968	249,223

	Budget (2015–16) \$'000 A	Actual expenses (2015–16) \$'000 B	Variation (2015–16) \$'000 A-B
Outcome 2 Totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Appropriation Bill No 1)	1,317,770	1,171,264	146,506
Special Appropriations	12,088,035	11,202,891	885,144
Special Accounts	59,652	58,500	1,152
Payments to corporate Commonwealth entities	15,009	15,009	-
Departmental expenses			
Ordinary Annual Services (Appropriation Bill No 1)	195,192	201,801	-6,609
Special Accounts	7,945	8,445	-500
Expenses not requiring appropriation in the Budget year	21,013	15,059	5,954
Total for Outcome 2	13,704,616	12,672,969	1,031,647
Average staffing level (number)	1,056	1,027	29

- a The variance is predominantly due to a difference in accounting treatment for the Higher Education Superannuation Program.
- b Actual expenses relate to actuarial assessments of the value of assets and liabilities. The outcome is dependent upon numerous factors that cannot be reliably forecast.

APPENDIX 2—ANNUAL REPORT OF THE TRADE SUPPORT LOANS PROGRAM

Introduction

Based on the requirements set out in the *Trade Support Loans Act 2014*, this report provides a summary of the administrative operation of the Trade Support Loans (TSL) program from 1 July 2015 to 30 June 2016.

Overview

The Australian Government's Better Support of Australian Apprentices policy included the introduction of TSL, which provide Australian Apprentices with up to \$20,000 over the course of their apprenticeship as an income contingent loan.

The TSL program aims to meet the Government's commitment to improve productivity and competitiveness in the Australian economy by providing highly skilled individuals in priority trades where there are growing skills shortages.

The program provides financial support to eligible Australian Apprentices to assist them with expenses associated with living, learning and completing an apprenticeship and helps them focus on completing their trade qualification. To be eligible for TSL payments, Australian Apprentices must:

- reside in Australia and be an Australian citizen, or the holder of a permanent visa
- be undertaking a:
 - Certificate III or IV level qualification that leads to an occupation on the TSL Priority List or
 - Certificate II, III or IV agricultural qualification specified on the TSL Priority List or
 - Certificate II, III or IV horticulture qualification specified on the TSL Priority List, while working in rural or regional Australia, and
- meet the eligibility criteria outlined in the TSL program guidelines.

Governance

The program is governed by the *Trade Support Loans Act 2014* (the Act). Two legislative instruments are in place to administer the program:

- Trade Support Loan Rules 2014—provide for matters relating to qualification for TSL, granting TSL, application forms and other matters
- Trade Support Loans Priority List 2014—determines occupations or qualifications leading to occupations which the Minister considers high priority skills.

The program is delivered jointly through the Australian Apprenticeship Support Network (AASN), the Department of Education and Training and the Australian Taxation Office (ATO).

Operation of the program

Under the TSL program, apprentices apply for a loan through their local AASN service provider. Apprentices are able to opt-in to a TSL in line with the year of their apprenticeship. The loans provide flexibility to meet the needs of each individual and an apprentice may borrow up to \$20,000 over four years. The loan amounts are highest in the early years of training to support apprentices while their wages are lower. Apprentices who successfully complete their apprenticeship will have the amount of their loan reduced by 20 per cent.

2015–16 Trade Support Loan payment rates

Annual limits of payments for Trade Support Loans (up to \$20,000 over four years):

- \$8,000 in year one
- \$6,000 in year two
- \$4,000 in year three
- \$2,000 in year four and beyond.

Apprentices start repaying their loan through the taxation system when they earn a sustainable income, which was set at \$54,126 in 2015–16. Apprentices may also choose to make voluntary payments on the loan prior to reaching the repayment threshold.

The TSL debts are indexed annually by the Consumer Price Index to maintain their real value.

Changes to the Act during 2015–16

The Education Legislation Amendment (Overseas Debt Recovery) Bill 2015 and the Student Loans (Overseas Debt Repayment Level) Bill 2015 were introduced to the House of Representatives for the first time on 17 September 2015. The Bills were passed through both houses of Parliament on 9 November 2015 and received Royal Assent on 26 November 2015.

This measure creates a payment obligation for Australians living overseas with a Higher Education Loan Program or TSL debt. From 1 July 2017, debtors will be required to make repayments based on their combined Australian and foreign-sourced income, bringing repayment obligations for overseas residents into line with debtors who remain in Australia. From 1 January 2016, people with TSL debts who move overseas for six months or more are required to notify the ATO.

Performance information

In its second year of operation the TSL program continues to provide substantial support to eligible apprentices to assist them with the costs of living and learning while undertaking an apprenticeship.

From program commencement to 30 June 2016:

- 47,400 TSL applications have been received and processed
- 417,000 payments were made to eligible apprentices.

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In 2015–16:

- 19,400 TSL applications were received and processed
- 269,400 payments were made to eligible apprentices
- 3000 apprentices successfully completed and received a completion discount.

Table 5.4: Program 2.8.2 Trade Support Loans performance information

Deliverables	2015–16 Estimate	2015–16 Actual
Total number of Australian Apprentices assisted through Trade Support Loan payments ^a	74,500	41,000

a The difference between the estimate and the actual number of apprentices taking out Trade Support Loans may have been influenced by a range of factors including the Fair Work Commission's decision to increase apprentices' wages and conditions in many industries, and fewer new commencements than originally projected. As with all demand driven programs, this will be closely monitored as the program matures.

Figure 5.1: Trade Support Loan applications received by quarter, 2015–16

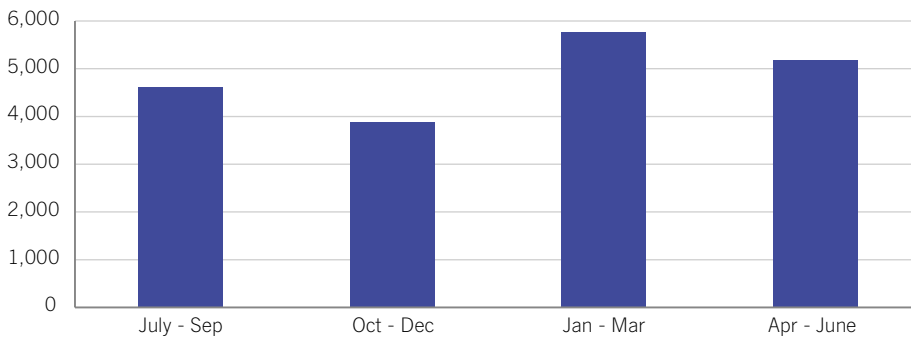


Figure 5.2: Number of Trade Support Loan applications received by calendar month, 2015–16

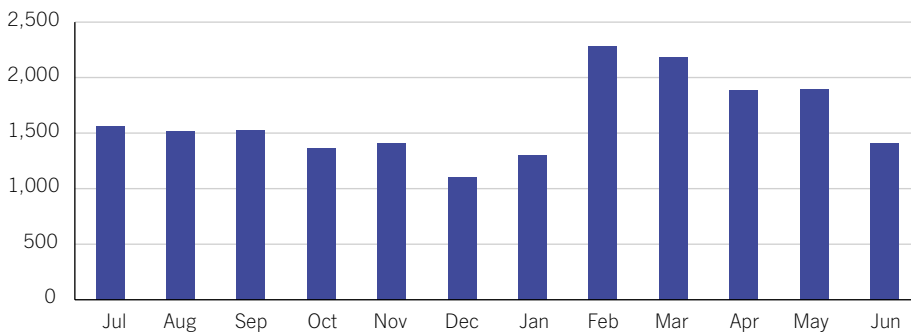




Figure 5.3: Number of Trade Support Loan payments made by quarter, 2015–16

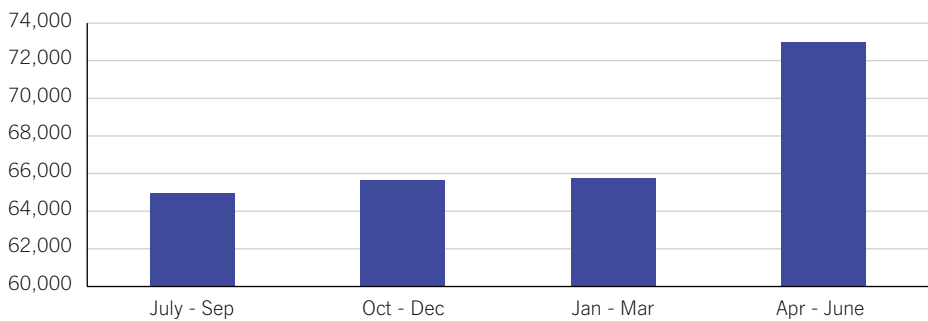
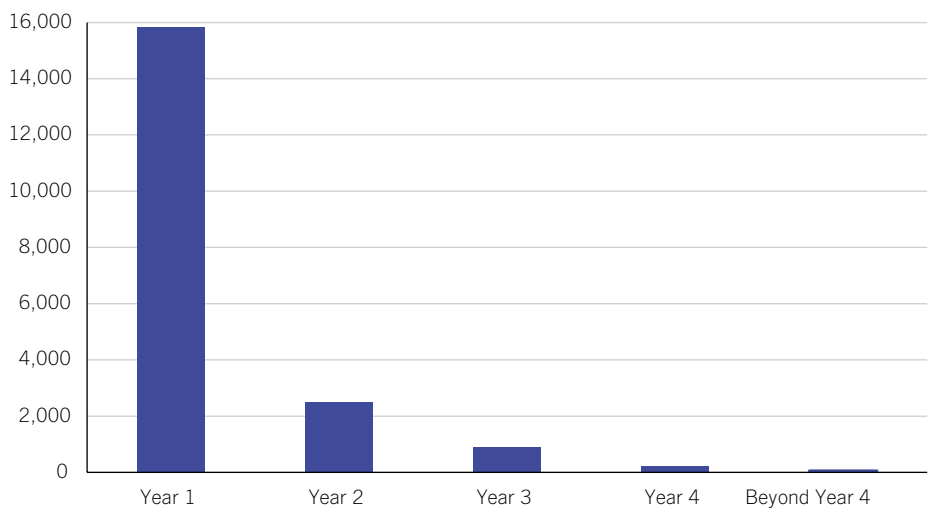


Figure 5.4: Number of Trade Support Loan applications received by apprenticeship stage, 2015–16



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Figure 5.5: Number of Trade Support Loan applications received by state or territory, 2015–16

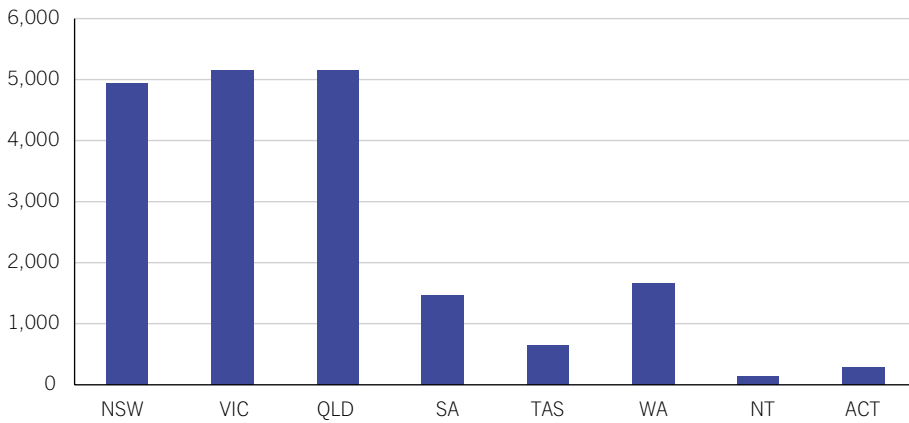
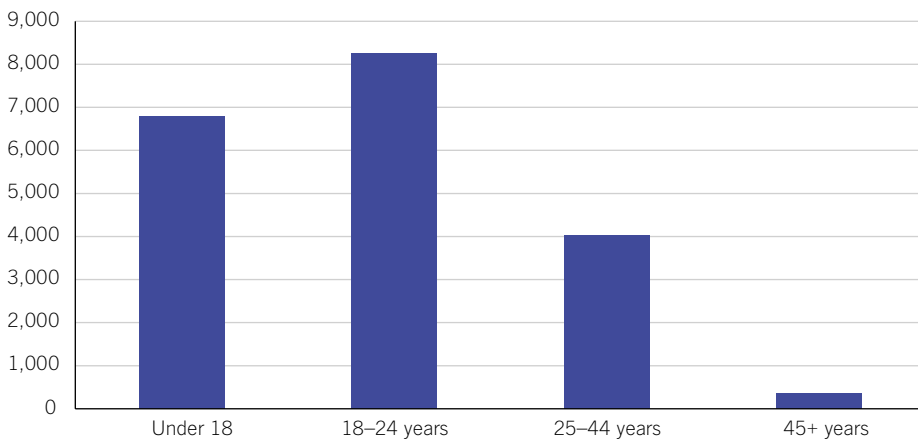


Figure 5.6: Number of Trade Support Loan applications received by age categories, 2015–16



APPENDIX 3—ANNUAL REPORT OF THE TUITION PROTECTION SERVICE



Introduction

The Tuition Protection Service (TPS), a placement and refund service for international students, has now been operating for four years. It is underpinned by the *Education Services for Overseas Students Act 2000* (ESOS Act) and provides support to international students affected by an education provider default or closure. The TPS supports international students by either arranging a placement in an alternative course, or refunding their unspent tuition fees.

In a year of considerable activity, which included a number of provider closures, the TPS has continued to focus on delivering its core objective of protecting and strengthening the reputation of Australia's international education sector by supporting and protecting international students in Australia.

In accordance with the requirements of the ESOS Act, this report provides a brief summary of the activities of the TPS from 1 July 2015 to 30 June 2016, issues affecting the operation of the TPS, and a brief commentary on the outlook for the year ahead.

Operations

The TPS operations in 2015–16 were impacted by ongoing regulatory scrutiny by the two national regulators: the Australian Skills and Quality Authority; and the Tertiary Education Quality Standards Agency; and media coverage of unscrupulous practices by some providers. A combination of regulatory action and media coverage resulted in the closure of a number of education providers. During the year there were 12 provider closures affecting 1534 students. Most of these closures (9) were due to the work of the national regulators taking action against providers not meeting the quality standards required to operate in Australia. The remaining three closures were due to business failures. Further details about these closures are in the Table 5.5.

Table 5.5: Provider closures and students displaced in 2015–16

Provider	Sector	Number of students displaced	Number of students assisted by TPS	Default reason
Provider 1	Schools	69	26	Regulatory action
Provider 2	VET	67	12	Regulatory action
Provider 3	VET	19	1	Regulatory action
Provider 4	VET	250	0	Regulatory action
Provider 5	ELICOS	89	44	Business failure
Provider 6	VET	197	0	Regulatory action
Provider 7	VET	566	0	Regulatory action
Provider 8	ELICOS	151	0	Regulatory action
Provider 9	VET	22	0	Business failure
Provider 10	VET	43	0	Regulatory action
Provider 11	VET	1	0	Regulatory action
Provider 12	VET	60	58	Business failure
Total number of students		1534	141	

The TPS worked proactively with defaulting providers to minimise disruption for affected students and to safeguard the Overseas Students Tuition Fund (OSTF). This was achieved by ensuring, where possible, providers met their obligations to affected students. As a result, most providers that closed due to regulatory action met their obligations, thus limiting the number of calls on the OSTF.

Of the 12 provider closures in 2015–16, only six required the provision of assistance to students by the TPS. This continues a positive trend in which the proportion of closures requiring assistance to students from the TPS is declining. In the period from 2012–13 to 2014–15, eight of the 14 provider closures required TPS assistance with placement and refund to students.

Of the 1534 students affected by a closure in 2015–16, 289 calls were made on the OSTF. In addition, there was a call from a student affected by a provider closure before TPS commenced. In 2015–16, a total of 187 calls were finalised resulting in payments from the OSTF totalling \$1,059,477. A number of these finalised calls had been initiated in previous years. During the year TPS also facilitated placement of 56 students affected by a provider closure in Melbourne.



Tuition Protection Service provides timely and responsive intervention

The TPS aims to safeguard and protect the reputation of Australia's international education sector. This includes providing timely, effective and highly responsive support to students affected by a provider default. The TPS works closely with other stakeholders to ensure all affected students are protected.

In August 2015 the TPS Director was advised of the sudden collapse of a medium-sized provider of English languages courses on the Gold Coast, Queensland. The provider had been placed into administration the day before. The administrator had taken steps to immediately stop teaching. The TPS engaged immediately with the appointed administrator. Within three days, the TPS held a meeting with affected students to provide information about the assistance available to them, and the processes involved in obtaining assistance.

The TPS also advised English Australia of the collapse of the provider, which offered to provide immediate assistance to enable the TPS to place students as quickly as possible.

The TPS was able to directly assist the students studying on international student visas to find alternative providers or obtain a refund for their unspent tuition fees.

However, the TPS also learned that a significant number of affected students were in Australia on other visa types, which meant they were not eligible for TPS assistance. The TPS brought this situation to the attention of English Australia, which were able to place these students with alternative providers. Together, the combined efforts of TPS and English Australia minimised disruption for all of the students and assisted to safeguard and protect the reputation of Australia's international education sector.

Sustainability of the Overseas Students Tuition Fund

At the end of the fourth year of the TPS operations, the OSTF is in a sound position. This is as a result of the current benign claims environment and the prudent and proactive management of provider defaults by the TPS. The relatively low level of claims on the OSTF, combined with the steady increase in enrolments of international students over the last three years, has contributed to the sustainability of the OSTF.

During this period, the TPS levy strategy has remained broadly consistent. The goal has been to raise sufficient revenue to assist affected students and to make contributions to a strategic reserve to ensure sustainability of the OSTF. The levy collection has been smooth and effective with very few issues or complaints from providers.

Over the first three years of the levy, there was minimal change to the levy settings for the risk rated component, which is paid by all non-exempt (private) providers.

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The specified percentage rate for the risk rated component of the levy remained unchanged for the first three years. Taking into account the relatively healthy position of the OSTF, and in anticipation of a continuing benign environment with a low level of claims, the TPS Advisory Board recommended tapering of the risk rated component of the levy for 2016. As a result, the specified percentage rate for the risk rated component of the levy was reduced by about one third. At the same time, the proportion of the levy met by providers rated as having a high risk was increased through adjustment to the risk factors weights. This meant that most providers with a lower risk rating made a saving on their risk rated component of the levy.

At the commencement of the TPS there was a level of apprehension about the TPS levy settings and the potential financial impost on providers. Most providers now acknowledge that they are paying less for student protection arrangements compared with what they were paying prior to the TPS. There is also a general acknowledgement that the resulting sustainability of the OSTF is a positive development, and contributes to Australia's strong reputation as a destination of choice for overseas students.

As at 30 June 2016 there is a balance of approximately \$28.2 million held in the OSTF. This exceeds the short-term strategic reserve target of \$20 million by the end of 2016 set by the TPS Advisory Board in 2013. Even with reserves at this level, the OSTF remains vulnerable to a large and unexpected increase in claims and strategies are needed to manage this risk. This potential risk has increased over the last few years as the number of overseas students has increased, and as the number of larger individual providers has increased. A failure of one of the top 10 providers, although unlikely, has the potential to exhaust the current OSTF reserve. To protect against this risk, the TPS Board advised that the insurance arrangements should be continued for another year in 2016–17.


During the 2016 levy collection period, the TPS once again analysed the income declarations made by providers. Discrepancies and inaccuracies in these declarations by some providers required considerable follow up by the TPS operations team. This analytical work is providing the TPS with a better insight into provider operations and the factors that impact on the tuition fee incomes of providers. The TPS will continue to work in a constructive and facilitative way with providers to achieve a higher level of compliance and transparency in their tuition fee income declarations.

Working with stakeholders

The TPS is part of the international education sector's broad regulatory and consumer protection framework. The TPS continues to engage with and work co-operatively with a range of stakeholders to help maintain and improve Australia's world-class international education sector.

The TPS ensures that it consults regularly with all key stakeholders and education providers on key matters of importance and interest to the sector. The TPS itself engages and consults with the sector on the levy settings and other TPS related matters, including through annual information sessions for all providers in most capital cities.

In recommending the annual TPS levy settings, the TPS Advisory Board takes into consideration advice from the Australian Government Actuary, and the sector outlook from the two national regulators and engages directly with the sector representatives. The stakeholders are consulted on the draft levy and their feedback is taken into account before the Board finalises its recommendations, which are then provided to the TPS Director in the lead up to the making of a legislative instrument which specifies the levy settings for the following year.



The TPS strives to assist and encourage education providers to meet their legislative obligations to students. Over four years of operation, a majority of providers affected by regulatory action met their obligations to assist students. Although the numbers are low, this would suggest that the collaborative work between the TPS, the sector regulators and providers is proving effective in minimising the disruption to international students' education experience in Australia.

The TPS continues to work closely with the Overseas Students Ombudsman (OSO) to address complaints received from international students about a range of issues concerning their Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) provider. During the year, 38 complaints were referred by the OSO to the TPS for investigation, of which 32 have been finalised and six were subject to ongoing investigation as at 30 June 2016.

Deregulation

As part of the Government's deregulation agenda, the TPS removed a considerable amount of the reporting and administrative burden on education providers in relation to:

- student default reporting
- recording of study periods
- limits on collection of the course fees before commencement.

Amendments to the ESOS Act were passed in December 2015.

Review

A post implementation review of the TPS was conducted by the Office of Best Practice Regulation in 2013–2014 and published in July 2015. The review found the TPS to be a beneficial addition to Australia's international education sector. A copy of the review report can be found on the website of the Office of Best Practice Regulation at <https://ris.dpmc.gov.au>.

Outlook for the year ahead

The past 12 months have seen a number of positive developments in the international education sector in Australia. International student data indicates growth in total enrolments and commencements of 11.9 per cent and 12.7 per cent respectively from March 2015 to March 2016.

In April 2016 the Government released the *National Strategy for International Education 2025* and the *Australian International Education (AIE) 2025 roadmap*. Together these documents set out a 10-year plan for developing Australia's role as a global leader in education, training and research.

In response to a series of reviews and investigations into access to the VET sector and the VET FEE-HELP loan arrangements, a discussion paper was released on 27 April 2016. The paper is in response to concerns over course quality, probity, and the conduct of some providers, including unethical practices, and low completion rates. It sets out the original intentions of the program, the rapid growth since 2012, and the escalation in costs to taxpayers and students. The TPS will continue to monitor developments in this area and any impact on international students.

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The *Driving Innovation, Fairness and Excellence in Higher Education* policy options paper, released in May 2016, sets out potential reforms to support a stronger, more innovative and responsive higher education system that preserves equity of access and financial sustainability. Key areas of discussion include: the ability of universities to attract additional revenue in courses where they have developed particular expertise, and adjustments to the HELP student loan scheme.

Placement and payment activity 2015–16

Table 5.6: Tuition Protection Service calls on the Overseas Students Tuition Fund, 2015–16

Calls on the Overseas Students Tuition Fund	Quantity
Total calls made on the OSTF during 2015–16	290

Table 5.7: Tuition Protection Service placement activity 2015–16

Number of students placed by the TPS		
Within 30 days	Over 30 days	Total ^a
0	0	0

a While the TPS has been active in assisting providers to meet their obligations and helping to find placements for students outside of the TPS system, the TPS was not officially called upon to find placements for students. All the students who received a refund from the TPS (see Table 5.5) had either chosen to find their own placement or had their visa refused (63), or were related to a closure that occurred before the TPS was established (1).

Table 5.8: Time taken to make payments from the Overseas Students Tuition Fund 2015–16

	Refunds to students		Payment to providers		Total paid
	Within 30 days	31 days and over	Within 30 days	31 days and over	
Payments made to students during 2015–16 who were affected by closures which occurred between 1 July 2012 and 30 June 2015	46	141	0	0	\$1,059,477
Payments made to students during 2015–16 affected by closures which occurred before 1 July 2012	0	1	0	0	\$4,805
Total	46	142	0	0	\$1,064,282

Table 5.9: Financial status of the Overseas Students Tuition Fund

Status of the Overseas Students Tuition Fund ^a	\$,000
Opening balance at 1 July 2015	\$19,869
TPS annual levy collected	\$10,101
Other revenue collected	\$25
Total revenue	\$10,126
Student and provider payments	\$1,064
TPS administrator services	\$252
Other operational/administrative expenses	\$511
Total expenditure	\$1,827
Balance as at 30 June 2016	\$28,168

a OSTF is reporting on a cash basis from 2014–15 onwards.

Table 5.10: Tuition Protection Service Advisory Board Members in 2015–16

Position	Advisory Board Member
Board Chair	Mr Peter Grant until 5 August 2015 Dr Kevin Donnelly AM Acting Chair from 5 August 2015
Representative from the Department of Education and Training	Ms Anne Baly until 11 December 2015 Mr Adam Luckhurst from 4 May 2016
Representative from the Department whose Minister administers the Public Governance, Performance and Accountability Act 2013	Mr David Weiss until 31 December 2015 Mr Mark Thomann from 17 March 2016
Representative from the Department administered by the Immigration Minister	Ms Sophie Montgomery until 31 December 2015 Ms Chloe Bird from 17 March 2016 to 8 June 2016
Representative from the Australian Government Actuary	Ms Susan Antcliff
Representative from the Australian Prudential Regulation Authority	Mr Michael Horton
Other member	Mr Michael Manetta
Other member	Ms Helen Ujvary

APPENDIX 4—ANNUAL REPORT OF THE STUDENT IDENTIFIERS REGISTRAR

In April 2012 the Council of Australian Governments (COAG) agreed to the Unique Student Identifiers (USI) initiative as part of its vocational education and training (VET) reform agenda. The *Student Identifiers Act 2014* and supporting regulations were passed by Parliament in June 2014. The USI initiative was launched on 1 January 2015.

The initiative provides for the assignment of a unique identifier for each person undertaking nationally recognised training from 1 January 2015. This identifier is collected by registered training organisations (RTOs) and included in their regular training activity submissions to the National VET Data Collection held by the National Centre of Vocational Education Research (NCVER).

Over five million unique student identifiers have been created since the introduction of the USI initiative on 1 January 2015. The inclusion of the USI significantly increases the value of the National VET Data Collection as a tool to support policy development, research and program administration. Individuals with a USI are also able to easily access their national training records online in a password protected secure environment.

Structure and governance

The *Student Identifiers Act 2014* establishes the governance framework under which the USI initiative operates. The Act also specifies the role of the Student Identifiers Registrar, the statutory officer responsible for the implementation and operation of the USI initiative.


The Hon Luke Hartsuyker MP, as Minister for Vocational Education and Skills, in consultation with the COAG Industry and Skills Council, appointed Mr Jason Coutts as the inaugural Student Identifiers Registrar on 25 November 2015 for a period of three years.

The COAG Industry and Skills Council agreed in September 2014 to new regulatory standards for training providers and regulators which specify that training providers are to meet the requirements of the student identifier initiative.

The USI Combined Working Group, comprised of representatives from state and territory training authorities and the NCVER, was established to help guide the development of the USI, and continues to provide advice to the Registrar about the initiative's operations and future direction.

To help ensure the protection of personal information collected and held by the Registrar, the Act provides the Australian Information Commissioner with functions additional to those mandated under the *Privacy Act 1988*. This is supported by a Memorandum of Understanding with the Office of the Australian Information Commissioner (OAIC) which outlines the specific activities to be conducted by the OAIC to support the protection of students' personal details.

The Office of the Student Identifiers Registrar (USI Office) supports the Registrar to administer the Student Identifiers initiative. The Department of Education and Training provides the USI Office with staff under the terms of the Act. The functions of the USI Office include IT system development and maintenance, policy advice, stakeholder communications and support to students, RTOs and other stakeholders through a contact centre and help desk.



The USI Registry System is a web-based service that manages student identifier transactions such as the creation and verification of student identifiers. The USI Registry System provides services to students, RTOs and VET-related bodies (such as state training authorities).

The USI Registry System has functionality that allows RTOs to connect to it using their Student Management System via web services (system-to-system). This approach streamlines data entry for RTOs reducing the administrative impost and the likelihood of errors that can occur when manual data entry is used. RTOs can also choose to access the service through the organisation portal on the USI website.

While the Registrar holds an individual's personal details such as their name and date of birth within the USI Registry System, the individual's training records are held by the NCVER. This separation of data collection provides an additional level of security assurance.

Working with stakeholders

The USI Office has a strong focus on communication with, and support for, RTOs as key stakeholders. This includes providing regular email bulletins, dedicated webpages, a priority telephone helpline and a range of system tools and guidance materials to assist RTO administrative staff and their students.

A series of 16 face-to-face workshops and information sessions attended by over 500 RTO employees was held in May and June 2016 in each state and territory. These workshops included demonstrations of new system tools for RTOs and students, a preview of transcript functions and the corrections tools in development by NCVER. RTOs had the chance to discuss student identifier processes in detail with expert staff from the operations team and provided valuable feedback on areas where they and their students experienced difficulty. RTOs feedback suggested that while most students create student identifiers easily there is still difficulty catering for those from remote localities and with limited access to technology. The USI Office will investigate further system enhancements, and communication strategies and processes to assist RTOs with these students.

The Registrar also had ongoing productive discussions with state and territory governments, with the USI Working Group meeting five times in 2015–16. The Working Group has agreed to the design of the training transcript, which is now under development. The Registrar is also working closely with NCVER and other stakeholders to focus on the records correction process to ensure transcripts contain accurate information.

The Registrar works with VET regulators with the shared aim to improve VET quality and ensure compliance with legislative and regulatory requirements. In addition to ongoing informal discussions, he had two formal meetings with them in 2015–16.

The USI Office also established a regular forum for software developers providing student management systems for the training sector and sought feedback on implementation, suggested enhancements and information on development and release cycles.

There were a range of engagements such as webinars and conference presentations with the peak training bodies and VET-related bodies, including the Australian Council of Private Education and Training, TAFE Directors Australia and Boards of Studies.

Support for individuals

The initiative's service delivery model is student-centric and consistent with digital service standards. Individuals can create a student identifier and access their account using a free online portal that is smart phone accessible. An estimated 32 percent of account transactions occur using handheld devices. USIs can be created by the students themselves or on their behalf by RTOs, parents or legal guardians.

The USI initiative also assists students who may have trouble accessing relevant documents of identity, or who have limited access to technology. RTOs have access to facilities to assist students in creating or viewing their student identifier and special arrangements are in place to use alternative forms of identity where necessary, such as letters from Indigenous community elders.

The USI Office provides a support service to assist individuals who are unable to create their student identifier and can be contacted by telephone, email or via lodgement of an online help request form. Other support available to individuals includes step-by-step guides and video tutorials available on the website which show how to create, activate, update and access their student identifier account.

The student identifiers website and assistance tools have been structured to cascade information in a logical progression from most common queries to less common. This approach encourages self-service as it allows students to resolve their queries without having to contact the support service.

In support of privacy, students are advised via email or text message whenever a training provider locates their student identifier.

In May and June 2016 the USI Office conducted six user experience testing sessions with students from several states and territories and a wide variety of backgrounds. These sessions gathered detailed feedback on new USI Registry system features and the transcript service function, which will be activated later in 2016. Participants generally found the transcript and forgotten USI and password functions easy to use. Future system releases and support materials will be refined based on their feedback.

Performance

Notable operational achievements for 2015–16 included:

- creation of over 2.6 million new student identifiers
- four major system releases to improve self-service system ICT processes and options
- individual assistance to over 200,000 clients through the contact centre
- over 60 stakeholder engagement events and publications
- launch of a new website to support users
- establishment of longer term ICT service arrangements
- extension of the exemption available to students undertaking single day courses until 31 December 2016.

In 2015–16 the USI Office’s stakeholder communication strategy included 35 face-to-face stakeholder engagement activities, comprising:

- 16 workshops
- six user experience testing sessions
- four major conference presentations
- five career expos
- four meetings with software developers.

The USI Office also published eight bulletins and 24 articles and information items in student, VET sector and industry journals, magazines, newsletters and online publications.

Over 400 participants from stakeholder workshops held in May and June 2016 completed feedback surveys that will inform the USI Office’s continuous improvement agenda. This indicates a high level of stakeholder satisfaction with the support the USI Office provides to RTOs. There is keen interest in the delivery of the transcript service from a range of stakeholders including students, employers, recruitment agencies and tertiary admission centres. The USI Office provided assistance to a large number of individuals and RTOs during the year, while maintaining the security of their personal information.

The USI Office provided assistance to a large number of individuals and RTOs during the year (see Table 5.12) while maintaining the security of their personal information (see Table 5.13).

Table 5.11: RTO satisfaction levels

Support service	RTO satisfaction level ^a
USI website	95%
ICT system functions	91%
Phone support	93%
Email support	89%
Online resources	94%

a Data sourced from stakeholder workshop survey.

Table 5.12: Accessible, user friendly and accurate USI Registry system

Performance measure	2015–16
USIs created by individuals	2,216,161
USIs created by RTOs	476,224
Unique verifications	3,321,905
Phone and email contacts	269,312
Electronic form help requests resolved	73,256
Website user sessions	5,451,740

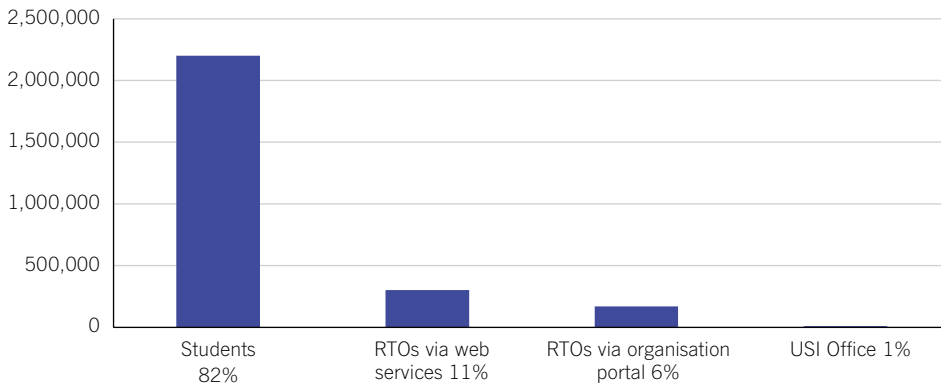
Table 5.13: Protecting the interests of individuals engaging with the USI Registry system

Performance measure	2015–16 performance
Number of privacy complaints received by the Office of the Australian Information Commissioner	0 cases reported

The USI Office successfully transitioned support services that had previously been delivered by an external provider to be managed internally. This significantly improved first call resolution, eliminated double handling of contacts and streamlined the support provided to stakeholders while strengthening feedback channels into system and process design. Stakeholder satisfaction is reflected in Table 5.8.

Analysis of USI creation statistics shows that students have embraced the opportunity to create their personal student identifier, with 82 per cent of student identifiers being created by students.

Figure 5.7: Student identifier creation



Overall interest in the initiative’s potential is increasing as awareness of the possible applications and benefits grows. This includes international interest. The USI Office provided information about the initiative to representatives from India, Indonesia, the United States of America and Ethiopia during 2015–16.



Benefits

The USI initiative provides stakeholders with the ability to realise a range of potential benefits with these benefits growing over time. It leverages existing data collection processes (AVETMISS reporting) to maximise the data's value and functionality while limiting the administrative impact on RTOs. This supports:

- an easily accessed online training transcript reflecting VET training outcomes that will act as a valuable backup and supplement to documentation provided by training providers
- simplified management of student eligibility and enrolment, assessment of prerequisites and credit transfers for enrolment purposes
- VET-related longitudinal studies to be conducted for the first time through the provision of a more reliable link between enrolments and completion information
- the development of future VET policy and targeting of government funding
- improved regulation of the sector.

Outlook for the year ahead

Key items planned for delivery in 2016–17 include:

- the launch of transcript functionality
- working with stakeholders to improve RTO reporting completeness and accuracy
- consideration and implementation of OAIC recommendations on the security of personal information
- development of tailored RTO assistance guides based on call and email enquiry patterns
- the deployment of further refinements to the USI Registry System.

There will be ongoing consultation with stakeholders to enhance usability and accessibility of student identifier services.

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PART 6

Reference materials

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LIST OF REQUIREMENTS

Description	Requirement	Reference	Page
Letter of transmittal			
A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	Introductory pages	iii
Aids to access			
Table of contents.	Mandatory	Introductory pages	iv
Alphabetical index.	Mandatory	Part 6	232
Glossary of abbreviations and acronyms.	Mandatory	Part 6	224 & 225
List of requirements.	Mandatory	Part 6	218
Details of contact officer.	Mandatory	Part 6	236
Entity's website address.	Mandatory	Part 6	236
Electronic address of report.	Mandatory	Part 6	236
Review by accountable authority			
A review by the accountable authority of the entity.	Mandatory	Secretary's review	2
Overview of the entity			
A description of the role and functions of the entity.	Mandatory	Part 1	6
A description of the organisational structure of the entity.	Mandatory	Part 1	12
A description of the outcomes and program administered by the entity.	Mandatory	Part 1	14
A description of the purposes of the entity as included in corporate plan.	Mandatory	Part 1	2
An outline of the structure of the portfolio of the entity.	Portfolio department, mandatory	Part 1	6
Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	N/A	N/A

Description	Requirement	Reference	Page
Report on the performance of the entity			
<i>Annual performance statements</i>			
Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	Part 2	15
<i>Report on financial performance</i>			
A discussion and analysis of the entity's financial performance.	Mandatory	Part 3 & Part 4	101 & 111
A table summarising the total resources and total payments of the entity.	Mandatory	Appendix 1	188
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	Part 4	111
Management and accountability			
<i>Corporate governance</i>			
Information on compliance with section 10 (fraud systems)	Mandatory	Part 3	89
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	Letter of Transmittal	iii
A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	Letter of Transmittal	iii
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	Letter of Transmittal	iii
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	Part 3	86
A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory	Part 3	101

Part 6

Description	Requirement	Reference	Page
External scrutiny			
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	Part 3	109
Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	Part 3	109
Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	Part 3	109
Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	N/A	N/A
Management of human resources			
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	Part 3	90
Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • Statistics on staffing classification level • Statistics on full-time employees • Statistics on part-time employees • Statistics on gender • Statistics on staff location • Statistics on employees who identify as Indigenous. 	Mandatory	Part 3	97
Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	Part 3	94
Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory	Part 3	94
The salary ranges available for APS employees by classification level.	Mandatory	Part 3	97
A description of non-salary benefits provided to employees.	Mandatory	Part 3	94
Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	N/A	N/A
Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	N/A	N/A
Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	N/A	N/A
Information on aggregate amount of performance payments.	If applicable, Mandatory	N/A	N/A

Description	Requirement	Reference	Page
Assets management			
An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	Part 3	101
Purchasing			
An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	Part 3	102
Consultants			
A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	Part 3	103
A statement that <i>'During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]'</i> .	Mandatory	Part 3	103
A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	Part 3	103
A statement that <i>'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.'</i>	Mandatory	Part 3	103
Australian National Audit Office access clauses			
If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	N/A	N/A

Part 6

Description	Requirement	Reference	Page
Exempt contracts			
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	Part 3	103
Small business			
A statement that ' <i>[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.</i> '	Mandatory	Part 3	103
An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	Part 3	103
If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that ' <i>[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.</i> '	If applicable, Mandatory	Part 3	103
Financial statements			
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	Part 4	111
Other mandatory information			
If the entity conducted advertising campaigns, a statement that ' <i>During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.</i> '	If applicable, Mandatory	Part 3	104
If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	N/A	N/A
A statement that ' <i>Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].</i> '	If applicable, Mandatory	Part 3	103

Description	Requirement	Reference	Page
Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	Part 3	110
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	Part 3	110
Correction of material errors in previous annual report	If applicable, mandatory	N/A	N/A
Information required by other legislation	Mandatory	<i>Australian Education Act 2013</i> Part 2 and Appendix 2,3 and 4	26, 198, 203 & 210

GLOSSARY

Administrative Arrangements Orders	The responsibilities of ministers and their portfolios are set out in Administrative Arrangements Orders. For each minister, they detail the principal responsibilities, the Acts they administer, the departments, agencies and the office holders responsible for them.
Administered item	Revenues, expenses, assets and liabilities that the Government controls, but that an agency or authority manages on the Commonwealth's behalf.
Appropriation	An amount of public money parliament authorises for spending for a particular purpose.
AusTender	The Australian Government's web-based procurement system, which provides centralised access to all publicly available approaches to market, multi-use lists, annual procurement plans and reported contracts.
Corporate Plan	The corporate plan is the core planning document for the department and addresses the following matters: introduction, purpose, environment, performance, capability, risk oversight and management of the entity.
Deliverables	The goods and services produced by the program in meeting its objective. Collectively, the deliverables represent the intervention Government has chosen to take to meet a particular policy need.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Government.
Performance indicator	Financial and non-financial measures used to help define and evaluate the success of programs.
Portfolio Budget Statements	Budget-related paper detailing Budget initiatives and explanations of appropriations specified by outcome and program for each agency within a portfolio.
Programs	Government programs that deliver benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.
Table A providers	Refers to universities who are listed as Table A providers under the <i>Higher Education Support Act 2003</i> .
Table B providers	Refers to universities who are listed as Table B providers under the <i>Higher Education Support Act 2003</i> .

ABBREVIATIONS AND ACRONYMS

AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
ACARA	Australian Curriculum, Assessment and Reporting Authority
ACOLA	Australian Council of Learned Academies
AGA	Australian Government Actuary
AGEST	Australian Government Employees Superannuation Trust
AIATSIS	Australian Institute for Aboriginal and Torres Strait Islander Studies
AITSL	Australian Institute for Teaching and School Leadership
AMEP	Adult Migrant English Program
AMSI	Australian Mathematical Sciences Institute
AMSP	Australian Maths and Science Partnerships Program
ANFF	Australian National Fabrication Facility
ANU	Australian National University
APEC	Asia-Pacific Economic Cooperation
APS	Australian Public Service
APSC	Australian Public Service Commission
ARC	Australian Research Council
ASGS	Association of Support for Graduate Students
ASQA	Australian Skills Quality Authority
ATSIHEAC	Aboriginal and Torres Strait Islander Higher Education Advisory Council
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
BBF	Budget-Based Funded
CAD	computer aided design
CCB	Child Care Benefit
CCR	Child Care Rebate
CCS	Child Care Subsidy
CEO	Chief Executive Officer
CGS	Commonwealth Grant Scheme

Part 6

COAG	Council of Australian Governments
COPE	Commonwealth Own-Purpose Expenses
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
CRN	Collaborative Research Networks
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CSS	Commonwealth Superannuation Scheme
DCBs	Departmental Capital Budgets
DHS	Department of Human Services
DSS	Department of Social Services
EIF	Education Investment Fund
ELICOS	English language intensive courses for overseas students
ELLA	Early Learning Languages Australia
ESA	Education Services Australia
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>
EYQF	Early Years Quality Fund
FBT	Fringe Benefits Tax
FCP	Fraud Control Plan
FDC	family day care
FEE-HELP	FEE-HELP is a loan scheme that assists eligible fee paying students pay all or part of their tuition fees.
FTE	Full-time equivalent
GST	goods and services tax
HCA	High Court of Australia
HDR	Higher degree by research
HECS-HELP	Higher Education Contribution Scheme – Higher Education Loan Program
HELP	Higher Education Loan Program
HEPPP	Higher Education Participation and Partnerships Program
HESA Act	<i>Higher Education Support Act 2003</i>
HESP	Higher Education Superannuation Program
IAGDP	Indigenous Australian Government Development Program
ICT	information and communications technology
IPP	Indigenous Procurement Policy

IPSP	Inclusion and Professional Support Program
ISP	Inclusion Support Programme
IT	information technology
JETCCFA	Jobs, Education and Training Child Care Fee Assistance
Low SES	low socioeconomic status
MCEETYA	Ministerial Council for Education, Employment, Training and Youth Affairs
MP	member of parliament
N/A	Not applicable
NABERS	National Australian Built Environment Rating System
NAIDOC	National Aborigines and Islanders Day Observance Committee
NAPLAN	National Assessment Program—Literacy and Numeracy
NCRIS	National Collaborative Research Infrastructure Strategy
NCVER	National Centre of Vocational Education Research
NISA	National Innovation and Science Agenda
NQF	National Quality Framework
NUHEI	non-university higher education institutions
OECD	The Organisation for Economic Co-operation and Development
OPA	Official Public Account
OS-HELP	Overseas—Higher Education Loan Program
OSO	Oversea Student Ombudsman
OSTF	Overseas Students Tuition Fund
PACER	Parliament and Civics Education Rebate
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PELTHE	Promotion of Excellence in Learning and Teaching in Higher Education program
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PISA	Programme for International Student Assessment
PSM	Public Service Medal
PSS	Public Sector Superannuation Scheme
PSSap	Public Sector Superannuation accumulation plan
PWS	Parliamentary Workflow Solution

Part 6

QILT	Quality Indicators in Learning and Teaching
RAP	Reconciliation Action Plan
RBG	research block grant
RTO	Registered Training Organisations
SA-HELP	Loan scheme that assists eligible students to pay for all or part of their student services and amenities fee
SEIFA	Socio-Economic Indexes for Areas
SEE	Skills for Education and Employment
SES	Senior Executive Service
SME	small and medium enterprises
SMiS	Scientists and Mathematicians in School
SOETM	Services for Other Entities and Trust Moneys
SSC	Shared Services Centre
STEM	science, technology, engineering and mathematics
TAFE	Technical and Further Education
TEMAG	Teacher Education Ministerial Advisory Group
TEQSA	Tertiary Education Quality and Standards Agency
TPS	Tuition Protection Service
TSL	Trade Support Loans
UNESCO	United Nations Educational, Scientific and Cultural Organization
USI	Unique Student Identifier
VET	vocational education and training
VET FEE-HELP	Financial assistance for eligible students studying higher level VET qualifications to pay their tuition fees. Higher level VET qualifications are at the diploma level and above.
WHS	Workplace Health and Safety

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Part 6

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