

**Department of Education, Employment and Workplace Relations**

**Financial Statements 2013-14**

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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# Department of Education, Employment and Workplace Relations

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1: Summary of Significant Accounting Policies

#### 1.1 Objectives of the department

The Department of Education, Employment and Workplace Relations (the department) was an Australian Government controlled entity. It was a not-for-profit entity. The department was abolished on 18 September 2013 following the issue of a new Administrative Arrangements Order (AAO).

The department provided advice to the Government and administered programmes to achieve the Government's objectives for education, employment and workplace relations. The department worked in partnership with the states and territories, non-government authorities, providers and industry.

The department was structured to meet the following outcomes:

Outcome 1: Early Childhood Education and Child Care

Outcome 2: School Education

Outcome 3: Employment

Outcome 4: Workplace Relations

Following the abolition of the department, Indigenous functions transferred to the Department of the Prime Minister and Cabinet; Student Assistance, Working Age Payments and the Disability Employment Services Programme transferred to the Department of Social Services. The remaining functions transferred to the newly created Department of Education and the Department of Employment.

The existence of the department was dependent on Government policy and on funding by Parliament for the department's administration and programmes. On abolition of the department, all remaining funding was transferred in line with functions.

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

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

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*. The statements show the activity of the department for the period 1 July 2013 up to its abolition on 18 September 2013. These statements are prepared on an going concern basis as the department's functions were transferred to other entities from the date of abolition as described in Note 1.1 above.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011;
- 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.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the department or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1.3 Significant Accounting Judgements and Estimates

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

During the 2013–14 financial year the department made the following judgements that had a significant impact on the amounts recorded in the financial statements.

#### Child Care Fee Assistance

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

At any point in time there are recipients entitled to receive CCFA, who have not yet received their full entitlement from the Australian Government. The department estimates a provision for these entitlements. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision as required by AASB 137 – *Provision, Contingent Liabilities and Contingent Assets*, para. 8.1. The provision calculates the current year and earlier years' liability for claims that have yet to be realised. The methodology considers the likely lodgement profiles associated with reconciliation top-ups, lump sum claims, and quarterly and fortnightly payments, including the impact of new measures.

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

### 1.4 New Australian Accounting Standards

#### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new standards, amended standards or interpretations that were issued by the Australian Accounting Standards Board prior to the sign off date are applicable to the current reporting period and have a material impact on the department:

|          |  |
|----------|--|
| AASB 13  | Fair Value Measurement – December 2012 (Principal) |
| AASB 119 | Employee Benefits – September 2011 (Principal)     |

### 1.5 Revenue

Revenue from the sale of goods is recognised when:

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

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

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

## **Department of Education, Employment and Workplace Relations**

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

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.

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

#### 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.

#### **1.6 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 1.7).

##### Sale of assets

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

#### **1.7 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 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.

##### Other distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

#### **1.8 Employee Benefits**

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within 12 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.

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 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 2012. 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) or the Australian Government Employees Superannuation Trust (AGEST).

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 18 September 2013 represents outstanding contributions for the final fortnight of the statement period.

## **1.9 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks 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 risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease 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.

## **1.10 Fair Value Measurement**

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

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1.11 Cash

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

- cash on hand
- demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value
- cash held by outsiders
- cash in special accounts.

### 1.12 Financial Assets

The department classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss
- available-for-sale financial assets
- loans and receivables.

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

#### Effective interest method

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

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

#### Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- have been acquired principally for the purpose of selling in the near future
- are parts of an identified portfolio of financial instruments that the department manages together and has a recent actual pattern of short-term profit-taking
- are derivatives that are not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

#### Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in profit or loss for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, these instruments are valued at cost. The department has no such instruments.

#### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Impairment of financial assets

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

- *Financial assets held at amortised cost* – If there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.
- *Available-for-sale financial assets* – If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.
- *Financial assets held at cost* – If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

### **1.13 Financial Liabilities**

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

#### Financial liabilities at fair value through profit or loss

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

#### Other financial liabilities

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

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

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

### **1.14 Contingent Liabilities and Contingent Assets**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and 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 Schedule of Contingencies. 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.

### **1.15 Financial Guarantee Contracts**

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

### **1.16 Acquisition of Assets**

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



**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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.

**1.17 Infrastructure, Plant and Equipment including Land and Buildings**

Asset recognition threshold

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

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to the restoration 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:

| <b>Asset Class</b>                         | <b>Fair value measurement</b> |
|--|-------------------------------|
| 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:

| <b>Asset Class</b>                  | <b>2014</b> | <b>2013</b> |
|-------------------------------------|-------------|-------------|
| Buildings on freehold land          | 37-51 years | 37-51 years |
| Buildings – leasehold improvements  | Lease term  | Lease term  |
| Infrastructure, plant and equipment | 3-25 years  | 3-25 years  |

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Impairment

All assets were assessed for impairment at 30 June 2013. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The department has relied upon this assessment for the reporting period at 18 September 2013.

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

### Derecognition

An item of 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

Equipment was brought to account as part of infrastructure, plant and equipment for the first time as at 18 September 2013.

#### **1.18 Intangibles**

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the department's software are 2–15 years (2013: 2–15 years).

All software assets were assessed for indications of impairment as at 30 June 2013. The department has relied upon this assessment for the reporting period at 18 September 2013.

#### **1.19 Taxation**

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

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

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

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1.20 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 Student Financial Supplement Scheme (ABSTUDY) are recognised at 30 June each year based on an actuarial assessment of the fair value. No actuarial assessment was undertaken at 18 September 2013.

#### *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.

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. Irrecoverable debts comprise amounts written off pursuant to section 1236 of the *Social Security Act 1991* and amounts waived pursuant to section 1237 of the *Social Security Act 1991*. In accordance with departmental guidelines for the operation of waivers under section 1237 of the *Social Security Act 1991*, where a debt is not likely to exceed a threshold amount and it is not cost effective for the Australian Government to recover the debt, the debt is waived.

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 programmes.

#### *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 2013. Fair value has been taken to be the Government's proportional interest in the net assets of the entities as at the end of the reporting period.

#### *Grants and subsidies*

The department administered 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

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

been performed or criteria satisfied.

Under the Federal Financial Framework agreed with Council of Australian Governments, 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. As a result the department reported payments made since the agreement came into effect as nation building transfers (Note 17D) for all payments made through state and territory governments.

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.

### *Personal Benefits*

The department administered a number of personal benefit programmes on behalf of the Government that provide income support, family assistance and other entitlements to individuals. Payments are determined in accordance with provisions under social security law and other legislation. Payments made under the *Social Security Act 1991*, *Social Security (Administration) Act 1999*, *A New Tax System (Family Assistance) Act 1999*, *A New Tax System (Family Assistance) (Administration) Act 1999* and *Student Assistance Act 1973* legislation are assessed, determined and paid by officers of the Department of Human Services (DHS) under delegation from the department.

Payments made by DHS appear in the financial statements of the department, which received appropriations for the payments.

The *Social Security (Administration) Act 1999*, *A New Tax System (Family Assistance) (Administration) Act 1999* and *Student Assistance Act 1973* imposes obligations on payment recipients to disclose to DHS information about financial and personal circumstances that affect entitlement to payment. Unreported changes in circumstances can lead to incorrect payment, even if deliberate fraud is not intended. However, risks associated with relying on voluntary disclosure are mitigated by a risk management strategy which focuses on prevention, detection and deterrence.

In addition, as part of its ongoing administration obligations DHS conducts a comprehensive program of reviews. Compliance reviews of payment recipient's circumstances contribute to the detection of overpayment and benefit fraud. Recipients are generally selected for compliance reviews based on risk categories and inconsistencies in income, assets or other data across DHS systems, or between DHS and data gathered through Job Services Australia, universities, or held by other agencies such as the Australian Taxation Office and financial institutions. DHS also undertakes reviews that are triggered by the length of time since a particular event has happened for a recipient. The department oversees a program of random sampling of recipients in order to identify emerging risks to payment accuracy.

### *Payments to CAC Act bodies*

Payments to Comcare 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.

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 2: Events After the Reporting Period

In accordance with the Administrative Arrangements Order of 18 September 2013, the department was abolished and its functions transferred to the Department of Education, the Department of Employment, the Department of the Prime Minister and Cabinet and the Department of Social Services. Refer to Note 10 Restructuring for details of the transfers.

During the financial year the High Court in *Williams v Commonwealth [2014] HCA 23* held that payments made under the National Schools Chaplaincy and Student Welfare program were invalid on the grounds that they were not supported by a Commonwealth constitutional head of power. Consequently, the payments so made became debts owed to the Commonwealth. However, the Minister for Finance, the Hon Mathias Cormann, after considering all relevant matters waived those debts under s34(1)(a) of the *Financial Management and Accountability Act 1997* on 19 June 2014. The amount waived was \$156.121 million, this included \$87.945 million paid by the Department of Education, Employment and Workplace Relations.

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 3: Expenses**

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b><u>Note 3A: Employee benefits</u></b>             |                |                |
| Wages and salaries                                   | 64,417         | 287,826        |
| Superannuation:                                      |                |                |
| Defined contribution plans                           | 5,032          | 22,857         |
| Defined benefit plans                                | 10,269         | 44,374         |
| Leave and other entitlements                         | 11,489         | 64,826         |
| Separations and redundancies                         | 182            | 639            |
| Other employee expenses                              | 525            | 2,706          |
| <b>Total employee benefits</b>                       | <b>91,914</b>  | <b>423,228</b> |
| <b><u>Note 3B: Supplier expenses</u></b>             |                |                |
| <b>Goods and services supplied or rendered</b>       |                |                |
| Consultants  | 3,559          | 23,148         |
| Contractors  | 1,955          | 17,657         |
| Travel   | 1,036          | 8,695          |
| IT services  | 7,414          | 42,580         |
| Property   | 1,821          | 11,402         |
| Resources received free of charge                    | 504            | 1,610          |
| Other  | 2,890          | 20,911         |
| <b>Total goods and services supplied or rendered</b> | <b>19,179</b>  | <b>126,003</b> |
| <b>Goods and services are made up of:</b>            |                |                |
| Provision of goods – related entities                | 3              | 52             |
| Provision of goods – external parties                | 339            | 2,568          |
| Rendering of services – related entities             | 1,436          | 7,948          |
| Rendering of services – external parties             | 17,401         | 115,435        |
| <b>Total goods and services supplied or rendered</b> | <b>19,179</b>  | <b>126,003</b> |
| <b>Other supplier expenses</b>                       |                |                |
| Operating lease rentals – external parties:          |                |                |
| Minimum lease repayments                             | 11,954         | 51,884         |
| Contingent rentals                                   | 64             | 297            |
| Workers compensation expenses                        | 955            | 6,326          |
| <b>Total other supplier expenses</b>                 | <b>12,973</b>  | <b>58,507</b>  |
| <b>Total supplier expenses</b>                       | <b>32,152</b>  | <b>184,510</b> |
| <b><u>Note 3C: Grants</u></b>                        |                |                |
| Public sector  |                |                |
| Australian Government entities (related entities)    | 83             | 93             |
| Private sector                                       |                |                |
| Non-profit organisations                             | 859            | 1,100          |
| Other  | 85             | 1,720          |
| <b>Total grants</b>                                  | <b>1,027</b>   | <b>2,913</b>   |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b><u>Note 3D: Depreciation and amortisation</u></b>                    |                |                |
| <b>Depreciation</b>   |                |                |
| Infrastructure, plant and equipment                                     | 2,712          | 12,336         |
| Buildings   | 17             | 83             |
| Leasehold improvements  | 3,180          | 18,147         |
| <b>Total depreciation</b>   | <b>5,909</b>   | <b>30,566</b>  |
| <b>Amortisation</b>   |                |                |
| Intangibles:  |                |                |
| Computer software   | 8,275          | 30,173         |
| <b>Total amortisation</b>   | <b>8,275</b>   | <b>30,173</b>  |
| <b>Total depreciation and amortisation</b>                              | <b>14,184</b>  | <b>60,739</b>  |
| <b><u>Note 3E: Finance costs</u></b>                                    |                |                |
| Unwinding of discount on provision for restoration obligations          | 14             | 119            |
| <b>Total finance costs</b>  | <b>14</b>      | <b>119</b>     |
| <b><u>Note 3F: Write-down and impairment of assets</u></b>              |                |                |
| Write-off of receivables - goods and services                           | -              | 18             |
| Impairment of intangibles   | -              | 650            |
| Write-off of non-financial assets – infrastructure, plant and equipment | 17             | 253            |
| Write-off of non-financial assets – land and buildings                  | -              | 228            |
| <b>Total write-down and impairment of assets</b>                        | <b>17</b>      | <b>1,149</b>   |
| <b><u>Note 3G: Losses from asset sales</u></b>                          |                |                |
| <b>Infrastructure, plant and equipment</b>                              |                |                |
| Proceeds from sale  | (6)            | (26)           |
| Carrying value of assets sold   | 19             | 314            |
| <b>Net loss from infrastructure, plant and equipment</b>                | <b>13</b>      | <b>288</b>     |
| <b>Total losses from asset sales</b>                                    | <b>13</b>      | <b>288</b>     |

**Department of Education, Employment and Workplace Relations  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 4: Own- Source Income**

|  | <b>2014</b>   | 2013   |
|--|---------------|--------|
|  | <b>\$'000</b> | \$'000 |

**Note 4A: Sale of goods and rendering of services**

|   |                     |                      |
|---|---------------------|----------------------|
| Provision of goods - external parties                       | 2                   | 7                    |
| Rendering of services - related entities                    | 6,656               | 40,469               |
| Rendering of services - external parties                    | 788                 | 4,654                |
| <b><i>Total sale of goods and rendering of services</i></b> | <b><u>7,446</u></b> | <b><u>45,130</u></b> |

**Gains**

**Note 4B: Sale of Assets**

**Land and buildings**

|  |                 |                  |
|--|-----------------|------------------|
| Proceeds from sale                                     | -               | 302              |
| Carrying value of assets sold                          | -               | (256)            |
| <b><i>Net gain from sale of land and buildings</i></b> | <b><u>-</u></b> | <b><u>46</u></b> |
| <b><i>Net gain from sale of assets</i></b>             | <b><u>-</u></b> | <b><u>46</u></b> |

**Note 4C: Reversals of previous asset write-downs and impairment**

|   |                 |                 |
|---|-----------------|-----------------|
| Reversal of impairment losses   | -               | 5               |
| <b><i>Total reversals of previous asset write-downs and impairments</i></b> | <b><u>-</u></b> | <b><u>5</u></b> |

**Note 4D: Other gains**

|  |                   |                     |
|--|-------------------|---------------------|
| Resources received free of charge                                | 504               | 1,610               |
| Gain on write back of restoration provision                      | -                 | 1,446               |
| First time recognition of assets – property, plant and equipment | 26                | 56                  |
| First time recognition of assets – portable and attractive items | -                 | 3                   |
| Other  | 318               | 1,435               |
| <b><i>Total other gains</i></b>                                  | <b><u>848</u></b> | <b><u>4,550</u></b> |

**REVENUE FROM GOVERNMENT**

**Note 4E: Revenue from Government**

|   |                       |                       |
|---|-----------------------|-----------------------|
| Appropriations:                             |                       |                       |
| Departmental appropriations                 | <b><u>347,040</u></b> | <b><u>563,881</u></b> |
| <b><i>Total revenue from Government</i></b> | <b><u>347,040</u></b> | <b><u>563,881</u></b> |



**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 5: 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 as follows:

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 5A: Fair Value Measurement**

Fair value measurements at the end of the reporting period by hierarchy for non-financial assets as at 18 September 2013

|   | Fair value measurements at the end of the reporting period using |                          |                          |                          |
|---|--|--------------------------|--------------------------|--------------------------|
|   | Fair value<br>\$'000   | Level 1 inputs<br>\$'000 | Level 2 inputs<br>\$'000 | Level 3 inputs<br>\$'000 |
| <b>Non-financial assets</b>   |  |                          |                          |                          |
| Land and buildings  | 3,834  | -                        | 3,834                    | -                        |
| Leasehold improvements  | 78,678   | -                        | 445                      | 78,233                   |
| Other property, plant and equipment   | 29,577   | -                        | 9,027                    | 20,550                   |
| <b>Total non-financial assets</b>   | <b>112,089</b>   | <b>-</b>                 | <b>13,306</b>            | <b>98,783</b>            |
| <b>Total fair value measurements of assets in statement of financial position<sup>1</sup></b>       | <b>112,089</b>   | <b>-</b>                 | <b>13,306</b>            | <b>98,783</b>            |
| <b>Assets not measured at fair value in the statement of financial position</b>                     |  |                          |                          |                          |
| <b>Total non-financial assets not measured at fair value in the statement of financial position</b> | <b>-</b>   | <b>-</b>                 | <b>-</b>                 | <b>-</b>                 |

<sup>1</sup> The department did not measure any non-financial assets at fair value on a non-recurring basis as at 18 September 2013. The department has a number of assets and liabilities not measured at fair value in the statement of financial position. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

**Fair value measurement – highest and best use for non-financial assets**

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.

There have been no transfers between levels of the hierarchy during the year.

The department's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 5B: Valuation technique and inputs for Level 2 and Level 3 fair value measurements**

|                                     | Category<br>(Level 2 or<br>Level 3) | Fair Value<br>\$'000 | Valuation<br>technique(s) <sup>1</sup> | Inputs used   | Range (weighted<br>average) <sup>2</sup>                    |
|-------------------------------------|-------------------------------------|----------------------|--|---|---|
| <b>Non-financial assets</b>         |                                     |                      |  |   |   |
| Leasehold improvements              | 2                                   | 445                  | Replacement Cost                       | Replacement Cost (price per sqm)  |   |
| Leasehold improvements              | 3                                   | 77,029               | Depreciated Replacement Cost (DRC)     | Replacement Cost (price per sqm)<br>Useful Life (consumed economic benefit/ obsolescence of asset)  | 4.3%-33.3%<br>(8.0%) per annum                              |
| Leasehold improvements (make good)  | 3                                   | 1,204                | Net Present Value                      | Current obligation costs (price per sqm), discount rate, indexation rates   | \$85 - \$200,<br>3.75% - 4.24%<br>(3.98%),<br>1.41% - 1.90% |
| Land and buildings                  | 2                                   | 3,834                | Market Approach                        | Adjusted market transactions  |   |
| Other property, plant and equipment | 2                                   | 9,027                | Market Approach                        | Adjusted market transactions  |   |
| Other property, plant and equipment | 3                                   | 20,550               | Depreciated Replacement Cost (DRC)     | Replacement Cost New (size, capacity, use, configuration, style, type)<br>Useful life<br>Useful Life (consumed economic benefit/ obsolescence of asset) | 6.7% - 33.3%<br>(15.6%) per annum                           |

<sup>1</sup> There have been no changes to valuation techniques.

<sup>2</sup> Significant unobservable inputs only. Not applicable for assets or liabilities in the level 2 category.

**Recurring and non-recurring Level 3 fair value measurements – valuation processes**

The Australian Valuation Office provided a comprehensive valuation of all departmental non-financial assets as at 30 June 2012. The department has a policy of testing the currency of the valuation of various asset classes at least once every 12 months and to obtain a comprehensive valuation at least once every three years. The entity has engaged the Australian Valuation Solutions (AVS) to provide written assurance that the methodology developed by the department has complied with the requirements of the new *AASB 13 Fair Value Measurements* from 1 July 2013.

The AVS provided written assurance to the department that the models developed are in compliance with AASB 13.

There is no change in the valuation technique since the prior year.

There were no significant inter-relationships between unobservable inputs that materially affect the fair value.

## **Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Significant Level 3 inputs used by the department are derived and evaluated as follows:

### **Leasehold Improvements – Depreciated Replacement Cost Valuation**

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured using the Depreciated Replacement Cost (DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take account of its economic useful life and obsolescence (accumulated depreciation). The economic useful lives and asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

### **Leasehold Improvements – Current Restoration Costs, Indexation Rates and Discount Rate**

Applicable make good provisions have been determined in accordance with Australian Accounting Guidance Note 2010/1 Accounting for Decommissioning, Restoration and Similar Provisions ('Make Good'). Current restoration costs have been established based on analysed transactions, costing publications and industry sources. Current restoration costs have been indexed to the obligation date (generally the expiry of the lease term) using industry building cost indexes relevant to the asset's location and then discounted where the time value of money is material using the Australian Government 10 year bond rate. The estimated provision is depreciated in line with the corresponding leasehold improvement asset.

### **Other Property, Plant and Equipment – Depreciated Replacement Cost Valuation**

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured using the DRC approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take account of its economic useful life and obsolescence (accumulated depreciation). The economic useful lives and asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

### **Recurring Level 3 fair value measurements – sensitivity of inputs**

#### **Leasehold Improvements, Other Property, Plant and Equipment – Depreciated Replacement Cost Valuation**

The significant unobservable inputs used in the fair value measurement of department's leasehold improvements and property, plant and equipment asset classes relate to the economic useful life and asset obsolescence (accumulated depreciation). A significant increase (decrease) in this input would result in a significant lower (higher) fair value measurement. The expected economic useful life may be greater than the department's useful life for assets and this can contribute to the uncertainty of the unobservable inputs.

#### **Leasehold Improvements – Current Restoration Costs, Indexation Rates and Discount Rate**

The significant unobservable inputs used in the fair value measurement of the department's leasehold restoration cost (make good) asset class relate to the current restoration costs, escalation rates and discount rates. A significant increase (decrease) in this cost and (or) escalation rate and decrease (increase) in the discount rate would result in a significantly higher (lower) fair value measurement.

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 5C: Reconciliation for recurring Level 3 fair value measurements**

Recurring Level 3 fair value measurements - reconciliation for assets

|   | Non-financial assets |                               |                        |                |
|---|----------------------|-------------------------------|------------------------|----------------|
|   | Land and buildings   | Property, plant and equipment | Leasehold improvements | Total          |
|   | 2014<br>\$'000       | 2014<br>\$'000                | 2014<br>\$'000         | 2014<br>\$'000 |
| <b>Opening balance<sup>1</sup></b>  | -                    | 21,502                        | 81,327                 | 102,829        |
| Total gains/(losses) in net cost of services <sup>2</sup>   | -                    | (1,576)                       | (3,180)                | (4,756)        |
| Purchases   | -                    | 623                           | 86                     | 709            |
| Sales   | -                    | -                             | -                      | -              |
| Write-offs  | -                    | -                             | -                      | -              |
| Settlements   | -                    | -                             | -                      | -              |
| Transfers into Level 3 <sup>3</sup>   | -                    | -                             | -                      | -              |
| Transfers out of Level 3 <sup>4</sup>   | -                    | -                             | -                      | -              |
| <b>Closing balance</b>  | -                    | 20,549                        | 78,233                 | 98,782         |
| <b>Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period<sup>5</sup></b> | -                    | -                             | -                      | -              |

<sup>1</sup> Opening balance as determined in accordance with AASB 13.

<sup>2</sup> The presentation of these gains/(losses) in the Statement of Comprehensive Income under depreciation.

<sup>3</sup> There have been no transfers between levels of the hierarchy during the year.

<sup>4</sup> There have been no transfers between levels of the hierarchy during the year.

<sup>5</sup> The presentation of unrealised gains/(losses) in the Statement of Comprehensive Income under other comprehensive income.

The department's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6: Financial Assets**

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b><u>Note 6A: Cash and cash equivalents</u></b>                  |                |                |
| Cash on hand or on deposit  | 4,613          | 21,569         |
| <b>Total cash and cash equivalents</b>                            | <b>4,613</b>   | <b>21,569</b>  |
| <b><u>Note 6B: Trade and other receivables</u></b>                |                |                |
| <b>Goods and Services receivable in connection with</b>           |                |                |
| Related parties   | 12,549         | 3,575          |
| External parties  | 2,269          | 2,636          |
| <b>Total goods and services receivables</b>                       | <b>14,818</b>  | <b>6,211</b>   |
| <b>Appropriations receivable</b>                                  |                |                |
| Existing programmes   | 337,416        | 84,337         |
| <b>Total appropriations receivable</b>                            | <b>337,416</b> | <b>84,337</b>  |
| <b>Other receivables</b>  |                |                |
| GST receivable from the Australian Taxation Office                | 370            | 3,798          |
| <b>Total other receivables</b>                                    | <b>370</b>     | <b>3,798</b>   |
| <b>Total trade and other receivables (gross)</b>                  | <b>352,604</b> | <b>94,346</b>  |
| <b>Less impairment allowance</b>                                  |                |                |
| Goods and services  | -              | -              |
| <b>Total impairment allowance</b>                                 | <b>-</b>       | <b>-</b>       |
| <b>Total trade and other receivables (net)</b>                    | <b>352,604</b> | <b>94,346</b>  |
| <b>Trade and other receivables (net) expected to be recovered</b> |                |                |
| No more than 12 months  | 352,604        | 94,346         |
| More than 12 months   | -              | -              |
| <b>Total trade and other receivables (net)</b>                    | <b>352,604</b> | <b>94,346</b>  |
| <b>Trade and other receivables (gross) aged as follows</b>        |                |                |
| Not overdue   | 345,874        | 93,492         |
| Overdue by  |                |                |
| 0 to 30 days  | 4,087          | 152            |
| 31 to 60 days   | 1,996          | 81             |
| 61 to 90 days   | 225            | 53             |
| More than 90 days   | 422            | 568            |
| <b>Total trade and other receivables (gross)</b>                  | <b>352,604</b> | <b>94,346</b>  |
| <b>The impairment allowance aged as follows</b>                   |                |                |
| Not overdue   | -              | -              |
| Overdue by:   |                |                |
| 0 to 30 days  | -              | -              |
| 31 to 60 days   | -              | -              |
| 61 to 90 days   | -              | -              |
| More than 90 days   | -              | -              |
| <b>Total impairment allowance</b>                                 | <b>-</b>       | <b>-</b>       |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Reconciliation of the Impairment Allowance**

**Movements in relation to 2014**

|   | Goods and<br>services<br>\$'000 | Total<br>\$'000 |
|---|---------------------------------|-----------------|
| <b>Opening balance</b>                        | -                               | -               |
| Amounts written off                           | -                               | -               |
| Amounts recovered and reversed                | -                               | -               |
| Increase/(decrease) recognised in net surplus | -                               | -               |
| <b>Closing balance</b>                        | -                               | -               |

**Movements in relation to 2013**

|   | Goods and<br>services<br>\$'000 | Total<br>\$'000 |
|---|---------------------------------|-----------------|
| <b>Opening balance</b>                        | (5)                             | (5)             |
| Amounts written off                           | (18)                            | (18)            |
| Amounts recovered and reversed                | 18                              | 18              |
| Increase/(decrease) recognised in net surplus | 5                               | 5               |
| <b>Closing balance</b>                        | -                               | -               |

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Note 6C: Other financial assets</b>                 |                |                |
| Accrued revenue  | 6,343          | 14,326         |
| <b>Total other financial assets</b>                    | <b>6,343</b>   | <b>14,326</b>  |
| <b>Other financial assets expected to be recovered</b> |                |                |
| No more than 12 months                                 | 6,343          | 14,326         |
| More than 12 months                                    | -              | -              |
| <b>Total other financial assets</b>                    | <b>6,343</b>   | <b>14,326</b>  |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 7: Non-Financial Assets**

|   | <b>2014</b>          | 2013                 |
|---|----------------------|----------------------|
|   | <b>\$'000</b>        | \$'000               |
| <b><u>Note 7A: Land and buildings</u></b> |                      |                      |
| <b>Land</b>                               |                      |                      |
| Freehold land at fair value               | <u>1,910</u>         | <u>1,910</u>         |
| <b>Total land</b>                         | <b><u>1,910</u></b>  | <b><u>1,910</u></b>  |
| <b>Buildings on freehold land:</b>        |                      |                      |
| Fair value                                | <b>2,020</b>         | 2,020                |
| Accumulated depreciation                  | <u>(96)</u>          | <u>(79)</u>          |
| <b>Total buildings on freehold land</b>   | <b><u>1,924</u></b>  | <b><u>1,941</u></b>  |
| <b>Leasehold improvements:</b>            |                      |                      |
| Work in progress                          | <b>445</b>           | 275                  |
| Fair value                                | <b>97,240</b>        | 97,154               |
| Accumulated depreciation                  | <b>(18,302)</b>      | (15,122)             |
| Accumulated impairment losses             | <b>(705)</b>         | (705)                |
| <b>Total leasehold improvements</b>       | <b><u>78,678</u></b> | <b><u>81,602</u></b> |
| <b>Total land and buildings</b>           | <b><u>82,512</u></b> | <b><u>85,453</u></b> |

There are three residential properties to be sold within the next 12 months. The properties have a net book value of \$1,353,731 as at 18 September 2013.

There are two 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 was \$242,103 as at 18 September 2013.

The impairment loss of \$704,536 was first recognised in 2011-12 for one property associated with surplus lease space.

**Note 7B: Infrastructure, plant and equipment**

|  |                      |                      |
|--|----------------------|----------------------|
| Fair value                                       | <b>46,156</b>        | 45,273               |
| Accumulated depreciation                         | <u>(16,579)</u>      | <u>(13,983)</u>      |
| <b>Total infrastructure, plant and equipment</b> | <b><u>29,577</u></b> | <b><u>31,290</u></b> |

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.

No revaluation increments for land (2013: nil), buildings on freehold land (2013: nil) and leasehold improvements (2013: nil) or decrements for infrastructure, plant and equipment (2013: nil) were credited to the asset revaluation surplus by asset class and included in the equity section of the balance sheet; no increments/decrements were expensed (2013: nil).

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 7C: Reconciliation of the opening and closing balances of property, plant and equipment (2013-14)**

|   | Land<br>\$'000 | Buildings<br>\$'000 | Leasehold<br>improvements<br>\$'000 | Total land and<br>buildings<br>\$'000 | Other<br>property,<br>plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|---|----------------|---------------------|-------------------------------------|---------------------------------------|--|-----------------|
| <b>As at 1 July 2013</b>  |                |                     |                                     |                                       |  |                 |
| Gross book value  | 1,910          | 2,020               | 97,429                              | 101,359                               | 45,273   | 146,632         |
| Accumulated depreciation and impairment                               | -              | (79)                | (15,827)                            | (15,906)                              | (13,983)   | (29,889)        |
| <b>Total as at 1 July 2013</b>  | <b>1,910</b>   | <b>1,941</b>        | <b>81,602</b>                       | <b>85,453</b>                         | <b>31,290</b>  | <b>116,743</b>  |
| Additions   |                |                     |                                     |                                       |  |                 |
| By purchase   | -              | -                   | 256                                 | 256                                   | 1,009  | 1,265           |
| By lease incentive  | -              | -                   | -                                   | -                                     | -  | -               |
| First time recognition  | -              | -                   | -                                   | -                                     | 26   | 26              |
| Leasehold restoration   | -              | -                   | -                                   | -                                     | -  | -               |
| Reclassification  | -              | -                   | -                                   | -                                     | -  | -               |
| Revaluations and impairments recognised in other comprehensive income | -              | -                   | -                                   | -                                     | -  | -               |
| Impairments recognised in net cost of services                        | -              | -                   | -                                   | -                                     | (17)   | (17)            |
| Depreciation  | -              | (17)                | (3,180)                             | (3,197)                               | (2,712)  | (5,909)         |
| Other movements   | -              | -                   | -                                   | -                                     | -  | -               |
| Correction of Prior Year Revaluation Error (through ARR)              | -              | -                   | -                                   | -                                     | -  | -               |
| Disposals   |                |                     |                                     |                                       |  |                 |
| From disposal of entities or operations (including restructuring)     | -              | -                   | -                                   | -                                     | -  | -               |
| Other   | -              | -                   | -                                   | -                                     | (19)   | (19)            |
| Write-offs  | -              | -                   | -                                   | -                                     | -  | -               |
| <b>Total as at 18 September 2013</b>                                  | <b>1,910</b>   | <b>1,924</b>        | <b>78,678</b>                       | <b>82,512</b>                         | <b>29,577</b>  | <b>112,089</b>  |
| <b>Total as at 18 September 2013 represented by</b>                   |                |                     |                                     |                                       |  |                 |
| Gross book value  | 1,910          | 2,020               | 97,685                              | 101,615                               | 46,156   | 147,771         |
| Accumulated depreciation and impairment                               | -              | (96)                | (19,007)                            | (19,103)                              | (16,579)   | (35,682)        |
| <b>Total as at 18 September 2013</b>                                  | <b>1,910</b>   | <b>1,924</b>        | <b>78,678</b>                       | <b>82,512</b>                         | <b>29,577</b>  | <b>112,089</b>  |



**Department of Education, Employment and Workplace Relations**  
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**Note 7C: Reconciliation of the opening and closing balances of property, plant and equipment (2012-13)**

|   | Land<br>\$'000 | Buildings<br>\$'000 | Leasehold<br>improvements<br>\$'000 | Total land and<br>buildings<br>\$'000 | Other<br>property,<br>plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|---|----------------|---------------------|-------------------------------------|---------------------------------------|--|-----------------|
| <b>As at 1 July 2012</b>  |                |                     |                                     |                                       |  |                 |
| Gross book value  | 1,960          | 2,210               | 102,068                             | 106,238                               | 40,469   | 146,707         |
| Accumulated depreciation and impairment                               | -              | -                   | (1,378)                             | (1,378)                               | (3,527)  | (4,905)         |
| <b>Total as at 1 July 2012</b>  | <b>1,960</b>   | <b>2,210</b>        | <b>100,690</b>                      | <b>104,860</b>                        | <b>36,942</b>  | <b>141,802</b>  |
| Additions   |                |                     |                                     |                                       |  |                 |
| By purchase   | -              | -                   | 1,341                               | 1,341                                 | 7,196  | 8,537           |
| By lease incentive  | -              | -                   | -                                   | -                                     | -  | -               |
| First time recognition  | -              | -                   | -                                   | -                                     | 56   | 56              |
| Leasehold restoration   | -              | -                   | 780                                 | 780                                   | -  | 780             |
| Reclassification  | -              | -                   | -                                   | -                                     | -  | -               |
| Revaluations and impairments recognised in other comprehensive income | -              | -                   | -                                   | -                                     | -  | -               |
| Impairments recognised in net cost of services                        | -              | -                   | -                                   | -                                     | -  | -               |
| Depreciation  | -              | (83)                | (18,147)                            | (18,230)                              | (12,336)   | (30,566)        |
| Other movements   | -              | -                   | -                                   | -                                     | -  | -               |
| Correction of Prior Year Revaluation Error (through ARR)              | -              | -                   | (1,039)                             | (1,039)                               | -  | (1,039)         |
| Disposals   |                |                     |                                     |                                       |  |                 |
| From disposal of entities or operations (including restructuring)     | -              | -                   | (1,774)                             | (1,774)                               | (3)  | (1,777)         |
| Other   | (50)           | (186)               | (21)                                | (257)                                 | (313)  | (570)           |
| Write-offs  | -              | -                   | (228)                               | (228)                                 | (253)  | (481)           |
| <b>Total as at 30 June 2013</b>                                       | <b>1,910</b>   | <b>1,941</b>        | <b>81,602</b>                       | <b>85,453</b>                         | <b>31,290</b>  | <b>116,743</b>  |
| <b>Total as at 30 June 2013 represented by</b>                        |                |                     |                                     |                                       |  |                 |
| Gross book value  | 1,910          | 2,020               | 97,429                              | 101,359                               | 45,273   | 146,632         |
| Accumulated depreciation and impairment                               | -              | (79)                | (15,827)                            | (15,906)                              | (13,983)   | (29,889)        |
| <b>Total as at 30 June 2013</b>                                       | <b>1,910</b>   | <b>1,941</b>        | <b>81,602</b>                       | <b>85,453</b>                         | <b>31,290</b>  | <b>116,743</b>  |

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|   | 2014           | 2013           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| <b><u>Note 7D: Intangibles</u></b>              |                |                |
| Computer software                               |                |                |
| Internally developed – in progress              | 7,340          | 19,944         |
| Internally developed – in use                   | 240,342        | 221,132        |
| Purchased                                       | 3,728          | 3,728          |
| <b>Total computer software (gross)</b>          | <b>251,410</b> | <b>244,804</b> |
| Accumulated amortisation – internally developed | (137,296)      | (129,040)      |
| Accumulated amortisation – purchased            | (3,421)        | (3,402)        |
| <b>Total computer software (net)</b>            | <b>110,693</b> | <b>112,362</b> |
| <b>Total intangibles</b>                        | <b>110,693</b> | <b>112,362</b> |

No indicators of impairment were found for intangible assets.

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

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**Note 7E: Reconciliation of the opening and closing Balances of intangibles (2013-14)**

|   | Computer<br>software<br>internally<br>developed<br>\$'000 | Computer<br>software<br>purchased<br>\$'000 | Total<br>\$'000 |
|---|---|---|-----------------|
| <b>As at 1 July 2013</b>  |   |   |                 |
| Gross book value  | 241,076   | 3,728                                       | 244,804         |
| Accumulated amortisation and impairment                               | (129,040)   | (3,402)                                     | (132,442)       |
| <b>Total as at 1 July 2013</b>  | <b>112,036</b>  | <b>326</b>                                  | <b>112,362</b>  |
| <b>Additions</b>  |   |   |                 |
| By Purchase   | -   | -   | -               |
| Internally developed  | 6,606   | -   | 6,606           |
| Revaluations and impairments recognised in other comprehensive income | -   | -   | -               |
| Impairments recognised in net cost of services                        | -   | -   | -               |
| Amortisation  | (8,256)   | (19)  | (8,275)         |
| Disposals   |   |   | -               |
| From disposal of entities or operations (including restructuring)     | -   | -   | -               |
| Other   | -   | -   | -               |
| Write-offs  | -   | -   | -               |
| <b>Total as at 18 September 2013</b>                                  | <b>110,386</b>  | <b>307</b>                                  | <b>110,693</b>  |
| <b>Total as at 18 September 2013 represented by</b>                   |   |   |                 |
| Gross book value  | 247,682   | 3,728                                       | 251,410         |
| Accumulated amortisation and impairment                               | (137,296)   | (3,421)                                     | (140,717)       |
| <b>Total as at 18 September 2013</b>                                  | <b>110,386</b>  | <b>307</b>                                  | <b>110,693</b>  |

There were no write offs of internally developed software or purchased software.

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**Note 7E: Reconciliation of the opening and closing balances of intangibles (2012-13)**

|   | Computer<br>software<br>internally<br>developed<br>\$'000 | Computer<br>software<br>purchased<br>\$'000 | Total<br>\$'000 |
|---|---|---|-----------------|
| <b>As at 1 July 2012</b>  |   |   |                 |
| Gross book value  | 208,253   | 3,381                                       | 211,634         |
| Accumulated amortisation and impairment                           | (101,918)   | (3,333)                                     | (105,251)       |
| <b>Total as at 1 July 2012</b>                                    | <b>106,335</b>  | <b>48</b>                                   | <b>106,383</b>  |
| Additions   |   |   |                 |
| Purchased   | -   | 347   | 347             |
| Internally developed  | 36,455  | -   | 36,455          |
| Impairments recognised in net cost of services                    | (650)   | -   | (650)           |
| Amortisation  | (30,104)  | (69)  | (30,173)        |
| Disposals   |   |   |                 |
| From disposal of entities or operations (including restructuring) | -   | -   | -               |
| Write-offs  | -   | -   | -               |
| <b>Total as at 30 June 2013</b>                                   | <b>112,036</b>  | <b>326</b>                                  | <b>112,362</b>  |
| <b>Total as at 30 June 2013 represented by</b>                    |   |   |                 |
| Gross book value  | 241,076   | 3,728                                       | 244,804         |
| Accumulated amortisation and impairment                           | (129,040)   | (3,402)                                     | (132,442)       |
| <b>Total as at 30 June 2013</b>                                   | <b>112,036</b>  | <b>326</b>                                  | <b>112,362</b>  |

In the 2012–13 financial year write offs of \$2.841 million were carried out for internally developed software. There were no write offs of purchased software.

**Department of Education, Employment and Workplace Relations  
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|  | <b>2014</b>          | 2013                 |
|--|----------------------|----------------------|
|  | <b>\$'000</b>        | \$'000               |
| <b><u>Note 7F: Other non-financial assets</u></b>          |                      |                      |
| Prepayments  | <u>27,039</u>        | <u>23,716</u>        |
| <b><i>Total other non-financial assets</i></b>             | <b><u>27,039</u></b> | <b><u>23,716</u></b> |
| <b>Other non-financial assets expected to be recovered</b> |                      |                      |
| No more than 12 months                                     | <b>24,231</b>        | 20,614               |
| More than 12 months  | <u>2,808</u>         | <u>3,102</u>         |
| <b><i>Total other non-financial assets</i></b>             | <b><u>27,039</u></b> | <b><u>23,716</u></b> |

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

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 8: Payables**

|   | 2014          | 2013          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b><u>Note 8A: Suppliers</u></b>        |               |               |
| Trade creditors and accruals            | 3,467         | 28,140        |
| Operating lease rentals                 | 9,930         | 9,777         |
| <b>Total suppliers</b>                  | <b>13,397</b> | <b>37,917</b> |
| <b>Suppliers expected to be settled</b> |               |               |
| No more than 12 months                  | 3,610         | 28,367        |
| More than 12 months                     | 9,787         | 9,550         |
| <b>Total suppliers</b>                  | <b>13,397</b> | <b>37,917</b> |
| <b>Suppliers in connection with</b>     |               |               |
| Related parties                         | 704           | 2,195         |
| External parties                        | 12,693        | 35,722        |
| <b>Total suppliers</b>                  | <b>13,397</b> | <b>37,917</b> |

Settlement is usually made within 30 days.

**Note 8B: Other payables**

|  |               |               |
|--|---------------|---------------|
| Wages and salaries                           | 8,678         | 10,380        |
| Superannuation                               | 3,307         | 1,779         |
| Separations and redundancies                 | -             | 280           |
| Other employee benefits                      | 91            | 313           |
| Lease incentives                             | 25,420        | 26,325        |
| Unearned income                              | 574           | 717           |
| Payable to the Official Public Account       | 1             | 1             |
| Accrued expenses                             | 4,132         | 9,738         |
| Surplus lease space                          | 2,450         | 2,763         |
| <b>Total other payables</b>                  | <b>44,653</b> | <b>52,296</b> |
| <b>Other payables expected to be settled</b> |               |               |
| No more than 12 months                       | 21,185        | 30,150        |
| More than 12 months                          | 23,468        | 22,146        |
| <b>Total other payables</b>                  | <b>44,653</b> | <b>52,296</b> |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 9: Provisions**

|   | 2014<br>\$'000        | 2013<br>\$'000        |
|---|-----------------------|-----------------------|
| <b><u>Note 9A: Employee provisions</u></b>        |                       |                       |
| Leave   | <u>130,302</u>        | <u>131,932</u>        |
| <b>Total employee provisions</b>                  | <b><u>130,302</u></b> | <b><u>131,932</u></b> |
| <b>Employee provisions expected to be settled</b> |                       |                       |
| No more than 12 months                            | 39,666                | 40,046                |
| More than 12 months                               | <u>90,636</u>         | <u>91,886</u>         |
| <b>Total employee provisions</b>                  | <b><u>130,302</u></b> | <b><u>131,932</u></b> |
| <b><u>Note 9B: Other provisions</u></b>           |                       |                       |
| Provision for restoration obligations             | 2,026                 | 2,058                 |
| Provision for legal obligations                   | <u>1,364</u>          | <u>1,364</u>          |
| <b>Total other provisions</b>                     | <b><u>3,390</u></b>   | <b><u>3,422</u></b>   |
| <b>Other provisions expected to be settled</b>    |                       |                       |
| No more than 12 months                            | 186                   | 1,550                 |
| More than 12 months                               | <u>3,204</u>          | <u>1,872</u>          |
| <b>Total other provisions</b>                     | <b><u>3,390</u></b>   | <b><u>3,422</u></b>   |

|  | Provision for<br>restoration<br>obligations<br>\$'000 | Provision for<br>legal<br>obligations<br>\$'000 | Total<br>\$'000 |
|--|---|---|-----------------|
| <b>As at 1 July 2013</b>                         | <b>2,058</b>  | <b>1,364</b>                                    | <b>3,422</b>    |
| Additional provisions made                       | -   | -   | -               |
| Amounts reversed                                 | -   | -   | -               |
| Amounts used                                     | -   | -   | -               |
| Unwinding of discount or change in discount rate | (32)  | -   | (32)            |
| Adjustments to asset revaluation reserve         | -   | -   | -               |
| <b>Total as at 18 September 2013</b>             | <b>2,026</b>  | <b>1,364</b>                                    | <b>3,390</b>    |

The department currently has five (2013: 5) agreements for the leasing of premises which have provisions requiring the department to restore the premises to their original condition at the conclusion of the lease. The department has made a provision to reflect the present value of this obligation.

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 10: Restructuring**

**Note 10A: Departmental restructuring**

| Function                                   | 2014  |                                       |   |   | 2013   |   |
|--|---|---------------------------------------|---|---|--|---|
|  | Education including: Early Childhood Education and Care and Schools and Youth | Employment and Workplace Relations    | Education and Employment functions as they relate to Indigenous affairs | Employment including: working age payments and Disability Employment Services | Tertiary Education: including Higher Education, Vocational Education and International Education | ASQA: a national VET regulator, responsible for registering training organisations and accrediting courses. |
| Entity                                     | Department of Education <sup>1</sup>  | Department of Employment <sup>2</sup> | Department of the Prime Minister and Cabinet <sup>3</sup>               | Department of Social Services <sup>4</sup>                                    | Department of Industry, Innovation, Science, Research and Tertiary Education <sup>5</sup>        | Australian Skills Quality Authority <sup>6</sup>  |
|  | \$'000  | \$'000                                | \$'000  | \$'000  | \$'000   | \$'000  |
| <b>FUNCTION RELINQUISHED</b>               |   |                                       |   |   |  |   |
| <b>Assets relinquished</b>                 |   |                                       |   |   |  |   |
| Cash and cash equivalents                  | (2,618)   | (1,995)                               | -   | -   | -  | -   |
| Trade and other receivables                | (19,789)  | (21,860)                              | (3,942)   | (2,348)   | -  | -   |
| Other financial assets                     | (2,395)   | (3,948)                               | -   | -   | -  | -   |
| Land and buildings                         | (57,229)  | (25,283)                              | -   | -   | -  | (1,774)   |
| Property, plant and equipment              | (11,310)  | (18,267)                              | -   | -   | (3)  | -   |
| Intangibles                                | (43,407)  | (67,286)                              | -   | -   | -  | -   |
| Other non-financial assets                 | (8,145)   | (18,894)                              | -   | -   | -  | -   |
| <b>Total assets relinquished</b>           | <b>(144,893)</b>  | <b>(157,533)</b>                      | <b>(3,942)</b>  | <b>(2,348)</b>  | <b>(3)</b>   | <b>(1,774)</b>  |
| <b>Liabilities relinquished</b>            |   |                                       |   |   |  |   |
| Suppliers                                  | 8,203   | 5,194                                 | -   | -   | -  | -   |
| Other payables                             | 27,309  | 17,344                                | -   | -   | -  | -   |
| Employee provisions                        | 59,126  | 71,176                                | -   | -   | -  | -   |
| Other provisions                           | 1,864   | 1,526                                 | -   | -   | -  | -   |
| <b>Total liabilities relinquished</b>      | <b>96,502</b>   | <b>95,240</b>                         | <b>-</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>  |
| <b>Net assets relinquished<sup>7</sup></b> | <b>(48,391)</b>   | <b>(62,293)</b>                       | <b>(3,942)</b>  | <b>(2,348)</b>  | <b>(3)</b>   | <b>(1,774)</b>  |



## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Notes:

<sup>1</sup> The Early Childhood Education and Care and Schools and Youth Education functions were relinquished to the Department of Education following the Administrative Arrangement Order changes on 18 September 2013.

<sup>2</sup> The Employment and Workplace Relations functions in relation to the former DEEWR were relinquished to the Department of Employment following the Administrative Arrangement Order changes on 18 September 2013.

<sup>3</sup> Indigenous functions relating to education and employment were relinquished to the Department of the Prime Minister and Cabinet during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.

<sup>4</sup> Working age payments and disability employment service functions were relinquished to the Department of Social Security during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.

<sup>5</sup> The tertiary education functions, including higher education, vocational education and international education were relinquished to the former Department of Industry, Innovation, Science, Research and Tertiary Education during 2011–12 due to Administrative Arrangements Order changes on 13 December 2011 and 9 February 2012.

<sup>6</sup> Responsibility for registering training organisations and accrediting courses was relinquished to the national VET regulator, the Australian Skills Quality Authority on 1 July 2011. As at 30 June 2012 some assets had not been transferred to the Australian Skills Quality Authority. An additional transfer of land and buildings (\$1.774 million) was completed in July 2012.

<sup>7</sup> The net assets relinquished to all entities were \$116.974 million (2013 \$1.777 million)

Department of Education, Employment and Workplace Relations  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| <b>Note 10B: Administered restructuring</b> |   |                                       |   |   |
|---|---|---------------------------------------|---|---|
|   | 2014  | 2014                                  | 2014  | 2014  |
| Function                                    | Education including: Early Childhood Education and Care and Schools and Youth | Employment and Workplace Relations    | Education and Employment functions as they relate to Indigenous affairs | Employment including: working age payments and Disability Employment Services |
| Entity                                      | Department of Education <sup>1</sup>  | Department of Employment <sup>2</sup> | Department of the Prime Minister and Cabinet <sup>3</sup>               | Department of Social Services <sup>4</sup>                                    |
|   | \$'000  | \$'000                                | \$'000  | \$'000  |
| <b>FUNCTIONS RELINQUISHED</b>               |   |                                       |   |   |
| <b>Assets relinquished</b>                  |   |                                       |   |   |
| Cash and cash equivalents                   | (139,331)   | (78)                                  | -   | -   |
| Trade and other receivables                 | (9,478)   | (17,357)                              | (946)   | -   |
| Personal benefit receivables                | (295,752)   | -                                     | -   | (781,622)   |
| Advances and loans                          | (11,885)  | -                                     | -   | (98,255)  |
| Investments                                 | (6,987)   | (116,725)                             | -   | -   |
| Other non-financial assets                  | (3,864)   | (2,329)                               | -   | (61,980)  |
| <b>Total assets relinquished</b>            | <b>(467,297)</b>  | <b>(136,489)</b>                      | <b>(946)</b>  | <b>(941,857)</b>  |
| <b>Liabilities recognised</b>               |   |                                       |   |   |
| Suppliers                                   | 33,327  | 26,014                                | 138   | -   |
| Subsidies                                   | -   | 8,025                                 | -   | -   |
| Personal benefits                           | 118,561   | 2,277                                 | -   | 406,208   |
| Grants                                      | 13,663  | -                                     | -   | -   |
| Other payables                              | 2,794   | 2,804,447                             | -   | -   |
| Provision of personal benefits              | 624,484   | -                                     | -   | -   |
| <b>Total liabilities relinquished</b>       | <b>792,829</b>  | <b>2,840,763</b>                      | <b>138</b>  | <b>406,208</b>  |
| <b>Net assets relinquished<sup>5</sup></b>  | <b>325,532</b>  | <b>2,704,274</b>                      | <b>(808)</b>  | <b>(535,649)</b>  |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Notes

<sup>1</sup> The Early Childhood Education and Care and Schools and Youth Education functions were relinquished to the Department of Education following the Administrative Arrangement Order changes on 18 September 2013.

<sup>2</sup> The Employment and Workplace Relations functions in relation to the former DEEWR were relinquished to the Department of Employment following the Administrative Arrangement Order changes on 18 September 2013.

<sup>3</sup> Indigenous functions relating to education and employment were relinquished to the Department of the Prime Minister and Cabinet during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.

<sup>4</sup> [Working age payments and disability employment service functions were relinquished to the Department of Social Security during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.

<sup>5</sup> The net assets/liabilities relinquished to all entities were \$2,493 billion (2013: nil).

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 11: Cash Flow Reconciliation**

|  | 2014            | 2013          |
|--|-----------------|---------------|
|  | \$'000          | \$'000        |
| <b>Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement</b> |                 |               |
| <b>Cash and cash equivalents as per</b>  |                 |               |
| Cash flow statement  | 4,613           | 21,569        |
| Statement of financial position  | 4,613           | 21,569        |
| <b>Discrepancy</b>   | <u>-</u>        | <u>-</u>      |
| <b>Reconciliation of net cost of services to net cash from (used by) operating activities</b>                    |                 |               |
| Net (cost of) contribution by services   | (131,027)       | (623,215)     |
| Revenue from Government  | 347,040         | 563,881       |
| <b>Adjustments for non-cash items</b>  |                 |               |
| First time recognition of non-financial assets   | (26)            | (56)          |
| Reversal of impairment losses  | -               | (5)           |
| Other gains  | (309)           | (1,449)       |
| Depreciation / amortisation  | 14,184          | 60,739        |
| Net write-down and impairment of assets  | 17              | 1,149         |
| Net losses from sale of assets   | 13              | 242           |
| Finance costs - unwinding of discount on provision for restoration obligations                                   | 14              | 119           |
| <b>Movements in assets and liabilities</b>   |                 |               |
| <b>Assets</b>  |                 |               |
| Decrease / (increase) in net receivables   | (216,310)       | 26,151        |
| Decrease / (increase) in accrued income  | 7,983           | (13,835)      |
| Decrease / (increase) in prepayments   | (3,323)         | 1,654         |
| <b>Liabilities</b>   |                 |               |
| Increase / (decrease) in employee provisions   | (1,630)         | 8,293         |
| Increase / (decrease) in supplier payables   | (29,430)        | (3,801)       |
| Increase / (decrease) in other provisions  | -               | (3,366)       |
| Increase / (decrease) in other payables  | (1,884)         | 2,199         |
| <b>Net cash from (used by) operating activities</b>  | <u>(14,688)</u> | <u>18,700</u> |

**Department of Education, Employment and Workplace Relations  
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**Note 12: Contingent Assets and Liabilities**

|  | Indemnities    |                | Claims for damages or costs |                | Total          |                |
|--|----------------|----------------|-----------------------------|----------------|----------------|----------------|
|  | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000              | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Contingent assets</b>                   |                |                |                             |                |                |                |
| Balance from previous period               | -              | -              | -                           | -              | -              | -              |
| New contingent assets recognised           | -              | -              | -                           | -              | -              | -              |
| Re-measurement                             |                |                |                             |                |                |                |
| Assets realised                            | -              | -              | -                           | -              | -              | -              |
| Rights expired                             | -              | -              | -                           | -              | -              | -              |
| <b>Total contingent assets</b>             | -              | -              | -                           | -              | -              | -              |
| <b>Contingent liabilities</b>              |                |                |                             |                |                |                |
| Balance from previous period               | -              | -              | 294                         | 3,961          | 294            | 3,961          |
| New contingent liabilities recognised      | -              | -              | -                           | 19             | -              | 19             |
| Re-measurement                             | -              | -              | (3)                         | (1,221)        | (3)            | (1,221)        |
| Liabilities realised                       | -              | -              | (47)                        | (2,465)        | (47)           | (2,465)        |
| Obligations expired                        | -              | -              | -                           | -              | -              | -              |
| <b>Total contingent liabilities</b>        | -              | -              | 244                         | 294            | 244            | 294            |
| <b>Net contingent assets (liabilities)</b> |                |                |                             |                | <b>(244)</b>   | <b>(294)</b>   |

## **Department of Education, Employment and Workplace Relations**

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

#### Quantifiable Contingencies

The schedule of contingencies reports contingent liabilities in respect of indemnities and claims for damages of \$0.244 million (2013: \$0.294 million).

The schedule also reports contingent assets in respect of claims for damages of nil (2013: nil).

The amounts included in the schedule represent an estimate of the department's contingent assets and liabilities based on wide ranging legal cases.

#### Unquantifiable Contingencies

As at 18 September 2013, the department had contingent liabilities likely to be paid in respect of damages and claims that are not quantifiable. There were five open matters in the hands of the department's legal representatives (2013: 1). 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 (2013: 3) contingent asset where the likelihood of receipt is remote. The value of contingent liabilities where the likelihood of payment is remote is nil (2013: nil). These are not included in the Schedule of Contingencies.

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

**Department of Education, Employment and Workplace Relations  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 13: Senior Executive Remuneration**

**Note 13A: Senior executive remuneration expenses for the reporting period**

|  | <b>2014</b>   | 2013          |
|--|---------------|---------------|
|  | <b>\$'000</b> | \$'000        |
| <b>Short-term employee benefits</b>                        |               |               |
| Salary (including annual leave taken)                      | -             | 24,498        |
| Other  | -             | 4,515         |
| <b><i>Total short-term employee benefits</i></b>           | <u>-</u>      | <u>29,013</u> |
| <b>Post-employment benefits</b>                            |               |               |
| Superannuation   | -             | 4,701         |
| <b><i>Total post-employment benefits</i></b>               | <u>-</u>      | <u>4,701</u>  |
| <b>Other long-term employee benefits</b>                   |               |               |
| Annual leave accrued                                       | -             | 381           |
| Long-service leave   | -             | 589           |
| <b><i>Total other long-term benefits</i></b>               | <u>-</u>      | <u>970</u>    |
| <b>Termination benefits</b>                                | -             | 302           |
| <b><i>Total senior executive remuneration expenses</i></b> | <u>-</u>      | <u>34,986</u> |

Notes

<sup>1</sup> Note 13A is prepared from 1 July 2013 to 18 September 2013.

<sup>2</sup> Note 13A was prepared on an accrual basis. It excludes acting arrangements and part-year service where total remuneration expensed for a senior executive was less than \$195,000.

<sup>3</sup> Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

**Department of Education, Employment and Workplace Relations**  
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**Note 13B: Average annual reportable remuneration paid to substantive senior executives during the reporting period**

| <b>2013-14</b>   |  |   |  |   |                                      |   |
|--|--|---|--|---|--------------------------------------|---|
| <b>Average annual reportable remuneration<sup>1</sup></b>        | <b>Substantive<br/>Senior<br/>Executives<br/>No.</b> | <b>Reportable<br/>salary<sup>2</sup><br/>\$</b> | <b>Contributed<br/>superannuation<sup>3</sup><br/>\$</b> | <b>Reportable<br/>allowances<sup>4</sup><br/>\$</b> | <b>Bonus paid<sup>5</sup><br/>\$</b> | <b>Total<br/>reportable<br/>remuneration<br/>\$</b> |
| Total reportable remuneration (including part-time arrangements) |  |   |  |   |                                      |   |
| Less than \$195,000  | <b>133</b>   | <b>48,691</b>                                   | <b>8,516</b>   | <b>10</b>   | -                                    | <b>57,217</b>                                       |
| <b>Total number of substantive senior executives</b>             | <b>133</b>   |   |  |   |                                      |   |
| <b>2012-13</b>   |  |   |  |   |                                      |   |
| <b>Average annual reportable remuneration<sup>1</sup></b>        | <b>Substantive<br/>Senior<br/>Executives<br/>No.</b> | <b>Reportable<br/>salary<sup>2</sup><br/>\$</b> | <b>Contributed<br/>superannuation<sup>3</sup><br/>\$</b> | <b>Reportable<br/>allowances<sup>4</sup><br/>\$</b> | <b>Bonus paid<sup>5</sup><br/>\$</b> | <b>Total<br/>reportable<br/>remuneration<br/>\$</b> |
| Total reportable remuneration (including part-time arrangements) |  |   |  |   |                                      |   |
| Less than \$195,000  | 30   | 91,699  | 14,815   | -   | -                                    | 106,514   |
| \$195,000 to \$224,999   | 37   | 179,836   | 31,239   | -   | -                                    | 211,075   |
| \$225,000 to \$254,999   | 41   | 201,107   | 35,799   | -   | -                                    | 236,906   |
| \$255,000 to \$284,999   | 11   | 229,353   | 40,011   | -   | -                                    | 269,364   |
| \$285,000 to \$314,999   | 13   | 255,928   | 41,466   | -   | -                                    | 297,394   |
| \$315,000 to \$344,999   | 7  | 273,458   | 50,986   | -   | -                                    | 324,444   |
| \$345,000 to \$374,999   | 3  | 305,840   | 52,861   | -   | -                                    | 358,701   |
| \$375,000 to \$404,999   | 3  | 324,389   | 58,406   | -   | -                                    | 382,795   |
| \$405,000 to \$434,999   | 1  | 378,324   | 32,955   | -   | -                                    | 411,279   |
| \$645,000 to \$674,999   | 1  | 574,526   | 94,093   | 1,800   | -                                    | 670,419   |
| <b>Total number of substantive senior executives</b>             | <b>147</b>   |   |  |   |                                      |   |

Notes:

<sup>1</sup> This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.

<sup>2</sup> 'Reportable salary' includes the following:

a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)



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b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)

c) reportable employer superannuation contributions

d) exempt foreign employment income.

<sup>3</sup> The 'contributed superannuation' amount is the average cost to the department for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

<sup>4</sup> 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

<sup>5</sup> 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. Existing remuneration arrangements for senior executives do not provide for the payment of performance bonuses.

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**Note 13C: Average annual reportable remuneration paid to other highly paid staff during the reporting period**

2013-14

| Average annual reportable remuneration <sup>1</sup>                      | Other highly paid staff<br>No. | Reportable salary <sup>2</sup><br>\$ | Contributed superannuation <sup>3</sup><br>\$ | Reportable allowances <sup>4</sup><br>\$ | Bonus paid <sup>5</sup><br>\$ | Total reportable remuneration<br>\$ |
|--|--------------------------------|--------------------------------------|---|--|-------------------------------|-------------------------------------|
| <b>Total reportable remuneration (including part time arrangements):</b> |                                |                                      |   |  |                               |                                     |
| \$195,000 to \$224,999   | -                              | -                                    | -   | -  | -                             | -                                   |
| <b>Total number of other highly paid staff</b>                           | <b>-</b>                       |                                      |   |  |                               |                                     |

2012-13

| Average annual reportable remuneration <sup>1</sup>                      | Other highly paid staff<br>No. | Reportable salary <sup>2</sup><br>\$ | Contributed superannuation <sup>3</sup><br>\$ | Reportable allowances <sup>4</sup><br>\$ | Bonus paid <sup>5</sup><br>\$ | Total reportable remuneration<br>\$ |
|--|--------------------------------|--------------------------------------|---|--|-------------------------------|-------------------------------------|
| <b>Total reportable remuneration (including part time arrangements):</b> |                                |                                      |   |  |                               |                                     |
| \$195,000 to \$224,999   | 1                              | 183,834                              | 25,443  | -  | -                             | 209,277                             |
| <b>Total number of other highly paid staff</b>                           | <b>1</b>                       |                                      |   |  |                               |                                     |

Notes:

<sup>1</sup> This table reports staff:

- a) who were employed by the department during the reporting period
- b) whose reportable remuneration was \$195,000 or more for the reporting period
- c) were not required to be disclosed in Tables A or B.

Each row is an averaged figure based on headcount for individuals in the band.

<sup>2</sup> 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
- b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
- c) reportable employer superannuation contribution
- d) exempt foreign employment income.

<sup>3</sup> The 'contributed superannuation' amount is the average cost to the department for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.

<sup>4</sup> 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

<sup>5</sup> 'Bonus paid' are existing remuneration arrangements for non senior executive staff that do not provide for the payment of bonuses.

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**Note 14: Remuneration of Auditors**

|  | <b>2014</b>   | 2013   |
|--|---------------|--------|
|  | <b>\$'000</b> | \$'000 |
| Financial statement audit services were provided free of charge to the department by the Australian National Audit Office. |               |        |

|  |                   |                     |
|--|-------------------|---------------------|
| The fair value of the services provided for financial statement audit services was | <u>504</u>        | <u>1,610</u>        |
| <b><i>Total fair value of services received</i></b>                                | <b><u>504</u></b> | <b><u>1,610</u></b> |

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

**Note 15: Financial Instruments**

**Note 15A: Categories of financial instruments**

**Financial Assets**

**Loans and receivables**

|                                      |                      |                      |
|--------------------------------------|----------------------|----------------------|
| Cash and cash equivalents            | 4,613                | 21,569               |
| Goods and services                   | 14,818               | 6,211                |
| Accrued revenue                      | <u>6,343</u>         | <u>14,326</u>        |
| <b><i>Total financial assets</i></b> | <b><u>25,774</u></b> | <b><u>42,106</u></b> |

**Financial Liabilities**

**At amortised cost**

|   |                     |                      |
|---|---------------------|----------------------|
| Trade creditors                           | 3,467               | 28,140               |
| Accrued expenses                          | 4,132               | 9,738                |
| <b><i>Total financial liabilities</i></b> | <b><u>7,599</u></b> | <b><u>37,878</u></b> |

**Note 15B: Net gains or losses on financial assets**

**Loans and receivables**

|  |                 |                    |
|--|-----------------|--------------------|
| Write off impairment - goods and services            | -               | (18)               |
| Reversal of impairment - goods and services          | -               | 5                  |
| <b>Net gains (losses) on loans and receivables</b>   | <u>-</u>        | <u>(13)</u>        |
| <b><i>Net gains (losses) on financial assets</i></b> | <b><u>-</u></b> | <b><u>(13)</u></b> |

The net income/expense from financial assets not at fair value through profit or loss is nil [2013: \$13,000].

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**Note 15C: Fair value of financial instruments**

|                                    | Carrying<br>amount<br>2014<br>\$'000 | Fair<br>value<br>2014<br>\$'000 | Carrying<br>amount<br>2013<br>\$'000 | Fair<br>value<br>2013<br>\$'000 |
|------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| <b>Financial Assets</b>            |                                      |                                 |                                      |                                 |
| Cash and cash equivalents          | 4,613                                | 4,613                           | 21,569                               | 21,569                          |
| Goods and services receivable      | 14,818                               | 14,818                          | 6,211                                | 6,211                           |
| Accrued revenue                    | 6,343                                | 6,343                           | 14,326                               | 14,326                          |
| <b>Total financial assets</b>      | <b>25,774</b>                        | <b>25,774</b>                   | 42,106                               | 42,106                          |
| <b>Financial Liabilities</b>       |                                      |                                 |                                      |                                 |
| <b>At amortised cost</b>           |                                      |                                 |                                      |                                 |
| Trade creditors                    | 3,467                                | 3,467                           | 28,140                               | 28,140                          |
| Accrued expenses                   | 4,132                                | 4,132                           | 9,738                                | 9,738                           |
| <b>Total financial liabilities</b> | <b>7,599</b>                         | <b>7,599</b>                    | 37,878                               | 37,878                          |

**Note 15D: 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 2014: \$14,818,000 (2013: \$6,211,000). The department has assessed the risk of the default on payment and has allocated nil in 2014 (2013: nil) to an impairment allowance for doubtful debts.

The department has no liabilities in 2014 (2013: Nil) 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 or other security.

**Maximum exposure to credit risk (excluding any collateral or credit enhancements)**

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Financial assets carried at amount not best representing maximum exposure to credit risk</b>       |                |                |
| Cash and cash equivalents   | 4,613          | 21,569         |
| Goods and services receivable   | 14,818         | 6,211          |
| Accrued revenue   | 6,343          | 14,326         |
| <b>Total financial assets carried at amount not best representing maximum exposure to credit risk</b> | <b>25,774</b>  | 42,106         |

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. However in 2014: 51 (2013: 50) limited indemnities were given in respect of venue hire between the Commonwealth and third parties.

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

|                               | Not past due<br>nor impaired<br>2014<br>\$'000 | Not past due<br>nor impaired<br>2013<br>\$'000 | Past due or<br>impaired<br>2014<br>\$'000 | Past due or<br>impaired<br>2013<br>\$'000 |
|-------------------------------|--|--|---|---|
| Cash and cash equivalents     | 4,613  | 21,569   | -   | -   |
| Goods and services receivable | 8,088  | 5,357  | 6,730                                     | 854                                       |
| Accrued revenue               | 6,343  | 14,326   | -   | -   |
| <b>Total</b>                  | <b>19,044</b>                                  | 41,252   | <b>6,730</b>                              | 854                                       |

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

|                               | 0 to 30<br>days<br>\$'000 | 31 to 60<br>days<br>\$'000 | 61 to 90<br>days<br>\$'000 | 90+<br>days<br>\$'000 | Total<br>\$'000 |
|-------------------------------|---------------------------|----------------------------|----------------------------|-----------------------|-----------------|
| Goods and services receivable | 4,087                     | 1,996                      | 225                        | 422                   | 6,730           |
| <b>Total</b>                  | <b>4,087</b>              | <b>1,996</b>               | <b>225</b>                 | <b>422</b>            | <b>6,730</b>    |

**Ageing of financial assets that were past due but not impaired for 2013**

|                               | 0 to 30<br>days<br>\$'000 | 31 to 60<br>days<br>\$'000 | 61 to 90<br>days<br>\$'000 | 90+<br>days<br>\$'000 | Total<br>\$'000 |
|-------------------------------|---------------------------|----------------------------|----------------------------|-----------------------|-----------------|
| Goods and services receivable | 152                       | 81                         | 53                         | 568                   | 854             |
| <b>Total</b>                  | <b>152</b>                | <b>81</b>                  | <b>53</b>                  | <b>568</b>            | <b>854</b>      |

**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 15E: 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.

**Maturities for non-derivative financial liabilities 2014**

|                  | On<br>demand<br>\$'000 | Within 1<br>year<br>\$'000 | Between 1<br>to 2<br>years<br>\$'000 | Between 2<br>to 5<br>years<br>\$'000 | More than<br>5<br>years<br>\$'000 | Total<br>\$'000 |
|------------------|------------------------|----------------------------|--------------------------------------|--------------------------------------|-----------------------------------|-----------------|
| Trade creditors  | -                      | 3,467                      | -                                    | -                                    | -                                 | 3,467           |
| Accrued expenses | -                      | 4,132                      | -                                    | -                                    | -                                 | 4,132           |
| <b>Total</b>     | <b>-</b>               | <b>7,599</b>               | <b>-</b>                             | <b>-</b>                             | <b>-</b>                          | <b>7,599</b>    |

**Maturities for non-derivative financial liabilities 2013**

|                  | On<br>demand<br>\$'000 | Within 1<br>year<br>\$'000 | Between 1<br>to 2<br>years<br>\$'000 | Between 2<br>to 5<br>years<br>\$'000 | More than 5<br>years<br>\$'000 | Total<br>\$'000 |
|------------------|------------------------|----------------------------|--------------------------------------|--------------------------------------|--------------------------------|-----------------|
| Trade creditors  | -                      | 28,140                     | -                                    | -                                    | -                              | 28,140          |
| Accrued expenses | -                      | 9,738                      | -                                    | -                                    | -                              | 9,738           |
| <b>Total</b>     | <b>-</b>               | <b>37,878</b>              | <b>-</b>                             | <b>-</b>                             | <b>-</b>                       | <b>37,878</b>   |

**Note 15F: Market risk**

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

**Department of Education, Employment and Workplace Relations**  
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**Note 16: Financial Assets Reconciliation**

|   | <b>2014</b>                               | 2013                 |
|---|---|----------------------|
|   | <b>\$'000</b>                             | \$'000               |
| <b>Notes</b>  |   |                      |
| <b><i>Total financial assets as per statement of financial position</i></b> | <b>363,560</b>                            | 130,241              |
| Less: non-financial instrument components                                   |   |                      |
| Appropriation receivable  | <b>337,416</b>                            | 84,337               |
| GST receivable from the Australian Taxation Office                          | <b>370</b>                                | 3,798                |
| Total non-financial instrument components                                   | <u><b>337,786</b></u>                     | <u>88,135</u>        |
| <b><i>Total financial assets as per financial instruments note</i></b>      | <b>15A</b><br><u><u><b>25,774</b></u></u> | <u><u>42,106</u></u> |

**Department of Education, Employment and Workplace Relations**  
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**Note 17: Administered Expenses**

| <u>Note 17A: Suppliers</u>                           | 2014           | 2013             |
|--|----------------|------------------|
|  | \$'000         | \$'000           |
| <b>Goods and services supplied or rendered</b>       |                |                  |
| Labour market assistance to job seekers and industry | 276,668        | 1,299,526        |
| Assistance to people with disabilities               | 157,668        | 777,765          |
| School education - specific funding                  | 32,728         | 190,560          |
| Other  | 1,961          | 63,957           |
| <b>Total goods and services supplied or rendered</b> | <b>469,025</b> | <b>2,331,808</b> |
| <b>Goods and services are made up of</b>             |                |                  |
| Rendering of services – related parties              | 32,183         | 172,576          |
| Rendering of services - external parties             | 436,842        | 2,159,232        |
| <b>Total goods and services</b>                      | <b>469,025</b> | <b>2,331,808</b> |
| <b>Total supplier expenses</b>                       | <b>469,025</b> | <b>2,331,808</b> |
| <br><b>Note 17B: Subsidies</b>                       |                |                  |
| <b>Payable to related parties</b>                    |                |                  |
| Industrial relations                                 | 21,040         | 172,567          |
| <b>Payable to external parties</b>                   |                |                  |
| Labour market assistance to job seekers and industry | 7,910          | 45,031           |
| School education - specific funding                  | -              | 5,107            |
| Assistance to people with disabilities               | 458            | 17,522           |
| <b>Total subsidies</b>                               | <b>29,408</b>  | <b>240,227</b>   |

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|   | 2014             | 2013              |
|---|------------------|-------------------|
|   | \$'000           | \$'000            |
| <b><u>Note 17C: Personal benefits</u></b>                   |                  |                   |
| <b>Direct</b>   |                  |                   |
| Student assistance  | 65,098           | 263,405           |
| Assistance to families with children                        | 1,522,765        | 7,287,552         |
| Assistance to the aged                                      | 103,261          | 514,722           |
| Assistance to people with disabilities                      | 34,460           | 144,695           |
| Assistance to the unemployed                                | 2,094,763        | 8,517,849         |
| Labour market assistance to job seekers and industry        | 13,454           | 66,790            |
| School education - specific funding                         | -                | 1,036             |
| <b>Indirect</b>   |                  |                   |
| Assistance to families with children                        | 910,016          | 3,200,527         |
| Student assistance  | -                | 24,903            |
| Industrial relations  | 40,801           | 261,645           |
| <b>Total personal benefits</b>                              | <b>4,784,618</b> | <b>20,283,124</b> |
| <b><u>Note 17D: Grants</u></b>                              |                  |                   |
| <b>Public sector</b>  |                  |                   |
| Australian Government entities (related entities)           | 28,003           | 468,760           |
| State and territory governments                             | 1,951,577        | 8,149,954         |
| <b>Private sector</b>                                       |                  |                   |
| Non-profit organisations                                    | 131,468          | 493,261           |
| <b>Other</b>  | <b>161,920</b>   | <b>93,478</b>     |
| <b>Total grants</b>   | <b>2,272,968</b> | <b>9,205,453</b>  |
| <b><u>Note 17E: Finance costs</u></b>                       |                  |                   |
| Other interest payments                                     | -                | 34                |
| Unwinding of discount (concessional loans)                  | -                | 13                |
| <b>Total finance costs</b>                                  | <b>-</b>         | <b>47</b>         |
| <b><u>Note 17F: Write-down and impairment of assets</u></b> |                  |                   |
| Impairment of personal benefits receivable                  | 2,202            | 838               |
| Write-down of other receivables                             | 19,020           | 2,979             |
| <b>Total write-down and impairment of assets</b>            | <b>21,222</b>    | <b>3,817</b>      |



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|  | 2014                | 2013                |
|--|---------------------|---------------------|
|  | \$'000              | \$'000              |
| <b><u>Note 17G: Payments to CAC Act bodies</u></b> |                     |                     |
| Comcare  | <u>6,291</u>        | <u>6,280</u>        |
| <b><i>Total payments to CAC Act bodies</i></b>     | <b><u>6,291</u></b> | <b><u>6,280</u></b> |

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| <b>Note 18: Administered Income</b>   | <b>2014</b>           | <b>2013</b>           |
|---|-----------------------|-----------------------|
|   | <b>\$'000</b>         | <b>\$'000</b>         |
| <b>Taxation revenue</b>   |                       |                       |
| <b><u>Note 18A: Other taxes</u></b>   |                       |                       |
| Levies (other than agricultural)  | <u>21,039</u>         | <u>172,567</u>        |
| <b><i>Total other taxes</i></b>   | <b><u>21,039</u></b>  | <b><u>172,567</u></b> |
| <b>Non-taxation revenue</b>   |                       |                       |
| <b><u>Note 18B: Interest</u></b>  |                       |                       |
| Other sources   | <u>3</u>              | <u>14</u>             |
| Loans   | <u>692</u>            | <u>1,513</u>          |
| <b><i>Total interest</i></b>  | <b><u>695</u></b>     | <b><u>1,527</u></b>   |
| <b><u>Note 18C: Commonwealth asset recoveries</u></b>   |                       |                       |
| General Employee Entitlements and Redundancy Scheme (GEERS) and Fair Entitlement Guarantee (FEG) recoveries | <u>2,309</u>          | <u>37,230</u>         |
| <b><i>Total Commonwealth asset recoveries</i></b>   | <b><u>2,309</u></b>   | <b><u>37,230</u></b>  |
| <b><u>Note 18D: Other revenue</u></b>   |                       |                       |
| Other   | <u>146,660</u>        | <u>29,022</u>         |
| <b><i>Total other revenue</i></b>   | <b><u>146,660</u></b> | <b><u>29,022</u></b>  |
| <b>Gains</b>  |                       |                       |
| <b><u>Note 18E: Fair value gains from financial instruments</u></b>   |                       |                       |
| Actuarial gain on Student Financial Supplement Scheme (ABSTUDY)   | <u>-</u>              | <u>29,134</u>         |
| <b><i>Total fair value gains from financial instruments</i></b>   | <b><u>-</u></b>       | <b><u>29,134</u></b>  |
| <b><u>Note 18F: Reversals of previous asset write-downs and impairments</u></b>                             |                       |                       |
| Reversals of impairment losses for goods and services receivables   | <u>-</u>              | <u>1,941</u>          |
| Reversal of impairment losses for personal benefits receivables   | <u>-</u>              | <u>17,264</u>         |
| <b><i>Total reversals of previous asset write-downs and impairments</i></b>                                 | <b><u>-</u></b>       | <b><u>19,205</u></b>  |

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**Note 19: 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 entity 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 19A: Fair value measurements**

**Fair value measurements at 18 September 2013 by hierarchy for assets and liabilities**

|                                      | Fair value measurements at the end of the reporting period using |                          |                          |                          |
|--------------------------------------|--|--------------------------|--------------------------|--------------------------|
|                                      | Fair value<br>\$'000   | Level 1 inputs<br>\$'000 | Level 2 inputs<br>\$'000 | Level 3 inputs<br>\$'000 |
| <b>Financial assets</b>              |  |                          |                          |                          |
| Concessional loans                   | 62,738   |                          |                          | 62,738                   |
| Administered investments             | 123,712  |                          |                          | 123,712                  |
| <b>Total financial assets</b>        | <b>186,450</b>   | -                        | -                        | <b>186,450</b>           |
| <b>Total fair value measurements</b> | <b>186,450</b>   | -                        | -                        | <b>186,450</b>           |

There are a number of Administered assets and liabilities not measured at fair value in cost of services or other comprehensive income. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

**Note 19B: Valuation technique and inputs for Level 2 and Level 3 fair value measurements**

|                          | Category<br>(Level 2<br>or Level<br>3) | Fair<br>value<br>\$'000 | Valuation<br>technique(s)          | Inputs<br>used             |
|--------------------------|--|-------------------------|------------------------------------|----------------------------|
| <b>Financial assets</b>  |  |                         |                                    |                            |
| Concessional loans       | 3                                      | 62,738                  | Loan<br>conditions                 | Principal<br>due<br>Net    |
| Administered investments | 3                                      | 123,712                 | Depreciated<br>replacement<br>cost | assets of<br>the<br>entity |

The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2014 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.

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**Note 19C: Reconciliation for recurring Level 3 fair value measurements**

There have been no transfer between levels during the period

**Recurring Level 3 fair value measurements - reconciliation for assets**

|   | Financial assets |                |                |
|---|------------------|----------------|----------------|
|   | Administered     | Concessional   | Total          |
|   | investments      | Loans          |                |
|   | 2014             | 2014           | 2014           |
|   | \$'000           | \$'000         | \$'000         |
| <b>Opening balance</b>                                  | <b>6,987</b>     | <b>68,139</b>  | <b>75,126</b>  |
| Total gains/(losses) recognised in net cost of services | -                | -              | -              |
| Total gains/(losses) recognised in Administered Equity  | <b>116,725</b>   | -              | <b>116,725</b> |
| Settlements   | -                | <b>(5,401)</b> | <b>(5,401)</b> |
| <b>Closing balance</b>                                  | <b>123,712</b>   | <b>62,738</b>  | <b>186,450</b> |

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| <b>Note 20: Administered Financial Assets</b>     | <b>2014</b>      | <b>2013</b>      |
|---|------------------|------------------|
|   | <b>\$'000</b>    | <b>\$'000</b>    |
| <b><u>Note 20A: Cash and cash equivalents</u></b> |                  |                  |
| Cash on hand or on deposit                        | 558              | 58               |
| Special accounts                                  | 138,937          | 2,060            |
| <b>Total cash and cash equivalents</b>            | <b>139,495</b>   | <b>2,118</b>     |
| <b><u>Note 20B: Receivables</u></b>               |                  |                  |
| <b>Taxation receivables</b>                       |                  |                  |
| Levies receivable from related parties            | 7,250            | 28,427           |
| <b>Total taxation receivables</b>                 | <b>7,250</b>     | <b>28,427</b>    |
| <b>Good and services</b>                          |                  |                  |
| Goods and services - related parties              | -                | -                |
| Goods and services - external parties             | 27,610           | 37,393           |
| <b>Total receivables for goods and services</b>   | <b>27,610</b>    | <b>37,393</b>    |
| <b>Advances and loans</b>                         |                  |                  |
| Student Financial Supplement Scheme (ABSTUDY)     | 50,853           | 54,200           |
| Personal Benefit advances                         | 47,402           | 91,363           |
| Other loans                                       | 11,885           | 13,939           |
| <b>Total advances and loans</b>                   | <b>110,140</b>   | <b>159,502</b>   |
| <b>Other receivables</b>                          |                  |                  |
| GST receivable from Australian Taxation Office    | 13,308           | 37,781           |
| Personal benefits receivable                      | 1,391,866        | 1,397,564        |
| <b>Total other receivables</b>                    | <b>1,405,174</b> | <b>1,435,345</b> |
| <b>Total trade and other receivables (gross)</b>  | <b>1,550,174</b> | <b>1,660,667</b> |
| <b>Less impairment allowance</b>                  |                  |                  |
| Goods and services                                | (20,304)         | (2,605)          |
| Personal benefits                                 | (314,490)        | (312,289)        |
| <b>Total impairment allowance</b>                 | <b>(334,794)</b> | <b>(314,894)</b> |
| <b>Total trade and other receivables (net)</b>    | <b>1,215,380</b> | <b>1,345,773</b> |
| <b>Receivables (net) expected to be recovered</b> |                  |                  |
| No more than 12 months                            | 442,592          | 559,689          |
| More than 12 months                               | 772,788          | 786,084          |
| <b>Total trade and other receivables (net)</b>    | <b>1,215,380</b> | <b>1,345,773</b> |

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|   | 2014                    | 2013                    |
|---|-------------------------|-------------------------|
|   | \$'000                  | \$'000                  |
| <b>Receivables (gross) aged as follows</b>      |                         |                         |
| Not overdue                                     | 427,498                 | 543,309                 |
| Overdue by                                      |                         |                         |
| 0 to 30 days                                    | 1,634                   | 2,660                   |
| 31 to 60 days                                   | 13,405                  | 2,065                   |
| 61 to 90 days                                   | 338                     | 2,123                   |
| More than 90 days                               | <u>1,107,298</u>        | <u>1,110,510</u>        |
| <b>Total receivables (gross)</b>                | <u><u>1,550,173</u></u> | <u><u>1,660,667</u></u> |
| <b>The impairment allowance aged as follows</b> |                         |                         |
| Not overdue                                     | (173)                   | (544)                   |
| Overdue by                                      |                         |                         |
| 0 to 30 days                                    | (139)                   | (518)                   |
| 31 to 60 days                                   | (93)                    | (413)                   |
| 61 to 90 days                                   | (13,117)                | (374)                   |
| More than 90 days                               | <u>(321,272)</u>        | <u>(313,045)</u>        |
| <b>Total impairment allowance</b>               | <u><u>(334,794)</u></u> | <u><u>(314,894)</u></u> |

Goods and services receivables are with entities external to the Australian Government. Credit terms are within 30 days (2013: 30 days).

**Reconciliation of the Impairment Allowance Account:**

**Movements in relation to 2014**

|  | Receivables             | Total                   |
|--|-------------------------|-------------------------|
|  | \$'000                  | \$'000                  |
| <b>Opening balance</b>                                 | (314,894)               | (314,894)               |
| Amounts written off                                    | (19,020)                | (19,020)                |
| Amounts recovered and reversed                         | 19,020                  | 19,020                  |
| Increase (decrease) recognised in net cost of services | <u>(19,900)</u>         | <u>(19,900)</u>         |
| <b>Closing balance</b>                                 | <u><u>(334,794)</u></u> | <u><u>(334,794)</u></u> |

**Movements in relation to 2013**

|  | Receivables             | Total                   |
|--|-------------------------|-------------------------|
|  | \$'000                  | \$'000                  |
| <b>Opening balance</b>                                 | (333,261)               | (333,261)               |
| Amounts written off                                    | (2,979)                 | (2,979)                 |
| Amounts recovered and reversed                         | 2,979                   | 2,979                   |
| Increase (decrease) recognised in net cost of services | <u>18,367</u>           | <u>18,367</u>           |
| <b>Closing balance</b>                                 | <u><u>(314,894)</u></u> | <u><u>(314,894)</u></u> |

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|  | 2014           | 2013         |
|--|----------------|--------------|
|  | \$'000         | \$'000       |
| <b><u>Note 20C: Other investments</u></b>                              |                |              |
| <b>Other Investments:</b>  |                |              |
| Comcare <sup>1</sup>   | -              | -            |
| Australian Institute for Teaching and School Leadership <sup>2</sup>   | 4,802          | 4,802        |
| Australian Curriculum, Assessment and Reporting Authority <sup>3</sup> | 2,185          | 2,185        |
| Coal Mining Industry Corporation <sup>4</sup>                          | 116,725        | -            |
| <b>Total other investments</b>   | <b>123,712</b> | <b>6,987</b> |
| <b>Other investments expected to be recovered</b>                      |                |              |
| No more than 12 months   | -              | -            |
| More than 12 months  | 123,712        | 6,987        |
| <b>Total other investments</b>   | <b>123,712</b> | <b>6,987</b> |

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:

<sup>1</sup> *Comcare* – the minimisation of human and financial costs in relation to workplace injury in Commonwealth employment.

<sup>2</sup> *Australian Institute for Teaching and School Leadership* – supports and enhances the teaching profession for the benefit of all Australians.

<sup>3</sup> *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.

<sup>4</sup> *Coal Mining Industry Corporation* – is responsible for the administration of the Coal Mining Industry Long Service Leave Fund. The Fund has operated since 1949 to provide reimbursement payments to employers paying long service leave to persons employed in the black coal industry in New South Wales, Queensland, Western Australia and Tasmania on the basis of industry employment service.

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**Note 21: Administered Non-Financial Assets**

|  | 2014          | 2013         |
|--|---------------|--------------|
|  | \$'000        | \$'000       |
| <b><u>Note 21A: Other non-financial assets</u></b>         |               |              |
| Prepayments  | 68,173        | 3,493        |
| <b><i>Total other non-financial assets</i></b>             | <b>68,173</b> | <b>3,493</b> |
| <b>Other non-financial assets expected to be recovered</b> |               |              |
| No more than 12 months                                     | 68,173        | 3,493        |
| More than 12 months  | -             | -            |
| <b><i>Total other non-financial assets</i></b>             | <b>68,173</b> | <b>3,493</b> |

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

**Note 22: Administered Payables**

**Note 22A: Suppliers**

|   |               |                |
|---|---------------|----------------|
| Trade creditors and accruals            | 59,478        | 145,279        |
| <b><i>Total suppliers</i></b>           | <b>59,478</b> | <b>145,279</b> |
| <b>Suppliers expected to be settled</b> |               |                |
| Related parties                         | 2,337         | 1,083          |
| External parties                        | 57,141        | 144,196        |
| <b><i>Total suppliers</i></b>           | <b>59,478</b> | <b>145,279</b> |

Settlement was usually made within 30 days.

**Note 22B: Subsidies**

|   |              |               |
|---|--------------|---------------|
| Payable to related parties              | 8,024        | 28,427        |
| Payable to external parties             | -            | 3,922         |
| <b><i>Total subsidies</i></b>           | <b>8,024</b> | <b>32,349</b> |
| <b>Subsidies expected to be settled</b> |              |               |
| No more than 12 months                  | 8,024        | 32,349        |
| More than 12 months                     | -            | -             |
| <b><i>Total subsidies</i></b>           | <b>8,024</b> | <b>32,349</b> |

**Note 22C: Personal benefits**

|   |                |                |
|---|----------------|----------------|
| Direct  | 422,216        | 381,621        |
| Indirect  | 104,830        | 96,735         |
| <b><i>Total personal benefits</i></b>           | <b>527,046</b> | <b>478,356</b> |
| <b>Personal benefits expected to be settled</b> |                |                |
| No more than 12 months                          | 527,046        | 478,356        |
| More than 12 months                             | -              | -              |
| <b><i>Total personal benefits</i></b>           | <b>527,046</b> | <b>478,356</b> |



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|  | 2014<br>\$'000   | 2013<br>\$'000   |
|--|------------------|------------------|
| <b>Note 22D: Grants</b>  |                  |                  |
| <b>Public sector</b>   |                  |                  |
| Local Governments  | 16               | -                |
| <b>Private sector</b>  |                  |                  |
| Non-profit organisations   | 1,107            | 9,075            |
| Other  | 12,676           | 34,009           |
| <b>Total grants</b>  | <b>13,799</b>    | <b>43,084</b>    |
| <b>Grants expected to be settled</b>   |                  |                  |
| No more than 12 months   | 13,799           | 43,084           |
| More than 12 months  | -                | -                |
| <b>Total grants</b>  | <b>13,799</b>    | <b>43,084</b>    |
| Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.  |                  |                  |
| <b>Note 22E: Other payables</b>  |                  |                  |
| Comcare payable <sup>1</sup>   | 2,788,163        | 2,788,163        |
| GST payable  | 19,078           | 39,677           |
| <b>Total other payables</b>  | <b>2,807,241</b> | <b>2,827,840</b> |
| <b>Other payables expected to be settled</b>   |                  |                  |
| No more than 12 months   | 171,654          | 192,253          |
| More than 12 months  | 2,635,587        | 2,635,587        |
| <b>Total other payables</b>  | <b>2,807,241</b> | <b>2,827,840</b> |
| <sup>1</sup> The amount payable to Comcare represents amounts payable by the Commonwealth for:   |                  |                  |
| <ul style="list-style-type: none"> <li>- workers compensation claims resulting from injuries that occurred prior to 1 July 1989, referred to as 'pre-premium' claims</li> <li>- workers compensation claims resulting from injuries that have occurred since 1 July 1989, referred to as 'premium' claims</li> <li>- the management of asbestos related personal injury common law disease claims against the Commonwealth.</li> </ul> |                  |                  |
| Full details of the amounts payable may be found in the Comcare annual report.   |                  |                  |
| <b>Note 23: Administered Provisions</b>  |                  |                  |
| <b>Note 23A: Other Provisions</b>  |                  |                  |
| Provisions for personal benefits   | 624,484          | 742,404          |
| <b>Total other provisions</b>  | <b>624,484</b>   | <b>742,404</b>   |
| <b>Other provisions expected to be settled</b>   |                  |                  |
| No more than 12 months   | 624,484          | 742,404          |
| More than 12 months  | -                | -                |
| <b>Total other provisions</b>  | <b>624,484</b>   | <b>742,404</b>   |

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| <b>Reconciliation of movements in other provisions</b> |  |                         |
|--|--|-------------------------|
|  | <b>Provisions for<br/>personal<br/>benefits<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
| <b>As at 1 July 2013</b>                               | <b>742,404</b>   | <b>742,404</b>          |
| Additional provisions made                             | 624,484  | 624,484                 |
| Amounts used   | (742,404)  | (742,404)               |
| Amounts reversed                                       | -  | -                       |
| Unwinding of discount or change in discount rate       | -  | -                       |
| <b>Total as at 18 September 2013</b>                   | <b>624,484</b>   | <b>624,484</b>          |

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**Note 24: Administered Cash Flow Reconciliation**

|   | 2014               | 2013                |
|---|--------------------|---------------------|
|   | \$'000             | \$'000              |
| <b>Reconciliation of cash and cash equivalents as per administered schedule of assets and liabilities to administered cash flow statement</b> |                    |                     |
| <b>Cash and cash equivalents as per</b>   |                    |                     |
| Schedule of administered cash flows   | 558                | 58                  |
| Schedule of administered assets and liabilities   | <u>558</u>         | <u>58</u>           |
| <b>Discepancy</b>   | <u>-</u>           | <u>-</u>            |
| <b>Reconciliation of net cost of services to net cash from (used by) operating activities</b>   |                    |                     |
| Net (cost of) contribution by services  | (7,412,829)        | (31,782,071)        |
| <b>Adjustments for non-cash items</b>   |                    |                     |
| Net write down of non-financial assets  | 21,222             | 3,817               |
| Expenses not requiring cash - restructure   |                    | -                   |
| Other expenses not requiring cash   |                    | 323,318             |
| Other revenues not providing cash   | (3)                | (767)               |
| <b>Movements in assets and liabilities</b>  |                    |                     |
| <b>Assets</b>   |                    |                     |
| (Increase) / decrease in net receivables  | 326,403            | 69,026              |
| (Increase) / decrease in other non-financial assets   | (64,680)           | 3,895               |
| <b>Liabilities</b>  |                    |                     |
| Increase / (decrease) in supplier payables  | (262,220)          | (172,327)           |
| Increase / (decrease) in subsidies payable  | (24,325)           | 321                 |
| Increase / (decrease) in personal benefits payable  | 48,690             | 86,842              |
| Increase / (decrease) in personal benefits provisions   | (117,920)          | 145,835             |
| Increase / (decrease) in grants payable   | (29,285)           | (46,504)            |
| Increase / (decrease) in other payables   | -                  | (4,400)             |
| <b>Net cash from (used by) operating activities</b>   | <u>(7,514,947)</u> | <u>(31,373,015)</u> |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 25: Administered Contingent Assets and Liabilities**

|  | Indemnities |        | Claims for damages or costs |          | Other  |        | Total           |                 |
|--|-------------|--------|-----------------------------|----------|--------|--------|-----------------|-----------------|
|  | 2014        | 2013   | 2014                        | 2013     | 2014   | 2013   | 2014            | 2013            |
|  | \$'000      | \$'000 | \$'000                      | \$'000   | \$'000 | \$'000 | \$'000          | \$'000          |
| <b>Contingent assets</b>                   |             |        |                             |          |        |        |                 |                 |
| Balance from previous period               | -           | -      | 19,928                      | 15,302   | -      | -      | 19,928          | 15,302          |
| New contingent assets recognised           | -           | -      | -                           | -        | -      | -      | -               | -               |
| Re-measurement                             | -           | -      | (72)                        | 41,868   | -      | -      | (72)            | 41,868          |
| Assets realised                            | -           | -      | (2,295)                     | (37,242) | -      | -      | (2,295)         | (37,242)        |
| Rights expired                             | -           | -      | -                           | -        | -      | -      | -               | -               |
| <b>Total contingent assets</b>             | -           | -      | 17,561                      | 19,928   | -      | -      | 17,561          | 19,928          |
| <b>Contingent liabilities</b>              |             |        |                             |          |        |        |                 |                 |
| Balance from previous period               | -           | -      | 74,174                      | 66,862   | -      | -      | 74,174          | 66,862          |
| New contingent liabilities recognised      | -           | -      | -                           | -        | -      | -      | -               | -               |
| Re-measurement                             | -           | -      | 15,953                      | 7,312    | -      | -      | 15,953          | 7,312           |
| Liabilities realised                       | -           | -      | -                           | -        | -      | -      | -               | -               |
| Obligations expired                        | -           | -      | -                           | -        | -      | -      | -               | -               |
| <b>Total contingent liabilities</b>        | -           | -      | 90,127                      | 74,174   | -      | -      | 90,127          | 74,174          |
| <b>Net contingent assets (liabilities)</b> |             |        |                             |          |        |        | <b>(72,566)</b> | <b>(54,246)</b> |

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### *Quantifiable Contingencies*

The schedule of administered contingencies reports contingent assets and liabilities in respect of estimated payments and recoveries in relation to the Early Childhood Programmes, dividends for General Employee Entitlements and Redundancy Scheme and proceedings in the Dust Disease Tribunal as a result of the department's administration in prior years. The estimated contingent liability is \$77.395 million (2013: \$74.174 million). The estimated contingent asset is \$17.561 million (2013: \$19.928 million).

### *Unquantifiable Contingencies*

At 18 September 2013, the department had a number of legal claims against it. The department has denied liability and is defending the claims. It is not possible to estimate the amounts of any eventual payment that may be required in relation to these claims.

In addition, there are currently a number of cases before both the Administrative Appeals Tribunal (AAT) and the Social Security Appeals Tribunal for which the outcomes are not yet known or able to be quantified.

Relating to the General Employee Entitlements and Redundancy Scheme and the Fair Entitlements Guarantee, it is known that there are employers with large outstanding employee entitlements that have been placed into liquidation. The amounts are unable to be quantified as no claim forms have been received.

### *Significant Remote Contingencies*

The value of contingent assets where the likelihood of receipt is remote is nil (2013: nil). The value of contingent liabilities where the likelihood of payment is remote is \$460.315 million (2013: \$460.315 million). The majority of the contingent liability represents residual credits from the Job Services – Employment Pathway Fund. These are not included in the schedule of administered contingencies.

**Department of Education, Employment and Workplace Relations  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

| <b>Note 26: Administered Financial Instruments</b>                              | <b>2014</b>    | <b>2013</b>   |
|---|----------------|---------------|
|   | <b>\$'000</b>  | <b>\$'000</b> |
| <b><u>Note 26A: Categories of financial instruments</u></b>                     |                |               |
| <b>Financial Assets</b>   |                |               |
| <b>Available-for-sale financial assets</b>                                      |                |               |
| Investments   | <b>123,712</b> | 6,987         |
| <b>Total available-for-sale financial assets</b>                                | <b>123,712</b> | 6,987         |
| <b>Loans and receivables</b>  |                |               |
| Cash and cash equivalents   | <b>558</b>     | 58            |
| Taxation receivables  | <b>7,250</b>   | 28,427        |
| Goods and services receivable   | <b>7,306</b>   | 34,788        |
| <b>Total loans and receivables</b>  | <b>15,114</b>  | 63,273        |
| <b>Financial assets at fair value through profit or loss (designated)</b>       |                |               |
| Student Financial Supplement Scheme (ABSTUDY)                                   | <b>50,853</b>  | 54,200        |
| Other loans   | <b>11,885</b>  | 13,939        |
| <b>Total financial assets at fair value through profit or loss (designated)</b> | <b>62,738</b>  | 68,139        |
| <b>Total financial assets</b>   | <b>201,564</b> | 138,399       |
| <b>Financial Liabilities</b>  |                |               |
| <b>Financial liabilities measured at amortised cost</b>                         |                |               |
| Trade creditors   | <b>59,478</b>  | 145,279       |
| Subsidies payable   | <b>8,024</b>   | 32,349        |
| Grants payable  | <b>13,799</b>  | 43,084        |
| <b>Total financial liabilities measured at amortised cost</b>                   | <b>81,301</b>  | 220,712       |
| <b>Total financial liabilities</b>  | <b>81,301</b>  | 220,712       |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

| <u>Note 26B: Net gains or losses on financial assets</u>  | 2014                 | 2013                  |
|---|----------------------|-----------------------|
|   | \$'000               | \$'000                |
| <b>Available-for-sale financial assets</b>  |                      |                       |
| Gain/loss recognised in equity  | 116,725              | (37,572)              |
| <b>Net gains/(losses) from available-for-sale financial assets</b>                              | <u>116,725</u>       | <u>(37,572)</u>       |
| <b>Loans and receivables</b>  |                      |                       |
| Interest revenue  | 3                    | 14                    |
| Reversal of impairment - goods and services   | -                    | 1,941                 |
| Write-down and impairment   | (19,020)             | (2,979)               |
| <b>Net gains/(losses) from loans and receivables</b>  | <u>(19,017)</u>      | <u>(1,024)</u>        |
| <b>Financial assets at fair value through profit or loss (designated)</b>                       |                      |                       |
| Interest revenue  | 692                  | 1,513                 |
| Interest expense  | -                    | -                     |
| Unwinding of discount   | -                    | (13)                  |
| Fair value gains/(losses)   | -                    | 29,134                |
| <b>Net gains/(losses) on financial assets at fair value through profit or loss (designated)</b> | <u>692</u>           | <u>30,634</u>         |
| <b>Net gains/(losses) on financial assets</b>   | <u><u>98,400</u></u> | <u><u>(7,962)</u></u> |

**Department of Education, Employment and Workplace Relations**  
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**Note 26C: Fair value of financial instruments**

|  | Carrying<br>amount<br>2014<br>\$'000 | Fair<br>value<br>2014<br>\$'000 | Carrying<br>amount<br>2013<br>\$'000 | Fair<br>value<br>2013<br>\$'000 |
|--|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| <b>Financial Assets</b>                        |                                      |                                 |                                      |                                 |
| Available-for-sale                             |                                      |                                 |                                      |                                 |
| Investments                                    | 123,712                              | 123,712                         | 6,987                                | 6,987                           |
| Loans and receivables                          |                                      |                                 |                                      |                                 |
| Cash at bank and on hand                       | 558                                  | 558                             | 58                                   | 58                              |
| Taxation receivables                           | 7,250                                | 7,250                           | 28,427                               | 28,427                          |
| Receivables for goods and services             | 7,306                                | 7,306                           | 34,788                               | 34,788                          |
| Fair value through profit or loss (designated) |                                      |                                 |                                      |                                 |
| Student Financial Supplement Scheme (ABSTUDY)  | 50,853                               | 50,853                          | 54,200                               | 54,200                          |
| Other loans                                    | 11,885                               | 11,885                          | 13,939                               | 13,939                          |
| <b>Total financial assets</b>                  | <b>201,564</b>                       | <b>201,564</b>                  | 138,399                              | 138,399                         |
| <b>Financial Liabilities</b>                   |                                      |                                 |                                      |                                 |
| Measured at amortised cost                     |                                      |                                 |                                      |                                 |
| Trade creditors                                | 59,478                               | 59,478                          | 145,279                              | 145,279                         |
| Subsidies payable                              | 8,024                                | 8,024                           | 32,349                               | 32,349                          |
| Grants payable                                 | 13,799                               | 13,799                          | 43,084                               | 43,084                          |
| <b>Total financial liabilities</b>             | <b>81,301</b>                        | <b>81,301</b>                   | 220,712                              | 220,712                         |



**Department of Education, Employment and Workplace Relations**  
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**Note 26D: 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.

**Maximum exposure to credit risk (excluding any collateral or credit enhancements)**

|   | <b>2014</b>    | 2013    |
|---|----------------|---------|
|   | <b>\$'000</b>  | \$'000  |
| <b>Financial assets carried at amount not best representing maximum exposure to credit risk</b>       |                |         |
| Available-for-sale  |                |         |
| Investments   | <b>123,712</b> | 6,987   |
| Loan and receivables financial assets   |                |         |
| Cash at bank and on hand  | <b>558</b>     | 58      |
| Taxation receivables  | <b>7,250</b>   | 28,427  |
| Goods and services receivables  | <b>27,610</b>  | 37,393  |
| Fair value through profit or loss (designated)  |                |         |
| Student Financial Supplement Scheme (ABSTUDY)   | <b>50,853</b>  | 54,200  |
| Other loans   | <b>11,885</b>  | 13,939  |
| <b>Total financial assets carried at amount not best representing maximum exposure to credit risk</b> | <b>221,868</b> | 141,004 |

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 \$20.304 million in 2014 (2013: \$2.605 million).

In relation to the entity's gross credit risk no collateral is held by the department.

**Department of Education, Employment and Workplace Relations**  
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| <b>Credit quality of financial assets not past due or individually determined as impaired</b> |  |   |   |  |                         |
|---|--|---|---|--|-------------------------|
|   | <b>Not past<br/>due nor<br/>impaired<br/>2014<br/>\$'000</b> | Not past<br>due nor<br>impaired<br>2013<br>\$'000 | <b>Past due<br/>or<br/>impaired<br/>2014<br/>\$'000</b> | Past due<br>or<br>impaired<br>2013<br>\$'000 |                         |
| Available-for-sale  |  |   |   |  |                         |
| Investments   | <b>123,712</b>   | 6,987   | -   | -  |                         |
| Loans and receivables   |  |   |   |  |                         |
| Cash at bank and on hand  | <b>558</b>   | 58  | -   | -  |                         |
| Taxation receivables  | <b>7,250</b>   | 28,427  | -   | -  |                         |
| Goods and services receivables  | <b>1,643</b>   | 20,913  | <b>25,967</b>   | 16,480                                       |                         |
| Fair value through profit or loss (designated)  |  |   |   |  |                         |
| Student Financial Supplement Scheme (ABSTUDY)   | <b>50,853</b>  | 54,200  | -   | -  |                         |
| Other loans   | <b>11,885</b>  | 13,939  | -   | -  |                         |
| <b>Total</b>  | <b>195,901</b>   | 124,524   | <b>25,967</b>   | 16,480                                       |                         |
| <b>Ageing of financial assets that were past due but not impaired for 2014</b>                |  |   |   |  |                         |
|   | <b>0 to 30<br/>days<br/>\$'000</b>                           | <b>31 to 60<br/>days<br/>\$'000</b>               | <b>61 to 90<br/>days<br/>\$'000</b>                     | <b>90+<br/>days<br/>\$'000</b>               | <b>Total<br/>\$'000</b> |
| Goods and services and other receivables  | <b>3,643</b>   | <b>234</b>  | -   | <b>1,786</b>                                 | <b>5,663</b>            |
| <b>Total</b>  | <b>3,643</b>   | <b>234</b>  | -   | <b>1,786</b>                                 | <b>5,663</b>            |
| <b>Ageing of financial assets that were past due but not impaired for 2013</b>                |  |   |   |  |                         |
|   | <b>0 to 30<br/>days<br/>\$'000</b>                           | <b>31 to 60<br/>days<br/>\$'000</b>               | <b>61 to 90<br/>days<br/>\$'000</b>                     | <b>90+<br/>days<br/>\$'000</b>               | <b>Total<br/>\$'000</b> |
| Goods and services and other receivables  | <b>357</b>   | <b>320</b>  | <b>507</b>  | <b>12,691</b>                                | <b>13,875</b>           |
| <b>Total</b>  | <b>357</b>   | <b>320</b>  | <b>507</b>  | <b>12,691</b>                                | <b>13,875</b>           |

**Department of Education, Employment and Workplace Relations**  
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**Note 26E: 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.

**Maturities for non-derivative financial liabilities 2014**

|                              | On<br>demand<br>\$'000 | Within 1<br>year<br>\$'000 | Between<br>1 to 2<br>years<br>\$'000 | Between<br>2 to 5<br>years<br>\$'000 | More than<br>5<br>years<br>\$'000 | Total<br>\$'000 |
|------------------------------|------------------------|----------------------------|--------------------------------------|--------------------------------------|-----------------------------------|-----------------|
| <b>Financial Liabilities</b> |                        |                            |                                      |                                      |                                   |                 |
| Measured at amortised cost   |                        |                            |                                      |                                      |                                   |                 |
| Trade creditors              | -                      | 59,478                     | -                                    | -                                    | -                                 | 59,478          |
| Subsidies                    | -                      | 8,024                      | -                                    | -                                    | -                                 | 8,024           |
| Grants payable               | -                      | 13,799                     | -                                    | -                                    | -                                 | 13,799          |
| <b>Total</b>                 | -                      | <b>81,301</b>              | -                                    | -                                    | -                                 | <b>81,301</b>   |

**Maturities for non-derivative financial liabilities 2013**

|                              | On<br>demand<br>\$'000 | Within 1<br>year<br>\$'000 | Between<br>1 to 2<br>years<br>\$'000 | Between<br>2 to 5<br>years<br>\$'000 | More than<br>5<br>years<br>\$'000 | Total<br>\$'000 |
|------------------------------|------------------------|----------------------------|--------------------------------------|--------------------------------------|-----------------------------------|-----------------|
| <b>Financial Liabilities</b> |                        |                            |                                      |                                      |                                   |                 |
| Measured at amortised cost   |                        |                            |                                      |                                      |                                   |                 |
| Trade creditors              | -                      | 145,279                    | -                                    | -                                    | -                                 | 145,279         |
| Subsidies                    | -                      | 32,349                     | -                                    | -                                    | -                                 | 32,349          |
| Grants payable               | -                      | 43,084                     | -                                    | -                                    | -                                 | 43,084          |
| <b>Total</b>                 | -                      | <b>220,712</b>             | -                                    | -                                    | -                                 | <b>220,712</b>  |

The department has no derivative financial liabilities in both current and prior year.

**Note 26F: Market risk**

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

**Department of Education, Employment and Workplace Relations**  
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| <b>Note 26G: Concessional loans</b>  |                         |                         |
|--|-------------------------|-------------------------|
|  | <b>2014</b>             | <b>2013</b>             |
|  | <b>\$'000</b>           | <b>\$'000</b>           |
| <b>Student Financial Supplement Scheme (ABSTUDY)</b>                                 |                         |                         |
| Nominal value  | 403,047                 | 403,047                 |
| Less: Unexpired discount   | (13,194)                | (9,847)                 |
| Impairment   | (339,000)               | (339,000)               |
| Carrying amount  | <u>50,853</u>           | <u>54,200</u>           |
| <b>Child Care loans</b>  |                         |                         |
| Nominal value  | 11,885                  | 13,939                  |
| Less: Unexpired discount   | -                       | -                       |
| Impairment   | -                       | -                       |
| Carrying amount  | <u>11,885</u>           | <u>13,939</u>           |
| <b>Total concessional loans</b>  | <u><u>62,738</u></u>    | <u><u>68,139</u></u>    |
| <b>Note 27: Administered Financial Assets Reconciliation</b>                         |                         |                         |
|  | <b>2014</b>             | <b>2013</b>             |
|  | <b>\$'000</b>           | <b>\$'000</b>           |
|  | <b>Notes</b>            |                         |
| <b>Total financial assets as per administered schedule of assets and liabilities</b> | <b>1,478,587</b>        | <b>1,354,878</b>        |
| Less: non-financial instrument components  |                         |                         |
| GST receivable from Australian Taxation Office                                       | <b>13,308</b>           | 37,781                  |
| Personal benefits receivable (net)   | <b>1,077,376</b>        | 1,085,275               |
| Personal benefits advances   | <b>47,402</b>           | 91,363                  |
| Special account appropriations   | <u>138,937</u>          | <u>2,060</u>            |
| Total non-financial instrument components  | <u><b>1,277,023</b></u> | <u><b>1,216,479</b></u> |
| <b>Total financial assets as per administered financial instruments note</b>         | <b>26A</b>              |                         |
|  | <u><b>201,564</b></u>   | <u><b>138,399</b></u>   |

**Department of Education, Employment and Workplace Relations**  
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**Note 28: Appropriations**

**Note 28A: Annual Appropriations (Recoverable GST exclusive)**

|                                      | 2014 Appropriations            |   |                            |                      |                      |                      |                  | Total appropriation<br>\$'000 | Appropriation applied in 2014<br>(current and prior years)<br>\$'000 | Variance<br>\$'000 |
|--------------------------------------|--------------------------------|---|----------------------------|----------------------|----------------------|----------------------|------------------|-------------------------------|--|--------------------|
|                                      | Appropriation Act              |   |                            | FMA Act              |                      |                      |                  |                               |  |                    |
|                                      | Annual Appropriation<br>\$'000 | Appropriations reduced <sup>1</sup><br>\$'000 | AFM <sup>2</sup><br>\$'000 | Section 30<br>\$'000 | Section 31<br>\$'000 | Section 32<br>\$'000 |                  |                               |  |                    |
| <b>DEPARTMENTAL</b>                  |                                |   |                            |                      |                      |                      |                  |                               |  |                    |
| Ordinary annual services             | 612,484                        | -   | -                          |                      | 6,771                | (220,000)            | 399,255          | 168,655                       | 230,600  |                    |
| Other services                       |                                |   |                            |                      |                      |                      |                  |                               |  |                    |
| Equity                               | 2,672                          | -   | -                          | -                    | -                    | -                    | 2,672            | -                             | 2,672  |                    |
| <b>Total departmental</b>            | <b>615,156</b>                 | <b>-</b>                                      | <b>-</b>                   | <b>-</b>             | <b>6,771</b>         | <b>(220,000)</b>     | <b>401,927</b>   | <b>168,655</b>                | <b>233,272</b>   |                    |
| <b>ADMINISTERED</b>                  |                                |   |                            |                      |                      |                      |                  |                               |  |                    |
| Ordinary annual services             |                                |   |                            |                      |                      |                      |                  |                               |  |                    |
| Administered items                   | 3,353,627                      | (869)   | -                          | 7,693                | -                    | (649,000)            | 2,711,451        | 768,893                       | 1,942,558  |                    |
| Payments to CAC Act bodies           | 6,291                          | -   | -                          | -                    | -                    | -                    | 6,291            | 6,291                         | -  |                    |
| Other services                       |                                |   |                            |                      |                      |                      |                  |                               |  |                    |
| States, ACT, NT and Local government | 54,216                         | -   | -                          | -                    | -                    | (11,000)             | 43,216           | 9,917                         | 33,299   |                    |
| <b>Total administered</b>            | <b>3,414,134</b>               | <b>(869)</b>                                  | <b>-</b>                   | <b>7,693</b>         | <b>-</b>             | <b>(660,000)</b>     | <b>2,760,958</b> | <b>785,101</b>                | <b>1,975,857</b>   |                    |

Notes:

<sup>1</sup> Appropriations 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 in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2013–14 there was no reduction in non-operating departmental appropriations.

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 Appropriations Acts (Nos 1, 3 & 5) 2013–14 and section 12 of Appropriation Acts (No. 2, 4 & 6) 2013–14, the appropriation is taken to be reduced to the required amount specified in Note 28F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination which is disallowable by Parliament.

<sup>2</sup> 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.

<sup>3</sup> In 2013–14, there was no adjustment that met the recognition criteria of a formal reduction in revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the end of the reporting period.

<sup>4</sup> Administered and departmental variances represent unspent appropriations that were transferred to those agencies receiving the functions from the department following the Administrative Arrangement Orders and the movement in creditor balances as the 2012–13 liabilities were paid.

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|                                      | 2013 Appropriations            |   |                            |                      |                      |                      | Total appropriation<br>\$'000 | Appropriation applied in 2013<br>(current and prior years)<br>\$'000 | Variance<br>\$'000 |
|--------------------------------------|--------------------------------|---|----------------------------|----------------------|----------------------|----------------------|-------------------------------|--|--------------------|
|                                      | Appropriation Act              |   |                            | FMA Act              |                      |                      |                               |  |                    |
|                                      | Annual Appropriation<br>\$'000 | Appropriations reduced <sup>1</sup><br>\$'000 | AFM <sup>2</sup><br>\$'000 | Section 30<br>\$'000 | Section 31<br>\$'000 | Section 32<br>\$'000 |                               |  |                    |
| <b>DEPARTMENTAL</b>                  |                                |   |                            |                      |                      |                      |                               |  |                    |
| <b>Ordinary annual services</b>      | 616,120                        | (1,263)                                       | -                          | -                    | 33,827               | (5,882)              | 642,802                       | 647,629  | (4,827)            |
| <b>Other services</b>                |                                |   |                            |                      |                      |                      |                               |  |                    |
| Equity                               | 6,520                          | -   | -                          | -                    | -                    | (913)                | 5,607                         | 5,607  | -                  |
| <b>Total departmental</b>            | 622,640                        | (1,263)                                       | -                          | -                    | 33,827               | (6,795)              | 648,409                       | 653,236  | (4,827)            |
| <b>ADMINISTERED</b>                  |                                |   |                            |                      |                      |                      |                               |  |                    |
| <b>Ordinary annual services</b>      |                                |   |                            |                      |                      |                      |                               |  |                    |
| Administered items                   | 3,862,226                      | (569,093)                                     | 24,117                     | 22,805               | -                    | 1,440                | 3,341,495                     | 3,356,372  | (14,877)           |
| Payments to CAC Act bodies           | 6,300                          | -   | -                          | -                    | -                    | -                    | 6,300                         | 6,279  | 21                 |
| <b>Other services</b>                |                                |   |                            |                      |                      |                      |                               |  |                    |
| States, ACT, NT and Local government | 177,058                        | (31,061)                                      | -                          | 3,000                | -                    | -                    | 148,997                       | 149,809  | (812)              |
| <b>Total administered</b>            | 4,045,584                      | (600,154)                                     | 24,117                     | 25,805               | -                    | 1,440                | 3,496,792                     | 3,512,460  | (15,668)           |

Notes:

<sup>1</sup> Appropriations reduced under Appropriation Acts (Nos. 1,3,5) 2012–13: sections 10,11,12 and 15 and under Appropriation Acts (Nos. 2,4,6) 2012–13: sections 12,13,14 and 17. Departmental appropriations do not lapse at the 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 in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On 5 August 2013, the Finance Minister issued a determination to reduce department appropriation following a request from the Minister for Education. The amount of the reduction under Appropriation Act (No. 1) 2012–13 was \$1,263,000. 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 Appropriations Acts (Nos 1,3, & 5) 2012–13 and section 12 of Appropriation Acts (No. 2,4 & 6) 2012–13, the appropriation is taken to be reduced to the required amount specified in Note 28F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination which is disallowable by Parliament.

<sup>2</sup> Advance to the Finance Minister (AFM) – Appropriation Acts (No. 1,3,5) 2012–13: section 13 and Appropriation Acts (No. 2,4,6) 2012–13: section 15. In 2012-13 the AFM Determination (No. 1 of 2012–13) reduced administered items by \$24,117,000.

<sup>3</sup> In 2012–13, there was an adjustment of \$1,263,000 that met the recognition criteria of a formal reduction in revenue (in accordance with FMO Div 101) but at law the appropriation had not been amended before the end of the reporting period. This adjustment has since been made under law by instrument to reduce appropriations (No. 1 of 2013–2014) on 5 August 2013.

<sup>4</sup> Administered and departmental variances are due to the movement in creditor balances between 2012–13 and 2013–14 less section 32 transfers relating to prior year creditors.

**Department of Education, Employment and Workplace Relations  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 28B: Departmental and Administered Capital Budgets (Recoverable GST exclusive)**

|  | 2014 Capital Budget Appropriations |  |                      | Capital Budget Appropriations applied in 2014<br>(current and prior years) |  |   | Variance<br>\$'000 |                             |
|--|------------------------------------|--|----------------------|--|--|---|--------------------|-----------------------------|
|  | <i>Appropriation Act</i>           |  | <i>FMA Act</i>       | Total Capital<br>Budget<br>Appropriations<br>\$'001                        | Payments for<br>non-financial<br>assets <sup>3</sup><br>\$'000 | Payments for<br>other<br>purposes<br>\$'000 |                    | Total<br>payments<br>\$'000 |
|  | Annual Capital<br>Budget<br>\$'000 | Appropriations<br>reduced <sup>2</sup><br>\$'000 | Section 32<br>\$'000 |  |  |   |                    |                             |
| <b>DEPARTMENTAL</b>                      |                                    |  |                      |  |  |   |                    |                             |
| <b>Ordinary annual services</b>          | -                                  | -  | -                    | -  | -  | -   | -                  |                             |
| Departmental Capital Budget <sup>1</sup> | <b>49,412</b>                      | -  | -                    | <b>49,412</b>  | <b>5,948</b>   | -   | <b>43,464</b>      |                             |

Notes:

<sup>1</sup> Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (Nos. 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 Note 28A: Annual appropriations.

<sup>2</sup> Appropriations reduced under Appropriation Acts (Nos. 1, 3 & 5) 2013–14: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

<sup>3</sup> Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

**Department of Education, Employment and Workplace Relations**  
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|  | 2013 Capital Budget Appropriations |  |                      | Capital Budget Appropriations applied in 2013<br>(current and prior years) |  |   |                             | Variance<br>\$'000 |
|--|------------------------------------|--|----------------------|--|--|---|-----------------------------|--------------------|
|  | Appropriation Act                  |  | FMA Act              | Total Capital<br>Budget<br>Appropriations<br>\$'000                        | Payments for<br>non-financial<br>assets <sup>3</sup><br>\$'000 | Payments for<br>other<br>purposes<br>\$'000 | Total<br>payments<br>\$'000 |                    |
|  | Annual Capital<br>Budget<br>\$'000 | Appropriations<br>reduced <sup>2</sup><br>\$'000 | Section 32<br>\$'000 |  |  |   |                             |                    |
| <b>DEPARTMENTAL</b>                      |                                    |  |                      |  |  |   |                             |                    |
| <b>Ordinary annual services</b>          | -                                  | -  | -                    | -  | -  | -   | -                           | -                  |
| <b>Other services</b>                    |                                    |  |                      |  |  |   |                             |                    |
| Departmental Capital Budget <sup>1</sup> | 45,094                             | -  | -                    | 45,904   | 39,732   | -   | 39,732                      | 5,362              |

Notes:

<sup>1</sup> 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 Note 28A: Annual appropriations.

<sup>2</sup> Appropriations reduced under Appropriation Acts (No. 1, 3 & 5) 2012–13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

<sup>3</sup> Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.



**Department of Education, Employment and Workplace Relations  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 28C: Unspent Annual Appropriations ('Recoverable GST exclusive')**

|  | 2014             | 2013           |
|--|------------------|----------------|
|  | \$'000           | \$'000         |
| <b>Departmental</b>                            |                  |                |
| Appropriation Act (No. 1) 2013-14              | 305,013          | -              |
| Appropriation Act (No. 2) 2013-14              | 2,672            | -              |
| Appropriation Act (No. 1) 2012-13              | 32,756           | 48,275         |
| Appropriation Act (No. 1) 2011-12              | -                | 58,894         |
| <b>Total departmental</b>                      | <b>340,441</b>   | <b>107,169</b> |
| <b>Administered</b>                            |                  |                |
| Appropriation Act (No. 1) 2013-14              | 2,123,342        | -              |
| Appropriation Act (No. 2) 2013-14              | 33,299           | -              |
| Appropriation Act (No. 1) 2012-13              | 2,084            | 688,671        |
| Appropriation Act (No. 3) 2012-13              | -                | 60,694         |
| Appropriation Act (No. 2) 2012-13              | -                | 31,061         |
| Appropriation Act (No. 1) 2010-11              | 4,471            | 4,471          |
| Appropriation Act (No. 1) 2009-10 <sup>1</sup> | -                | 3,508          |
| <b>Total administered</b>                      | <b>2,163,196</b> | <b>788,405</b> |

<sup>1</sup> These amounts were formally lapsed in 2013–14 with the commencement of the *Statute Stocktake (Appropriations) Act 2013*.

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 28D: Special Appropriations (Recoverable GST exclusive)**

| Authority   | Type             | Purpose  | Appropriation applied |            |
|---|------------------|--|-----------------------|------------|
|   |                  |  | 2014                  | 2013       |
|   |                  |  | \$'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.   | 1,353,586             | 4,748,386  |
| Early Years Quality Fund Special Account Act 2013   | Limited Amount   | An Act to establish the Early Years Quality Fund Special Account and for related purposes.   | 135,000               | -          |
| Schools Assistance Act 2008 - Section 167 (Administered)  | Unlimited Amount | An Act to grant financial assistance to the states and territories for 2005 to 2008 for primary and secondary education, and for related purposes.       | 1,939,863             | 7,979,500  |
| Student Assistance Act 1973 - Section 55A (Administered)  | Unlimited Amount | An Act to provide certain benefits to certain students and for other purposes.   | 69,965                | 290,571    |
| Fair Entitlements Guarantee Act 2012 - Section 50 (Administered)  | Unlimited Amount | An Act to provide for financial assistance for workers who have not been fully paid for work done for insolvents or bankrupts, and for related purposes. | 36,505                | 34,308     |
| Indigenous Education (Targeted Assistance) Act 2000 - Section 14, Administration, Limit for the reporting period and total limit for all reporting periods (Administered) | Limited Amount   | An Act to provide targeted financial assistance to advance the education of Indigenous Australians and for other related purposes.                       | 29,013                | 137,830    |
| Social Security Administration Act 1999 - Section 242 (Administered)  | Unlimited Amount | An Act to provide income support assistance for individuals.   | 3,439,771             | 14,940,551 |
| Coal Mining Industry (Long Service Leave Funding) Act 1992 (Administered)   | Unlimited Amount | An Act to manage the long service leave entitlement of the Coal Mining Industry.   | 42,216                | 170,454    |

**Department of Education, Employment and Workplace Relations  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 28D: Special Appropriations (Recoverable GST exclusive) continued**

| Authority   | Type             | Purpose  | Appropriation applied |                   |
|---|------------------|--|-----------------------|-------------------|
|   |                  |  | 2014                  | 2013              |
|   |                  |  | \$'000                | \$'000            |
| Safety, Rehabilitation and Compensation Act 1988 (SRC Act) (Administered)                                 | Unlimited Amount | An Act to provide for the payment of workers compensation claims and associated expenses in accordance with the provisions of the SRC Act. | 10,589                | 39,661            |
| Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005 (Administered)                  | Unlimited Amount | An Act to assign responsibility for the management of certain liabilities relating to asbestos-related claims, and for related purposes.   | 5,989                 | 27,890            |
| Air Passenger Ticket Levy (Collection) Act 2001 [Administered]<br>Appropriation limited to \$500,000,000. | Limited Amount   | To provide a safety net arrangement for former employees of the Ansett Group of Companies.   | -                     | -                 |
| <b>Total special appropriations applied</b>   |                  |  | <b>7,062,497</b>      | <b>28,369,151</b> |

**Department of Education, Employment and Workplace Relations  
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**Note 28E: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')**

|                | Department of<br>Industry, Innovation,<br>Climate Change,<br>Science, Research and<br>Tertiary Education<br>\$'000 | Department of Families,<br>Housing, Community<br>Services, and Indigenous<br>Affairs<br>\$'000 |
|----------------|--|--|
| <b>2014</b>    |  |  |
| Total receipts | -  | 57   |
| Total payments | -  | (300)  |

|                | Department of<br>Industry, Innovation,<br>Science, Research and<br>Tertiary Education<br>\$'000 | Department of Families,<br>Housing, Community<br>Services, and Indigenous<br>Affairs<br>\$'000 |
|----------------|---|--|
| <b>2013</b>    |   |  |
| Total receipts | 918   | 2,078  |
| Total payments | (918)   | (1,835)  |

**Department of Education, Employment and Workplace Relations  
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**Note 28F: Reduction in Administered Items (Recoverable GST exclusive)**

| <b>2014</b>  | <b>Amount required<sup>3</sup> - by Appropriation Act</b> |                   | <b>Total amount required<sup>3</sup></b> | <b>Total amount appropriated<sup>4</sup></b> | <b>Total reduction<sup>5</sup></b> |
|--|---|-------------------|--|--|------------------------------------|
| <b>Ordinary Annual Services</b>                                  | <b>Act (No.1)</b>   | <b>Act (No.3)</b> |  |  |                                    |
| Outcome 1  | 352,572,822.53  | -                 | 352,572,822.53                           | 352,573,000.00                               | 177.47                             |
| Outcome 2  | 322,073,181.44  | -                 | 322,073,181.44                           | 322,075,000.00                               | 1,818.56                           |
| Outcome 3  | 2,006,614,030.84  | -                 | 2,006,614,030.84                         | 2,006,615,000.00                             | 969.16                             |
| Outcome 4  | 22,497,537.82   | -                 | 22,497,537.82                            | 23,364,000.00                                | 866,462.18                         |
| <b>Other services</b>  | <b>Act (No.2)</b>   | <b>Act (No.4)</b> |  |  |                                    |
| <b>Specific payments to States, ACT, NT and Local government</b> |   |                   |  |  |                                    |
| Outcome 2  | 43,215,659.60   | -                 | 43,215,659.60                            | 43,216,000.00                                | 340.40                             |

Notes:

<sup>1</sup> Numbers in this section are disclosed to the cent.

<sup>2</sup> Administered items for 2014 were reduced to these amounts when these financial statements were tabled in Parliament in the department's 2014 annual report. This reduction is effective in 2015, but the amounts are reflected in Note 28A in the 2014 financial statements in the column 'Appropriations reduced' as they are adjustments to 2014 appropriations.

<sup>3</sup> Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).

<sup>4</sup> Total amount appropriated in 2014.

<sup>5</sup> Total reduction effective in 2015.

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

| <b>2013</b>  | <b>Amount required<sup>3</sup> - by Appropriation Act</b> |                   | <b>Total amount required<sup>3</sup></b> | <b>Total amount appropriated<sup>4</sup></b> | <b>Total reduction<sup>5</sup></b> |
|--|---|-------------------|--|--|------------------------------------|
| <b>Ordinary Annual Services</b>                                  | <b>Act (No.1)</b>   | <b>Act (No.3)</b> |  |  |                                    |
| Outcome 1  | 430,119,617.03  | 61,233,488.22     | 491,353,105.25                           | 514,913,000.00                               | 23,559,894.75                      |
| Outcome 2  | 367,310,457.97  | -                 | 367,310,457.97                           | 520,271,000.00                               | 152,960,542.03                     |
| Outcome 3  | 2,224,574,643.45  | -                 | 2,224,574,643.45                         | 2,590,817,000.00                             | 366,242,356.55                     |
| Outcome 4  | 213,637,000.00  | 21,814,958.15     | 235,451,958.15                           | 261,781,999.97                               | 26,330,041.82                      |
| <b>Other services</b>  | <b>Act (No.2)</b>   | <b>Act (No.4)</b> |  |  |                                    |
| <b>Specific payments to States, ACT, NT and Local government</b> |   |                   |  |  |                                    |
| Outcome 2  | 145,996,595.80  | -                 | 145,996,595.80                           | 177,058,000.00                               | 31,061,404.20                      |

Notes:

<sup>1</sup> Numbers in this section are disclosed to the cent.

<sup>2</sup> Administered items for 2013 were reduced to these amounts when these financial statements were tabled in Parliament in the department's 2013 annual report. This reduction is effective in 2014, but the amounts are reflected in Table 28A in the 2012–13 financial statements in the column 'Appropriations reduced' as they are adjustments to 2013 appropriations.

<sup>3</sup> Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).

<sup>4</sup> Total amount appropriated in 2013.

<sup>5</sup> Total reduction effective in 2014.

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 29: Special Accounts**

**Note 29A: Special Accounts (Recoverable GST exclusive)**

|   | Aboriginal Tutorial Assistance<br>Superannuation <sup>1</sup> |                | National Youth Affairs<br>Research Scheme <sup>2</sup> |                |
|---|---|----------------|--|----------------|
|   | 2014<br>\$'000  | 2013<br>\$'000 | 2014<br>\$'000   | 2013<br>\$'000 |
| <b>Balance brought forward from previous period</b> | <b>960</b>  | 926            | <b>251</b>   | 310            |
| <b>Increases</b>                                    |   |                |  |                |
| Appropriation credited to special account           | -   | -              | -  | -              |
| Other receipts                                      | -   | 34             | -  | -              |
| <b>Total increases</b>                              | -   | 34             | -  | -              |
| <b>Available for payments</b>                       | <b>960</b>  | 960            | <b>251</b>   | 310            |
| <b>Decreases</b>                                    |   |                |  |                |
| <b>Departmental</b>                                 |   |                |  |                |
| Transfer to the Official Public Account             | -   | -              | -  | -              |
| Other Payments                                      | -   | -              | -  | -              |
| <b>Total departmental</b>                           | -   | -              | -  | -              |
| <b>Administered</b>                                 |   |                |  |                |
| Payments made to suppliers                          | -   | -              | -  | -              |
| Other payments                                      | -   | -              | -  | (59)           |
| <b>Total administered</b>                           | -   | -              | -  | (59)           |
| <b>Total decreases</b>                              | -   | -              | -  | (59)           |
| <b>Total balance carried to the next period</b>     | <b>960</b>  | 960            | <b>251</b>   | 251            |

|   | Early Years Quality Fund<br>Special Account <sup>3</sup> |                | Services for Other Entities and<br>Trust Moneys <sup>4</sup> |                |
|---|--|----------------|--|----------------|
|   | 2014<br>\$'000   | 2013<br>\$'000 | 2014<br>\$'000   | 2013<br>\$'000 |
| <b>Balance brought forward from previous period</b> | -  | -              | <b>849</b>   | 590            |
| <b>Increases</b>                                    |  |                |  |                |
| Appropriation credited to special account           | <b>135,000</b>   | -              | -  | -              |
| Other receipts                                      | -  | -              | <b>2,225</b>   | 854            |
| <b>Total increases</b>                              | <b>135,000</b>   | -              | <b>2,225</b>   | 854            |
| <b>Available for payments</b>                       | <b>135,000</b>   | -              | <b>3,074</b>   | 1,444          |
| <b>Decreases</b>                                    |  |                |  |                |
| <b>Departmental</b>                                 |  |                |  |                |
| Transfer to the Official Public Account             | -  | -              | -  | -              |
| Other Payments                                      | -  | -              | -  | -              |
| <b>Total departmental</b>                           | -  | -              | -  | -              |
| <b>Administered</b>                                 |  |                |  |                |
| Payments made to suppliers                          | -  | -              | <b>(350)</b>   | (595)          |
| <b>Total administered</b>                           | -  | -              | <b>(350)</b>   | (595)          |
| <b>Total decreases</b>                              | -  | -              | <b>(350)</b>   | (595)          |
| <b>Total balance carried to the next period</b>     | <b>135,000</b>   | -              | <b>2,724</b>   | 849            |

## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### <sup>1</sup> Aboriginal Tutorial Assistance Superannuation Special Account

Appropriation: *Financial Management and Accountability Act 1997*; section 20

Establishing Instrument: *Financial Management and Accountability Determination 2003/05* on 26 November 2003; later varied by the *Financial Management and Accountability Determination 2006/43* on 1 September 2006.

Purpose: to provide a source of finance for the liability for the Superannuation Productivity Benefit entitlements owing to tutors contracted under the Aboriginal Tutorial Assistance Scheme.

### <sup>2</sup> National Youth Affairs Research Scheme Special Account

Appropriation: *Financial Management and Accountability Act 1997*; section 20

Establishing Instrument: *Financial Management and Accountability Determination 2006/45* on 22 August 2006.

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

### <sup>3</sup> Early Years Quality Fund Special Account

Appropriation: *Financial Management and Accountability Act 1997*: section 21

Establishing Instrument: *Early Years Quality Fund Special Account Act 2013* on 1 July 2013

Purpose: To provide funding to the approved centre based long day care services, to be used exclusively for paying remuneration, and other employment-related costs and expenses, in relation to employees in the early childhood education and care sector.

### <sup>4</sup> Services for Other Entities and Trust Moneys Special Account

Appropriation: *Financial Management and Accountability Act 1997* on 3 June 2008; section 20

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 FMA agencies
- to repay amounts where an Act or other law requires or permits the repayment of an amount received
- to reduce the balance of the Services for Other Entities and Trust Moneys Special Account.



**Department of Education, Employment and Workplace Relations  
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**Note 30: Compensation and Debt Relief**

|   | 2014 | 2013 |
|---|------|------|
|   | \$   | \$   |
| <b>Departmental</b>   |      |      |
| No 'Act of Grace payments' were expensed during the reporting period (2013: nil)  | -    | -    |
| No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2013: nil)                            | -    | -    |
| No ex-gratia payments were provided for during the reporting period (2013: nil)   | -    | -    |
| No payment was provided under the Compensation for Detriment caused by Defective Administration Scheme during the reporting period (2013: one payment)  | -    | 20   |
| No payments were provided in special circumstances relating to Australian Public Sector employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period (2013: nil) | -    | -    |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

| <b>Administered</b>   | <b>2014</b>   | 2013          |
|---|---------------|---------------|
|   | <b>\$'000</b> | \$'000        |
| 7 'Act of Grace' payments were expensed during the reporting period (2013: 27 payments)   | <u>2</u>      | <u>13</u>     |
| No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2013: 16)                               | <u>-</u>      | <u>-</u>      |
| 42,548 waivers of amounts owing to the Australian Government were made pursuant to sections 1237, 1237A and 1237AAD of the <i>Social Security Act 1991</i> . (2013: 212,068 waivers)                      | <u>4,496</u>  | <u>17,222</u> |
| 652 waivers of amounts owing to the Australian Government were made pursuant to the <i>Student Assistance Act 1973</i> (2013: 3,299 waivers)  | <u>222</u>    | <u>584</u>    |
| 53,200 waivers of amounts owing to the Australian Government were made pursuant to the <i>A New Tax System (Family Assistance) (Administration) Act 1999</i> (2013: 102,520 waivers)                      | <u>1,070</u>  | <u>2,121</u>  |
| No ex-gratia payments were provided for during the reporting period. (2013: nil)  | <u>-</u>      | <u>-</u>      |
| No payments were provided under the Compensation for Detriment caused by Defective Administration Scheme during the reporting period. (2013: nil)   | <u>-</u>      | <u>-</u>      |
| No payments were provided in special circumstances relating to Australian Public Service employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period. (2013: nil) | <u>-</u>      | <u>-</u>      |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 31: Reporting of Outcomes**

The department has four outcomes. 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        |                   | Outcome 4      |                |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|----------------|----------------|
|  | 2014<br>\$'000   | 2013<br>\$'000   | 2014<br>\$'000   | 2013<br>\$'000   | 2014<br>\$'000   | 2013<br>\$'000    | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Departmental</b>                                |                  |                  |                  |                  |                  |                   |                |                |
| Expenses   | 21,369           | 91,730           | 34,629           | 148,767          | 68,051           | 354,967           | 15,272         | 77,482         |
| Own-source income                                  | 2,284            | 5,268            | 3,857            | 8,862            | 1,304            | 19,840            | 849            | 15,761         |
| <b>Administered</b>                                |                  |                  |                  |                  |                  |                   |                |                |
| Expenses   | 1,501,755        | 5,245,625        | 2,131,447        | 8,918,261        | 3,862,492        | 17,015,745        | 64,812         | 445,650        |
| Income   | 135,081          | 10,151           | 10,023           | 47,165           | 1,319            | 18,571            | 24,182         | 212,000        |
| <b>Net cost/(contribution) of outcome delivery</b> | <b>1,385,759</b> | <b>5,321,936</b> | <b>2,152,196</b> | <b>9,011,001</b> | <b>3,927,920</b> | <b>17,332,301</b> | <b>55,053</b>  | <b>295,371</b> |

|  | Payment to CAC Act Bodies <sup>1</sup> |                | Not attributed <sup>2</sup> |                | Total            |                   |
|--|--|----------------|-----------------------------|----------------|------------------|-------------------|
|  | 2014<br>\$'000                         | 2013<br>\$'000 | 2014<br>\$'000              | 2013<br>\$'000 | 2014<br>\$'000   | 2013<br>\$'000    |
| <b>Departmental</b>                                |  |                |                             |                |                  |                   |
| Expenses   | -                                      | -              | -                           | -              | 139,321          | 672,946           |
| Own-source income                                  | -                                      | -              | -                           | -              | 8,294            | 49,731            |
| <b>Administered</b>                                |  |                |                             |                |                  |                   |
| Expenses   | 22,928                                 | 445,475        | 98                          | -              | 7,583,532        | 32,070,756        |
| Income   | -                                      | -              | 98                          | 798            | 170,703          | 288,685           |
| <b>Net cost/(contribution) of outcome delivery</b> | <b>22,928</b>                          | <b>445,475</b> | <b>-</b>                    | <b>(798)</b>   | <b>7,543,856</b> | <b>32,405,286</b> |

Outcomes 1 to 4 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

<sup>1</sup> Payments to CAC Act bodies are not related to outcomes. They are included here so the total agrees to the resourcing table.

<sup>2</sup> Some administered own-source income is not related to programmes and outcomes. They are included here so the total agrees to the schedule of comprehensive income.

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

|                                     | Outcome 1      |                | Outcome 2      |                | Outcome 3      |                | Outcome 4      |                |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                     | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Expenses</b>                     |                |                |                |                |                |                |                |                |
| Employee benefits                   | 14,124         | 57,811         | 23,094         | 94,477         | 44,916         | 222,495        | 9,780          | 48,445         |
| Suppliers                           | 4,941          | 25,203         | 8,078          | 41,188         | 15,712         | 96,999         | 3,421          | 21,120         |
| Depreciation                        | 2,297          | 8,503          | 3,446          | 12,755         | 7,402          | 34,622         | 1,039          | 4,859          |
| Grants                              | -              | -              | -              | -              | -              | 33             | 1,027          | 2,880          |
| Other                               | 7              | 213            | 11             | 347            | 21             | 818            | 5              | 178            |
| <b>Total expenses</b>               | <b>21,369</b>  | <b>91,730</b>  | <b>34,629</b>  | <b>148,767</b> | <b>68,051</b>  | <b>354,967</b> | <b>15,272</b>  | <b>77,482</b>  |
| <b>Own-source income</b>            |                |                |                |                |                |                |                |                |
| User charges                        | 2,148          | 4,617          | 3,647          | 7,854          | 876            | 17,334         | 775            | 15,325         |
| Income from government              | 54,372         | 80,541         | 84,444         | 125,088        | 175,853        | 302,558        | 32,371         | 55,694         |
| Other                               | 136            | 651            | 210            | 1,007          | 428            | 2,507          | 74             | 436            |
| <b>Total own-source income</b>      | <b>56,656</b>  | <b>85,809</b>  | <b>88,301</b>  | <b>133,949</b> | <b>177,157</b> | <b>322,399</b> | <b>33,220</b>  | <b>71,455</b>  |
| <b>Assets</b>                       |                |                |                |                |                |                |                |                |
| Cash and cash equivalents           | 999            | -              | 1,619          | -              | 1,638          | -              | 357            | -              |
| Trade and other receivables         | 35,767         | 235            | 57,901         | 1,830          | 222,796        | 2,441          | 36,140         | 1,704          |
| Accrued revenue                     | 913            | -              | 1,482          | -              | 3,241          | -              | 707            | -              |
| Land and buildings                  | 22,426         | 12,216         | 34,803         | 18,959         | 21,351         | 45,837         | 3,932          | 8,441          |
| Infrastructure, plant and equipment | 2,740          | 2,417          | 8,570          | 7,565          | 16,375         | 19,101         | 1,892          | 2,207          |
| Intangibles                         | 10,596         | 7,550          | 32,752         | 23,336         | 61,545         | 74,459         | 5,800          | 7,017          |
| Other financial assets              | 3,107          | -              | 5,038          | -              | 15,509         | -              | 3,385          | -              |
| <b>Total assets</b>                 | <b>76,548</b>  | <b>22,418</b>  | <b>142,165</b> | <b>51,690</b>  | <b>342,455</b> | <b>141,838</b> | <b>52,213</b>  | <b>19,369</b>  |
| <b>Liabilities</b>                  |                |                |                |                |                |                |                |                |
| Suppliers                           | 3,214          | 5,421          | 4,989          | 8,412          | 4,386          | 20,339         | 808            | 3,745          |
| Other payables                      | 10,779         | 7,677          | 16,805         | 10,551         | 14,429         | 28,764         | 2,640          | 5,304          |
| Employee provisions                 | 23,169         | 18,861         | 35,957         | 29,271         | 60,107         | 70,768         | 11,069         | 13,032         |
| Other provisions                    | 730            | 294            | 1,134          | 1,820          | 1,289          | 1,105          | 237            | 203            |
| <b>Total liabilities</b>            | <b>37,892</b>  | <b>32,253</b>  | <b>58,885</b>  | <b>50,054</b>  | <b>80,211</b>  | <b>120,976</b> | <b>14,754</b>  | <b>22,284</b>  |

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|                                     | Not attributed <sup>1</sup> |                | Total          |                |
|-------------------------------------|-----------------------------|----------------|----------------|----------------|
|                                     | 2014<br>\$'000              | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Expenses</b>                     |                             |                |                |                |
| Employee benefits                   | -                           | -              | 91,914         | 423,228        |
| Suppliers                           | -                           | -              | 32,152         | 184,510        |
| Depreciation                        | -                           | -              | 14,184         | 60,739         |
| Grants                              | -                           | -              | 1,027          | 2,913          |
| Other                               | -                           | -              | 44             | 1,556          |
| <b>Total expenses</b>               | -                           | -              | 139,321        | 672,946        |
| <b>Own-Source Income</b>            |                             |                |                |                |
| User charges                        | -                           | -              | 7,446          | 45,130         |
| Income from government              | -                           | -              | 347,040        | 563,881        |
| Other                               | -                           | -              | 848            | 4,601          |
| <b>Total own-source income</b>      | -                           | -              | 355,334        | 613,612        |
| <b>Assets</b>                       |                             |                |                |                |
| Cash and cash equivalent            | -                           | 21,569         | 4,613          | 21,569         |
| Trade and other receivables         | -                           | 88,136         | 352,604        | 94,346         |
| Accrued revenue                     | -                           | 14,326         | 6,343          | 14,326         |
| Land and buildings                  | -                           | -              | 82,512         | 85,453         |
| Infrastructure, plant and equipment | -                           | -              | 29,577         | 31,290         |
| Intangibles                         | -                           | -              | 110,693        | 112,362        |
| Other financial assets              | -                           | 23,716         | 27,039         | 23,716         |
| <b>Total assets</b>                 | -                           | 147,747        | 613,381        | 383,062        |
| <b>Liabilities</b>                  |                             |                |                |                |
| Suppliers                           | -                           | -              | 13,397         | 37,917         |
| Other payables                      | -                           | -              | 44,653         | 52,296         |
| Employee provisions                 | -                           | -              | 130,302        | 131,932        |
| Other provisions                    | -                           | -              | 3,390          | 3,422          |
| <b>Total liabilities</b>            | -                           | -              | 191,742        | 225,567        |

Outcomes 1 to 4 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

<sup>1</sup> Assets and liabilities that could not be reliably attributed to outcomes.

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

|                                 | Outcome 1        |                  | Outcome 2        |                  | Outcome 3        |                   | Outcome 4      |                |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|----------------|----------------|
|                                 | 2014             | 2013             | 2014             | 2013             | 2014             | 2013              | 2014           | 2013           |
|                                 | \$'000           | \$'000           | \$'000           | \$'000           | \$'000           | \$'000            | \$'000         | \$'000         |
| <b>Expenses</b>                 |                  |                  |                  |                  |                  |                   |                |                |
| Subsidies                       | -                | -                | -                | 5,107            | 8,368            | 62,552            | 21,040         | 172,568        |
| Personal benefits               | 1,261,749        | 4,875,490        | 61,987           | 289,344          | 3,420,082        | 14,856,645        | 40,800         | 261,645        |
| Grants                          | 236,640          | 313,499          | 2,018,017        | 8,431,149        | 54               | 18,392            | 1,620          | 3,218          |
| Suppliers                       | 284              | 54,104           | 32,957           | 192,211          | 434,336          | 2,077,290         | 1,350          | 8,203          |
| Other                           | 3,082            | 2,532            | 18,486           | 450              | (348)            | 866               | 2              | 16             |
| <b>Total expenses</b>           | <b>1,501,755</b> | <b>5,245,625</b> | <b>2,131,447</b> | <b>8,918,261</b> | <b>3,862,492</b> | <b>17,015,745</b> | <b>64,812</b>  | <b>445,650</b> |
| <b>Income</b>                   |                  |                  |                  |                  |                  |                   |                |                |
| Taxation                        | -                | -                | -                | -                | -                | -                 | 21,039         | 172,567        |
| Non taxation revenue            | 135,081          | 3,463            | 10,023           | 17,073           | 1,319            | 7,012             | 3,143          | 39,433         |
| Gains                           | -                | 6,688            | -                | 30,092           | -                | 11,559            | -              | -              |
| <b>Total income</b>             | <b>135,081</b>   | <b>10,151</b>    | <b>10,023</b>    | <b>47,165</b>    | <b>1,319</b>     | <b>18,571</b>     | <b>24,182</b>  | <b>212,000</b> |
| <b>Assets</b>                   |                  |                  |                  |                  |                  |                   |                |                |
| Cash and cash equivalents       | 135,387          | -                | 3,466            | -                | -                | -                 | 84             | -              |
| Receivables                     | 312,952          | 328,594          | 77,164           | 86,606           | 817,241          | 910,817           | 7,512          | 19,656         |
| Investments                     | -                | -                | 6,987            | 6,987            | -                | -                 | 116,725        | -              |
| Other non-financial assets      | 3,864            | -                | 990              | -                | 60,990           | -                 | 2,329          | 3,493          |
| <b>Total assets</b>             | <b>452,203</b>   | <b>328,594</b>   | <b>88,607</b>    | <b>93,593</b>    | <b>878,231</b>   | <b>910,817</b>    | <b>126,650</b> | <b>23,149</b>  |
| <b>Liabilities</b>              |                  |                  |                  |                  |                  |                   |                |                |
| Suppliers                       | 19,920           | 24,363           | 13,550           | 43,523           | 23,983           | 77,280            | 2,025          | 113            |
| Subsidies                       | -                | -                | -                | -                | 774              | 3,922             | 7,250          | 28,427         |
| Personal benefits               | 118,561          | 103,014          | 1,160            | 7,514            | 405,048          | 364,226           | 2,277          | 3,602          |
| Grants                          | 8,539            | 8,721            | 5,260            | 33,698           | -                | 585               | -              | 80             |
| Other payables                  | -                | -                | -                | -                | -                | -                 | -              | -              |
| Provision for personal benefits | 624,484          | 742,404          | -                | -                | -                | -                 | -              | -              |
| <b>Total liabilities</b>        | <b>771,504</b>   | <b>878,502</b>   | <b>19,970</b>    | <b>84,735</b>    | <b>429,805</b>   | <b>446,013</b>    | <b>11,552</b>  | <b>32,222</b>  |

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|                                 | Payment to CAC Act bodies |                  | Not attributed <sup>1</sup> |               | Total            |                   |
|---------------------------------|---------------------------|------------------|-----------------------------|---------------|------------------|-------------------|
|                                 | 2014                      | 2013             | 2014                        | 2013          | 2014             | 2013              |
|                                 | \$'000                    | \$'000           | \$'000                      | \$'000        | \$'000           | \$'000            |
| <b>Expenses</b>                 |                           |                  |                             |               |                  |                   |
| Subsidies                       | -                         | -                | -                           | -             | 29,408           | 240,227           |
| Personal benefits               | -                         | -                | -                           | -             | 4,784,618        | 20,283,124        |
| Grants                          | 16,637                    | 439,195          | -                           | -             | 2,272,968        | 9,205,453         |
| Suppliers                       | -                         | -                | 98                          | -             | 469,025          | 2,331,808         |
| Other                           | 6,291                     | 6,280            | -                           | -             | 27,513           | 10,144            |
| <b>Total expenses</b>           | <b>22,928</b>             | <b>445,475</b>   | <b>98</b>                   | <b>-</b>      | <b>7,583,532</b> | <b>32,070,756</b> |
| <b>Income</b>                   |                           |                  |                             |               |                  |                   |
| Taxation                        | -                         | -                | -                           | -             | 21,039           | 172,567           |
| Non taxation revenue            | -                         | -                | 98                          | 798           | 149,664          | 67,779            |
| Gains                           | -                         | -                | -                           | -             | -                | 48,339            |
| <b>Total income</b>             | <b>-</b>                  | <b>-</b>         | <b>98</b>                   | <b>798</b>    | <b>170,703</b>   | <b>288,685</b>    |
| <b>Assets</b>                   |                           |                  |                             |               |                  |                   |
| Cash and cash equivalents       | -                         | -                | 558                         | 2,118         | 139,495          | 2,118             |
| Receivables                     | -                         | -                | 511                         | 100           | 1,215,380        | 1,345,773         |
| Investments                     | -                         | -                | -                           | -             | 123,712          | 6,987             |
| Other non-financial assets      | -                         | -                | -                           | -             | 68,173           | 3,493             |
| <b>Total assets</b>             | <b>-</b>                  | <b>-</b>         | <b>1,069</b>                | <b>2,218</b>  | <b>1,546,760</b> | <b>1,358,371</b>  |
| <b>Liabilities</b>              |                           |                  |                             |               |                  |                   |
| Suppliers                       | -                         | -                | -                           | -             | 59,478           | 145,279           |
| Subsidies                       | -                         | -                | -                           | -             | 8,024            | 32,349            |
| Personal benefits               | -                         | -                | -                           | -             | 527,046          | 478,356           |
| Grants                          | -                         | -                | -                           | -             | 13,799           | 43,084            |
| Other payables                  | 2,788,163                 | 2,788,163        | 19,078                      | 39,677        | 2,807,241        | 2,827,840         |
| Provision for personal benefits | -                         | -                | -                           | -             | 624,484          | 742,404           |
| <b>Total liabilities</b>        | <b>2,788,163</b>          | <b>2,788,163</b> | <b>19,078</b>               | <b>39,677</b> | <b>4,040,072</b> | <b>4,269,312</b>  |

Outcomes 1 to 4 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

<sup>1</sup> Assets, liabilities and income that could not be reliably attributed to outcomes.

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**Note 32: Net Cash Appropriation Arrangements**

|  | <b>2014</b>            | 2013            |
|--|------------------------|-----------------|
|  | <b>\$'000</b>          | \$'000          |
| <i><b>Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b></i> | <b>230,243</b>         | 1,452           |
| Plus: depreciation/amortisation expenses previously funded through revenue appropriation   | <u><b>(14,184)</b></u> | <u>(60,739)</u> |
| <i><b>Total comprehensive income (loss) - as per the Statement of Comprehensive Income</b></i>   | <u><b>216,059</b></u>  | <u>(59,287)</u> |

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



## Department of Education, Employment and Workplace Relations NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The former Department of Finance and Deregulation (Finance) provided information to all agencies in 2011 regarding the need for risk assessments in relation to compliance with statutory conditions on payments from special appropriations, including special accounts. The possibility of this being an issue for the agency was reported in the department's 2011–12 and 2012–13 financial statements. The department completed risk assessments during 2011–12 and 2012–13, in line with the guidance provided by Finance.

The department has continued to monitor its level of compliance with section 83 of the Constitution across all legislation for which it is administratively responsible. The department used the assessment processes identified in Finance's guidance paper to determine the risk of potential section 83 breaches. The process was informed by the results and lessons learned during previous years. Gap analysis was employed to identify changes in the target legislation and associated controls, where these have section 83 implications.

The agency identified 14 appropriations involving statutory conditions for payment, comprising:

- ten special appropriations
- four special accounts.

The work conducted during the 2013–14 financial year has identified:

- Social Security Administration Act 1999 and Student Assistance Act 1973 have 89,375 potential breaches of section 83 based on debts raised for payments made in 2013–14. These total \$28.683 million with the majority relating to the Newstart Allowance. There are mitigating factors that explain the number and amount of potential section 83 breaches. Social Security and Student Assistance legislation requires customers to provide personal information to the Department of Human Services (DHS) from which DHS makes assessments and payments to the customer. If the customer fails to notify DHS or provides incorrect information, an overpayment could arise. Section 83 does not distinguish between errors made by the department or those initiated by customer notifications. Amounts recovered for debts raised in 2013–14 total \$1.100 million. Amounts subject to waiver or write-off for debts raised in 2013–14 are \$1.098 million.

Of the total amount paid in potential contravention of section 83 identified above, Table A provides a breakdown by appropriation of the amounts paid incorrectly, the amounts recovered or offset against later payment, amounts for which recovery action is in progress and/or amounts subject to waiver or write-off or other resolution.

During 2012–13 additional legal advice was received that indicated there could be breaches of section 83 under certain circumstances with payment for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The department has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the department. The department is not aware of any specific breaches of section 83 in respect of these items.

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**Table A - Summary**

| Appropriations identified as subject to conditions                               | Expenditure in 2013–14 \$000 | Review complete? (Yes/No) | Breaches identified to date |             |                 |                                   | Potential breaches to date yet to be resolved |                   | Remedial action taken or proposed <sup>1,2</sup> |
|--|------------------------------|---------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---|-------------------|--|
|  |                              |                           | Number                      | Total \$000 | Incorrect \$000 | Recovered/offset as at date \$000 | Yes/No  | Indicative extent |  |
| Special Appropriations   |                              |                           |                             |             |                 |                                   |   |                   |  |
| <i>A New Tax System (Family Assistance) Act 1999</i>                             | 1,353,586                    | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Early Years Quality Fund Special Account Act 2013</i>                         | 135,000                      | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Schools Assistance Act 2008</i>   | 1,939,863                    | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Indigenous Education (Targeted Assistance) Act 2000</i>                       | 29,013                       | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Fair Entitlements Guarantee Act 2012</i>                                      | 36,505                       | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Student Assistance Act 1973</i>   | 69,965                       | Yes                       | Nil                         | Nil         | Nil             | Nil                               | Yes   | Refer Table B     | N/A  |
| <i>Social Security Administration Act 1999</i>                                   | 3,439,771                    | Yes                       | Nil                         | Nil         | Nil             | Nil                               | Yes   | Refer Table B     | N/A  |
| <i>Safety, Rehabilitation &amp; Compensation Act 1988</i>                        | 10,589                       | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Asbestos-related claims (Management of Commonwealth Liabilities) Act 2005</i> | 5,989                        | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |

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| Appropriations identified as subject to conditions                       | Expenditure in 2013–14 \$000 | Review complete? (Yes/No) | Breaches identified to date |             |                 |                                   | Potential breaches to date yet to be resolved |                   | Remedial action taken or proposed <sup>1,2</sup> |
|--|------------------------------|---------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---|-------------------|--|
|  |                              |                           | Number                      | Total \$000 | Incorrect \$000 | Recovered/offset as at date \$000 | Yes/No  | Indicative extent |  |
| <i>Coal Mining Industry (Long Service Leave) Administration Act 1992</i> | 42,216                       | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| Special Accounts   |                              |                           |                             |             |                 |                                   |   |                   |  |
| Services for Other Entities and Trust Moneys                             | 350                          | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| National Youth Affairs Research Scheme                                   | -                            | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| Aboriginal Tutorial Assistance Superannuation                            | -                            | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| Early Years Quality Fund Special Account                                 | -                            | No                        | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

| Appropriations identified as subject to conditions                               | Expenditure in 2012–13 \$000 | Review complete? (Yes/No) | Breaches identified to date |             |                 |                                   | Potential breaches to date yet to be resolved |                   | Remedial action taken or proposed <sup>1,2</sup> |
|--|------------------------------|---------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---|-------------------|--|
|  |                              |                           | Number                      | Total \$000 | Incorrect \$000 | Recovered/offset as at date \$000 | Yes/No  | Indicative extent |  |
| Special Appropriations   |                              |                           |                             |             |                 |                                   |   |                   |  |
| <i>A New Tax System (Family Assistance) Act 1999</i>                             | 4,748,386                    | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Schools Assistance Act 2008</i>   | 7,979,500                    | Yes                       | Nil                         | Nil         | Nil             | Nil                               | Yes   | Refer Table B     | SP   |
| <i>Indigenous Education (Targeted Assistance) Act 2000</i>                       | 137,830                      | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Fair Entitlements Guarantee Act 2012</i>                                      | 34,308                       | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Student Assistance Act 1973</i>   | 290,571                      | Yes                       | Nil                         | Nil         | Nil             | Nil                               | Yes   | Refer Table B     | N/A  |
| <i>Social Security Administration Act 1999</i>                                   | 14,940,551                   | Yes                       | Nil                         | Nil         | Nil             | Nil                               | Yes   | Refer Table B     | N/A  |
| <i>Safety, Rehabilitation &amp; Compensation Act 1988</i>                        | 39,661                       | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Asbestos-related claims (Management of Commonwealth Liabilities) Act 2005</i> | 27,890                       | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| <i>Coal Mining Industry (Long Service Leave) Administration Act 1992</i>         | 170,545                      | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |

**Department of Education, Employment and Workplace Relations**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

| Appropriations identified as subject to conditions | Expenditure in 2012–13 \$000 | Review complete? (Yes/No) | Breaches identified to date |             |                 |                                   | Potential breaches to date yet to be resolved |                   | Remedial action taken or proposed <sup>1,2</sup> |
|--|------------------------------|---------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---|-------------------|--|
|  |                              |                           | Number                      | Total \$000 | Incorrect \$000 | Recovered/offset as at date \$000 | Yes/No  | Indicative extent |  |
| Special Accounts                                   |                              |                           |                             |             |                 |                                   |   |                   |  |
| Services for Other Entities and Trust Moneys       | 595                          | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| National Youth Affairs Research Scheme             | 59                           | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |
| Aboriginal Tutorial Assistance Superannuation      | -                            | Yes                       | Nil                         | Nil         | Nil             | Nil                               | No  | Nil               | N/A  |

<sup>1</sup> L= legislative change; S= systems change; P=planned; M=made (e.g. SM, or LP).

<sup>2</sup> 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. Where possible legislative amendments and system changes will continue to be progressed.

Department of Education, Employment and Workplace Relations  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Table B – Summary of potential breaches

2013–14

| Act  | Value of potential breaches<br>\$ | Number of potential breaches | Recovery of 2012–13 potential<br>breaches<br>\$ | Potential breaches waived or<br>written off<br>\$ |
|--|-----------------------------------|------------------------------|---|---|
| <i>Student Assistance Act 1973</i>             | 1,064,031                         | 1,602                        | 65,737  | 24,586  |
| <i>Social Security Administration Act 1999</i> | 27,619,159                        | 87,773                       | 1,034,338                                       | 1,073,538   |
| <b>Total</b>                                   | <b>28,683,190</b>                 | <b>89,375</b>                | <b>1,100,075</b>                                | <b>1,098,124</b>                                  |

2012–13

| Act  | Value of potential breaches<br>\$ | Number of potential breaches | Recovery of 2012–13 potential<br>breaches<br>\$ | Potential breaches waived or<br>written off<br>\$ |
|--|-----------------------------------|------------------------------|---|---|
| <i>Schools Assistance Act 2008</i>             | 452,873                           | 80                           | -   | -   |
| <i>Student Assistance Act 1973</i>             | 4,636,215                         | 9,192                        | 318,085   | 130,820   |
| <i>Social Security Administration Act 1999</i> | 101,297,849                       | 389,792                      | 4,376,219                                       | 7,521,873   |
| <b>Total</b>                                   | <b>106,386,937</b>                | <b>399,064</b>               | <b>4,694,304</b>                                | <b>7,652,693</b>                                  |