## **INDEPENDENT AUDITOR'S REPORT**

**To the Minister for Education and Training**

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

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

### ***Chief Executive's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

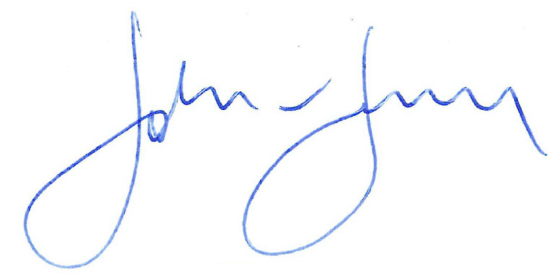
### ***Independence***

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

### ***Opinion***

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

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

Australian National Audit Office

John Jones

Executive Director

Delegate of the Auditor−General

Canberra

18 September 2015

**Department of Education and Training**

**STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Lisa Paul Signature

Signed

Lisa Paul AO PSM

Chief Executive

17 September 2015

Susan Monkley Signature

Signed

Susan Monkley

Chief Finance Officer

17 September 2015

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

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
| **BY TYPE** | **$'000** |  | $'000 |
| **Commitments receivable** |  |  |  |
| Sublease rental income1 | **(11,110)** |  | (10,285) |
| Net GST recoverable on commitments | **(30,967)** |  | (32,136) |
| **Total commitments receivable** | **(42,077)** |  | (42,421) |
|  |  |  |  |
| **Commitments payable** |  |  |  |
| **Other commitments** |  |  |  |
| Operating leases1 | **323,127** |  | 350,287 |
| IT commitments2 | **10,834** |  | 11,300 |
| Research and development | **2,843** |  | 853 |
| Other3 | **19,209** |  | 6,939 |
| **Total other commitments** | **356,013** |  | 369,379 |
| ***Net commitments by type*** | **313,936** |  | 326,958 |
|  |  |  |  |
| **BY MATURITY** |  |  |  |
| **Commitments receivable** |  |  |  |
| Within 1 year | **(10,234)** |  | (8,479) |
| Between 1 to 5 years | **(17,226)** |  | (16,422) |
| More than 5 years | **(14,617)** |  | (17,520) |
| **Total commitments receivable** | **(42,077)** |  | (42,421) |
|  |  |  |  |
| **Commitments payable** |  |  |  |
| **Operating lease commitments1** |  |  |  |
| Within 1 year | **36,399** |  | 39,541 |
| Between 1 to 5 years | **128,731** |  | 129,278 |
| More than 5 years | **157,997** |  | 181,468 |
| **Total operating lease commitments** | **323,127** |  | 350,287 |
|  |  |  |  |
| **IT commitments2** |  |  |  |
| Within 1 year | **6,414** |  | 7,401 |
| Between 1 to 5 years | **4,420** |  | 3,899 |
| More than 5 years | **-** |  | - |
| **Total IT commitments** | **10,834** |  | 11,300 |
|  |  |  |  |
| **Research and development commitments** |  |  |  |
| Within 1 year | **503** |  | 853 |
| Between 1 to 5 years | **2,340** |  | - |
| **Total research and development commitments** | **2,843** |  | 853 |
|  |  |  |  |
| **Other commitments3** |  |  |  |
| Within 1 year | **15,035** |  | 4,951 |
| Between 1 to 5 years | **4,174** |  | 1,988 |
| **Total other commitments** | **19,209** |  | 6,939 |
| ***Net commitments by maturity*** | **313,936** |  | 326,958 |

NB: Commitments are GST inclusive where relevant.

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

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

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

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

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

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
| **BY TYPE** | **$'000** |  | $'000 |
| **Commitments receivable** |  |  |  |
| Net GST recoverable on commitments | **(4,487,261)** |  | (4,256,244) |
| ***Total commitments receivable*** | **(4,487,261)** |  | (4,256,244) |
|  |  |  |  |
| **Commitments payable** |  |  |  |
| **Other commitments** |  |  |  |
| Goods and services1 | **1,311,909** |  | 213,499 |
| Grants | **8,915,182** |  | 8,993,108 |
| Legislative obligations2 | **81,488,225** |  | 76,569,998 |
| Other | **-** |  | 2 |
| ***Total other commitments*** | **91,715,316** |  | 85,776,607 |
| ***Net commitments by type*** | **87,228,055** |  | 81,520,363 |
|  |  |  |  |
| **BY MATURITY** |  |  |  |
| **Commitments receivable** |  |  |  |
| Within 1 year | **(1,077,688)** |  | (996,372) |
| Between 1 to 5 years | **(3,409,562)** |  | (3,259,799) |
| More than 5 years | **(11)** |  | (73) |
| ***Total commitments receivable*** | **(4,487,261)** |  | (4,256,244) |
|  |  |  |  |
| **Commitments payable** |  |  |  |
| **Other Commitments** |  |  |  |
| Within 1 year | **27,457,191** |  | 25,232,811 |
| Between 1 to 5 years | **64,257,002** |  | 60,541,641 |
| More than 5 years | **1,123** |  | 2,155 |
| ***Total other commitments*** | **91,715,316** |  | 85,776,607 |
| ***Net commitments by maturity*** | **87,228,055** |  | 81,520,363 |

|  |
| --- |
|  |
| NB: All commitments are GST inclusive where relevant.  The value of commitments is determined based on expected value of services contracted, but yet to be performed under the agreement.  1 Goods and services contracts include amounts relating to consultancies.  2 Legislative obligations relate to amounts specified in the legislation where a funding determination has not yet been made. The legislation comprises the *Australian Education Act 2013* and the *Higher Education Support Act 2003*. |

[Note 1: Summary of Significant Accounting Policies 16](#_Toc420422370)

[Note 2: Events After the Reporting Period 25](#_Toc420422371)

[Note 3: Net Cash Appropriation Arrangements 26](#_Toc420422372)

[Note 4: Expenses 27](#_Toc420422373)

[Note 5: Income 29](#_Toc420422374)

[Note 6: Fair Value Measurement 30](#_Toc420422375)

[Note 7: Financial Assets 32](#_Toc420422376)

[Note 8: Non-Financial Assets 34](#_Toc420422377)

[Note 9: Payables 41](#_Toc420422378)

[Note 10: Provisions 42](#_Toc420422379)

[Note 11: Restructuring 43](#_Toc420422380)

[Note 12: Cash Flow Reconciliation 51](#_Toc420422381)

[Note 13: Contingent Assets and Liabilities 52](#_Toc420422382)

[Note 14: Senior Management Personnel Remuneration 53](#_Toc420422383)

[Note 15: Remuneration of Auditors 53](#_Toc420422384)

[Note 16: Financial Instruments 54](#_Toc420422385)

[Note 17: Financial Assets Reconciliation 57](#_Toc420422386)

[Note 18: Administered Expenses 58](#_Toc420422387)

[Note 19: Administered Income 60](#_Toc420422388)

[Note 20: Administered Fair Value Measurement 61](#_Toc420422389)

[Note 21: Administered Financial Assets 63](#_Toc420422390)

[Note 22: Administered Non-Financial Assets 66](#_Toc420422391)

[Note 23: Administered Payables 67](#_Toc420422392)

[Note 24: Administered Provisions 69](#_Toc420422393)

[Note 25: Administered Cash Flow Reconciliation 70](#_Toc420422394)

[Note 26: Administered Contingent Assets and Liabilities 71](#_Toc420422395)

[Note 27: Administered Financial Instruments 72](#_Toc420422396)

[Note 28: Administered Financial Assets Reconciliation 75](#_Toc420422397)

[Note 29: Appropriations 76](#_Toc420422398)

[Note 30: Special Accounts 82](#_Toc420422399)

[Note 31: Reporting of Outcomes 85](#_Toc420422400)

[Note 32: Cost Recovery Note 88](#_Toc420422401)

[Note 33: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund 89](#_Toc420422402)

[Note 34: Budgetary Reports and Explanations of Major Variances 90](#_Toc420422403)

1. Summary of Significant Accounting Policies
   1. Objectives of the Department of Education and Training

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

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

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

Outcome 1: Early Childhood and Care

Outcome 2: Schools education and youth

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

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

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

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

* 1. Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

* *PGPA* Act *(Financial Reporting Rule) 2015* (FRR) for reporting periods commencing 1 July 2014; and
* Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

* 1. Significant Accounting Judgements and Estimates

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

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

Higher Education Loan Program

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

Unfunded University Superannuation

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

* 1. New Australian Accounting Standards

*Adoption of New Australian Accounting Standard Requirements*

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

|  |  |
| --- | --- |
| AASB 1055 | Budgetary Reporting - March 2013 (Principal) – requires reporting of budgetary information by not-for-profit entities within the General Government Sector (however comparative information is not required. In particular:   * original budget presented to Parliament; * variance of actuals from budget; and * explanations of significant variances. |

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

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

*Future Australian Accounting Standard Requirements*

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

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

* 1. Revenue

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

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

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

*Revenue from Government*

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

Appropriations receivable are recognised at their nominal amounts.

* 1. Gains

*Resources received free of charge*

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

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.8).

*Sale of assets*

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

* 1. Transactions with the Government as Owner

*Equity injections*

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

*Restructuring of administrative arrangements*

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

* 1. Employee Benefits

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

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

Other long-term employee benefits are measured at net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

*Leave*

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the department is estimated to be less than the annual entitlement for sick leave.

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

The liability for long service leave has been determined by reference to work conducted by an actuary as at 30 June 2015. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

*Separation and redundancy*

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

*Superannuation*

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

The CSS, PSS and AGEST are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance’s administered schedules and notes.

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

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

* 1. Leases

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

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

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

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

*Lease incentives*

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

* 1. Fair Value Measurement

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

* 1. Cash

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

* cash on hand
* cash held by outsiders
* cash in special accounts.
  1. Financial Assets

The department classifies its financial assets in the following categories:

* loans and receivables
* Accrued revenue.

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

*Impairment of financial assets*

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

* 1. Financial Liabilities

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

* 1. Contingent Liabilities and Contingent Assets

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

Indemnities

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

* 1. 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.

* 1. Infrastructure, Plant and Equipment including Land and Buildings

*Asset recognition threshold*

Purchases of non-financial assets are recognised initially at cost in the statement of financial position, except for purchases costing less than $2,000, (or $50,000 for leasehold improvements) which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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

*Revaluations*

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

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

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

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

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

*Depreciation*

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

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

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

|  |  |
| --- | --- |
| **Asset Class** | **2015** |
| Buildings on freehold land | 37-51 years |
| Buildings – leasehold improvements | Lease term |
| Infrastructure, plant and equipment | 3-25 years |

*Impairment*

All assets were assessed for impairment at 30 June 2015. Where indications of impairment exist, the asset’s recoverable amount is estimated and an impairment adjustment made if the asset’s recoverable amount is less than its carrying amount.

*Derecognition*

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

*Assets not previously recognised*

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

* 1. Intangibles

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

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

All software assets were assessed for indications of impairment as at 30 June 2015.

* 1. Taxation

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

Revenues, expenses and assets are recognised net of GST except:

* where the amount of GST incurred is not recoverable from the Australian Taxation Office
* for receivables and payables.
  1. Shared Services arrangements

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

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

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

|  |
| --- |
| * 1. Reporting of Administered Activities   Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related notes.  Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.  *Administered cash transfers to and from the Official Public Account*  Revenue collected by the department for use by the Government rather than the department is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the department on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.  *Revenue*  All administered revenues are revenues relating to the course of ordinary activities performed by the department on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of funds as directed.  Administered fee revenue is recognised when the service is provided. Collectability of the debt is reviewed at balance date. Impairment allowances are made when collectability of the debt is judged to be less, rather than more, likely.  *Gains and losses*  Administered gains or losses under the Higher Education Loan Program (HELP) and Unfunded University Superannuation are recognised at 30 June each year based on an actuarial assessment of the fair value.  *Loans and receivables*  Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.  The HELP scheme is administered under the *Higher Education Support Act 2003*. HELP consists of HECS-HELP, FEE-HELP, OS-HELP and VET FEE-HELP, and any resulting debts are called a HELP debt.  The HELP debts are reflected as a receivable in the Schedule of Administered Items. The Australian Taxation Office (ATO) collects repayments of debts through the PAYG income tax system and voluntary repayments.  The department has recorded the total accumulated HECS and / or HELP debt in its financial statements at fair value in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*. This varies from the debt level shown in the ATO certificate.  Administered receivables, including those relating to personal benefit overpayments, represent debts owed to the department by past and present customers. All debts known to be irrecoverable are excluded from the value of administered receivables. |

|  |
| --- |
| Independent valuations are conducted with sufficient frequency to ensure that the carrying amounts of impairment allowances for doubtful debts does not differ materially from the fair value as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in the programs.  *Administered investments*  Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.  Administered investments other than those held for sale are classified as available–for–sale and are measured at their fair value as at 30 June 2015. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of the reporting period.  *Grants and subsidies*  The department administers a number of grant and subsidy schemes on behalf of the Government.  Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.  Under the Federal Financial Framework agreed with Council of Australian Governments (COAG), which came into effect on 1 January 2009, the Department of the Treasury is accountable for the payment of grants under the National Partnership Agreements to the States and Territories. The department reports payments made to and through state and state and territory governments as grants to state and territory governments (Note 18D).  The Australian Government continues to have regard to developments in case law, including the High Court’s most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014]* *HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programmes. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.  *Unfunded Superannuation Provision for Australian Universities*  Historically, funding responsibility for universities has varied from time to time between the Commonwealth and the States.  A number of universities have employees or former employees who are members of old State-based superannuation schemes which are unfunded or partly funded. Accordingly, there are cost sharing arrangements for these schemes in place between the Commonwealth and the States.  The Commonwealth recognises the amount payable to eligible universities in Victoria, South Australia, Western Australia, Tasmania, Northern Territory and the Australian Capital Territory for these entitlements in full. The Commonwealth is then reimbursed by the States for their share of the costs.  For universities in NSW, different cost share arrangements were introduced in 2014.  The Commonwealth recognises a liability for 78 per cent of the amount payable to NSW universities and the NSW State government recognises a liability for 22 per cent of the amount payable to NSW universities. Consequently there is no reimbursement from NSW.  The Department recognises two items in its Financial Statements that relate to the Unfunded Superannuation for Australian Universities – a liability and a receivable.  The liability comprises a provision for:   * the total amount of funding expected to be paid by the Commonwealth to universities in Victoria, South Australia, Western Australia, Tasmania, Northern Territory and the Australian Capital Territory; and * 78 per cent of the funding expected to be paid to universities in NSW.   The provision is an estimate of the outstanding employer contribution obligations to the various old State based superannuation schemes to which some of their former employees belong.  The provision is recognised in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, which requires the recognition of a provision where it is probable that a future sacrifice of economic benefit will be required and where the provision can be measured reliably, as a best estimate of the expenditure required to settle the present obligation at reporting date.  The receivable comprises the contributions due and payable by the States Governments of Victoria, South Australia, Western Australia and Tasmania to the Commonwealth under the cost sharing arrangement – representing each State’s share of the outstanding superannuation entitlement as at reporting date.  The Australian Government Actuary (AGA) provides an estimate of both the liability and receivable, based on data and calculations provided by each university’s respective actuary. Both the AGA and the Department apply the provisions of *AASB 119 Employee Benefits* in measuring the liability at reporting date. In accordance with the generally accepted accounting principles, the Financial Statements have recognised a liability for the total unfunded university superannuation of $6.068 billion. A gross receivable, representing the estimated reimbursement from the Victoria, South Australia, Western Australia and Tasmania States of $382 million.  *Personal Benefits*  The department administers a number of personal benefit programmes on behalf of the government that provide entitlements to individuals. Payments are determined in accordance with provisions under social security law and other legislation.  The department made payments in accordance with family assistance law (comprising the *A New Tax System (Family Assistance) Act 1999* and *A New Tax System (Family Assistance) (Administration) Act 1999* as well as associated legislation and other legislative Disallowable Instruments for the period 1 July 2014 to 23 December 2014. Responsibility for these payments then transferred to the Department of Social Services following the change to the Administrative Arrangement Orders. These payments are assessed and determined by officers of the Department of Human Services (DHS) under delegation from the department.  The *A New Tax System (Family Assistance) (Administration) Act 1999* imposes an obligation on recipients and customers to disclose to DHS information about financial and personal circumstances that affect entitlement to payment. This is a necessary part of DHS's administration, which acknowledges that, at the time certain information is required, only the recipient or customer is in a position to provide that information.  Unreported changes in circumstances can lead to incorrect payment, even if no deliberate fraud is intended. However, risks associated with relying on voluntary disclosure by recipients and customers are mitigated by a comprehensive portfolio risk management plan, underpinned by compliance strategies, which have been built up over many years. The compliance framework has been designed to meet the requirements of social security legislation.  The compliance framework does not rely solely on information provided by recipients and customers to determine their entitlement. A comprehensive risk management strategy minimises the potential for incorrect payment by subjecting recipients and customers to a variety of review processes. If debts are identified, DHS seeks recovery in a lump sum or by instalments. While the risk management strategy is principally directed at minimising debts, the detection of underpayments will also result in an adjustment to their level of entitlement.  The department implemented a more sophisticated results-oriented approach to compliance in 2013–14. Compliance operations were strengthened, including data interrogation and analysis capacity, to assist in targeting, leveraging resources available in our state network to create a virtual task force and prioritising the department’s compliance effort to high value compliance work based on risk categories. This had led to increasing imposition of penalties and sanctions, where justified.  *Payments to Corporate Commonwealth Entities*  Payments to the Australian Institute of Aboriginal and Torres Strait Islander Studies from amounts appropriated for that purpose are classified as administered expenses of the relevant portfolio department. The appropriation to the department is disclosed in Table A and Table D of the appropriation note (Note 29). |

1. Events After the Reporting Period

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

1. Net Cash Appropriation Arrangements

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

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.

1. Expenses

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 4B: Supplier expenses** |  |  |  |
|  |  |  |  |
| **Goods and services supplied or rendered** |  |  |  |
| Consultants | **9,829** |  | 5,375 |
| Contractors | **9,660** |  | 3,955 |
| Travel | **3,011** |  | 2,351 |
| IT services | **15,378** |  | 17,115 |
| Property | **6,782** |  | 5,393 |
| Resources received free of charge | **5,464** |  | 10,412 |
| Other | **15,361** |  | 6,959 |
| **Total goods and services supplied or rendered** | **65,485** |  | 51,560 |
|  |  |  |  |
| **Goods and services are made up of:** |  |  |  |
| Provision of goods – related parties | **72** |  | - |
| Provision of goods – external parties | **1,657** |  | 3,280 |
| Rendering of services – related parties | **13,143** |  | 11,502 |
| Rendering of services - external parties | **50,613** |  | 36,778 |
| **Total goods and services supplied or rendered** | **65,485** |  | 51,560 |
|  |  |  |  |
| **Other supplier expenses** |  |  |  |
| Operating lease rentals – external parties: |  |  |  |
| Minimum lease repayments | **32,950** |  | 15,685 |
| Contingent rentals | **443** |  | 226 |
| Workers compensation expenses | **2,301** |  | 1,437 |
| **Total other supplier expenses** | **35,694** |  | 17,348 |
| ***Total supplier expenses*** | **101,179** |  | 68,908 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 4C: Grants** |  |  |  |
|  |  |  |  |
| Other | **257** |  | - |
| ***Total grants*** | **257** |  | - |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 4E: Finance costs** |  |  |  |
|  |  |  |  |
| Unwinding of discount on provision for restoration obligations | **10** |  | - |
| Discount on surplus lease space | **41** |  | - |
| ***Total finance costs*** | **51** |  | - |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 4F: Write-down and impairment of assets** |  |  |  |
|  |  |  |  |
| Write-off of receivables - goods and services | **47** |  | 97 |
| Impairment of receivables - goods and services | **-** |  | 9 |
| Impairment of intangibles | **2,532** |  | 33 |
| Impairment of leasehold improvements | **264** |  | 479 |
| Write-off of non-financial assets – infrastructure, plant and equipment | **22** |  | 57 |
| Write-off of non-financial assets – land and buildings | **1** |  | 227 |
| ***Total write-down and impairment of assets*** | **2,866** |  | 902 |

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

1. Income

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
| **OWN-SOURCE REVENUE** | **$'000** |  | $'000 |
|  |  |  |  |
| **Note 5A: Sale of goods and rendering of services** |  |  |  |
|  |  |  |  |
| Provision of goods - external parties | **444** |  | 193 |
| Rendering of services - related entities | **26,260** |  | 16,014 |
| Rendering of services - external parties | **3,681** |  | 1,860 |
| ***Total sale of goods and rendering of services*** | **30,385** |  | 18,067 |

|  |  |  |  |
| --- | --- | --- | --- |
| **GAINS** |  |  |  |
|  |  |  |  |
| **Note 5B: 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*** | **87** |  | - |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 5C: Reversals of previous asset write-downs and impairment** |  |  |  |
|  |  |  |  |
| Reversal of impairment losses | **64** |  | 74 |
| ***Total reversals of previous asset write-downs and impairments*** | **64** |  | 74 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 5D: Other gains** |  |  |  |
|  |  |  |  |
| Resources received free of charge | **5,464** |  | 5,665 |
| Gain on write back of restoration provision | **229** |  | - |
| First time recognition of assets – property, plant and equipment | **881** |  | 1,498 |
| Other | **273** |  | 1,110 |
| ***Total other gains*** | **6,847** |  | 8,273 |

|  |  |  |  |
| --- | --- | --- | --- |
| **REVENUE FROM GOVERNMENT** |  |  |  |
|  |  |  |  |
| **Note 5E: Revenue from Government** |  |  |  |
|  |  |  |  |
| Appropriations |  |  |  |
| Departmental appropriations | **276,854** |  | 196,102 |
| ***Total revenue from Government*** | **276,854** |  | 196,102 |

1. Fair Value Measurement

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| The following tables provide an analysis of assets and liabilities that are measured at fair value. | | | | | |
| The different levels of the fair value hierarchy are defined below. | | | | | |
| Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date. | | | | | |
| Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. | | | | | |
| Level 3: Unobservable inputs for the asset or liability. | | | | | |
|  |  |  |  |  |  |
| **Note 6A: Fair value measurements, valuation techniques and inputs used** | | | | | |
| **Fair value measurements at 30 June 2015 by hierarchy for assets and liabilities** | | | | | |
|  | **Fair value measurements at the end of the reporting period using** | | | **Valuation Technique2** | **Inputs Used** |
|  | **2015** | **2014** | **Category (Level 1, 2 or 3)** |
|  | **$'000** | **$'000** | **$'000** | **$'000** |
| **Non-financial assets** |  |  |  |  |  |
| Land | **200** | 200 | 2 | Market Approach | Adjusted market transactions |
| Buildings | **242** | 250 | 2 | Market Approach | Adjusted market transactions |
| **-** | 640 | 3 | Market Approach | Adjusted market transactions |
| Leasehold Improvements | **40,537** | 49,473 | 3 | Depreciated Replacement Cost | Replacement Cost New (price per sqm) Useful Life (consumed) |
| **173** | 304 | 3 | Present Value3 | Current restoration costs (price per square metre) Discount rate Indexation rates |
| Other property, plant and equipment | **4,499** | 3,999 | 2 | Market Approach | Adjusted market transactions |
| **6,751** | 6,961 | 3 | Depreciated Replacement Cost | Replacement Cost New (price per sqm) Useful Life (consumed) |
| **42** | 492 | 3 | Market Approach | Adjusted market transactions |
| ***Total non-financial assets*** | **52,444** | **62,319** |  |  |  |
| ***Total fair value measurements (assets) in statement of financial position1*** | **53,445** | **62,319** |  |  |  |
|  |  |  |  |  |  |
| 1. The Department has a number of assets and liabilities not measured at fair value in the statement of comprehensive income. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value. | | | | | |
| 2. There have been no changes to valuation techniques. | | | | | |
| 3. In 2013–14, leasehold improvements representing make good were stated to be measured using a category 2 valuation technique. A revised assessment has established that these assets are better represented as a category 3 asset disclosed at present value. | | | | | |
| The department's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of all controlled assets is considered the highest and best use. The department's policy for determining when transfer between levels are deemed to have occurred can be found in Note 1. The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2015 are unchanged from the previous reporting period. | | | | | |
|  | | | | | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 6B: Reconciliation for recurring Level 3 fair value measurements** | | | | | | | | |
|  |  |  |  |  |  |  |  |  |
| There have been no transfers between levels. | | | | | | | | |
|  |  |  |  |  |  |  |  |  |
| **Recurring Level 3 fair value measurements - reconciliation for assets** | | | | | | | | |
|  | **Non-financial assets** | | | | | | | |
|  | **Land and buildings** | | **Property, plant and equipment** | | **Leasehold Improvements** | | **Total** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Restructuring opening balance** | **640** | 640 | **7,455** | 7,573 | **49,473** | 55,913 | **57,568** | 64,126 |
| Total gains/(losses) recognised in net cost of services1 | **(15)** | - | **(2,244)** | (1,765) | **(6,804)** | (5,312) | **(9,063)** | (7,078) |
| Transfers to other entities | **-** | - | **-** | - | **(3,181)** | (1,352) | **(3,181)** | (1,352) |
| Purchases | **-** | - | **1,568** | 1,705 | **715** | 224 | **2,283** | 1,929 |
| Disposals | **(625)** | - | **-** | - | **-** |  | **(625)** | - |
| Write-offs | **-** | - | **-** | (57) | **-** |  | **-** | (57) |
| Transfers into Level 3 | **-** | - | **14** | - | **243** |  | **257** | - |
| **Closing balance** | **-** | 640 | **6,793** | 7,455 | **40,446** | 49,473 | **47,239** | 57,568 |
| 1 These gains/(losses) are presented in the Statement of Comprehensive Income under ‘Depreciation and amortisation’ and ‘Write-down and Impairment of assets’. | | | | | | | | |
|  | | | | | | | | |

1. Financial Assets

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 7A: Cash and cash equivalents** |  |  |  |
| Cash on hand or on deposit | **7,531** |  | 8,429 |
| Special Account | **2,286** |  | - |
| ***Total cash and cash equivalents*** | **9,817** |  | 8,429 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 7B: Trade and other receivables** |  |  |  |
| **Good and Services receivables in connection with** |  |  |  |
| Related parties | **2,947** |  | 13,729 |
| External parties | **1,164** |  | 1,409 |
| **Total goods and services receivables** | **4,111** |  | 15,138 |
|  |  |  |  |
| **Appropriations receivable** |  |  |  |
| Existing programmes | **45,176** |  | 18,106 |
| **Total appropriations receivable** | **45,176** |  | 18,106 |
|  |  |  |  |
| **Other receivables** |  |  |  |
| GST receivable from the Australian Taxation Office | **2,542** |  | 1,589 |
| **Total other receivables** | **2,542** |  | 1,589 |
| ***Total trade and other receivables (gross)*** | **51,829** |  | 34,833 |
|  |  |  |  |
| **Less impairment allowance** |  |  |  |
| Goods and services | **-** |  | (64) |
| **Total impairment allowance** | **-** |  | (64) |
| ***Total trade and other receivables (net)*** | **51,829** |  | 34,769 |
|  |  |  |  |
| **Trade and other receivables (net) expected to be recovered** |  |  |  |
| No more than 12 months | **51,829** |  | 34,603 |
| More than 12 months | **-** |  | 166 |
| ***Total trade and other receivables (net)*** | **51,829** |  | 34,769 |
|  |  |  |  |
| **Trade and other receivables (gross) aged as follows** |  |  |  |
| Not overdue | **50,467** |  | 27,086 |
| Overdue by |  |  |  |
| 0 to 30 days | **598** |  | 5,888 |
| 31 to 60 days | **193** |  | 282 |
| 61 to 90 days | **89** |  | 809 |
| More than 90 days | **482** |  | 768 |
| ***Total trade and other receivables (gross)*** | **51,829** |  | 34,833 |
|  |  |  |  |
| **The impairment allowance aged as follows** |  |  |  |
| Not overdue | **-** |  | - |
| Overdue by |  |  |  |
| 0 to 30 days | **-** |  | - |
| 31 to 60 days | **-** |  | - |
| 61 to 90 days | **-** |  | - |
| More than 90 days |  |  | (64) |
| ***Total impairment allowance*** | **-** |  | (64) |

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

|  |  |  |
| --- | --- | --- |
| **Reconciliation of the Impairment Allowance** |  |  |
|  |  |  |
| **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** | **-** | **-** |
|  |  |  |
| **Movements in relation to 2014** |  |  |
|  | Goods and services | Total |
|  | $'000 | $'000 |
| **Opening balance as at 1 July 2013** | - | - |
| Amounts written off | (97) | (97) |
| Amounts recovered and reversed | 97 | 97 |
| Increase/(decrease) recognised in net surplus | (64) | (64) |
| **Closing balance as at 30 June 2014** | (64) | (64) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 7C: Other financial assets** |  |  |  |
|  |  |  |  |
| Accrued revenue | **3,276** |  | 10,113 |
| ***Total other financial assets*** | **3,276** |  | 10,113 |
|  |  |  |  |
| **Other financial assets expected to be recovered** |  |  |  |
| No more than 12 months | **3,276** |  | 10,113 |
| ***Total other financial assets*** | **3,276** |  | 10,113 |

1. Non-Financial Assets

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

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 8B: Infrastructure, plant and equipment** |  |  |  |
|  |  |  |  |
| Fair value | **18,216** |  | 14,591 |
| Accumulated depreciation | **(6,889)** |  | (3,139) |
| ***Total infrastructure, plant and equipment*** | **11,327** |  | 11,452 |

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

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

**Revaluations of non-financial assets**

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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note 8C: Reconciliation of the opening and closing balances of property, plant and equipment (2014–15)** | | | | | |  |
|  |  |  |  |  |  |  |
|  | **Land** | **Buildings** | **Leasehold improvements** | **Total land and buildings** | **Other property, plant & equipment** | **Total** |
|  | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** |
| **As at 1 July 2014** |  |  |  |  |  |  |
| Gross book value | **200** | **890** | **49,796** | **50,886** | **14,591** | **65,477** |
| Accumulated depreciation and impairment | **-** | **-** | **(19)** | **(19)** | **(3,139)** | **(3,158)** |
| **Total as at 1 July 2014** | **200** | **890** | **49,777** | **50,867** | **11,452** | **62,319** |
| Additions |  |  |  |  |  |  |
| By purchase | **-** | **-** | **1,884** | **1,884** | **3,824** | **5,708** |
| By restructuring | **-** | **-** | **-** | **-** | **1** | **1** |
| First time recognition | **-** | **-** | **-** | **-** | **111** | **111** |
| Impairments recognised in net cost of services | **-** | **-** | **(264)** | **(264)** | **-** | **(264)** |
| Depreciation | **-** | **(23)** | **(6,984)** | **(7,007)** | **(3,928)** | **(10,935)** |
| Other movements | **-** | **-** | **(153)** | **(153)** | **(63)** | **(216)** |
| Disposals |  |  |  |  |  |  |
| From disposal of entities or operations (including restructuring) | **-** | **-** | **(2,583)** | **(2,583)** | **(25)** | **(2,608)** |
| Other | **-** | **(625)** | **-** | **(625)** | **(23)** | **(648)** |
| Write-offs | **-** | **-** | **(1)** | **(1)** | **(22)** | **(23)** |
| **Total as at 30 June 2015** | **200** | **242** | **41,676** | **42,118** | **11,327** | **53,445** |
|  |  |  |  |  |  |  |
| **Total as at 30 June 2015 represented by** |  |  |  |  |  |  |
| Gross book value | **200** | **250** | **47,824** | **48,274** | **18,216** | **66,490** |
| Accumulated depreciation and impairment | **-** | **(8)** | **(6,148)** | **(6,156)** | **(6,889)** | **(13,045)** |
| **Total as at 30 June 2015** | **200** | **242** | **41,676** | **42,118** | **11,327** | **53,445** |

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

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

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 8E: Reconciliation of the opening and closing balances of intangibles (2013–14)** |  |  |  |
|  |  |  |  |
|  | Computer software internally developed | Computer software purchased | Total |
|  | $’000 | $’000 | $’000 |
| **As at 19 September 2013** |  |  |  |
| Gross book value | - | - | - |
| Accumulated amortisation and impairment | - | - | - |
| **Total as at 19 September 2013** | - | - | - |
|  |  |  |  |
| Additions: |  |  |  |
| Purchased | - | 513 | 513 |
| Internally developed | 17,169 |  | 17,169 |
| By restructure | 57,794 | 123 | 57,917 |
| Reclassification | - | (26) | (26) |
| Amortisation | (11,728) | (64) | (11,792) |
| Disposals: |  |  |  |
| From disposal of entities or operations (including restructuring) | (196) | - | (196) |
| Write-offs | - | (33) | (33) |
| **Total as at 30 June 2014** | **63,039** | **513** | **63,552** |
|  |  |  |  |
| **Total as at 30 June 2014 represented by** |  |  |  |
| Gross book value | 74,619 | 570 | 75,189 |
| Accumulated amortisation and impairment | (11,580) | (57) | (11,637) |
| **Total as at 30 June 2014** | **63,039** | **513** | **63,552** |

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

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

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

1. Payables

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

Settlement was usually made within 30 days.

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 9B: Other payables** |  |  |  |
|  |  |  |  |
| Wages and salaries | **5,833** |  | 5,908 |
| Superannuation | **922** |  | 1,024 |
| Separations and redundancies | **2,246** |  | 8,477 |
| Other employee benefits | **111** |  | 946 |
| Lease incentives | **13,994** |  | 16,249 |
| Unearned income | **5,189** |  | 1,821 |
| Payable to the Official Public Account | **668** |  | 1 |
| ***Total other payables*** | **28,963** |  | 34,426 |
|  |  |  |  |
| **Other payables expected to be settled** |  |  |  |
| No more than 12 months | **17,434** |  | 20,042 |
| More than 12 months | **11,529** |  | 14,384 |
| ***Total other payables*** | **28,963** |  | 34,426 |

1. Provisions

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 10A: Employee provisions** |  |  |  |
|  |  |  |  |
| Leave | **54,778** |  | 61,052 |
| ***Total employee provisions*** | **54,778** |  | 61,052 |
|  |  |  |  |
| **Employee provisions expected to be settled** |  |  |  |
| No more than 12 months | **18,989** |  | 21,286 |
| More than 12 months | **35,789** |  | 39,766 |
| ***Total employee provisions*** | **54,778** |  | 61,052 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 10B: Other provisions** |  |  |  |
|  |  |  |  |
| Provision for legal obligations | **620** |  | 700 |
| Provision for restoration obligations | **320** |  | 645 |
| Provision for surplus lease space | **2,166** |  | 3,326 |
| ***Total other provisions*** | **3,106** |  | 4,671 |
|  |  |  |  |
| **Other provisions expected to be settled** |  |  |  |
| No more than 12 months | **2,591** |  | 1,836 |
| More than 12 months | **515** |  | 2,835 |
| ***Total other provisions*** | **3,106** |  | 4,671 |

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

The department currently has two (2014: four) agreements for the leasing of premises which have provisions requiring the department to restore the premises to their original condition at the conclusion of the lease. The department has made a   
provision to reflect the present value of this obligation.

1. Restructuring

|  |  |  |
| --- | --- | --- |
| **Note 11A: Departmental restructuring** | | |
|  | **2015** | |
| **Function** | **Early Childhood Education and Care** | **Skills and Training** |
| **Entity** | **Department of Social Services1** | **Department of Industry and Science2** |
|  | **$'000** | **$'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** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Function** | **Early Childhood Education and Care** | **Skills and Training** |
| **Entity** | **Department of Social Services1** | **Department of Industry and Science2** |
|  | **$'000** | **$'000** |
|  |  |  |
| **FUNCTIONS RELINQUISHED** |  |  |
| **Assets relinquished** |  |  |
| Trade and other receivables | **13,085** | **-** |
| Land and buildings | **2,583** | **-** |
| Property, plant and equipment | **25** | **-** |
| Intangibles | **8,557** | **-** |
| Other non financial assets | **260** | **-** |
| **Total assets relinquished** | **24,510** | **-** |
|  |  |  |
| **Liabilities relinquished** |  |  |
| Suppliers | **4,073** | **-** |
| Employee provisions | **13,416** | **-** |
| **Total liabilities relinquished** | **17,489** | **-** |
| **Net assets relinquished** | **7,021** | **-** |
|  |  |  |

Notes:

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

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

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

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

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2014** | |  |  |  |
| **Function** | **Education including: Early Childhood Education and Care and Schools and Youth** | **Education including: State Network and Corporate Functions** | **Education including: Higher Education, Research and International** | **Education including: Indigenous education** | **Corporate functions supporting Working Age Payments and Disability Employment Services** |
| **Entity** | **Department of Education, Employment and Workplace Relations3** | **Department of Employment4** | **Department of Industry5** | **Department of the Prime Minister and Cabinet6** | **Department of Social Services7** |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **FUNCTION ASSUMED** |  |  |  |  |  |
| **Assets recognised** |  |  |  |  |  |
| Cash and cash equivalents | 2,618 | - | - | - | - |
| Trade and other receivables | 19,789 | - | 2,066 | - | - |
| Other financial assets | 2,395 | - | - | - | - |
| Land and buildings | 57,229 | - | 487 | - | - |
| Property, plant and equipment | 11,310 | - | 218 | - | - |
| Intangibles | 43,407 | - | 14,510 | - | - |
| Other non-financial assets | 8,145 | - | 554 | - | - |
| **Total assets recognised** | 144,893 | - | 17,835 | - | - |
|  |  |  |  |  |  |
| **Liabilities recognised** |  |  |  |  |  |
| Suppliers | 8,203 | - | - | - | - |
| Other payables | 27,309 | - | 660 | - | - |
| Employee provisions | 59,126 | 6,504 | 14,023 | - | - |
| Other provisions | 1,864 | - | - | - | - |
| **Total liabilities recognised** | 96,502 | 6,504 | 14,683 | - | - |
| **Net assets recognised** | 48,391 | (6,504) | 3,152 | - | - |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Function** | **Education including: Early Childhood Education and Care and Schools and Youth** | **Education including: State Network and Corporate Functions** | **Education including: Higher Education, Research and International** | **Education including Indigenous education** | **Corporate functions supporting Working Age Payments and Disability Employment Services** |
| **Entity** | **Department of Education, Employment and Workplace Relations3** | **Department of Employment4** | **Department of Industry5** | **Department of the Prime Minister and Cabinet**6 | **Department of Social Services7** |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
|  |  |  |  |  |  |
| **FUNCTIONS RELINQUISHED** |  |  |  |  |  |
| **Assets relinquished** |  |  |  |  |  |
| Land and buildings | - | - | - | (2,535) | - |
| Property, plant and equipment | - | - | - | (18) | - |
| Intangibles | - | - | - | (197) | - |
| **Total assets relinquished** | **-** | **-** | **-** | **(2,750)** | **-** |
|  |  |  |  |  |  |
| **Liabilities relinquished** |  |  |  |  |  |
| Employee provisions | - | (14,277) | - | (2,941) | (417) |
| **Total liabilities relinquished** | - | (14,277) | - | (2,941) | (417) |
| **Net assets relinquished** | - | 14,277 | - | 191 | 417 |
|  |  |  |  |  |  |
| **Income assumed** |  |  |  |  |  |
| Recognised by the receiving entity | 13,941 | - | 12,473 | - | - |
| Recognised by the losing entity | 6,141 | - | 667 | - | - |
| **Total income assumed** | 20,082 | - | 13,140 | - | - |
|  |  |  |  |  |  |
| **Expenses assumed** |  |  |  |  |  |
| Recognised by the receiving entity | 164,361 | - | 80,694 | - | - |
| Recognised by the losing entity | 55,998 | - | 30,497 | - | - |
| **Total expenses assumed** | 220,359 | - | 111,191 | - | - |

Notes:

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

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

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

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

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

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

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

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

|  |  |  |
| --- | --- | --- |
| **Note 11B: Administered restructuring** | | |
|  | **2015** | |
| **Function** | **Early Education: Early Childhood and Child Care** | **Skills and Training** |
| **Entity** | **Department of Social Services1** | **Department of Industry and Science2** |
|  | **$’000** | **$’000** |
| **FUNCTIONS ASSUMED** |  |  |
| **Assets recognised** |  |  |
| Cash and cash equivalents | **-** | **737** |
| Trade and other receivables | **-** | **1,449** |
| Advances and loans | **-** | **23,850** |
| **Total assets recognised** | **-** | **26,036** |
|  |  |  |
| **Liabilities recognised** |  |  |
| Suppliers | **-** | **34,605** |
| **Total liabilities recognised** | **-** | **34,605** |
| **Net assets recognised** | **-** | **(8,569)** |
|  |  |  |
| **Income assumed** |  |  |
| Recognised by the receiving entity | **-** | **3,610** |
| Recognised by the losing entity | **-** | **8,912** |
| **Total income assumed** | **-** | **12,522** |
|  |  |  |
| **Expenses assumed** |  |  |
| Recognised by the receiving entity | **-** | **414,257** |
| Recognised by losing entity | **-** | **853,436** |
| **Total expenses assumed** | **-** | **1,267,693** |
|  |  |  |
| **FUNCTIONS RELINQUISHED** |  |  |
| **Assets relinquished** |  |  |
| Cash and cash equivalents | **25,109** | - |
| Trade and other receivables | **(917)** | - |
| Personal benefits receivable | **355,471** | - |
| Advances and loans | **609** | - |
| **Total assets relinquished** | **380,272** | **-** |
|  |  |  |
| **Liabilities relinquished** |  |  |
| Suppliers | **3,797** | **-** |
| Personal benefits payable | **193,101** | **-** |
| Grants payable | **22,429** | **-** |
| Provision for personal benefits | **703,289** | **-** |
| **Total liabilities relinquished** | **922,616** | **-** |
| **Net assets relinquished** | **(542,344)** | **-** |

Notes:

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

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

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2014** |  |
| **Function** | **Education: Early Childhood Education and Care, Schools and Youth** | **Tertiary Education: including Higher Education, Research and International Education** | **Tertiary Education: including Research** |
| **Entity** | **Department of Education, Employment and Workplace Relations3** | **Department of Industry, Innovation, Science, Research and Tertiary Education4** | **Department of the Prime Minister and Cabinet5** |
|  | **$’000** | **$’000** | **$’000** |
| **FUNCTIONS ASSUMED** |  |  |  |
| **Assets assumed** |  |  |  |
| Cash and cash equivalents | 139,331 | - | - |
| Trade and other receivables | 9,478 | 431,524 | - |
| Personal benefits receivable | 295,752 | - | - |
| Advances and loans | 11,885 | 22,432,432 | - |
| Other non-financial assets | 3,864 | - | - |
| Investments | 6,987 | 1,960,654 | 38,465 |
| **Total assets assumed** | 467,297 | 24,824,610 | 38,465 |
| **Liabilities assumed** |  |  |  |
| Suppliers | 33,327 | 551,779 | - |
| Personal benefits payable | 118,561 | - | - |
| Grants payable | 13,663 | - | - |
| Other payable | 2,794 | - | - |
| Provision for personal benefits | 624,484 | - | - |
| Provision for grants | - | 6,676,618 | - |
| **Total liabilities assumed** | 792,829 | 7,228,397 | - |
| **Net assets assumed** | (325,532) | 17,596,213 | 38,465 |
|  |  |  |  |
| **Income assumed** |  |  |  |
| Recognised by the receiving entity | 20,856 | 881,148 | - |
| Recognised by the losing entity | 144,614 | 8,405 | - |
| **Total income assumed** | 165,470 | 889,553 | - |
| **Expenses assumed** |  |  |  |
| Recognised by the receiving entity | 14,251,244 | 8,462,473 | 5,360 |
| Recognised by losing entity | 3,531,369 | 2,230,376 | 2,279 |
| **Total expenses assumed** | 17,782,613 | 10,692,849 | 7,639 |
|  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Function** | **Education: Early Childhood Education and Care, Schools and Youth** | **Tertiary Education: including Higher Education, Research and International Education** | **Tertiary Education: including Research** |
| **Entity** | **Department of Education, Employment and Workplace Relations3** | **Department of Industry, Innovation, Science, Research and Tertiary Education4** | **Department of the Prime Minister and Cabinet5** |
|  | **$’000** | **$’000** | **$’000** |
|  |  |  |  |
| **FUNCTIONS RELINQUISHED** |  |  |  |
| **Assets relinquished** |  |  |  |
| Trade and other receivables | - | - | (1,847) |
| **Total assets relinquished** | - | - | (1,847) |
| **Liabilities relinquished** |  |  |  |
| Suppliers | - | - | 966 |
| **Total liabilities relinquished** | - | - | 966 |
| **Net assets relinquished** | - | - | (881) |

Notes:

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

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

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

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

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

1. Cash Flow Reconciliation

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

1. Contingent Assets and Liabilities

Quantifiable Contingencies

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

Unquantifiable Contingencies

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

Significant Remote Contingencies

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

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

1. Senior Management Personnel Remuneration

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

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

1. Remuneration of Auditors

|  |  |  |  |
| --- | --- | --- | --- |
| Financial statement audit services were provided free of charge to the department by the Australian National Audit Office. |  |  |  |
|  |  |  |  |
| The fair value of the services received for financial statement audit services | **1,350** |  | 1,460 |
| ***Total fair value of services received*** | **1,350** |  | 1,460 |

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

1. Financial Instruments

|  |  |
| --- | --- |
| **2015** | 2014 |
| **$'000** | $’000 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 16A: Categories of financial instruments** |  |  |  |
|  |  |  |  |
| **Financial Assets** |  |  |  |
| **Loans and receivables** |  |  |  |
| Cash and cash equivalents | **9,817** |  | 8,429 |
| Goods and services | **4,111** |  | 15,138 |
| Accrued revenue | **3,276** |  | 10,113 |
| ***Total financial assets*** | **17,204** |  | 33,680 |
|  |  |  |  |
| **Financial Liabilities** |  |  |  |
| **Measured at amortised cost** |  |  |  |
| Trade creditors and accruals | **18,042** |  | 7,451 |
| ***Total financial liabilities*** | **18,042** |  | 7,451 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 16B: Net gains or losses on financial assets** |  |  |  |
|  |  |  |  |
| **Loans and receivables** |  |  |  |
| Write off impairment - goods and services | **47** |  | 97 |
| Impairment of receivables - goods and services | **-** |  | 9 |
| **Net gains (losses) on loans and receivables** | **47** |  | 106 |
|  |  |  |  |
| ***Net gains (losses) on financial assets*** | **47** |  | 106 |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 16C: Fair value of financial instruments** |  |  |  |  |
|  |  |  |  |  |
|  | **Carrying** | **Fair** | Carrying | Fair |
|  | **amount** | **value** | amount | value |
|  | **2015** | **2015** | 2014 | 2014 |
|  | **$'000** | **$'000** | $'000 | $'000 |
| **Financial Assets** |  |  |  |  |
| Cash and cash equivalents | **9,817** | **9,817** | 8,429 | 8,429 |
| Goods and services receivable | **4,111** | **4,111** | 15,138 | 15,074 |
| Accrued revenue | **3,276** | **3,276** | 10,113 | 10,113 |
| **Total financial assets** | **17,204** | **17,204** | 33,680 | 33,616 |
|  |  |  |  |  |
| **Financial Liabilities** |  |  |  |  |
| **At amortised cost** |  |  |  |  |
| Trade creditors and accruals | **18,042** | **18,042** | 7,451 | 7,451 |
| **Total financial liabilities** | **18,042** | **18,042** | 7,451 | 7,451 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 16D: Credit risk** |  |  |  |  |  |
|  |  |  |  |  |  |
| The department is exposed to minimal credit risk as loans and receivables are cash, cash on deposit and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables in 2015: $4.111 million (2014: $15.138 million). The department has assessed the risk of the default on payment and has not allocated an impairment allowance for doubtful debts (2014: $64,000). | | | | | |
| The department has no liabilities carried at amounts not best representing maximum exposure to credit risk. | | | | | |
| The department has no significant exposures to any concentrations of credit risk. All figures for credit risk referred to do not take into account the value of any collateral of other security. | | | | | |
|  |  |  |  |  |  |
| In relation to the department’s gross credit risk and the financial effect in respect of the amount that best represents the maximum exposure to credit risk there is no collateral held. | | | | | |
|  |  |  |  |  |  |
| **Credit quality of financial assets not past due or individually determined as impaired** | | | |  |  |
|  |  | **Not past due nor impaired** | **Past due or impaired** | Not past due nor impaired | Past due or impaired |
|  |  | **2015** | **2015** | 2014 | 2014 |
|  |  | **$'000** | **$'000** | $'000 | $'000 |
| Cash and cash equivalents |  | **9,817** | **-** | 8,429 | - |
| Goods and services receivable |  | **3,347** | **764** | 7,391 | 7,747 |
| Accrued revenue |  | **3,276** | **-** | 10,113 | - |
| **Total** |  | **16,440** | **764** | 25,933 | 7,747 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Ageing of financial assets that were past due but not impaired for 2015** | | |  |  |  |
|  | **0 to 30** | **31 to 60** | **61 to 90** | **90+** |  |
|  | **days** | **days** | **days** | **days** | **Total** |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Goods and services receivable | **598** | **193** | **89** | **482** | **1,362** |
| **Total** | **598** | **193** | **89** | **482** | **1,362** |
|  |  |  |  |  |  |
| Ageing of financial assets that were past due but not impaired for 2014 | | |  |  |  |
|  | 0 to 30 | 31 to 60 | 61 to 90 | 90+ |  |
|  | days | days | days | days | Total |
|  | $'000 | $'000 | $'000 | $'000 | $'000 |
| Goods and services | 5,888 | 282 | 809 | 768 | 7,747 |
| **Total** | 5,888 | 282 | 809 | 768 | 7,747 |

**The following asset has been individually assessed as impaired**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note 16E: Liquidity risk** |  |  |  |  |  |  |
| The department is appropriated funding from the Australian Government. The department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments are made when due and has no past experience of default. | | | | | | |
|  |  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 16F: Market risk** |  |  |  |
|  |  |  |  |
| The department holds basic financial instruments that do not expose the department to market risks. | | | |

1. Financial Assets Reconciliation

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

1. Administered Expenses

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18A: Suppliers** | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Goods and services supplied or rendered** |  |  |  |
| Assistance to families with children1 | **32,685** |  | 40,957 |
| General Research | **4,452** |  | 1,254 |
| Higher Education | **21,481** |  | 3,048 |
| School education - specific funding | **83,227** |  | 123,348 |
| Vocational and industry training2 | **196,732** |  | - |
| ***Total goods and services supplied or rendered*** | **338,577** |  | 168,607 |
|  |  |  |  |
| **Goods and services are made up of** |  |  |  |
| Rendering of services – related parties | **936** |  | - |
| Rendering of services - external parties | **337,641** |  | 168,607 |
| ***Total goods and services supplied or rendered*** | **338,577** |  | 168,607 |
|  |  |  |  |
| ***Total supplier expenses*** | **338,577** |  | 168,607 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18B: Subsidies** |  |  |  |
|  |  |  |  |
| **Subsidies in connection with external parties** |  |  |  |
| Vocational and industry training2 | **144,308** |  | - |
| Higher Education | **1** |  | - |
| ***Total subsidies*** | **144,309** |  | - |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18C: Personal benefits** |  |  |  |
| **Direct** |  |  |  |
| Student assistance | **72,298** |  | 51,651 |
| School Education - Specific Funding | **1,000** |  | 1,040 |
| Assistance to families with children1 | **836,916** |  | 1,276,116 |
| Vocational and industry training2 | **18,881** |  | - |
| **Indirect** |  |  |  |
| Assistance to families with children | **2,606,001** |  | 3,138,001 |
| ***Total personal benefits*** | **3,535,096** |  | 4,466,808 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18D: Grants** |  |  |  |
| **Public sector** |  |  |  |
| Australian Government entities (related parties) | **21,863** |  | 35,657 |
| State and Territory Governments | **14,764,549** |  | 9,179,813 |
| **Private sector** |  |  |  |
| Non-profit organisations | **167,674** |  | 246,514 |
| Multi-jurisdictional sector | **9,082,051** |  | 6,688,342 |
| Other | **373,959** |  | 413,903 |
| ***Total grants*** | **24,410,096** |  | 16,564,229 |

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18E: Finance costs** |  |  |  |
| Concessional loan discount | **801,980** |  | 592,890 |
| ***Total finance costs*** | **801,980** |  | 592,890 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18F: Write-down and impairment of assets** |  |  |  |
| Impairment of personal benefits receivable | **19,206** |  | - |
| Impairment of Higher Education Superannuation Programme | **-** |  | 57,750 |
| Write-down of other receivables | **477** |  | 462 |
| Impairment of goods and services and other receivables | **6,554** |  | 2,728 |
| ***Total write-down and impairment of assets*** | **26,237** |  | 60,940 |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 18G: Payments to corporate Commonwealth entities** |  |  |  |
| Australian Institute of Aboriginal and Torres Strait Islander Studies | **13,370** |  | 5,360 |
| ***Total payments to corporate Commonwealth entities*** | **13,370** |  | 5,360 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 18H: Fair value losses** |  |  |  |
| Losses from remeasuring financial instruments held at fair value through profit or loss | **702,638** |  | 860,240 |
| ***Total fair value losses*** | **702,638** |  | 860,240 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18I: Other Expenses** |  |  |  |
| Act of Grace payments | **57** |  | - |
| **Total other expenses** | **57** |  | - |

1. Administered Income

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Taxation revenue** |  |  |  |
|  |  |  |  |
| **Note 19A: Other taxes** |  |  |  |
|  |  |  |  |
| Levies (other than agricultural) | **8,576** |  | 6,538 |
| ***Total other taxes*** | **8,576** |  | 6,538 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Non-taxation revenue** |  |  |  |
|  | **2015** |  | 2014 |
| **Note 19B: Interest** | **$'000** |  | $'000 |
|  |  |  |  |
| Other sources | **337** |  | 1 |
| Loans | **582,797** |  | 506,839 |
| ***Total interest*** | **583,134** |  | 506,840 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 19C: Other revenue** |  |  |  |
|  |  |  |  |
| Education investment fund special account | **217,413** |  | 234,207 |
| Other | **73,772** |  | 48,865 |
| ***Total other revenue*** | **291,185** |  | 283,072 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Gains** |  |  |  |
|  |  |  |  |
| **Note 19D: Fair value gains** |  |  |  |
|  |  |  |  |
| Unfunded University Superannuation | **-** |  | 96,221 |
| ***Total fair value gains*** | **-** |  | 96,221 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 19E: Reversals of previous asset write-downs and impairment** |  |  |  |
|  |  |  |  |
| Reversal of impairment losses for the Higher Education Superannuation Programme | **1,200,266** |  | - |
| Reversal of impairment losses for personal benefits receivables | **-** |  | 9,331 |
| ***Total reversals of previous asset write-downs and impairments*** | **1,200,266** |  | 9,331 |

1. Administered Fair Value Measurement

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| The following tables provide an analysis of assets and liabilities that are measured at fair value. | | | | | | | |
| The different levels of the fair value hierarchy are defined below. | | | | | | | |
|  |  |  |  |  |  |  |  |
| Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date. | | | | | | | |
| Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. | | | | | | | |
| Level 3: Unobservable inputs for the asset or liability. | | | | | | | |
|  |  |  |  |  |  |  |  |
| **Note 20A: Fair value measurements, valuation techniques and inputs used** | | | | | | | |
| **Fair value measurements at 30 June 2015 by hierarchy for assets and liabilities** | | | | | | | |
|
|  | **Fair value measurements at the end of the reporting period using** | | | **For Levels 2 and 3 fair value measurements** | | | |
|  | **2015** | **2014** | **Category (Level 1, 2 or 3)** | **Valuation technique** | **Inputs Used** | **Inputs Range** | **Weighted Average** |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Financial assets** |  |  |  |  |  |  |  |
| Concessional loans | **30,497,818** | 25,147,866 | 3 | Loan Conditions |  | Principal due |  |
| Administered investments | **2,149,930** | 2,149,026 | 3 | Net assets of the entity |  | Net assets of the entity |  |
| ***Total financial assets*** | **32,647,748** | 27,296,892 |  |  |  |  |  |
| ***Total fair value measurements*** | **32,647,748** | 27,296,892 |  |  |  |  |  |

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

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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note 20B: Reconciliation for recurring Level 3 fair value measurements** | | | | | | |
| There has been no transfer between levels during the period | | | | | | |
| **Recurring Level 3 fair value measurements - reconciliation for assets** | | | | | | |
|  | **Financial assets** | | | | | |
|  | **Concessional loans** | | **Administered investments** | | **Total** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Opening balance** | **25,147,866** | 22,444,317 | **2,149,026** | 2,006,106 | **27,296,892** | 24,450,423 |
| Total gains/(losses) recognised in net cost of services1 | **(669,486)** | (963,888) | **-** | - | **(669,486)** | (963,888) |
| Total gains/(losses) recognised in Administered Equity | **-** | - | **904** | 142,920 | **904** | 142,920 |
| Issues | **7,944,246** | 4,880,788 | **-** | - | **7,944,246** | 4,880,788 |
| Settlements | **(1,924,808)** | (1,213,351) | **-** | - | **(1,924,808)** | (1,213,351) |
| **Closing balance** | **30,497,818** | 25,147,866 | **2,149,930** | 2,149,026 | **32,647,748** | 27,296,892 |

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

1. Administered Financial Assets

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 21A: Cash and cash equivalents** |  |  |  |
|  |  |  |  |
| Cash on hand or on deposit | **-** |  | - |
| Special accounts | **26,528** |  | 91,293 |
| ***Total cash and cash equivalents*** | **26,528** |  | 91,293 |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Receivables (gross) aged as follows** |  |  |  |
| Not overdue | **30,926,104** |  | 27,145,091 |
| Overdue by |  |  |  |
| 0 to 30 days | **549** |  | 1,421 |
| 31 to 60 days | **910** |  | 447 |
| 61 to 90 days | **33** |  | 306 |
| More than 90 days | **7,901** |  | 38,828 |
| ***Total receivables (gross)*** | **30,935,497** |  | 27,186,093 |
|  |  |  |  |
| **The impairment allowance aged as follows** |  |  |  |
| Not overdue | **-** |  | (1,200,388) |
| Overdue by |  |  |  |
| 0 to 30 days | **(77)** |  | (43) |
| 31 to 60 days | **-** |  | (26) |
| 61 to 90 days | **-** |  | (34) |
| More than 90 days | **(7,446)** |  | (25,475) |
| ***Total impairment allowance*** | **(7,523)** |  | (1,225,966) |
|  |  |  |  |
| Goods and services receivables are with entities external to the Australian Government. Credit terms are payment within 30 days (2014: 30 days). | | | |
|  |  |  |  |
| **Reconciliation of the Impairment Allowance Account:** |  |  |  |
|  |  |  |  |
| **Movements in relation to 2015** |  |  |  |
|  | **Receivables** |  | **Total** |
|  | **$'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 cost of services | **(18,382)** |  | **(18,382)** |
| ***Closing balance at 30 June 2015*** | **(7,523)** |  | **(7,523)** |
|  |  |  |  |
| Movements in relation to 2014 |  |  |  |
|  | Receivables |  | Total |
|  | $'000 |  | $'000 |
| **Opening balance at 19 September 2013** | (1,188,060) |  | (1,188,060) |
| Amounts written off | (462) |  | (462) |
| Amounts recovered and reversed | 12,873 |  | 12,873 |
| Reversal of previous impairment | 9,331 |  | 9,331 |
| Increase/decrease recognised in net surplus | (59,648) |  | (59,648) |
| ***Closing balance at 30 June 2014*** | (1,225,966) |  | (1,225,966) |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 21C: Other investments** |  |  |  |
|  |  |  |  |
| **Other Investments:** |  |  |  |
| Australian Institute for Teaching and School Leadership1 | **4,687** |  | 5,676 |
| Australian Curriculum, Assessment and Reporting Authority2 | **2,108** |  | 2,448 |
| Australian National University3 | **2,104,675** |  | 2,102,437 |
| Australian Institute of Aboriginal and Torres Strait Islander Studies4 | **38,460** |  | 38,465 |
| ***Total other investments*** | **2,149,930** |  | 2,149,026 |
|  |  |  |  |
| **Other investments expected to be recovered** |  |  |  |
| No more than 12 months | **-** |  | - |
| More than 12 months | **2,149,930** |  | 2,149,026 |
| ***Total other investments*** | **2,149,930** |  | 2,149,026 |

|  |
| --- |
| 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. |

1. Administered Non-Financial Assets

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note: Other non-financial assets** |  |  |  |
|  |  |  |  |
| Prepayments | **-** |  | 523 |
| ***Total other non-financial assets*** | **-** |  | 523 |
|  |  |  |  |
| **Other non-financial assets expected to be recovered** |  |  |  |
| No more than 12 months | **-** |  | 523 |
| More than 12 months | **-** |  | - |
| ***Total other non-financial assets*** | **-** |  | 523 |

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

1. Administered Payables

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 23A: Suppliers** |  |  |  |
|  |  |  |  |
| Trade creditors and accruals | **54,235** |  | 36,884 |
| ***Total suppliers*** | **54,235** |  | 36,884 |
|  |  |  |  |
| **Suppliers in connection with** |  |  |  |
| Related parties | 728 |  |  |
| External parties | 53,507 |  | 36,884 |
| ***Total suppliers*** | **54,235** |  | 36,884 |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 23B: Personal benefits** |  |  |  |
|  |  |  |  |
| Direct | **-** |  | 10,952 |
| Indirect | **-** |  | 109,985 |
| ***Total personal benefits*** | **-** |  | 120,937 |
|  |  |  |  |
| **Personal benefits expected to be settled** |  |  |  |
| No more than 12 months | **-** |  | 120,937 |
| More than 12 months | **-** |  | - |
| ***Total personal benefits*** | **-** |  | 120,937 |

|  |
| --- |
|  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 23C: Grants** |  |  |  |
|  |  |  |  |
| **Public sector** |  |  |  |
| State and Territory Governments | **4,435** |  | - |
| **Private sector** |  |  |  |
| Non-profit organisations | **196** |  | 2,748 |
| Other | **31,615** |  | 21,686 |
| ***Total grants*** | **36,246** |  | 24,434 |
|  |  |  |  |
| **Grants expected to be settled** |  |  |  |
| No more than 12 months | **36,246** |  | 24,434 |
| More than 12 months | **-** |  | - |
| ***Total grants*** | **36,246** |  | 24,434 |

Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 23D: Other payables** |  |  |  |
|  |  |  |  |
| Statutory payable | **17,701** |  | 8,692 |
| ***Total other payables*** | **17,701** |  | 8,692 |
|  |  |  |  |
| **Other payables expected to be settled** |  |  |  |
| No more than 12 months | **17,701** |  | 8,692 |
| More than 12 months | **-** |  | - |
| ***Total other payables*** | **17,701** |  | 8,692 |

1. Administered Provisions

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 24A: Provisions for personal benefits** |  |  |  |
| Provisions for personal benefits | **-** |  | 801,010 |
| **Total provisions for personal benefits** | **-** |  | 801,010 |
|  |  |  |  |
| **Provisions for personal benefits expected to be settled** |  |  |  |
| No more than 12 months | **-** |  | 801,010 |
| More than 12 months | **-** |  | - |
| ***Total other provisions*** | **-** |  | 801,010 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 24B: Provision for Grants** |  |  |  |
|  |  |  |  |
| Higher Education Superannuation Programme | **6,068,013** |  | 6,867,769 |
| ***Total provision for grants*** | **6,068,013** |  | 6,867,769 |
|  |  |  |  |
| **Provision for grants expected to be settled** |  |  |  |
| No more than 12 months | **-** |  | - |
| More than 12 months | **6,068,013** |  | 6,867,769 |
| ***Total provisions for grants*** | **6,068,013** |  | 6,867,769 |

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

1. Administered Cash Flow Reconciliation

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

1. Administered Contingent Assets and Liabilities

|  |
| --- |
|  |
| **Quantifiable Contingencies** |
| The department does not hold quantifiable contingent assets and liabilities (2014: nil). |
|  |
| **Unquantifiable Contingencies** |
| At 30 June 2015, the department had no legal claims against it (2014: nil).  There are currently a number of cases before the Administrative Appeals Tribunal (AAT) for which the outcomes are not yet known or able to be quantified. |
|  |
| **Significant Remote Contingencies** |
| The department had no significant remote contingencies (2014: nil). |
|  |

1. Administered Financial Instruments

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 27A: Categories of financial instruments** |  |  |  |
|  |  |  |  |
| **Financial assets** |  |  |  |
| **Available for sale financial assets** |  |  |  |
| Investments | **2,149,930** |  | 2,149,026 |
| **Total available-for sale financial assets** | **2,149,930** |  | 2,149,026 |
|  |  |  |  |
| **Loans and receivables** |  |  |  |
| Cash and cash equivalents | **-** |  | - |
| Goods and services receivable | **31,620** |  | 24,164 |
| **Total loans and receivables** | **31,620** |  | 24,164 |
|  |  |  |  |
| **Financial assets at fair value through profit or loss (designated)** |  |  |  |
| HECS\HELP Loans | **30,444,858** |  | 25,147,139 |
| Trade support loans | **52,960** |  | - |
| Other loans | **-** |  | 727 |
| **Total assets at fair value through profit or loss (designated)** | **30,497,818** |  | 25,147,866 |
|  |  |  |  |
| **Total financial assets categorised as financial instruments** | **32,679,368** |  | 27,321,056 |
|  |  |  |  |
| **Financial liabilities** |  |  |  |
| **Financial liabilities measured at amortised cost** |  |  |  |
| Trade creditors and accruals | **54,235** |  | 36,884 |
| Grants payable | **36,246** |  | 24,434 |
| **Total financial liabilities measured at amortised cost** | **90,481** |  | 61,318 |
|  |  |  |  |
| **Total financial liabilities** | **90,481** |  | 61,318 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 27B: Net gains or losses on financial assets** |  |  |  |
|  |  |  |  |
| **Available for sale financial assets** |  |  |  |
| Gain (loss) recognised in equity | **904** |  | 142,920 |
| **Net gains (losses) from available-for-sale financial assets** | **904** |  | 142,920 |
|  |  |  |  |
| **Loans and receivables** |  |  |  |
| Interest revenue | **337** |  | 381 |
| Write-down and impairment | **(7,031)** |  | (3,190) |
| **Net gains (losses) from loans and receivables** | **(6,694)** |  | (2,809) |
|  |  |  |  |
| **Financial assets at fair value through profit or loss (designated)** |  |  |  |
| Interest revenue | **582,797** |  | 506,459 |
| Unwinding of discount | **(801,980)** |  | (592,890) |
| Fair value gain/(losses) | **(702,638)** |  | (860,240) |
| **Net gains (losses) at fair value through profit or loss (designated)** | **(921,821)** |  | (946,671) |
|  |  |  |  |
| **Net gains (losses) on financial assets** | **(927,611)** |  | (806,560) |

|  |
| --- |
| **Note 27C: Fair value of financial instruments** |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 27D: Credit risk** |  |  |  |  |  |
| The administered loans and receivables of the department are not exposed to a high level of credit risk as the majority of financial assets are cash or cash equivalents, trade receivables or advances and loans to state, territory and local governments. The department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition the department has policies and procedures that guide employees’ debt recovery techniques that are to be applied. | | | | | |
| The recoverability and credit quality of the fair value through profit and loss (designated) amounts are factored into the actuarial assessment each year. No separate account is maintained of the write offs in the department’s accounts rather just the movement in the assessment as a gain or loss in the Schedule of Administered Items. This accounting treatment is consistent with the basis for accounting for these instruments. | | | | | |

|  |
| --- |
| The department has assessed the risk of the default on payment and has allocated the following to an impairment allowance for doubtful debts:  Goods and services receivables 2015:$7.523 million (2014: $9.757 million).  In relation to the department's gross credit risk and the financial effect in respect of the amount that best represents the maximum exposure to credit risk there is no collateral held. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Credit quality of financial assets not past due or individually determined as impaired** | | | | | |
|  |  | **Not past due nor impaired** | **Past due or impaired** | Not past due nor impaired | Past due or impaired |
|  |  | **2015** | **2015** | 2014 | 2014 |
|  |  | **$'000** | **$'000** | $'000 | $'000 |
| Available for sale |  |  |  |  |  |
| Investments |  | **2,149,930** | **-** | 2,149,026 | - |
| Loans and receivables |  |  |  |  |  |
| Goods and services receivables |  | **29,749** | **9,394** | 20,038 | 13,883 |
| Fair value through profit or loss (designated) |  |  |  |  |  |
| HECS\HELP loans |  | **30,444,858** | **-** | 25,147,139 | - |
| Trade support loans |  | **52,960** | **-** | - | - |
| Other loans |  | **-** | **-** | 727 | - |
| **Total** |  | **32,677,497** | **9,394** | 27,316,930 | 13,883 |
|  |  |  |  |  |  |
| **Ageing of financial assets that were past due but not impaired for 2015** | | | | | |
|  | **0 to 30** | **31 to 60** | **61 to 90** | **90+** |  |
|  | **days** | **days** | **days** | **days** | **Total** |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Goods and services and other receivables | **472** | **910** | **33** | **456** | **1,871** |
| **Total** | **472** | **910** | **33** | **456** | **1,871** |
|  |  |  |  |  |  |
| Ageing of financial assets that were past due but not impaired for 2014 | | | | | |
|  | 0 to 30 | 31 to 60 | 61 to 90 | 90+ |  |
|  | days | days | days | days | Total |
|  | $'000 | $'000 | $'000 | $'000 | $'000 |
| Goods and services and other receivables | 1,250 | 345 | 169 | 2,362 | 4,126 |
| **Total** | 1,250 | 345 | 169 | 2,362 | 4,126 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note 27E: Liquidity risk** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| The department is exposed to minimal liquidity risk and is appropriated funding from the Australian Government. The department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments are made when due and has no past experience of default. | | | | | | |
|  |  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 27F: Market risk** |  |  |  |
|  |  |  |  |
| The department holds basic financial instruments that do not expose it to certain market risks including to ‘currency risk’ and ‘other price risks’. | | | |

1. Administered Financial Assets Reconciliation

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

1. Appropriations

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 29A: Annual Appropriations ('Recoverable GST exclusive')** | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |
|  | **2015 Appropriations** | | | | | **Appropriation applied in 2015 (current and prior years)** |  |  |  |
|  | ***Appropriation Act*** | | ***PGPA Act*** | | **Total appropriation** |  |  |  |
|  | **Annual Appropriation1** | **AFM** | **Section 74** | **Section 75** | **Variance2** | **Section 51 determinations3** |  |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |  |
| **DEPARTMENTAL** |  |  |  |  |  |  |  |  |  |
| **Ordinary annual services** | **295,586** | **-** | **47,837** | **9,695** | **353,118** | **326,500** | **26,618** | **5,546** |  |
| **Other services** |  |  |  |  |  |  |  |  |  |
| Equity | **3,489** | **-** | **-** | **-** | **3,489** | **3,836** | **(347)** | **-** |  |
| **Total departmental** | **299,075** | **-** | **47,837** | **9,695** | **356,607** | **330,336** | **26,271** | **5,546** |  |
| **ADMINISTERED** |  |  |  |  |  |  |  |  |  |
| **Ordinary annual services** |  |  |  |  |  |  |  |  |  |
| Administered items | **996,201** |  | **-** | **316,252** | **1,312,453** | **1,082,706** | **229,747** | **6,117** |  |
| Payments to Corporate Commonwealth Entities | **13,295** | **-** | **-** | **-** | **13,295** | **13,295** | **-** | **-** |  |
| **Other services** |  |  |  |  |  |  |  |  |  |
| States, ACT, NT and local government | **100,431** | **-** | **-** | **-** | **100,431** | **96,677** | **3,754** | **810** |  |
| Payments to Corporate Commonwealth Entities | **75** | **-** | **-** | **-** | **75** | **75** | **-** | **-** |  |
| **Total administered** | **1,110,002** | **-** | **-** | **316,252** | **1,426,254** | **1,192,753** | **233,501** | **6,927** |  |

Notes:  
1. In 2014–15, there were $12.473 million reductions to appropriation made under a section 51 determination and a further $3.690 million quarantined. In 2014–15, there was $3.690 million that met the recognition criteria of a formal addition or reduction in revenue (in accordance with FRR Part 6 Div 3) but at law the appropriation has not been amended before the end of the reporting period.

2. Administered and departmental variances are primarily due to the movements in liability balances between 2013–14 and 2014–15, and amounts subject to quarantine and available to be reduced. Further explanations on variances can be found in Note 34: Budgetary Reports and Explanations of Major Variances.

3. The department recognised $12.473 million as reductions to appropriation under section 51 of the PGPA Act. These amounts were reduced as a result of the finalisation of the 2013–14 machinery of government changes and changes due to government measures.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2014 Appropriations** | | | | | | | **Appropriation applied in 2014 (current and prior years)** | **Variance** |
|  | ***Appropriation Act*** | | | ***FMA Act*** | | | **Total appropriation** |
|  | **Annual Appropriation** | **Appropriation reduced 1** | **AFM2** | **Section 30** | **Section 31** | **Section 32** |
|  | **$'000** |  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **DEPARTMENTAL** |  |  |  |  |  |  |  |  |  |
| **Ordinary annual services** | - | - | - | - | 13,108 | 227,527 | 240,635 | 220,402 | 20,233 |
| **Other services** |  |  |  |  |  |  |  |  |  |
| Equity | 13,636 | - | - | - | - | 1,475 | 15,111 | 8,861 | 6,250 |
| **Total departmental** | 13,636 |  | - | - | 13,108 | 229,002 | 255,746 | 229,263 | 26,483 |
| **ADMINISTERED** |  |  |  |  |  |  |  |  |  |
| **Ordinary annual services** |  |  |  |  |  |  |  |  |  |
| Administered items | 180,183 | (76,493) | - | 3,250 | - | 697,145 | 804,085 | 734,179 | 69,906 |
| Payments to CAC Act bodies3 | 5,360 | - | - | - | - | - | 5,360 | 5,360 | - |
| **Other services** |  |  |  |  |  |  |  |  |  |
| States, ACT, NT and Local government | - | - | - | - | - | 41,092 | 41,092 | 38,554 | 2,538 |
| Administered assets and liabilities | 2,897 | (2,897) | - | - | - | - | - | - | - |
| **Total administered** | 188,440 | (79,390) | - | 3,250 | - | 738,237 | 850,537 | 778,093 | 72,444 |

Notes:

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

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

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

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')** | | | | | | | |  |
|  |  |  |  |  |  |  |  |  |
|  | **2015 Capital Budget Appropriations** | | | **Capital Budget Appropriations applied in 2015** | | | **Variance3** |  |
|  | ***Appropriation Act*** | ***PGPA Act*** | **Total Capital Budget Appropriations** | **Payments for non-financial assets2** | **Payments for other purposes** | **Total payments** |  |
|  | **Annual Capital Budget** | **Section 75** |  |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |  |
| **DEPARTMENTAL** |  |  |  |  |  |  |  |  |
| **Ordinary annual services** |  |  |  |  |  |  |  |  |
| Capital Budget1 | **22,536** | **505** | **23,041** | **18,299** | **-** | **18,299** | **4,742** |  |

Notes:

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1, 3 & 5). They form part of ordinary annual services and are not separately   
identified in the Appropriation Acts. For more information on ordinary annual services appropriation, please see Table A: Annual appropriations.

2. Payments made on non–financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original   
condition, and the capital repayment component of finance leases.

3. In 2014–15 there was a $3.850 million reduction to appropriation made under a section 51 determination.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2014 Capital Budget Appropriations** | | | **Capital Budget Appropriations applied in 2014** | | | **Variance** |  |
|  | ***Appropriation Act*** | ***FMA Act*** | **Total Capital Budget Appropriations** | **Payments for non-financial assets2** | **Payments for other purposes** | **Total payments** |  |
|  | **Annual Capital Budget** | **Section 32** |  |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |  |
| **DEPARTMENTAL** |  |  |  |  |  |  |  |  |
| **Ordinary annual services** |  |  |  |  |  |  |  |  |
| Capital Budget1 | - | 20,164 | 20,164 | 16,226 | - | 16,226 | 3,938 |  |

Notes:

1 Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1, 3 & 5). They form part of ordinary annual services and are not separately   
identified in the Appropriation Acts. For more information on ordinary annual services appropriation, please see 29A: Annual appropriations.

2 Payments made on non–financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original   
condition, and the capital repayment component of finance leases.

|  |  |  |
| --- | --- | --- |
| **Note 29C: Unspent Annual Appropriations ('Recoverable GST exclusive')** | | |
|  |  |  |
|  | **2015** | 2014 |
| **$'000** | $'000 |
| **Departmental** |  |  |
|  |  |
| Appropriation Act (No.1) 2014–15 | **42,874** | - |
| Appropriation Act (No.1) 2013–14 | **1,468** | 27,935 |
| Appropriation Act (No.2) 2013–14 | **3,860** | - |
| Appropriation Act (No.4) 2013–14 | **14,255** | - |
| Appropriation Act (No.4) 2012–13 | **2,508** | - |
| ***Total departmental*** | **64,965** | 27,935 |
| **Administered** |  |  |
|  |  |
| Appropriation Act (No.1) 2014–15 | **227,511** | - |
| Appropriation Act (No.3) 2014–15 | **14,836** | - |
| Appropriation Act (No.2) 2014–15 | **6,292** | - |
| Appropriation Act (No.1) 2013–14 | **110** | 28,216 |
| Appropriation Act (No.3) 2013–14 | **8,144** | 125,302 |
| Appropriation Act (No. 2) 2013–14 | **-** | 2,538 |
| Appropriation Act (No. 4) 2013–14 | **-** | 2,897 |
| ***Total administered*** | **256,893** | 158,953 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 29D: Special Appropriations ('Recoverable GST exclusive')** | | | | |
|  |  |  |  |  |
| **Authority** | **Type** | **Purpose** | **Appropriation applied** | |
| **2015** | 2014 |
| **$'000** | $'000 |
| A New Tax System (Family Assistance) (Administration) Act 1999 (Administered) | Unlimited Amount | An Act to enable the payment of family assistance to support families. | **3,448,822** | 4,248,003 |
| Australian Education Act 2013 - (Administered) | Unlimited Amount | An Act to grant financial assistance to the states for primary and secondary education and for related purposes | **14,632,883** | 6,724,976 |
| Schools Assistance Act 2008 - Section 167 (Administered) | Unlimited Amount | An Act to grant financial assistance to the states for 2009 to 2013 programme years for primary and secondary education, and for related purposes. | **-** | 2,401,002 |
| Higher Education Support Act 2003 - Section 238-12 (Administered) | Unlimited Amount | An Act to grant financial assistance to support the higher education system for individuals and universities. | **16,616,684** | 11,817,312 |
| Trade Support Loans Act 2014 - Section 104 | Unlimited Amount | An Act to provide for trade support loans for certain apprentices, and for related purposes | **57,113** | - |
| **Total special appropriations applied** |  |  | **34,755,502** | 25,191,293 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 29E: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')** | | | | | | | |
|  |  |  |  |  |  |  |  |
|  |  | **Department of Prime Minister and Cabinet1** | | **Department of Foreign Affairs and Trade2** | | **Department of Social Services3** | |
| **2015** |  | **$'000** | | **$'000** | | **$'000** | |
| Total receipts |  | **250** | | **9,978** | | **605,050** | |
| Total payments |  | **250** | | **9,978** | | **605,050** | |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  | **Department of Prime Minister and Cabinet1** | | **Department of Foreign Affairs and Trade2** | | **Department of Social Services3** | |
| **2014** |  | **$'000** | | **$'000** | | **$'000** | |
| Total receipts |  | 92,471 | | 3,688 | | 300 | |
| Total payments |  | 92,471 | | 3,688 | | 300 | |

1. The department made a payment for the Office of Women programme for the Department of Prime Minister and Cabinet. In 2013–14 the department had drawing rights for annual and special appropriations to support Indigenous education functions that were relinquished to the Department of Prime Minister and Cabinet during 2013–14 due to the Administrative Arrangement Orders of 18 September 2013.
2. The department has drawing rights for the Department of Foreign Affairs and Trade annual appropriation for the New Colombo Plan programme.
3. The department has drawing rights for the Department of Social Services special appropriation for the payment of Child Care Benefit, Child Care Rebate and the Early Years Quality Fund Special Account. The functions in relation to these payments were transferred to the Department of Social Services following the Administrative Arrangement Order of 23 December 2014.
4. Special Accounts

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note 30A: Special Accounts ('Recoverable GST exclusive')** | | | | | |  |
|  |  |  |  |  |  |  |
|  | **Education Investment Fund - Research Portfolio Special Account1** | | **Education Investment Fund - Education Portfolio Special Account2** | | **National Youth Affairs Research Scheme3** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Balance brought forward from previous period** | **-** | - | **-** | - | **251** | - |
| **Increases** |  |  |  |  |  |  |
| Appropriation credited to special account | **70,950** | 92,985 | **146,463** | 141,222 | **-** | - |
| Transfer through restructuring | **-** | - | **-** | - | **-** | 251 |
| ***Total increases*** | **70,950** | 92,985 | **146,463** | 141,222 | **-** | 251 |
| **Available for payments** | **70,950** | 92,985 | **146,463** | 141,222 | **251** | 251 |
| **Decreases** |  |  |  |  |  |  |
| **Administered** |  |  |  |  |  |  |
| Payments made | **(70,950)** | (92,985) | **(146,463)** | (141,222) | **(80)** | - |
| Transfer through restructuring | **-** | - | **-** | - | **-** | - |
| **Total Administered** | **(70,950)** | (92,985) | **(146,463)** | (141,222) | **(80)** | - |
| ***Total decreases*** | **(70,950)** | **(92,985)** | **(146,463)** | **(141,222)** | **(80)** | **-** |
| ***Total balance carried to the next period*** | **-** | **-** | **-** | **-** | **171** | **251** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 30A: Special Accounts ('Recoverable GST exclusive')** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  | **Early Years Quality Fund4** | | **Overseas Student Tuition Fund5** | | **Unique Student Identifier6** | | **Services for Other Entities and Trust Money7** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Balance brought forward from previous period** | **72,297** | - | **12,157** | - |  | - | **6,588** | - |
| **Increases** |  |  |  |  |  |  |  |  |
| Appropriations credited to special account | **-** | - | **-** | - | **3,508** | - | **-** | - |
| Receipts | **-** | - | **8,591** | 6,518 |  | - | **886** | 6,852 |
| Transfer through restructuring | **-** | 135,000 | **-** | 5,847 | **2,186** | - | **424** | 4,042 |
| ***Total increases*** | **-** | 135,000 | **8,591** | 12,365 | **5,694** | **-** | **1,310** | 10,894 |
| **Available for payments** | **72,297** | 135,000 | **20,748** | 12,365 | **5,694** | **-** | **7,898** | 10,894 |
| **Decreases** |  |  |  |  |  |  |  |  |
| **Departmental** |  |  |  |  |  |  |  |  |
| Other Payments | **-** | - | **-** | - | **(3,408)** | - | **-** | - |
| ***Total Departmental*** | **-** | - | **-** | - | **(3,408)** | **-** | **-** | - |
| **Administered** |  |  |  |  |  |  |  |  |
| Payments made | **(47,588)** | (62,703) | **(879)** | (208) |  |  | **(1,422)** | (4,001) |
| Transfer through restructuring | **(24,709)** | - | **-** | - |  |  | **-** | (305) |
| **Total Administered** | **(72,297)** | (62,703) | **(879)** | (208) | **-** | - | **(1,422)** | (4,306) |
| ***Total decreases*** | **(72,297)** | **(62,703)** | **(879)** | **(208)** | **(3,408)** | - | **(1,422)** | **(4,306)** |
| ***Total balance carried to the next period*** | **-** | **72,297** | **19,869** | **12,157** | **2,286** | - | **6,476** | **6,588** |

|  |
| --- |
| 1 Education Investment Fund - Research Portfolio Special Account  Appropriation: *Public Governance, Performance and Accountability Act 2013;* section 80 |
| Establishing Instrument: *Nation-building Funds Act 2008 No. 154 of 2008* |
| Purpose: To make grants of financial assistance in relation to the creation and development of research infrastructure. |

|  |
| --- |
| 2 Education Investment Fund - Education Portfolio Special Account  Appropriation: *Public Governance, Performance and Accountability Act 2013;* section 80 |
| Establishing Instrument: *Nation-building Funds Act 2008 No. 154 of* 2008 |
| Purpose: To make grants of financial assistance to eligible higher education institutions in relation to capital expenditure and research facilities. |

|  |
| --- |
| 3 National Youth Affairs Scheme Special Account  Appropriation: *Public Governance, Performance and Accountability Act 2013; section 78* |
| Establishing Instrument: *Financial Management and Accountability Determination 2006/45* on 17 August 2006. |
| Purpose: For the receipt of monies from State Governments to meet expenditure in respect of the National Youth Affairs Research Scheme. |

|  |
| --- |
| 4 Early Years Quality Fund Special Account  Appropriation: : *Public Governance, Performance and Accountability Act 2013;* section 80 |
| Establishing Instrument:  *Early Years Quality Fund Special Account Act 2013* |
| Purpose*:* For the administration of the Early Years Quality Fund (EYQF). The EYQF will provide $300 million over two years to assist long day care services to offset the costs of employing higher qualified staff who are required as part of the National Quality Framework for Early Childhood Education and Care from 1 January 2014. |

|  |
| --- |
| 5 Overseas Student Tuition Fund Special Account  Appropriation: *Public Governance, Performance and Accountability Act 2013;* section 80 |
| Establishing Instrument: *Education Services for Overseas Students Act 2000 Act No. 164 of 2000,* taking into account amendments up *Education Services for Overseas Students Legislation Amendment (Tuition Protection Services and Other Measures) Act 2012,* section 52A |
| Purpose*:* For expenditure in connection with assisting international students whose education providers are unable to deliver their course of study in full. |

6 Unique Student Identifiers Special Account

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

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

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

|  |
| --- |
| 7 Services for OtherEntities 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. |

1. Reporting of Outcomes

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 31A: Net cost of outcome delivery** | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Outcome 1** | | **Outcome 2** | | **Outcome 3** | | **Payment to Corporate Commonwealth Entities** | | **Not attributed1** | | **Total** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Departmental** |  |  |  |  |  |  |  |  |  |  |  |  |
| Expenses | **64,889** | 62,212 | **102,284** | 102,149 | **170,659** | 80,693 | **-** | - | **-** | - | **337,832** | 245,054 |
| Own-source income | **7,722** | 5,316 | **7,514** | 8,626 | **22,147** | 12,472 | **-** | - | **-** | - | **37,383** | 26,414 |
| **Administered** |  |  |  |  |  |  |  |  |  |  |  |  |
| Expenses | **3,815,222** | 4,790,056 | **14,920,893** | 9,461,185 | **11,222,875** | 8,462,473 | **13,370** | 5,360 | **-** | - | **29,972,360** | 22,719,074 |
| Own-source income | **3,686** | 11,325 | **39,343** | 9,531 | **2,039,578** | 881,146 | **-** | - | **554** | - | **2,083,161** | 902,002 |
| **Net cost/(contribution) of outcome delivery** | **3,868,703** | 4,835,627 | **14,976,320** | 9,545,177 | **9,331,809** | 7,649,548 | **13,370** | 5,360 | **(554)** | - | **28,189,648** | 22,035,712 |

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

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 31B: Major classes of departmental expenses, income, assets and liabilities by outcome** | | | | | | | | | | |
|  | **Outcome 1** | | **Outcome 2** | | **Outcome 3** | | **Not attributed1** | | **Total** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Expenses** |  |  |  |  |  |  |  |  |  |  |
| Employee benefits | **40,384** | 38,228 | **64,448** | 62,777 | **101,729** | 53,617 | **-** | - | **206,561** | 154,622 |
| Suppliers | **18,717** | 18,662 | **29,504** | 30,634 | **52,958** | 19,612 | **-** | - | **101,179** | 68,908 |
| Depreciation | **5,728** | 5,021 | **8,103** | 8,245 | **13,087** | 7,042 | **-** | - | **26,918** | 20,308 |
| Grants |  |  | **25** | - | **232** | - | **-** | - | **257** | - |
| Other | **60** | 301 | **204** | 493 | **2,653** | 422 | **-** | - | **2,917** | 1,216 |
| **Total expenses** | **64,889** | 62,212 | **102,284** | 102,149 | **170,659** | 80,693 | **-** | - | **337,832** | 245,054 |
|  |  |  |  |  |  |  |  |  |  |  |
| **Own-Source Income** |  |  |  |  |  |  |  |  |  |  |
| Sale of goods and rendering of services | **7,145** | 4,276 | **6,701** | 7,188 | **16,539** | 6,603 | **-** | - | **30,385** | 18,067 |
| Income from government | **59,079** | 49,744 | **83,572** | 84,103 | **134,203** | 62,255 | **-** | - | **276,854** | 196,102 |
| Other | **577** | 1,040 | **813** | 1,438 | **5,608** | 5,869 | **-** | - | **6,998** | 8,347 |
| **Total own-source income** | **66,801** | 55,060 | **91,086** | 92,729 | **156,350** | 74,727 | **-** | - | **314,237** | 222,516 |
|  |  |  |  |  |  |  |  |  |  |  |
| **Assets** |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | **-** | - | **-** | - | **2,286** | - | **7,531** | 8,429 | **9,817** | 8,429 |
| Trade and other receivables | **-** | 8,596 | **16,031** | 14,116 | **35,798** | 12,057 | **-** | - | **51,829** | 34,769 |
| Other financial assets | **-** | 2,500 | **1,013** | 4,106 | **2,263** | 3,507 |  | - | **3,276** | 10,113 |
| Land and buildings | **-** | 13,141 | **13,027** | 22,185 | **29,091** | 15,541 | **-** | - | **42,118** | 50,867 |
| Infrastructure, plant and equipment | **-** | 2,966 | **3,504** | 5,007 | **7,823** | 3,481 | **-** | - | **11,327** | 11,454 |
| Intangibles | **-** | 16,466 | **28,157** | 27,797 | **42,246** | 19,287 | **-** | - | **70,403** | 63,550 |
| Other non-financial assets | **-** | 2,126 | **3,318** | 3,491 | **7,410** | 2,982 | **-** | - | **10,728** | 8,599 |
| **Total assets** | **-** | 45,795 | **65,050** | 76,702 | **126,917** | 56,855 | **7,531** | 8,429 | **199,498** | 187,781 |
|  |  |  |  |  |  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |  |  |  |  |  |
| Suppliers | **-** | 3,740 | **7,267** | 6,272 | **16,228** | 4,588 | **-** | - | **23,495** | 14,600 |
| Other payables | **-** | 9,806 | **8,958** | 16,575 | **20,005** | 11,371 | **-** | - | **28,963** | 37,752 |
| Employee provisions | **-** | 15,819 | **16,943** | 26,704 | **37,835** | 18,529 | **-** | - | **54,778** | 61,052 |
| Other provisions | **-** | 349 | **961** | 588 | **2,145** | 408 | **-** | - | **3,106** | 1,345 |
| **Total liabilities** | **-** | 29,714 | **34,129** | 50,139 | **76,213** | 34,896 | **-** | - | **110,342** | 114,749 |

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

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 31C: Major classes of administered expenses, income, assets, and liabilities by outcomes** | | | | | | | | | | | |  |
|  | **Outcome 1** | | **Outcome 2** | | **Outcome 3** | | **Payment to Corporate Commonwealth Entities** | | **Not attributed1** | | **Total** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Expenses** |  |  |  |  |  |  |  |  |  |  |  |  |
| Personal benefits | **3,442,917** | 4,414,117 | **1,000** | 1,040 | **91,179** | 51,651 | **-** | - | **-** | - | **3,535,096** | 4,466,808 |
| Subsidies | **-** | - | **-** | - | **144,309** | - | **-** | - | **-** | - | **144,309** | - |
| Grants | **320,408** | 332,604 | **14,830,536** | 9,335,885 | **9,259,152** | 6,895,740 | **-** | - | **-** | - | **24,410,096** | 16,564,229 |
| Suppliers | **32,685** | 40,957 | **83,227** | 123,352 | **222,665** | 4,298 | **-** | - | **-** | - | **338,577** | 168,607 |
| Other | **19,212** | 2,378 | **6,130** | 908 | **1,505,570** | 1,510,784 | **13,370** | 5,360 | **-** | - | **1,544,282** | 1,519,430 |
| ***Total expenses*** | **3,815,222** | 4,790,056 | **14,920,893** | 9,461,185 | **11,222,875** | 8,462,473 | **13,370** | 5,360 | **-** | - | **29,972,360** | 22,719,074 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income** |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest | **3** | 380 | **333** | - | **582,798** | 506,460 | **-** | - | **-** | - | **583,134** | 506,840 |
| Levies | **-** | - | **-** | - | **8,576** | 6,538 |  |  |  |  | **8,576** | 6,538 |
| Non taxation revenue - Other | **3,683** | 2,239 | **38,994** | 8,905 | **247,954** | 271,928 | **-** | - | **554** | - | **291,185** | 283,072 |
| Gains | **-** | 8,706 | **16** | 626 | **1,200,250** | 96,220 | **-** | - | **-** | - | **1,200,266** | 105,552 |
| ***Total income*** | **3,686** | 11,325 | **39,343** | 9,531 | **2,039,578** | 881,146 | **-** | - | **554** | - | **2,083,161** | 902,002 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Assets** |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | **81** | 63,205 | **5,065** | 4,766 | **21,382** | 23,322 | **-** | - | **-** | - | **26,528** | 91,293 |
| Receivables | **1,645** | 356,288 | **2,694** | 7,960 | **30,923,635** | 25,595,879 | **-** | - | **-** | - | **30,927,974** | 25,960,127 |
| Investments | **-** | - | **6,795** | 8,124 | **2,143,135** | 2,140,902 | **-** | - | **-** | - | **2,149,930** | 2,149,026 |
| Other non-financial assets | **-** | - | **-** | 523 | **-** | - | **-** | - | **-** | - | **-** | 523 |
| ***Total assets*** | **1,726** | 419,493 | **14,554** | 21,373 | **33,088,152** | 27,760,103 | **-** | - | **-** | - | **33,104,432** | 28,200,969 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |  |  |  |  |  |  |  |
| Suppliers | **737** | 2,689 | **3,149** | 15,252 | **50,253** | 18,943 | **-** | - | **96** | - | **54,235** | 36,884 |
| Personal benefits | **-** | 120,937 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | 120,937 |
| Grants | **-** | 9,480 | **15,743** | 12,795 | **20,503** | 2,159 | **-** | - | **-** | - | **36,246** | 24,434 |
| Other payables | **539** | 2,592 | **1,579** | 4,499 | **15,571** | 1,601 | **-** | - | **12** | - | **17,701** | 8,692 |
| Provision for personal benefits | **-** | 801,010 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | 801,010 |
| Provision for grants | **-** | - | **-** | - | **6,068,013** | 6,867,769 | **-** | - | **-** | - | **6,068,013** | 6,867,769 |
| ***Total liabilities*** | **1,276** | 936,708 | **20,471** | 32,546 | **6,154,340** | 6,890,472 | **-** | - | **108** | - | **6,176,195** | 7,859,726 |

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

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

1. Cost Recovery Note

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
|  |  |  |  |
| **Amounts applied** |  |  |  |
| Departmental |  |  |  |
| Annual appropriations | **4,830** |  | 1,191 |
| **Total amounts applied** | **4,830** |  | 1,191 |
|  |  |  |  |
| **Expenses** |  |  |  |
| Departmental | **4,830** |  | 1,191 |
| **Total expenses** | **4,830** |  | 1,191 |
|  |  |  |  |
| **Revenue** |  |  |  |
| Administered | **7,119** |  | 6,224 |
| **Total revenue** | **7,119** |  | 6,224 |
|  |  |  |  |
| **Receivables** |  |  |  |
| Not overdue | **16** |  | 15 |
| Overdue by |  |  |  |
| 0 to 30 days | **6** |  | 8 |
| 31 to 60 days | **-** |  | - |
| 61 to 90 days | **-** |  | - |
| More than 90 days | **75** |  | 58 |
| **Total receivables** | **97** |  | 80 |
|  |  |  |  |
| Cost recovered activities: |  |  |  |
| The Commonwealth recovers the costs of administering its functions under the *Education Services for Overseas Students Act 2000* (the ESOS Act) and the National Code of Practice for Providers of Education and Training to Overseas Students (National Code) through compulsory registration fees charged to all providers wishing to be registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS), which allows them to offer courses to overseas students. | | | |
|  | | | |
| The following entities are involved in the delivery of these activities: Department of Education and Training, Australian Skills Quality Authority and the Tertiary Education Quality and Standards Agency. The Commonwealth also recovers the cost of administering the functions of the Overseas Students Ombudsman under the *Ombudsman Act 1976*. This function transferred from the Department of Industry as part of the Administrative Arrangement Orders of the 18 September 2013. | | | |
|  | | | |
| Documentation (Cost Recovery Impact Statement) for the above activity is available at www.education.gov.au. | | | |
|  | | | |

1. Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

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

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

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

* six special appropriations; and
* seven special accounts.

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

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

1. Budgetary Reports and Explanations of Major Variances

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Comprehensive Income** | | | |
| **Statement of Comprehensive Income** | | | |
| *for the period ended 30 June 2015* | | | |
|  | **Actual** | **Budget Estimate** | |
|  |  | **Original1** | Variance2 |
|  | **2015** | **2015** | 2015 |
|  | **$'000** | **$'000** | $'000 |
| **NET COST OF SERVICES** |  |  |  |
| **EXPENSES** |  |  |  |
| Employee benefits3 | **206,561** | **196,099** | 10,462 |
| Supplier expenses | **101,179** | **96,358** | 4,821 |
| Grants | **257** | **-** | 257 |
| Depreciation and amortisation | **26,918** | **28,880** | (1,962) |
| Finance costs | **51** | **-** | 51 |
| Write-down and impairment of assets | **2,866** | **-** | 2,866 |
| ***Total expenses*** | **337,832** | **321,337** | 16,495 |
|  |  |  |  |
| **OWN-SOURCE INCOME** |  |  |  |
| **Own-source revenue** |  |  |  |
| Sale of goods and rendering of services4 | **30,385** | **22,417** | 7,968 |
| **Total own-source revenue** | **30,385** | **22,417** | 7,968 |
|  |  |  |  |
| **Gains** |  |  |  |
| Sale of assets | **87** | **-** | 87 |
| Reversals of previous asset write-downs and impairment | **64** |  | 64 |
| Other gains5 | **6,847** | **680** | 6,167 |
| **Total gains** | **6,998** | **680** | 6,318 |
| ***Total own-source income*** | **37,383** | **23,097** | 14,286 |
|  |  |  |  |
| ***Net cost of (contribution by) services*** | **300,449** | **298,240** | 2,209 |
|  |  |  |  |
| Revenue from Government | **276,854** | **269,360** | 7,494 |
| ***Surplus (Deficit) attributable to the Australian Government*** | **(23,595)** | **(28,880)** | 5,285 |
|  |  |  |  |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |
| **Items not subject to subsequent reclassification to net cost of services** |  |  |  |
| Changes in asset revaluation surplus: |  |  |  |
| Adjustment to leasehold improvements | **5** | - | 5 |
| ***Total other comprehensive income*** | **5** | **-** | 5 |
|  |  |  |  |
| ***Total comprehensive income (loss) attributable to the Australian Government*** | **(23,590)** | **(28,880)** | 5,290 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement of Financial Position** | | | |
| *for the period ended 30 June 2015* | | | |
|  | **Actual** | **Budget Estimate** | |
|  |  | **Original1** | Variance2 |
|  | **2015** | **2015** | 2015 |
|  | **$'000** | **$'000** | $'000 |
| **ASSETS** |  |  |  |
| **Financial Assets** |  |  |  |
| Cash and cash equivalents6 | **9,817** | **1,845** | 7,972 |
| Trade and other receivables7 | **51,829** | **59,731** | (7,902) |
| Other financial assets | **3,276** | **2,695** | 581 |
| **Total financial assets** | **64,922** | **64,271** | 651 |
|  |  |  |  |
| **Non-Financial Assets** |  |  |  |
| Land and buildings8 | **42,118** | **26,451** | 15,667 |
| Infrastructure, plant and equipment8 | **11,327** | **26,793** | (15,466) |
| Intangibles8 | **70,403** | **53,207** | 17,196 |
| Other non-financial assets | **10,728** | **11,201** | (473) |
| **Total non-financial assets** | **134,576** | **117,652** | 16,924 |
|  |  |  |  |
| ***Total assets*** | **199,498** | **181,923** | 17,575 |
|  |  |  |  |
| **LIABILITIES** |  |  |  |
| **Payables** |  |  |  |
| Suppliers9 | **23,495** | **5,346** | 18,149 |
| Other payables9 | **28,963** | **18,593** | 10,370 |
| **Total payables** | **52,458** | **23,939** | 28,519 |
|  |  |  |  |
| **Provisions** |  |  |  |
| Employee provisions3 | **54,778** | **61,201** | (6,423) |
| Other provisions | **3,106** | **823** | 2,283 |
| **Total provisions** | **57,884** | **62,024** | (4,140) |
|  |  |  |  |
| ***Total liabilities*** | **110,342** | **85,963** | 24,379 |
|  |  |  |  |
| ***Net assets*** | **89,156** | **95,960** | (6,804) |
|  |  |  |  |
| **EQUITY** |  |  |  |
| Contributed equity10 | **134,848** | 145,878 | (11,030) |
| Reserves | **438** | - | 438 |
| Retained surplus (accumulated deficit) | **(46,130)** | (49,918) | 3,788 |
| ***Total equity*** | **89,156** | **95,960** | (6,804) |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Statement of changes in equity** | | | | | | | | | | | | |
| *for the period ended 30 June 2015* | | | | | | | | | | | | |
|  | **Retained earnings** | | | **Asset revaluation reserves** | | | **Contributed equity/capital** | | | **Total equity** | | |
|  | **Actual** | **Budget Estimate** | | **Actual** | **Budget Estimate** | | **Actual** | **Budget Estimate** | | **Actual** | **Budget Estimate** | |
|  |  | **Original1** | Variance2 |  | **Original1** | Variance2 |  | **Original1** | Variance2 |  | **Original1** | Variance2 |
|  | **2015** | **2015** | 2015 | **2015** | **2015** | 2015 | **2015** | **2015** | 2015 | **2015** | **2015** | 2015 |
|  | **$'000** | **$'000** | $'000 | **$'000** | **$'000** | $'000 | **$'000** | **$'000** | $'000 | **$'000** | **$'000** | $'000 |
| **Opening balance** |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance carried forward from previous period | **(22,538)** | **(21,038)** | (1,500) | **433** | **-** | 433 | **95,137** | **120,153** | (25,016) | **73,032** | **99,115** | (26,083) |
| Adjustment for rounding | **3** | **-** | 3 | **-** | **-** | - | **-** | **-** | - | **3** | **-** | 3 |
| **Adjusted opening balance** | **(22,535)** | **(21,038)** | (1,497) | **433** | **-** | 433 | **95,137** | **120,153** | (25,016) | **73,035** | **99,115** | (26,080) |
| **Comprehensive income** |  |  |  |  |  |  |  |  |  |  |  |  |
| Other comprehensive income - changes in asset revaluation reserve | **-** | **-** | - | **5** | **-** | 5 | **-** | **-** | - | **5** | **-** | 5 |
| Surplus (Deficit) for the period | **(23,595)** | **(28,880)** | 5,285 | **-** | **-** | - | **-** | **-** | - | **(23,595)** | **(28,880)** | 5,285 |
| **Total comprehensive income** | **(23,595)** | **(28,880)** | 5,285 | **5** | **-** | 5 | **-** | **-** | - | **(23,590)** | **(28,880)** | 5,290 |
| **Transactions with owners** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Distributions to owners** |  |  |  |  |  |  |  |  |  |  |  |  |
| Returns of capital: |  |  |  |  |  |  |  |  |  |  |  |  |
| Restructuring (Note 10)10 | **-** | **-** | - | **-** | **-** | - | **24,557** | **-** | 24,557 | **24,557** | **-** | 24,557 |
| **Contributions by owners** |  |  |  |  |  |  |  |  |  |  |  |  |
| Equity injection - Appropriation | **-** | **-** | - | **-** | **-** | - | **3,489** | **3,189** | 300 | **3,489** | **3,189** | 300 |
| Departmental capital budget10 | **-** | **-** | - | **-** | **-** | - | **18,686** | **22,536** | (3,850) | **18,686** | **22,536** | (3,850) |
| Restructuring (Note 10)10 | **-** | **-** | - | **-** | **-** | - | **(7,021)** | **-** | (7,021) | **(7,021)** | **-** | (7,021) |
| **Total transactions with owners** | **-** | **-** | - | **-** | **-** | - | **39,711** | **25,725** | 13,986 | **39,711** | **25,725** | 13,986 |
| Transfers between equity components | **-** | **-** | - | **-** | **-** | - | **-** |  | - | **-** | **-** | - |
| **Closing balance as at 30 June** | **(46,130)** | **(49,918)** | 3,788 | **438** | **-** | 438 | **134,848** | **145,878** | (11,030) | **89,156** | **95,960** | (6,804) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Cash Flow Statement** | | | |
| *for the period ended 30 June 2015* | | | |
|  | **Actual** | **Budget Estimate** | |
|  |  | **Original1** | Variance2 |
|  | **2015** | **2015** | 2015 |
|  | **$'000** | **$'000** | $'000 |
| **OPERATING ACTIVITIES** |  |  |  |
| **Cash received** |  |  |  |
| Appropriations11 | **307,355** | **269,802** | 37,553 |
| Sale of goods and rendering of services4 | **40,737** | **22,417** | 18,320 |
| Net GST received | **5,712** | **-** | 5,712 |
| Other | **9,922** | **-** | 9,922 |
| **Total cash received** | **363,726** | **292,219** | 71,507 |
|  |  |  |  |
| **Cash used** |  |  |  |
| Employee benefits3 | **215,581** | **196,091** | 19,490 |
| Supplier expenses | **100,903** | **95,678** | 5,225 |
| Grants | **257** | **-** | 257 |
| Section 74 receipts transferred to the OPA11 | **47,837** | - | 47,837 |
| **Total cash used** | **364,578** | **291,769** | **72,809** |
|  |  |  |  |
| ***Net cash from (used by) operating activities*** | **(852)** | **450** | (1,302) |
|  |  |  |  |
| **INVESTING ACTIVITIES** |  |  |  |
| **Cash received** |  |  |  |
| Proceeds from sales of infrastructure, plant and equipment | **735** | **-** | 735 |
| **Total cash received** | **735** | **-** | 735 |
|  |  |  |  |
| **Cash used** |  |  |  |
| Purchase of infrastructure, plant and equipment8 | **3,985** | **26,175** | (22,190) |
| Purchase / development of intangibles8 | **16,790** | **-** | 16,790 |
| Purchase of land and buildings8 | **2,041** | **-** | 2,041 |
| **Total cash used** | **22,816** | **26,175** | (3,359) |
|  |  |  |  |
| ***Net cash from (used by) investing activities*** | **(22,081)** | **(26,175)** | 4,094 |
|  |  |  |  |
| **FINANCING ACTIVITIES** |  |  |  |
| **Cash received** |  |  |  |
| Contributed equity - capital injections | **3,836** | **-** | 3,836 |
| Contributed equity - capital budget | **18,299** | **25,725** | (7,426) |
| Cash from restructuring | **2,186** | **-** | 2,186 |
| **Total cash received** | **24,321** | **25,725** | (1,404) |
|  |  |  |  |
| ***Net cash from (used by) financing activities*** | **24,321** | **25,725** | (1,404) |
|  |  |  |  |
| ***Net increase (decrease) in cash held*** | **1,388** | **-** | 1,388 |
| Cash and cash equivalents at the beginning of the reporting period | **8,429** | **1,845** | 6,584 |
| ***Cash and cash equivalents at the end of the reporting period*** | **9,817** | **1,845** | 7,972 |

|  |
| --- |
| **Note 34B: Departmental Major Budget Variances for 2015** |
|  |
|  |
| **Explanation of major variances** |
| 1. The 2014–15 Education Portfolio Budget Statements (PBS) as presented to Parliament contained the original budgeted financial statements for 2015. The PBS was completed prior to the finalisation of the 2013–14 Administrative Arrangement Orders (AAOs) processes which abolished the Department of Employment, Education and Workplace Relations with functions transferring to the newly created Department of Education. During the 2014–15 financial year as a result of the AAOs of 23 December 2014 the department, became the Department of Education and Training. Functions relating to Early Childhood Education and Care transferred to the Department of Social Services and functions relating to Skills and Training transferred from the Department of Industry and Science. |
| 2. The variances reported in the statements primarily relate to the settlement of balances following the 2013–14 and 2014–15 machinery of government changes. The department also received additional funding through the 2014–15 Portfolio Additional Estimates (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES) for measures and staffing reduction expenses. |
| 3. Employee Benefits are higher than anticipated at Budget by $10.462 million primarily due to increased costs associated with reducing staffing during the year of $10.8 million, not included in the 2014–15 Budget. This also resulted in a greater than anticipated reduction to employee provisions of $6.423 million and increased cash payments of $19.490 million as a result of service costs and pay out of leave entitlements. |
| 4. Sales of goods and rendering of services revenue is $7.968 million higher than anticipated at the 2014–15 Budget. This is a result of increased corporate services delivery through Memorandum of Understandings to other departments and an additional $3.500 million in revenue received for the Unique Student Identifier Special Account as a result the machinery of government changes. |
| 5. Other gains were $6.167 million higher than anticipated at 2014–15 Budget as a result of the Department recognising Resources Received Free of Charge (RRFOC) for the collection of HELP receipts of $4.114 million by the Australian Taxation Office, and an additional $682,000 in RRFOC for services provided by the Australian National Audit Office for the 2013–14 financial statements audit. |
| 6. Cash and Cash equivalents are $7.972 million higher than at 2014–15 Budget Estimate as a result of the transfer to the USI Special Account from the Department of Industry and Science following the machinery of government changes  ($2.2 million), as well as higher than anticipated receipts for payments of trade and other receivables managed by the department. |
| 7. Trade and Other receivables were $7.902 million lower than anticipated at budget as a result of higher than anticipated receipts during the year. Appropriation receivables were also reduced by $3.890 million following finalisation of the machinery of government change with the Department of Employment. |
| 8. The higher than expected level of non-financial assets of $17.397 million was primarily the result of the finalisation of the 2013–14 machinery of government changes which abolished the Department of Education, Employment and Workplace Relations and included the transfer of non-financial assets from the Department of Industry and Science for functions relating to Higher Education, Research and International. In addition, the department received an additional $6.1 million in intangibles as a result of the 2014–15 machinery of government transfer. |
| 9. Payables are $30.685 million higher than the 2014–15 Budget estimate as the payables profile for the department had not been established prior to the publication of the 2014–15 PBS. |
| 10. The movement in contributed equity of $11.030 million primarily reflects a difference of $25.016 million in opening contributions, the budget not completed prior to the finalisation of the 2013–14 machinery of government changes. Additional movements of ($13.986 million) in 2014–15 reflect the net impact of restructuring following the 23 December 2014 machinery of government changes and a reduction to contributed equity of $3.850 million as part of the finalisation of the 2013–14 machinery of government change with the Department of Employment. |
| 11. The Appropriations received and Cash used other include Section 74 receipts to/from the Official Public Account (OPA) which are presented on a net basis in the 2014–15 Budget estimate. |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 34C: Administered Budgetary Reports** | | | |
|  |  |  |  |
| **Administered Schedule of Comprehensive Income** | | | |
| *for the period ended 30 June 2015* | | | |
|  | **Actual** | **Budget Estimate** | |
|  |  | **Original1** | Variance2 |
|  | **2015** | **2015** | 2015 |
|  | **$'000** | **$'000** | $'000 |
| **NET COST OF SERVICES** |  |  |  |
| **EXPENSES** |  |  |  |
| Supplier expenses3 | **338,577** | **70,705** | 267,872 |
| Subsidies3 | **144,309** | **5,727** | 138,582 |
| Personal benefits3 | **3,535,096** | **6,453,989** | (2,918,893) |
| Grants3 | **24,410,096** | **24,519,219** | (109,123) |
| Finance costs4 | **801,980** | **34,214** | 767,766 |
| Write-down and impairment of assets | **26,237** | **51,240** | (25,003) |
| Payment to Corporate Commonwealth Entities | **13,370** | **13,370** | - |
| Fair value losses4 | **702,638** | **1,315,793** | (613,155) |
| Other Expenses | **57** | **-** | 57 |
| ***Total expenses*** | **29,972,360** | **32,464,257** | (2,491,897) |
|  |  |  |  |
| **INCOME** |  |  |  |
| **Revenue** |  |  |  |
| **Taxation revenue** |  |  |  |
| Other taxes | **8,576** | **6,300** | 2,276 |
| **Total taxation revenue** | **8,576** | **6,300** | 2,276 |
|  |  |  |  |
| **Non-taxation revenue** |  |  |  |
| Interest4 | **583,134** | **725,676** | (142,542) |
| Other revenue4 | **291,185** | **770,035** | (478,850) |
| **Total non-taxation revenue** | **874,319** | **1,495,711** | (621,392) |
| ***Total revenue*** | **882,895** | **1,502,011** | (619,116) |
|  |  |  |  |
| **Gains** |  |  |  |
| Reversals of previous asset write-downs and impairment5 | **1,200,266** | **-** | 1,200,266 |
| ***Total gains*** | **1,200,266** | **-** | 1,200,266 |
| **Total income** | **2,083,161** | **1,502,011** | 581,150 |
|  |  |  |  |
| **Net cost of (contribution by) services** | **27,889,199** | **30,962,246** | (3,073,047) |
| **Surplus (Deficit)** | **(27,889,199)** | **(30,962,246)** | 3,073,047 |
|  |  |  |  |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |
| **Items not subject to subsequent reclassification to net cost of services** |  |  |  |
| Changes in asset revaluation surplus | **904** | **-** | 904 |
| **Total other comprehensive income (loss)** | **904** | **-** | 904 |
|  |  |  |  |
| ***Total comprehensive income (loss)*** | **(27,888,295)** | **(30,962,246)** | 3,073,951 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Administered Schedule of Assets and Liabilities** | | | |
| *for the period ended 30 June 2015* | | | |
|  | **Actual** | **Budget Estimate** | |
|  |  | **Original** | Variance |
|  | **2015** | **2015** | 2015 |
|  | **$'000** | **$'000** | $'000 |
| **ASSETS** |  |  |  |
| **Financial assets** |  |  |  |
| Cash and cash equivalents | **26,528** | **15,999** | 10,529 |
| Trade and other receivables4,5 | **30,927,974** | **30,834,159** | 93,815 |
| Other investments6 | **2,149,930** | **2,037,519** | 112,411 |
| **Total financial assets** | **33,104,432** | **32,887,677** | 216,755 |
|  |  |  |  |
| **Non-financial assets** |  |  |  |
| Other non-financial assets | **-** | **-** | - |
| **Total non-financial assets** | **-** | **-** | - |
|  |  |  |  |
| **Total assets administered on behalf of Government** | **33,104,432** | **32,887,677** | 216,755 |
|  |  |  |  |
| **LIABILITIES** |  |  |  |
| **Payables** |  |  |  |
| Suppliers | **54,235** | **34,201** | 20,034 |
| Personal benefits3 | **-** | **1,081,816** | (1,081,816) |
| Grants | **36,246** | **61,749** | (25,503) |
| Other payables | **17,701** | **29,677** | (11,976) |
| **Total payables** | **108,182** | **1,207,443** | (1,099,261) |
|  |  |  |  |
| **Provisions** |  |  |  |
| Provision for grants5 | **6,068,013** | **7,078,686** | (1,010,673) |
| **Total provisions** | **6,068,013** | **7,078,686** | (1,010,673) |
|  |  |  |  |
| **Total liabilities administered on behalf of Government** | **6,176,195** | **8,286,129** | (2,109,934) |
|  |  |  |  |
| **Net assets (liabilities)** | **26,928,237** | **24,601,548** | 2,326,689 |

|  |
| --- |
| **Note 34D: Administered Major Budget Variances for 2015** |
|  |
|  |
| **Explanation of Major Variances** |
| 1. The 2014–15 Education Portfolio Budget Statements (PBS) contain the original financial statements budget estimates presented to Parliament in respect of the 2015 financial year. During the 2014–15 financial year following the Administrative Arrangement Orders (AAOs) of 23 December 2014, the department became the Department of Education and Training. As a result of the AAOs functions relating to Early Childhood Education and Care transferred to the Department of Social Services and functions relating to Skills and Training transferred from the Department of Industry and Science. |
| 2. The variances primarily relate to the settlement of balances following 2014–15 machinery of government changes. In addition the department received funding through the 2014–15 Portfolio Additional Estimates (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES). |
| 3. Variances primarily relate to the transfer of the Skills and Training functions from the Department of Industry and Science and the transfer of Early Childhood Education and Care to the Department of Social Services. |
| 4. The variance primarily relates to the Higher Education Loan Programme (HELP). The variance in HELP expenses is due to the Government’s decision not to proceed with applying indexation of outstanding debt at the 10 year Government bond rate and the downwards movement in the government bond yield curve which is used to calculate concessional loan expenses for existing debt. |
| 5. The variance relates primarily to changes to the Higher Education Superannuation programme following agreement with the New South Wales (NSW) Government that NSW will resume making payments to eligible NSW universities to meet its share of superannuation expenses. This agreement has resulted in a partial write back of the liability that has been wholly recognised by the Department, prior to this agreement. |
| 6. Due to the nature of the administered investments the external budget estimate does not incorporate predicted changes to the net asset position of entities. Changes to budget estimates are incorporated following the finalisation of agency financial statements. |